

PART 5
COLLATERAL POOL FOR PUBLIC DEPOSITS

9-4-501. SHORT TITLE.

This part shall be known and may be cited as the "Collateral Pool for Public Deposits Act of 1990."

9-4-502. DEFINITIONS.

As used in this part, unless the context otherwise requires:

- (1) "Average daily balance" means the sum of the average daily demand deposits, the average daily time deposits, and the average daily savings deposits of public depositors held during the calendar month immediately preceding the current month;
- (2) "Average daily demand deposit" means the total by account of all public funds held on a daily basis in demand deposit accounts during the calendar month immediately preceding the current month divided by the number of calendar days in the month. "Demand deposit account" has the meaning as defined by the board of governors of the federal reserve system, Regulation D, 12 CFR 204, as amended;
- (3) "Average daily savings deposit" means either:
 - (A) The total by account of all public funds held on a daily basis in savings deposit accounts during the calendar month immediately preceding the current month divided by the number of calendar days in the month; or
 - (B) The sum of the amount of public funds in savings deposit accounts on the last day of the two (2) calendar months immediately preceding the current month divided by two (2).
"Savings deposit account" has the meaning as defined by the board of governors of the federal reserve system, Regulation D, 12 CFR 204, as amended;
- (4) "Average daily time deposit" means either:
 - (A) The total by account of all public funds held on a daily basis in time deposit accounts during the calendar month immediately preceding the current month divided by the number of calendar days in the month; or
 - (B) The higher of:
 - (i) The actual amount of public funds in time deposit accounts on the last day of the calendar month immediately preceding the current month; or
 - (ii) The sum of the amount of public funds in time deposit accounts on the last day of the two (2) calendar months immediately preceding the current month divided by two (2).
"Time deposit account" has the meaning as defined by the board of governors of the federal reserve system, Regulation D, 12 CFR 204, as amended;
- (5) "Average monthly balance" means the average monthly balance of public deposits held by the depository during any twelve (12) calendar months. The average monthly balance of the previous twelve (12) calendar months must be determined by adding the average daily balance for the calendar month immediately preceding the current month and the average daily balances

for the eleven (11) months preceding that month and dividing the total by twelve (12). Notwithstanding this subdivision (5) or any other law to the contrary, the average monthly balance shall not exceed one hundred ten percent (110%) of the average daily balance as such term is defined in subdivision (1);

- (6) "Board" means the collateral pool board created pursuant to § 9-4-506;
- (7) "Collateral-pledging level," for a qualified public depository, means that level of collateral determined to be required to be pledged by the collateral pool board;
- (8) "Collateral pool" means an arrangement whereby the repayment of public deposits deposited with any qualified public depository is secured through the sum total of eligible collateral pledged by all qualified public depositories, and contingent liability agreements as provided by the collateral pool board;
- (9) "Default" may include, but is not limited to:
 - (A) The failure of any qualified public depository to return any public deposit, including earned interest in accordance with the terms of the deposit contract;
 - (B) The failure of any qualified public depository to pay any properly payable check, draft or warrant drawn by the public depositor;
 - (C) The failure of any qualified public depository to honor any valid request for electronic transfer of funds;
 - (D) The failure of any qualified public depository to account for any check, draft, warrant, order, deposit certificate or money entrusted to it;
 - (E) The issuance of any order of any court or the taking of any formal action by any supervisory authority, which has the effect of restraining a qualified public depository from making payments of deposit liabilities;
 - (F) The appointment of a conservator or receiver for a qualified public depository;
 - (G) Failure to provide the required collateral as established by the board; or
 - (H) Any other action which the state treasurer determines to place public deposits in jeopardy;
- (10) "Deposit insurance" means the insurance provided by the federal deposit insurance corporation;
- (11) "Depository pledge agreement" means the contract between the state treasurer, a qualified public depository, and a trustee custodian providing for the pledge and deposit of collateral, and other provisions determined by the state treasurer;
- (12) "Eligible collateral" has the meaning set forth in § 9-4-103;
- (13) "Loss" includes, but is not limited to:
 - (A) The principal amount of the public deposit;
 - (B) All accrued interest through the date of default;
 - (C) Additional interest at the rate the public deposit was earning on the total of subdivisions (13)(A) and (B) through the day of payment by a liquidator or other third party or through the date of sale of eligible collateral by the state treasurer or the state treasurer's agent; and
 - (D) Attorney's fees incurred in recovering public deposits;
- (14) "Public deposit" means funds in which the entire beneficial interest is owned by a public depositor or funds held in the name of a public official of a public depositor charged with the

duty to receive or administer funds and acting in such official's official capacity;

- (15) "Public deposit security trust fund" or "the fund" means the fund created pursuant to § 9-4-514;
- (16) "Public depositor" means the state of Tennessee, or any of its agencies, or any Tennessee county, Tennessee incorporated municipality and their political subdivisions, or any utility district organized under the laws of the state or any interstate compact to which the state is a party;
- (17) "Public depository" means:
 - (A) Any savings and loan association, or savings bank (collectively referred to as savings institutions), or any bank chartered by the state of Tennessee;
 - (B) Any national bank or federal savings institution that has its main office located in this state; or
 - (C) Any national or state bank, or any federal or state savings institution that has its main office located outside this state and that maintains one (1) or more branches in this state which are authorized to accept federally insured deposits; and which has been appropriately designated to hold public deposits by a public depositor. Notwithstanding any other provision of the law to the contrary, an automated teller machine or such other similar type receptacle or device shall not be considered a branch for purposes of this subsection. A bank or savings institution located outside this state desiring to be designated as a qualified public depository must agree that this chapter shall govern in determining its rights and responsibilities as a qualified public depository, and must agree to be subject to the jurisdiction of the courts of this state, or of the courts of the United States which are located within this state, for the purpose of any litigation arising out of this chapter;
- (18) "Qualified public depository" means any public depository that meets all of the requirements of this part and that has been authorized by the board to secure public deposits through the collateral pool;
- (19) "Required collateral" of a qualified public depository means eligible collateral, excluding accrued interest, having a market value equal to or in excess of the greater of the average daily balance or average monthly balance of public deposits multiplied by the qualified public depository's collateral-pledging level as determined by the board;
- (20) "Task force" means the security for public deposits task force created pursuant to § 9-4-521 [repealed]; and
- (21) "Trustee custodian" means a financial institution designated to hold eligible collateral on behalf of the state treasurer and a qualified public depository pursuant to § 9-4-108.

9-4-503. APPLICATION FOR PARTICIPATION IN COLLATERAL POOL.

- (a) Any public depository which holds public deposits may apply to the board for permission to participate in the collateral pool to secure all public deposits at such public depository.
- (b) An application submitted pursuant to this part is subject to the approval of the board. The board shall set the number of votes required for the approval of such applications.
- (c) The board may require such information regarding the financial condition of the public depository as the board deems necessary for determining the suitability of that depository to

participate in the collateral pool. Prior to participation in the collateral pool, a qualified public depository shall execute a depository pledge agreement.

9-4-504. COLLATERAL FOR PUBLIC DEPOSITS.

- (a) Every qualified public depository shall deposit with the state treasurer eligible collateral equal to or in excess of the required collateral of the depository. Each qualified public depository shall calculate monthly the amount of its required collateral based upon notice of its collateral-pledging level from the board.
- (b) A qualified public depository shall maintain required collateral to secure public deposits. A qualified public depository which accepts any public deposit that would increase its required collateral by twenty-five percent (25%) shall deposit additional eligible collateral to secure such increase within two (2) business days of the deposit.
- (c) Upon approval to participate in the collateral pool, a qualified public depository may secure public deposits through the collateral pool.
- (d) A qualified public depository shall notify its public depositors that all their public deposits are secured through the collateral pool as provided in this part. The notification shall be made at the time the public depository is admitted to the collateral pool or when an account is established by a public depositor with the qualified public depository. A qualified public depository must notify its public depositors of any change in the manner collateral is held. Notice to public depositors under this part shall constitute the mailing of the appropriate information to the individual indicated on the account authorization.
- (e) A qualified public depository shall carry in its accounting records a general ledger or other appropriate account of all public deposits to be secured through the collateral pool and the total value of eligible collateral pledged to secure such deposits.

9-4-505. TRUSTEE CUSTODIANS.

- (a) Upon being designated as a qualified public depository, the qualified public depository shall select one (1) or more trustee custodians for the deposit of eligible collateral by the qualified public depository.
- (b) Designation of trustee custodians shall be made in accordance with the provisions of §9-4-108.
- (c) The provisions contained in §§9-4-408 and 9-4-409 shall apply to trustee custodians designated under this part.
- (d) Trustee custodians shall submit a report quarterly to the state treasurer providing a description of eligible collateral securities deposited by the qualified public depository and the current par value of eligible collateral, as well as other reasonable reports requested by the state treasurer.
- (e) Neither the state, the state treasurer, nor the collateral pool shall be liable to either the qualified public depository or the public depositors for eligible collateral deposited with or held by any trustee custodian for any loss arising from any breach of the trust or from any other cause whatsoever.

9-4-506. CREATION OF COLLATERAL POOL BOARD - MEMBERS.

- (a) There is hereby created a collateral pool board composed of seven (7) members as follows:
 - (1) The commissioner of financial institutions;
 - (2) The state treasurer;
 - (3) One (1) representative of banks and savings institutions with assets of five hundred million dollars (\$500,000,000) or more appointed by the state treasurer from a list of two (2) nominees submitted by the Tennessee Bankers Association board of directors;
 - (4) One (1) representative of banks and savings institutions with assets of less than five hundred million dollars (\$500,000,000) appointed by the state treasurer from a list of two (2) nominees submitted by the Tennessee Bankers Association board of directors;
 - (5) Two (2) representatives of banks and savings institutions at-large appointed by the state treasurer from a list of two (2) nominees for each representative position submitted by the Tennessee Bankers Association board of directors; and
 - (6) One (1) representative of local governments who shall have at least two (2) years experience in the field of finance. The local government representative shall be appointed by the state treasurer for a two-year term from a list of three (3) nominees submitted by the Tennessee County Services Association, the Tennessee Municipal League or the Tennessee County Officials Association. The present local government representative nominated by the Tennessee County Services Association shall serve the remainder of such representative's term, which term expires on June 30, 2001. Thereafter, the league and the associations shall alternate nominations as follows: the Tennessee Municipal League, the Tennessee County Officials Association and the Tennessee County Services Association. The list of nominees shall be submitted by the applicable organization no less than thirty (30) days before the expiration of the local government representative's term.
- (b)
 - (1) The members shall be appointed for two-year terms. Any member is eligible for reappointment and shall serve until a successor qualifies.
 - (2) The board shall annually elect from its membership a chair and a vice chair and shall designate a secretary who need not be a member of the board. The secretary shall keep a record of the proceedings of the board and is the custodian of all printed materials filed with or by the board.
 - (3) Notwithstanding the existence of vacancies on the board, a majority of the members constitutes a quorum and the board may not take official action in the absence of a quorum. The board shall convene as needed.
 - (c) If a vacancy occurs in the position of any appointed member, a new member shall be appointed in the same manner as such member's predecessor for the remainder of the unexpired term.
 - (d) A member of the board shall receive no compensation for service on the board, but a member of the board shall be reimbursed for the member's travel expenses in accordance with the comprehensive travel regulations promulgated by the department of finance and administration and approved by the attorney general and reporter.
 - (e) The secretary of the board shall notify the executive directors of the Tennessee Municipal League, the Tennessee County Officials Association and the Tennessee County Services Association of each meeting of the board. Any documents given

in advance of the meeting to board members shall also be supplied to such directors prior to the meeting. The respective directors of the Tennessee Municipal League, the Tennessee County Officials Association and the Tennessee County Services Association may designate another individual to receive the notice and materials required in this subsection in lieu of such director. Failure to provide the notice or materials to such directors or designees shall not invalidate any action taken by the board at the meeting.

- (f) The board is attached for administrative purposes to the department of the treasury.

9-4-508. COLLATERAL POOL BOARDS - POWERS AND DUTIES.

The collateral pool board has the following powers, together with all powers incidental thereto or necessary for the performance of those hereinafter stated:

- (1) The board may establish criteria, as may be necessary, to:
 - (A) Approve entry into the collateral pool by a public depository;
 - (B) Order discontinuance of participation in the program by a qualified public depository;
 - (C) Restrict the total amount of public deposits held by a public depository that is subject to the authority of the board;
 - (D) Establish collateral-pledging levels based on qualitative and quantitative standards as well as the number of participating qualified public depositories and the financial performance of such participants; and
 - (E) Suspend or disqualify, or disqualify after suspension, any qualified public depository that has violated any of the provisions of this part or of rules adopted under this part. Any public depository that is suspended or disqualified pursuant to this subsection is subject to the provisions of §9-4-517 governing withdrawal from the public deposit security program and return of pledged collateral;
- (2) If the board has reason to believe that any qualified public depository or any other financial institution subject to the authority of the board is or has been violating any of the provisions of this part or of rules adopted under this part, it may issue to the qualified public depository or other financial institution an order to cease and desist from the violation or to correct the condition giving rise to or resulting from the violation. The board may suspend or disqualify any qualified public depository for violation of any order issued pursuant to this subdivision;
- (3) The board may establish a minimum amount of required collateral to provide for the contingent liability;
- (4) The board may establish a process by which to determine, to the greatest extent practicable, that a qualified public depository is securing all its public deposits through the collateral pool;
- (5) The board may review administration of the pool by the state treasurer and prepare an annual report on the condition of the pool;
- (6) The board may, at its discretion, require every qualified public depository to pay on a periodic basis an operating fee as may be set by the board. In determining whether to set a fee and the amount to be paid, the board may consider any matter which, in its discretion, it deems relevant including, but not limited to, the number of participating qualified public depositories and the financial performance of such participants;
- (7) The board, upon six (6) affirmative votes, may promulgate reasonable substantive and procedural rules as are necessary to carry out the purpose and intent of this part. Such rules

shall be adopted pursuant to the Uniform Administrative Procedures Act, compiled in title 4, chapter 5;

- (8) The board may delegate any of its powers conferred in this section to the state treasurer; and
- (9) The board may purchase insurance from insurers licensed to do business in this state for the purpose of providing coverage against loss caused by the default or insolvency of qualified public depositories. Any loss may be satisfied from such insurance prior to the assessment against qualified public depositories as provided in §9-4-512(3).

9-4-509. HEARING AND JUDICIAL REVIEW - ADMINISTRATIVE PROCEDURE.

The provisions of the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, govern all matters and procedures respecting the hearing and judicial review of any contested case, as defined therein, arising under this part.

9-4-510. GUARANTEE TO PUBLIC DEPOSITORS AGAINST LOSS.

A qualified public depository shall guarantee public depositors against loss caused by the default or insolvency of other qualified public depositories as provided in §9-4-512.

9-4-511. STATE TREASURER - POWERS.

In fulfilling the requirements of this part, the state treasurer has the power to:

- (1) Require such collateral, or increase the collateral-pledging level, of any qualified public depository as may be necessary to administer the provisions of this part and to protect the integrity of the collateral pool as directed by the board;
- (2) Decline to accept, or reduce the reported value of, collateral as circumstances may require in order to ensure the pledging of sufficient marketable collateral to meet the purposes of this part;
- (3) Verify the reports of any qualified public depository relating to public deposits it holds when necessary to protect the integrity of the collateral pool;
- (4) Sell pledged securities, or move pledged securities to an account established in the state treasurer's name, for the purpose of paying losses to public depositors not covered by deposit insurance or to perfect the state treasurer's interest in the pledged securities;
- (5) Transfer funds directly from the trustee custodian to public depositors or the receiver in order to facilitate prompt payment of claims;
- (6) Provide data as may be necessary to assist the board in developing standards and criteria for the program;
- (7) Review, implement, monitor, evaluate and modify, as needed, all or any part of the standards and policies recommended by the board;
- (8) Confirm public deposits, to the extent possible under current law, when needed;
- (9) Monitor and confirm, as often as deemed necessary by the state treasurer, the pledged collateral held by trustee custodians;
- (10) Audit or verify the reports required under this part or under rules adopted under this part;

- (11) Maintain perpetual inventory of pledged collateral and perform monthly market valuations and quality ratings;
- (12) Perform financial analysis of all qualified public depositories; and
- (13) Perfect interest in pledged collateral by having pledged securities moved into an account established in the state treasurer's name. This action shall be taken at the discretion of the state treasurer.

9-4-512. PAYMENT OF LOSSES - PROCEDURE.

When the state treasurer determines that a default or insolvency has occurred, the state treasurer shall provide notice as required in §9-4-513 and implement the following procedures:

- (1) The state treasurer, in cooperation with the commissioner of financial institutions, the appropriate federal regulator, or the conservator or receiver of the qualified public depository in default, shall ascertain the amount of funds of each public depositor on deposit at such depository, the amount of deposit insurance applicable to such deposits and the amount of such deposits which will not be covered through the sale of securities pledged by the defaulting depository;
- (2) Upon ascertaining the amount of such deposits which will not be covered through any applicable deposit insurance or through the sale of securities pledged by the defaulting depository, the state treasurer shall as promptly as possible provide coverage of the remaining loss by assessment against the other qualified public depositories. Such assessment shall be determined by multiplying the total amount of the loss to all public depositors by a percentage which represents the average share of public fund deposits held by that depository during the previous twelve (12) months divided by the average total public deposits held by all depositories during the same twelve-month period, excluding the public deposits of the defaulting depository;
- (3) Each qualified public depository shall pay its assessment to the state treasurer within five (5) business days after it receives notice of the assessment. If a depository fails to pay its assessment when due, the state treasurer shall satisfy the assessment by selling securities pledged by that depository; and
- (4) Public depositors receiving payment under the provisions of this section shall assign to the state treasurer any interest they may have in funds that may subsequently be made available to the qualified public depository in default. If the qualified public depository in default or its receiver provides the funds to the state treasurer, the state treasurer shall distribute the funds, plus all accrued interest which has accumulated from the investment of the funds, if any, to the depositories which paid assessments on the same pro rata basis as the assessments were paid.

9-4-513. NOTICE TO CLAIMANTS.

- (a) Within thirty (30) days after the date of default or insolvency of a qualified public depository, the state treasurer shall publish or cause to be published notice of such default or insolvency once a week for two (2) consecutive weeks in a newspaper of general circulation in each grand division of the state and in the Tennessee Administrative Register. The notice shall direct all public depositors who sustained a loss occasioned by the default or insolvency that was not satisfied pursuant to §9-4-512 to file their claims with the state treasurer within ninety (90) days after the date of the first publication of the notice.

- (b) No claim made pursuant to subsection (a) shall be binding on the pool or the qualified public depositories unless presented within ninety (90) days after the date of the first publication of the notice. Further, no such claim shall be binding on the pool or the qualified public depositories if the loss was occasioned by the public depositor's failure to comply with the requirements of §9-4-519(a)(1). This subsection does not affect any proceeding to:
 - (1) Enforce any real property mortgage, chattel mortgage, security interest, or other lien on property of a qualified public depository that is in default or insolvency; or
 - (2) Establish liability of a qualified public depository that is in default or insolvency to the limits of any federal or other casualty insurance protection.

9-4-514. PUBLIC DEPOSIT SECURITY TRUST FUND.

- (a) In order to facilitate the administration of this part, there is created the "public deposit security trust fund," hereafter in this section designated "the fund." The fund shall be composed of securities pledged as collateral from any defaulting institution, proceeds from the sale of such securities, or from any assessment.
- (b) The state treasurer is authorized to pay any loss to public depositors from the fund, and there are hereby appropriated from the fund such sums as may be necessary from time to time to pay the losses.
- (c) Any money in the fund estimated not to be needed for immediate cash requirements shall be invested pursuant to §9-4-603.

9-4-515. EFFECT OF MERGER OR ACQUISITION - CHANGE OF NAME OR ADDRESS.

- (a) In the event a qualified public depository not in default is merged into, acquired by, or consolidated with a bank or savings institution that is not a qualified public depository, the resulting institution shall become a qualified public depository, and the contingent liability of the former institution shall be a liability of the resulting institution. Within thirty (30) days after the effective date of the merger, acquisition or consolidation, the resulting institution shall execute in its own name and deliver to the state treasurer the contingent liability agreement required by §9-4-510. If the resulting institution chooses not to remain a qualified public depository, it shall comply with the procedures for withdrawal from the collateral pool as provided in §9-4-516.
- (b) The qualified public depository shall notify the state treasurer of any acquisition or merger within three (3) days after the final approval of the acquisition or merger by its appropriate regulator.
- (c) Collateral subject to a depository pledge agreement may not be released by the state treasurer or the custodian until the assumed liability is evidenced by the deposit of collateral pursuant to the depository pledge agreement of the successor entity. The reporting requirement and pledge of collateral will remain in force until the state treasurer determines that the liability no longer exists. The surviving or new qualified public depository shall be responsible and liable for all of the liabilities and obligations of each qualified public depository merged with or acquired by it.
- (d) Each qualified public depository shall report any change of name and address to the state treasurer on a form provided by the state treasurer, regardless of whether the name change is a result of an acquisition or merger. Notification must be made within three (3) days of such change.

9-4-516. VOLUNTARY WITHDRAWAL FROM COLLATERAL POOL.

- (a) A qualified public depository may withdraw from the collateral pool by giving written notice to the state treasurer and to the public depositors having public deposits at the qualified public depository.
- (b) Notice of withdrawal shall be mailed or delivered in sufficient time to be received by the state treasurer and by the public depositors at least one hundred eighty (180) days before the effective date of withdrawal. The state treasurer shall timely publish the withdrawal notice in the Tennessee Administrative Register which shall constitute notice to all depositors. On the effective date of withdrawal, the state treasurer is authorized to transfer eligible collateral as jointly directed by the public depository and public depositors to ensure that public depositors are adequately collateralized individually.
- (c) The contingent liability for any loss prior to the effective date of withdrawal of the depository withdrawing from the collateral pool shall continue after the effective date of the withdrawal. The board may establish minimum collateral and reporting requirements sufficient to meet the needs to satisfy any potential contingent liability of a withdrawing qualified public depository.

9-4-517. MANDATORY WITHDRAWAL FROM COLLATERAL POOL.

- (a) A qualified public depository is required to withdraw upon a majority vote of the board. The board may vote to require a qualified public depository to withdraw upon a default by the qualified public depository, or upon the failure of the qualified public depository to meet the eligibility or pledging criteria established by the board. The board shall establish an effective date for such withdrawal.
- (b) The state treasurer shall notify the qualified public depository of the effective date of the withdrawal not less than thirty (30) days prior to such effective date. Within ten (10) business days after receipt of such notification, the qualified public depository must notify the public depositors having public deposits at the qualified public depository of the effective date of the withdrawal. On the effective date of withdrawal, the state treasurer is authorized to transfer eligible collateral as jointly directed by the public depository and public depositors to ensure that public depositors are adequately collateralized individually.
- (c) The contingent liability for any loss prior to the effective date of withdrawal of the depository withdrawing from the collateral pool shall continue after the effective date of the withdrawal. The board may establish minimum collateral and reporting requirements sufficient to meet the needs to satisfy any potential contingent liability of a withdrawing qualified public depository.

9-4-518. REPORTS OF QUALIFIED PUBLIC DEPOSITORIES.

- (a) Within fifteen (15) days after the end of each calendar month, or when requested by the state treasurer, each qualified public depository shall submit to the state treasurer a written report, under oath, indicating the average daily balance of all secured public deposits held by it during the month, the average monthly balance of all public deposits held for the previous twelve (12) calendar months, and any other information that the state treasurer determines necessary to administer this part.
- (b) In addition to the report required in subsection (a), each qualified public depository shall submit to the state treasurer:

- (1) If requested by the board or the state treasurer, a copy of the quarterly report of condition required by the Federal Deposit Insurance Act, 12 U.S.C. § 1817 et seq., if such depository is a bank;
 - (2) A schedule of financial information as determined by the board taken from the quarterly report on condition required by the Federal Deposit Insurance Act, 12 U.S.C. § 1817 et seq., if such depository is a bank;
 - (3) If requested by the board or the state treasurer, a copy of the monthly and quarterly reports required to be filed with the office of thrift supervision, or such other federal regulator by whatever name called, if such depository is a savings institution; and
 - (4) A schedule of financial information as determined by the board taken from the monthly and quarterly reports required to be filed with the office of thrift supervision, or such other federal regulator by whatever name called, if such depository is a savings institution.
- (c) In addition to the requirements of subsection (a), the following forms shall be made under oath:
- (1) The contingent liability agreement;
 - (2) The depository pledge agreement; and
 - (3) The public depository change of name, address and charter of institution.
- (d) Any information contained in a report by a qualified public depository required under this part or any rule adopted under this part, which is confidential by any law of the United States or of this state, shall be considered confidential and not subject to dissemination to anyone other than the state treasurer and the board under the provisions of this part, and the comptroller of the treasury, or the comptroller of the treasury's designated representatives, for purposes of audit. The confidentiality of such information shall be maintained by the comptroller of the treasury in the same manner as the comptroller maintains the confidentiality of working papers which are not subject to § 10-7-503. It is the responsibility of each qualified public depository from which information is required to inform the state treasurer of information that is confidential, and the state treasurer does not have a duty to inquire into whether information is confidential.
- (e) The provisions of § 10-7-503 shall not apply to information deemed confidential as provided in subsection (d). All meetings of the board wherein such information is discussed shall be exempt from the provisions of title 8, chapter 44.

9-4-519. REQUIREMENTS FOR PUBLIC DEPOSITORS.

- (a) Public depositors shall comply with the following requirements:
- (1) A public depositor shall ensure that the name of the public depositor is on the account or certificate provided to the public depositor by the qualified public depository in a manner sufficient to disclose the identity of the public depositor; and
 - (2) A public depositor who sustained a loss occasioned by a default or insolvency of a qualified public depository that was not satisfied pursuant to §9-4-512 shall notify the state treasurer of that fact within three (3) business days after receiving actual notice of the default from publications made pursuant to §9-4-513(a).
- (b) If a public depositor does not comply with subdivision (a)(1), the pool shall not be liable for the loss incurred to that particular account created by the public depositor. The

waiver of immunity provided in §9-4-520 shall be ineffective as to that public depositor for such account.

9-4-520. LIABILITY OF PUBLIC DEPOSITORS AND THE STATE.

Under no circumstance is the state, or any state agency, or public depositor, liable for all or any portion of any loss resulting from the default or insolvency of a qualified public depository except as provided in §9-4-519(b).

9-4-522. DEPOSITS OF FUNDS - OPERATING EXPENSES.

Any fees collected under the provisions of this part shall be paid into the treasury of the state, and the same are hereby appropriated exclusively to the department of the treasury to be used in carrying out the provisions of this part.

9-4-523. STATE TREASURER EMPOWERED TO ACT AS SUCCESSOR PLEDGEE.

- (a) At such time as a public depository joins the collateral pool, the state treasurer is empowered to assume responsibility as successor pledgee of any and all collateral pledged on or after July 1, 1992, to individual public depositors by that public depository. The state treasurer is further empowered to assume responsibility as successor pledgee of any and all collateral pledged prior to July 1, 1992, to individual public depositors by such public depository, upon the written consent of the public depositors.
- (b) Upon assuming responsibility as successor pledgee as provided in subsection (a), the state treasurer is empowered to sign such documents on behalf of individual public depositors as may be required by a trustee custodian.

COLLATERAL POOL
GOVERNING STATUTE
APPENDIX A



TREASURY DEPARTMENT
STATE OF TENNESSEE