

MAINE STATE LEGISLATURE

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STATE OF MAINE

Inter-Departmental Memorandum Date July 1, 1974

To W. G. Blodgett, Executive Director

Dept. Maine State Retirement System

From Charles R. Larouche, Assistant

Dept. Attorney General

Subject Northeast Bank Proposal to Furnish Custody Service on Maine State Retirement System

This replies to your memorandum request of June 18, 1974, on this subject.

You ask whether or not, in view of the amendment of 5 M.R.S.A. § 1031, subsection 16, by Chapter 733, P.L. 1973, the Trustees, Maine State Retirement System, can now enter into a custodial contract with a Maine bank whereby the physical location of the Retirement System securities would be in the vaults of a New York bank. The answer to that question is affirmative.

The recent amendment deleted the words "in the vaults of the bank," which phrase substantially governed our previous negative opinion on this question. The deletion of that phrase, with the explanatory preamble, and the sentence added by that amendment referring to Title 9, § 1093, make it clear that the Legislature intended to authorize such a contract.

Your second question reads:

"If the answer to the above question is affirmative, what procedural steps would be necessary for the Board of Trustees to take to enter into a contract with Northeast Bank for custodial services on securities?"

The answer to that question is contained in part in Section 48, Financial Procedures Manual, and in the last paragraph of 5 M.R.S.A. § 1031, subsection 16. In brief, the appropriate steps are:

1. Consult Section 48, Financial Procedures Manual.
2. Consult the State Controller.
3. Consult the Contract Review Committee.
4. Draft a contract in conformity with the judgment of the Board and with the procedural guidance obtained by steps 1 through 3.
5. Consult this Office for a preview of the draft contract as to form.
6. Bank signs the contract.
7. Board signs the contract.


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8. Submit the signed contract to this Office for approval as to form.

9. Submit the contract for approval by the Governor and Council.

If I can be of any further aid to you in this matter, please advise me.


CHARLES R. LAROUCHE
Assistant Attorney General

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AN INFORMAL OPINION