

Permitting State Purchase of Precious Metals [assuming Tennessee formatting and terminology]

Authorize the treasurer to buy and hold precious metals, including establishing the relationship and contracts with the custodian.2

SECTION __. [State] Code Annotated, Section _____ [the state code provision dealing with the reserve for revenue fluctuations or similar reserve or budget stabilization account], is amended [by deleting section ____ and substituting instead][is amended by adding the following Section/subsection]:

(a) The state treasurer, with the approval of the comptroller of the treasury, may purchase and sell precious metal bullion or specie that will be directly owned by the state and in the custody of the state treasurer. The funds for the purchase and sale of precious metal bullion or specie may come from the [reserve for revenue fluctuations] account under §_____, and be placed in a restricted account within the reserve account. Any funds remaining at the end of any fiscal year shall be carried forward in the reserve account and remain available for the purposes of this section. It is the intent of the [general assembly] that a minimum of [three] percent ([3]%) of the total value of the funds in the reserve [for revenue fluctuations] account be held in precious metal bullion or specie.

(b) The state treasurer, with the approval of the comptroller of the treasury, may make and enter into contracts, trust instruments, agreements, trade confirmations, warrants, and other instruments [with a person] to effectuate this section, including, but not limited to, financial institutions, brokers, dealers and contracts with accountants, auditors, attorneys, consultants, the entity described in subsection (c), and other appropriate contractors in order to facilitate the same. Procurements may be made in a manner prescribed by the state treasurer with the approval of the comptroller of the treasury without regard to the requirements contained in [title 12, chapter 3].

(c) The physical precious metal bullion or specie purchased under this section must be custodied by the state treasurer in a financial institution as defined in §_____, or in an entity designated by the state treasurer with the approval of the comptroller of the treasury.

(d) The state treasurer, with the approval of the comptroller of the treasury, shall ensure that the precious metal bullion or specie is securely maintained and transported; adequately insured; independently audited; and physically segregated from the other assets custodied at the financial institution or other entity described in subsection (c).

(e) The expenses for the administration and implementation of the purchase, sale, transportation, maintenance, valuation, security, insurance, and custody of the precious metal bullion or specie may be paid from the restricted account within the reserve for revenue fluctuations account.

(f) Records, documents, and papers in the possession of the treasury department or any other state agency containing the following information relative to the precious metal bullion or specie purchased, sold, and maintained in

relative to the precious metal bullion or specie purchased, sold, and maintained in accordance with this section, are confidential and are not open for inspection by members of the public:

- (1) Location;
- (2) Amount;
- (3) Value;
- (4) Custody;
- (5) Valuation;
- (6) Maintenance;
- (7) Transportation;
- (8) Insurance;
- (9) Procurement processes;
- (10) Proposals relative to the procurement of goods or services, and related records, including, but not limited to, evaluations, valuations, notices, communications, and memoranda;
- (11) Procurement solicitations, requests for quotes, and requests submitted to the state's central procurement office for the procurement of goods and services;
- (12) Contracts, agreements, trust agreements, warrants, and trade confirmations; and
- (13) Security, including, but not limited to, alarm systems; security codes; access codes; passwords; security procedures and protocols; security and vulnerability testing; business continuity plans and testing; disaster recovery plans and testing; and audit reports.

SECTION __. [State] Code Annotated, Section _____, is amended by adding the following new subdivision:
() "Precious metals" means gold and silver;

SECTION __. [State] Code Annotated, Section _____, is [amended by deleting the subdivision and substituting instead][adding thereafter a new Section/ subsection]:

- (1) There is hereby created on the books and records of the state treasury a reserve account in the general fund to be known as the "reserve for revenue fluctuations." The funds in this account may be used from time to time, as provided in this section, to meet unexpected shortfalls of revenue, to meet expenditure requirements in excess of budgeted appropriation levels, or to fund the purchase of precious metal bullion or specie in accordance with § _____.

SECTION __. [State] Code Annotated, Section _____, is amended by adding the following new subsection:

- (a) The amounts available in the reserve for revenue fluctuations account in excess of the funds used to meet unexpected shortfalls of revenue or expenditure requirements in excess of budgeted appropriation levels may be transferred to a restricted account within the reserve account to be used to purchase precious metal bullion and specie in accordance with § _____.