

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #1

Do Not Mark In this Box

FILED
OCT 30 PM 4:15

NOTICE OF PUBLIC HEARING ON A PROPOSED RULE

AGENCY: Board of Investments TITLE NUMBER: 113

RULE TYPE: Legislative; CITE AUTHORITY 12-1-2 et seq WV Code

AMENDMENT TO AN EXISTING RULE: YES X NO x

IF YES, SERIES NUMBER OF RULE BEING AMENDED: 4

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: IV

TITLE OF RULE BEING PROPOSED: Selection of State Depositories for
Receipt Accounts.

DATE OF PUBLIC HEARING: November 29, 1990 TIME: 9:30 AM

LOCATION OF PUBLIC HEARING: State Capitol Complex Conference Center,
Building 7, Room D, Charleston, WV

COMMENTS LIMITED TO: ORAL____, WRITTEN____, BOTH X

COMMENTS MAY ALSO BE MAILED TO THE FOLLOWING ADDRESS: State Treasurer's Office

State Capitol Building

Charleston, WV 25305

Attn: Jerry Simpson

The Department requests that persons wishing to make comments at the hearing make an effort to submit written comments in order to facilitate the review of these comments.

The issues to be heard shall be limited to the proposed rule.

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL _____

The general purpose of these proposed rules is to aid in the implementation of the Legislative finding and purpose set forth in Section Two, Article One, Chapter Twelve of the Code, wherein the Board is required to select depositories for receipt accounts.

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Selection of State Depositories for Receipt Accounts

Type of Rule: Legislative Interpretive Procedural

Agency Board of Investments Address _____
State Capitol - Charleston, WV 25305

1. Effect of Proposed Rule	ANNUAL		FISCAL YEAR		
	Increase	Decrease	Current	Next	Thereafter
Estimated Total Cost	\$	\$	\$	\$	\$
Personal Services					
Current Expense					
Repairs and Alterations					
Equipment					
Other					

N/A

2. Explanation of above estimates:

These rules repeals and replaces the original rules filed in 1981. It is not anticipated that these rules will require the expenditure of any additional funds.

3. Objectives of these rules:

The general purpose of these proposed rules is to aid in the implementation of the Legislative finding and purpose set forth in Section Two, Article One, Chapter Twelve of the Code, wherein the Board is required to select depositories for receipt accounts.

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

These proposed rules will continue to allow the Board to provide depositories for the deposit of state funds by all state agencies regardless of their location in an efficient and cost effective manner.

B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of citizens.

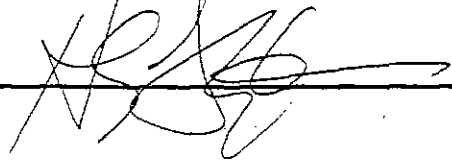
N/A

C. Economic Impact on Citizens/Public at Large.

See 4A.

Date: 12/29/90

Signature of Agency Head or Authorized Representative



WEST VIRGINIA ADMINISTRATIVE REGULATIONS
West Virginia State Board of Investments

Chapter 12-1
Series IV

Subject: Selection of State Depositories for Receipt Accounts

TABLE OF CONTENTS

Section 1. General

- 1.01. Scope
- 1.02. Authority
- 1.03. General Purpose
- 1.04. Filing Date
- 1.05. Effective Date
- 1.06. Repeal of Former Rule

Section 2. Definitions

Section 3. Selection of Depositories for Receipt Accounts

Section 4. Procedures

Section 5. Compensation

- 5.01 Method of Compensation
- 5.02 Compensation for Ancillary Services

WEST VIRGINIA ADMINISTRATIVE REGULATIONS
West Virginia State Board of Investments

Chapter 12-1
Series IV

Subject: Selection of State Depositories for Receipt Accounts

Section 1. General.

1.01. Scope - These rules implement the provisions of section two, article one, chapter twelve of the code of West Virginia, 1931, as amended, wherein the State Board of Investments is required to select depositories for receipt accounts.

1.02. Authority - West Virginia Code §12-1-2.

1.03. General Purpose - The purpose of these rules is to carry out the legislative intent, as stated in the above-mentioned code section, so that the selection of receipt depositories will enable the state to obtain the most efficient service at the lowest possible cost.

1.04. Filing Date -

1.05. Effective Date -

1.06. Repeal of Former Rule - This Legislative rule repeals and replaces West Virginia 113 CSR 4 "Selection of State Depositories for Receipt Accounts" effective July 8, 1981.

Section 2. Definitions.

For purposes of these rules, unless a different meaning is clearly required by the context:

"Agency" means and includes any department, board, commission, division, branch office or other separate unit of a state agency, and any officer or employee thereof, who or which collects moneys due the State;

"Board" means the West Virginia State Board of Investments;

"Code" means the 1931 code of West Virginia, as amended;

"Compensating balance" means the cash balance which the State will maintain with a depository to compensate the depository for its services; and

"Receipt accounts" means those accounts in which are deposited moneys belonging to or due the State of West Virginia or any official, department, board, commission or agency, thereof.

Section 3. Selection of Depositories for Receipt Accounts.

The Board recognizes that not only the services but the location of receipts depositories are of major concern to the agencies whose collections are to be deposited. Accordingly, the Board in cooperation with the affected agencies shall ensure that receipts depositories are conveniently located for the agencies and are able to serve their needs.

Section 4. Procedures.

Each collecting agency shall notify the Board of its anticipated collections and deposits including the extent of activity of its accounts, size of accounts, frequency of deposits, special services that may be needed and other information requested by the Board. The agency also may submit its preferred choice or a list of preferred choices of banks. If the agency submits such preferred choice or list, it shall submit therewith a statement of the reasons for its preference. However, the Board is not bound to select the bank or banks preferred by the agency. The Board shall review the information submitted by the agency and shall consider:

- 1) The activity of the various accounts;
- 2) The reasonable value of the banking services to be rendered;
- 3) The value and importance of such deposits to the economy of the communities and the various areas of the State affected; and
- 4) The recommended depository's proposed fee schedule as required by Section 5.01 of these rules.

Section 5. Compensation.

5.01. Method of Compensation - Compensation to the depository for its services shall be made by means of either of the following three methods:

1) A compensating balance computed by the Board on a monthly basis using the average collected balance. The depository shall submit proposed fee schedules for types of services rendered by the depository, including but not limited to services such as wire transfers, checks cashed, returned checks, and cash handling. The proposed fee schedules shall be subject to review and approval by the Board. If the fee schedules are approved by the Board, a contract shall be entered into with the depository for the furnishing of the required services. If the fee schedules are not approved by the Board, the Board may negotiate satisfactory revised fee schedules with the depository or select another depository. The monthly total fee for the services rendered shall be converted to a compensating balance by using the average 90-day U. S. Treasury bill rate (bond equivalent yield).

The following example will illustrate how the compensating balance will be computed and applied:

- 1) Assume that the average 90-day U. S. Treasury bill rate for the affected month is .10;
- 2) The multiplier for annualization is twelve; and the fee for the services, if rendered on a fee basis, would equal \$560.00 for the affected month.

Accordingly, the compensating balance to be maintained for the next month is \$67,200 derived as follows:

$$\frac{(560) \times 12}{.10} = \$67,200$$

If any overcompensation or undercompensation occurs during a given month, the compensating balance for the following month shall be appropriately adjusted in order to fairly compensate the depository for services rendered.

2) A compensating balance derived by accumulated receipts in the receipts account and periodically transferring such balance to a central depository designated by the Board. This method of compensation would be used for depositories whose receipts would not be sufficient volume to justify use of the method in subdivision (1) of this section.

Upon Board approval, a contract shall be entered into with the depository for the furnishing of required services.

3) The Board may authorize the bank to invoice the Board. In such case, the Board will pay the invoice with a State warrant.

5.02. Compensation for Ancillary Services - The Board may, from time to time, require the depository to furnish certain ancillary services in the course of providing the basic service for which it was selected. For example, the Board may specify that a depository for receipts shall furnish analytical reports. The Board may also specify that the depository shall be compensated for the cost of furnishing services on a flow-through basis. In such event, the bank shall be compensated for such service by one of the three methods described in section 5.01.

WEST VIRGINIA ADMINISTRATIVE REGULATIONS
West Virginia State Board of Investments

Chapter 12-1

INDEX

References are to section numbers in West Virginia
Administrative Regulations 12-1, Series IV.

Authority, 1.02

Compensation, method of, 5.01

 Ancillary services, 5.02

 Compensating balances, 5.01

 Computation and application of compensating balance, 5.01

Definitions, 2

Effective Date, 1.05

Filing Date, 1.04

General purpose, 1.03

Procedures, 4

Repeal of Former Rule, 1.06

Scope, 1.01

Selection of depositories, 3