

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #4

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OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF RULE MODIFICATION OF A PROPOSED RULE

AGENCY: West Virginia State Board of Investments TITLE NUMBER: _____

CITE AUTHORITY W. Va. Code Chapter 12-1-2 et seq

AMENDMENT TO AN EXISTING RULE: YES ___ NO X

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

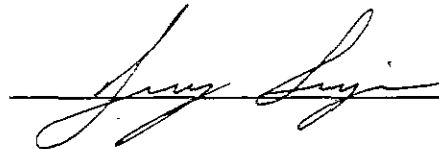
TITLE OF RULE BEING AMENDED: _____

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

TITLE OF RULE BEING PROPOSED: Selection of State

Depositories for Receipt Accounts.

THE ABOVE PROPOSED LEGISLATIVE RULE, FOLLOWING REVIEW BY THE LEGISLATIVE RULE MAKING REVIEW COMMITTEE IS HEREBY MODIFIED AS A RESULT OF REVIEW AND COMMENT BY THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE. THE ATTACHED MODIFICATIONS ARE FILED WITH THE SECRETARY OF STATE.



WEST VIRGINIA ADMINISTRATIVE REGULATIONS
West Virginia State Board of Investments

Chapter 12-1
Series IV

Subject: Selection of State Depositories for Receipt Accounts

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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 West Code §12-1-2, 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-cited 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 State government, 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 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 required 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 Subsection 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 shall be used for depositories whose receipts are not of 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 Subsection 5.01 of this Rule.

WEST VIRGINIA ADMINISTRATIVE REGULATIONS
West Virginia State Board of Investments

Chapter 12-1

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References are to section numbers in West Virginia
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WEST VIRGINIA LEGISLATURE
LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

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Charleston, West Virginia 25305
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NOTICE OF ACTION TAKEN BY LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

May 6, 1991

TO: Ken Hechler, Secretary of State, State Register

TO: Mr. Jerry Simpson
Board of Investments
State Capitol
Charleston, WV 25305

FROM: Legislative Rule-Making Review Committee

PROPOSED RULE: Selection of State Depositories for Receipt Accounts

The Legislative Rule-Making Review Committee recommends that the West Virginia Legislature:

1. Authorize the agency to promulgate the Legislative Rule
 - (a) as originally filed _____
 - (b) as modified by the agency X
2. Authorize the agency to promulgate part of the Legislative rule; a statement of reasons for such recommendation is attached. _____
3. Authorize the agency to promulgate the Legislative rule with certain amendments; amendments and a statement of reasons for such recommendation is attached. _____
4. Authorize the agency to promulgate the Legislative rule as modified with certain amendments; amendments and a statement of reasons for such recommendation is attached. _____
5. Recommends that the rule be withdrawn; a statement of reasons for such recommendation is attached. _____

Pursuant to Code 29A-3-11(c), this notice has been filed in the State Register and with the agency proposing the rule.