

**WEST VIRGINIA
SECRETARY OF STATE**

KEN HECHLER

ADMINISTRATIVE LAW DIVISION

Form #6

FILED

1992 APR 14 AM 8:22

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

**NOTICE OF FINAL FILING AND ADOPTION OF A LEGISLATIVE RULE AUTHORIZED
BY THE WEST VIRGINIA LEGISLATURE.**

AGENCY: W. Va. Board of Investments TITLE NUMBER: _____

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

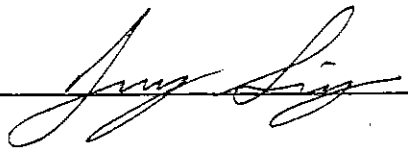
TITLE OF RULE BEING PROPOSED: Selection of State Depositories for
Receipt Accounts.

THE ABOVE RULE HAS BEEN AUTHORIZED BY THE WEST VIRGINIA LEGISLATURE.

AUTHORIZATION IS CITED IN (house or senate bill number) SB-1

SECTION 64-7-3(j), PASSED ON March 14, 1992

THIS RULE IS FILED WITH THE SECRETARY OF STATE. THIS RULE BECOMES EFFECTIVE ON
THE FOLLOWING DATE: April 14, 1992



2.70

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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OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

MAY 11 4 12 PM '93

FILED

TO: Jerry Simpson

AGENCY: Board of Investments

FROM: JUDY COOPER, DIRECTOR, ADMINISTRATIVE LAW DIVISION

DATE: April 19, 1993

THE ATTACHED RULE FILED BY YOUR AGENCY HAS BEEN ENTERED INTO OUR COMPUTER SYSTEM. PLEASE REVIEW, PROOF AND RETURN IT WITH ANY CORRECTIONS. IF THERE ARE NO CORRECTIONS, PLEASE SIGN THIS MEMO AND RETURN IT TO THIS OFFICE. YOU WILL BE SENT A FINAL VERSION OF THE RULE FOR YOUR RECORDS.

PLEASE RETURN EITHER THE CORRECTED RULE OR THIS FORM WITHIN TEN (10) WORKING DAYS OF THE DATE YOU RECEIVED THIS REQUEST. CALL IF YOU HAVE ANY QUESTIONS.

SERIES: 4 TITLE: 113 Board of Investments

* THE ATTACHED RULE HAS BEEN REVIEWED AND IS CORRECT.

SIGNED: _____

TITLE OF PERSON SIGNING: CHIEF OPERATING OFFICER

DATE: 5/11/93

* THE ATTACHED RULE HAS BEEN REVIEWED AND NEEDS CORRECTING. THE CORRECTIONS HAVE BEEN MARKED.

SIGNED: _____

TITLE OF PERSON SIGNING: _____

DATE: _____

NOTE: IF YOU ARE NOT THE PERSON WHO HANDLES THIS RULE, PLEASE FORWARD TO THE CORRECT PERSON.

**TITLE 113
LEGISLATIVE RULE
BOARD OF INVESTMENTS**

**SERIES 4
SELECTION OF STATE DEPOSITORIES FOR RECEIPT ACCOUNTS**

§113-4-1. General.

1.1. Scope. -- These rules implement the provisions of W. Va. Code §12-1-2, wherein the State Board of Investments is required to select depositories for receipt accounts.

1.2. Authority. -- W. Va. Code §12-1-2.

1.3. Filing Date. -- April 14, 1992

1.4. Effective Date. -- April 14, 1992

1.5. 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.

§113-4-2. Definitions.

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

2.1. "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;

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

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

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

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

§113-4-3. 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.

§113-4-4. 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:

4.1. The activity of the various accounts;

4.2. The reasonable value of the banking services to be rendered;

4.3. The value and importance of such deposits to the economy of the communities and the various areas of the State affected; and

4.4. The recommended depository's proposed fee schedule as required by Subsection 5.1 of these rules.

§113-45. Compensation.

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

5.1.1. 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 \$560.0 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.

5.1.2. 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.

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

5.2. 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 5.1 of this Rule.

Bill Investments, Receipt 113-4

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H. B. 4301

(By Delegate Grubb)

(Introduced January 27, 1992; referred to the
Committee on Finance then the Judiciary)

10 A BILL to amend and reenact section three, article seven, chapter
11 sixty-four of the code of West Virginia, one thousand nine
12 hundred thirty-one, as amended, relating to authorizing the
13 state board of investments to promulgate legislative rules
14 relating to the selection of state depositories for receipt
15 accounts.

16 Be it enacted by the Legislature of West Virginia:

17 That section three, article seven, chapter sixty-four of the
18 code of West Virginia, one thousand nine hundred thirty-one, as
19 amended, be amended and reenacted, to read as follows:

20 ARTICLE 7. AUTHORIZATION FOR DEPARTMENT OF TAX AND REVENUE TO
21 PROMULGATE LEGISLATIVE RULES.

22 §64-7-3. Board of investments.

23 (a) The legislative rules filed in the state register on the
24 third day of January, one thousand nine hundred eighty-four,

113-4

1 relating to the state board of investments (selection of state
2 depositories for disbursement accounts through competitive
3 bidding), are authorized.

4 (b) The legislative rules filed in the state register on the
5 third day of January, one thousand nine hundred eighty-four,
6 relating to the state board of investments (administration of the
7 consolidated fund), are authorized.

8 (c) The legislative rules filed in the state register on the
9 ninth day of January, one thousand nine hundred ninety, modified
10 by the state board of investments to meet the objections of the
11 legislative rule-making review committee and refiled in the state
12 register on the twenty-fourth day of January, one thousand nine
13 hundred ninety, relating to the state board of investments
14 (administration of the consolidated fund), are authorized.

15 (d) The legislative rules filed in the state register on the
16 ninth day of January, one thousand nine hundred ninety, modified
17 by the state board of investments to meet the objections of the
18 legislative rule-making review committee and refiled in the state
19 register on the twenty-fourth day of January, one thousand nine
20 hundred ninety, relating to the state board of investments
21 (administration of the consolidated pension fund), are
22 authorized.

23 (e) The legislative rules filed in the state register on the
24 thirtieth day of November, one thousand nine hundred ninety,
25 modified by the state board of investments to meet the objections

1 of the legislative rule-making review committee and refiled in
2 the state register on the seventeenth day of May, one thousand
3 nine hundred ninety-one, relating to the state board of
4 investments (selection of state depositories for receipt
5 accounts), are authorized.

6 NOTE: The purpose of this bill is to authorize the State
7 Board of Investments to promulgate legislative rules relating to
8 the selection of state depositories for receipt accounts.

9
10 Strike-throughs indicate language that would be stricken from
11 the present law, and underscoring indicates new language that
12 would be added.