

2 **SHB 1183 - S COMM AMD S2529.1**

3 By Committee on Commerce, Trade, Housing & Financial Institutions

4 ADOPTED AS AMENDED (FLR 371) 4/14/99

5 Strike everything after the enacting clause and insert the
6 following:

7 NEW SECTION. **Sec. 1.** Local governments enter into separate,
8 individual contracts with banks for custody services. The rate and
9 terms which each local government obtains from a given bank sometimes
10 varies widely depending upon the size of the local government's
11 portfolio, and thus fails to provide all of the state's taxpayers with
12 the most advantageous rates and terms for such custody services. The
13 purpose of this act is to enable local governments and institutions of
14 higher education, through a state-wide custody contract, to
15 collectively obtain the most advantageous rate and terms from a single
16 financial institution for custodial banking services. Under such a
17 state-wide custody contract, smaller local governments may receive a
18 higher level of service, while paying lower fees than they might have
19 individually obtained.

20 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.08 RCW
21 to read as follows:

22 (1) The state treasurer is authorized to negotiate a state-wide
23 custody contract for custody services for local governments and
24 institutions of higher education. The term of the contract shall be
25 for a minimum of four years.

26 (2) The state treasurer shall, as soon as is practical after
27 negotiations have been successfully completed, notify local governments
28 and institutions of higher education that a state-wide custody contract
29 has been negotiated.

30 (3) Following such notification, each local government or
31 institution of higher education may, at its option, become a signatory
32 to the state-wide contract. Each local government or institution of
33 higher education may only become a signatory to the contract by having
34 its authorized local government official or financial officer and the
35 state-wide custodian execute the state-wide contract. The contract is

1 between the state-wide custodian and the respective local government or
2 institution of higher education. It is the responsibility of the local
3 government official or financial officer to fully understand the terms
4 and conditions of the state-wide custody contract prior to its
5 execution, and to ensure those terms and conditions are observed by the
6 state-wide custodian during the term of the contract.

7 (4) The state treasurer may adopt rules to implement this section,
8 including, but not limited to, those rules deemed necessary to provide
9 for an orderly transition in the event of a different state-wide
10 custodian in a new state-wide custody contract.

11 (5) Any state-wide custodian who becomes a signatory to the state-
12 wide custody contract may be exempted from the requirements of chapter
13 39.58 RCW for the purposes of this section, based on rules adopted by
14 the public deposit protection commission.

15 (6) For the purposes of this section:

16 (a) "Financial institution" means a bank or trust company chartered
17 and supervised under state or federal law;

18 (b) "Local government" means any county, city, town, special
19 purpose district, political subdivision, municipal corporation, or
20 quasi-municipal corporation, including any public corporation created
21 by such an entity, which legally possesses and exercises investment
22 authority;

23 (c) "State-wide custody contract" means a contract negotiated
24 between the state treasurer and a financial institution that
25 establishes terms and fees for custody services which are optional to
26 any local government for the term of the contract;

27 (d) "State-wide custodian" means the financial institution with
28 whom the state treasurer has negotiated a state-wide custody contract;

29 (e) "Custody services" means services performed by a financial
30 institution such as the settlement, safekeeping, valuation, and market-
31 value reporting of negotiable instruments owned by the local
32 government;

33 (f) "Local government official" means any officer or employee of a
34 local government who has been designated by statute or local charter,
35 ordinance, or resolution as the officer having the authority to invest
36 the funds of the local government. However, the county treasurer is
37 the only local government official for all political subdivisions for
38 which the county treasurer has statutory or contractual authority to
39 invest the funds thereof;

1 (g) "Financial officer" means the board-appointed treasurer of a
2 college, university, community or technical college district, or the
3 state board for community and technical colleges.

4 NEW SECTION. **Sec. 3.** A new section is added to chapter 39.58 RCW
5 to read as follows:

6 A state-wide custodian under section 2 of this act may be exempted
7 from the requirements of this chapter, based on rules adopted by the
8 public deposit protection commission.

9 NEW SECTION. **Sec. 4.** This act takes effect September 1, 1999."

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13 On page 1, line 2 of the title, after "contracts;" strike the
14 remainder of the title and insert "adding a new section to chapter
15 43.08 RCW; adding a new section to chapter 39.58 RCW; creating a new
16 section; and providing an effective date."

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