

2 **SHB 1183** - S COMM AMD

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

4 ADOPTED 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, through a state-  
14 wide custody contract, to collectively obtain the most advantageous  
15 rate and terms from a single financial institution for custodial  
16 banking services. Under such a state-wide custody contract, smaller  
17 local governments may receive a higher level of service, while paying  
18 lower fees than they might have individually obtained.

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

21 (1) The state treasurer is authorized to negotiate a state-wide  
22 custody contract for local government custody services. The term of  
23 the contract shall be for a minimum of four years.

24 (2) The state treasurer shall, as soon as is practical after  
25 negotiations have been successfully completed, notify local governments  
26 that a state-wide custody contract has been negotiated.

27 (3) Following such notification, each local government may, at its  
28 option, become a signatory to the state-wide contract. Each local  
29 government may only become a signatory to the contract by having its  
30 authorized local government official or financial officer and the  
31 state-wide custodian execute the state-wide contract. The contract is  
32 between the state-wide custodian and the respective local government.  
33 It is the responsibility of the local government official or financial  
34 officer to fully understand the terms and conditions of the state-wide  
35 custody contract prior to its execution, and to ensure those terms and

1 conditions are observed by the state-wide custodian during the term of  
2 the contract.

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

7 (5) Any state-wide custodian who becomes a signatory to the state-  
8 wide custody contract may be exempted from the requirements of chapter  
9 39.58 RCW for the purposes of this section, based on rules adopted by  
10 the public deposit protection commission.

11 (6) For the purposes of this section:

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

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

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

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

25 (e) "Custody services" means services performed by a financial  
26 institution such as the settlement, safekeeping, valuation, and market-  
27 value reporting of negotiable instruments owned by the local  
28 government;

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

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

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

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

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

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10        On page 1, line 2 of the title, after "contracts;" strike the  
11 remainder of the title and insert "adding a new section to chapter  
12 43.08 RCW; adding a new section to chapter 39.58 RCW; creating a new  
13 section; and providing an effective date."

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