

**RCW 43.08.280 Statewide custody contract for local governments and institutions of higher education.**

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

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

(3) Following such notification, each local government or institution of higher education may, at its option, become a signatory to the statewide contract. Each local government or institution of higher education may only become a signatory to the contract by having its authorized local government official or financial officer and the statewide custodian execute the statewide contract. The contract is between the statewide custodian and the respective local government or institution of higher education. It is the responsibility of the local government official or financial officer to fully understand the terms and conditions of the statewide custody contract prior to its execution, and to ensure those terms and conditions are observed by the statewide custodian during the term of the contract.

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

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

(6) For the purposes of this section:

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

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

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

(d) "Statewide custodian" means the financial institution with whom the state treasurer has negotiated a statewide custody contract;

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

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

(g) "Financial officer" means the board-appointed treasurer of a college, university, community or technical college district, or the state board for community and technical colleges. [1999 c 293 § 2.]

**Purpose—1999 c 293:** "Local governments enter into separate, individual contracts with banks for custody services. The rate and terms which each local government obtains from a given bank sometimes varies widely depending upon the size of the local government's portfolio, and thus fails to provide all of the state's taxpayers with the most advantageous rates and terms for such custody services. The purpose of this act is to enable local governments and institutions of higher education, through a statewide custody contract, to collectively obtain the most advantageous rate and terms from a single financial institution for custodial banking services. Under such a statewide custody contract, smaller local governments may receive a higher level of service, while paying lower fees than they might have individually obtained." [1999 c 293 § 1.]

**Effective date—1999 c 293:** "This act takes effect September 1, 1999." [1999 c 293 § 4.]