



Office of the State Treasurer
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Banking Guidelines

The State Depository Board (“Board”) has adopted the State Depository Board and Office of the State Treasurer Bank Policy (“OST Bank Policy”) and designated the State Treasurer to implement it. These guidelines have been adopted by the State Treasurer to clarify processes and procedures related to the OST Bank Policy. These guidelines serve as the resource for state officials in the performance of their duties and depositories desiring to do business with state entities. Nothing herein shall be interpreted to conflict with the OST Bank Policy and the terms used herein shall have the meaning prescribed by the OST Bank Policy.

I. Correspondence

The OST Bank Policy and these guidelines require depositories and state entities to submit correspondence to OST. All required correspondence other than confidential information must be submitted utilizing one of the addresses below unless otherwise indicated. Confidential information includes, but is not limited to, depository account numbers. Please contact OST for instructions to securely submit confidential information.

Email must be addressed to: OSTBanking@treasury.ga.gov

Mail must be addressed to: OST Banking
Office of the State Treasurer
200 Piedmont Avenue, Suite 1204 West Tower
Atlanta, Georgia 30334

II. State Entity Reporting

A. Periodic Reporting

At the beginning of each calendar year, OST will distribute an agency-specific state bank registry to each state entity which will identify information that each state entity must provide for each depository account held or controlled by the state entity, including but not limited to demand deposit and time deposit accounts. Each state entity must review the agency-specific state bank registry and confirm the accuracy of the information therein, make any necessary edits to correct erroneous information, and provide any missing information. If any information represented in the completed agency-specific state bank registry changes or otherwise becomes outdated after submission by a state entity pursuant to this section, the state entity must notify OST of the change and update the registry no later than the last day of the quarter during which the previously submitted information became outdated.

Notwithstanding any other provision of this policy, if any change in a banking relationship occurs which causes a previously executed State Signature Card and Depository Agreement to become outdated, including but not limited to, a change in the name of the depository, state entities must execute a new State Signature Card and Depository Agreement and provide a copy to OST within five business days.

B. Reporting Certain New Accounts and Services

State entities are not required to request approval of the State Treasurer prior to opening a depository account under the circumstances described in Parts 1 through 3 of this subsection. Each state entity which avails itself of this subsection must:

- a) Comply with its applicable internal policies;
- b) Execute a State Signature Card and Depository Agreement with the depository which will maintain the account prior to obtaining a new account, or within five days following the acquisition or merger of a bank maintaining a state bank account, and provide a copy to OST;
- c) Report each new account or acquisition to OST using the bank registry form accessible at ost.ga.gov within five business days; and
- d) Report each new service to OST within five business days.

1. Fraudulent Activity

State entities are not required to request approval from the State Treasurer prior to opening a replacement account for a compliant account that was compromised by fraudulent activity so long as the replacement account will be maintained by the same depository as the compromised account and the depository services will remain unchanged. State entities must report closure of the compromised account within five business days.

2. Mergers and Acquisitions

State entities are not required to request approval from the State Treasurer prior to the acquisition of a compliant account by another depository due to the merger or acquisition of the depository which previously maintained the account so long as the depository services will remain unchanged.

3. Subthreshold Accounts and Services

a. Explanation of Policy

State entities may choose to obtain new depository accounts or new depository services for compliant accounts without first requesting approval from the State Treasurer so long as the accounts or services will not exceed \$500 per month in service fees and, for new accounts, so long as the monthly balance will not exceed the standard FDIC deposit insurance coverage limit. Prior to obtaining such accounts or services the state entity must receive a pro forma account analysis from the prospective depository indicating that the account or service will not exceed \$500 per month in service charges. In conjunction with reporting the new account or service to OST, the state entity must provide the pro forma account analysis composed by the prospective depository.

At no time in a fiscal year shall any state entity obtain accounts or services for which the **cumulative** cost exceeds \$500 per month without submitting a request to OST consistent with Section III, below, and receiving approval from the State Treasurer or Board.

b. Example of Threshold Application

A state entity determines it needs to open a depository account. The state entity obtains a pro forma account analysis from a depository which indicates that service charges for the account will be \$400 per month. On July 1, 2020, the state entity opens the account with the same depository and notifies OST appropriately, providing a copy of the pro forma account analysis and executed State Signature Card and Depository Agreement. The state entity is compliant with these guidelines.

Later, the same state entity determines it needs to open another depository account prior to July 1, 2021. The state entity obtains a pro forma account analysis from a depository which indicates that service charges for the account will be \$200 per month. If the state entity opens the account, it will be out of compliance with these guidelines. The state entity must submit a request to OST and receive approval from the State Treasurer pursuant to Section III, below, prior to opening the account.

4. Office of the State Treasurer Services

Notwithstanding any other provision of these guidelines:

- a) State entities may seek assistance from OST regarding the acquisition of any new accounts and services; and
- b) The State Treasurer may require a state entity to remove funds from an account or eliminate a service that does not meet the minimum requirements of the OST Bank Policy or if doing so would otherwise be in the best interest of the state.

III. New Account and Service Approval

A. Request Submission

Except as provided in Subsection II.B, above, no new depository service or account, including replacement accounts, may be obtained by a state entity without submitting a request to OST and receiving written approval from the State Treasurer or Board. Requests must be initiated by completing the appropriate request form available at ost.ga.gov and submitting it to OST. OST will contact the state entity requesting a new account or service if more information is needed. A request is not complete unless the state entity submitting the request has adequately responded to any and all inquiries from OST.

B. Non-OST Bank Program Account Evaluations

Non-OST Bank Program accounts are accounts which have not been selected by the State Treasurer for inclusion in the OST Bank Program. The OST Bank Program is described in Section IV, below. Most state entity accounts are non-OST Bank Program accounts.

For each request for a new non-OST Bank Program demand deposit account, OST will compose a schedule which will identify the service(s) the account will require and the estimated monthly balance (“Bank Fee Schedule”) using the information provided by the state entity pursuant to Subsection A of

this section. OST will provide the Bank Fee Schedule to the state entity requesting the new account and each depository participating in the OST Bank Program, identified at ost.ga.gov.

Depositories will be given the opportunity to complete the Bank Fee Schedule, within a prescribed timeline, with pricing to provide the services listed therein and any other information requested by OST. OST will provide the Bank Fee Schedule to each OST Bank Program participant. The state entity may provide the Bank Fee Schedule to depositories which do not participate in the OST Bank Program, provided that such depositories meet the minimum qualifications prescribed by the OST Bank Policy.

After all completed Bank Fee Schedules have been timely received and evaluated by OST, OST will provide a summary report to the state entity requesting the new account. The state entity may select the depository it deems appropriate to provide depository services for the requested account from the summary report. The state entity must notify OST of its selection and execute a State Signature Card and Depository Agreement for the account prior to receiving final approval.

C. OST Bank Program Account Evaluations

For each request for a new OST Bank Program demand deposit account, OST will evaluate the request consistent with the requirements of the periodic evaluation described in Subsection IV.C, below.

IV. OST Bank Program

A. Overview

The State Treasurer may select state entity accounts for inclusion in the OST Bank Program. The State Treasurer shall assume responsibility for service charges applicable to accounts included in the OST Bank Program and shall receive any applicable interest. State entities' OST Bank Program accounts will be evaluated every five years to ensure consistency with the state's cash management policies.

B. Depository Participation in the OST Bank Program

To participate in the OST Bank Program, a depository must initially request and receive written approval from the State Treasurer and acknowledge these guidelines annually thereafter. Depositories approved to participate in the OST Bank Program ("participating depositories" or "participants") must not enter into any agreement with a state entity which is inconsistent with these guidelines, the OST Bank Policy, or other law. Failure to comply with these guidelines, the OST Bank Policy, or other law, is grounds for the revocation of approval to participate in the OST Bank Program and the removal of deposits, at the State Treasurer's discretion.

Participating depositories must provide OST with the following reports and documents:

- a) Monthly analysis statements for all OST and state entity accounts in the OST Bank Program;
- b) Monthly deposit balances in each OST and state entity account in the OST Bank Program;
- c) Monthly electronic transmission files (822 EDI files) to provide depository fees and services for OST and state entity accounts in the OST Bank Program. These files should be provided via the participating depositories' secure websites; and

- d) Executed copies of the State Signature Card and Depository Agreement for each OST and state entity account in the OST Bank Program.

A participating depository may be asked to provide certain other reports and information from time to time, including but not limited to the following:

- a) A listing of all state entity depository accounts, to the best of its knowledge; and
- b) Verification of pledged collateral or FDIC insurance or guaranty coverage for all state entity accounts.

C. Services and Compensation

Each participating depository must submit an annual fee schedule to OST by December 15 of each year. The annual fee schedule must identify the fees for all services which will be provided to state entities the subsequent year. Each annual fee schedule submission must identify any changes from the previously submitted annual fee schedule.

Each participating depository shall be compensated for depository services in accordance with its annual fee schedule and the fees set forth in a participant's annual fee schedule shall apply to all depository services provided to all state entities during the calendar year. Fees not explicitly identified in a participant's annual fee schedule are not authorized. No state entity shall be responsible for the payment of any fees which are not explicitly identified in a participant's annual fee schedule or any fees in excess of the amount identified in a participants' annual fee schedule.

At the option of the State Treasurer, accounts in the OST Bank Program will either earn monthly interest on collected available balances at such rate as may be agreed to by the State Treasurer and the depository from time to time or receive a monthly net earning allowance. For purposes of calculating the earnings allowance, a depository will treat all state entity balances in all accounts in the OST Bank Program as if they were a single account to give the State Treasurer the benefit of any tiered earnings credit rates paid on higher account balances.

1. Annual Fee Schedule Amendments

Each participating depository may amend its annual fee schedule to include new depository services with written permission from the State Treasurer. Each participating depository may reduce fees identified in its annual fee schedule with advanced written notice to the Treasurer at least five days prior to implementation of the change. Additionally, those fees specifically identified in a participating depository's annual fee schedule as subject to regulatory assessment may be increased during the calendar year to the extent of an increase in such regulatory assessment, provided that the participant provides the State Treasurer with written notice 15 days in advance.

The submission of a completed Bank Fee Schedule which includes lower fees than indicated on a participating depository's annual fee schedule will be deemed notice to amend such annual schedule to conform to the lower fees represented on the completed Bank Fee Schedule, contingent upon the participant's selection to provide depository services based on such Bank Fee Schedule. Upon submission of a Bank Fee Schedule which includes lower fees than indicated on participant's annual fee schedule, such participant must explicitly identify any such differences and the applicable duration. A participant which must amend its annual fee schedule pursuant to this paragraph must submit such amended schedule within five business days following notice of selection.

2. Exception: Non-OST Bank Program Accounts

A participating depository may complete a Bank Fee Schedule with lower fees than specified by its annual fee schedule so long as the participant explicitly identifies any such differences and the applicable duration. Notwithstanding any other provision of these guidelines, if the Bank Fee Schedule relates to a non-OST Bank Program account and the participant explicitly requests the application of this exception:

- a) The participant shall not be required to amend its annual fee schedule upon selection to provide depository services based on such Bank Fee Schedule; and
- b) The lower fees shall apply to all accounts maintained by the participant with the state entity for which the Bank Fee Schedule was composed, except any OST Bank Program accounts.

Within five business days of notice of a participating depository's selection pursuant to this exception, such participant must submit an agency-specific fee schedule to OST and the applicable state entity.

This exception shall not be construed to require any state entity to pay or any participant to charge higher fees than indicated on the participant's annual fee schedule.

3. Specific Prohibitions Related to Services and Compensation

Fees for providing merchant card services or any other services which are not provided directly by a participating depository are not permitted to be billed by analysis charges to accounts in the OST Bank Program without prior written approval from the State Treasurer.

Participating depositories may not provide services to any state entity by way of an amendment to, "tie-in" to, or "piggyback" on an existing contract for depository services with another state entity without prior approval of the State Treasurer.

Participating depositories may not debit accounts in the OST Bank Program for the payment of service charges without prior written approval from the State Treasurer.

D. Periodic OST Bank Program Account Evaluations

OST will evaluate state entities' OST Bank Program accounts at least once every five years to ensure compliance with the state's cash management policies. For each account, OST will compose a Bank Fee Schedule which will identify the service(s) the account utilizes and the historical monthly balance using the information reported by the participating depositories pursuant to Subsection IV.B, above, and any information which must be obtained from the applicable state entity. OST will then provide the Bank Fee Schedule to each of the primary banks identified at ost.ga.gov. Each of the primary banks will be required to complete the Bank Fee Schedule with pricing to provide the services listed therein.

After the completed Bank Fee Schedules have been reviewed and evaluated, OST will provide a summary report to the state entity. The summary report will identify which depository or depositories the entity may select to provide depository services. If the state entity does not wish to select a depository identified by OST, the department head may request an exception from the State Treasurer.

If, following a periodic evaluation, it is determined that a state entity will transition depository services to a new depository, the state entity must open replacement accounts with the new depository and execute the State Signature Card and Depository Agreement and send a copy to OST no later than three months following the evaluation. The state entity must close the accounts being replaced no later than six months following the evaluation.

Receipt of Banking Guidelines acknowledged by:

Signature of Banker

Name of Banker

Name of Depository

Date