

LCB File No. R028-04

**PROPOSED REGULATION OF
THE STATE TREASURER**

NOTICE OF INTENT TO ACT UPON A REGULATION

**Notice of Public Workshop and Hearing for the Adoption of Regulations for the
Collateralization of Public Deposits “Pooled Collateral” by the
office of the State Treasurer.**

The office of the State Treasurer will hold a public hearing at 2:00 pm, on Wednesday, May 26, 2004, at the Grant Sawyer Building, Legislative Counsel Bureau Room #4406, 555 East Washington Avenue, Las Vegas, NV 89101. The hearing will also be available via video conference from the Legislative Building, Room #V2135, 401 South Carson Street, Carson City, NV 89701, as well as over the internet at <http://www.leg.state.nv.us>, and following the instructions on the live meetings sidebar on the right hand side. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of regulations that pertain to the Nevada Pooled Collateral Program authorized in chapter 356 of the Nevada Revised Statutes.

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. The need for and the purpose of the proposed regulation is to establish the administrative requirements for the Nevada Pooled Collateral Program for the monitoring of collateral maintained by depositories for public deposits.
2. The substance of the regulations to be adopted is to establish regulatory language pursuant to the administrative oversight of depositories as amended to NRS chapter 356.300 – 356.390 by the 20th special session. The program is an alternative method being established to allow financial institutions and local government agencies within the State to participate in pooled collateralization of their deposits in an efficient, cost effective and safe manner when collateralizing public funds.
3. The estimated economic effect of the regulation on the business that it is to regulate and on the public is:
 - A. Estimated economic effect of the adopted regulations on depository financial institutions.

It is estimated that the regulation has a significant positive economic effect on depositories by lowering the collateral requirement to secure uninsured public deposits, therefore increasing the opportunity for the financial institutions to utilize the funds in a more efficient manner.

(1) Adverse and beneficial effects:

The adverse effect of the regulation on financial institutions is minimal. The depositories are already required to pledge collateral against uninsured

deposits, but will now be able to centralize processing and management of all pledging and maintenance of collateral through the State Treasurer's office rather than with each local agency for which they hold public deposits. Beneficial effects include a reduction in overall collateral requirements through the utilization of a single account, versus individual accounts with each government agency, elimination of reporting to government agencies, and the ability to use a single custodian to hold collateral for all government agencies.

(2) Immediate and long-term effects:

The immediate effects are the consolidation of collateral into a pool, effectively freeing up monies that could be used by the depository in another manner. The long term effects are similar to the immediate effects over a longer period of time, as the depository can better manage their collateral requirements.

B. Estimated economic effect of the adopted regulations on public depositors.

It is estimated that the regulation will have a positive economic effect on public depositors. The government agencies will recognize a reduced risk of their deposits through the pooled collateral program.

(1) Adverse and beneficial effects:

There are no adverse effects to the public depositors. The beneficial effects include elimination of pledging and maintenance of fluctuating collateral balances for public deposits accounts, and increased reporting capabilities of pledged securities for public deposits, as managed through the office of the State Treasurer.

(2) Immediate and long-term effects:

The immediate effects are centralized management of activities to maintain pledged collateral requirements, as well as consolidated reporting through the office of the State Treasurer, eliminating the need to work with each depository. The long term effects are similar to the immediate effects over a longer period of time, as the public depositor will find a more efficient manner to track public deposits through a centralized reporting function through the office of the State Treasurer.

4. The estimated cost to the agency for enforcement of the proposed regulation.

There is no additional cost to the office of the State Treasurer for enforcement of this regulation. All costs related to this regulation are paid for by the participating depositories.

5. A description of and citation to any regulations of other state or local governmental agencies that the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the proposed regulation overlaps or duplicates a federal regulation, the notice must include the name of the regulating federal agency.

There are no other state or local government agency regulations that the proposed adopted regulations duplicate.

6. If the regulation is required pursuant to federal law, a citation and description of the federal law.

The regulation is not required by any federal law.

7. If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.

There are no provisions in the proposed regulations that are more stringent than a federal regulation. Therefore, the proposed regulations are in compliance with federal regulations and are not more stringent than federal requirements and regulations.

8. Whether the proposed regulation establishes a new fee or increases an existing fee.

This regulation provides for a new annual administrative fee paid for by the participating depositories. The fee calculation is allocated across the depositories based upon public deposit balances held at the depository. The annual amount collected is based on the pooled collated work program budget, and 100% of the fees collected are allocated to the administrative services for the pooled collateral work program. At the beginning of each fiscal year, the State Treasurer will calculate the assessment for the previous fiscal year and adjust each depository's account on the next fiscal year's assessment.

Persons wishing to comment upon the proposed action of the office of the State Treasurer may appear at the scheduled public hearing or may address their comments, data, views, or arguments in written form to office of the State Treasurer, 555 E. Washington Ave., Suite 4200, Las Vegas, NV 89101. Written submissions must be received by the office of the State Treasurer on or before Friday, May 21, 2004. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the office of the State Treasurer may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation to be adopted will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation to be adopted will be available at the office of the State Treasurer, 555 E. Washington Ave., Suite 4200, Las Vegas, NV 89101, or the office of the State Treasurer, 101 North Carson Street, Suite 4, Carson City, Nevada 89701, on the internet at <http://NevadaTreasurer.gov>, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours.

This notice and the text of the proposed regulation are also available in the state of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at <http://www.leg.state.nv.us>. Copies of this notice and the proposed regulation will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption or incorporate therein its reason for overruling the consideration urged against its adoption.

This notice of hearing has been posted at the following locations pursuant to the provisions of chapters 233B and 241 of Nevada Revised Statutes:

Clark County Government Offices, 500 Grand Central Parkway, Las Vegas
City of Las Vegas, City Hall, 400 Stewart Avenue, Las Vegas
Grant Sawyer State Office Building, 555 E Washington Ave., 1st Floor, Las Vegas

Notice of this meeting was faxed for posting to the following Nevada locations:

Blasdel Building, 209 East Musser Street, Carson City
Capitol Building, 1st & 2nd floors, Carson City
Capitol Press Corps, Basement, Capitol Building 101 North Carson Street, Carson City
Legislative Building, 401 South Carson Street, Carson City
Nevada Bankers Association, One East Liberty Street, Reno
Nevada Press Association, 102 North Curry, Carson City
Nevada State Library, 100 Stewart Street, Carson City

On the Internet at <http://NevadaTreasurer.gov>

We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the hearing. If special arrangements for the hearing are necessary, please notify Drew Solomon in writing at the office of the State Treasurer, 555 E Washington Ave, Suite 4200, Las Vegas, Nevada 89101 or call (702) 486-2585.

LCB File No. R028-04

**PROPOSED REGULATION OF
THE STATE TREASURER**

AUTHORITY: NRS 356.350

NAC 356.xxx

Section 1. *General Information: Collateralization of Public Deposits*

Pursuant to NRS 356.350, the state of Nevada has been authorized to establish a program to monitor a collateral pool for public deposits in Nevada. This program is an alternative method being established to allow local government agencies within the state to participate in pooled collateralization of their deposits in an efficient, cost effective and safe manner.

Sec. 2. *Acceptable Securities: Securities as described in NRS 356.020 and 356.133. The Federal Reserve Bank accepts only book entry eligible securities into the national book entry system.*

Sec. 3. *Amount of Collateral to be pledged: Eligible collateral must have a market value greater than or equal to 102% of the closing daily ledger balance of public deposits held at the depository.*

Sec. 4. *Book Entry Security: A marketable security issued in electronic form by the United States Government (the "Treasury"), any agency, instrumentality thereof, certain international organizations or others, that the Federal Reserve Banks have determined is eligible to be held in a securities account and is eligible for transfer.*

Sec. 5. *Collateral: Property that is offered to secure public deposits that becomes subject to seizure on default. Also referred to as security.*

Sec. 6. *Collateral Pool: The program whereby the repayment of public deposits on hand at a depository is secured through the aggregate sum of collateral pledged by all depositories and agreements as provided by the State Treasurer.*

Sec. 7. *Custodian: Person(s) with plenary authority, including control, over funds owned by the public unit, which the custodian is appointed or elected to serve. Control of public funds includes possession, as well as the authority to establish accounts for such funds in insured depository institutions and to make deposits, withdrawals, and disbursements of such funds.*

Sec. 8. *FDIC: Federal Depository Insurance Corporation.*

Extent of FDIC coverage includes accounts of the state of Nevada, any county, municipality or political subdivision.

Each official custodian of funds of the state of Nevada, or any county, municipality, or political subdivision thereof, lawfully depositing such funds in an insured depository institution in the state comprising the public unit or wherein the public unit is located (including any insured depository institution having a branch in Nevada) shall be separately insured in the amount of:

- (A) Up to the FDIC insured limit in the aggregate for all time and savings deposits; and*
- (B) Up to the FDIC insured limit in the aggregate for all demand deposits.*

For public bond issues where an officer, agent or employee of a public depositor that has custody of certain funds which by law or under a bond indenture are required to be set aside to discharge a debt owed to the holders of notes or bonds issued by the public unit, any deposit of such funds in an insured depository institution shall be deemed to be a deposit by a trustee of trust funds of which the noteholders or bondholders are pro rata beneficiaries, and the beneficial interest of each noteholder or bondholder in the deposit shall be separately insured up to the FDIC insured limit.

In addition, each such official custodian depositing such funds in an insured depository institution outside of the state comprising the public unit or wherein the public unit is located, shall be insured in the amount of up to the FDIC insured limit in the aggregate for all deposits, regardless of whether they are time, savings or demand deposits.

Sec. 9. Federal Reserve Bank: *A fiscal agent of the United States of America. The Federal Reserve Bank may hold collateral as a custodian to secure public deposits in excess of the FDIC limits, and serve as the State Treasurer's safekeeping agent for collateral pledged to the treasurer to secure public deposits in excess of the FDIC limits.*

Sec. 10. Federal Reserve Bank – Pledgee Agreement: *An agreement between the State Treasurer and Federal Reserve Bank for those depositories that elect to use the Federal Reserve Bank to pledge collateral against uninsured public deposits in excess of the FDIC limits. The depository indicates agreement to all terms by initiating a collateral transaction.*

Sec. 11. File Transfer Protocol (FTP): *A communications protocol governing the transfer of files from one computer to another over a network.*

Sec. 12. Ledger Balance: *The sum of the end of day closing public depositor demand and savings deposit balances at the depository. The depository may deduct up to the FDIC insured limits from balances.*

Sec. 13. Political Subdivision: *Drainage, irrigation, navigation, improvement, levee, sanitary, school or power districts, and bridge or port authorities and other special districts created by state statute.*

Sec. 14. Public Deposits: *Deposits of all public depositors consisting of savings and demand deposits. Savings deposits are considered deposit accounts that pay interest including savings accounts, money market accounts, negotiable order or withdrawal (NOW) accounts, and certificates of deposit.*

Sec. 15. Public Depositor: *The state of Nevada or any of its agencies, or any Nevada local government whose deposits are required to be secured.*

Sec. 16. Public Deposit Collateral Security Agreement: *The agreement, as approved and amended from time to time by the State Treasurer, between the depository and the State Treasurer to pledge collateral against uninsured public deposits in excess of the FDIC limits.*

Sec. 17. Third Party Collateral Custodial Agreement: *The agreement, as approved and amended from time to time by the State Treasurer, between the State Treasurer, third party depository, and the depository to have a third party depository to serve as the State Treasurer's*

safekeeping agent for collateral pledged to the State Treasurer to secure public deposits in excess of the FDIC limits. In instances where the depository elects to utilize the Federal Reserve Bank as the third party depository, the Federal Reserve Bank does not enter into a third party collateral agreement, but rather the Federal Reserve Bank pledge agreement is used.

Sec. 18. Participation in the Collateral Pool

By accepting public deposits, the depository accepts the responsibility of pledging and maintaining acceptable levels of collateral for all uninsured deposits in accounts for which the public depositor has notified the depository. The depository pledges the securities for the benefit of the State Treasurer who is responsible for monitoring the collateral pool.

Sec. 19. Public Depositor Responsibilities

1. Each public depositor shall:

- (a) Complete a public depositor account form approved by the State Treasurer, and amended from time to time, to notify depositories their intention to participate in the collateral pool.*
- (b) Provide copies of the public depositor account form approved by the State Treasurer, and amended from time to time, to the depository and State Treasurer.*
- (c) Confirm receipt and acknowledgement from depository identifying accounts as public deposits.*
- (d) Ensure that the account names and titles of the public depositor accounts reconcile to the account names at the depository.*
- (e) Report to the depository for new accounts that the deposits are public deposits and subject to the terms of NRS 356.360. The report in a format approved by the State Treasurer, and amended from time to time, shall list new public deposit accounts held at the depository. The report is due to the State Treasurer via FTP, email, facsimile, or telephone in accordance with deadlines established by the State Treasurer*
- (f) Provide a consolidated report of all public deposit accounts to the public depository and State Treasurer on an annual basis. The report in a format approved by the State Treasurer, and amended from time to time, shall list public deposit accounts held at the depository. The report is due to the State Treasurer via FTP, email, facsimile, or telephone in accordance with deadlines established by the State Treasurer.*
- (g) Each public depositor shall elect to participate in the collateral pool or secure their deposits through individual pledge agreements. They may not elect both methods to collateralize their deposits.*

Sec. 20. Depository Responsibilities

- 1. Each depository shall complete and submit to the State Treasurer, an original signed copy of the public deposit collateral security agreement.**
- 2. Each depository shall agree to pledge and maintain collateral at a third party depository to secure public deposits in the state of Nevada.**
 - (a) Collateral through non Federal Reserve Banks**

- (1) Each depository shall enter into a third party collateral custodial agreement to pledge securities for the benefit of the State Treasurer.*
- (b) Collateral through a Federal Reserve Bank*
- (1) The State Treasurer shall enter into a Federal Reserve Bank pledge agreement to hold book entry securities in custody for the State Treasurer.*
- (2) Each depository shall pledge book entry securities for the benefit of the State Treasurer at the Federal Reserve Bank.*
- (3) The depository indicates agreement to all terms of the Federal Reserve Bank pledge agreement by initiating a collateral transaction.*
- 3. Each depository shall collateralize and maintain with acceptable securities all uninsured deposits of public depositors through the use of an approved third party depository.*
- (a) The total market value of the pledged securities must be greater than or equal to 102% the value of the public deposits less the FDIC insured balances.*
- (b) To meet the collateral requirements of the public deposits, the depository may make additions, withdrawals and substitutions to the pledged collateral.*
- (c) If the State Treasurer notifies the public depository of insufficient collateral balances, the depository must pledge additional collateral within deadlines established by the State Treasurer.*
- 4. Each depository holding public deposits in excess of the FDIC's legal limit shall report to the State Treasurer:*
- (a) Daily: Prior day closing ledger balance of all public deposits held at the depository. The report in a format approved by the State Treasurer, and amended from time to time, shall list prior day closing ledger balance of public deposits held at the depository. The report is due to the State Treasurer via FTP, email, facsimile, or telephone in accordance with deadlines established by the State Treasurer.*
- (b) Weekly: Summary report of acceptable securities held by the depository and maintained at a third party depository. The report in a format approved by the State Treasurer, and amended from time to time, shall list balances all securities pledged as collateral at the third party depository. The report is due to the State Treasurer via FTP, email, facsimile, or telephone in accordance with deadlines established by the State Treasurer.*
- (c) Monthly: Detailed report dated the last business day of each month identifying the number of public depositors by account type. The report in a format approved by the State Treasurer, and amended from time to time, shall list the number of public depositors at the depository. The report is due to the State Treasurer via FTP, email, facsimile, or telephone in accordance with deadlines established by the State Treasurer.*
- (d) Annually: Report containing the current or most recent quarterly financial statement of the public depository is due thirty- (30) days after publication. The report in a format approved by the State Treasurer, and amended from time to time, shall list financial information of the depository. The report is due to the State Treasurer via FTP, email,*

facsimile, or telephone in accordance with deadlines established by the State Treasurer.

5. *All collateral pledge additions, releases and substitution requests shall be completed using the Authorization to Pledge / Release Securities form as approved and amended from time to time, by the State Treasurer.*
 - (a) *When requesting additional collateral be pledged, the form shall be completed by the depository with an authorized signature and forwarded to the third party depository for transaction processing. The third party depository will provide acknowledgement that the transaction was successful.*
 - (b) *When requesting the release of collateral, the form shall be completed by the depository and forwarded to the State Treasurer with an authorized signature. The State Treasurer will review and forward to the third party depository for processing. The third party depository will provide acknowledgement that the transaction was successful.*
 - (c) *Substitution of Collateral*
 - (1) *When requesting substitution of collateral and the par value is greater than or equal to the existing security par value amount, the form shall be completed by the depository with an authorized signature and forwarded to the third party depository for transaction processing. The third party depository will provide acknowledgement that the transaction was successful.*
 - (2) *When requesting substitution of collateral and the par value is less than the existing security par value amount, the form shall be completed by the depository with an authorized signature and forwarded to the State Treasurer. The State Treasurer will review and forward to the third party depository for processing. The third party depository will provide acknowledgement that the transaction was successful.*
6. *When a public depositor elects to participate in the collateral pool, the depository will request a letter from the public depositor authorizing the existing third party depository to release all collateral actively pledged to the public depositor, and repledge securities to the benefit of the State Treasurer.*
7. *The depository may seek verification from the public depositor if a suspected public depositor account is not properly identified as a public account type.*

Sec. 21. Third Party Depository Responsibilities

1. Collateral through a Federal Reserve Bank

- (a) *If the third party depository is the Federal Reserve Bank, the State Treasurer shall enter into a pledgee agreement with the Federal Reserve Bank to hold book entry securities in custody for the State Treasurer, and forward the original to the Federal Reserve Bank. The State Treasurer will provide a copy of the pledgee agreement to the depository.*
- (b) *The State Treasurer may elect to authorize the Federal Reserve Bank to accept pledged securities from the depository as a replacement of, or substitution for those securities*

already held without prior approval when the par value is greater than or equal to the existing pledged securities.

- (1) If the State Treasurer elects to authorize the Federal Reserve Bank to accept pledged securities from the depository as a replacement of, or substitution for those securities already held without prior approval when the par value is greater than or equal to the existing pledged securities, the Federal Reserve Bank does not require State Treasurer approval to process the transaction request from the public depository.*
 - (2) If the State Treasurer elects to authorize the Federal Reserve Bank to accept pledged securities from the depository as a replacement of, or substitution for those securities already held without prior approval and the par value is less than the existing pledged securities, the Federal Reserve Bank requires authorization from the State Treasurer's office to process the transaction request from the depository, using the pledge agreement elected call back procedure.*
- (c) The State Treasurer may elect to authorize the Federal Reserve Bank to utilize the three party or four party callback procedures for securities transactions from the depository.*
 - (d) The Federal Reserve Bank shall process collateral transactions initiated by the depository.*
 - (e) The Federal Reserve Bank shall only maintain book entry eligible securities as pledged collateral from depositories on behalf of the State Treasurer.*
 - (f) The Federal Reserve Bank shall deliver to the State Treasurer via FTP, e-mail or fax a confirmation to both the State Treasurer and depository for any and all prior day activity. No activity reports are generated if there are no transactions.*
 - (g) The Federal Reserve Bank shall deliver pledged collateral reports to the State Treasurer:*
 - (1) Weekly: Summary report of acceptable securities held by the depository, pledged to the benefit of the State Treasurer, and maintained at the Federal Reserve Bank. The report in a format approved by the State Treasurer, and amended from time to time, shall list balances all securities pledged as collateral at the Federal Reserve Bank. The report is due to the State Treasurer via FTP, email, facsimile, or telephone in accordance with deadlines established by the State Treasurer.*
 - (2) Monthly: Detailed report dated the last business day of each month of all transactions on state of Nevada public deposit accounts at the Federal Reserve Bank. The report in a format approved by the State Treasurer, and amended from time to time, shall list the details of all securities pledged as collateral at the Federal Reserve Bank. The report is due to the State Treasurer via FTP, email, facsimile, or telephone in accordance with deadlines established by the State Treasurer.*

2. Collateral through non Federal Reserve Banks

- (a) Each third party depository shall complete and submit to the State Treasurer, an original signed copy of the third party collateral custodial agreement.*

- (b) Each third party depository shall only maintain acceptable securities as pledged collateral from depositories on behalf of the State Treasurer.*
- (c) The third party depository shall process transactions upon receipt of the Authorization to Pledge / Release Securities form as approved and amended from time to time, by the State Treasurer, from either the depository or State Treasurer.*
- (d) The third party depository shall deliver to the State Treasurer via FTP, e-mail or fax a confirmation to both the State Treasurer and depository for any and all prior day activity. No activity reports are generated if there are no transactions.*
- (e) The third party depository shall deliver pledged collateral reports to the State Treasurer:*
 - (1) Weekly: Summary report of acceptable securities held by the depository, pledged to the benefit of the State Treasurer, and maintained at the third party depository. The report in a format approved by the State Treasurer, and amended from time to time, shall list balances all securities pledged as collateral at the third party depository. The report is due to the State Treasurer via FTP, email, facsimile, or telephone in accordance with deadlines established by the State Treasurer.*
 - (2) Monthly: Detailed report dated the last business day of each month of all transactions on state of Nevada public deposit accounts at the third party depository. The report in a format approved by the State Treasurer, and amended from time to time, shall list the details of all securities pledged as collateral at the third party depository. The report is due to the State Treasurer via FTP, email, facsimile, or telephone in accordance with deadlines established by the State Treasurer.*

Sec. 22. State Treasurer's Responsibilities

- 1. Ensure that a public deposit collateral security agreement has been executed with each depository.*
- 2. Ensure that an agreement has been executed for a third party depository to hold and maintain collateral for the benefit of the State Treasurer.*
 - (a) If the third party depository is another financial institution, ensure a third party collateral custodial agreement has been executed with the third party depository.*
 - (b) If the third party depository is the Federal Reserve Bank, the State Treasurer executes the pledge agreement with the Federal Reserve Bank.*
- 3. The State Treasurer will make available the following reports via e-mail, fax or web access for review by authorized personnel of the public depositors and depositories:*
 - (a) Daily: Public deposit balance summary reports by financial institution.*
 - (b) Weekly: Balances of all securities pledged as collateral at the fair market value.*
 - (c) Monthly: Certification report validating the total balances maintained at each depository to the collateral maintained at a third party depository.*
- 4. The State Treasurer shall notify the depository of an insufficient collateral balance within deadlines established by the State Treasurer, and the depository must increase collateral at*

the third party depository prior to the close of business on the same day or may be subject to penalties pursuant to NRS 356.360.

5. *The State Treasurer shall establish and maintain a record keeping system for the following:*
 - (a) *Review daily, weekly and monthly reports from depositories, third party depositories, and public depositors to ensure that sufficient levels of collateral are being pledged to meet the requirements of the collateral pool statutes, public deposit security agreements, third party collateral custodial agreements, and Federal Reserve Bank pledgee agreements.*
 - (b) *Analyze reports to ensure that all securities pledged for public deposits and released are acceptable instruments, and the percentage collateral required from financial institutions meets the minimum requirements.*
 - (c) *Maintain a list of third party depositories and monitor their activities to ensure the third party collateral custodial agreements are being adhered to.*
 - (d) *Maintain a current list of acceptable depositories, and ensure the record keeping reconciles to public depositor financial records.*
 - (e) *Maintain a current list of public depositors, and ensure that depositories are pledging all public depositor account types to the collateral pool.*
 - (f) *Establish and maintain a transactional database for pooled collateral for reporting purposes.*

Sec. 23. Fees & Penalties

1. *The State Treasurer shall assess an annual administrative fee to depositories for the administrative function of the pooled collateral program.*
 - (a) *The State Treasurer will estimate the assessment at the beginning of each fiscal year and furnish the amount to the depositories.*
 - (b) *The amount of the assessment will be based on the “pooled percentage” of the average weekly ledger balances from the preceding year for depositories that have public deposit balances in excess of \$1,000,000. For example, if the total public deposits are \$500,000,000 and the public depository maintained \$50,000,000 of those deposits, then the public depository is responsible for 10% of the administrative costs. If the administrative budget were \$75,000, the administrative fee would then be \$7,500 for the public depository.*
 - (c) *At the beginning of each fiscal year, the State Treasurer will calculate the assessment for the previous fiscal year and adjust each depository’s account on the next fiscal year’s estimated assessment.*
 - (d) *Those depositories that enter the pooled collateral program during the year will be assessed on a pro-rata basis against the state of Nevada fiscal year.*
2. *The State Treasurer may impose an administrative fine against a depository:*
 - (a) *That fails to submit daily report requirements within deadlines established by the State Treasurer.*

- (b) That fails to maintain collateral of acceptable securities at a third party depository having a fair market value of at least 102% of the amount of uninsured balances of the public deposits held at the depository.*
- (c) If the amount of the assessment is not remitted to the State Treasurer within 45 days of the original notice.*

Sec. 24. *Withdrawal from Collateral Pool*

1. *Voluntary withdrawal from collateral pool.*

- (a) A public depositor may voluntarily withdrawal from the collateral pool by providing written notification to the State Treasurer and their depository. The effective date shall be no less than 90 days after the State Treasurer receives the intent to withdrawal notification.*
 - 1. The depository shall maintain required collateral through the terms of the agreement.*
 - 2. The depository will continue to be liable for any pool losses through the terms of the agreement.*
 - 3. The depository must continue to provide reports through the terms of the agreement.*