



# Council Communication

Office of the City Manager

<b>Date</b>	November 24, 2008
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<b>Agenda Item No.</b>	27
<b>Roll Call No.</b>	<del>08-</del>
<b>Communication No.</b>	<del>08-693</del>
<b>Submitted by:</b>	Allen McKinley, Finance Director

**AGENDA HEADING:**

Designation of multiple depositories for city funds and the maximum allowable amount.

**SYNOPSIS:**

Recommend approval of designated multiple depositories for city funds. Per the City’s investment policy and state law, the City Council is required to approve a list of authorized depositories and the maximum amounts allowed at each.

**FISCAL IMPACT: NONE**

Amount: N/A

Funding Source: N/A

**ADDITIONAL INFORMATION:**

The list of approved institutions is updated periodically as the need arises. Due to the current market environment, we are investing more heavily in Certificates of Deposit. Under the current approved list of depositories the City is not allowed to accept higher Certificates of Deposit interest rates from certain banks because previous investments through those banks have reached the maximum authorized deposit. It is recommended to temporarily increase the banks with a current maximum limit of \$25,000,000 to \$50,000,000 until June 30, 2009. This temporary increase will allow the City to maximize investment income by allowing these banks to continue to bid Certificate of Deposit rates.

<u>Bank</u>	<u>Maximum Authorized Deposit</u>
Bank of America	\$50,000,000
Bankers Trust	\$100,000,000
Bank of the West	\$50,000,000
Community State Bank	\$50,000,000*
First American Bank	\$50,000,000*
First Bank	\$50,000,000*
Iowa State Bank	\$50,000,000*
Metabank	\$50,000,000*
Principal Bank	\$50,000,000*
U.S. Bank	\$50,000,000
Regions Bank	\$50,000,000
Wells Fargo Bank Iowa	\$50,000,000

West Bank

\$50,000,000

\* Current maximum is \$25,000,000.

The Federal Deposit Insurance Corporation insures all public deposits up to \$250,000. In addition, Section 12C.25 of the Code of Iowa created a state sinking fund to protect public funds on deposit in Iowa banks, savings associations, and credit unions. This is in addition to Iowa Code, Chapter 12C.22(2) which requires Iowa banks to pledge collateral for public deposits equal to or in excess of the total amount by which the public funds deposits in the bank exceeds the total capital of the bank.

**PREVIOUS COUNCIL ACTION(S):**

Date: March 24, 2008

Roll Call Number: 08-493

Action: Designation of multiple depositories for City funds. (Council Communication No. 08-140) Moved by Vlassis to adopt. Motion Carried 6-0. Council Member Hensley declares a conflict of interest and abstains from voting.

**BOARD/COMMISSION ACTION(S): NONE****ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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