

2014 OA-

AMENDING CHAPTER 26 OF THE DANE COUNTY CODE OF ORDINANCES,
REGARDING COLLATERAL REQUIRED FOR COUNTY INVESTMENTS

The County Board of Supervisors of the County of Dane does ordain as follows:

ARTICLE 1. Unless otherwise expressly stated herein, all references to section and chapter numbers are to those of the Dane County Code of Ordinances.

ARTICLE 2. Section 26.72 is amended to read as follows:

26.72 COLLATERAL. (1) All investment institutions acting as a depository for the county must enter into a “depository agreement” requiring the depository to pledge collateral to secure amounts over and above guaranteed amounts. All securities serving as collateral shall be specifically pledged to the county (not as part of a pooled fund) and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank or through another financial institution. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution. The custodian shall send statements of pledged collateral to the treasurer’s office on a monthly basis.

(2) Amounts in excess of Federal Deposit Insurance Corporation and State Deposit Guarantee Fund guaranteed amounts must be fully collateralized, ~~and held by a third party or fully insured by an insurance company with an A rating or better by A.M. Best.~~ Acceptable collateral includes the following:

(a) Securities of the U.S. Treasury or U.S. Governmental Agency as defined by the Federal Reserve;

(b) U.S. government guaranteed securities such as those issued through the Small Business Administration are acceptable as long as they are fully guaranteed;

(c) Commercial paper which is the highest or second highest rating category assigned by Standard and Poor’s Corporation, Moody’s Investors Service, Inc., or other similar nationally recognized rating agency may be used to the extent that a collateralization level of 125 percent is maintained; ~~or~~

(d) General obligations of municipalities are acceptable to the extent that they are rated second highest or higher by Standard and Poor’s Corporation, Moody’s Investors Service, Inc., or other similar nationally recognized rating agency (i.e., AAA or AA classifications); ~~or~~

(e) Irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence that the bank’s debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation.

(3) Collateral held by a trust institution supporting Certificates of Deposit, Repurchase Agreements or other qualified investments consistent with this investment policy, and not identified in sub. (1) or (2), must meet the following requirements:

- 46 (a) Collateral must be equal to at least 100 percent of market value of the total
47 amount invested plus interest to be earned at the time of investment. Collateral
48 shall be marked-to-market on a monthly basis;
49 (b) Acceptable collateral includes items identified in sub. (2);
50 (c) A detailed statement listing a description of securities pledged and held in
51 safekeeping must be provided on a monthly basis; and
52 (d) Evidence of professional liability insurance and fidelity bonds.

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54 *[EXPLANATION: This amendment authorizes the use of an irrevocable standby*
55 *letter of credit from the depository institution.]*
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