



STATE OF NORTH DAKOTA
DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS

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Gary D. Preszler
 COMMISSIONER

Robert J. Entringer
 CHIEF EXAMINER - BANKS

Timothy J. Karsky
 ASST. COMMISSIONER

MEMORANDUM

Jim Laidlaw
 CHIEF EXAMINER
 CREDIT UNIONS

TO: Chief Executive Officer of the Financial Institutions Addressed

FROM: Robert J. Entringer, Chief Examiner – Banks *Robert J. Entringer*

RE: Securities Eligible for Pledge to Municipalities

DATE: March 13, 2001

As you are aware, § 21-04-09, North Dakota Century Code, specifies the types of securities that are eligible for pledge to the deposits of a public corporation. Section 21-04-09, NDCC, also gives the State Banking Board authority to approve other securities which shall be eligible for pledge as security for the repayment of deposits of a public corporation. The following is a list of those securities approved by the State Banking Board for pledge to the deposits of public corporations:

<u>Type of Security</u>	<u>Approval Date</u>
General Obligations of out-of-state political subdivisions rated "A" or better by a nationally-recognized rating service	May 18, 1988
Agency CMO securities	May 1, 1993
Federal agency preferred stock	July 11, 1996
Bank of North Dakota certificates of deposit	March 8, 2001

If you have any questions regarding this Memorandum, please feel free to contact me at 701-328-9936.

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**REGULAR STATE BANKING BOARD MEETING
OFFICE OF THE COMMISSIONER
DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS
2000 SCHAFFER STREET, SUITE G
BISMARCK, NORTH DAKOTA**

March 8, 2001

The regular meeting of the State Banking Board was held in the Office of the Commissioner, Department of Banking and Financial Institutions, 2000 Schafer Street, Suite G, Bismarck, North Dakota. Chairman Preszler called the meeting to order at 9:10 a.m., Thursday, March 8, 2001.

MEMBERS PRESENT: Gary D. Preszler, Chairman
Dee Ann Baertsch, Member (*Golva*)
Ron Braseth, Member (*Mayville*)
Launa Moldenhauer, Member
Gary Petersen, Member

MEMBERS ABSENT: Vonnie Eckroth, Member
Terry Zeltinger, Member

ALSO PRESENT: Timothy J. Karsky, Secretary
Robert J. Entringer, Chief Examiner – Banks

BANK OF NORTH DAKOTA – CERTIFICATES TO BE ELIGIBLE FOR PLEDGING

Chairman Preszler indicated the Board should have a copy of the January 29, 2001, letter from Edward Sather, Senior Vice President, Bank of North Dakota. He indicated Mr. Sather is requesting approval by the State Banking Board to allow certificates of deposit drawn on the Bank of North Dakota to be approved as eligible securities for pledge in accordance with North Dakota Century Code Section 21-04-09. Chairman Preszler reviewed this part of the Code with the Board, and talked about the procedures necessary to allow this type of investment. He indicated the Legislature authorized the State Banking Board to approve other types of investments, which are eligible for pledge. Chairman Preszler explained the reason for the request is that sometimes banks have securities that mature and until the final funds are received or settled for a new security, the funds remain on deposit at the Bank of North Dakota. Financial institutions at times

need these investments to pledge for public funds. Chairman Preszler indicated he would recommend the request be approved.

After further discussion, it was moved by Member Moldenhauer, seconded by Member Petersen, and carried by a vote of 5 to 0, with Members Eckroth and Zeltinger absent, to approve the request by Edward Sather, Senior Vice President of the Bank of North Dakota, to allow certificates of deposit drawn on the Bank of North to be eligible for pledging.