



ROBERT A. BUTKIN OKLAHOMA STATE TREASURER

June 28, 2001

Dear Sir or Madam,

Rule changes to the Oklahoma Administrative Code, Title 735, Chapter 20 "Security for Local Public Entity Deposits," take effect July 1, 2001. These changes require that any pledging for local public entities will **not** be processed through the Oklahoma State Treasurer's Office after July 1, 2001. There will be a transition period where any currently pledged collateral will need to be released through the State Treasurer's office. Pledges currently held at and through the State Treasurer's Office will remain in place until your depository bank is notified to begin the transition process. However, any new pledging after July 1, 2001 will be governed by the new rules and will not be processed by the State Treasurer's Office.

The purpose of this letter is to inform you of our transition plans. We expect this will be a lengthy process as we currently have over 5,200 public entity pledges in our records. Our test group for the transition involves depository banks that are located in cities beginning with "A" (Ada, Altus, etc.). Our records are filed by depository bank, therefore, your depository bank will be notified by the State Treasurer's Office of when to begin this process, they in turn will be in contact with you. The following documents will need to be executed prior to moving your pledged collateral:

Pledge Agreement for Public Funds Held on Deposit (OST Form 2001-1, App. I)

-execute two originals; one for the pledging bank, one for the local public entity

Tri-Party Public Deposit Pledge and Custody Agreement (OST Form 2001-2, App. J)

-execute three originals; one for the pledging bank, one for the local public entity, one for the private safekeeping bank

Certification of Adoption of [Directors' or Loan Committee's] Resolution (OST Form 2001-3, App. K)

-execute two originals; one for the pledging bank, one for the local public entity

The process of executing these documents will begin with your depository bank. Many public entities do business with more than one bank, therefore, you will receive these documents from each depository bank that collateralizes your funds. After these documents are in place your bank will ask you to process releases for all collateral pledged through the State Treasurer's Office. You should also receive pledges on the new pledge forms to replace those that are being released through the Treasurer's Office. I have asked the depository banks to notate on the top of

the new pledge forms “Transition,” so all parties involved will know that these are not “new” collateral pledging, just part of the transition process. **Do not** send these new “**transition**” pledges to the State Treasurer’s Office. After the State Treasurer’s Office has processed the release, you will receive a copy of the processed release along with the **original** safekeeping/custody receipt. This safekeeping/custody receipt needs to be attached to the new “transition” pledge form that you will have received from your depository bank. It will be required in the future to release the collateral with your safekeeping bank.

There are two exceptions to the above process. The first exception to this is if your collateral is pledged through the Federal Reserve Bank (Fed). The State Treasurer’s Office will coordinate with your depository bank to ensure that the release and re-pledge of collateral into your joint account is accomplished on the same day. The Fed should fax you a copy of an activity report showing all collateral pledged to your joint account. The joint account is set up in the name of your depository bank and the local public entity. The other exception is if you are collateralized with a collateral instrument (Letter of Credit or Surety Bond). You should already hold this original document in your office and will need to match it up with the new pledge form provided by your depository bank.

If you would like to look over the Chapter 20 rules, agreements listed above, or the new pledge forms, they are available on the State Treasurer’s website www.state.ok.us/~sto/ for viewing or download. Once you are logged on to this site, select “Inside the Office,” then “Administrative Rules.” Under the Chapter 20 heading, the rules and forms are available and are marked “Appendices and Rules effective after July 1, 2001.”

If you have any questions concerning this process, please contact me at 405.522.4221, by e-mail susan.reed@treas.state.ok.us, or Carole Ray at 405.522.4265.

Sincerely,

Susan G. Reed
Securities Operations Manager

2300 N.Lincoln Blvd., Rm 217 OklahomaCity, Oklahoma 73105 Phone:(405) 521-3191 Fax:(405) 521-4994