



SCOTT MEACHAM
OKLAHOMA STATE TREASURER

December 17, 2008

Dear Sir or Madam:

Our office has been notified by Kansas Bankers Surety Company that it is discontinuing its Bank Deposit Guaranty Bond Program on or about February 15, 2009.

The Kansas Bankers Surety Company is the only insurance company that currently meets the statutory requirements for approval to provide surety bonds as collateral for public entity deposits in Oklahoma financial institutions. Therefore, if you currently have deposits that are collateralized by a surety bond provided by Kansas Bankers Surety, you will need to pursue alternative means of collateralization.

Two new options that maximize FDIC insurance coverage have recently been made available. The FDIC recently created the Temporary Liquidity Guarantee Program which provides for unlimited FDIC insurance coverage on non-interest bearing transactional deposit accounts that are defined as transactional accounts that pay interest of .5% or less. This coverage applies to any FDIC insured financial institution that did not timely opt out of coverage. Additional information regarding the Temporary Liquidity Guarantee Program can be found at www.fdic.gov/regulations/resources/TLGP/, including a list of financial institutions that have chosen not to participate.

The other option that maximizes FDIC insurance is the Certificate of Deposit Account Registry Service ("CDARS") sponsored by the Promontory Interfinancial Network, LLC. The program is a deposit placement service designed to allow FDIC insured depository institutions to accept deposits of more than the current FDIC maximum coverage and obtain full coverage for the depositor by spreading the funds among multiple separate FDIC insured institutions. The FDIC has ruled that as long as the disclosure and recordkeeping requirements of the FDIC regulations are met, CDARS deposits are fully insured on a pass-through basis.

The Treasurer's office is not recommending either of these options or any other specific means of collateralizing former Kansas Bankers Surety collateralized deposits. I did, however, want to make you aware of these new alternatives.

Rules governing collateral for local public entity funds are found in Title 735, Chapter 20 of Oklahoma's Administrative Procedures. The text is available through the treasurer's web site at <http://www.ok.gov/treasurer/documents/Ch20Final2002rules.pdf>.

Should you have any questions, you may contact Susan Reed at (405) 522-4221 or Susan.Reed@treasurer.ok.gov.

Sincerely,

Handwritten signature of Scott Meacham in black ink.

Scott Meacham, State Treasurer
Secretary of Finance and Revenue

SM/smc