

## CHAPTER 118A

# DEPOSIT AND INVESTMENT OF LOCAL PUBLIC FUNDS

118A.03 WHEN AND WHAT COLLATERAL  
REQUIRED.

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*[For text of subd 1, see M.S.2006]*

Subd. 2. **In lieu of surety bond.** The following are the allowable forms of collateral in lieu of a corporate surety bond:

- (1) United States government Treasury bills, Treasury notes, Treasury bonds;
- (2) issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- (3) general obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- (4) general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- (5) irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- (6) time deposits that are fully insured by any federal agency.

*[For text of subds 3 to 7, see M.S.2006]*

**History:** 2007 c 44 s 7; 2007 c 57 art. 3 s 39