**Designating a City Depository, LMC Model Resolution**

*League staff thoughtfully develops models for your city’s consideration. Models should be customized as appropriate for an individual city’s circumstances in consultation with the city’s attorney. Helpful background information on this model may be found in the Information Memo* [*”City Deposits and Investments.*](https://www.lmc.org/resources/city-deposits-and-investments/)*”*

**This icon marks places where the city must customize the model. They offer additional provisions, optional language, or comments for your consideration. The icon, and language you do not wish to include, should be deleted from this model before use. Make other changes, as needed, to customize the model for your city.**

**RESOLUTION NO.** \_\_\_\_\_

**A RESOLUTION** designating a depository for city funds.

**SECTION 1.** RESOLVED, That the \_\_\_\_\_ *(name of institution)* is hereby designated as a depository for the funds of the city of \_\_\_\_\_*.* The city treasurer is authorized to deposit city funds therein to the amount of \_\_\_\_\_ (*amount)* Dollars ($\_\_\_\_\_).

**SECTION 2.** RESOLVED ALSO, That before any deposits are made that exceed the amount that is guaranteed by the Federal Deposit Insurance Corporation (FDIC), the depository must supply to the city a corporate surety bond in the amount of at least 10 percent more than the amount on deposit at the depository’s cutoff hour. The bond is subject to the approval of the city council. The surety bond must be conditioned to repay the above amount or any part thereof upon proper demand therefore and to perform such other duties in connection with the deposit as the council may require.

*****Comment****: The amount of collateral is established by Minn. Stat. § 118A.03, subd. 3. If a statutory city or fourth class home-rule charter city the following language can be used if the depository is not an FDIC member institution:*

(Alternate) **SECTION 2.** RESOLVED ALSO, That the depository must provide a bond in at least double the amount that is authorized to be deposited under any of the following circumstances:

* If the depository is not an FDIC member; or,
* If the depository does not provide collateral in accordance with Minn. Stat. § 118A.03.
* The bond is subject to the approval of the city council. The surety bond must be conditioned to repay the above amount or any part thereof upon proper demand therefore and to perform such other duties in connection with the deposit as the council may require. Collateral securities may not be substituted for the bond.

*****Comment:*** *The amount and type of collateral required for FDIC non-member depositories of statutory cities and fourth class home-rule charter cities is established by Minn. Stat. § 427.01*.

**SECTION 3.** RESOLVED FURTHER, That, in lieu of the above bond, the depository may furnish collateral in the manner and to the extent permitted by law. All such collateral must be approved by the council and accompanied by a written assignment providing that, upon default, the financial institution shall release to the city on demand, free of exchange or any other charges, the collateral pledged.

*****Comment****: Collateral securities are permitted in lieu of a bond under Minn. Stat. § 118A.02, subd. 2. Note that these may not be allowed if a bond is required in double the amount of the deposit under Minn. Stat. § 427.01 (see alternate SECTION 2.)*

**SECTION 4.** RESOLVED FURTHER, All collateral must be placed in safekeeping in a restricted account at either a Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution that is furnishing the collateral. The selection must be approved by the city council.

In case of default upon the part of the depository, the council of the city shall have full power and authority to sell such collateral or as much as may be necessary to realize the full amount due the city over such federal guarantee.

*****Comment****: The requirement of where collateral can be kept is established by Minn. Stat. § 118A.03, subd. 7.*

This designation is effective until \_\_\_\_\_ (*date and year)*.

Passed by the City Council of \_\_\_\_\_\_\_, Minnesota this \_\_\_\_\_ day of Month, Year.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Mayor

Attested:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

City Clerk