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**Sent:** Friday, May 12, 2023 9:58 AM  
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**Subject:** [EXTERNAL MESSAGE] Special Assessment and Collateralized Public Deposits

Director Elmquist,

I hope this note finds you well. I'm sure you're incredibly busy, and I'm sorry to bother you on a Friday, but I wanted to reach out to you about the DIF special assessment.

I've been trying to touch base with my members in 1-on-1 conversations to get their sense of the proposed special DIF assessment that was published yesterday. I've gotten the same question from multiple banks so, I wanted to reach out and make sure getting some clarity around this is on your radar. Banks are confused about whether or not collateralized public deposits are meant to be included in the calculations to determine uninsured deposits. As you know, in rural markets the local government subdivisions like cities, counties, school boards, government hospitals, etc are some of the largest depositors in their counties. Several of our Mississippi-based regional banks (which are all relatively small) hold lots of these deposits and are required by state law to pledge collateral against these deposits through a process that involves our state Treasurer. While many of these deposits are larger than the \$250,000 FDIC insurance limit, the depositor (ie the taxpayers) are protected by the collateral. We cannot tell from reading through the NPR issued yesterday if collateralized deposits are excluded from the calculations or not, and I think it would be helpful to get some clarity on this.

I'm worried that if these collateralized deposits are not excluded that could become a disincentive for small regional banks to continue to serve as deposit holders in small/rural communities. If a bank has to pay to collateralize them and then also be potential subject to special assessments in the future for the same deposit that could increase costs or even limit options for rural government depositors.

I spoke with Commissioner Kelly about this this morning, and after that conversation I thought I'd better reach out to you. Any help would be appreciated.

Feel free to have anyone on your team call me if they'd like to discuss this in more detail.

Thank you and have a good weekend.

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