NEBRASKA SINGLE BANK POOLED COLLATERAL PROGRAM (SBPC)
Frequently Asked Questions (FAQs)

The Nebraska Department of Banking and Finance, on behalf of the state of Nebraska, has appointed the Nebraska Bankers Insurance and Services Company (NBISCO) as the Administrator for the Public Funds Deposit Security Act, a Single Bank Pooled Method pursuant to Neb.Rev.Stat. § 77 – 2386 et.seq.

1. **Q.** Who is the Administrator of the SBPC?
   
   **A.** NBISCO, a for-profit corporation, and subsidiary of the Nebraska Bankers Association (NBA).

2. **Q.** If I want to learn more about this program, who can I contact?
   
   **A.** Program questions should be directed to Misty Stoner, Program Administrator, nepooledcollateral@nebankers.org or 402-904-7060.

3. **Q.** Is a financial institution required to be a member of the NBA to participate in the program?
   
   **A.** No. A financial institution is not required to be a member.

4. **Q.** Can a financial institution join the program on any day of the month?
   
   **A.** Yes. Each financial institution electing to participate in the SBPC must complete and forward the necessary documentation which is required to include reporting data. However, no matter which date the election form is completed by the financial institution, it will relate back to the first of the month in which the election form is completed.

5. **Q.** Will there be monthly charges for a financial institution participating in the SBPC?
   
   **A.** Yes. Each financial institution will be invoiced $10 for a monthly participation fee for each account for every Governmental Unit.
6. Q. After the first year, will there be any additional annual fees required to be paid?

A. Yes. After the first year and each year thereafter, each participating financial institution will be invoiced for an Annual Maintenance Fee of $500 per financial institution with less than 20 Governmental Unit depositories and $1,000 per financial institution with 20 or more Governmental Unit depositories.

7. Q. Other than monthly participation fees (Q5) and annual fees (Q7 & 10), are there, any other types of fees that a financial institution will be required to pay?

A. No. However, a financial institution could be required to pay a $250 penalty per occurrence if a financial institution fails to correct an event of under collateralization.

8. Q. Is a Governmental Unit required to complete and file an election form to participate in the SBPC if the financial institution in which the Governmental Unit places its deposits has elected to participate in the SBPC?

A. No. Only financial institutions are required to submit an election form.

9. Q. What actions are required by Governmental Units?

A. Each Governmental Unit is required to read the Single Bank Collateral Pool Disclosure Circular and complete and file the Consent to Access Reports on Administrator’s Website.
10. **Q.** How is the enrollment fee determined if a financial institution starts the program during a month other than July?

**A.** The financial institution must determine how many Governmental Units it has and use the table below to determine enrollment fee due based upon the table below:

<table>
<thead>
<tr>
<th>Start date:</th>
<th>Enrollment fee due:</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 or more</td>
<td>Less than 20</td>
</tr>
<tr>
<td>Governmental Unit</td>
<td>Governmental Unit</td>
</tr>
<tr>
<td>depositors</td>
<td>depositors</td>
</tr>
<tr>
<td>July 1st</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>August 1st</td>
<td>$916.67</td>
</tr>
<tr>
<td>September 1st</td>
<td>$833.33</td>
</tr>
<tr>
<td>October 1st</td>
<td>$750.00</td>
</tr>
<tr>
<td>November 1st</td>
<td>$666.67</td>
</tr>
<tr>
<td>December 1st</td>
<td>$583.33</td>
</tr>
<tr>
<td>January 1st</td>
<td>$500.00</td>
</tr>
<tr>
<td>February 1st</td>
<td>$416.67</td>
</tr>
<tr>
<td>March 1st</td>
<td>$333.33</td>
</tr>
<tr>
<td>April 1st</td>
<td>$250.00</td>
</tr>
<tr>
<td>May 1st</td>
<td>$166.67</td>
</tr>
<tr>
<td>June 1st</td>
<td>$83.33</td>
</tr>
</tbody>
</table>

Note: Annual fees are due on July 1st. Fees are prorated accordingly for joining the program during a different month.

11. **Q.** If a Governmental Unit does not agree to receive reports issued by the Administrator by accessing reports on the Administrator's website, how will the Governmental Unit receive the reports?

**A.** The Administrator will email monthly reports to the Governmental Unit at the email address listed in the Governmental Unit's response to the Consent to Access Reports on Administrator's Website.

12. **Q.** Does a Governmental Unit need to request its financial institution to join the SBCP?

**A.** No. Each financial institution decides if it will enroll in the SBCP. However, a Governmental Unit may request a financial institution to join.

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13. **Q.** Is there any monitoring of pledging of collateral during a month by the Administrator?

**A.** The Administrator is required to be notified by a financial institution if additional collateral is required to be pledged due to an increase in deposits placed with a financial institution by a Governmental Unit. Likewise, the Administrator is required to be notified by a financial institution if a financial institution desires to release collateral due to a reduction in deposits held by a financial institution. Finally, a financial institution is required to submit to the Administrator a Monthly Bank Report stating the month end total deposit net of FDIC insurance and market value of collateral.

14. **Q.** How is market value of collateral determined?

**A.** Each financial institution will continue to use its current process to determine market value of collateral.

15. **Q.** What occurs if the collateral held by a financial institution falls short of the statutory pledging requirements?

**A.** If a financial institution is short on collateral, it has 3 or 5 days to get back into compliance, depending on the type of collateral pledged. If a financial institution is not back into compliance within the required time frame, it will be subject to a fine and potential sanctions issued against it by the Nebraska Department of Banking and Finance.

16. **Q.** How is the liquidation of collateral handled in the event of financial institution insolvency?

**A.** In cases of insolvency, the Nebraska Department of Banking and Finance or the FDIC, as a receiver, will oversee and administer the liquidation and distribution of funds. If there is a shortfall, proceeds from the collateral will be distributed proportionally based off the percentages of total deposits of each Governmental Unit.

17. **Q.** How does the Administrator handle any potential conflict of interest?

**A.** A Formal conflict of interest document has been adopted by the Administrator and approved by the Nebraska Department of Banking and Finance. Additionally, a letter of credit, issued in lieu of a performance bond, has been pledged by the Administrator to provide additional protection.
18. **Q.** Will the Administrator receive any information about deposits made to a financial institution?

**A.** The Administrator will receive information regarding the total deposits and the market value of collateral in each monthly report. Each financial institution will also submit information regarding total deposits and additional collateral to be pledged at any time an increase in deposits requires additional collateral to be pledged.

19. **Q.** Do the treasurers of Governmental Units need to move/deposit any money into the SBPC?

**A.** No. Treasurers of Governmental Units will continue to do business with their financial institutions in the same manner in which they have for years.

20. **Q.** Is a financial institution permitted to participate in both the dedicated method and the SBPC?

**A.** Yes. Nebraska law allows a financial institution to participate in both.

21. **Q.** Is a Governmental Unit required to sign one Consent to Access Reports on Administrator’s Website form for each financial institution in which the Governmental Unit maintains deposits?

**A.** No. A Governmental Unit only needs to sign one Consent to Access Reports on the Administrator’s Website. The form is sent directly to the Administrator by the Governmental Unit.

22. **Q.** Can you use out-of-state securities to secure deposits under the Single Bank Pooled Collateral Program?

**A.** Bonds or obligations of another state, or a political subdivision of another state, must be rated within the two highest classifications by at least one of the standard rating services to be eligible for use as collateral.

22. **Q.** What rating is used for securities that have split ratings?

**A.** The most recent rating will be used if securities have varying ratings.
23. **Q.** Which rating services are used for determining out-of-state securities?

   **A.** The three main rating services are Standard and Poor’s Global Ratings, Moody’s Investors Service, and Fitch Ratings.

24. **Q.** What if I am uncertain if a public depositor meets the qualifications to participate in SBPC?

   **A.** The bank should reach out to the Administrator to determine the eligibility of depositors.

25. **Q.** What if the market value the bank provides at the end of the month does not match the market value of the Qualified Trustee?

   **A.** The administrator will generally utilize the amounts provided by the independent Qualified Trustee.