



# CLINT ZWEIFEL

## MISSOURI STATE TREASURER

October 10, 2014

Dear Participating Lender:

Thank you for your continued support of the Missouri State Treasurer's Deposit Programs. This letter is to make you aware of some modifications to the program with regard to how market interest rates are established.

Currently, we utilize a sampling approach to setting market interest rates, using a sampling of Missouri banks reporting to Bankrate.com. We then average the rates, compare them to the Federal Home Loan Bank advance rate, pick the lowest rate and adjust for the cost of collateral.

The sampled banks were chosen to be representative of the different regions of the State in order to take into consideration those competitive differences which may exist. Lately we have been experiencing some turnover in reporting (some banks have stopped regularly reporting rates) from our original sample and have decided to change the process we use to set market rates.

Effective for all deposits to be placed on November 14, 2014, and thereafter, the new process will be in effect. We will use all Missouri reporting banks from Bankrate when averaging the rate. We will then average that rate with the Federal Home Loan Bank advance rate and make a collateral cost adjustment to set the final market deposit rate.

This new method will be more representative of the average rate offered statewide, and will continue to satisfy the statutory requirements for our office in setting rates by giving due consideration to current Missouri deposit rates, Federal Home Loan Bank advance rates and the cost of collateral.

If you have any questions, please do not hesitate to contact me.

Sincerely;

A handwritten signature in cursive script, appearing to read "Bruce A. Ring Jr.", is written in black ink.

Bruce A. Ring Jr.  
Director of Investments  
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