1. Call to Order          5:00
2. Adoption/Amendment of Agenda          5:01
3. Elect Finance Committee Chairperson (verbal)          5:02
4. Approval of Minutes – January 16, 2018, Meeting (Requested Action – Approve) 5:04
5. Proposed 2019 Budget Process Guidelines (Requested Action – Approve) 5:05
6. Collateral Assignment Change Request (Requested Action – Approve)          5:08
7. Audit Outtake Meeting Attendance Request (verbal)          5:18
8. Next Meeting – March 20, 2018, at 5:00 p.m.          5:19
9. Adjournment          5:20
A regular meeting of the Great River Regional Library (GRRL) Finance Committee was called to order on Tuesday evening, January 16, 2018, at 5:30 p.m. in the St. Cloud Public Library Mississippi Room with Acting Chairperson Michael Potter presiding.

**ADOPTION/AMENDMENT OF AGENDA**
Jim Shovelain made a motion to adopt the agenda as presented. Seconded by Lisa Fobbe, the motion carried unanimously.

**APPROVAL OF MINUTES**
Lisa Fobbe made a motion to approve the November 21, 2017, Finance Committee minutes as presented. Seconded by Randy Winscher, the motion carried unanimously.

**FOURTH QUARTER FINANCIAL REPORT**
Accounting and Distribution Supervisor Aron Murphy reviewed the fourth quarter financial report. He informed the Committee the 2017 surplus totaled $356,000, which was a decrease when compared to November projections. Aron will respond to the Board via email after looking into a specific question about a line item overage.

Randy Winscher made a motion to approve the fourth quarter financial report as presented. Seconded by Leigh Lenzmeier, the motion carried unanimously.

Newly appointed Benton County Commissioner Ed Popp joined the meeting at 5:35 p.m.

**PROPOSED 2019 BUDGET PROCESS TIMELINE**
GRRL’s proposed 2019 budget process timeline is the same as was used for the 2018 budget. Executive Director Karen Pundsack reviewed the timeline. It is anticipated the base budget could be ready for the March meeting.

Leigh Lenzmeier made a motion to approve the 2019 Budget Process Timeline as proposed. Seconded by Jim Shovelain, the motion carried unanimously.

**NEXT MEETING**
The next Great River Regional Library Finance Committee meeting will be Tuesday, February 20, 2018, at 5:30 p.m. in the St. Cloud Public Library Mississippi Room.
ADJOURNMENT
Michael Potter adjourned the meeting at 5:39 p.m.

________________________________________
Finance Committee Chair
# 2019 Budget Process Guidelines Proposal

Submitted by Karen Pundsack, Executive Director

## BOARD ACTION REQUESTED

- [ ] Information
- [ ] Discussion
- [x] Approve/Accept

## RECOMMENDATION

The attached proposal outlines the process and timeline, based on 2018’s process, to be used for 2019 GRRL budget setting.

## BACKGROUND INFORMATION

- [x] Supporting Documents Attached
  - Proposed 2019 GRRL Budget Process Guidelines

## FINANCIAL IMPLICATIONS

- Estimated Cost: $ N/A
- Funding Source: [ ]
- Budgeted: [ ] Yes, [ ] No, [x] N/A

## ACTION

- [ ] Passed
- [ ] Failed
- [ ] Tabled
2019 GRRL Budget Process

Overview

Great River Regional Library receives the majority of its funding from the six counties it serves. Its operating and capital budgets are funded at roughly $19.60 per capita with $15.28 per capita coming from county signatory shares. The six counties share the goal of providing the highest quality library service in the most cost effective manner possible. The GRRL Board members represent the six counties and recognize that library services provide a core government function to all residents – the services of literacy, access and lifelong learning.

The Board asks all library departments to work within available resources and consider ways to limit costs while still delivering high quality services to GRRL residents. GRRL will always face annual cost increases, primarily in the areas of employee compensation and benefits and unfunded mandates. Increases such as these can quickly add up to thousands of dollars in new costs. Departments will have an opportunity to request new funding through the department budget request process. However, the number of budget requests the GRRL Board will be able to approve will be limited.

Base Budget Development

A base budget will be prepared using the guidelines below and presented to the GRRL Finance Committee for review. The base budget exercise provides an overall estimate of the cost to maintain GRRL services at a “status-quo” level. It allows the GRRL Board to assess the library system’s fiscal condition and make adjustments as needed during the budget process. Specifically, the base budget phase will reflect the following steps:

1. The Accounting & Distribution Supervisor will prepare estimates of payroll and benefits costs for 2019.

2. Payroll estimates will reflect all currently budgeted full-time and part-time positions (including vacant positions).

3. Since collective bargaining agreements include a wage and benefits reopener for 2019, no general wage increases or movement within range increases will be included in the base budget.

4. For Operating budget accounts, increases may occur at the base budget level **only** under the following conditions:

   a) GRRL is required to increase payments to a vendor due to price increases or contractual inflationary measures to continue existing services (i.e. database subscriptions, known medical and dental premiums, insurance rates, software maintenance contracts, etc.).

   b) GRRL is required to increase payments resulting from being a member of a necessary professional organization (American Library Association, Society for Human Resource Management, etc.).
When costs for administrative services have risen due to number of employees, number of patrons or mandated costs brought on by legislation. (i.e. ADP service charge per employee, minimum wage increases, increase in employer PERA contributions, ACA reporting requirements).

d) When costs increase for a commodity due to factors outside of GRRL’s control and a base budget adjustment is necessary to maintain the same level of service as the prior year (i.e. vehicle gas, equipment costs). Another example would be when the IRS raises the mileage rate.

5. The base budget for Capital Equipment will include the routine replacement of existing equipment (examples copiers, vehicles). Replacement should follow a systematic replacement schedule maintained by department. Schedules should ensure the identification of specific equipment needing replacement at a point in the upcoming budget year, along with updated replacement cost estimates. A rational system of replacement equalizes capital equipment expenditures from year to year and prevents the sudden need for large expenditures due to deferred replacement and accumulated obsolescence.

6. Departments will be asked to estimate revenues in their respective areas for 2019. The Accounting & Distribution Supervisor and Executive Director will compile and review the revenue forecasts and make adjustments according to department revenue forecasts based on historical data and other factors.

Department Budget Requests

The department budget request process offers departments the opportunity to identify budgetary needs not provided for in the base budget. As noted in the overview, the GRRL Board expects departments to work within available resources and consider ways to limit the amount of increases while still delivering high quality services to GRRL residents. Departments should consider this parameter when developing department budget requests. The GRRL Finance Committee does not initially request budget reduction options from departments, but may do so later in the budget process, depending on the outcome of the base budgeting exercise. Departments are welcome to submit proposals to reduce spending. Such proposals could be paired with department budget requests, for example, as a means to fund the request.

1. Requests for new positions or increases in budgeted hours should include staffing calculator indicators or other quantifiable measures to justify the increase. Indicators could include the presence of patron waiting lists (due directly to staffing levels), or time delays in meeting state-imposed mandates.

2. Requests for new positions must identify all costs associated with the position, including benefits, operating and capital costs (computer or software licenses, for example).

3. Preference for funding will be given to mandated, essential library functions and areas of legal compliance. Requests representing new services or expansions of current services must demonstrate how the request fulfills GRRL’s mission and strategic plan and produces quantifiable benefits for its patrons or residents.
4. Requests should identify possible revenue that may be generated directly by the department budget request to offset costs.

**Timeline**

February 20 – Finance Committee reviews and adopts GRRL Budget Process.

March 2 – Department Base Budget estimates and Department Budget Requests due to Executive Director and Accounting & Distribution Supervisor.

March 20 – Finance Committee reviews Base Budget.

April 17 – Department heads present approved Department Budget Requests to Finance Committee. Finance Committee determines recommendations for preliminary budget.

May 15 – Finance Committee adopts preliminary 2019 budget and shares recommendations with full GRRL Board.

July 17 – Full GRRL Board adopts 2019 final budget.
Collateral Assignment Change Request
Submitted by Aron Murphy, Accounting & Distribution Supervisor

BOARD ACTION REQUESTED

☐ Information  ☐ Discussion  ☒ Approve/Accept

RECOMMENDATION

Approve a change in collateral assignment from collateral pledge to a letter of credit.

BACKGROUND INFORMATION

☒ Supporting Documents Attached
  • Credit Opinion for Federal Home Loan Bank of Des Moines as of May 2017
  • Example Letter of Credit
  • Letter of Credit Product Features

GRRL has a collateral pledge at Bremer Bank. It is currently held with Homer Michigan Community School District. Because our average balance varies and sometimes exceeds $250,000, Bremer recommends we move to a more versatile investment vehicle, a letter of credit. A letter of credit can be adjusted based on the daily balance amount. This releases some liability for Bremer Bank. This is a more flexible way for our bank to collateralize GRRL deposits since our daily balances fluctuate so much during any given month. A letter of credit needs to be AAA rated. Bremer recommends a letter of credit with the Federal Home Bank of Des Moines.

FINANCIAL IMPLICATIONS

Estimated Cost: $  Funding Source:  Budgeted: ☐ Yes  ☐ No  ☒ N/A

ACTION

☐ Passed  ☐ Failed  ☐ Tabled
Federal Home Loan Bank of Des Moines

Semiannual Update

Summary Rating Rationale
The Federal Home Loan Bank of Des Moines (FHLBank of Des Moines or FHLBank) Aaa long-term rating and Prime-1 short-term deposit ratings reflect the combination of the FHLBank of Des Moines's Baseline Credit Assessment (BCA) of a1, very high cooperative support from the FHLBank System and very high systemic support from the US government (Aaa debt rating). The outlook for all ratings is stable.

The FHLBank of Des Moines's BCA is a1 due to the excellent asset quality of its advance portfolio, investment portfolio, and mortgage portfolio, along with its consistent earnings generation and its role as a central liquidity provider for US banks. The FHLBank of Des Moines benefits from its very strong advance business as compared to the other FHLBanks, with a carrying value of $131.6 billion as of FY 2016, up from $89.2 billion as of FY 2015. The FHLBank of Des Moines mortgages are 3.83% of assets. While the credit performance of the FHLBank's mortgage assets has been excellent, mortgage assets carry heightened operational complexity along with greater interest rate risk and credit risk relative to the FHLBank's core lending business.

The a1 BCA reflects Moody's opinion about the FHLBank of Des Moines's intrinsic or stand-alone financial strength and excludes extraordinary support from the US Government. The FHLBank of Des Moines's a1 BCA receives zero notches of support from the FHLBank System given the FHLBank System's a1 BCA. Moody's very high US government support assumption lifts the FHLBank's deposit ratings to Aaa.

The outlook on the FHLBank of Des Moines's Aaa long-term deposit, as well as the FHLBank System's Aaa debt ratings is stable, reflecting the stable outlook on the US government. Any rating actions on the US Government would likely result in a corresponding movement in all individual FHLBanks' long-term deposit ratings and the FHLBank System's long-term bond rating.

GSE Reform
GSE reform has not progressed very far. To date, the reform is primarily focused on the roles of Fannie Mae and Freddie Mac. However, the FHLBanks are likely to be included in the reform, though the impact remains uncertain. Moody's will monitor GSE reform as it progresses, as well as its impact on the FHLBanks.
Exhibit 1
Rating Scorecard - Key Financial Ratios [1]

<table>
<thead>
<tr>
<th></th>
<th>Federal Home Loan Bank of Des Moines</th>
<th>Federal Home Loan Banks Median</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income % Tangible Assets (LHS)</strong></td>
<td>0.37%</td>
<td>3.83%</td>
</tr>
<tr>
<td><strong>Advances % Total Assets (RHS)</strong></td>
<td>72.87%</td>
<td>3.83%</td>
</tr>
<tr>
<td><strong>Mortgage Loans % Total Assets (LHS)</strong></td>
<td>72.87%</td>
<td>4.48%</td>
</tr>
<tr>
<td><strong>TC E % (Total Assets - Derivatives) (RHS)</strong></td>
<td>4.48%</td>
<td>28.73%</td>
</tr>
<tr>
<td><strong>Liquid Assets % Short Term Debt (RHS)</strong></td>
<td>0%</td>
<td>28.73%</td>
</tr>
</tbody>
</table>

Source: Moody’s Financial Metrics

Credit Strengths
» Joint and several liability reduces default risk of Systemwide liabilities
» Central liquidity provider to US banks
» Excellent asset quality of its advance portfolio, investment portfolio, and mortgage portfolio

Credit Challenges
» Narrow charter and bank consolidation limit growth
» Substantial single borrower concentrations

Rating Outlook
Moody’s stable outlook for the FHLBank System’s long-term bond rating and the FHLBank of Des Moines’s long-term deposit ratings reflects the stable outlook of the US government’s Aaa debt rating.

Factors that Could Lead to an Upgrade
Factors that would lead to an upgrade of FHLBank of Des Moines’s BCA include a reduction in its mortgage business, while maintaining consistent risk-adjusted returns and strong asset quality.

Factors that Could Lead to a Downgrade
Any rating actions on the US Government would likely result in a corresponding movement in all individual FHLBanks’ long-term deposit ratings and the FHLBank System’s long-term bond rating.

Barring a downgrade of the US sovereign rating or a material downgrade of FHLBank system’s BCA, Moody’s does not expect changes to the FHLBank of Des Moines’s long- and short-term deposit ratings. This is due to the fact that the deposit ratings incorporate an expectation of a very high degree of US Government support.

Factors that could lead to a downgrade of the FHLBank of Des Moines’s a1 BCA include a material decline in profitability (quarterly net losses over four quarters) or significant asset-liability mismatches.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.
**Key Indicators**

Exhibit 2
Federal Home Loan Bank of Des Moines [1] [2]

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Assets (USD million)</td>
<td>180,605</td>
<td>137,374</td>
<td>95,524</td>
<td>73,004</td>
</tr>
<tr>
<td>Tangible common equity (USD million)</td>
<td>8,079</td>
<td>5,810</td>
<td>4,210</td>
<td>3,377</td>
</tr>
<tr>
<td>Total shareholders’ equity (USD million)</td>
<td>8,065</td>
<td>5,728</td>
<td>4,337</td>
<td>3,466</td>
</tr>
<tr>
<td>Return on average assets (FHLB)</td>
<td>0.40%</td>
<td>0.12%</td>
<td>0.14%</td>
<td>0.20%</td>
</tr>
<tr>
<td>Return on average equity (FHLB)</td>
<td>10.09%</td>
<td>2.74%</td>
<td>3.17%</td>
<td>3.68%</td>
</tr>
<tr>
<td>Advances % Total assets</td>
<td>72.9%</td>
<td>64.9%</td>
<td>68.2%</td>
<td>62.5%</td>
</tr>
<tr>
<td>Mortgage Loans % Total assets</td>
<td>3.83%</td>
<td>4.92%</td>
<td>6.88%</td>
<td>8.99%</td>
</tr>
<tr>
<td>Retained earnings and related reserves % Total assets</td>
<td>0.80%</td>
<td>0.58%</td>
<td>0.75%</td>
<td>0.93%</td>
</tr>
<tr>
<td>Private Label MBS % Total Assets</td>
<td>0.01%</td>
<td>0.01%</td>
<td>0.03%</td>
<td>0.04%</td>
</tr>
<tr>
<td>YTD net interest margin (FHLB)</td>
<td>0.28%</td>
<td>0.28%</td>
<td>0.30%</td>
<td>0.39%</td>
</tr>
<tr>
<td>Total regulatory capital ratio</td>
<td>4.48%</td>
<td>4.23%</td>
<td>4.41%</td>
<td>4.63%</td>
</tr>
<tr>
<td>Liquid Assets (FHLB) % Short term debt</td>
<td>28.73%</td>
<td>30.58%</td>
<td>29.36%</td>
<td>33.83%</td>
</tr>
</tbody>
</table>

[1] All figures and ratios are adjusted using Moody's standard adjustments
Source: Moody's Financial Metrics

**Detailed Rating Considerations**

The FHLBank of Des Moines lends to member institutions in the form of advances, which are over-collateralized and generally short-term, minimizing the credit risk on these loans. In addition, the FHLBanks benefit from its statutory lien priority with respect to pledged member assets. Moody's baseline credit assessment represents our opinion of the likelihood that the institution will require extraordinary support from an external party. The FHLBank of Des Moines's high a1 BCA reflects the bank's strong credit culture, and stable, although low, profitability. Below are the detailed rating factors that influence the FHLBank's ratings and outlook.

**Profitability**

FHLBank of Des Moines's modest but consistent profitability (as measured by ROAA) reflects the primarily low risk profile of its asset base. As of FY 2016, the FHLBank of Des Moines's ROAA was 0.40%, up from 0.12% as of FY 2015, compared to a median of 1.0% for A-rated US Banks in 2016.

**Capital Adequacy**

The FHLBank of Des Moines is required by legislation to maintain minimum regulatory capital of 4% of its total assets. As of FY 2016, the capital ratio of the FHLBank was 4.48%, compared to 4.23% as of FY 2015.

**Asset Quality and Credit Risk Management**

Moody's believes that the asset quality of the FHLBank of Des Moines is exceptional.

Advances, which represent about 72.9% of total assets, are over-collateralized and the FHLBank has never incurred a loss on an advance in its more than 80 year history. Similar to other FHLBanks, The FHLBank of Des Moines has significant borrower concentrations, a long-term earnings risk. Its top five advance borrowers represented 51.07% of total assets as of FY 2016, an amount considerably higher than the 36.4% average (FY 2016) for the eleven FHLBanks.

The FHLBank of Des Moines's investment portfolio consists of high quality investments including US government and agency guaranteed securities.
The FHLBank of Des Moines's mortgage portfolio, representing 3.83% of total assets as of FY 2016, similar to that of the other FHLBanks, has experienced far lower losses and delinquencies than industry averages. Nonetheless, asset-liability management of the mortgage portfolio can present challenges.

Interest Rate Risk Management

The FHLBank of Des Moines conservatively manages its interest rate risk exposures through the use of debt with similar characteristics to the FHLBanks assets, as well as derivatives. The FHLBank's primary asset is advances, which come in a variety of types, including fixed rate, variable rate, callable by the member as well as putable advances. With a putable advance, the FHLBank purchases a put option from the member that allows the FHLBank to terminate the fixed rate advance on specified dates and offer, subject to certain conditions, replacement funding at prevailing market rates. Prepayment fees, which mitigate interest rate risk, are also a common feature of advances.

Liquidity and Funding

The FHLBanks' GSE status has provided it with consistent and stable access to the debt market. Consequently, the FHLBanks generally maintain lower liquidity than non-GSE entities. As of FY 2016, the FHLBank of Des Moines had liquid assets as a percentage of short term debt of 28.7%, as compared to 25.5% for the FHLBank system.

The Federal Housing Finance Agency, the regulator of the FHLBanks, requires each FHLBank to maintain sufficient liquidity in an amount at least equal to an FHLBank’s anticipated cash outflows under two different scenarios. One scenario assumes that an FHLBank cannot access the capital markets for a period of between 10 to 20 days, with initial guidance set at fifteen days and members do not renew any maturing, prepaid and called advances. The second scenario assumes that an FHLBank cannot access the capital markets for a period of between three to seven days, with initial guidance set at five days during which members will automatically renew maturing and called advances for all members except very large, highly rated members. The FHLBank of Des Moines also met all other internal liquidity requirements at FY 2016.

Key Relationship with the FHLBank System

A significant underpinning of the Baseline Credit Assessments is the joint and several nature of the consolidated obligations of the FHLBank System. The financial strength of individual FHLBanks is very sound, and the joint and several liability contributes to the overall strength of the FHLBank System by narrowing any ratings differences among the individual FHLBanks that could exist were ratings to exclude the joint and several feature. As a result, the ratings of the weakest FHLBanks are increased, and the ratings of the strongest are lowered.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [http://www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

### Ratings

<table>
<thead>
<tr>
<th>Category</th>
<th>Moody's Rating</th>
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<tbody>
<tr>
<td>FEDERAL HOME LOAN BANK OF DES MOINES</td>
<td></td>
</tr>
<tr>
<td>Outlook</td>
<td>Stable</td>
</tr>
<tr>
<td>Bank Deposits</td>
<td>Aaa/P-1</td>
</tr>
<tr>
<td>PARENT: FEDERAL HOME LOAN BANKS</td>
<td></td>
</tr>
<tr>
<td>Outlook</td>
<td>Stable</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>Aaa</td>
</tr>
<tr>
<td>ST Issuer Rating</td>
<td>P-1</td>
</tr>
</tbody>
</table>

Source: Moody's Investors Service
LETTER OF CREDIT NO.
Effective Date: August 01, 2016

Attention:

Dear Sir/Madam:

We have established this irrevocable and unconditional Letter of Credit in your favor as beneficiary ("Beneficiary") and you are hereby irrevocably authorized to draw on the Federal Home Loan Bank of Des Moines (the "Bank"), Irrevocable Standby Letter of Credit No. for the account of Bremer Bank, National Association, Saint Paul, MN (the "Member"), available upon the terms and conditions hereinafter set forth, an aggregate amount not exceeding $10,000,000.00 ("Stated Amount").

1. Funds under this Letter of Credit are available to you against our receipt by the Bank of a certificate in the form attached as Exhibit "A" hereto (a "Drawing") which Drawing may be for all or any part of, but shall not exceed, the Stated Amount.

2. Presentation of such certificate(s) shall be made: (a) at our office located at 801 Walnut Street, Suite 200, Des Moines, Iowa 50309, (b) via facsimile to 515.699.1250, or (c) via email to moneydesk@fhldm.com. We hereby agree that all drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored by us upon delivery of the certificate(s), as specified, if presented as described in this paragraph on or before the expiration date hereof.

3. If a drawing in respect of payment is made by you hereunder at or prior to 10:00 A.M., Iowa time, on a business day on or prior to the Expiration Date, and provided that such drawing and the documents presented in connection therewith conform to the terms and conditions hereof, payment shall be
made to you or to your designee, of the amount specified, not later than 3:00 P.M., Iowa time, on the same business day. If a drawing in respect of payment is made by you hereunder after 10:00 A.M., Iowa time, on a business day on or prior to the Expiration Date and provided that such drawing and the documents presented in connection therewith conform to the terms and conditions hereof, payment shall be made to you, or to your designee, of the amount specified, which shall not exceed, with other draws previously submitted and not repaid, the Stated Amount, in immediately available funds, not later than 3:00 P.M., Iowa time on the succeeding business day. If a drawing made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we will give you prompt notice stating the reasons therefore and that we are holding any documents presented to us at your disposal or are returning the same to you, at our discretion. Upon being notified that the drawing was not in accordance with the Letter of Credit, you may attempt to correct any such drawing if, and to the extent that, you are entitled (without regard to the provision of this sentence) and able to do so.

4. As used herein "business day" shall mean any day other than a Saturday, Sunday, a day on which financial institutions in the State of Iowa are authorized or required by law to close or on which the Fed wire system of the Federal Reserve Board is closed for fund transfers.

5. Only you may make a drawing under this Letter of Credit. Upon the payment to you, to your designee or to your account of the amount specified in a sight draft(s) drawn hereunder, we shall be fully discharged on our obligation under this Letter of Credit with respect to such sight draft(s) and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such sight draft(s) to you or any other person.

6. This Letter of Credit shall automatically terminate upon the earlier of (i) the making by you of a drawing which reduces the available balance hereunder, to $0, or (ii) the date on which we receive notice from you, signed by an Authorized Officer, indicating that such letter of credit is being returned to the Bank for cancellation, (iii) thirty (30) days following notice from the Bank of a default by the Member pursuant to the various agreements between the Bank and the Member and payment to you on or before such thirtieth (30th) day of the full amount of the letter of credit, and (iv) 12:00 p.m. Iowa time on September 28, 2016 (after honoring any draws received in accordance with the Letter of Credit) (the "Initial Expiration Date").

7. This Letter of Credit is issued subject the International Standby Practices 1998 ("ISP 98"). This Letter of Credit shall also be governed by the laws of
the State of Iowa to the extent not inconsistent with ISP 98. If this Letter of Credit expires during an interruption of business, as described in ISP 98, the Bank hereby specifically agrees to effect payment if this Letter of Credit is drawn against within 30 days after the resumption of business.

8. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein except only the certificate(s); and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificate(s).
FEDERAL HOME LOAN BANK OF DES MOINES
801 Walnut Street, Suite 200
Des Moines, IA 50309

By: ________________________________

Title: ______________________________

Effective Date: August 01, 2016
LETTER OF CREDIT NO.
EXHIBIT A

DRAWING CERTIFICATE

The undersigned, a duly authorized officer of (the "Beneficiary") hereby certifies to the Federal Home Loan Bank of Des Moines (the "Bank") with reference to Irrevocable Standby Letter of Credit No. (the "Letter of Credit") (any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of Beneficiary, that:

1. An Event of Default has occurred pursuant to agreements between the Beneficiary and your Member which authorizes a draw upon this Letter of Credit.

2. The amount of the drawing when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Stated Amount of the Letter of Credit.

3. Payment by the Bank pursuant to this drawing shall be made by wire transfer in immediately available funds to______________, ABA Number ________________, Account Number ________________, Attention: ________________, Re: ____________________.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of ____________, 20__.

By____________________________________

Title:____________________________________
August 01, 2016

Attention:

Enclosed please find the original Irrevocable Standby Letter of Credit No. issued to you on behalf of Bremer Bank, National Association, Saint Paul, MN. If you have any questions concerning your receipt of this Letter of Credit, please contact Bremer Bank, National Association, Saint Paul, MN. With regard to the attachments (Exhibit A and B) accompanying this Letter of Credit, their execution by you are only required in the event you choose to draw upon this Letter of Credit. If you have any questions regarding this process, please feel free to contact the Money Desk at 800.544.3452, ext. 1013.

Sincerely,

Candy Cave
Supervisor MFS Cash Services

Enclosures
Federal Home Loan Bank (FHLB) Letter of Credit

**Product Features:**

- Tri-party agreement involving Bremer, client, and the FHLB Des Moines
- Meets state statute requirements while providing audit and compliance flexibility
- Provides flexibility: Allows a banker to be a banker by customizing all banking solutions
- Full amount of funds stay in your local community