

## **What is the Security for Public Deposits Act (SPDA)?**

*The Security for Public Deposits Act is the body of law that governs security for Virginia public deposits held in financial institutions in amounts that exceed federal deposit insurance. The Security for Public Deposits Act is included as Chapter 44 of Title 2.2, Code of Virginia, Sections 2.2-4400 to 2.2-4411.*

*The SPDA provides for two methods, either the pooled or dedicated method, by which financial institutions holding Virginia public deposits that exceed federal deposit insurance must collateralize these excess deposits through the pledging of securities as collateral to be held by a custodian for the benefit of Virginia public depositors.*

*Under the pooled method, there is a cross guarantee among all banks electing the pooled method. In the event of a default by one pooled depository, an assessment is levied against all pooled depositories to cover any uninsured and uncollateralized public deposits held by the defaulting pooled depository, as outlined in Section 2.2-4403 of the SPDA. There is a tiered collateral requirement using the pooled method that can range from 50% of public deposits not covered by federal deposit insurance to 100% of public deposits not covered by federal deposit insurance based on the dollar value of public deposits held by a depository.*

*Under the dedicated method of collateralizing public deposits as outlined in Section 2.2-4404, a dedicated depository is only responsible for collateralizing the public deposits it holds through the pledge of increased collateral (105% to 130% of public deposit balances held in excess of federal deposit insurance based on the financial strength of the depository). There is no cross guarantee or shared liability for the loss of public deposits held by another public depository.*

## **Who administers the SPDA?**

*The SPDA is administered by the Virginia Treasury Board. The Treasury Board has designated the State Treasurer to be the chief administrative officer with respect to the administration of the SPDA. Inquiries and correspondence concerning the SPDA should be mailed to: Department of the Treasury, ATTN: SPDA Accountant, P. O. Box 1879, Richmond, VA 23218-1879, or e-mailed to [SPDAmail@trs.virginia.gov](mailto:SPDAmail@trs.virginia.gov).*

## **What is a public deposit?**

*"Public deposit" means moneys held by a public depositor who is charged with the duty to receive or administer such moneys and is acting in an official capacity, such moneys being deposited in any of the following types of accounts: nonnegotiable time deposits, demand deposits, savings deposits, or any other transaction accounts.*

*"Public depositor" means the Commonwealth or any county, city, town or other political subdivision thereof, including any commission, institution, committee, board, or officer of the foregoing and any state court.*

*In Virginia, all public deposits must be deposited in a qualified public depository.*

## **What are qualified public depositories?**

*A public depository is any national banking association, federal savings and loan association or federal savings bank located in Virginia, any bank, trust company or savings institution organized under Virginia law, or any state bank or savings institution organized under the laws of another state located in Virginia authorized by the Treasury Board to hold Virginia public deposits in accordance with the SPDA.*

*There are approximately 85 qualified public depositories. [Click here for the most current listing of qualified depositories.](#) Please contact the SPDA Accountant at (804) 371-7987 to determine if your chosen financial institution has become a qualified public depository since our last update.*

## **How does a financial institution become a qualified public depository?**

*To become a qualified public depository, a financial institution agrees to comply with the SPDA, SPDA Regulations, and all associated Guidelines approved by the Treasury Board by executing a Public Deposit Security Agreement and a Joinder to the Master Custodial Agreement with the Treasury Board and an escrow agent (custodian). Escrow agents must be selected from those approved by the Treasury Board. A financial institution is prohibited from holding Virginia public funds if they have not yet been designated a qualified public depository. For a copy of the Public Deposit Security Agreement, e-mail [SPDAMail@trs.virginia.gov](mailto:SPDAMail@trs.virginia.gov).*

## **Who are approved Escrow Agents?**

*[For a current list of Escrow Agents, please click here.](#)*

## **How does an Escrow Agent become approved?**

*Escrow Agents must execute a Master Custodial Agreement with the Treasury Board in which they agree to abide by the SPDA, the SPDA Regulations, all SPDA Guidelines, and the Master Custodial Agreement. For a copy of the Master Custodial Agreement, e-mail [SPDAMail@trs.virginia.gov](mailto:SPDAMail@trs.virginia.gov).*

## **What can be pledged as collateral to secure Virginia public deposits?**

*“Eligible collateral” means securities or instruments authorized as legal investments under the laws of the Commonwealth for public sinking funds or other public funds as outlined in the SPDA, SPDA Regulations, and Treasury Board guidelines as well as Federal Home Loan Bank letters of credit issued in accordance with guidelines promulgated by the Treasury Board.*

*Examples of eligible collateral include but are not limited to:*

- Obligations of the United States,*
- Obligations partially insured or guaranteed by any US government agency, with some valuation restrictions,*
- Obligations of the Commonwealth and its counties, cities, towns, and other public bodies, with some ratings and valuation restrictions,*

*Obligations of states, other than Virginia, and their municipalities, with some ratings and valuation restrictions,  
Corporate Notes with a maximum maturity of 10 years, with ratings restrictions.*

**Mailing address for all correspondence:**

*Treasury Board  
Attn: SPDA Administration  
Post Office Box 1879  
Richmond, VA 23218-1879*

**Contacts:**

*SPDA e-mail*                      *SPDAmail@trs.virginia.gov*

*Day to Day Operations:*      *Elmer Rodriguez (804) 371-7987*

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