



FEDERAL RESERVE BANK
OF DALLAS

HELEN E. HOLCOMB
FIRST VICE PRESIDENT AND
CHIEF OPERATING OFFICER

DALLAS, TEXAS
75265-5906

February 1, 2001

Notice 01-16

TO: The Chief Operating Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

Changes in the Packaging of U.S. Mint Coin

DETAILS

To achieve increased efficiency, the United States Mint will begin modifying its coin packaging process for new coin shipped to Federal Reserve Banks, armored carriers, and other direct shipment locations. The Mint launched this effort in late 2000 to package new coin in larger "bulk" bags that can be handled only with a forklift. We want to inform you how the changes will impact the way you order and receive new U.S. Mint coin (not circulated coin) from the Federal Reserve.

The Mint's bulk bag will hold one pallet of a single coin denomination and will eventually replace the smaller canvas bags of coin that normally are handled individually. The bag, composed of a double layer of mylar that endures the toughest drop and tear tests, allows for multiple uses and enables coin to be dispensed quickly (in less than one minute).

The Mint has already begun packaging pennies in bulk bag form and, effective July 1, 2001, will ship *all* new pennies in bulk bags. Bulk bag packaging of the nickel, dime, quarter, half-dollar, and dollar coins will be staggered and will not necessarily occur in denominational order. Federal Reserve System cash management is in the process of obtaining commitments from the Mint on the sequence that each denomination will be introduced in bulk bag form. When the implementation schedule is finalized, you will be informed of the time line. The Mint expects to fully convert *all* new coin packaging to bulk bag form by March 2002.

Each bulk bag will contain a large volume of coin (*400,000 pennies; 240,000 nickels; 500,000 dimes; 200,000 quarters; 100,000 halves; or 140,000 dollars*). As a result, it is likely that all *new* coin will be dispensed directly into a wrapping machine at an armored carrier facility

or at the requesting financial institution's facility if the institution is equipped to handle/dispense the bulk bag. It is also likely that all *new* coin will be paid out in wrapped form by armored carriers, who charge a fee for this service.

The Federal Reserve will continue meeting the needs of customers who order smaller quantities of coin (i.e., the canvas bags) by providing them with *circulated coin*. In addition, the Mint's packaging change for new coin will *not* require a revision to the standard customer ordering increments required by the Federal Reserve. This strategy, which eventually will pertain to state quarters as well, will involve a great deal of coordination across the country to ensure coin deposits and circulated coin inventory levels are sufficient to meet demand in each Federal Reserve territory.

The Mint is in the final stages of educating large coin handlers on how to handle and dispense coin shipped in bulk bags. A forklift will be needed to move each bulk bag, which will be secured on a metal pallet, and also to position it over the dispensing equipment provided by the Mint. Coin handlers will then either dispense the bulk bag into bins or directly into their coin wrapping machine hopper. To facilitate a smooth transition, the Mint is providing bulk bag handling and dispensing equipment **at no charge** to coin handlers who choose to continue ordering large amounts of new coin.

The Federal Reserve System continues to work through various operational and logistical issues that the Mint's transition to bulk bag shipments of new coin will present. In the interim, we encourage you to talk with your local armored carrier to determine how to best meet your future coin needs. We welcome your suggestions about how we can make the U.S. Mint's transition to bulk bag coin shipments a success and encourage you to review your current coin operation to identify opportunities to improve efficiency.

MORE INFORMATION

To obtain additional information about the bulk bag and/or the equipment used to handle and dispense coin, financial institutions in the Dallas territory may contact Robert Blackwell at (214) 922-6804; in the El Paso territory, Susie Jimenez at (915) 521-8266; in the Houston territory, William Taylor, at (713) 652-1605; and in the San Antonio territory, Mario Garcia at (210) 978-1300.

For additional copies of this Bank's notice, contact the Public Affairs Department at (214) 922-5254 or access District Notices on our web site at <http://www.dallasfed.org/banking/notices/index.html>.

Sincerely,

Handwritten signature of Helen E. Holcomb in cursive script.