TO: BOARD OF DIRECTORS

FROM: BRUCE BUEL BB

DATE: MARCH 6, 2009

AGENDA ITEM
E-4
MARCH 11, 2009

PROVIDE DIRECTION REGARDING RE-INVESTMENT OF SUPPLEMENTAL WATER PROJECT RESIDUAL COP PROCEEDS [PROVIDE DIRECTION]

ITEM

Provide direction regarding re-investment of Supplemental Water Project residual COP proceeds [provide direction]

BACKGROUND

NCSD currently has the balance of the COP proceeds (approx. $2M) invested in a six month Certificate of Deposit (CD) at Rabobank which is earning 2.4%. The CD matures on March 31, 2009. These funds are designated for the supplemental water project and are subject to certain restrictions, therefore, the funds cannot be co-mingled with the District's other funds currently invested at Local Agency Investment Fund (LAIF).

Public agencies are required to have a Contract for Deposit of Monies with their depository for deposits in excess of the FDIC insurance limits. Therefore, NCSD has a Contract for Deposit of Monies with Rabobank. Pursuant to the Contract and the Government Code the deposit is cross-collateralized (secured) with securities held at an independent bank.

Staff was directed to research investment alternatives for the COP proceeds that would provide FDIC insurance protection for one hundred percent of the deposit.

INVESTMENT OPTIONS THAT PROVIDE FDIC INSURANCE	CURRENT SIX MONTH INTEREST RATE (SUBJECT TO CHANGE)
Certificate of Deposit Account Registry Service (CDARS)	0.55%
Purchase Treasury Bills	0.264%

Rabobank six month CD rate is currently 0.87% (FDIC insured to $250,000 and the balance secured by Contract for Deposit of Monies).

RECOMMENDATION

The Board of Directors may direct Staff:

- Proceed with the CDARS program with Mission Community Bank
- Invest in Treasury Bills and direct Staff to work with a broker
- Re-invest the CD at Rabobank or other banks

ATTACHMENTS

CDARS Deposit Placement Agreement and related information regarding the program

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CDARS® Deposit Placement Agreement

To: Network Member

From: Promontory Interfinancial Network, LLC

Attached are the CDARS® Deposit Placement Agreement and a form of custodial agreement.

The CDARS Deposit Placement Agreement does not purport to address any third-party arrangements you may have established in connection with the CDARS service. If you are engaged in other arrangements regarding referral fees or other matters, the CDARS Deposit Placement Agreement would not disclose those arrangements. You should review with counsel any such third-party arrangement, including whether to provide any disclosures to depositors related to the arrangement.

Promontory is providing the attached form of custodial agreement for your convenience. Before using the form of custodial agreement, you should ensure that it complies with the laws of your state. Alternatively, you may wish to use your own form of custodial agreement. Please also note the following regarding the custodial agreement:

- In accordance with Section 8 of the CDARS Deposit Placement Agreement, you may wish to include in your custodial agreement your standard dispute resolution, arbitration, choice of law, venue, waiver of jury trial, and costs related to dispute provisions.
- The attached form of custodial agreement is not designed for use with Individual Retirement Accounts ("IRAs").

Please Note: A form of Custodial Agreement must accompany the Deposit Placement Agreement in order for funds to be placed through the CDARS service.

CDARS® Deposit Placement Agreement

Mission COMMUNITY BANK

You, the undersigned, and
Mission Community Bank

(referred to in this agreement as "we" and "us") are entering into this agreement to set forth the terms and conditions under which we will assist you from time to time in placing your funds in time deposits with depository institutions (each an "Insured Institution") whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC"). Through an arrangement with Promontory Interfinancial Network, LLC ("Promontory"), we will endeavor to place your funds in time deposits ("CDs") issued by Insured Institutions through Promontory's Certificate of Deposit Account Registry Service®, or CDARS®, in principal amounts that, when aggregated with interest to accrue over the term of the CD, will not exceed the Standard Maximum Deposit Insurance Amount ("SMDIA") for deposits of one depositor at one Insured Institution (currently $100,000). Although certain "self-directed" retirement accounts, such as IRAs, may be eligible for coverage under a higher FDIC insurance limit (currently $250,000) for deposits of one depositor at one Insured Institution, CDs for these retirement accounts will be placed using CDARS in amounts that will not exceed the SMDIA. We will also act as your custodian with respect to your CDs pursuant to the custodial agreement that we have separately entered into with you ("Custodial Agreement"). The terms of our custodial relationship with you are set forth in the Custodial Agreement. Funds held in an account with us pending placement through CDARS or resulting from payments on CDs are subject to the SMDIA applicable to your deposits with us and therefore may not be fully insured by the FDIC.

CDARS is a proprietary process owned by Promontory that allocates orders submitted by participating financial institutions on behalf of their depositors on dates ("Order Dates") specified by Promontory. On each Order Date participating institutions submit orders requesting that Promontory allocate funds for their depositors to Insured Institutions that are willing to accept deposits through CDARS. On the "Order Allocation Date" Promontory allocates orders submitted on the Order Date.

CDARS offers different types of transactions through which we may place your funds with Insured Institutions. In a "CDARS Reciprocal℠ Transaction," we receive funds for deposit in an amount equal to the amount of your funds that we have placed using CDARS with respect to the Order Date for which your Order was submitted to Promontory, but we do not receive a fee. In a "CDARS One-Way℠ Transaction," we do not receive funds for deposit, but we receive a fee from one or more Insured Institutions that received deposits through CDARS with respect to the corresponding Order Date. Funds that we place for you through a CDARS transaction may be placed at an Insured Institution without regard to whether the Insured Institution is participating in CDARS on that Order Date through a CDARS Reciprocal Transaction or through a CDARS One-Way Transaction or otherwise. **We will place your funds through a CDARS Reciprocal Transaction unless we notify you that we will place your funds through a CDARS One-Way Transaction and you consent to our doing so. If you wish to have us place your funds only through a CDARS Reciprocal Transaction, you may check a box provided for this purpose at the end of this Agreement. If you do not check this box we will not place your funds through a CDARS One-Way Transaction without your consent.**

This agreement sets forth important information about the placement process. By signing this agreement you agree to be bound by its terms each time that you submit funds to us for placement. Please read it carefully. Some of the features of the CDs and the placement process are:

- When we place your funds, you will be issued CDs by Insured Institutions that have entered into agreements with Promontory.
- We will act as your custodian with respect to those CDs.
- The CDs issued to you by Insured Institutions will have the interest rates and annual percentage yields ("APY") you have agreed to with us.
- You will not be charged a fee in connection with CD placements.
- You may select the maturities and payment terms of your CDs from those that are available through CDARS at the time that you submit your funds for placement.
- You may designate any Insured Institution as ineligible to receive your funds.
- Early withdrawal of any CD you purchase may be available, but may be subject to substantial penalties.
- No secondary market for the CDs currently exists, but early withdrawal of any CD you purchase is available, subject to applicable penalties.

Section 1. Your Relationship With Us

(a) Agency and Custodial Relationship

We have entered into a contract with Promontory pursuant to which we will use CDARS to assist us in endeavoring to place your funds at other Insured Institutions that have also entered into contracts with Promontory. Pursuant to our contract with Promontory, we will adhere to Promontory's policies and procedures in placing your funds.

We will act as your agent in connection with the placement of your funds in CDs. As set forth above, we will place your funds through a CDARS Reciprocal Transaction unless you agree to having your funds placed through a CDARS One-Way Transaction. **Although we will act as your agent in connection with the placement of your funds, we are not acting as your investment adviser and have no obligation to advise you of alternative investments available through CDARS or otherwise. Further, we make no representations with respect to the interest rates on deposits available on an Order Date through us or through CDARS, and we may receive greater benefits when we place your funds through one type of CDARS transaction than when we do so through another type of CDARS transaction or than we would if you instructed us to make a deposit other than through a CDARS transaction.**

We will act as your custodian with respect to your CDs acquired through CDARS. We have entered into an agreement with The Bank of New York to act as our sub-custodian with respect to the CDs for which we are acting as your custodian. No physical certificates evidencing the CDs will be issued. Each CD for which we act as your custodian will be recorded on the records of the Insured Institution that issues the CD in the name of our sub-custodian, will be recorded on the records of the sub-custodian in our name, and will be recorded on our records in your name, all in a manner that will permit your CD to be FDIC insured to the same extent as if you held it directly with the Insured Institution. You will receive from us a written confirmation of the issuance of your CDs and periodic account statements that will reflect your ownership of your CDs. The confirmation of CD issuance and the account statement(s) will be the only evidence that you will receive of your ownership of the CDs. You should retain the confirmation and the account statement(s) for your records.

While we are acting as your custodian, (i) all payments with respect to the CDs by the Insured Institutions that issue the CDs will be made to us, and we will credit the funds to an account or accounts you maintain with us or disburse the funds pursuant to your instructions, and (ii) you can enforce your rights in the CDs through us. You may not transfer the CDs directly to another custodian. At your election, you may dismiss us as custodian, and your ownership of a CD may be recorded in your name on the books of the Insured Institution that issued the CD. If you choose to have the CD maintained in your name on the books of the Insured Institution that issued the CD, you will be able to enforce your rights in the CD directly against that Insured Institution.

(b) Fees

You will not pay a fee in connection with your placement of funds. If we place your funds through a CDARS Reciprocal Transaction, we will pay a fee to Promontory for using the CDARS order allocation services and certain other services. If we place your funds through a CDARS One-Way Transaction, we and Promontory will receive fees from one or more Insured Institutions receiving deposits through CDARS in respect of that Order Date. We may, in our discretion, waive some or all of our fee, and Promontory may, in its discretion, waive some or all of its fee. We and Promontory may receive different fees from different Insured Institutions in connection with the same transaction. Promontory may offer us and our employees non-cash incentives in connection with our placement of funds through CDARS.

(c) Limits on Placements

Although we, through our arrangement with Promontory, will endeavor to place your funds, on a particular Order Allocation Date Promontory may not be able to allocate orders in a way that results in the placement of some or any of your funds. The allocation process utilized by Promontory may reflect considerations of federal and state law, funding needs of Insured Institutions, economic conditions, Promontory's objectives or other factors determined by Promontory in its sole discretion.

If any of your funds cannot be placed, the unplaced funds will be returned to you. You may ask us to resubmit unplaced funds for placement through CDARS on another day on which Promontory performs its allocation service.

(d) Each CD Will Be an Obligation of the Issuer

Each CD will be a deposit obligation of the Insured Institution that issued the CD and will not be, either directly or indirectly, our obligation or an obligation of Promontory.

Your CD will not be issued until the issuing Insured Institution receives and accepts your funds.

(e) APY

If you are not a "consumer" for purposes of the Truth-in-Savings Act ("TSA"), or if our communication with you in connection with your placement of funds through CDARS is not an "advertisement" for purposes of TSA, we are not obligated to provide you with an APY on your CDs.

(f) Mutual Institution Voting and Subscription Rights

If a CD is issued to you by an Insured Institution in the mutual form of organization ("mutual institution") for funds placed for you through CDARS, you may receive through us a notice of a meeting of the depositor members of that mutual institution. Because your CD is identified on the books of the mutual institution in the name of the sub-custodian and not in your name, you will not be entitled to attend the meeting or vote by proxy. Under agreements that we have entered into with the sub-custodian that holds your CDs in its name on your behalf, the sub-custodian will forward meeting notices to us (for delivery to you) but it will not attend the meeting or vote by proxy.

It is possible that the mutual institution also may send notice of its intention to convert to a stock institution, and provide for priority, non-transferable subscription rights for depositor members of the mutual institution to purchase stock in the conversion. Because of the nature of our agreement with the sub-custodian, your CD will be identified on the books of the mutual institution in the name of the sub-custodian, and not in your name, and thus, you will not be entitled to exercise any subscription right to purchase the stock, or to vote on the conversion. The sub-custodian, which will own the subscription right, also will not purchase any stock in the conversion.

Accordingly, if you wish to receive meeting notices directly, attend meetings and vote (to convert from the mutual to stock form of ownership, form a mutual holding company or otherwise) with respect to a CD you have acquired from a mutual institution through CDARS, or wish to receive subscription rights in the event the mutual institution converts from mutual to stock form, you will have to dismiss us as custodian prior to the applicable record date (a date usually at least a year in advance from the date the mutual institution's board of directors adopts a plan of conversion) and have your ownership of the CD recorded in your name directly on the books of the mutual institution that issued the CD.

Section 2. Promontory

(a) General

Promontory is not your agent and is responsible solely to us for performing the services for which we have retained it. Promontory uses the proprietary process included in CDARS to allocate orders submitted on a specified Order Date by Insured Institutions to other Insured Institutions that are willing to accept deposits through CDARS.

On an Order Allocation Date, Promontory uses the CDARS allocation process to propose placements of funds with Insured Institutions wishing to receive funds, subject to your approval as set forth in the procedures set forth in Section 3 of this agreement ("Placement Procedures"). CDs for funds placed through CDARS will be issued to you on the business day immediately following the Order Allocation Date (the "Settlement Date"). A "business day" means any day other than a Saturday, a Sunday or a day on which banks in New York, New York are authorized or required by law or regulation to close.

In addition to the fees payable to it in connection with CDARS Reciprocal Transactions and CDARS One-Way Transactions, Promontory may realize profits or incur losses in connections with the placement of your funds at one or more Insured Institutions on the terms you have selected.

(b) CDARS Reciprocal Transaction

When we notify Promontory that we wish to submit your funds for placement through a CDARS Reciprocal Transaction on an Order Date, we will agree to accept for deposit an equal or greater amount of deposits through CDARS. On the Settlement Date, CDs will be issued to you and we will accept deposits placed by other participating institutions.

Your funds may be placed at Insured Institutions that are submitting funds for placement through a CDARS Reciprocal Transaction or at Insured Institutions that have requested deposits through CDARS with respect to the same Order Date. When your funds are placed through a CDARS Reciprocal Transaction, we may make or receive payments based upon the difference between the interest rate we have agreed upon with you for your CDs and the interest rate we pay on CDs that we issue to customers of other Insured Institutions. These payments will be calculated pursuant to a formula that uses the projected volume-weighted average interest rate for deposits placed through CDARS Reciprocal Transactions on the same day your funds are placed. These payments are intended to provide us with the same interest cost on the CDs we issue to depositors of other Insured Institutions through a CDARS Reciprocal Transaction as we would have incurred had we issued the CDs directly to you.

Any payments made or received by us, or fees received by Promontory, will not change the terms we have agreed with you for your CDs.

(c) CDARS One-Way Transaction

On any Order Date, Promontory may receive commitments from Insured Institutions wishing to receive funds through a CDARS One-Way Transaction. Based on these commitments, Promontory communicates to us the maximum amount of funds that can be submitted for placement through CDARS One-Way Transactions in each CD maturity on that Order Date.

If we place your funds through a CDARS One-Way Transaction, we will not receive deposits on the Settlement Date, and we will not make or receive payments as described under "CDARS Reciprocal Transactions" above. Your funds may be placed at Insured Institutions that are submitting funds for placement through CDARS Reciprocal Transactions or that have requested funds for deposit on that Order Date.

As set forth above, we and Promontory each will receive a fee when we place your funds through a CDARS One-Way Transaction, and we or Promontory may waive all or part of this fee. Any fees received by us or Promontory will not change the terms we have agreed to with you for your CDs.

Section 3. Placement Procedures

(a) Order Dates and Terms of CDs

Each time you notify us that you wish to place funds through CDARS, we will inform you of (i) the available Order Dates, (ii) the CD maturities and payment terms available on each Order Date, (iii) whether early withdrawal of the CDs is available and whether any penalties (and processing fees, if applicable) will be imposed on you for early withdrawal, (iv) any limits with respect to placing funds and (v) whether we intend to submit the funds for placement through a CDARS One-Way Transaction.

The terms and conditions available for CDs may change from time to time. Each CD issued by an Insured Institution will have a principal amount that, when aggregated with interest to accrue during the term of the CD, will not exceed the basic FDIC insurance limit. You may obtain information about the terms of the CDs made available through CDARS on an Order Date at www.CDARS.com/products.

The interest rates and APYs for the CDs we offer to obtain for you through CDARS will be agreed upon by you and us. For placements through CDARS Reciprocal Transactions, the interest rate and APY we agree upon with you will reflect the interest rate and APY we are willing to pay, after paying a fee to Promontory. For placements through CDARS One-Way Transactions, the interest rate and APY we agree upon with you will reflect the interest rate and APY that Insured Institutions requesting funds through CDARS One-Way Transactions for that Order Date are willing to pay after paying fees to Promontory and us.

Interest on your CDs will compound daily. Payment options may vary based on the maturity of the CD. You may have the option with some CDs to choose between monthly payments of interest and payment of interest at maturity or other available interest payment terms. In addition, depending on the terms and conditions of a particular CD, you may be able to change the payment terms of the CD during the term of the CD. If you choose to have interest paid to you during the term of the CD, you may not be able to re-invest the interest you are paid at an interest rate as favorable to you as the interest rate paid on the CD.

Each CD will earn interest from the day your funds are deposited at the Insured Institution that issues the CD up to, but not including, the day your CD matures. If the date on which a payment with respect to a CD is due is not a business day, that payment will be made on the next business day.

(b) Presumption of CDARS Reciprocal Transaction

We will submit your funds for placement through a CDARS Reciprocal Transaction unless we inform you that we will place your funds through a CDARS One-Way Transaction and you agree to our doing so. If we submit your funds for placement through a CDARS One-Way Transaction and Promontory is not able to allocate our order, we may resubmit an order for your funds on that Order Date through a CDARS Reciprocal Transaction, unless you instruct us not to do so at the time you request that we submit your funds. If we so resubmit your funds through a CDARS Reciprocal Transaction, the CDs issued to you will have the same terms as the CDs that would have been issued to you through the CDARS One-Way Transaction.

If you are a public funds depositor or a non-profit institution submitting funds for placement and wish your funds to be placed only through CDARS Reciprocal Transactions, please inform us by checking the box at the end of this agreement.

(c) List of Insured Institutions

Each time you notify us that you desire to place funds through CDARS, you may obtain from us a list of Insured Institutions at which your funds may be placed. Not all of these Insured Institutions may be available to issue CDs with respect to an Order Date, and, before the list is provided to you, we may have designated some Insured Institutions as ineligible to receive funds from our depositors. You should review the list provided to you and inform us of the name(s) of any Insured Institution(s) at which you do not want to make a deposit, for any reason. At your option, you may also provide us with the names of Insured Institutions not then on the list at which you do not want to make a deposit. Once you have informed us of the name of an Insured Institution at which you do not want to make a deposit, your funds – whether submitted for placement through CDARS at the time you sign this agreement or in the future – will not be placed at that Insured Institution until you notify us in writing that funds may be placed in the Insured Institution. (For your convenience, at the time you sign this agreement you may indicate to us on Schedule 1 the names of Insured Institutions at which you do not want to make a deposit.) Upon your request, we will obtain from Promontory the list it maintains of Insured Institutions at which you do not wish to make a deposit. As set forth below, you are responsible for monitoring your deposits at each Insured Institution for purposes of FDIC insurance coverage.

(d) Request for Placement of Funds

When you request that we place your funds through CDARS, we will submit to Promontory a request for placement of your funds (an "Order"), including the type of CDARS transaction through which we are submitting the funds, the Order Date, the amount of funds to be placed and the terms (including interest rate and APY) of the CDs you are seeking. The Order will be in a form established by Promontory. In order for us to submit an Order, you must provide us with all information required by Promontory no later than the time specified in paragraph 1 of Schedule 2.

(e) Approval of Proposed Placements

We will not know the name(s) of Insured Institution(s) at which your funds will be placed at the time we submit an Order for your funds. On each Order Allocation Date for which we submitted an Order for your funds, we will make available to you a list of the names of Insured Institutions at which your funds are proposed to be placed, the proposed deposit amount at each Insured Institution and the names of proposed alternate Insured Institutions at which your funds may be placed. You may obtain that list from us on the Order Allocation Date at or after the time specified in paragraph 3 of Schedule 2, and, at any time prior to the time specified in paragraph 4 of Schedule 2, you may notify us of the name or names of any of the proposed or proposed alternate Insured Institutions at which you do not want to make a deposit. Although you may direct us not to place funds at a proposed or alternate proposed Insured Institution, you cannot direct us to place funds at a specific Insured Institution or specify the amount to be placed at any Insured Institution.

If you eliminate one or more of the proposed or proposed alternate Insured Institutions from the list, or if one or more of them becomes unavailable for placement for any reason, your funds will be placed at the Insured Institutions that were not eliminated. If a sufficient number of proposed and proposed alternate Insured Institutions are eliminated or become unavailable so that not all of your funds can be placed, only as much of your funds will be placed as can be deposited at the remaining Insured Institutions in CDs with principal amounts that, when aggregated with interest to accrue during the term of the CDs, will not exceed the SMDIA. Your remaining funds will not be allocated on the Order Allocation Date. In such case, we will inform you of the amount of your funds that will not be placed and you may request that we resubmit an Order for your unplaced funds on another Order Date by repeating the procedure outlined above.

If in connection with any placement of your funds using CDARS, you eliminate a proposed or proposed alternate Insured Institution in accordance with the above procedures, funds that you subsequently submit for placement will not be placed in that Insured Institution until you notify us otherwise in writing.

(f) Your Consent to Placement

Your funds will not be placed unless you have consented to their placement. You will be deemed to have consented to the placement of your funds at the proposed or proposed alternate Insured Institutions as of the time specified in paragraph 4 of Schedule 2 if by that time you:

(i) communicate your approval to us;

(ii) do not request the list of proposed and proposed alternate Insured Institutions from us;

(iii) request the list of proposed and proposed alternate Insured Institutions from us, but do not respond to the proposed list; or

(iv) respond to the list of proposed and proposed alternate Insured Institutions by eliminating one or more of the Insured Institutions, in which case you will be deemed to have consented to the placement of your funds at those Insured Institutions that you have not eliminated.

(g) Time by Which We Must Have Your Funds; Settlement of Transactions

Unless we have made other arrangements, each time that you agree to a placement of funds under this agreement you also agree that, by the time specified in paragraph 5 of Schedule 2, you will have in an account with us immediately available funds, which under applicable law are irreversible and are not subject to any lien, claim or encumbrance, equal to the amount of funds you have informed us that you are seeking to place. On the Settlement Date, your funds will be deposited at Insured Institutions, payments to be made in connection with the placement of CDs will be made, and the CDs will be issued.

(h) Additions and Early Withdrawal

No additions may be made to any CD. Insured Institutions impose a penalty on withdrawal of a CD prior to its maturity. However, no penalty will be charged for early withdrawal upon the death of an individual who is the sole account holder of the CD. This exception applies to an individual who is the named account holder as well as an individual who is the sole current mandatory or discretionary income beneficiary of a trust, including the sole current beneficiary of a unitrust or annuity trust. Written verification acceptable to the Insured Institution that issued the CD may be required in such an event. We will inform you of the early withdrawal penalty applicable to your CDs when you submit funds for placement. For a CD with a term of 4 or 13 weeks, the early withdrawal penalty is equal to 28 or 90 days, respectively, of simple interest calculated at the CD rate. The penalties for early withdrawal of 4 or 13 week CDs are equivalent to substantially all of the interest that would have been earned over the full term and will invade principal. For a CD with a term of 26 weeks or longer, the early withdrawal penalty is equal to simple interest calculated at the CD rate for approximately half the number of days in the full term. The penalties for early withdrawal of CDs with a term 26 weeks and longer are equivalent to half of the interest that would have been earned over the full term and may invade principal. The current schedule of products available and applicable early withdrawal penalties may be viewed at www.CDARS.com\products.

Pursuant to the Internal Revenue Code of 1986, as amended, the beneficiary of an Individual Retirement Account ("IRA") (but not a Roth IRA) may incur a penalty if the beneficiary does not begin making withdrawals from the IRA after age 70-1/2. A CD held in an IRA is not eligible for early withdrawal without penalty simply because the beneficiary must withdraw the CD to avoid a tax penalty.

Early withdrawal of a CD may be made only in whole, not in part. You may request early withdrawal by contacting us, at which time you may specify which of your CDs you would like us to withdraw. If you choose not to specify which of your CDs to withdraw, early withdrawals will be made using an automated process that generates random selections based on amount. In general, early withdrawal proceeds will be available to you two business days after we receive your early withdrawal request.

Neither we nor Promontory will advance funds in connection with early withdrawals, and early withdrawal proceeds will not be available to you until they are paid to us by the Insured Institution that issued the CD being withdrawn.

(i) No Automatic Renewal or Rollover

The CDs will mature on the date shown on the confirmation of CD issuance. Upon maturity, the principal amount of, and unpaid accrued interest on, the CD will be paid to you. The CDs will not be automatically renewed or rolled over, and interest on the CDs will not continue to accrue after the maturity date. If upon maturity you wish to re-deposit your funds in CDs through CDARS, you must instruct us to re-submit the funds as a new placement or you must take advantage of our preauthorized re-submission process.

(j) Preauthorized Re-submission

At the time you submit funds to us for placement through CDARS, you may request that we re-submit those funds for placement through CDARS upon the maturity of your CDs. Unless we have entered into a written re-submission arrangement with you, you must contact us before we re-submit your funds through CDARS to establish the new terms (including interest rate and APY) and the other specifics of your Order for your re-submitted funds.

(k) No Physical Certificates

As set forth in Section 1, no physical certificate evidencing a CD will be issued. You should not purchase a CD through CDARS if you need to take physical possession of a certificate.

Section 4. Important Considerations

(a) Compare Features

You should compare the rates of return and other features of a CD to other available deposit accounts before deciding to purchase CDs using the CDARS service. Although the CDs are issued by other Insured Institutions, the rates of interest paid on the CDs are determined by us based on (i) the interest rates and APYs we are willing to pay on deposits that we accept through CDARS on the Settlement Date (if your funds are placed by us through a CDARS Reciprocal Transaction) or (ii) the interest rate and APY that Insured Institutions that have requested funds through CDARS One-Way Transactions for that Settlement Date are willing to pay after paying fees to Promontory and us (if your funds are placed by us through a CDARS One-Way Transaction). **These rates may be higher or lower than the rates on**

CDs available through a CDARS One-Way Transaction (if we are placing your funds through a CDARS Reciprocal Transaction) or a CDARS Reciprocal Transaction (if we are placing your funds through a CDARS One-Way Transaction) or on comparable deposits available directly from us, from Insured Institutions that issue the CDs through CDARS, from other Insured Institutions, or from insured depository institutions not participating in CDARS.

(b) Uninsured Deposits With Us

Funds held in an account with us prior to placement using CDARS or prior to payment of CD interest and principal to us may not be covered by FDIC insurance if, when aggregated with other deposits you maintain with us in the same capacity, the total amount of your deposits in accounts with us exceeds the FDIC insurance limit applicable to your deposits with us. You should discuss with us the options for holding your funds prior to placement and for having the payments on the CDs deposited with us or elsewhere.

(c) Insolvency of an Insured Institution

In the event an Insured Institution approaches insolvency or becomes insolvent, the Insured Institution may be placed in a regulatory conservatorship or receivership in which the FDIC is typically appointed as conservator or receiver. The FDIC may thereafter pay off the CDs issued by that Insured Institution prior to maturity or transfer the CDs to another insured depository institution. If the CDs are transferred to another institution, you may be offered a choice of retaining the CDs at a lower interest rate or having the CDs paid off. See Section 5 below, "FDIC Insurance Information."

(d) Reinvestment Risk

If your CD is paid prior to maturity as a result of the issuing Insured Institution's insolvency or a voluntary early withdrawal (see Section 3(h) above, "Additions and Early Withdrawal"), you may not be able to reinvest your funds at the same interest rate that you received on the original CD. Neither we nor Promontory is responsible to you for any losses you may incur as a result of a lower interest rate on an investment replacing your CD.

(e) Investment Restrictions

If you are subject to restrictions with respect to the placement of funds in depository institutions, it is your responsibility to determine whether the placement of your funds by us using CDARS satisfies those restrictions. For example, when placing funds for deposit using CDARS, some governmental unit depositors may be required by law or policy to place funds only using a CDARS Reciprocal Transaction, in which the institution placing the funds for deposit using CDARS receives funds for deposit in an amount equal to the amount of funds that was placed by the depositor using CDARS with respect to the corresponding Order Date. When we place funds for deposit using a CDARS One-Way Transaction, we will not receive matching funds using CDARS.

Section 5. FDIC Insurance Information

(a) Deposit Insurance Coverage

In general, all accounts and deposits that you maintain with an Insured Institution in the same insurable capacity (whether you are acting directly or through an intermediary) would be aggregated for purposes of the applicable FDIC insurance limit. Insurable capacities include individual accounts, joint accounts and individual retirement accounts. A tax identification number is not evidence of, and does not establish, an insurable capacity that is separate from another tax identification number used by the same person or entity. Upon request, we will provide you with a copy of the FDIC brochure "Your Insured Deposits – FDIC's Guide to Deposit Insurance Coverage." You may also obtain information about deposit insurance coverage by contacting the FDIC, Office of Consumer Affairs, by letter (550 17th Street, N.W., Washington, D.C. 20429), by telephone (877-275-3342, 800-925-4618 (TDD) or 202-942-3100), or by e-mail (dcainternet@fdic.gov), or by visiting the FDIC website at www.fdic.gov. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one capacity.

FDIC deposit insurance coverage applies to the principal and accrued interest on all CDs and other deposit accounts maintained by you in the same insurable capacity at a single Insured Institution. The records maintained by the Insured Institution, us and our sub-custodian regarding ownership of CDs will be used to establish your eligibility for federal deposit insurance payments in respect of CDs issued through CDARS. In addition, you could be required to provide certain documentation to the FDIC before insurance payments would be released to you.

(b) Government Unit Deposits

The requirements for deposit insurance coverage of the deposits of the United States government, state, county and municipal governments and their political subdivisions, the District of Columbia and the Commonwealth of Puerto Rico are specifically set forth in regulations of the FDIC (12 C.F.R. 330.15). In general, such deposits will be insured up to the SMDIA and individual departments and political subdivisions within a governmental unit may be eligible for separate insurance if certain requirements are met. The use of separate tax identification numbers by different departments or political subdivisions of the same governmental unit will nor by itself cause the deposits of such departments or political subdivisions to be eligible for separate FDIC insurance.

It is the obligation of each governmental entity to determine whether the requirements for deposit insurance have been met. Neither we, Promontory, nor the insured Institution issuing CDs to you are responsible for uninsured losses resulting from placement of funds that are not eligible for deposit insurance.

(c) Deposit Insurance Payments

In the event that deposit insurance payments become necessary for your CDs, the FDIC is required to pay the original principal amount plus accrued interest to the date of the closing of the relevant Insured Institution, as prescribed by law, subject to the limits on FDIC deposit insurance coverage. No interest is earned on deposits from the time an Insured Institution is closed until insurance payments are received. We will notify you if we receive any payments from the FDIC with respect to your CDs.

As an alternative to a direct deposit insurance payment from the FDIC, the FDIC may transfer the insured deposits of an insolvent institution to a healthy institution. Subject to insurance verification requirements and the limits on FDIC deposit insurance coverage, the healthy institution may assume your CDs under their original terms or offer you a choice between either receiving payment of the CDs or maintaining the deposits at a different rate. We will advise you of your options in the event of a deposit transfer.

As with all federally insured deposits, if it becomes necessary for federal deposit insurance payments to be made on the CDs, there is no specific time period during which the FDIC must make the insurance payments available. Neither we nor Promontory will be obligated to make any payments to you in satisfaction of a loss you might incur as a result of (i) a delay in insurance payouts applicable to a CD, (ii) your receipt of a decreased interest rate on an investment replacing a CD that is repaid prior to its scheduled maturity, or (iii) payment in cash of the principal and accrued interest of a CD prior to maturity in connection with the liquidation of an Insured Institution or the assumption of all or a portion of its deposit liabilities. Also, neither we nor Promontory will be obligated to advance funds to you prior to payment from the FDIC.

Section 6. Responsibility to Monitor Deposits at Insured Institutions; Publicly Available Information

Funds we submit for placement on your behalf on any Settlement Date are placed in CDs at enough different Insured Institutions to prevent the principal amount and any interest to accrue over the term of each CD placed on that Settlement Date from exceeding the FDIC insurance limit. It is your responsibility, however, to monitor the total amount of deposits that you hold with each Insured Institution in order for you to determine the extent of FDIC deposit insurance coverage available to you on deposits at that Insured Institution, including the CDs issued through CDARS. See Section 5 above, "FDIC Insurance Information," for more information on FDIC insurance coverage. The Insured Institution at which a deposit is made is responsible for the full amount deposited with it, and neither we nor Promontory is responsible for any insured or uninsured portion of any CD or any other deposit.

Publicly available financial information concerning the proposed and proposed alternate Insured Institutions can be obtained by you at the website of the National Information Center of the Federal Reserve System maintained at www.ffiec.gov/nic/. Neither we nor Promontory guarantees the financial condition of any Insured Institution or the accuracy of any publicly available financial information about the Insured Institution.

Section 7. Confidentiality of Information

We will provide your name, tax identification number and other pertinent identifying information to Promontory, our sub-custodian, and other parties providing services in connection with the placement of your funds and the issuance and holding of your CDs. We may also release such information to (i) an Insured Institution that has issued a CD to you, but only to the extent necessary to comply with any applicable law, rule or regulation or a judicial order, and (ii) the FDIC in connection with a claim for deposit insurance on your CD. You hereby consent to the release of that information to and its use by (a) Promontory, our sub-custodian, and other parties providing services in connection with the placement of your funds and the issuance and custodying of your CDs, (b) Insured Institutions that have issued CDs to you to the extent necessary to comply with any applicable law, rule, regulation or judicial order, and (c) the FDIC in connection with a claim for deposit insurance on your CDs. The information will not be disclosed to other Insured Institutions except as set forth herein and will not be used by Promontory, our sub-custodian, or any other parties to whom we release the information for any other purpose except as set forth herein or directed by you. Nothing in this section shall be deemed to prevent us from disclosing information to a third party if permitted or required by law.

Section 8. Disputes

Any disputes arising out of or in connection with this agreement will be governed by the dispute resolution, arbitration, choice of law, venue, waiver of jury trial, and costs related to dispute provisions, if any, contained in your Custodial Agreement with us under which we act as custodian for your CDs.

Section 9. Miscellaneous

Any information we are required to deliver to you pursuant to this agreement may be given to you by mail, facsimile or other electronic transmission.

This agreement:

- constitutes the entire agreement between us relating to the placement of deposits through CDARS and the other matters contained herein,
- supersedes all prior contracts or agreements relating to the placement of funds through CDARS, whether oral or written, and
- may not be amended by any oral representation made or oral agreement reached after the execution of this agreement.

We may amend this agreement or any related document prospectively by modifying or rescinding any of its existing provisions or by adding any new provisions at any time by sending written notice of the amendment to you. We may provide written notice of an amendment to this agreement by means of a letter, an entry on your account statement or other means. Any amendment will be effective as of the date established by us in the written notice of the amendment, subject to applicable law, provided that any amendment may not become effective until ten days after the written notice has been sent by us.

This agreement is not assignable, in whole or in part, by either party except by operation of law or as required by law.

The headings in this agreement are inserted for convenience and identification only, and are not intended to describe, interpret, define or limit the scope or intent of this agreement or any clause hereof.

By signing below, you acknowledge that you have received this agreement, that you have read and understood this agreement and that you were given the opportunity to ask us any questions you may have had with respect to this agreement, the transactions contemplated by it, the CDs and FDIC insurance coverage of the CDs and deposits maintained with us.

☐ **Check this box if you are a governmental unit or other depositor and wish your funds to be placed only through CDARS Reciprocal Transactions.**

DEPOSITOR(S)

Name of Depositor: ______________________
By: ______________________
Name:
Title:
Depositor Tax ID or Other Depositor ID: ______________________
ID Type: ______________________

Name of Depositor: ______________________
By: ______________________
Name:
Title:
Depositor Tax ID or Other Depositor ID: ______________________
ID Type: ______________________

Signed this __________ day of __________, 200__

DEPOSITORY INSTITUTION

Mission Community Bank
(Print Name of Institution)
By: ______________________
Name:
Title:

Acknowledged this __________ day of __________, 200__

SCHEDULE 1

INITIAL LIST OF INSURED INSTITUTIONS AT WHICH YOU DO <u>NOT</u> WANT TO MAKE A DEPOSIT (ATTACH ADDITIONAL PAGES AS NECESSARY)

Please include the city and state of the institution's main office (rather than the city and state of a branch location). You may include the institution's routing number and/or FDIC certificate number, if you have this information.

Name of Institution	City and State	Routing or FDIC No.
Name of Institution	City and State	Routing or FDIC No.
Name of Institution	City and State	Routing or FDIC No.
Name of Institution	City and State	Routing or FDIC No.
Name of Institution	City and State	Routing or FDIC No.
Name of Institution	City and State	Routing or FDIC No.
Name of Institution	City and State	Routing or FDIC No.

SCHEDULE 2

IMPORTANT TIMES AND DEADLINES IN CONNECTION WITH THE PLACEMENT OF YOUR FUNDS

This schedule contains important times and deadlines with respect to the placement of your funds. These times may change from time to time or on any particular Order Date or Order Allocation Date (which are currently the same business day), and we will inform you of any change in times, as applicable, before you submit your funds for placement. You may also obtain information about any changes to times set forth in paragraphs 2, 3 and 4 below or about any scheduling change resulting in the Order Allocation Date taking place on the business day immediately following an Order Date at www.CDARS.com/products.

1. Time and day by which your request to have your funds placed must be submitted: 2pm PT on Tuesdays.
2. Time and day by which we must submit your Order to Promontory: **1:00 p.m. ET** on the Order Date.
3. Time and day at or after which you may obtain the list of names of the Insured Institutions at which your funds are proposed to be placed: **3:00 p.m. ET** on the Order Allocation Date.
4. Time and day by which you must inform us of the name or names of any proposed Insured Institution at which you do not want to make a deposit: **4:00 p.m. ET** on the Order Allocation Date.
5. Time and day by which we must have your available funds on account: 2pm PT on Tuesdays.

Custodial Agreement

Mission COMMUNITY BANK

GENERAL AGREEMENT FOR CUSTODY OF CERTIFICATES OF DEPOSIT - FOR INDIVIDUAL(S), TRUSTS AND BUSINESS ENTITIES

To: [Depository Institution]
Mission Community Bank
____
____

Please hold in safekeeping, and act as custodian with respect to, all time deposits including, but not limited to, certificates of deposit (all such time deposits will be referred to herein as "CDs") issued pursuant to the CDARS® Deposit Placement Agreement between you and the undersigned for funds of the undersigned placed through the Certificate of Deposit Account Registry Service®. It is agreed between us as follows:

For purposes of Article 8 of the Uniform Commercial Code as adopted in CA_____, you will act as the undersigned's securities intermediary with respect to, and will treat as financial assets, any CDs you hold for the undersigned.

You are authorized to collect for account of the undersigned all interest and other payments of income or principal pertaining to the CDs unless they are payable directly to the undersigned; to surrender for payment maturing CDs and those called for redemption; to endorse on behalf of the undersigned for the above purposes all checks and other instruments requiring endorsement; to cause the CDs to be registered in your name or in the name of your nominee if you consider it desirable; to deliver or transfer the CDs to another account with you as the undersigned may from time to time instruct; to receive the CDs for account of the undersigned; to place orders for the purchase of the CDs, on the instructions of the undersigned and to pay for the same provided the undersigned has funds on deposit with you or arranges to make funds available in advance for such purpose; and to execute and deliver or file on behalf of the undersigned all appropriate receipts and releases and other instruments, including whatever certificates may be required from custodians or may be necessary to obtain exemption from taxes and to name the undersigned when required for the purpose of the instrument.

Instructions may be given orally or in writing. The following are authorized to give instructions on behalf of the undersigned (check all that apply).

___ The undersigned (individual or partnership).

___ Any of the following individuals. (List names and legal capacities.)

___ Any ____ of the following officers and their respective successors in office. (List names and their titles.)

The undersigned, or the undersigned's account, is one of the following:

___ Individual	___ Custody (including guardian, agent, nominee or conservator)
___ Joint __________	
___ Sole Proprietorship	___ Payable Upon Death Account
___ Partnership	___ Irrevocable Trust
___ Corporation	___ Other__________

You may comply with any writ of attachment, execution, garnishment, tax levy, restraining order, subpoena, warrant or other legal process that you believe (correctly or otherwise) to be valid. You may notify the undersigned of such process by telephone, electronically or in writing. If you are not fully reimbursed for your record research, photocopying and handling costs by the party that served the process, you may charge such costs to the undersigned's account, in addition to any minimum fee you charge for complying with legal processes.

You may honor any legal process that is served personally, by mail, or by facsimile transmission at any of your offices or an office of your agent (including locations other than where the funds, records or property sought is held), even if the law requires personal delivery at the office where the undersigned's account or records are maintained.

You shall have no liability to the undersigned for any action taken or omitted by you hereunder in good faith.

The undersigned agrees to indemnify you and your nominees against, and to hold you and them harmless from, all expenses (including counsel fees), liabilities and claims arising out of the holding, delivery or transfer of the CDs and compliance with any legal process that you believe (correctly or otherwise) to be valid. The undersigned agrees to pay any service charges imposed by you on this custodial account.

This agreement may be terminated at any time at the option of either party, provided, however, that any termination by you will not become effective until the end of the term of any CD in your safekeeping at the time you notify the undersigned of your intention to terminate this agreement.

DEPOSITOR(S)

Name of Depositor: ____________________

By: ____________________
Name:
Title:

Name of Depositor: ____________________

By: ____________________
Name:
Title:

Signed this __________ day of ________, 200___

DEPOSITORY INSTITUTION

Mission Community Bank
(Print name of institution)

By: ____________________
Name:
Title:

Acknowledged this __________ day of ________, 200___

[NOTE: If the depositor is a corporation, the following certificate should be signed by an appropriate officer of the depositor other than one signing the form of custodial agreement.]

I __________[name], __________[title of office] of the above named corporation signing the foregoing custodial agreement, hereby certify that: I am personally familiar with all instruments and records relating to the organization and operation of the corporation and the meetings and proceedings of its stockholders and all boards and committees entrusted with authority in the management of its affairs; by corporate action taken in conformity with such instruments and records and appearing from said records to be still in force, the foregoing custodial agreement was authorized to be signed and delivered on behalf of said corporation; and each of the persons signing on behalf of said corporation is the qualified holder of the office given opposite his/her signature and was authorized to sign the said custodial agreement in that capacity.

Signature: ____________________

One Stop CD Shop

*FDIC insurance up to $50,000,000**

In uncertain times, invest your money where you know it's safe and secure. And fully insured by the FDIC.

You don't have to juggle your certificates of deposit all over town for full FDIC insurance. Come to Mission Community Bank and:

- Select any CD term, from 4 weeks to 5 years.
- Earn one rate on your entire CD investment if you want — forget about multiple rate negotiations.
- Enjoy the convenience of one easy, consolidated CD statement.
- Your local deposits are put to work locally — through loans to individuals and businesses throughout the Central Coast.

How it works

Mission Community Bank is a member of CDARS®, the Certificate of Deposit Account Registry Service®. Your large deposit is divided into smaller amounts and placed with other FDIC insured banks which are also members of the CDARS network. Then, those member banks issue CDs in amounts under $100,000, so that your entire investment is eligible for FDIC insurance. By depositing with one bank — Mission Community Bank – you receive full FDIC insurance from many.

Call us for the best rates

Get the best CD rates and up to $50 million in FDIC insurance.
One bank. One rate. One statement. All at Mission Community Bank.
Call us or stop by today.

Mission
COMMUNITY BANK

Our Mission is Your Success

San Luis Obispo • 581 Higuera Street • 782-5000 Arroyo Grande • 154 West Branch Street • 994-9000
Business Banking Center • 3480 S. Higuera • 269-2000 Paso Robles • 1226 Park Street • 237-4200
www.MissionCommunityBank.com • Member FDIC

** Some CD terms have a $750,000 maximum weekly investment per customer. Available for personal, business and non-profit funds. Rates, terms and conditions subject to change without notice. Penalty for early withdrawal.*

FDIC
Federal Deposit Insurance Corporation
550 17th Street, NW, Washington, DC 20429

Legal Division

July 29, 2003

Mark T. Young, Esquire
Sievert, Young & Donahoe LLP
Suite 1650
15910 Ventura Boulevard
Encino, California 91436-2842

Dear Mr. Young:

This is in response to your request for an opinion on the FDIC deposit insurance coverage available for deposits purchased through a program sponsored by Promontory Interfinancial Network ("Network"). Entitled the "Certificate of Deposit Account Registry Service" ("CDARS"), the program is a deposit-placement service designed to allow FDIC-insured depository institutions to accept deposits of more than $100,000 and obtain full coverage for the depositor by spreading the funds among as many separate FDIC-insured institutions as necessary so that no institution holds more than $100,000 (principal plus interest) for each depositor. Your view is that FDIC insurance would apply to all deposits placed through the CDARS program, assuming the program is operated as indicated in the materials enclosed with your letter.

The applicable materials you provided to us are marked "02/03 Version." The "Participating Institution Agreement" defines a *Participating Institution* as an institution participating in the CDARS program and indicates that a *Participating institution* may act from time to time in one of three capacities: a *Relationship Institution* – an institution that submits its depositors' funds for placement though CDARS and acts as custodian with respect to its depositors' certificates of deposit ("CDs"); an *Issuing Institution* – an institution that issues CDs to depositors for funds placed with the *Participating Institution* through CDARS; and a *Surplus Institution* – an institution that on an order date is willing to accept time deposits in excess of the funds, if any, it has submitted for placement through CDARS on that order date.

"The CDARS Deposit Placement Agreement" provides the terms and conditions upon which the *Relationship Institution* will place a depositor's funds with other FDIC-insured institutions (*Issuing Institutions*) that have entered into similar contracts with the Network. The agreement states that the *Relationship Institution* will act as the depositor's agent in placing funds in CDs with the *Issuing Institutions*. It indicates that: the *Relationship Institution* will act as the depositor's custodian with respect to the CDs and has entered into an agreement with The Bank of New York ("BNY") to act as the *Relationship Institution's* sub-custodian with respect to the CDs for which the

Relationship Institution is acting as the depositor's custodian; each CD for which the *Relationship Institution* is acting as the depositor's custodian will be recorded on the *Issuing Institution's* records in the name of the sub-custodian, BNY; the CD will be recorded on BNY's records in the *Relationship Institution's* name; and the CD will be recorded on the *Relationship Institution's* records in the depositor's name.

The Participating Institution Agreement contains these relevant disclosure and recordkeeping provisions:

> *Section 9.01* *Recordkeeping for FDIC Purposes*
>
> *As custodian for your Depositors, you will maintain, in accordance with applicable published requirements of the FDIC, a record of (i) the name, address, taxpayer identification number, and amount of the account of each Depositor for which CDs have been issued through CDARS and (ii) any representative capacity in which the Depositor may be acting.*
>
> *Section 9.04* *Recordation of CDs*
>
> *Each CD that you issue will be established on your deposit account records in the name of "[Name of Sub-custodian], acting as agent for itself and others, each acting for itself and others," or in such other manner of recordation as may be approved from time to time by the FDIC to permit "pass-through" of deposit insurance to the beneficial owner of the CD.*

The agreement between BNY (the sub-custodian) and the *Participating Institutions* specifies that the sub-custodian will:

> *2. Record each CD as issued by you [the issuing institution] in the name of "BNY, as agent for itself and others, each acting for itself and others" (or such other manner of recordation as may be approved from time to time by the FDIC to permit "pass-through" of deposit insurance) . . . .* (Schedule A)

Discussion

Deposit insurance is provided under the Federal Deposit Insurance Act, as implemented by the FDIC's regulations, based on the rights and capacities in which deposits are held at FDIC-insured depository institutions. 12 U.S.C. §1821(a) and 12 CFR Part 330. For deposits held by an agent for its principals at FDIC-insured institutions, such as in the CDARS program, deposit insurance is said to "pass through" the holder of the account (the agent) to the owners of the funds (the principals). 12 CFR §330.7. The same logic applies where an agent is acting for multiple owners/principals and where there are multiple levels of agency relationships. The FDIC's deposit insurance regulations impose specific requirements for funds held in a fiduciary relationship. 12 CFR §330.5(b). Essentially, as long as the institution's deposit account records indicate that the funds are held in an agency capacity and the institution's records, the agent's records or an authorized third-party's records, maintained in good faith and in the ordinary course of business, designate the ownership interest of the principal(s) in the account, the FDIC will insure the funds on a pass-through basis as if each principal had placed his or her respective funds directly with the applicable depository institution.

For deposits held in multi-tiered fiduciary relationships, such as in the CDARS program, special rules apply. One way to satisfy the disclosure and recordkeeping requirements is for the deposit account records of an insured institution to indicate the existence of each and every level of the fiduciary relationships and disclose at each level the names and interest of the person (s) on whose behalf the party at that level is acting. Another way is to: expressly indicate on the deposit account records of the insured institution that there are multiple levels of fiduciary relationships; disclose the existence of additional levels of fiduciary relationships in records by parties at subsequent levels; and disclose at each of the levels the names and interests of the persons on whose behalf the party at that level is acting. 12 CFR §330.5(b)(3).

The CDARS program is a self-described deposit-placement service in which participating institutions act as agents for depositors in placing funds at other participating institutions. As specified in the above-quoted provisions of the applicable CDARS documents: (1) the *Issuing Institutions'* records will indicate that the deposits are being held by BNY "acting as agent for itself and others, each acting for itself and others"; (2) BNY's records will record each CD held by BNY as sub-custodian for the *Relationship Institution* as custodian for its depositors; and (3) the *Relationship Institution's* records (and/or an authorized third party's records) will contain the name, address and other identifying information of each depositor for which CDs are purchased through CDARS. This methodology conforms to the disclosure and recordkeeping requirements in section 330.5(b) of the FDIC's regulations. As such, the FDIC's requirements for agency pass-through deposit insurance coverage would be satisfied and, thus, the FDIC would regard each depositor/principal to be the insured party per participating institution for deposit insurance purposes.

As explained in the CDARS materials, please note that if the same depositor/principal also has an ownership interest in other deposits at the same *Issuing Institution*, those deposits would be added to his or her ownership interests in deposits (held in the same ownership capacity) placed through the CDARS system and insured in the aggregate to a limited of $100,000.

In summary, based on the CDARS information in the materials enclosed with your letter, we agree that deposits placed through the CDARS system would be insured on a pass-through basis under the FDIC's rules on the insurance coverage of agency or custodial accounts. For this coverage to be available, the recordkeeping and other applicable procedures specified in the materials would have to be followed. These views are based on the information contained in the version of the CDARS materials enclosed with your letter. Revisions to those documents on deposit ownership and recordkeeping may affect the deposit insurance coverage results. Also, this opinion addresses only the deposit insurance implications of the CDARS program. It is not intended to address any other legal or policy issues.

I hope this is fully responsive to your inquiry. Feel free to call me 202-898-7349 with any additional questions or comments.

Sincerely yours,,

Joseph A. DiNuzzo
Counsel

CDARS®

Early Withdrawal Penalties

If you withdraw a CD before the maturity date, the penalty as shown below will be imposed on you by the Issuing Institution. An early withdrawal penalty may invade principal. No penalty will be charged for early withdrawal of a CD upon the death of an individual who is the sole account holder of the CD. This penalty waiver applies to an individual who is the named account holder, as well as an individual who is the sole current mandatory or discretionary beneficiary of a trust, including the sole current beneficiary of a unitrust or annuity trust.

Early withdrawal of a CD may be made only in whole, not in part.

CD Term	Early Withdrawal Penalty (in days of simple interest)
4-week	28 days
13-week	90 days
26-week	90 days
52-week	180 days
2-year (104-week)	360 days
3-year (156-week)	540 days
5-year (260-week)	900 days

Any changes to early withdrawal penalties will be posted on www.CDARS.com/products and would be effective only with respect to CDs issued after the date the new penalties are posted.

 11/06

CDARS®

Smart Bankers & Smart Investors

The Security of Multi-million Dollar FDIC Insurance

With CDARS, public fund investors can enjoy:

One Bank

Customers sign one agreement and can receive multi-million dollar FDIC insurance by working directly with just you – the bank they know and trust. They do not have to manage multiple bank relationships, use private surety bonds, or track changing collateral values to enjoy peace of mind.

One Rate

Customers negotiate one interest rate with your bank for each maturity. They do not have to enter into multiple rate negotiations, manually consolidate interest disbursements, or calculate blended rates.

One Statement

Customers receive one easy-to-read statement from your bank summarizing all of their CD holdings. This saves them from having to manually consolidate account statements on a recurring basis.

CDARS for public funds in California

On September 25, 2006, the California governor signed into law a bill that enables local governments to take advantage of the CDARS® service for investing public funds. This means that your bank can now offer public fund investors access to multi-million dollar FDIC insurance for their CD investments. In doing so, you can help public fund managers to avoid the hassles associated with managing multiple bank relationships, using private surety bonds, or tracking collateral. This encourages them to consolidate their investments with you and you can release bank collateral for more profitable activities.

Public fund managers like CDARS because they can access added safety while enjoying many time-saving conveniences.

How does CDARS work?

Banks that offer CDARS are members of a special Network. When an investor makes a large deposit with a Network Member, that bank uses the CDARS service to place those funds into CDs issued by other members of the Network. This occurs in increments of less than $100,000 to ensure that both principal and interest are eligible for full FDIC protection. Other Network Members do the same thing with their customers' funds. With help from a sophisticated matching system, banks exchange funds with other members of the Network. These exchanges, which occur on a dollar-for-dollar basis, bring the full amount of customer deposits back to each originating bank. As a result, you can make the full amount of the public unit's deposit available for community lending purposes (money stays local!) and your public unit clients can access FDIC insurance coverage from many banks while working with just you.

Want to learn more?

We are happy to discuss CDARS further with you. Please contact one of our representatives:

Regional Director
- Reg Truman, 866.776.6426 ext. 3448 or rtruman@promnetwork.com

Business Development Advisors
- Chris Spilsbury, 866.776.6426 ext. 3442 or cspilsbury@promnetwork.com
- Max Damm, 866.776.6426 ext. 3361 or mdamm@promnetwork.com

This law will take effect on January 1, 2007.

Promontory Interfinancial Network, LLC

1515 N. Courthouse Road, Suite 800 • Arlington, VA 22201
(866) 776-6426 • www.promnetwork.com

Using CDARS for Public Funds

In the State of California

Assembly Bill No. 2011

CHAPTER 459

[EXCERPT]

An act to add Sections 53601.8 and 53635.8 to the Government Code, relating to local agency investments.

[Approved by Governor September 25, 2006. Filed with Secretary of State September 25, 2006.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2011, Vargas. Local agency investments.

Existing law prescribes the instruments in, and criteria by, which local agencies, as defined, may invest surplus funds.

This bill would authorize, until January 1, 2012, the investment of up to 30% of those funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit under specified conditions.

The people of the State of California do enact as follows:

SECTION 1. Section 53601.8 is added to the Government Code, to read:

53601.8. Notwithstanding Section 53601 or any other provision of this code, **a local agency,** at its discretion, **may invest a portion of its surplus funds in certificates of deposit at a commercial bank, savings bank, savings and loan association,** or credit union **that uses a private sector entity that assists in the placement of certificates of deposit,** provided that the purchases of certificates of deposit pursuant to this section, Section 53635.8, and subdivision (h) of Section 53601 do not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose. **The following conditions shall apply:**

(a) **The local agency shall choose a nationally or state chartered commercial bank**, savings bank, savings and loan association, or credit union **in this state to invest the funds,** which shall be known as the "selected" depository institution.

(b) The selected depository institution may submit the funds to a private sector entity that assists in the placement of certificates of deposit with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States, for the local agency's account.

(c) The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(d) The selected depository institution shall serve as a custodian for each certificate of deposit that is issued with the placement service for the local agency's account.

(e) At the same time the local agency's funds are deposited and the certificates of deposit are issued, **the selected depository institution shall receive an amount of deposits from other commercial banks, savings banks, savings and loan associations, or credit unions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited** through the selected depository institution for investment.

(f) A local agency may not invest surplus funds with a selected depository institution for placement as certificates of deposit pursuant to this section on or after January 1, 2012. A local agency's surplus funds, invested pursuant to this section before January 1, 2012, may remain invested in certificates of deposit issued through a private sector entity for the full term of each certificate of deposit.

This law will take effect on January 1, 2007.

CDARS satisfies the FDIC's requirements for pass-through deposit insurance coverage. Public fund deposits must be placed through a Reciprocal transaction to ensure that the total dollar amount is maintained by the financial institution that offers CDARS.

If a depositor is subject to restrictions with respect to the placement of funds in depository institutions, it is the responsibility of the depositor to determine whether the placement of the depositor's funds through CDARS or a particular CDARS transaction satisfies those restrictions.

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Security Without Collateralization

By Mark Jacobsen

How a banking innovation is simplifying the process of safeguarding public deposits.

Originally Published in Government Finance Review, a publication of the Government Finance Officers Association.

For more information about CDARS, visit www.cdars.com or contact your local banker to find out if CDARS is available at that bank.

Promontory Interfinancial Network, LLC

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Government finance officers tasked with managing millions of dollars in cash reserves must constantly balance the necessity of preserving principal with the desirability of attaining the best possible investment returns. One common investment instrument for state and local governments is bank certificates of deposit, which generally pay interest above that of U.S. Treasury securities. In practice, however, investing in CDs generally requires collateralization – a costly, difficult, and time-consuming process. More than $55 billion in CDs is now held and collateralized by banks for public funds depositors.

Almost all states have enacted statutes requiring that public deposits in excess of the Federal Deposit Insurance Corporation's $100,000 limit be secured by pledged collateral securities from depository institutions. Pledging requirements can make new deposits from municipal customers unappealing for banks – to the point that they do not bid on available public funds deposits. When a bank must quickly purchase assets to collateralize a large public deposit, it must buy Treasury bills or bonds at current rates whether or not those rates are attractive. This can result in lower rates of return for public depositors. Furthermore, governments and their depositories must mark to market the pledged assets (mark-to-market is a periodic adjustment of the book value of a security to reflect its market value).

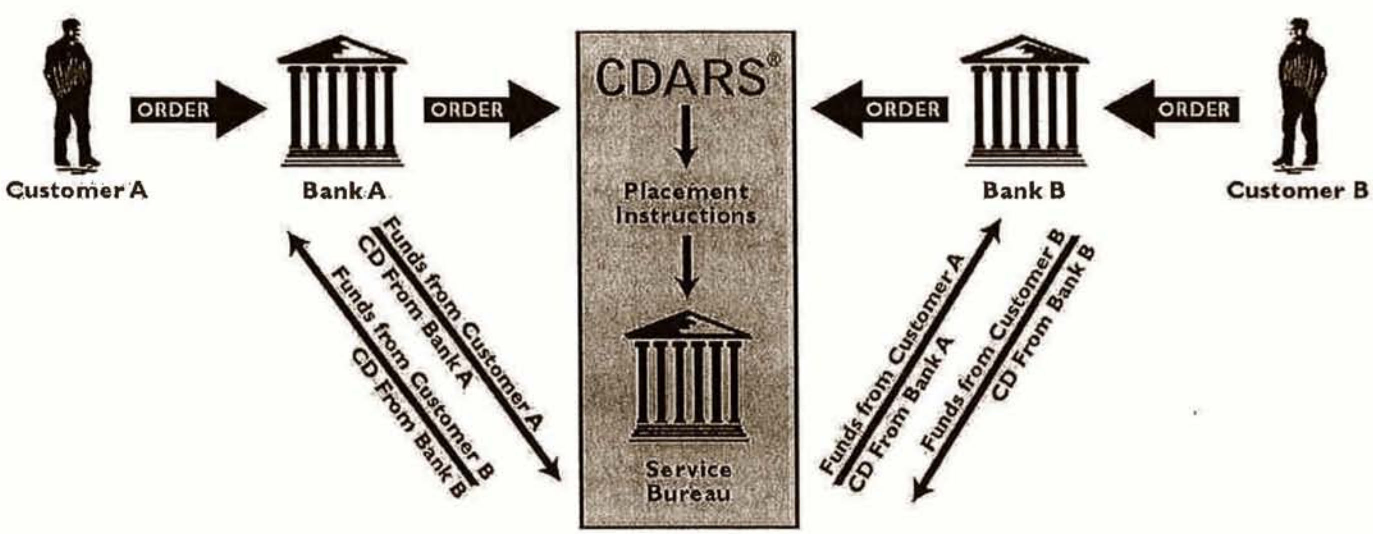
The FDIC provides an easy, effective way to protect public deposits that is permissible by even the most conservative of investment policies. In most states, FDIC-insured deposits do not require collateralization. The drawback of FDIC insurance is that it is limited to $100,000 per depositor, per institution. (Since Congress raised the FDIC coverage level to $100,000 from $40,000 in 1980, the purchasing power of $100,000 has eroded by more than half.) Many governments prefer to spread their deposits among dozens of banks rather than deal with the inconveniences of monitoring and managing collateral.

Governments now have a means of protecting deposits in excess of the $100,000 FDIC limit without collateralizing those deposits or using a portfolio of depositories. Through a relatively new service called the Certificate of Deposit Account Registry Service, or CDARS, banks can offer their customers up to $5 million in federal deposit insurance coverage on deposits placed through one bank. For the customer, CDARS offers the safety of FDIC insurance with the convenience of one rate, one regular statement, and one banking relationship. This article examines why the CDARS service was created, how it works, and how it has fared to date.

THE CDARS MODEL

The idea for CDARS came from the experiences of three bank regulators who observed large public deposits being channeled out of local community banks and into the money markets during the 1990s. The explosion of bank mergers and acquisitions made for an even more competitive landscape. The trio concluded that community banks needed a competitive edge – a way to offer the benefits of a big bank with the service of a smaller institution. They found a way to allow smaller banks to continue to compete for deposits while providing customers the added protection of FDIC insurance.

Exhibit 1: How CDARS Works



Offered through Promontory Interfinancial Network, CDARS is a unique solution for governments. Members of the CDARS network of banks can provide up to $5 million (this threshold is expected to increase in the near future) in federal deposit insurance coverage to any single customer. By allocating a customer's deposit (in the form of CDs) among several network banks, all funds are eligible to be insured by the full faith and backing of the federal government. This is possible because deposits placed through CDARS meet the pass-through insurance coverage guidelines established by the FDIC. Customers do not pay to use the CDARS service; the rate for CDs placed through CDARS is negotiated like any other CD.

Because statutory requirements for the investment of public funds vary from state to state, governments must make sure that CDARS qualifies as an appropriate investment tool. Some governments may need to update their own investment policies to permit the use of this new service.

Banks interested in offering CDARS to their customers must become members of Promontory Interfinancial Network. Upon joining, a one-time implementation fee is required to cover the cost of training and materials. Banks also pay a transaction fee of a few cents per $100 placed through CDARS.

Joining the CDARS network is a simple process. After reviewing and signing the necessary legal agreements, banks participate in a test transaction to make sure everything runs smoothly. Assuming this is the case, they can then begin placing orders through CDARS. Promontory provides CDARS operations, sales, and marketing training to new members.

To understand how CDARS works, imagine that a city government needs to invest $1 million. The city uses a competitive bidding process to obtain rates from several local banks. Because the winning bidder is a member of the CDARS network, the city is able to deposit the entire amount with full FDIC insurance coverage through that bank. The bank does not have to pledge assets to secure the deposit; instead, the money is divided into amounts less than $100,000 and placed in CDs issued by other network members through the CDARS system. The city receives regular consolidated interest payments and statements from the bank showing the account activity for each CD held in its name.

The bank receives funds from other network members' customers totaling the amount deposited by the city. The 550-plus banks that comprise the CDARS network exchange deposits on a dollar-for-dollar basis. In other words, the amount of money a bank places using the CDARS service returns to that bank in the form of customer money from other network member banks. These reciprocal deposits among banks usually qualify funds placed using CDARS as "local," a requirement of many government investment policies. At the end of the day, the bank has $1 million on its books that can be used for community lending purposes. Exhibit 1 is a graphical illustration of how CDARS works.

CONVENIENCE AND YIELD

Because CD deposits placed using CDARS are eligible for full FDIC insurance coverage, government entities investing through CDARS are not required to track collateralized assets. They do not have to constantly mark to market the prices of Treasury bills and other pledged assets, which makes investing easier and less time-consuming. For government cash managers, this means not having to deal with multiple banks, multiple rate renegotiations, and collateral monitoring. Monitoring a CDARS account is easy. Customers receive a single statement listing all the banks in which their money has been placed through CDARS, as well as the interest earnings and maturity dates of each CD. Exhibit 2 is an example of a CDARS account statement.

Exhibit 2: CDARS Account Statement

ACCOUNT OVERVIEW

Account ID:	1000099999
Product Name:	52-Week Personal CD
Interest Rate:	2.35%
Account Balance:	$106290.94
Effective Date:	01/22/04
Maturity Date:	01/20/05
YTD Interest Paid:	$0.00
YTD Interest Accrued:	$267.21

The Annual Percentage Yield Earned is 2.377%.

A summary of your account activity is provided below. If any of the following information is incorrect, or if you have any questions, please contact us at 888-888-8888, or send an email to banker@abcbank.com.

CD Issued by Bank A

YTD Interest Paid:	$0.00
YTD Interest Accrued:	$238.83
01/31/04 OPENING BALANCE	$95,000.00
02/27/04 ENDING BALANCE	$95,000.00

CD Issued by Bank B

YTD Interest Paid:	$0.00
YTD Interest Accrued:	$28.38
01/31/04 OPENING BALANCE	$11,290.94
02/27/04 ENDING BALANCE	$11,290.94

Thank you for banking with ABC Bank

To eliminate the risk of placing more than $100,000 in any single bank, leaving any deposits in excess of that amount uninsured, customers must indicate any network member banks with which they have accounts when they open a CDARS account.

Because CDARS network banks do not have to pledge assets for public deposits covered by FDIC insurance, their rates are often higher than non-CDARS banks. Each individual bank offering the CDARS service sets its own rates of return. This allows the banks to remain competitive in their local markets, and it makes the process easier on customers.

All CDs placed through CDARS for a given customer carry the rate set by the bank in which the funds are deposited. The rate is negotiated when the account is first opened and again upon maturity if the customer chooses to reinvest. Network member banks make and receive payments to and from each other to account for the differences in rates offered to individual customers. Known as rate bridge payments, these payments do not change the terms agreed upon by customers for their CDs.

To illustrate how rate bridge payments are made, consider a hypothetical example. Assume that Bank A and Bank B each has a customer that places $180,000 in 52-week CDs using CDARS. The $180,000 deposit from each customer is broken into two chunks of $90,000 to be swapped using the CDARS system. Each bank keeps $90,000 in a CD for its customer and issues a $90,000 CD to the other bank's customer.

Bank A offered its customer a rate of 2 percent, while Bank B offered its customer a rate of 1.5 percent. The rate difference between the two banks is .5 percent or 50 basis points. Bank B must pay 2 percent to Bank A's customer. Bank A makes a rate bridge payment to Bank B to compensate for the .5 percent difference between the two rates at present value. The two customers, meanwhile, receive interest payments based on the rates promised by their respective banks.

CDARS AND THE PUBLIC SECTOR

Network member banks immediately saw their government customers as a good fit for CDARS. Local banks, like local governments, work for the good of the communities they serve. These banks have a strong sense of loyalty and often enjoy a long-standing, mutually beneficial relationship with their local government. As such, it made sense for these banks to search for a way to reduce the collateral management burdens of their government customers while preserving their ability to compete for large public deposits that could be put to work locally.

When CDARS was first offered, it was expected that individuals, mainly retirees, would be the primary customer base for the service. However, it quickly became clear that governments and nonprofit organizations had as much to gain from CDARS. These organizations operate under similar policies for investing idle funds—policies that emphasize safety over yield.

CDARS was first offered a year and a half ago. More than 550 banks now offer CDARS to their customers. About five to 10 new banks begin offering CDARS every week, some of which are pressed to join in order to satisfy a customer requesting the service. The ranks of organizations now benefiting from CDARS include many government entities, two of which are profiled here.

Grafton County, New Hampshire. FDIC insurance was the main selling point for Grafton County's treasurer when she first heard about CDARS. CDARS offered her the opportunity to fully insure county funds using FDIC insurance—without the burden of monitoring pledged collateral. Even for Grafton County, a small county with property tax revenues of just $12 million, time-consuming activities such as the regular tracking and marking to market of collateral need to be minimized. Through a local bank, CDARS was able to meet the county's need to place $1 million in CDs. Because the bank did not have to collateralize the deposit, it was able to offer the highest rate and win the bidding process. The county deposited the entire amount with the winning bank, which then divided the deposit into smaller amounts that were placed with other network banks. Upon maturity of the CDs, the county reinvested the funds by completing a simple form.

Ponca City School District, Oklahoma. Before CDARS, Ponca City School District collateralized all of its deposits at a local bank with traditionally pledged assets such as Treasuries and bonds. Not long after a representative of the bank contacted the district about CDARS, the School Board approved the use of the service and the funds were moved into a CDARS account. The district invested mainly in four-, 13-, and 26-week maturities to keep its funds relatively liquid. Since then, the funds have been reinvested multiple times.

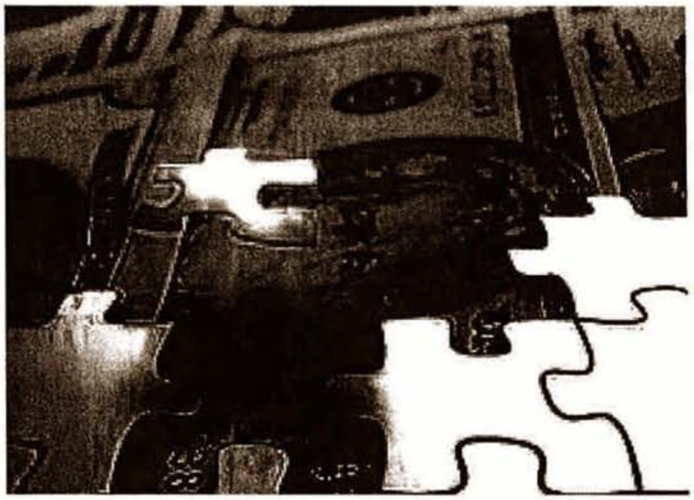
CONCLUSION

The safety of public deposits has always been a major concern of government finance officers. When hundreds of depository institutions failed in the late 1980s and early 1990s, finance officers became even more attuned to the need for deposit protection above and beyond the $100,000 FDIC limit. While collateralization of deposits has proven to be a generally effective protection against bank failures, it also imposes a significant administrative burden on public depositors. By expanding access to one of the most trusted ways of keeping money safe—federal deposit insurance—CDARS offers public depositors a viable and more convenient alternative to collateralization. ∎

MARK JACOBSEN is president and chief operating officer of Promontory Interfinancial Network, which he co-founded with Eugene Ludwig and Alan Blinder. Prior to this role, he served as chief of staff for both the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency. He was also an executive at Bankers Trust Co. in New York City. Mr. Jacobsen completed his undergraduate studies at Wheaton College in Illinois and earned a law degree from Harvard University. For additional information about CDARS, visit www.cdars.com or call 866-776-6426.

Oregon Calling on CDARS

by Sue Cutsogeorge, Financial Analysis Manager, City of Eugene



When I reviewed the 2005 legislative session bills involving cash and investments, I was excited to learn that a bill authorizing the CDARS program (Certificate of Deposit Account Registry Service) was being sponsored by the State Treasurer. GFOA had published an article about this program in *Government Finance Review* in October 2004 and the article had piqued my interest. This service held out the promise of making my life as a government financial manager easier and providing additional safety for our public funds. Fortunately, House Bill 2034 was passed and became ORS 295.027, effective January 1, 2006.

In short, CDARS is a program that removes the need for collateral by providing full FDIC insurance for certificate of deposits — currently up to $25 million — through the CDARS placement system. The main appeal of this program is that it is much safer than the collateral system provided for under Oregon statutes. In addition, the paperwork is easier because it does not require tracking and maintenance of collateral certificates to cover the deposits.

When a government places a CD with a local bank, that bank can participate in the CDARS program and, through a sophisticated matching system, the local bank can place the funds into CDs issued by banks around the country. Funds are placed in denominations of less than $100,000 per bank in the CDARS network so that the deposits are fully FDIC insured. The local bank exchanges deposits with other banks on an equal dollar basis, so that the local bank retains the ability to use the deposit for local lending purposes. At the time of writing this article, 19 Oregon banks were participating in the program, with new banks signing up all the time.

As the Treasury Officer for the City of Eugene, I was anxious to give the program a try. After successfully placing three deposits using the CDARS system, I am happy to report that the system has worked well for the City of Eugene. When we first started down the road to implementing a CDARS program, however, we had a relatively short learning curve in adapting to this new service. By describing Eugene's experience, I hope to help other Oregon municipalities enjoy an even smoother experience implementing their own CDARS program.

There were three areas where we learned through experience how to navigate some of the issues that came up with using this program for the first time: timeline, short-term collateral, and interim interest payments. I've described each of these areas and our recommendations below.

Timeline:

To prepare for our first foray into the CDARS world, we met with representatives from a local bank and from the CDARS program. Eugene uses a competitive bid process to procure our CDs, and we wanted to ensure that our bid timeline would integrate with the CDARS timeline. We stepped through the events we believed that needed to occur from bid to deposit and mapped it all out.

To make the process run more smoothly, we pre-qualified the institutions that would be allowed to bid on our CDs and decided to only accept bids from banking institutions participating in the CDARS program. All local banks with branches in Eugene were invited to indicate whether they would be interested in bidding. Banks were asked to send a CDARS Deposit Placement Agreement for the City to sign ahead of any bid date. This streamlined the process by eliminating one step between the bid and placement of the deposit.

Once all the agreements were in place, we sent out our first bid document, requesting bids by Tuesday

continued on next page

continued from page 12

morning. Of the five banks that were pre-qualified, we received four bids. Immediately, however, we ran into an issue we needed to address. The winning bank's internal deadline for placing CDARS orders was earlier than we had anticipated in our carefully crafted timeline. The bank was willing to work with us, however, and we agreed to place the CD the following week, using the same terms they indicated in their bid document. Our solution to this timeline issue has been to move up our CD bid process to Monday morning. This allows the winning bank time to meet their internal deadlines for submitting CDARS orders.

Short-Term Collateral:

Our next issue with placing a CDARS deposit was around short-term collateral requirements. Under the CDARS timeline, the funds would be transferred from our bank through the CDARS system on Thursday morning. Our local bank wanted to have funds in hand by Tuesday morning when they placed the CDARS order. They were concerned about the risk of a failed settlement, or that the City would fail to wire the money to the bank in time for the bank to wire the funds to CDARS.

While the bank was worried about settlement risk, I was very concerned about the period of time between when we wired funds to our local bank, and when the bank wired funds to CDARS. As you know, ORS 295.025(3) states that a public official will not be personally liable for the loss of public funds as long as they comply with collateral requirements. Only one other Oregon municipality had used the CDARS program at that time, and they had run into the same issue. We both came to the conclusion that to be on the extra safe side, we should require the bank to issue a collateral certificate to cover those two days prior to transmitting the funds to the CDARS system.

Once our first deposit was successfully placed, however, I asked our City Attorney for an opinion on whether we needed to require collateral for the two day time period. Our City Attorney looked carefully at the issue and advised us that Oregon statutes did not require us to obtain collateral for that interim period. They did point out, however, that the City would have some risk from depositing uncollateralized, uninsured funds in a bank for two days. After a discussion with the Finance Director, we decided that this was a very small risk, and one that the City was willing to take under the circumstances. If other municipalities are concerned about this issue, I would recommend consulting with your City Attorney.

Interim Interest Payment:

The last remaining issue was the interest on the City's funds for those pesky two days. The City requested that banks pay interest on those interim two days between the CDARS order and placement in the CDARS system. We've had banks offer up different approaches to deal with this small interest payment. One bank offered to roll the interest for those two days into the CDARS deposit. Another bank sent us a check for those two days of interest immediately after the funds were earned. For our third try at a CDARS placement, we wired funds to the winning bank net of the interest that would be earned for those two days. This last solution seems to work well for both us and the bank.

If you use CDs as a way to earn interest on your surplus funds, I definitely recommend that you look into the CDARS program. It's safer than the existing collateral system and it results in less paperwork to fill out and track on a regular basis. Based on our experience, the learning curve is short, and once you are at the top of it you will find that it is an investment of time well spent.

Sue Cutsogeorge is the Financial Analysis Manager for the City of Eugene, and is in charge of the City's investments and banking relationships. She can be reached at 541-682-5589 or by email at Sue.L.Cutsogeorge@ci.eugene.or.us.

For more information on the CDARS program, be sure to check in with Chris Spilsbury, the Business Development Advisor for the CDARS program, who will attend the Northwest Government Finance Institute in October. You can also go to their web site at www.cdars.com. ❐