

CDARS: The Smart, Easy Way to Manage Public Funds

With CDARS, you get:

One Bank

Get multi-million-dollar FDIC insurance by working directly with just one bank – any local bank that offers CDARS – and avoid the burden of tracking changing collateral values.

One Rate

Negotiate one rate for each CD maturity and enjoy the option of reinvesting them through a simple process.

One Statement

Receive one easy-to-read statement summarizing all your CD holdings.

Now, through the CDARS® service, you can access multi-million-dollar FDIC coverage on CD investments made through a single bank. This means that you can enjoy peace of mind knowing your funds are secure while avoiding the hassles associated with tracking collateral, requiring surety bonds, or working with multiple banks – and you can strengthen the community in the process.

How does CDARS work?

Banks that offer CDARS are members of a special network. When a public fund depositor places a large deposit with a network member, that bank uses the CDARS service to place your funds into CDs issued by other members of the network. This occurs in increments of less than the standard FDIC insurance maximum 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 your original deposit back to each originating bank. As a result, member banks can make the full amount of your deposit available for community lending purposes (your money stays local!) and your public unit can access FDIC coverage from many banks while working with just one.

What else should I know?

The CDARS benefits of *One Bank*, *One Rate*, and *One Statement*SM help to reduce your administrative burden, especially during tax and financial reporting seasons. Also, your organization's confidential information remains protected.

The CDARS program is something every county, city, and town should investigate. With CDARS, our deposits are eligible for multi-million-dollar FDIC insurance, so we don't have to track those constantly changing collateral values, and they earn a decent rate. This is a good deal for the county and its constituents; our investment dollars work harder while being backed by the 'full faith and credit' of the Federal government and our time is freed up to work on other important matters.

– Bonita Stadler, Treasurer – Payne County, OK

Want to learn more?

Please contact one of your representatives:

Regional Director

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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. Public fund deposits must be placed through a CDARS ReciprocalSM transaction to ensure that the total dollar amount is maintained by the financial institution that offers CDARS. Funds may be submitted for placement only after a depositor has signed a CDARS Deposit Placement Agreement with a member bank. CDARS is a registered service mark of Promontory Interfinancial Network, LLC.



Using CDARS[®] for Public Funds In the Commonwealth of Virginia

CHAPTER 103

An act to amend the Code of Virginia by adding in Chapter 45 of Title 2.2 a section numbered 2.2-4518, relating to the Investment of Public Funds Act; Certificate of Deposit Account Registry Service. [S 399]

Approved March 2, 2008

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 45 of Title 2.2 a section numbered 2.2-4518 as follows:

2.2-4518. Investment of funds in certificates of deposit.

A. Notwithstanding any provision of law to the contrary, the Commonwealth and all public officers, municipal corporations, other political subdivisions, and all other public bodies of the Commonwealth, each referred to in this section as a "public entity," may invest any or all of the moneys belonging to them or within their control in accordance with the following conditions:

1. The moneys are initially invested through any federally insured bank or savings institution selected by the public entity that is qualified by the Virginia Treasury Board to accept public deposits;
2. The selected bank or savings institution arranges for the deposit of the moneys in certificates of deposit in one or more federally insured banks or savings institutions wherever located, for the account of the public entity;
3. The full amount of principal and any accrued interest of each such certificate of deposit are covered by federal deposit insurance;
4. The selected bank or savings institution acts as custodian for the public entity with respect to such certificates of deposit issued for the public entity's account; and
5. At the same time that the public entity's moneys are deposited and the certificates of deposit are issued, the selected bank or savings institution receives an amount of deposits from customers of other financial institutions wherever located equal to or greater than the amount of moneys invested by the public entity through the selected bank or savings institution.

B. Moneys arranged to be invested by the selected bank or savings institution in certificates of deposit in one or more federally insured banks or savings institutions wherever located, for the account of the public entity in accordance with the conditions prescribed in subsection shall not be subject to the provisions of Chapter 44 (2.2-4400 et seq.), 2.2-4515, or any security or collateral requirements that may otherwise be applicable to the investment or deposit of public moneys by government investors.

CDARS satisfies the FDIC's requirements for agency pass-through deposit insurance coverage.

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. Public fund deposits must be placed through a CDARS ReciprocalSM transaction to ensure that the total dollar amount is maintained by the financial institution that offers CDARS.

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