



TOWN INVESTMENT THROUGH THE CDARS SERVICE

The Town Council and management have a fiduciary duty to protect and keep secure all Town funds. Several years ago, the Town Council decided to invest Realty Transfer Taxes (RTT) and surplus funds through the CDARS service. The CDARS service offers public institutions the ability to earn interest and access multi-million-dollar FDIC coverage on CD investments through a network of FDIC-insured banks. Banks have the ability to set their CD rates and terms based on their depository needs.

The Town of Fenwick Island invests in CDs placed using the CDARS service through the Bank of Ocean City in order to access FDIC insurance coverage on all Town funds. Very few local financial institutions offer the CDARS service. The Bank of Ocean City is one of the closest financial institutions to the Town of Fenwick Island with competitive CD rates and terms. The standard FDIC insurance maximum is \$250,000 per insured capacity, per bank. By placing its funds through the CDARS service, the Town of Fenwick Island is able to access FDIC insurance coverage on CDs in excess of \$250,000 by working directly with one bank. The Town of Fenwick Island pays no annual fees, subscription fees, or transaction fees for using the CDARS service. When the Town of Fenwick Island places its large-dollar deposit with a bank that is a member of the CDARS Network, its deposit is divided into amounts less than \$250,000 and placed with other CDARS Network member banks – each an FDIC insured institution. Then those member institutions issue CDs in amounts under \$250,000 so that its deposit is insured at each member bank. Maturities range from 4 weeks to 5 years.

In FY 2015, the total interest accrued in the CDARS service is listed below:

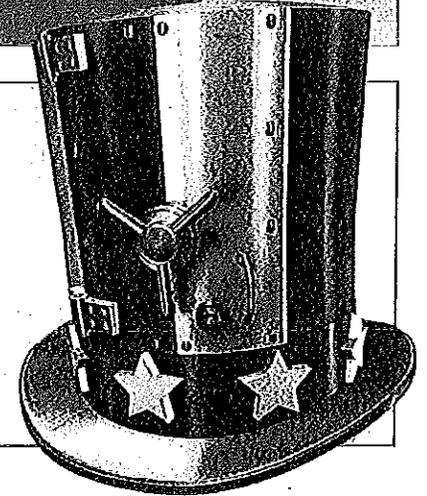
Total interest accrued CDARS service \$11,450.00

For more information on CDARS, go to www.CDARS.com.

Fenwickisland.org



Promontory
Interfinancial Network, LLC



CDARS®: The Smart, Easy Way to Manage Public Funds

Through the CDARS service, you can earn interest and access multi-million-dollar FDIC coverage on CD investments through a single relationship. So you can enjoy peace of mind knowing your funds are secure, while avoiding the hassles associated with tracking collateral on an ongoing basis or working directly with multiple banks – and you can strengthen the community in the process.

One Bank

Access 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 on an ongoing basis.

One Rate

Historically, rates have compared favorably to those of U.S. Treasuries. Negotiate one rate for each CD maturity and enjoy the option of reinvesting through a simple process.

One Statement

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

How does CDARS work?

Banks that offer CDARS are members of a special network – the CDARS Network. When you place a large amount with a Network member, that institution uses CDARS to place those funds into CDs issued by banks that are members of the Network. This occurs in increments below the standard FDIC insurance maximum – so that both principal and interest are eligible for FDIC protection. With help from a sophisticated matching system, deposits are exchanged with other Network members on a dollar-for-dollar basis, bringing the full amount of the original deposit back to the originating bank. As a result, your organization can access FDIC insurance coverage through many banks while working directly with just one.*

By providing access to FDIC insurance, CDARS can help your public unit comply with investment policy mandates. And, with access to FDIC insurance, you can reduce collateralization requirements, including tracking changing collateral values on an ongoing basis. This means you can devote more time to other activities in support of your public unit's mission.

What else should you know?

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

Want to learn more?

Please contact one of our representatives:

Regional Director:

Erich Buckenmaier (866) 776-6426, ext. 3354 or ebuckenmaier@promnetwork.com

Business Development Advisors:

Dan Elder, (866) 776-6426, ext. 3373 or delder@promnetwork.com
Michael O'Brien, (866) 776-6426, ext. 3431 or mobrien@promnetwork.com

Last fall, I had the opportunity as Finance Director for the City of St. Clairsville to invest in CDARS. I took it because I wanted to get a good, safe investment for the city and to make my life easier – and as OAPT President [Ohio Association of Public Treasurers], I also wanted to role model how CDARS can benefit other members in the same ways.

Jill Lucidi, Finance Director
City of St. Clairsville, OH

* When deposited funds are exchanged on a dollar-for-dollar basis with other banks in the Network, the full amount of the deposit placed through CDARS can be used for local lending, satisfying some depositors' local investment goals or mandates. Alternatively, with a depositor's consent, a Network member may choose to receive fee income instead of deposits from other banks. Under these circumstances, deposited funds would not be available for local lending.

CDARS satisfies the FDIC's requirements for agency pass-through deposit insurance coverage. Limits apply. Funds may be submitted for placement only after a depositor enters into a CDARS Deposit Placement Agreement with a CDARS participating institution. The agreement contains important information and conditions regarding the placement of funds. 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. CDARS and One Bank, One Rate, One Statement are registered service marks of Promontory Interfinancial Network, LLC.

Using CDARS® for Public Funds In the State of Delaware

DELAWARE CODE ANNOTATED
TITLE 29. STATE GOVERNMENT
CHAPTER 27. STATE TREASURER

§ 2716. Cash Management Policy Board.

(a) Establishment; purposes. -- There is hereby established the Cash Management Policy Board (the "Board"). The Board's purposes shall be to establish policies for the investment of all money belonging to the State or on deposit from its political subdivisions, * * * In carrying out its purpose to determine the terms, conditions and other matters relating to the investment of money belonging to the State or its political subdivisions, unless the Board shall find it not in the State's best interest, the Board shall:

- (1) Require as a condition to any deposit of such funds in any state or national bank or savings and loan institution that such deposits be continuously and fully secured by direct general obligations of or obligations the payment of the principal and interest on which are unconditionally guaranteed by the United States of America or other suitable obligations as determined by the Board;

STATE OF DELAWARE
Office of Management and Budget
BUDGET AND ACCOUNTING POLICY

9.1 Cash Management Policy Board

The Board has determined that:

- Deposits of state money must be continuously and fully secured by direct general obligations of or obligations the payment of the principal and interest on which are unconditionally guaranteed by the United States of America or other suitable obligations;