



Chandler - Arizona
Where Values Make The Difference

**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

26

2. Council Meeting Date:

December 11, 2014

TO: **MAYOR & COUNCIL**

3. Date Prepared: December 1, 2014

THROUGH: **CITY MANAGER**

4. Requesting Department: Management Services

5. **SUBJECT:** Agreement No. MS5-946-3488 with Western Alliance Bank, dba Alliance Bank of Arizona for Certificate of Deposit Account Registry Services (CDARS).

6. **RECOMMENDATION:** Staff recommends City Council approve Agreement No. MS5-946-3488 with Western Alliance Bank, dba Alliance Bank of Arizona to maximize the return on short term investments through use of the CDARS, whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC).

7. **BACKGROUND/DISCUSSION:** The City of Chandler is responsible for safekeeping and investment of all public monies based on the City's Investment Policy, adhering to the objectives of safety, liquidity and yield. The City engages two investment management firms (PFM Asset Management, L.L.C. and Wells Capital Management Services, Inc.) to invest City funds that are not immediately expended, in different investment types and durations as allowed in the City's Investment Policy. Investment earnings have declined due to historically low yields, and cash flow needs require a portion of the portfolio to remain in short term investments which earn the least return.

In order to maximize the return on short term investments, staff is recommending using a community bank deposit program called CDARS, which places short term funds in Certificates of Deposit (CDs) for defined terms which are insured by the FDIC. This program is available through Western Alliance Bank, dba Alliance Bank of Arizona, which is an Arizona state-chartered financial institution with a physical presence in the City of Chandler. Depositing our short-term City monies in CDARS through the local bank, Alliance Bank of Arizona, provides benefit to our community by them using the funds locally for development and small business loan generation to help spur local economic activity.

8. **EVALUATION:** The opportunity to maximize return through use of the CDARS program at a Chandler financial institution is only available currently through Western Alliance Bank, dba Alliance Bank of Arizona, therefore they were direct selected to provide this service for the City of Chandler.

9. **FINANCIAL IMPLICATIONS:** It is anticipated that by shifting set amounts of short term funds from the City Investment firms money market accounts or US Treasuries to CDs through CDARS, will gain additional basis points (1 basis point = .01%) thereby maximizing yield based on market rates.

10. **PROPOSED MOTION:** Move City Council approve Agreement No. MS5-946-3488 with Western Alliance Bank, dba Alliance Bank of Arizona to maximize the return on short term investments through use of the CDARS, whose accounts are insured by the FDIC.

ATTACHMENT: Agreement No. MS5-946-3488

APPROVALS

11. Requesting Department

Dawn Lang

Dawn Lang, Management Services Director

13. Department Head

Dawn Lang

Dawn Lang, Management Services Director

12. Purchasing Division

Dawn Lang for CP

Christina Pryor, Purchasing and Materials Manager

14. City Manager

Rich Dlugas

Rich Dlugas

CDARS® Deposit Placement Agreement

(City of Chandler Agreement No. MS5-946-3488)

You, the undersigned, and Western Alliance Bank, dba Alliance Bank of Arizona, are entering into 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®. These CDs will be issued only 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 (\$250,000). We also will act as the 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 accounts with us pending placement through CDARS or resulting from payments on CDs may be subject to the FDIC insurance limits applicable to those deposits and therefore may not be fully insured by the FDIC¹.

CDARS is a proprietary process owned by Promontory that reviews requests submitted by participating financial institutions (e.g., banks and registered broker-dealers) on behalf of their customers to allocate the customers' funds to Insured Institutions for placement by the participating financial institution in CDs at those Insured Institutions ("Orders"). Orders must be submitted by a specified date ("Order Date"), and Promontory will process the Orders and propose allocations of funds to Insured Institutions that are willing to accept deposits on a specified "Order Allocation Date," which currently is the same as the Order Date. Your funds will be placed, and CDs will be issued to you, on the "Settlement Date," which is the day after the Order Allocation Date.

CDARS offers different types of transactions through which we may place your funds with Insured Institutions. In a "CDARS ReciprocalSM Transaction," we receive funds for deposit from other participating financial institutions in an amount equal to the amount of funds that we have placed for you using CDARS on a Settlement Date, and we do not receive a fee. In a "CDARS One-WaySM Transaction," we do not receive funds for deposit, but we may receive a fee from one or more Insured Institutions that received deposits using CDARS on that Settlement 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 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.
- No secondary market for the CDs currently exists, but early withdrawal of any CD you purchase will be available, subject to penalties that may be substantial.

¹ See Section 4(b) below for a description of FDIC insurance coverage of funds held in accounts with us pending placement using CDARS or resulting from payments on CDs previously placed using CDARS.

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 Mellon 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 (i) will be recorded on the records of the Insured Institution that issues the CD in the name of our sub-custodian, (ii) will be recorded on the records of the sub-custodian in our name, and (iii) 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. The records of the sub-custodian will also identify you as the owner of the CDs based on information provided to The Bank of New York Mellon by us. 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.

(c) Limits on Placements

Although we, through our arrangement with Promontory, will endeavor to place your funds, Promontory is not obligated to allocate Orders in a way that results in the placement of some or any of your funds. If any of your funds are not placed, the unplaced funds will be returned to you. You may ask us to submit a new Order for the placement of unplaced funds on another Order Date. Please review Section 2(b) concerning limitations in the CDARS allocation process.

(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 that is formed as a mutual organization (i.e., the depositors have an ownership interest in the 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 will be 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 our agreement with the sub-custodian, 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, nontransferable subscription rights for depositor members of the Mutual Institution to purchase stock in the conversion. Because your CD will be 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 exercise any subscription right to purchase the stock, or to vote on the conversion. The sub-custodian 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 if you 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 described 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 connection with the placement of your funds at one or more Insured Institutions on the terms you have selected.

(b) Factors Affecting the CDARS Allocation Process

Promontory is not obligated to allocate Orders. Furthermore, the allocation process utilized by Promontory may reflect considerations of federal and state law, funding needs of Insured Institutions, general economic conditions, Promontory's objectives, or other factors determined by Promontory in its sole discretion. Promontory may allocate the placement of your funds in a manner that enhances Promontory's profits without increasing the interest rate available to you.

(c) 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 upon with you for your CDs.

(d) 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. Within the CDARS allocation procedures One-Way Transaction funds and Reciprocal Transaction funds are fungible, and One-Way Transaction 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.

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) the penalties that 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 SMDIA. 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 previous business day.

(b) Presumption of CDARS Reciprocal Transaction

We will submit an Order for 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 you are a public funds depositor or a nonprofit institution submitting funds for placement and wish your funds to be placed only in a CDARS Reciprocal Transaction, 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 using CDARS, we will submit an Order to Promontory, which will include the type of CDARS transaction, 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. On each Order Allocation Date for which we submitted an Order, 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 a deposit 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 or amendments 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 or joint 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 penalties 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 of 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 as described in Section 3(j).

(j) Preauthorized Re-submission

At the time you submit funds to us for placement through CDARS, you may enter into a written agreement with us to preauthorize terms for re-submission of those funds for placement through CDARS upon the maturity of your CDs. Unless we have entered into such a written re-submission arrangement with you, if you wish to re-submit your funds upon maturity of your CDs 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 CDARS. 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 using a CDARS Reciprocal Transaction) or a CDARS Reciprocal Transaction (if we are placing your funds using a CDARS One-Way Transaction) or on comparable deposits available directly from us, from Insured Institutions that issue the CDs using CDARS, from other Insured Institutions, or from insured depository institutions not participating in CDARS.

(b) Uninsured Deposits With Us

- (i) Except for funds you hold in certain noninterest-bearing transaction accounts as explained in paragraph (ii) below, funds you hold in one or more deposit accounts with us before placement using CDARS, or as a result of payments of interest or principal on CDs previously placed using CDARS, will be aggregated for FDIC insurance purposes with all other deposits you hold in deposit accounts with us in the same insurable capacity. As a result, the FDIC may not fully insure such funds if the aggregate amount exceeds the SMDIA. You should discuss with us the options for holding your funds before placement and for having the payments on the CDs deposited with us or elsewhere. See Section 5 below, "FDIC Insurance Information." If you cannot accept the risk associated with uninsured deposits in these or other circumstances, it will be your responsibility to make arrangements with us to have such funds collateralized, protected by a properly executed repo sweep arrangement, or otherwise adequately protected, in a manner consistent with applicable law. You should consult your legal advisor to determine whether a particular collateralization arrangement is consistent with applicable law.
- (ii) From December 31, 2010, through December 31, 2012, the FDIC will fully insure funds you hold in a noninterest-bearing transaction account with us, without regard to the SMDIA, if (A) interest is neither accrued nor paid on the account, (B) the account is one from which we permit you to make withdrawals for the purpose of making payments or transfers to third parties, and (C) we do not reserve the right to require advance notice of an intended withdrawal from the account.

(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. 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, and except as explained in Section 4(b) above, 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 SMDIA. 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 (dcaineternet@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. Accordingly, it is necessary that you immediately report to us any changes in the CD ownership information that you originally provided to us in connection with the submission of your Order. We will inform the sub-custodian of any changes in ownership of the CD, thereby assuring that the sub-custodian will have accurate information to provide to the FDIC in the event of the closure of the Insured Institution that issued the CD. However, the FDIC could require you to provide additional documentation 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, and except as explained in Section 4(b) above, 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 not 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 Institutions 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. At that time you may be permitted to withdraw your funds from the transferred account without an early withdrawal penalty. Subject to insurance verification requirements and the limits on FDIC deposit insurance coverage, the healthy institution may assume your CD under its original terms or offer you a choice between either receiving early payment of the CD without penalty or maintaining the CD at a different rate. If you choose to accept a new interest rate on the CD you must terminate your custodial relationship with us with respect to that CD and establish the CD directly with the acquiring institution. Thereafter, you will have no relationship with us with respect to the CD and will receive payments on the CD directly from the acquiring institution. 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.fdic.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, 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 custodianship 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 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.

Except as otherwise provided herein, 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. As provided in Section 3(h), no additions or amendments may be made to any CD. We will 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.

[remainder of page intentionally left blank]

By signing below, you acknowledge that you have received this agreement, that the information you have provided us is correct, 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: City of Chandler, an Arizona municipal corporation
 By: _____
 Name: Jay Tibshraeny
 Title: Mayor
 Depositor U.S. Tax ID: _____
 Tax ID Type: _____
 If you do not have a U.S. Tax ID, enter an alternate ID*: _____
 Alternate ID Type: _____

Signed this _____ day of _____, 20 _____

ATTEST:

By: _____
 Marla Paddock, City Clerk

APPROVED AS TO FORM:

By: _____
 Kay Bigelow, City Attorney (KB)

DEPOSITORY INSTITUTION

Western Alliance Bank, dba Alliance Bank of Arizona

By: Victor J. Napolitano
 Name: VICTOR J NAPOLITANO
 Title: SENIOR VICE PRESIDENT

Acknowledged this 4th day of DECEMBER, 20 14

* If you do not have a U.S. Tax ID you must use this same alternate ID for all CDARS transactions with all institutions. If you subsequently obtain a U.S. Tax ID you must promptly inform us and other institutions so that your correct information can be recorded for tax reporting, CDARS document tracking and FDIC purposes.

SCHEDULE 1

INITIAL LIST OF INSURED INSTITUTIONS AT WHICH YOU DO NOT 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
Name of Institution	City and State
Name of Institution	City and State
Name of Institution	City and State
Name of Institution	City and State
Name of Institution	City and State
Name of Institution	City and State
Name of Institution	City and State
Name of Institution	City and State
Name of Institution	City and State

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: _____ on _____
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: _____ on _____

FIRST SUPPLEMENT TO THE CDARS DEPOSIT PLACEMENT AGREEMENT
(City of Chandler Agreement No. MS5-946-3488)

The purpose of this agreement is to supplement the CDARS Deposit Placement Agreement (the "DPA") entered into between you, the undersigned, and Western Alliance Bank, dba Alliance Bank of Arizona ("us" or "we") on _____. Pursuant to section 3(g) of the DPA, each time you agree to the placement of funds under the DPA, you also agree that, by the time specified in paragraph 5 of Schedule 2 of the DPA, you will have in an account with us immediately available funds equal to the amount of funds you have informed us that you are seeking to place.

By your execution of this agreement, you further agree that in the event you fail to have such amount in an account with us at such time, you will be obligated to pay to us the amount of the early withdrawal penalties applicable to the CDs that would have been issued to you if your funds had been on account with us in accordance with the DPA. You authorize us to deduct the amount of these early withdrawal penalties from available funds on deposit with us, if any. If you do not have a sufficient amount of funds on deposit with us to pay the full amount of these penalties, you will be obligated to pay to us the remaining amount of such penalties for which you are obligated under this agreement within ___ business days of the time specified in paragraph 5 of Schedule 2 of the DPA.

You further agree that this agreement is deemed to be an amendment to the DPA in accordance with section 9 of the DPA.

DEPOSITOR(S)

Name of Depositor: City of Chandler

By: _____
Name: Jay Tibshraeny
Title: Mayor
Date: _____, 2014

ATTEST:

By: _____
Name: Marla Paddock
Title: City Clerk

APPROVED AS TO FORM:

BY: _____
Kay Bigelow, City Attorney (KB)

DEPOSITORY INSTITUTION

Western Alliance Bank, dba Alliance Bank of Arizona
(Print Name of Institution)

By: Victor J. Napolitano
Name: VICTOR J. NAPOLITANO
Title: SENIOR VICE PRESIDENT

Acknowledged this 4th day of DECEMBER, 2014

SECOND SUPPLEMENT TO THE CDARS DEPOSIT PLACEMENT AGREEMENT
(City of Chandler Agreement No. MS5-946-3488)

The purpose of this agreement is to supplement the CDARS Deposit Placement Agreement (the "DPA") entered into between you, the undersigned, and Western Alliance Bank, dba Alliance Bank of Arizona ("us" or "we") on _____.

WHEREAS, the CITY is responsible for safekeeping and investment of all public monies based on the CITY'S Investment Policy to adhere to the objectives of safety, liquidity and yield; and

WHEREAS, the CITY is committed to maximizing the return on short term investments through use of a community bank deposit program called Certificate of Deposit Account Registry Service (CDARS) at BANK, a Arizona state-chartered financial institution with a physical presence in CITY and licensed with the Arizona Department of Financial Institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC); and

WHEREAS, Arizona State law requires that parties providing services to governmental entities agree to the Immigration Warranty, attached hereto as Exhibit A

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, we agree as follows:

The parties agree to the incorporation of Exhibit A (Immigration Warranty) and Exhibit B (Insurance Requirements) into the CDARS Deposit Placement Agreement (DPA).

CITY OF CHANDLER, an Arizona municipal corporation

By: _____

Mayor Jay Tibshraeny

ATTEST:

By: _____

CITY CLERK

APPROVED AS TO FORM:

By: _____

CITY ATTORNEY (KB)

WESTERN ALLIANCE BANK, dba ALLIANCE BANK OF ARIZONA

By: Victor J Napolitano
VICTOR J NAPOLITANO, SJP

EXHIBIT A

Immigration Warranty

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the contractor and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

By completing and signing this form the contractor BANK shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

Contract Number: Agreement No. MS5-946-3488

Name (as listed in the contract): Western Alliance Bank, dba Alliance Bank of Arizona

Street Name and Number: ONE E. WASHINGTON STREET

City: PHOENIX State: AZ Zip Code: 85004

I hereby attest that:

1.2. The contractor BANK complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;

2.3. All subcontractors BANK performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of Contractor BANK (Employer) or Authorized Designee:

BY: Victor J Napolitano

Printed Name: VICTOR J NAPOLITANO

Title: SENIOR VICE PRESIDENT

Date (month/day/year): 12/4/2014

EXHIBIT B

INSURANCE REQUIREMENTS

Non-Waiver

The parties hereto understand and agree that the CITY is relying on, and does not waive or intend to waive by any provision of this agreement, the monetary limitations or any other rights, immunities, and protections provided by CITY, its subsidiary, associated and/or affiliated entities, successors, or assigns; or its elected officials, employees, agents, and volunteers.

Insurance Requirements:

BANK and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this agreement are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the BANK, its agents, representatives, employees or subcontractors.

The insurance requirements herein are minimum requirements for this agreement and in no way limit the indemnity covenants contained in this agreement. The CITY in no way warrants that the minimum limits contained herein are sufficient to protect the BANK from liabilities that might arise out of the performance of the work under this agreement by the BANK, his agents, representatives, employees or subcontractors and BANK is free to purchase additional insurance as may be determined necessary.

A. **Minimum Scope and Limits of Insurance:** BANK shall provide coverage with limits of liability not less than those stated below. An excess liability policy or umbrella liability policy may be used to meet the minimum liability requirements provided that the coverage is written on a "following form" basis.

1. Third Party Fidelity or Crime Insurance

Coverage shall include employee dishonesty including endorsement titled "Employee Theft of Client's Property." If a Crime Insurance Policy is stated in a. below:

- a. The bond or policy shall be issued with limits based on the amount of cash being handled by the BANK subject to a minimum of \$1,000,000 Per Loss.
- b. The coverage shall include coverage for all directors, officers, agents and employees of the BANK.
- c. The coverage shall not include coverage for extended theft and mysterious disappearance.
- d. The bond or policy shall not contain a condition requiring an arrest and conviction.

Minimum Limits:

Per Loss \$ 1,000,000

B. **Additional Insured Requirements:** The policies shall include, or be endorsed to include, the following provisions:

1. On insurance policies where the CITY is named as an additional insured, the CITY shall be an additional insured to the full limits of liability purchased by the BANK even if those limits of liability are in excess of those required by this agreement.

C. Notice of Cancellation: Each insurance policy required by the insurance provisions of this agreement shall provide the required coverage and shall not be suspended, voided or canceled except after thirty (30) days prior written notice has been given to the CITY , except when cancellation is for non-payment of premium, then ten (10) days prior notice may be given. Such notice shall be sent directly to **City of Chandler, c/o Claudia Rohrs, City Attorney – Risk Management, Post Office Box 4008, Mailstop 602, Chandler, Arizona 85244-4008**. If any insurance company refuses to provide the require notice, the BANK or its insurance broker shall notify CITY of any cancellation, suspension, non-renewal of any insurance within seven (7) days of receipt of insurers' notification to that effect.

D. Acceptability of Insurers: Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Arizona and with an "A.M. Best" rating of not less than A- VII. The CITY in no way warrants that the above-required minimum insurer rating is sufficient to protect the BANK from potential insurer insolvency.

E. Verification of Coverage: BANK shall furnish the CITY with certificates of insurance (ACORD form or equivalent approved by the CITY) as required by this agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and any required endorsements are to be received and approved by the CITY before work commences. Each insurance policy required by this agreement must be in effect at or prior to commencement of work under this agreement and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this agreement or to provide evidence of renewal is a material breach of contract.

All certificates required by this agreement shall be sent directly to **City of Chandler, c/o Claudia Rohrs, City Attorney – Risk Management, Post Office Box 4008, Mailstop 602, Chandler, Arizona 85244-4008** (. The CITY project/agreement number and project description shall be noted on the certificate of insurance. The CITY reserves the right to require complete, certified copies of all insurance policies required by this agreement at any time.