



Staff Report Item 16

TO: East Bay Community Energy Board of Directors
FROM: Howard Chang, COO & Treasurer
SUBJECT: Insured Cash Sweep Memo (Action Item)
DATE: October 17, 2018

Recommendation

Authorize the CEO to execute the Insured Cash Sweep (ICS) Deposit Placement Agreement and related documents with River City Bank, to establish a mandatory interest-bearing account for excess cash balances.

Background

EBCE is mandated to place excess cash balances into interest bearing accounts and has researched two options for interest bearing accounts, a money market account or insured cash sweep account.

As a form of investment, EBCE seeks the following objectives:

1. To strictly comply with all Federal, State and Local laws.
2. All investments should be undertaken in a manner which seeks the preservation of principal.
3. To remain sufficiently liquid to meet all operating requirements.
4. To maximize yield consistent with risk limitations identified herein and prudent investment principles.

EBCE intends to manage funds in accordance with the Prudent Investor Standard pursuant to California Government Code 53600.3, as follows:

“Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs

of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

Through the ICS Deposit Placement Agreement with River City Bank, EBCE can place any excess cash balance (at least 25% of total bank deposits) into interest-bearing demand deposit accounts. The funds in the ICS account are 100% FDIC insured and are fully accessible for withdraw without limitation. The current annual percentage yield (APY) is 2.10%, which is approximately 0.40% points higher than a public funds money market account.

To illustrate the return of placing excess cash into this Insured Cash Sweep account, we’ll use an example maintaining a balance of \$10,000,000 in the account for one year. The interest income based on a \$10,000,000 deposit balance will be approximately \$210,000 ($\$10,000,000 \times 2.10\%$) for one year.

EBCE is seeking approval from the board to execute the ICS Deposit Placement Agreement with River City Bank. By doing so, EBCE can prudently invest any excess cash balance into 100% FDIC insured interest-bearing demand deposit accounts to maximize yield, while retaining sufficient liquidity to meet all operating requirements.

Attachment:

- A. Insured Cash Sweep Deposit Placement Agreement; and
- B. ICS Public Funds Info Sheet and Public Fund Money Market Overview

Deposit Placement Agreement

You, the undersigned, enter into this ICS Deposit Placement Agreement (this “*Agreement*”) with (“*we*” or “*us*”). This Agreement states the terms and conditions on which we (as your “*Relationship Institution*”) will endeavor to place funds into deposit accounts at receiving depository institutions (each a “*Destination Institution*”) from a transaction account with us into which you (the “*Depositor*”) have deposited funds for such placement (the “*Transaction Account*”). The Destination Institutions will be depository institutions at which deposit accounts are insured by the Federal Deposit Insurance Corporation (“*FDIC*”) up to maximum deposit insurance amounts.

We will endeavor to place your funds at Destination Institutions using ICS®, the Insured Cash Sweep® service of Promontory Interfinancial Network, LLC (“*Promontory*”). The amount of your funds that we place in the deposit accounts that have been established for the placement of your funds at Destination Institutions (each a “*Deposit Account*”) will not exceed the FDIC standard maximum deposit insurance amount (“*SMDIA*”), currently \$250,000, at any one Destination Institution.

We offer placement of funds through ICS to businesses, nonprofit entities, and, subject to applicable law, public entities. We may also choose to place funds through ICS for individuals with a demonstrated need to maintain large cash balances (e.g., \$500,000 or more) over a 12-month period. You must be capable of using, and you agree to use, the ICS Depositor Control Panel (“*DCP*”), an online tool described in this Agreement, to review proposed placements and for other purposes. You also agree to receive notices concerning ICS deposits that may be posted on the DCP or sent by email.

Funds in your Deposit Accounts will be “deposits,” as defined by federal law, at the Destination Institutions. Each Deposit Account at a Destination Institution in which your funds will be placed will be a demand deposit account (“*DDA*”).

1. Your Relationship With Us

1.1. *Agency and Custodial Relationship*

(a) We will act as your agent in placing your funds in Deposit Accounts through ICS and, under our separate custodial agreement with you (the “*Custodial Agreement*”), as your custodian for the Deposit Accounts. We will not act as your investment adviser, and we will have no obligation to advise you of alternative investments. The Bank of New York Mellon (“*BNY Mellon*”) will act as our sub-custodian, settlement agent, reconciliation agent, and recordkeeper. BNY Mellon will also act as recordkeeper for Destination Institutions at which your Deposit Accounts are established, maintaining certain deposit account records for those Destination Institutions.

(b) Each Deposit Account (i) will be recorded on the records of the Destination Institution in the name of BNY Mellon, as our sub-custodian, (ii) will be recorded on the records of BNY Mellon in our name, as your custodian, and (iii) will be recorded on our records in your name, all in a manner that will permit the Deposit Account to be FDIC-insured to the same extent as if you held it directly with the Destination

Institution. For purposes of Article 8 of the Uniform Commercial Code, we will act as your securities intermediary for, and will treat as financial assets, your Deposit Accounts and all your security entitlements and other related interests and assets with respect to your Deposit Accounts, and we will treat you as entitled to exercise the rights that comprise your Deposit Accounts. All interests that we hold with respect to your Deposit Accounts are held by us solely as your securities intermediary and are not our property. You are and will remain the owner of all funds of yours that we place for you through the ICS service and any interest on those funds.

(c) As further described below, on each day that is not a Saturday, a Sunday, or another day on which banks in New York, New York, are authorized or required by law or regulation to close (a “*Business Day*”), our proposed allocation of your funds to Destination Institutions will be available to you in advance on the DCP to approve or reject. We have entered into an agreement with Promontory to use the ICS service in connection with such allocations. In using ICS, we will adhere to Promontory’s policies and procedures. Promontory is not your agent or custodian, however, and it is not responsible for placement of your funds or custody of your Deposit Accounts.

1.2. *Termination of Custodial Relationship*

(a) Either you or we may terminate the custodial relationship between you and us at any time. You may not transfer your Deposit Accounts to another custodian, but you may dismiss us as your custodian for a Deposit Account and request that your ownership of the Deposit Account will be recorded in your name on the books of the Destination Institution. We will endeavor to cause any such request that we receive from you to be promptly forwarded to the Destination Institution. Each Destination Institution at which your funds may be placed has agreed that it will promptly fulfill any such requests, subject to its customer identification policies and other standard account opening terms and conditions.

(b) If a Deposit Account has been recorded in your name on the books of a Destination Institution pursuant to Section 1.2(a), (i) you will be able to enforce your rights in the Deposit Account directly against the Destination Institution, but we will no longer have any custodial responsibility with respect to the Deposit Account and you will no longer be able to enforce your rights in the Deposit Account against the Destination Institution through us, and (ii) the interest rate applicable to the Deposit Account will be the interest rate that the Destination Institution establishes, which may be lower than an interest rate that we might have established.

2. Your Deposits at Destination Institutions

2.1. *The Deposit Accounts and the Interest Rate*

(a) Each of your Deposit Accounts, including the principal balance and the accrued interest, will be a deposit obligation of the Destination Institution at which the Deposit Account has been established and will not be an obligation of Promontory, BNY Mellon, or us. We, as your custodian, will maintain on our books and records, either directly or with the assistance of BNY Mellon, a custodial account in which we will hold your interests with respect to the Deposit Accounts

(an “ICS Custodial Account”). We may permit you to have multiple ICS Custodial Accounts for your business purposes, and we may also permit you to have multiple Transaction Accounts associated with an ICS Custodial Account. Having multiple ICS Custodial Accounts or multiple Transaction Accounts will not expand the FDIC insurance coverage available to you in a single insurable capacity.

(b) The interest rate for your Deposit Accounts at Destination Institutions on any day will be the then-current rate we establish for them, which may be any rate (including zero) and which we may modify at any time (the “Interest Rate”). We do not offer or promise you any particular Interest Rate. In particular, we do not promise you that an Interest Rate will be any particular rate or that an Interest Rate that may be effective at a given time will be effective at a later time. Through your continued participation in ICS, you accept each applicable Interest Rate.

(c) The Destination Institutions have agreed that interest on your Deposit Accounts will accrue and compound daily at the applicable Interest Rate and will be credited to principal at least once each month. Payment of the full amount of all accrued interest with respect to a Deposit Account at a Destination Institution will be solely the responsibility of, and solely enforceable against, that Destination Institution. We will have no indebtedness to you for any such amount.

2.2. Balances and Statements

(a) On any day, you may confirm through the DCP the aggregate principal balance in your Deposit Accounts (your “Program Balance”) for each ICS Custodial Account, and your principal balance and accrued interest at each Destination Institution for each ICS Custodial Account, as of the settlement of payments to and from ICS participating institutions through BNY Mellon (“ICS Settlement”) for the preceding Business Day or, after completion of ICS Settlement on a Business Day, for that Business Day.

(b) For each ICS Custodial Account, we will provide you with periodic account statements that include your Program Balance as of the end of the statement period, the total interest you have earned on your Deposit Accounts during the period, the rate of return you have earned on the daily average closing principal balance in your Deposit Accounts for the period (which will be referred to as the “Statement Period Yield”), and your principal balance at each Destination Institution in which your funds are deposited as of the end of the period. You should retain these account statements.

(c) The account information available on the DCP as described in Section 2.2(a), and the periodic statements described in Section 2.2(b), will be your record of your Deposit Accounts.

3. Program Deposits and Program Withdrawals

3.1. Triggering Events

(a) Schedule 1 to this Agreement sets forth events that will trigger a transfer of funds at ICS Settlement from the Transaction Account to the Deposit Accounts (a “Program Deposit”) or a transfer of funds at ICS Settlement from the Deposit Accounts to the Transaction Account (a “Program Withdrawal”).

(b) Depending on the terms of Schedule 1, an event that triggers a Program Deposit or a Program Withdrawal (a “Triggering

Event”) may be a specified change in the Transaction Account balance, a request by you that we accept, or another event described in Schedule 1.

(c) If we permit you to have multiple Transaction Accounts associated with a single ICS Custodial Account, Schedule 1 may specify separate sets of Triggering Events for each Transaction Account or one set of Triggering Events for all Transaction Accounts.

3.2. Program Deposits

(a) The occurrence of a Triggering Event for a Program Deposit does not result in a transfer of funds to your Deposit Accounts until the applicable ICS Settlement occurs. Schedule 2 to this Agreement contains important information regarding the status of funds in the Transaction Account.

(b) Subject to the other terms and conditions of this Agreement, and except as provided in the next subsection, a Triggering Event for a Program Deposit under Schedule 1 will result in a transfer of funds to your Deposit Accounts at ICS Settlement the *next* Business Day (a “Regular Program Deposit”).

(c) Schedule 1 states whether a transfer of funds to your Deposit Accounts at ICS Settlement on the *same* Business Day (a “Same-Day Program Deposit”) is available and, if so, the cutoff time for you to request a Same-Day Program Deposit (the “Same-Day Deposit Cutoff Time”). To the extent Schedule 1 so provides, and subject to the other terms and conditions of this Agreement, a request that we receive and accept before the Same-Day Deposit Cutoff Time will be a Triggering Event that results in a Same-Day Program Deposit.

(d) We may impose a maximum Program Balance amount for your deposits placed through ICS and will inform you of any maximum Program Balance we impose. Even if a Triggering Event for a Program Deposit occurs, we may choose not to transfer the amount to your Deposit Accounts to the extent it would cause the Program Balance to exceed the maximum amount. In addition, we may choose not to transfer to the Deposit Accounts an amount that we have credited to the Transaction Account, but have not yet collected from a third party.

(e) There is no per-month limit on the number of permitted Program Deposits.

3.3. Program Withdrawals

(a) Subject to the other terms and conditions of this Agreement, a Triggering Event for a Program Withdrawal under Schedule 1 will result in a transfer of funds from your Deposit Accounts at ICS Settlement the *next* Business Day (a “Regular Program Withdrawal”).

(b) Schedule 1 states whether the transfer of funds from your Deposit Accounts at ICS Settlement on the *same* Business Day (a “Same-Day Program Withdrawal”) is available and, if so, the cutoff time for you to request a Same-Day Program Withdrawal (the “Same-Day Withdrawal Cutoff Time”). To the extent Schedule 1 so provides, and subject to the other terms and conditions of this Agreement, a request that we receive and accept before the Same-Day Withdrawal Cutoff Time will be a Triggering Event that results in a Same-Day Program Withdrawal.

(c) There is no per-month limit on the number of permitted Program Withdrawals.

3.4. *Program Withdrawal Advances; Security Interest*

(a) If Schedule 1 provides that we will advance funds to you in anticipation of a Program Withdrawal, or if we otherwise decide in our discretion to advance funds to you in anticipation of a Program Withdrawal, you will owe the amount of these funds to us and we will retain from the funds we receive at ICS Settlement the amount we have advanced to you.

(b) With respect to any amount that you owe to us pursuant to Section 3.4(a):

(i) you grant us, and acknowledge that we have, a security interest in, and a lien on, your Deposit Accounts, related security entitlements, and other related interests and assets that we may hold for you as custodian and securities intermediary pursuant to the Custodial Agreement for the amount you owe to us,

(ii) if a Destination Institution fails before a Program Withdrawal is completed, we may retain the amount of the Program Withdrawal from the proceeds of your FDIC insurance claim to satisfy the amount you owe to us, and

(iii) to the extent the amount you owe to us is not satisfied from the interests and assets we are holding for you pursuant to the Custodial Agreement, or from the proceeds of any FDIC insurance claim, the amount remains owed by you to us and is payable on demand.

(c) If, in a separate agreement, you have granted us a security interest in your Deposit Accounts or in any security entitlements or other interests or assets relating to your Deposit Accounts as collateral for a loan to you or otherwise, we may decline to honor a request for a Program Withdrawal, or decline to honor a debit transaction in the Transaction Account that would trigger a Program Withdrawal or be funded by a Program Withdrawal, to the extent the Program Withdrawal would cause your Program Balance to fall below the loan amount or other amount that you have agreed to maintain in your Deposit Accounts or to which the security interest applies. If, in a separate agreement, you have granted us a security interest in the Transaction Account, we also may decline to honor debit transactions in the Transaction Account in accordance with the separate agreement.

4. Daily Allocation and Depositor Control

4.1. *Daily Allocation; Review and Consent*

(a) In addition to allocating your funds to each Destination Institution in an amount that is under the FDIC insurance limit, the ICS process for allocating Program Deposits, Program Withdrawals, and funds already on deposit reflects various considerations, including the need for certain Destination Institutions to receive deposits in amounts they have placed for their own customers and possible limits on the amounts a Relationship Institution is authorized to place or a Destination Institution has agreed to receive. Applicable deposit amounts may change from day to day. Accordingly, the allocation of funds takes place each Business Day.

(b) As a result of the daily allocation of funds in ICS and the allocation objectives outlined in Section 4.1(a), the set of Destination Institutions to which your funds on deposit are allocated on a Business Day, and the amount allocated to each Destination Institution, may differ from a previous Business Day's allocation. A different allocation may involve the movement of funds from one Destination Institution to another Destination Institution, even though you do not have a Program Deposit or a Program Withdrawal. Such movements of funds will not affect any Interest Rate.

(c) You exercise control over the allocation of your funds through direct contact with us and through the DCP. You are responsible for reviewing the important information we provide you through the DCP, including information regarding proposed allocations that we provide each Business Day. In addition, on request at any time, we will provide you with a list of all Destination Institutions.

(d) Although we will not allocate your funds to Destination Institutions that you exclude or reject as set forth below, you authorize and consent to the allocation of your funds at Destination Institutions that you approve, or do not exclude or reject, as set forth below.

4.2. *Destination Institution Exclusions*

(a) We will not allocate your funds to any Destination Institution that is on your then-effective list of exclusions from eligibility to receive your funds through ICS (your "*List of Exclusions*").

(b) You may enter the name of any depository institution on your List of Exclusions in Schedule 4 to this Agreement. An exclusion in Schedule 4 is effective when we have signed the Agreement. You may later add exclusions to your List of Exclusions, or subtract exclusions from your List of Exclusions, by contacting us in a manner we specify. If you add an exclusion in this manner, the new exclusion will be effective within one Business Day after the first Business Day on which we have received the notice from you.

(c) If, on a Business Day, you have outstanding deposits that we have placed for you using Promontory's CDARS® service, and you have provided the same taxpayer identification number to us for purposes of CDARS and ICS, our allocation of your funds at Destination Institutions for that Business Day in ICS:

(i) will not include allocation to a Destination Institution that is the subject of a then-effective designation by you as ineligible to receive your funds through CDARS, and

(ii) will not cause the balance in your Deposit Accounts at a Destination Institution, together with the outstanding deposits, if any, that we have placed for you at that Destination Institution through CDARS, to exceed the SMDIA.

4.3. *Depositor Control Panel*

(a) Promontory will assist us in providing the DCP to you. Schedule 3 to this Agreement provides access information for the DCP. When you first log in to the DCP using the login credentials described in Schedule 3, you will be required to change your DCP user name and password.

(b) You represent that you have a computer with Internet access, an e-mail address, the ability to download and print information

from the DCP for your records, and the knowledge and experience to use an online tool for the DCP functionality. In addition, you acknowledge that you will be required to obtain and maintain all equipment and services necessary for access to the DCP.

4.4. *Depositor Placement Review*

(a) Each Business Day, your aggregate principal balance that will be in Deposit Accounts at Destination Institutions after that day's ICS Settlement will be provisionally allocated to Destination Institutions. The amount allocated will reflect your Program Balance as of the last ICS Settlement, plus any Program Deposit that will occur at the day's ICS Settlement, minus any Program Withdrawal that will occur at the day's ICS Settlement. The allocation may provide that previously-deposited funds will be removed from one or more Destination Institutions and deposited in one or more other Destination Institutions.

(b) After the provisional allocation occurs on a Business Day, but before it becomes final at the day's ICS Settlement, Depositor Placement Review ("*DPR*") will occur through the DCP. Even if a Destination Institution is not on your List of Exclusions, the final allocation that day will not allocate your funds to a Destination Institution at ICS Settlement if you reject it during DPR through the DCP. The initial DPR time period is set forth in Schedule 3. We may change the DPR period by posting advance notice of the change on the DCP. Your rejection of a Destination Institution will be effective only if you submit it, as specified in the DCP, before DPR ends.

(c) In DPR, you will see a list of Destination Institutions to which your funds are proposed to be allocated at ICS Settlement later that day (the "*Proposed Placement List*"), reflecting the provisional allocation of all your funds, including funds that will be moved from one Destination Institution to another Destination Institution. The Proposed Placement List will include the principal balance allocated to each Destination Institution. If you review the Proposed Placement List, and you click the approval button or you do not reject any of the Destination Institutions on the list, you will be approving the proposed allocation and your funds will be allocated in accordance with the list.

(d) If you reject any of the Destination Institutions on the Proposed Placement List, you will be approving allocation to Destination Institutions on the list that you do not reject. After entering rejections, if sufficient time remains in DPR, you will have the opportunity to review a list of other Destination Institutions to which your funds could be allocated (the "*Alternate Placement List*"). If you click the approval button for the Alternate Placement List, or you do not reject any of the Destination Institutions on it, you will be approving the allocation of your funds to any of the listed Destination Institutions. If you reject any of the Destination Institutions on the Alternate Placement List, you will be approving allocation to listed Destination Institutions that you do not reject. Your funds may be allocated to any combination of Destination Institutions on the Proposed Placement List and the Alternate Placement List that you do not reject.

(e) If the provisional allocation on a Business Day would result in funds of yours currently at one Destination Institution being moved to another Destination Institution and you reject the other Destination Institution in DPR that Business Day, the funds will not necessarily remain at the first Destination Institution. The funds will be allocated to a Destination Institution that you do not reject or returned to the Transaction Account.

(f) A Destination Institution that you reject in DPR will also be added to your List of Exclusions, for purposes of future allocations, within one Business Day after the Business Day on which you submit the rejection.

(g) We do not guarantee that all your funds will be allocated to Destination Institutions on any particular day, even if they were allocated to Destination Institutions on a previous day. Exclusions of Destination Institutions, and rejections of Destination Institutions in DPR, may increase the chance that funds will not be allocated. If funds not yet transferred to your Deposit Accounts are not allocated to a Destination Institution on a Business Day, the funds will remain in the Transaction Account. If funds previously transferred to the Deposit Accounts are not allocated to a Destination Institution on a Business Day, the funds will be returned to the Transaction Account.

5. FDIC Insurance Considerations

5.1. *Deposit Insurance Coverage*

(a) You may obtain information about FDIC deposit insurance coverage by visiting the FDIC website at www.fdic.gov or by contacting the FDIC by letter, email, or telephone. All your deposits at a Destination Institution in the same insurable capacity (whether you are acting directly or through an intermediary) will be aggregated for purposes of the SMDIA. You should add to your List of Exclusions any FDIC-insured depository institution at which you have other deposits in the same insurable capacity. Insurable capacities include individual accounts, joint accounts, and individual retirement accounts. Separate divisions within a corporate entity are not eligible for separate insurance coverage, and a separate taxpayer identification number ("*TIN*") does not necessarily evidence or establish a separate insurable capacity. It is your obligation to determine whether funds we are placing for you through ICS are maintained in separate insurable capacities. We may use your TIN to identify you, and we place your funds on the understanding that you are not depositing funds for placement under more than one TIN in the same insurable capacity.

(b) Your deposits in the Transaction Account, alone or when aggregated with your other deposits with us in the same insurable capacity, may exceed the SMDIA. Schedule 2 describes measures you should take if you cannot accept risks associated with uninsured deposits in the Transaction Account.

(c) The requirements for FDIC 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 set forth in FDIC regulations. If you are a governmental unit, you are responsible for determining whether the requirements for deposit insurance have been met. We are not responsible for uninsured losses resulting from the placement of deposits that are not eligible for deposit insurance.

(d) The records maintained for us by BNY Mellon regarding ownership of your Deposit Accounts will be used to establish your eligibility for deposit insurance coverage. Accordingly, you must immediately report to us any changes in ownership information. We will inform BNY Mellon of any such changes so that it will have accurate information to provide to the FDIC if a Destination Institution fails. The FDIC could also require you to provide additional documentation.

5.2. *Deposit Insurance Payments*

(a) If deposit insurance payments become necessary for one of your Deposit Accounts, the FDIC is required to pay the principal amount plus accrued interest to the date of the closing of the Destination Institution, as prescribed by law, subject to the SMDIA. No interest is earned on deposits from the time a Destination Institution closes until insurance payments are received. As an alternative to making a direct insurance payment, the FDIC may transfer the deposits of an insolvent institution to a solvent institution. The solvent institution may change the interest rate on a deposit, subject to your right to withdraw the funds.

(b) We will notify you if we receive a deposit insurance payment from the FDIC with respect to your Deposit Account at a failed Destination Institution. Should we receive a deposit insurance payment with respect to your Deposit Account at a failed Destination Institution, we will place the amount of the payment in one or more Deposit Accounts at Destination Institutions pursuant to the deposit placement procedures set forth in this Agreement, subject to the other terms and conditions of this Agreement, including Section 3.4.

(c) In general, if an insured depository institution is closed, the FDIC is required by law to pay the insured deposits "as soon as possible," either by cash or by transferring the deposit to a new insured depository institution. It is possible, however, that an insurance payment could be delayed. We will not be obligated to make any payment to you in satisfaction of a loss you might incur as a result of a delay in an insurance payment, and we will not be obligated to advance funds with respect to any such payment.

5.3. *Responsibility to Monitor Deposits; Publicly Available Information*

(a) You are responsible for monitoring the total amount of funds in your Deposit Accounts at each Destination Institution in each insurable capacity to determine the extent of FDIC deposit insurance coverage available to you for deposits at that Destination Institution. You should confirm that each allocation of your funds to Destination Institutions is consistent with your exclusions and rejections by visiting the DCP and viewing the allocation, recognizing that the funds could be allocated to different Destination Institutions on any Business Day.

(b) Publicly available financial information concerning the Destination Institutions can be obtained by you at the website of the National Information Center of the Federal Reserve System at www.ffiec.gov/nicpubweb/nicweb/nichome.aspx.

6. Additional Considerations

6.1. *Reciprocal and One-Way*

(a) We may participate in the ICS service through one or both of two different forms of the service. When we place your funds using ICS® ReciprocalSM, we will receive matching funds placed by other participating institutions for their customers and pay a fee to Promontory. When we place your funds using ICS® One-WaySM, we will not receive matching funds placed by other participating institutions for their customers or pay a fee to Promontory, but we and Promontory may receive fees from Destination Institutions in connection with funds placed. The fees may be different for different Destination Institutions.

(b) The interest you receive on your Deposit Accounts will be earned at the applicable Interest Rate, whether we use ICS Reciprocal or ICS One-Way in placing your funds. The Interest Rate may be different depending on which form of ICS we use. In ICS Reciprocal, the fee we pay to Promontory may affect the applicable Interest Rate. In ICS One-Way, fees paid by Destination Institutions to us or to Promontory, or cost-of-funds rates at which Destination Institutions may request funds, may affect the Interest Rate. We will not collect a fee from you for the placement of your funds through ICS.

(c) Schedule 4 includes two boxes relating to which form of the ICS service we may use in connection with the placement of your funds. If you check the first of these two boxes, we may use ICS Reciprocal, ICS One-Way, or both. We will not be obligated to inform you of the Interest Rate that might be available using the other form, and we may select a form of ICS that provides greater benefits to us. If you check the second of these two boxes, we may use only ICS Reciprocal in connection with the placement of your funds.

(d) If you are subject to restrictions on the placement of your funds at depository institutions, you are responsible for determining whether the placement of your funds through ICS, in accordance with Schedule 4, satisfies the restrictions.

6.2. *Compare Rates*

(a) We are not advising you regarding alternative investments, and you are responsible for comparing the rates of return and other features of your Deposit Accounts to other available deposit accounts, and other kinds of investments, before deciding to have us place your funds using ICS.

(b) An applicable Interest Rate for your Deposit Accounts may be higher or lower than interest rates on comparable deposits available directly from us, from the Destination Institutions that establish your Deposit Accounts, from other Destination Institutions, or from insured depository institutions that are not Destination Institutions. Without limiting the foregoing, an Interest Rate may be lower than an interest rate established for another customer for which funds are being placed or a cost-of-funds rate for a Destination Institution.

(c) Promontory may offer us and our employees non-cash incentives of insignificant monetary value, such as plaques, in connection with our placement of funds.

6.3. *Allocation Considerations and Compensatory Payments*

(a) The ICS allocation process is subject to applicable law and may be affected by our objectives, Promontory's objectives, or both, including administrative convenience, reduction of costs, and enhancement of profits.

(b) Participating institutions in the ICS service may make compensatory payments resulting in payments to other participating institutions, or receive compensatory payments resulting from payments by other participating institutions, reflecting the difference between an interest rate for a placing institution's customers and a rate at which the receiving institution would otherwise pay interest.

(c) If we were to become insolvent, the FDIC could transfer custody of your Deposit Accounts to a new custodian that participates in ICS. Alternatively, you could elect to establish your Deposit Accounts

directly with the Destination Institutions or you could elect to have the funds in your Deposit Accounts returned to you.

6.4. *Mutual Institution Voting and Subscription Rights*

(a) Your funds may be placed in a Deposit Account at a Destination Institution that is in the mutual form of organization. Such a Deposit Account will be identified on the books of the mutual institution in the name of the sub-custodian and not in your name. The sub-custodian will not attend or vote at any meeting of the depositor members of a mutual institution, or exercise any subscription rights in a mutual institution's mutual-to-stock conversion, either on its own behalf or on your behalf. You hereby waive any right you may have to attend or vote at any meeting of the depositor members, or to receive or exercise any subscription rights you may have in the event that the mutual institution converts from mutual to stock form, even if you held a Deposit Account as of an applicable record date.

(b) If we receive from the sub-custodian notice of a meeting of depositor members of a mutual institution or other materials or information relating to a mutual institution's mutual-to-stock conversion, we may forward such notice, materials, or information to you. If you wish to receive such notice, materials, or information directly from the mutual institution, attend or vote at any meeting of the depositor members of the mutual institution, or receive subscription rights in the event the mutual institution converts from mutual to stock form, you must dismiss us as custodian before the applicable record date (a date that is usually at least one year in advance of the date the mutual institution's board of directors adopts a plan of conversion) and have your ownership of the Deposit Account recorded in your name directly on the books of the mutual institution.

7. Other Provisions

7.1. *Release and Use of Identifying Information*

(a) You consent to our providing your name, TIN or other alphanumeric identifier, and other identifying information ("*Identifying Information*") to BNY Mellon, Promontory, and other parties providing services in connection with ICS (each a "*Service Provider*"). A Service Provider may use the Identifying Information only in connection with its provision of services relating to ICS. We or a Service Provider may also provide Identifying Information to a Destination Institution, but will do so only to the extent necessary to comply with a request by you or your agent or to comply with applicable law. In addition, we or a Service Provider may provide Identifying Information to the FDIC in connection with a deposit insurance claim.

(b) We will not provide Identifying Information to any other party unless we determine that (i) we are required by applicable law to do so or (ii) we are permitted by applicable law to do so and have reasonable grounds to do so to protect our own legal or business interests or the legal or business interests of Promontory or BNY Mellon. Promontory may use and disclose information regarding aggregated activity of ICS depositors, provided it does not use or disclose any Identifying Information in a manner contrary to this Section 7.1.

7.2. *Liability and Dispute Resolution*

(a) We are responsible for maintaining, directly or through a Service Provider, appropriate records of our placements for you. We are also responsible for not placing your funds through ICS at any

Destination Institution that is the subject of a then-effective exclusion on your List of Exclusions, at any Destination Institution that is the subject of an effective rejection by you at the time of the applicable ICS Settlement, in an ICS placement at a Destination Institution under a single TIN in an amount that exceeds the SMDIA, or in a manner that violates Section 4.2(c). IF ALL OR PART OF YOUR DEPOSIT AT A DESTINATION INSTITUTION IS UNINSURED BECAUSE OF OUR FAILURE TO FULFILL THESE RESPONSIBILITIES, AND IF THE DESTINATION INSTITUTION FAILS AND YOU DO NOT OTHERWISE RECOVER THE UNINSURED PORTION, WE WILL REIMBURSE YOU FOR YOUR DOCUMENTED LOSS OF THE UNINSURED PORTION.

(b) SUBJECT TO OUR REIMBURSEMENT OBLIGATION IN THE PRECEDING SUBSECTION, AND EXCEPT AS MAY BE OTHERWISE REQUIRED BY APPLICABLE LAW, WE WILL NOT BE LIABLE, AND IN NO EVENT WILL PROMONTORY OR BNY MELLON BE LIABLE, TO YOU OR TO ANY THIRD PARTY FOR ANY LOSS OR DAMAGES INCURRED OR ALLEGEDLY INCURRED IN CONNECTION WITH THIS AGREEMENT. WITHOUT LIMITING THE FOREGOING, WE, PROMONTORY, AND BNY MELLON WILL NOT HAVE ANY LIABILITY TO YOU OR ANY THIRD PARTY FOR: (I) ANY LOSS ARISING OUT OF OR RELATING TO A CAUSE OVER WHICH WE DO NOT HAVE DIRECT CONTROL, INCLUDING THE FAILURE OF ELECTRONIC OR MECHANICAL EQUIPMENT OR COMMUNICATION LINES, TELEPHONE OR OTHER INTERCONNECT PROBLEMS, UNAUTHORIZED ACCESS, THEFT, OPERATOR ERRORS, GOVERNMENT RESTRICTIONS, OR FORCE MAJEURE (E.G., EARTHQUAKE, FLOOD, SEVERE OR EXTRAORDINARY WEATHER CONDITIONS, NATURAL DISASTERS OR OTHER ACT OF GOD, FIRE, ACTS OF WAR, TERRORIST ATTACKS, INSURRECTION, RIOT, STRIKES, LABOR DISPUTES OR SIMILAR PROBLEMS, ACCIDENT, ACTION OF GOVERNMENT, COMMUNICATIONS, SYSTEM OR POWER FAILURES, OR EQUIPMENT OR SOFTWARE MALFUNCTION), (II) DELAY IN ANY FDIC INSURANCE PAYMENT, (III) THE FINANCIAL CONDITION OF ANY DESTINATION INSTITUTION OR THE ACCURACY OF ANY FINANCIAL INFORMATION ABOUT ANY DESTINATION INSTITUTION, OR (IV) ANY SPECIAL, INDIRECT, PUNITIVE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS).

(c) 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 DISPUTES PROVISIONS, IF ANY, CONTAINED IN YOUR CUSTODIAL AGREEMENT.

7.3. *Miscellaneous*

(a) This Agreement constitutes the entire agreement between you and us relating to the placement of deposits through ICS and any other matter herein, supersedes prior agreements, understandings, negotiations, representations, and proposals, written or oral, relating to any matter herein, and may not be amended by any oral representation made or oral agreement reached after the execution of this Agreement.

(b) Either party may terminate this Agreement on written notice to the other, but the obligations of both parties will survive with respect to any funds deposited at the time of termination. In addition, the provisions of this Section 7 will survive termination.

(c) Schedules 1, 2, 3, and 4 (each a "*Schedule*") are incorporated into and made part of this Agreement. We may amend this Agreement, including any Schedule, prospectively by giving you written notice of the amendment at least fourteen (14) days before the effective date of the amendment, which will be specified in the amendment. We may provide written notice of the amendment by

means of a posting on the DCP, an entry on your account statement, an email message, or a printed letter.

(d) This Agreement may not be assigned, in whole or in part, by either party except by operation of law or as required by applicable law, and any purported assignment in violation hereof is void.

The headings in this Agreement are not intended to describe, interpret, define, or limit the scope or intent of this Agreement or any clause hereof. The term "applicable law" refers to all applicable statutes, rules, regulations, and judicial orders, whether federal, state, or local. The term "including" does not imply exclusion. The term "month" refers to the calendar month.

By signing below, you (as Depositor) and we (as Relationship Institution) agree to be legally bound by this ICS Deposit Placement Agreement, effective when you and we have signed it. If the Transaction Account is a joint account, each owner of the Transaction Account must sign this Agreement, and funds in your Deposit Accounts will be held in the same joint ownership capacity.

RELATIONSHIP INSTITUTION

Institution name: _____

Signature: _____

Name and title of authorized signatory:

Date signed: _____

SOLE OR PRIMARY DEPOSITOR

Depositor name: _____

Signature: _____

Name and title of authorized signatory (if not individual):

Depositor TIN or other alphanumeric identifier (and type):

Email address: _____@_____

Date signed: _____

ADDITIONAL DEPOSITOR IF JOINT ACCOUNT

Depositor name: _____

Signature: _____

Depositor TIN or other alphanumeric identifier (and type):

Email address: _____@_____

Date signed: _____

ADDITIONAL DEPOSITOR IF JOINT ACCOUNT

Depositor name: _____

Signature: _____

Depositor TIN or other alphanumeric identifier (and type):

Email address: _____@_____

Date signed: _____

(Add signature lines as needed.)

SCHEDULE 1 TO ICS DEPOSIT PLACEMENT AGREEMENT

Program Deposits and Program Withdrawals1. Specified Terms

(a) The Target Balance, Minimum Sweep Amount, and Minimum Return Amount for the Transaction Account are as follows:

Target Balance	Minimum Sweep Amount	Minimum Return Amount
\$	\$	\$

(b) The Same-Day Deposit Cutoff Time is as follows:

: A.M. Eastern Central Mountain Pacific (check one)

2. Program Deposits

(a) The Triggering Event for a Regular Program Deposit is a net change in the Transaction Account balance that causes its balance to exceed the Target Balance by more than the Minimum Sweep Amount. After posting all your Transaction Account activity for a Business Day, we will determine whether the Transaction Account balance exceeds the Target Balance by more than the Minimum Sweep Amount. Subject to the other terms and conditions of this Agreement, if such a Triggering Event occurs, we will transfer the amount by which the Transaction Account balance exceeds the Target Balance to Deposit Accounts at ICS Settlement on the next Business Day.

(b) The Triggering Event for a Same-Day Program Deposit is a Same-Day Program Deposit request by you that we receive and accept before the Same-Day Deposit Cutoff Time on a Business Day. Subject to the other terms and conditions of this Agreement, if such a Triggering Event occurs, we will transfer the requested amount to Deposit Accounts at ICS Settlement later on the same Business Day.

(c) If a Triggering Event for a Program Deposit occurs, we may debit the Transaction Account and credit a holding account before the transfer of funds to Deposit Accounts occurs at ICS Settlement.

3. Program Withdrawals

(a) All Program Withdrawals will be Regular Program Withdrawals, which occur on the Business Day after the Triggering Event. The Triggering Event for a Program Withdrawal is a net change in the Transaction Account balance, after the posting of all your Transaction Account activity for a Business Day, that causes its balance (exclusive of any amounts that we credit as advances in anticipation of a Program Deposit) to be less than the Target Balance by more than the Minimum Return Amount. Subject to the other terms and conditions of this Agreement, if such a Triggering Event occurs, we will transfer an amount from your Deposit Accounts at ICS Settlement the next Business Day, up to the available amount in your Deposit Accounts, sufficient to restore the Transaction Account balance to the Target Balance.

(b) Subject to the other terms and conditions of this Agreement, including Section 3.4, and subject to the rules and cutoff times that otherwise apply to transaction accounts with us, we will honor your debit transactions in the Transaction Account if the sum of your funds in the Transaction Account and your funds in your Deposit Accounts, after taking into account any pending Program Deposits and any pending Program Withdrawals, is not less than zero. We will do so even if the amount of the debit transaction exceeds the Transaction Account balance. As set forth in Section 3.4, you will owe us any amounts that we credit as advances in anticipation of a Program Deposit and we will retain those amounts from the funds we receive at ICS Settlement.

(c) If a Triggering Event for a Program Withdrawal occurs, we may credit the Transaction Account and debit a holding account before the transfer of funds from your Deposit Accounts occurs at ICS Settlement.

SCHEDULE 2 TO ICS DEPOSIT PLACEMENT AGREEMENT

Transaction Account

Although we will not place your funds through ICS at any one Destination Institution in an amount that exceeds the FDIC standard maximum deposit insurance amount ("SMDIA") of \$250,000, balances in your Transaction Account, separately or together with your other balances with us in the same insurable capacity, may exceed the SMDIA. For example, your balances may exceed the SMDIA until ICS Settlement for a pending large Program Deposit or if all funds in your Deposit Accounts are returned to your Transaction Account for the remainder of a month as a result of the application of the Program Withdrawal limit. 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.

SCHEDULE 3 TO ICS DEPOSIT PLACEMENT AGREEMENT

Depositor Control Panel and Depositor Placement Review1. Depositor Control Panel

The address of the Depositor Control Panel is <https://www.depositorcontrol.com>.

Your initial login credentials for the Depositor Control Panel will be as follows:

User name:	The account number for the Transaction Account
Password:	The last four characters of the TIN or other alphanumeric identifier entered for the sole or primary Depositor on the signature page of this Agreement

You will also be required to enter the email address you have provided to us.

We will separately advise you of any additional steps required of you by additional security controls.

2. Depositor Placement Review

The DPR period each Business Day will be as follows:

3:00 P.M. to 3:15 P.M. Eastern time

We may change the DPR period by posting notice on the DCP in advance of the change.

Custodial Agreement

You, the undersigned, enter into this Custodial Agreement (this "Agreement") with _____ ("we" or "us").

1. Pursuant to this Agreement, you authorize us (as your "Relationship Institution") to hold and act as your custodian with respect to all deposit accounts, including all time deposits, money market deposit accounts, and demand deposit accounts, issued or established at other participating institutions pursuant to the CDARS Deposit Placement Agreement or the ICS Deposit Placement Agreement for funds of yours placed through CDARS®, the Certificate of Deposit Account Registry Service®, or ICS®, the Insured Cash Sweep® service (collectively, the "Deposit Accounts") and all your security entitlements and other related interests and assets with respect to your Deposit Accounts (collectively, the "Related Entitlements"). The custodial account in which we will hold your Deposit Accounts and Related Entitlements (the "Custodial Account") comprises all the CDARS and ICS custodial accounts that we maintain for you.

2. As your custodian, we may (i) cause your Deposit Accounts to be titled in our name or in the name of our sub-custodian, (ii) collect for your account all interest and other payments of income or principal pertaining to your Deposit Accounts, (iii) endorse on your behalf any check or other instrument received for your account that requires endorsement, (iv) deposit your funds in, or withdraw your funds from, your Deposit Accounts in accordance with your instructions, (v) deliver or transfer funds from another account with us to your Deposit Accounts or deliver or transfer funds from your Deposit Accounts to another account with us in accordance with your instructions, (vi) for Deposit Accounts that are time deposits, surrender for payment for your account maturing Deposit Accounts and those for which early withdrawal is requested, (vii) execute and deliver or file on your behalf 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 you when required for the purpose of the instrument, and (viii) take such other actions as are customary or necessary to effectuate the purposes of this Agreement.

3. For purposes of Article 8 of the Uniform Commercial Code as adopted in _____ (the "UCC"), we will act as your securities intermediary for, and will treat as financial assets, any Deposit Accounts and Related Entitlements that we hold for you pursuant to this Agreement. The Custodial Account will constitute a securities account, as defined in the UCC.

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

5. We may honor any legal process that is served personally, by mail, or by electronic mail or facsimile transmission at any of our offices or an office of our 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 your account or records are maintained.

6. We will have no liability to you for any good-faith act or omission by us in connection with this Agreement. You agree to indemnify us and our sub-custodian, and to hold us and our sub-custodian harmless from, all expenses (including counsel fees), liabilities, and claims arising out of any good-faith act or omission by us in connection with this Agreement or compliance with any legal process relating to the Custodial Account that we believe (correctly or otherwise) to be valid. You agree to pay any service charges that we impose on the Custodial Account.

7. You may be an individual in an individual capacity, more than one individual in a joint capacity, or a trust, partnership, corporation, or other legal entity. We may accept instructions on your behalf from any individual who signs this Agreement as or on behalf of a Depositor and from any of the following individuals:

Name	Title or Legal Capacity

By signing below, you and we agree to be legally bound by this Custodial Agreement.

RELATIONSHIP INSTITUTION

Institution name: _____

Signature: _____

Name and title of authorized signatory:

Date signed: _____

SOLE OR PRIMARY DEPOSITOR

Depositor name: _____

Signature: _____

Name and title of authorized signatory (if not individual):

Depositor TIN or other alphanumeric identifier (and type):

Email address: _____@_____

Date signed: _____

ADDITIONAL DEPOSITOR IF JOINT ACCOUNT

Depositor name: _____

Signature: _____

Depositor TIN or other alphanumeric identifier (and type):

Email address: _____@_____

Date signed: _____

ADDITIONAL DEPOSITOR IF JOINT ACCOUNT

Depositor name: _____

Signature: _____

Depositor TIN or other alphanumeric identifier (and type):

Email address: _____@_____

Date signed: _____

(Add signature lines as needed.)



Safety. Return. Freedom.

Through ICS[®], the Insured Cash Sweep[®] service, many public depositors can access multi-million-dollar FDIC insurance on funds placed into demand deposit accounts.

Through the ICS service, you can:

- **Enjoy peace of mind**
ICS funds are eligible for multi-million-dollar FDIC insurance that's backed by the full faith and credit of the United States government.
- **Earn interest**
Put excess cash balances to work.
- **Save time**
By providing access to FDIC insurance through a single bank relationship, ICS can help your public unit comply with investment policy mandates.
- **Access funds**
Enjoy unlimited program withdrawals from demand deposit accounts.
- **Support your community**
Feel good knowing that the full amount of your funds placed through ICS can stay local to support lending opportunities that build a stronger community.¹

Simply put, with ICS, you can have it all.



River City Bank

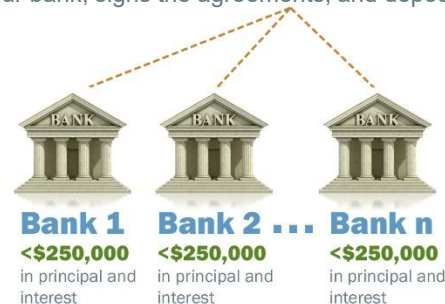
Member
FDIC

How does ICS work?

Work directly with just us—an institution you already know and trust—to access coverage from many, receive one regular statement, and know that your confidential information remains protected.



Your public unit has or sets up a transaction account with our bank, signs the agreements, and deposits funds.



Deposits are sent to demand deposit accounts at other member institutions in amounts under the standard FDIC insurance maximum of \$250,000.²

Contact us today!

(Insert contact information here.)

[1] When deposited funds are exchanged on a dollar-for-dollar basis with other banks in the ICS Network, the relationship institution can use the full amount of a deposit placed through ICS for local lending, satisfying some depositors' local investment goals or mandates. In certain states, and with a depositor's consent, the relationship institution may choose to receive fee income instead of deposits from other Network members. Under these circumstances, deposited funds would not be available for local lending.

[2] Based on triggering events as set forth in the ICS Deposit Placement Agreement the depositor enters into with the relationship institution.

Placement of funds through the ICS service is subject to the terms, conditions, and disclosures in the service agreements, including the Deposit Placement Agreement ("DPA"). Limits and customer eligibility criteria apply. In the ICS savings option, program withdrawals are limited to six per month. Although funds are placed at destination banks in amounts that do not exceed the FDIC standard maximum deposit insurance amount ("SMDIA"), a depositor's balances at the relationship institution that places the funds may exceed the SMDIA (e.g., before ICS settlement for a deposit or after ICS settlement for a withdrawal) or be ineligible for FDIC insurance (if the relationship institution is not a bank). As stated in the DPA, the depositor is responsible for making any necessary arrangements to protect such balances consistent with applicable law. If the depositor is subject to restrictions on placement of its funds, the depositor is responsible for determining whether its use of ICS satisfies those restrictions. ICS and Insured Cash Sweep are registered service marks of Promontory Interfinancial Network, LLC.

Using ICS® for Public Funds

In the State of California



CALIFORNIA GOVERNMENT CODE

Title 5. Local Agencies

Division 2. Cities, Counties, and Other Agencies

Part 1. Powers and Duties Common to Cities, Counties, and Other Agencies Chapter 4. Financial Affairs

Article 1. Investment of Surplus

53600. As used in this article, "local agency" means **county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.**

[SECTION 53635.8 is similar to Section 53601.8]

53601.8. Notwithstanding Section 53601 or any other provision of this code, a local agency that has the authority under law to invest funds, at its discretion, may invest a portion of its surplus funds in deposits 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 deposits. 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 use a private sector entity to help place local agency deposits with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States and are within the network used by the private sector entity for this purpose.
- (c) Any private sector entity used by a selected depository institution to help place its local agency deposits shall maintain policies and procedures requiring both of the following:
 - (1) The full amount of each deposit placed pursuant to subdivision (b) and the interest that may accrue on each such deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.
 - (2) Every depository institution where funds are placed shall be capitalized at a level that is sufficient, and be otherwise eligible, to receive such deposits pursuant to regulations of the Federal Deposit Insurance Corporation or the National Credit Union Administration, as applicable.
- (d) The selected depository institution shall serve as a custodian for each such deposit.
- (e) On the same date that the local agency's funds are placed pursuant to subdivision (b) by the private sector entity, the selected depository institution shall receive an amount of insured deposits from other financial institutions 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 pursuant to subdivision (b).
- (f) Notwithstanding subdivisions (a) to (e), inclusive, no credit union may act as a selected depository institution under this section or Section 53635.8 unless both of the following conditions are satisfied:
 - (1) The credit union offers federal depository insurance through the National Credit Union Administration.
 - (2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more certificate of deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.
- (g) It is the intent of the Legislature that this section shall not restrict competition among private sector entities that provide placement services pursuant to this section.
- (h) The deposits placed pursuant to this section and Section 53635.8 shall not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose.
- (i) This section shall remain in effect only until January 1, 2021, and as of that date is repealed.