



Safety. Return. Freedom.

Access Multi-Million-Dollar FDIC Insurance on Public Funds

Through ICSSM, the Insured Cash Sweep[®] service, your public unit can access multi-million-dollar FDIC insurance on funds placed into demand deposit accounts and/or money market deposit accounts.

What is ICSSM?

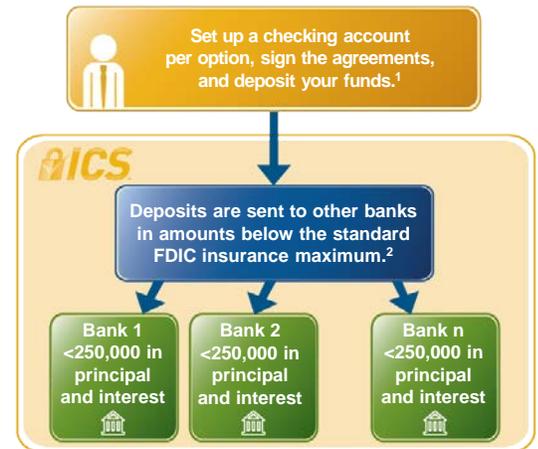
Through ICSSM, the Insured Cash Sweep[®] service, you can:

- **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 in demand accounts, money market deposit accounts, or both.
- **Save time**
By providing access to FDIC insurance through a single bank relationship, ICS can help your public unit comply with investment policy mandates. And with access to FDIC insurance, you can reduce any ongoing collateral-tracking requirements. This means you can spend more time accomplishing your public unit's goals.
- **Access funds**
Enjoy unlimited program withdrawals using the ICS demand option or up to six program withdrawals per month using the ICS savings option.

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

How does ICS work?

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



[1] If you choose both the savings and demand options, you will need to have a separate transaction account for each.

[2] Deposits are sent to demand deposit accounts using the demand option and to money market deposit accounts using the savings option. The standard FDIC insurance maximum is \$250,000 per insured capacity, per bank.

1st State Bank Member FDIC.

Placement of your funds through the ICS service is subject to terms, conditions, and disclosures set forth in the agreements you enter into with us, including the ICS Deposit Placement Agreement. Limits and customer eligibility criteria apply. Program withdrawals are limited to six per month when using the ICS savings option. 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 through ICS or a particular ICS option or transaction satisfies those restrictions. Insured Cash Sweep is a registered service mark, and ICS is a service mark, of Promontory Interfinancial Network, LLC.

Using ICSSM for Public Funds in the State of Michigan

MCL 129.91 is amended by Michigan House Bill 5289 to read in part as follows:

§ 129.91. Investment of funds of public corporations; eligible depository; secured deposits; funds limitation on acceptable assets; pooling or coordinating funds; written agreements; investment in certificate of deposit; conditions; "financial institution" defined; additional definitions.

Sec. 1. (1) Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in 1 or more of the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).

* * *
6. In addition to the investments authorized under subsection (1), the governing body by resolution may authorize its investment officer to invest the funds of the public corporation in deposit accounts that meet all of the following conditions:

- a) The funds are initially deposited in a financial institution that is not ineligible to be a depository of surplus funds belonging to this state under section 6 of 1855 PA 105, [MCL 21.146](#). The full amount of the principal and any accrued interest of each certificate of deposit is insured by an agency of the United States.
- b) The financial institution arranges for the deposit of the funds in deposit accounts in 1 or more insured depository institutions, as defined in [12 USC 1813](#), or 1 or more insured credit unions, as defined in [12 USC 1752](#), for the account of the public corporation.
- c) The full amount of the principal and any accrued interest of each deposit account is insured by an agency of the United States.
- d) The financial institution acts as custodian for the public corporation with respect to each deposit account.
- e) On the same date that the funds of the public corporation are deposited under subdivision (b), the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially deposited by the public corporation in the financial institution.

* * *
7. A public corporation that initially invests its funds through a financial institution that maintains an office located in this state may invest the funds in certificates of deposit as provided under subsection (5).

8. As used in this section, "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

9. As used in this act:

- a) "Governing body" means the legislative body, council, commission, board, or other body having legislative powers of a public corporation.
- b) "Funds" means the money of a public corporation, the investment of which is not otherwise subject to a public act of this state or bond authorizing ordinance or resolution of a public corporation that permits investment in fewer than all of the investment options listed in subsection (1) or imposes 1 or more conditions upon an investment in an option listed in subsection (1).
- c) "Investment officer" means the treasurer or other person designated by statute or charter of a public corporation to act as the investment officer. In the absence of a statutory or charter designation, the governing body of a public corporation shall designate the investment officer.
- d) "Public corporation" means a county, city, village, township, port district, drainage district, special assessment district, or metropolitan district of this state, or a board, commission, or another authority or agency created by or under an act of the legislature of this state.

Michigan House Bill 5287 amended MCL 380.622 and MCL 380.1223 and Michigan House Bill 5288 amended MCL 389.142 to provide investment authority for treasurers of intermediate school boards, treasurers of school districts and treasurers of community college districts similar to that authorized for public corporations under MCL 129.91 as set forth above.

CDARS®



Smart Investing for Michigan. Access Multi-Million-Dollar FDIC Insurance While Earning CD-Level Interest.

One Bank

Access multi-million-dollar FDIC insurance by working directly with just us – the bank you know and trust.

One Rate

Negotiate one rate with our bank for each CD maturity, and enjoy the option of reinvesting funds through a simple process.

One Statement

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

Through the CDARS® service, we can provide your public unit with easy access to multi-million-dollar FDIC protection on its CD investments.

How does CDARS® work?

We are part of a special network – the CDARS Network. When you place a large amount with us, we place your funds into CDs issued by other banks in the Network – in increments below the standard FDIC insurance maximum – so that both principal and interest are eligible for FDIC protection. With help from a sophisticated matching system, we exchange deposits with other members of the Network. These exchanges, which occur on a dollar-for-dollar basis, bring the full amount of your original deposit back to our bank. As a result, we can make the full amount of your deposit available for lending in the local community and your public unit can access FDIC insurance coverage through many banks while working directly with just one.*

What else should you know?

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

Want to learn more?

Please contact one of our business bankers at
989-799-7500 and/or www.1ststatebk.com

I have found participation in the CDARS program to be simple and a time saver. We earn very competitive interest rates on our investments while freeing up staff time to handle other responsibilities.

*Sharon Creps, Treasurer
Oakland Township, Michigan*

* When deposited funds are exchanged on a dollar-for-dollar basis with other banks in the Network, we can use the full amount of a deposit placed through CDARS for local lending, satisfying some depositors' local investment goals or mandates.

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

Limits apply. Funds may be submitted for placement only after a depositor enters into a CDARS Deposit Placement Agreement with us. The agreement contains important information and conditions regarding the placement of funds by us. If a depositor is subject to restrictions with respect to the placement of funds in depository institutions, it is the responsibility of the depositor to determine whether the placement of the depositor's funds through CDARS satisfies those restrictions. CDARS is a registered service mark of Promontory Interfinancial Network, LLC.

Public Funds 05/12

Using CDARS® for Public Funds In the State of Michigan

MCL 129.91 is amended by Michigan House Bill 5289 to read in part as follows:

§ 129.91. Investment of funds of public corporations; eligible depository; secured deposits; funds limitation on acceptable assets; pooling or coordinating funds; written agreements; investment in certificate of deposit; conditions; "financial institution" defined; additional definitions.

Sec. 1. (1) Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in 1 or more of the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).

- * * *
5. In addition to the investments authorized under subsection (1), the governing body by resolution may authorize its investment officer to invest the funds of the public corporation in certificates of deposit in accordance with all of the following conditions:
- a) The funds are initially invested through a financial institution that is not ineligible to be a depository of surplus funds belonging to this state under section 6 of 1855 PA 105, [MCL 21.146](#).
 - b) The financial institution arranges for the investment of the funds in certificates of deposit in 1 or more insured depository institutions, as defined in [12 USC 1813](#), or 1 or more insured credit unions, as defined in [12 USC 1752](#), for the account of the public corporation.
 - c) The full amount of the principal and any accrued interest of each certificate of deposit is insured by an agency of the United States.
 - d) The financial institution acts as custodian for the public corporation with respect to each certificate of deposit.
 - e) At the same time that the funds of the public corporation are deposited and the certificate or certificates of deposit are issued, the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially invested by the public corporation through the financial institution.
- * * *
7. A public corporation that initially invests its funds through a financial institution that maintains an office located in this state may invest the funds in certificates of deposit as provided under subsection (5).
8. As used in this section, "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
9. As used in this act:
- a) "Governing body" means the legislative body, council, commission, board, or other body having legislative powers of a public corporation.
 - b) "Funds" means the money of a public corporation, the investment of which is not otherwise subject to a public act of this state or bond authorizing ordinance or resolution of a public corporation that permits investment in fewer than all of the investment options listed in subsection (1) or imposes 1 or more conditions upon an investment in an option listed in subsection (1).
 - c) "Investment officer" means the treasurer or other person designated by statute or charter of a public corporation to act as the investment officer. In the absence of a statutory or charter designation, the governing body of a public corporation shall designate the investment officer.
 - d) "Public corporation" means a county, city, village, township, port district, drainage district, special assessment district, or metropolitan district of this state, or a board, commission, or another authority or agency created by or under an act of the legislature of this state.

Michigan House Bill 5287 amended MCL 380.622 and MCL 380.1223 and Michigan House Bill 5288 amended MCL 389.142 to provide investment authority for treasurers of intermediate school boards, treasurers of school districts and treasurers of community college districts similar to that authorized for public corporations under MCL 129.91 as set forth above.