

Robert P. Astorino
County Executive

Department of Finance

Ann Marie Berg
Commissioner

31335

Date: December 21, 2012

To: Honorable Members of the Board of Acquisition & Contract

From: Ann Marie Berg
Commissioner, Department of Finance

Re: Authority to enter into agreements with 1) First Niagara Bank. and its custodian bank, JP Morgan Chase Bank, N.A., and 2) JPMorgan Chase Bank, N.A. and its custodian bank, JPMorgan Chase Bank, N.A., for the deposit of County Funds

The County of Westchester maintains relationships with various banks for the deposit of County funds. Pursuant to New York General Municipal Law Section 39, the County is required to have a written investment policy regarding the investment, monitoring and reporting of County government funds. Pursuant to the Investment Policy for the County of Westchester (the "Investment Policy"), when the County deposits funds in banks, such deposits are required to be collateralized. Eligible securities that are used to collateralize the County's deposits in a depository bank are required to be held by a third party custodian bank. However, on September 10, 2012, the County Board of Legislators authorized the County to amend the Investment Policy to allow the custodian of pledged collateral to be the same bank or trust company that is holding the deposits or investments (This was authorized in accordance with recent (January, 2011) guidance issued by NYS Office of the State Comptroller that relaxes the tri-party arrangement by stating that the custodian of pledged collateral may be the same bank or trust company that is holding the deposits or investments).

While authorized as depository banks in the Investment Policy, the County currently does not deposit any funds with First Niagara Bank. In addition, while the County currently utilizes JPMorgan Chase Bank, N.A., as a depository, the County is seeking to enter into a new agreement with JPMorgan Chase Bank, N.A., thereby allowing JP Morgan Chase, N.A. to pledge collateral to itself.

Authority is now requested of your Honorable Board to authorize the County to enter agreements with First Niagara Bank and JP Morgan Chase Bank, N.A. for the deposit of County funds. Authority is also requested to enter into associated tri-party agreements for the custody of



the required collateral. The custodian bank for First Niagara Bank is JP Morgan Chase Bank, N.A., and the custodian bank for JP Morgan Chase Bank, N.A. is JP Morgan Chase Bank, N.A. The proposed agreements will commence upon execution by all parties and would be terminable by any of the parties upon written notice. There is no cost to the County.

These agreements serve a valid public purpose in that they enable the County to comply with the requirements of its Investment Policy. The goal of these agreements is to ensure adequate and safe collateralization of County funds. The Department of Finance will receive regular statements for these accounts in order to monitor the bank's performance.

This procurement is exempt from the operation of the Westchester County Procurement Policy pursuant to Section 3(a)xx.

I recommend approval of the attached proposed resolution.

AMB/jpi

APPROVED BOARD OF ACQUISITION & CONTRACT - 01/24/2013 - JAMES VEIRA, SECRETARY

RESOLUTION

Upon a communication from the Commissioner of the Department of Finance, be it hereby:

RESOLVED, that the County of Westchester is hereby authorized to enter into deposit agreements and tri-party custodial agreements with 1) First Niagara Bank and its custodian bank, JP Morgan Chase Bank, N.A., and 2) JPMorgan Chase Bank, N.A. and its custodian bank, JPMorgan Chase Bank, N.A., for the deposit of County Funds; and be it further

RESOLVED, that the agreements will commence upon execution by all parties, will be terminable by any of the parties upon written notice and will be at no cost to the County; and be it further.

RESOLVED, that the County Executive or his duly authorized designee is hereby authorized to take such action and execute such documents as may be necessary and proper to effect the purposes hereof.

Account to be Charged/Credited	Fund	Dept.	Major Program, Program & Phase Or Unit	Object/ Sub Object	Trust Account	Dollars
	N/A	N/A	N/A	N/A	N/A	N/A

Budget Funding Year(s) N/A Start Date Upon contract execution
 End Date Upon contract execution

(must match resolution)

Funding Source Tax Dollars _____

State Aid _____

\$ N/A Federal Aid _____

(must match resolution)

Other _____