

**Homer Central School District  
PO Box 500  
Homer, New York 13077-0500**

**(607) 749-7241  
(607) 749-2312 FAX**

**Michael J. Falls  
Director of Business, Finance & Facilities III**

**MEMORANDUM**

**To: BOE/Kelli Yacavone, District Clerk**

**From: Michael J. Falls, Director of Business, Finance & Facilities III**

**Re: NBT Bank Resolution**

**Date: September 8, 2015**

Attached you will find a letter from NBT Bank in regards to NBT Bank's pledge to obtain collateral to secure Homer CSD's Deposits that exceed FDIC Coverage, a Requirement of General Municipal law. As a former customer of Alliance Bank (now NBT), these securities were held at M&T Bank and their custodian, Wilmington Trust. Later this year, NBT will begin migrating their-party custody accounts from M&T to the Bank of New York Melon (BNYM). I am asking that you approve the resolution below allowing me to authorize a Third Party Custodian Agreement governing this arrangement with NBT Bank.

**RESOLUTION**

**The Homer Central School District authorizes the use of Eligible Securities and Eligible Letters of Credit as collateral as pledged to secure its deposits that exceed FDIC Coverage, and authorize Michael J. Falls, Director of Business, Finance and Facilities III to execute a Third Party Custodian Agreement governing the arrangement, as required under NYS General Municipal Law.**



July 7, 2015

HOMER CSD  
PO Box 500, 80 West Rd.  
Homer, NY 13077

Dear NBT Bank Municipal Customer,

As you know, NBT Bank pledges collateral to secure your public deposits that exceed FDIC coverage, a requirement of NYS General Municipal Law. As a former customer of Alliance Bank, these securities have been held at M&T Bank and their custodian, Wilmington Trust.

Later this year, NBT Bank will begin migrating your third-party custody accounts from M&T Bank to the Bank of New York Mellon (BNYM). You will find several benefits to this migration:

**Collateral Adequacy.** Other securities owned by NBT Bank are held in safekeeping at BNYM. This relationship allows NBT to quickly and easily move additional securities into your account as needed to maintain the proper collateral levels.

**Automated Pledging.** At BNYM, NBT Bank can automatically monitor your balances and adjust the pledged securities daily to ensure the market value of the securities is never less than the amount of uninsured deposits.

**Decreased Market Value Risk.** At BNYM, we pledge securities with a market value of 102% of the amount of uninsured deposits at NBT Bank. The 102% provides an additional margin of safety to protect your deposits against market value fluctuations in the pledged securities. Further, at BNYM, we can utilize Municipal Letters of Credit to further decrease the impact of market value fluctuations.

**Improved Reports.** You will receive improved weekly and monthly statements and will have an online access option to view reports for up to ten years after the date of the reports.

**Balance Reporting.** BNYM reports include the total of your deposits at NBT Bank which are not covered by FDIC, allowing you to reconcile this to the market value of securities.

We are confident you will be pleased with our migration and look forward to servicing your banking needs more efficiently.

Attached is a checklist for your Local Government to follow, along with 3 copies of the BNYM Third Party Custodian Agreement and a pre-addressed return envelope. Once executed by NBT and the BNYM, one fully-executed agreement will be returned to you.

The timely return of the completed agreements to NBT Bank will ensure that you have the best collateral coverage going forward and remain in compliance with NYS General Municipal Law.

Upon the setup of your new account and the receipt of collateral, BNYM will send you a report that the collateral has been received and placed in your new account. Thereafter you will receive weekly reports of collateral pledged and monthly summaries whenever your deposits exceed FDIC coverage, as required under NYS Law.

Please feel free to call me if you have any questions, and as always, thank you for being a valued customer of NBT Bank.

Sincerely,

A handwritten signature in black ink that reads "John F. Deierlein". The signature is written in a cursive style with a large, stylized "J" and "D".

John F. Deierlein  
Vice President, Government Banking

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