

## DEPOSITS

### I. Depository Bank

A. At the annual Reorganization Meeting, the Board of Education (the Board) shall designate one or more depository banks. The Board resolution shall specify the maximum amount which may be kept on deposit at any one time in each designated bank. Such designations and amounts may be changed at any time by further resolution.

### B. Deposit Placement Program

The Board may authorize the designated depository bank to arrange for the redeposit of Oriskany Central School District (the District) funds in one (1) or more other banking institutions (as defined in Section 9-r of the Banking Law) through a deposit placement program that meets all of the conditions set forth in Section 10(2)(a)(ii) of the General Municipal Law.

### II. Security of Deposits

#### A. Acceptable Security

All deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by at least one (1) of the following methods:

1. a pledge of eligible securities, or a pro rata share of a pool of eligible securities, having an aggregate market value at least equal to the aggregate amount of District deposits held by the particular institution;
2. an eligible surety bond payable to the District in an amount equal to one hundred percent (100%) of the aggregate amount of the District deposits held by the particular institution, and the agreed upon interest, if any, provided that the terms of the surety bond are first approved by the Board;
3. an eligible letter of credit payable to the District in an amount equal to one hundred and forty percent (140%) of the aggregate amount of the District deposits held by the particular institution, and the agreed upon interest, if any; or
4. an irrevocable letter of credit issued in favor of the District by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one (1)

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nationally recognized statistical rating organization, in an amount equal to one hundred percent (100%) of the aggregate District deposits held by that bank, and the agreed upon interest, if any.

B. Definitions

1. “Eligible securities,” “eligible surety bond,” and “eligible letter of credit” shall be those instruments so identified by Section 10 of the General Municipal Law.
2. For purposes of complying with this Policy, the market value of pledged securities shall be calculated in the manner provided in Section 10 of the General Municipal Law.

C. Additional Requirements Regarding Pledged Securities

1. Where security is provided by a pledge of securities, the pledge must be accompanied by a security agreement and a custodial agreement (which may be contained in a single document).
2. The security agreement shall include at least the following terms:
  - a. the eligible securities, or pro rata portion of a pool of eligible securities, is being pledged by the bank as security for the District deposits, any agreed upon interest, and the costs of collecting those deposits in the event of a default;
  - b. the conditions under which the eligible securities, or pro rata portion of a pool of eligible securities, may be sold, presented for payment, substituted or released;
  - c. the events of default which will enable the District to exercise its rights against the pledged securities; and
  - d. all other terms deemed necessary and sufficient to secure the District’s interest in the eligible securities, or pro rata portion of a pool of eligible securities.
3. The custodial agreement shall include at least the following terms:
  - a. that the eligible securities, or pro rata portion of a pool of eligible securities, will be held by the custodial institution as the agent of, and custodian for, the District;

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- b. that the eligible securities, or pro rata portion of a pool of eligible securities, will be kept separate and apart from the general assets of the custodial institution;
- c. the manner in which the custodial institution shall confirm the receipt, release, or substitution of the collateral;
- d. the frequency of revaluation of the collateral by the custodial institution;
- e. the substitution of collateral when a change in the rating of a security causes the security to no longer be an eligible security; and
- f. all other terms deemed necessary and sufficient to secure the District's interest in the collateral.

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Oriskany Central School District

Legal Ref: NYS Education Law §§2129, 2130(4); 8 NYCRR 170.1, 170.2; NYS General Municipal Law §§10, 800; Banking Law §9-7; Federal Insurance Act, as amended.

Adopted: 12/15/14

Revised: 12/17/18, \_\_\_\_\_