

**HONORABLE BOARD OF LEGISLATORS
THE COUNTY OF WESTCHESTER**

Your Committee is in receipt of a communication from the County Executive recommending the adoption of an Act which, if approved, would establish a revised Policy for Investing and Protecting Public Funds of the County of Westchester (the “County”), pursuant to New York State General Municipal Law Section 39 (the “Investment Policy”). The annexed Act would authorize the adoption of a revised Investment Policy that would amend the list of the County’s depository banks.

In order to comply with the provisions of General Municipal Law Section 39, your Honorable Board has from time to time established a Comprehensive Investment Policy detailing County government operative policy and instructions to officers and staff regarding the investment, monitoring and reporting of County government funds. The Investment Policy is reviewed annually by the Department of Finance (the “Department”) and submitted to your Honorable Board for its approval. The Investment Policy currently in effect addresses several topics, including but not limited to the following: (1) a list of permitted types of investments of the County Government; (2) procedures and policies to secure in a satisfactory manner the County’s financial interest in investments; (3) standards for written agreements pursuant to which investments are made; (4) procedures for monitoring, control, deposit and retention of investments and collateral; (5) standards for security and custodial agreements with banks or trust companies authorized to do business in the State of New York, pursuant to which obligations and collateral are held by such banks and trust companies for the County; (6) standards for the diversification of investments and firms with whom the County transacts business; and (7) standards for the qualification of investment agents which transact business with the County, such as criteria covering credit worthiness, experience, capitalization, size and other factors that make a firm capable and qualified to do business with the County.

As your Honorable Board is aware, the Investment Policy was last amended by Act No. 20-2022 by revising the list of the County’s approved depository banks.

The Department has advised that the County currently has twenty-two (22) approved depositories, and at the present time the County has significant deposits with four (4) of these banks. Limits for each bank vary in accordance with the size of the bank and the County's history with the institution.

Your Committee is further advised by the Department that the current banking environment is very different from a year ago. The Federal Reserve Bank's (the "Federal Reserve") policy rate is now set to 4.75% to 5.00%, up from nearly zero one year ago. Markets still expect the Federal Reserve to keep its inflation-fighting efforts, despite high profile bank failures that have recently rattled the financial system. On March 12, 2023, New York State regulators closed Signature Bank ("Signature"). The Federal Deposit Insurance Corporation ("FDIC") took control of Signature, which had \$110.36 billion in assets and \$88.59 billion in deposits at December 31, 2022. Concurrently with the closure of Signature, the U.S. Treasury Department and other bank regulators issued a joint statement that all of the depositors of Signature would be made whole.

Your Committee is further advised that on March 13, 2023, the County withdrew all of its deposits from Signature. Signature will be removed from the approved depository list contained in Section VII of the Investment Policy.

The forty (40) former branches of Signature now operate under New York Community Bancorp's Flagstar Bank, National Association ("Flagstar") which is a wholly owned subsidiary of New York Community Bancorp, Inc. All depositors of Signature Bridge Bank, N.A., formed due to Signature's closure as discussed above, automatically became depositors of Flagstar. The County has been in contact with the banking team that handled the County's business at Signature for many years. The team remains in place and is promising the same service and very competitive rates in a seamless manner. Flagstar reported assets of \$90 billion and deposits of \$59 billion as of December 31, 2022. Flagstar is a Michigan-based bank that has one of the largest residential mortgage servicers in the United States and was ranked number eighty-two (82) on the Federal Financial Institutions Examination Council's list of 4,157 commercial banks in the United States insured by the FDIC. The Department is recommending that Flagstar be added to the approved depository list with a credit limit of \$200 million. This is as a replacement for the removal of Signature which had a credit limit of \$500 million.

Your Committee is further advised by the Department that on April 2, 2022, M&T Bank Corporation ("M&T") announced the acquisition of People's United Financial ("People's"). The

combined company creates a \$200 billion banking franchise. The conversion of People's customers to the M&T system is complete. As such, the People's brand no longer exists. Both M&T and People's currently appear on the County's approved depository list. Therefore, the revised Investment Policy will eliminate People's from the list. At the same time, the Department would like to raise M&T's approved maximum deposit amount from its current \$100 million to \$300 million which is what People's was approved for on its own.

Mahopac National Bank, also known as Tompkins Mahopac Bank, has been rebranded to simply Tompkins. In addition to Mahopac National Bank, other small banks owned by Tompkins are now a part of the rebranding. The new institution reports assets of \$7.6 billion as of December 31, 2022. This is as opposed to the \$1.6 billion reported by Tompkins Mahopac as of December 31, 2021. The Department is requesting that the approved deposit limit remain at \$25 million for Tompkins. Only the name will be changed from Mahopac National Bank to Tompkins.

Lastly, your Committee is advised that other smaller bank mergers have occurred which require the removal of an additional bank from the approved depository list. This bank no longer exists and the County has had no activity with them for several years and has no relationship with the larger acquiring bank. Sussex Bank was acquired by Provident Bank. The Department would like to remove Sussex Bank from the approved depository list.

Therefore, the Commissioner of Finance is requesting the following changes to the list of approved depositories contained in Section VII of the Investment Policy:

CURRENT:

<u>Depository</u>	<u>Total Dollar Limits Expressed in Millions</u>
1. Banco Popular	50
2. CitiGroup Inc.	200
3. T.D. Bank N.A.	350
4. Bank of America	500
5. Key Bank	100
6. M&T Bank (Manufacturers and Traders Trust Company)	100
7. J.P. Morgan Chase Bank	500
8. Capital One N.A.	50
9. Signature Bank	500
10. Wells Fargo	500
11. U.S. Bancorp	100
12. Webster Bank, N.A.	300

13. ConnectOne Bancorp, Inc.	25
14. Mahopac National Bank	25
15. The Bank of New York Mellon	100
16. Valley National Bank	10
17. PCSB Commercial Bank	25
18. Morgan Stanley	100
19. Customers Bank	50
20. Peoples United, N.A.	300
21. Sussex Bank	10
22. Orange Bank & Trust Company	25

PROPOSED:

<u>Depository</u>	<u>Total Dollar Limits Expressed in Millions</u>
1. Banco Popular	50
2. CitiGroup Inc.	200
3. T.D. Bank N.A.	350
4. Bank of America	500
5. Key Bank	100
6. M&T Bank Corporation	300
7. J.P. Morgan Chase Bank	500
8. Capital One N.A.	50
9. Wells Fargo	500
10. U.S. Bancorp	100
11. Webster Bank, N.A.	300
12. ConnectOne Bancorp, Inc.	25
13. Tompkins	25
14. The Bank of New York Mellon	100
15. Valley National Bank	10
16. PCSB Commercial Bank	25
17. Morgan Stanley	100
18. Customers Bank	50
19. Orange Bank & Trust Company	25
20. Flagstar Bank, National Association	200

Your Committee is advised that the proposed revisions to the Investment Policy do not meet the definition of an action under the New York State Environmental Quality Review Act and its implementing regulations 6 NYCRR Part 617. Your Committee has referred to the memorandum from the Department of Planning dated January 12, 2023, which is on file with the Clerk of your Honorable Board, and concurs with this conclusion.

Please note that an affirmative vote of a majority of the voting members of your Honorable Board is required in order to adopt the annexed Act.

Your Committee has carefully considered this matter and recommends that your Honorable Board adopt the annexed Act amending the Investment Policy for the County of Westchester.

Dated: May 15th, 2023
White Plains, New York

David Fochi
David J. Lubio
Catherine Park
M. J.
James J. Zullo
J. W.

FISCAL IMPACT STATEMENT

SUBJECT: Amend Investment Policy 2023

NO FISCAL IMPACT PROJECTED

OPERATING BUDGET IMPACT

(To be completed by operating department and reviewed by Budget Department)

A) GENERAL FUND AIRPORT SPECIAL REVENUE FUND (Districts)

B) EXPENSES AND REVENUES

Total Current Year Cost \$ 0

Total Current Year Revenue \$ 0

Source of Funds (check one): Current Appropriations

Transfer of Existing Appropriations Additional Appropriations Other (explain)

Identify Accounts:

Potential Related Operating Budget Expenses: Annual Amount \$ none

Describe: _____

Potential Related Revenues: Annual Amount \$ _____

Describe: The amendments to the Investment Policy are designed to keep the policy up to date for depositories & broker/dealers. The maximization of safety and return is the goal, but can not be quantified.

Anticipated Savings to County and/or Impact on Department Operations:

Current Year: _____

Next Four years: _____

Prepared by: Mario Arena

Title: ZDeputy Commissioner of Finance

Department: Finance

Reviewed By: _____

Budget Director

4/28/23

If you need more space, please attach additional sheets.

ACT NO. ____ - 2023

AN ACT amending the Investment Policy for the County of Westchester, pursuant to New York State General Municipal Law Section 39.

NOW, THEREFORE, BE IT ENACTED by the Westchester County Board of Legislators as follows:

Section 1. Pursuant to New York State General Municipal Law Section 39, the annexed Investment Policy for the County of Westchester (the “County”), which details the County’s operative policy and instructions to officers and staff regarding the investment, monitoring and reporting of funds of the County, is hereby amended. The annexed Investment Policy shall supersede all prior versions of said policy.

§2. This Investment Policy shall be reviewed on an annual basis by the County.

§3. This Act shall take effect immediately.