

**Town of Walton  
129 North Street  
Walton, NY 13856**

**Call to Order 6:00 PM**

**10 January 2022**

- 1. Pledge of Allegiance – Patty Wood**
- 2. Invocation**
- 3. Flood Mitigation Report – Graydon Dutcher**
- 4. Approval of Minutes – 10 December, 28 December 2021 & 4 January 2022**
- 5. Assessor, Code, Dog Control, FEMA Coordinator -**
- 6. Highway Report:**
- 7. Town Clerk Report:**
- 8. Supervisor Report: All County Hazard Mitigation Plan, Unified Court System Internal Audit, Wayne Bank Custody Agreement**

**9. Committee/Council Reports**

<b>Public Works</b>	<b>Armstrong/Govern</b>
<b>Finance &amp; Insurance</b>	<b>Wood/Govern</b>
<b>Legal &amp; Ordinance</b>	<b>Govern/Wood</b>
<b>Land Use &amp; Village Liaison</b>	<b>Rodriguez/Wood</b>
<b>Personnel</b>	<b>Govern/Armstrong</b>
<b>Union Negotiations</b>	<b>Cetta/Armstrong</b>
<b>Building &amp; Grounds</b>	<b>Cetta/Armstrong</b>
<b>Technology</b>	<b>Wood/Rodriguez</b>
<b>Emergency Disaster</b>	<b>Cetta/Govern</b>
<b>Historical</b>	<b>Rodriguez/Armstrong</b>

**10. Approval of Abstracts:**

**Executive Session:**

It is anticipated that there may be a need to enter into executive session for the purpose of Attorney/Client discussing.

Assessor's Report to Walton Town Board  
January 2022

- **Work is as usual this month in the Assessor's office:** exemption processing, property review, updating property records and assessments, monitoring real estate listings, verifying property sales values, and returning phone calls and emails.
- **Homeowner Assistance Fund**

News from the State Office of Real Property Tax Services:

"Last week, Governor Hochul launched the New York State Homeowner Assistance Fund website. The federally funded program is dedicated to assisting homeowners who are at risk of default, foreclosure, or displacement as a result of a financial hardship caused by the COVID-19 pandemic.

For more information use the website listed above or call 1-844-77-NYHAF (1-844-776-9423).

- **Recent Change to Dates of Service for Veterans of Vietnam**

On November 11, 2021, Governor Hochul signed into law bill A.7388B/S.7124. The intention of the bill was to update the service dates for Vietnam veterans to coincide with the newly enacted federal law (H.R. 7105).

Under the new law, active dates have been extended to now include November 1, 1955 to May 7, 1975. Full details of the bill can be found here:

<https://www.nysenate.gov/legislation/bills/2021/a7388/amendment/b>

- **Vets may apply for a veterans property tax exemption at the Delaware County Veteran's Service Agency,**  
97 Main Street, Suite #4, Delhi, New York 13753  
(607) 832-5345  
or at the  
Assessor's Office, 129 North Street, Walton, New York (607) 865-5281.

The forms RP458a and RP458 are also available online at

<https://www.tax.ny.gov/forms/orpts/exemption.htm>

Surviving spouses of veterans may also be eligible.

Thank you.

Respectfully Submitted  
Penny Haddad, Assessor

Town of Walton  
Code Enforcement Office  
Stephen L. Dutcher

**Monthly Summary Report**  
Month of December 2021

Building Permits Issued	2
Building Inspections Completed	30
Fire Inspections Completed	0
Notices of Violation Issued	0
Tickets Issued	0
Certificates Issued	18
Complaints Received	0
Floodplain Development	
Permits Issued	0
CO Searches	0

**Martin J. Way, Jr.**  
**Dog Control Officer, Town of Walton**  
**129 North Street Walton,**  
**New York 13856**  
**December 2022**  
**Dog Control Activity Summary**

<b>Complaints</b>	<b>6</b>
<b>Dogs Seized</b>	<b>0</b>
<b>Returned to Owner</b>	<b>0</b>
<b>Humane Society</b>	<b>0</b>
<b>Dangerous Dogs</b>	<b>0</b>
<b>Tickets Issued</b>	<b>5</b>
<b>Total Redemption Fees</b>	<b>0</b>
<b>Assistance, Police</b>	<b>1</b>

<b>Mileage</b>	<b>35</b>	<b>Miles</b>
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**TOWN OF WALTON HIGHWAY DEPARTMENT**  
25091 STATE HIGHWAY 10  
WALTON, NY 13856  
607-865-5120

**TO:** WALTON TOWN BOARD  
**FROM:** JEFF OFFNICK, HIGHWAY SUPERINTENDENT  
**DATE:**  
**RE:** REPORT

- ✓ We have had a mild winter this far, we had to plow/sand 10 times in December spreading a total of 525 Cu/Yd of material.
- ✓ Our fleet has been holding up fairly well, only minor breakdowns.
- ✓ There has been no significant illness observed within the crew.
- ✓ We have received bids on the van and trailer listed on Auctions International.

TOWN OF WALTON  
OFFICE OF TOWN CLERK  
129 NORTH ST.  
WALTON, NY 13856

TO: Town Board Members  
FROM: Ronda Williams, Record Management Officer  
DATE: January 7, 2022  
SUBJECT: Obsolete Records

The following records have met the New York State Record Retention and Disposition Schedule and are no longer required to keep. Upon your approval these records will be disposed of properly.

DOG IDENTIFICATION AND CONTROL

RETENTION

2018	Copy of original or renewal license	3 years
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FISCAL

**Banking and Investment:**

2015	Banking communications; bank statements copy of checks, deposit books & slips, receipts	6 years
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**Payroll:**

2015	Employee time cards, sheets, request for time off,	6 years
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**Purchasing:**

2015	Invoices, abstracts,	6 years
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**General Accounting and Miscellaneous:**

2015	Accounting register, Cash transaction, Daily cash records	6 years
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GENERAL

2020	Correspondence including e-mails of no fiscal, legal or administrative value	o no longer need
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INSURANCE/SELF-INSURANCE

**Insurance policy:**

2015 Insurance Policies 6 years

**Certificate of insurance:**

2015 Certificate of Insurance 6 years

PUBLIC PROPERTY AND EQUIPMENT

**Consumption and Dispensing Records:**

2015 Fuel Consumption Records 6 years

TAXATION AND ASSESSMENT

**Assessment Roll/Tax Roll:**

2016 Tentative assessment roll 5 years

2015 Tax collection records 6 years

TRANSPORTATION & ENGINEERING

**Highway, Engineering, and Public Works:**

2015 Truck Load Slips 6 years

SURPLUS EQUIPMENT

HIGHWAY OFFICE DESK - BROKEN

RESOLUTION # \_\_\_\_\_

Motion made by \_\_\_\_\_, seconded by \_\_\_\_\_

Roll call vote:

Aye	Nay	Councilman Armstrong
Aye	Nay	Councilwoman Wood
Aye	Nay	Councilman Govern
Aye	Nay	Councilman Rodriguez-Betancourt
Aye	Nay	Supervisor Cetta

# TOWN CLERK'S MONTHLY REPORT

TOWN OF WALTON, NEW YORK  
TO THE SUPERVISOR:

DECEMBER '2021

Pursuant to Section 27, Subd. 1 of the Town Law, I hereby make the following statement of all the fees and money received by me in connection with my office during the month above stated, excepting only such fees and monies the application and payment of which are otherwise provided for by law.

<u>RECEIPTS</u>		BEGINNING BALANCE	\$2,385.30
DA2665	SALE OF HWY EQUIPMENT		
A2401	INTEREST FROM NBDC		
A2545	MARRIAGE LICENSES		
A2545	MARRIAGE, DEATH, BIRTH CERTIFICATES	\$250.00	
A2545	GENEOLOGY		
B2555	BUILDING PERMITS	\$200.00	
A1255	MISC. FEES	\$0.75	
A2544	DOG LICENSES	\$419.00	
	PETTY CASH FROM TAXES		
A1010-1090	REAL PROPERTY TAX		
A2665	SURPLUS ITEMS		
A1090	REAL PROPERTY PENALTIES		
DB2545	HWY. DEPARTMENT		
DA2655	HWY. SLUICE	\$300.00	
A2545	DECALS	\$122.00	
A1170	FRANCHISE		
B2770	ZONING/PLANNING		
B2110	ZBA FEES		
B2115	PLANNING FEES		
	TOTAL RECEIPTS	\$1,291.75	
	GRAND TOTAL		\$3,677.05

## DISBURSEMENTS

DECALS	\$1,042.04	
TOWN CLERK FEES/INTEREST TO SUPERVISOR	\$1,617.51	
53% OF DOG LICENSE TO SUPERVISOR	\$811.00	
TOWN TAX REVENUES TO SUPERVISOR		
AMOUNT PAID TO DEPT. OF AG. & MARKET	\$139.00	
AMOUNT PAID TO COUNTY FOR DOG FEES		
AMOUNT PAID TO STATE HEALTH FOR MARRI	\$67.50	
TOWN TAX TO COUNTY TREASURER		
NSF CHECKS		
REFUNDS		
OTHER (POST OFFICE)		
TOTAL DISBURSEMENTS	\$3,677.05	
NET BALANCE		\$0.00
BANK BALANCE	\$1,292.30	
LESS OUT STANDING CHECKS	\$1,292.30	
(+) OUTSTANDING DEPOSITS		
ENDING BALANCE		\$0.00

STATE OF NEW YORK, COUNTY OF DELAWARE, TOWN OF WALTON  
Ronda Williams, being duly sworn, says that she is the Town Clerk/Tax Collector for the Town of Walton, that the foregoing is a full and true statement during the month above stated, excepting only such fees the application and payment of which is otherwise provided for by law.

\_\_\_\_\_  
TOWN CLERK



# Town Supervisors Monthly Statement

## To Town of Walton Board Members

Pursuant to Section 52 of the Town Law, the following is a statement of monies received and disbursed by the Town Supervisor during the month of DECEMBER 2021.

Fund	General Townwide (A)	General Outside (B)	Highway Townwide (DA)	Highway Outside (DB)	Good Neighbor (H)	Risk Retention (H)	Disaster Recovery (H)
<b>RECEIPTS</b>							
Balances First of Month							
Savings	\$ 648,265.04	\$ 56,686.84	\$ 360,731.85	\$ 449,416.27	\$ -	\$ -	
WAYNE BANK							
Checking	\$ 3,001.82	\$ 128.24	\$ 1,638.03	\$ 153.59			
<b>TAXES/Penalty</b>							
Interest	\$ 26.66	\$ 2.23	\$ 14.62	\$ 20.16			
Justice Fines	\$ 6,124.00						
Town Clerk Report	\$ 205.03						
Dog Licenses	\$ 451.00						
Building Permits		\$ 700.00					
CHIPS							
REIMBURSEMENT			\$ 162,315.00	\$ 331,307.21			
CELL TOWER RENTAL							
PLANNING/ZONING FEE	\$ 5,650.92						
FRANCHISE	\$ 952.32						
SALE OF EQUIPMENT			\$ 1,450.00				
DRIVEWAY PERMIT							
MORTGAGE TAX							
HYDRO SEEDER							
FEMA							
Interest on Checking	\$ 0.57	\$ 0.05	\$ 0.50	\$ 0.25			
<b>TOTAL REVENUE</b>	<b>\$ 13,410.50</b>	<b>\$ 702.28</b>	<b>\$ 163,780.12</b>	<b>\$ 331,327.62</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**DISBURSEMENTS**

	A	B	DA	DB	H	H	H
Payroll Transfers	\$ 16,773.32	\$ 2,242.79	\$ 34,767.05				
General Checking (A/B)	\$ 60,026.35	\$ 5,815.53	\$ 53,746.80				
TRANSFER		\$952.32		\$30,288.64			
BANK FEE							
INTUIT							

<b>TOTAL PAYMENTS</b>	\$ 76,799.67	\$ 9,010.64	\$ 88,513.85	\$ 30,288.64	\$ -	\$ -	\$ -
<b>Balances End of Month</b>	\$ 587,877.69	\$ 48,506.72	\$ 437,636.15	\$ 750,608.84	\$ -	\$ -	\$ -

<b>Reconciled Checking</b>	\$ 2,902.39	\$ 84.28	\$ 1,638.53	\$ 153.84			
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<b>Savings</b>	\$ 584,975.30	\$ 48,422.44	\$ 435,997.62	\$ 750,455.00	\$ -	\$ -	\$ -
ARPA FUNDS	\$116,870.69						
BOB GOULD O&M			\$10,405.99				
OXBOW HOLLOW O&M			\$18,576.96				
WALTON MT. O&M			\$12,728.86				
CWC MURPHY HILL			\$23,265.95				
HYDRO SEEDER- RESER			\$3,798.88				

<b>Certificate of Deposit</b>							
Bank/Rate	WAYNE/0.40%		WAYNE/.35%		WAYNE/0.15%	WAYNE/0.35%	WAYNE/0.35%
Length	24-MONTH CD		12-MONTH CD		10-Month	1-Year	12-MONTH
Amount	326,699.55		\$ 268,034.43		\$13,516.59	\$12,403.20	\$435,084.38
	WAYNE/.25%						
	15-MONTH CD						
	\$5,839.96						

*Brian J. Pickard, CPA*

30 Grand Street, PO Box 1368, Kingston, NY 12402  
T (845) 339-9926 F (845) 339-9928  
BPickardCPA@gmail.com

January 7, 2022

Mr. Joseph Cetta, Supervisor  
Town of Walton  
129 North St.  
Walton, NY 13856

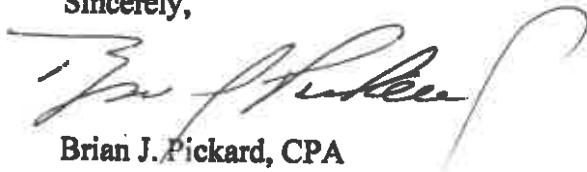
Dear Supervisor Cetta,

I have conducted an audit of the cash accounts of the following town offices for the year ended December 31, 2021: Town Clerk, Tax Collector and Justice Court. Those records included the regular checking account and the bail accounts for both justices. My audit was conducted to render assurance that all cash receipts and disbursements were properly recorded by the individuals in these departments.

The town justices are current in their reporting to the Department of Motor Vehicles for the TSLE&D program and the handling of their cases.

It is my pleasure to report to you that I found no adjustments necessary to be made to any of these accounts.

Sincerely,



Brian J. Pickard, CPA

**RESOLUTION #\_\_\_: ADOPTION OF THE DELAWARE COUNTY MULTI-JURISDICTIONAL ALL-HAZARDS MITIGATION PLAN UPDATE**

**WHEREAS**, Delaware County, with the assistance of the Albany Visualization and Informatics Lab (AVAIL), has gathered information and prepared the Delaware County Multi-Jurisdictional All-Hazards Mitigation Plan; and

**WHEREAS**, the Delaware County Board of Supervisors determined in Resolution 107 of 2003 that a multi-jurisdictional All-Hazards Mitigation Plan representing all the towns and villages in Delaware County would be more efficient to produce than each community drafting and adopting its own; and

**WHEREAS**, the Delaware County Multi-Jurisdictional All-Hazards Mitigation Plan has been prepared in accordance with the Disaster Mitigation Act of 2000; and

**WHEREAS**, Delaware County is a local unit of government that has afforded the citizens an opportunity to comment and provide input on the Plan and the actions in the Plan; and

**WHEREAS**, Delaware County and the Town of Walton have reviewed the Plan and affirm that the Plan will be updated no less than every five years;

**NOW THEREFORE, BE IT RESOLVED** by the Town of Walton Town Board that the Town of Walton adopts the Delaware County Multi-Jurisdictional All-Hazards Mitigation Plan as this jurisdiction's Natural Hazard Mitigation Plan, and resolves to execute the actions in the Plan.

**ADOPTED** this \_\_\_\_\_, 2022 at a meeting of the Town of Walton.

## Wayne Bank

### SECURITY- CUSTODIAL AGREEMENT FOR USE WITH COLLATERAL POOL

THIS AGREEMENT made and executed this 15th day of December, 2021, between Town of Walton, located in the County of Delaware, State of New York ("Local Government"), Wayne Bank, having offices at 131-133 Delaware Street, Walton, New York ("Bank") and Federal Home Loan Bank of Pittsburgh, having offices at 601 Grant Street, Pittsburgh, Pennsylvania ("Custodian").

#### WITNESSETH

WHEREAS, the Local Government has designated the Bank for the deposit and investment of public funds; and

WHEREAS, the Local Government desires to maintain or continue to maintain Deposits with the Bank, which Deposits from time to time will aggregate in excess of the amount insured under the provisions of the Federal Deposit Insurance Act; and

WHEREAS, the Local Government desires to have its Deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act secured by a pledge of an undivided pro rata portion of a pool of Eligible Securities in accordance with General Municipal Law ("GML") Section 10; and

WHEREAS, the Bank has offered to secure the Local Government's Deposits by pledging to the Local Government an undivided pro rata portion of a pool of Eligible Securities, such pool to be held by a custodian that is not directly or indirectly controlling, controlled by or under common control with the Bank; and

WHEREAS, the Custodian agrees to provide safekeeping services and to hold all Pool Assets in a custodial account established for the benefit of all the Participating Local Governments; and

WHEREAS, the Local Government and the Bank intend by this agreement to give control to the Local Government in a pro rata portion of the pool in order to effectuate for the Local Government a perfected security interest, under the Uniform Commercial Code, in such pro rata portion of the pool.

NOW, THEREFORE, in consideration of the mutual promises set forth hereafter, the parties hereto agree as follows:

1. Collateral Requirements

The obligation of the Bank to pledge an undivided pro rata portion of the Pool Assets pursuant to this Agreement shall not be less than the Collateral Requirement described in Exhibit "A".

2. Security Requirements

- a. The Bank, to secure the timely payment of Uninsured Deposits heretofore or hereafter made by the Local Government, including any interest due thereon, and any costs or expenses arising out of the collection of such Deposits upon default, agrees to provide the Local Government with a pledge of an undivided pro rata portion of Pool Assets. Custodian does not warrant the effectiveness of the procedures described herein with respect to perfecting Local Government's security interest.
- b. The Bank agrees that the Total Adjusted Market Value of the Pool Assets shall at all times be no less than one hundred two percent (102%) of the total of the Collateral Requirements for all Uninsured Deposits made to the Bank from all Participating Local Governments. It shall be the duty of the Bank to maintain, continuously, the required Total Adjusted Market Value of Pool Assets and to carry in its accounting records at all times a general ledger or other appropriate account of the total amount of Deposits of all Participating Local Governments required to be secured by pledges of pro rata portions of such Pool Assets, and the total Adjusted Market Value of all Eligible Securities that constitute Pool Assets. The total collateral requirement for such Deposits of all Participating Local Governments required to be secured by pledges of pro rata portions of the Pool Assets shall be determined as of the cut off hour of the banking day, as determined under the Uniform Commercial Code, but no later than 2 p.m. eastern time.
- c. Whenever collateral is provided pursuant to this section, the Bank hereby grants to the Local Government a pledge of and security interest in and to an undivided pro rata portion of Pool Assets. The share of Pool Assets so pledged shall be in the proportion that the total amount of the Collateral Requirement for the Local Government's Uninsured Deposits so secured by Pool Assets bears to the total amount of uninsured deposits of all Participating Local Governments similarly so secured. Evidence of the Local Government's undivided pro rata portion of Pool Assets shall be maintained by the Bank. The security interest of the Local Government in the pro rata portion of the Pool Assets shall terminate upon the transfer of such pro rata portion of Eligible Securities from the Account consistent with the terms of this Agreement.

- d. Bank will have access to Custodian's online banking website to retrieve a list of the securities held in the Account and shall (with its third-party vendor, if applicable) calculate the Market Value or the Adjusted Market Value of all the Eligible Securities that comprise the Pool Assets. If the Total Market Value of Pool Assets is less than one hundred two percent (102%) of the total of the Collateral Requirements for all Uninsured Deposits made to the Bank from all Participating Local Governments, the Bank shall promptly provide additional Eligible Securities having an Adjusted Market Value equal to or greater than such deficiency. If the Adjusted Market Value of the Pool Assets provided pursuant to this Agreement exceeds the Collateral Requirement, the Custodian, at the direction of the Bank, shall transfer securities from the Account to the Bank, to the extent of such excess. Notwithstanding anything to the contrary in this Agreement, the Custodian shall have no duty or obligation to determine or provide market value information, including Adjusted Market Value information, with respect to any collateral, Eligible Securities or Substitute Collateral to the Bank, the Local Government or any Participating Local Government. If, however, the Custodian does furnish such information, it is understood by the parties that the values will be calculated by the standard procedures utilized and relied upon by the Custodian in the usual course of the Custodian's business. The Custodian will not be liable for any loss, whether direct or indirect, including, without limitation, consequential damages, which may occur from any inaccuracies in any market value information provided by Custodian under this Agreement.
- e. The Bank may substitute Eligible Securities ("Substitute Collateral") for any Eligible Securities constituting Pool Assets previously pledged to Participating Local Governments, provided the Substitute Collateral has an Adjusted Market Value equal to or greater than the Eligible Securities which it will replace and at all times meets the provisions set forth herein governing Eligible Securities. The Custodian has no obligation nor duty to determine whether a particular security or investment provided by Bank is an Eligible Security hereunder; provided, however, that the Custodian may (but is not required to) reject the substitution if it determines that the securities provided for substitution are not Eligible Securities, do not have an Adjusted Market Value equal to or greater than the Eligible Securities which they would replace or do not otherwise meet the requirements set forth herein governing Eligible Securities. Eligible Collateral will be transferred by the Custodian to the Bank upon receipt of the required Substitute Securities for which substitution of such Eligible Collateral is being made, in accordance with the following: The Bank shall give Written Notice to the Custodian of any proposed substitution. The Custodian, at the direction of the Bank, shall transfer the Eligible Securities out of the Account to the Bank against delivery to the Account by the Bank on the same Business Day of the Substitute Collateral.

- f. The Custodian, to the extent not contained in the confirmation required by paragraph c of section 3 of this Agreement, shall monthly, upon request, provide each Participating Local Government with a written confirmation setting forth a complete description of Eligible Securities provided, reduced or transferred to or from the Account pursuant to this section.
- g. The Bank certifies that it will maintain separate and complete records related to all Pool Assets. Such records shall be reconciled by Bank to the records of the Custodian daily. The books, accounts and collateral records of the Bank and the Custodian with respect to Pool Assets shall be open during normal business hours (and upon at least 24 hours prior notice with respect to the Bank and at least 5 business days' notice with respect to the Custodian) to the inspection of the Local Government or their authorized representatives. The Bank shall provide all reports required by the Local Government and shall authorize its Trustee, if any, to provide any requested information to the Local Government or their authorized representatives. In addition, the Bank shall have an independent audit of their books, accounts and records relating to the collateral conducted annually.

3. Custody of Eligible Securities

- a. The Bank and Local Government hereby appoint the Custodian as custodian of all Eligible Securities that constitute Pool Assets at any time delivered to the Custodian pursuant to this Agreement. The Custodian hereby accepts such appointment as Custodian and agrees to establish and maintain the Account. The Pool Assets and Account shall be kept separate and apart from the general assets of the Custodian. The Custodian, in performing its duties and responsibilities pursuant to this Agreement, shall act exclusively as Custodian for, and agent of, the Local Government.
- b. The Bank and Local Government agree that the Local Government's undivided pro rata portion of Pool Assets held by the Custodian in the Account may be in the form of credits to the accounts of the Custodian at the Book Entry System or a Depository. The Bank and Local Government hereby authorize the Custodian on a continuous and ongoing basis to deposit in the Book Entry System and/or the Depositories all Eligible Securities that may be deposited therein and to utilize the



Book Entry System and/or Depositories in connection with its performance hereunder. Pool Assets held in the Account and deposited in the Book Entry System or Depositories or other financial intermediaries will be represented in accounts of the Custodian of the type that shall include only assets held by the Custodian for customers, including but not limited to accounts in which the Custodian acts in a fiduciary, agency or representative capacity.

- c. The Custodian shall provide the Bank with an electronic confirmation on each Business Day on which Eligible Securities are transferred to and from the Account. Upon request, the Custodian shall provide the Local Government with a written confirmation of Eligible Securities that are transferred to and from the Account. Such confirmation shall identify the specific securities which are subject to the confirmation. The Custodian shall also provide the Local Government and the Bank each month with a statement identifying all the Eligible Securities constituting Pool Assets as of the date of such statement. The Bank shall provide the Local Government with the total amount of Collateral Requirements for all Uninsured Deposits made to the Bank from all Participating Local Governments as of the date of the statement.
- d. An amount equal to the Local Government's undivided pro rata portion of Pool Assets in the Account shall remain pledged to the Local Governments and shall not be subject to any security interest, lien or any right of set-off by or against the Custodian; provided, however, that Custodian may deduct funds from the Pool Assets (and may execute trades within the Pool Assets to liquidate such funds) for any actual out-of-pocket expenses (including reasonable attorneys' fees) incurred by the Custodian hereunder, as well as any accrued but unpaid fees owed to the Custodian hereunder. Custodian shall concurrently provide notice to the Local Government that the Pool Assets have been accessed for such purpose.
- e. With respect to any Eligible Securities constituting Pool Assets held in the Account, the Custodian, by itself, or through the use of the Book Entry System or the appropriate Depository, shall forward any notifications that the Custodian receives and act on instructions from the Bank regarding such securities provided, however, that in no event shall the Custodian be responsible to ascertain any information or initiate any action regarding any puts, calls/redemptions, conversions, exchanges, reorganizations, offers, tenders, or similar matters relating to the Eligible Securities other than to transmit to the Bank any information it receives from offers or otherwise regarding such matters.

4. Events of Default

- a. The following shall constitute events of default: (a) the failure of the Bank at any time, to pay the Local Government any Deposits covered by this Agreement, including interest earned, (b) the insolvency, failure or suspension of active operations by the Bank, (c) failure of the Bank to pay and satisfy upon presentment, any check, electronic funds transfer, or draft lawfully drawn upon any Deposit of the Local Government, or (d) failure of the Bank to maintain adequate Collateral as required by this Agreement.
  
- b. In the event of a default as described in paragraph a of section 4, but subject in all events to Section 7 hereof, the Local Government's Deposits in such Bank shall become due and payable immediately and the Local Government shall have the right (i) to unilaterally demand delivery of Eligible Securities having an Adjusted Market Value in an amount equal to its pro rata portion of the Pool Assets (as reported by Bank to Custodian, or as determined by Custodian on the basis of certified written records presented by Local Government to Custodian), by notice to the Custodian, and (ii) to sell or direct the sale of such securities at public or private sale. After deducting all legal expenses and other costs, including reasonable attorneys' fees, as well as accrued but unpaid fees owed to the Custodian hereunder, from the proceeds of such sale, the Local Government shall apply the remainder towards any one or more of the liabilities of the Bank to the Local Government and shall remit the surplus, if any, to the Bank.

5. Representation and Warranties.

- a. Representations of the Bank. The Bank represents and warrants that:
  - (1) It is the legal and actual owner, free and clear of all liens and claims, of all Pool Assets;
  - (2) The form of this Agreement was approved by its Board of Directors or an authorized committee of its Board of Directors;

- (3) This Agreement was executed by an officer of the Bank who was authorized by the Bank's Board of Directors to do so and the Bank shall maintain this Agreement among its official records continuously until such time as this Agreement is terminated and all Local Government Deposits have been properly paid out;
- (4) All Pool Assets constitute Eligible Securities as defined herein;
- (5) The Bank is a bank or an out-of-state bank as defined by the New York State Banking Law, a national banking association, or a trust company as defined by the New York State Banking Law, and is located and authorized to do business in New York State; and
- (6) All acts, conditions and things required to exist, happen or to be performed on its part precedent to and in the execution and delivery of this Agreement exist or have happened or have been performed.

b. Representations of the Local Government. The Local Government hereby represents and warrants that:

- (1) This Agreement has been legally and validly entered into, does not and will not violate any statute or regulation applicable to it and is enforceable against the Local Government in accordance with its terms;
- (2) The appointment of the Custodian has been duly authorized and no other action by the Local Government is required and this Agreement was executed by an officer of the Local Government authorized to do so;
- (3) It will not transfer, assign its interests in, or the rights with respect thereto, any Pool Assets pledged pursuant to this Agreement except as authorized pursuant to section 4 of the Agreement; and
- (4) All acts, conditions and things required to exist, happen or to be performed on its part precedent to and in the execution and delivery of this Agreement exist or have happened or have been performed.

6. Concerning the Custodian.

- a. The Custodian represents and warrants that it is a federal home loan bank and a federal instrumentality, and is authorized to do business in New York State, and does not directly or indirectly control, and is not directly or indirectly controlled by or under common control with the Bank.
- b. The Custodian shall not be liable for any loss or damage, including counsel fees, resulting from its action or omission to act or otherwise, except for any loss, damage, claim or expense arising out of its own negligence or willful misconduct, and shall have no obligation hereunder for any loss or damage, including counsel fees, which are sustained or incurred by reason of any action or inaction by the Book Entry System or Depository. Under no circumstances shall Custodian be liable for consequential damages or lost profits. The Custodian may, with respect to questions of law, apply for and obtain the advice and opinion of competent counsel and shall be fully protected with respect to anything done or omitted by it in good faith and in conformity with such advice or opinion. The Local Government and Bank agree, jointly and severally, to indemnify the Custodian and to hold it harmless against any and all costs, expenses, damages, liabilities or claims, including reasonable fees and expenses of counsel, which the Custodian may sustain or incur or which may be asserted against the Custodian by reason of or as a result of any action taken or omitted by the Custodian in connection with operating under this Agreement, except those costs, expenses, damages, liabilities or claims arising out of the negligence or willful misconduct of the Custodian or any of its employees or duly appointed agencies. This indemnity shall be a continuing obligation of the Local Government and Bank notwithstanding the termination of this Agreement.
- c. The Custodian shall not be responsible for, or considered to be the Custodian of, any security received by it for inclusion as Pool Assets until the final crediting of the Custodian's account on the books of the Book Entry System or the appropriate Depository. The Custodian will be entitled to reverse any additions or credits made to the Pool Assets on behalf of the Participating Local Governments where such additions or credits have been previously made and the Eligible Securities are not finally collected.
- d. Bank shall compensate the Custodian for its services rendered hereunder

in accordance with Custodian's fee schedule, in effect from time to time, which shall be deemed to be incorporated herein by reference. The Bank authorizes Custodian to charge its DDA(s) maintained with Custodian for all amounts due to Custodian hereunder. Custodian may change its fee schedule at any time with any changes to become effective 30 days after written notice of such changes shall be sent to the Bank. In the event that the Bank's DDA contains insufficient funds and the Bank does not timely pay such fee to the Custodian, the Custodian will notify the Local Government and the Local Government authorizes the Custodian to deduct such fee from the Pool Assets.

- e. The Custodian shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement and no covenant or obligation shall be implied against the Custodian in connection with this Agreement.

7. Termination: Instructions to Custodian.

Any of the parties hereto may terminate this Agreement by giving to the other party a notice in writing specifying the date of such termination, which shall be the earlier of (i) not less than thirty (30) days after the date of giving such notice or (ii) the date on which the Deposits are repaid in full. Such notice shall not affect or terminate the Local Government's security interest in the undivided pro rata portion of Pool Assets in the Account. Upon termination hereof, Bank shall pay to the Custodian such compensation as may be due to the Custodian as of the date of such termination and the Custodian shall follow such reasonable Written Instructions of the Bank and the Local Government concerning the transfer of custody of the undivided pro rata portion of Pool Assets, collateral records and other items. Upon the date set forth in the termination notice, this Agreement shall terminate except as otherwise provided herein and all obligations of the parties to each other hereunder shall cease except as provided in this Agreement.

In the event of a discrepancy between Written Instructions of the Bank and a Local Government, the Custodian may, in its sole discretion, either (i) act pursuant to the Local Government's Written Instructions, or (ii) disregard both instructions and await either a Joint Written Instruction (executed and delivered by both Bank and Local Government), or a court order instructing the proper disposition of the Local Government's share of the Pool Assets. In the event that Custodian reasonably believes that there is a discrepancy between the Written

Instructions and the Local Government's undivided pro rata portion of Pool Assets, the Custodian may (but is not under any obligation to) disregard such instructions and await either a Joint Written Instruction (executed and delivered by both Bank and Local Government), or a court order instructing the proper disposition of the Local Government's share of the Pool Assets.

8. Miscellaneous.

- a. The Local Government and Bank each agrees to furnish to the Custodian a new Certificate (Exhibit B) in the event that any present Authorized Person ceases to be an Authorized Person or in the event that any other Authorized Persons are appointed and authorized. Until such new Certificate is received, the Custodian shall be fully protected in acting upon Written Instructions or signatures of the present Authorized Persons.
- b. Any Written Instructions or other instrument in writing authorized or required by this Agreement shall be given to the Custodian and shall be sufficiently given if sent to the Custodian by regular mail to its Offices at 601 Grant Street, Pittsburgh, Pennsylvania 15219 or at such other place as the Custodian may from time to time designate in writing, or by facsimile or electronic mail whereby the receiver of such communications is able to verify by personal identification number or otherwise with a reasonable degree of certainty the identity of the sender of such communication.
- c. Any notice or other instrument in writing authorized or required by this Agreement to be given to the Bank shall be sufficiently given if sent to the Bank by regular mail to its Offices at 131-133 Delaware Street, Walton, NY or at such other place as the Bank may from time to time designate in writing, or by facsimile or electronic mail whereby the receiver of such communications is able to verify by personal identification number or otherwise with a reasonable degree of certainty the identity of the sender of such communication.
- d. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Local Government shall be sufficiently given if sent to an Authorized Person of the Local Government by regular mail to his or her office at 129 North St., Walton, NY 13856 or at such other place as the Local Government may from time to time designate in writing, or by facsimile or electronic mail whereby the receiver of such communications is able to verify by personal identification number or otherwise with a reasonable degree of certainty the identity of the sender of such communication.

- e. In case any provision in, or obligation under, this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and unenforceability of the remaining provisions or obligations shall not in any way be affected or impaired thereby and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.
- f. This Agreement may not be amended or modified in any manner except by written agreement executed by all of the parties hereto.
- g. This Agreement shall extend to, and be binding upon, the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by any party without the written consent of the other parties. This Agreement may be executed in one or more counterparts. Any such counterpart may be executed and delivered by facsimile or other electronic signature (including, but not limited to, portable document format or an image) by a party and the receiving party may rely on the receipt of such counterpart so executed and delivered electronically or by facsimile as if the original had been received.
- h. It is the express purpose of this Agreement to comply with the provisions of 12 USCA §1823(e) and GML §§10 and 11.
- i. This Agreement shall be construed in accordance with the statutory and common law of the United States, and to the extent federal law incorporates or defers to state law or is not applicable, the laws of the State of New York without regard to conflict of law principles thereof.

9. Definitions.

Whenever used in this Agreement the following terms shall have the following meanings:

- a. "Account" shall mean the custodial securities account established with the Custodian containing all the Pool Assets. Such Account shall not be commingled with any other accounts or assets of the Custodian
- b. "Adjusted Market Value" shall be one hundred percent of Market Value except that: (1) in the case of Eligible Securities enumerated in subparagraphs (v), (vi) and (vii) of paragraph f of subdivision one of section ten of the General Municipal Law, the Adjusted Market Value shall be an amount equal to its Market Value multiplied by 0.9 if such

Eligible Security is not rated in the highest rating category by at least one nationally recognized statistical rating organization, but is so rated in the second highest rating category, and an amount equal to its Market Value multiplied by 0.8 if such Eligible Security is not so rated in one of the two highest categories, but is so rated in the third highest rated category and if two nationally recognized statistical rating organizations rate a security in two different categories, the security shall be considered to be rated in the higher of the two categories; (2) in the case of Eligible Securities enumerated in subparagraphs (viii), (x) and (xi) of paragraph f of subdivision one of section ten of the General Municipal Law, the Adjusted Market Value shall be an amount equal to its Market Value multiplied by 0.8; and (3) in the case of eligible securities enumerated in subparagraph (ix) of paragraph f of subdivision one of section ten of the General Municipal Law, the Adjusted Market Value shall be an amount equal to its market value multiplied by 0.7.

- c. "Authorized Person" shall be any officer of the Local Government or Bank, as the case may be, duly authorized to give Written Instructions on behalf of the Local Government or Bank, such persons to be designated in a Certificate substantially in the form of Exhibit "B" attached hereto, as such Exhibit may be amended from time to time.
- d. "Book Entry System" shall mean the Federal Reserve/Treasury Book Entry System for receiving and delivering government securities.
- e. "Business Day" shall mean any day on which the Federal Reserve Bank of New York shall be open for the transaction of business.
- f. "Certificate" shall mean the Certificate attached hereto as Exhibit "B".
- g. "Collateral Requirement" shall mean the amounts required in Exhibit "A" unless the Bank and Local Government agree to a different amount in accordance with this Agreement.
- h. "Depository" shall include, but not be limited to, the Federal Reserve Bank of New York, the Depository Trust Company and other securities depositories and clearing agencies (and their successors and nominees) registered with the Securities and Exchange Commission or otherwise regulated by appropriate federal or state agencies as a securities depository or clearing agency.
- i. "Deposits" shall mean all deposits of Public Funds, including demand deposits, certificates of deposit and special time deposits, by the Local



Government in the Bank that are available for all uses generally permitted by the Bank to the Local Government for actually and finally collected funds under the Bank's account agreement or policies.

- j. "Eligible Securities" shall mean Eligible Securities as defined under GML §10(1)(f).
- k. "Joint Written Instruction" means a Written Instruction executed and delivered to the Custodian by the Bank and the Local Government with respect to the Local Government's interest in Pool Assets.
- l. "Market Value" shall mean, with respect to any Eligible Security held as part of Pool Assets, the market value of such Eligible Security as made available to the Bank (or the Custodian, if applicable under the terms of this Agreement) by a generally recognized source selected by the Bank (or the Custodian, if applicable under the terms of this Agreement) or the most recently available closing bid quotation from such source plus, if not reflected in the market value, any accrued interest thereon, or, if such source does not make available a market value or a closing bid price for a particular security, the market value shall be as determined by the Bank (or the Custodian, if applicable under the terms of the Agreement) in its sole discretion based on information furnished to the Bank (or the Custodian, if applicable under the terms of the Agreement) by one or more brokers or dealers or based on information otherwise reasonably acceptable to the Local Government..
- m. "Margin Percentage" shall equal one hundred two percent (102%).
- n. "Nationally Recognized Statistical Rating Organization" shall mean those credit rating agencies whose credit ratings are used under the Securities and Exchange Commission's regulations to provide its opinion on the creditworthiness of an entity and the financial obligations (such as, bonds, preferred stock, and commercial paper) issued by that entity.
- o. "Participating Local Government" shall mean a local government, as defined in section 10 of the General Municipal Law, within the State of New York that has duly elected to accept a pledge by the Bank of a pro rata share of a pool of Eligible Securities as security for its deposits and investments with the Bank, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, and has entered into an agreement with the Bank that is the same as, or similar to, this Agreement.
- p. "Pool Assets" shall mean a single group or aggregation of Eligible

Securities to be pledged on a pro rata basis by the Bank to Participating Local Governments to secure Deposits made by such local governments in the Bank in excess of the amount insured under the provisions of the Federal Deposit Insurance Act.

- q. "Substitute Collateral" shall have meaning set forth in paragraph e of Section 2 of this Agreement.
- r. "Total Adjusted Market Value of Pool Assets" shall mean the total amount of the Adjusted Market Value of all Eligible Securities that comprise the Pool Assets.
- s. "Uninsured Deposits" shall mean that portion of the Local Government's Deposits with the Bank which exceeds the amount insured under the provisions of the Federal Deposit Insurance Act.
- t. "Written Instructions" or "Written Notice" shall mean written communications actually received by the Bank, the Custodian or the Local Government from an Authorized Person by regular mail, electronic mail, facsimile or any other system whereby the receiver of such communications is able to verify by personal identification number or otherwise with a reasonable degree of certainty the identity of the sender of such communication.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized and their respective seals to be hereunto affixed, as of the day and year first above written.

BANK: Wayne Bank

BY: \_\_\_\_\_

Name: Nancy A. Hart

Title: SVP/Controller/Asst. Secretary

Address: 131-133 Delaware Street, Walton, NY 13856