§ 11. Temporary investments. 1. For purposes of this section, the terms "local government", "bank" and "trust company" shall have the same meanings as in section ten of this article.

2. a. The governing board of any local government or, if the governing board so delegates, the chief fiscal officer or other officer having custody of the moneys may temporarily invest moneys not required for immediate expenditure, except moneys the investment of which is otherwise provided for by law, either: (1) in special time deposit accounts in, or certificates of deposit issued by, a bank or trust company located and authorized to do business in this state; or (2) in accordance with all of the following conditions:

(i) the moneys are invested through a bank or trust company located and authorized to do business in this state;

(ii) the bank or trust company arranges for the deposit of the moneys in certificates of deposit in one or more banking institutions, as defined in section nine-r of the banking law, for the account of the local government;

(iii) the full amount of principal and accrued interest of each such certificate of deposit must be insured by the federal deposit insurance corporation;

(iv) the bank or trust company acts as custodian for the local government with respect to such certificates of deposit issued for the local government's account; and

(v) at the same time that the local government's moneys are deposited and the certificates of deposit are issued for the account of the local government, the bank or trust company receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of the moneys invested by the local government through the bank or trust company.

b. For any investment made pursuant to paragraph a of this subdivision, such time deposit account or certificate of deposit shall be payable within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit be secured in the same manner as is provided for securing deposits of public funds by

subdivision three of section ten of this article.

* 3. a. Investments pursuant to this section may also be made in the following:

(1) obligations of the United States of America or in obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America or in obligations of the state of New York, or with the approval of the state comptroller in obligations issued pursuant to section 24.00 or 25.00 of the local finance law by any municipality, school district or district corporation other than the municipality, school district or district corporation investing such moneys pursuant to this paragraph. In addition, moneys in any reserve fund established pursuant to section six-c, six-d, six-e, six-f, six-g, six-h, six-j, six-k, six-l, six-m or six-n of this article may be invested in obligations of the municipality, school district, fire district or district corporation which has established the reserve fund, or in the case of a capital reserve fund established for a town or county improvement district, obligations of the town or county issued for the purposes of such district.

(2) notwithstanding any other provision of general, special or local law, any city having a population of one million or more and any county may also make investments in the following:

(i) general obligation bonds and notes of any state other than this state, provided that such bonds and notes receive the highest rating of at least one independent rating agency designated by the state comptroller;

(ii) obligations of any corporation organized under the laws of any state in the United States maturing within two hundred seventy days, provided that such obligations receive the highest rating of two independent rating services designated by the state comptroller and that the issuer of such obligations has maintained such ratings on similar obligations during the preceding six months, provided, however, that the issuer of such obligations need not have received such rating during the prior six month period if such issuer has received the highest rating of two independent rating services designated by the state comptroller and is the successor or wholly owned subsidiary of an issuer that has maintained such ratings on similar obligations during the preceding six

month period or if the issuer is the product of a merger of two or more issuers, one of which has maintained such ratings on similar obligations during the preceding six month period, provided, however, that no more than two hundred fifty million dollars may be invested in such obligations of any one corporation; or

(iii) bankers' acceptances maturing within two hundred seventy days which are eligible for purchase in the open market by federal reserve banks and which have been accepted by a bank or trust company which is organized under the laws of the United States or of any state thereof and which is a member of the federal reserve system and whose short-term obligations meet the criteria outlined in clause (ii) of this subparagraph. Provided, however, that no more than two hundred fifty million dollars may be invested in such bankers' acceptances of any one bank or trust company; or

(iv) obligations of, or instruments issued by or fully guaranteed as to principal and interest by, any agency or instrumentality of the United States acting pursuant to a grant of authority from the congress of the United States, including but not limited to, any federal home loan bank or banks, the Tennessee valley authority, the federal national mortgage association, the federal home loan mortgage corporation and the United States postal service, provided, however, that no more than two hundred fifty million dollars may be invested in such obligations of any one agency.

(v) no-load money market mutual funds registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, provided that such funds are limited to investments in obligations issued or guaranteed by the United States of America or in obligations of agencies or instrumentalities of the United States of America where the payment of principal and interest are guaranteed by the United States of America (including contracts for the sale and repurchase of any such obligations), and are rated in the highest rating category by at least one nationally recognized statistical rating organization, provided, however, that no more than two hundred fifty million dollars may be invested in such funds.

b. All investments made pursuant to this subdivision shall be subject

to the following conditions:

(1) Such obligations shall be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Obligations that are purchased pursuant to a repurchase agreement shall be deemed to be payable or redeemable for purposes of this paragraph on the date on which the purchased obligations are scheduled to be repurchased by the seller thereof. Any obligation that provides for the adjustment of its interest rate on set dates shall be deemed to be payable or redeemable for purposes of this paragraph on the date on which the principal amount can be recovered through demand by the holder thereof.

(2) Such obligations, unless registered or inscribed in the name of the local government, shall be purchased through, delivered to and held in the custody of a bank or trust company or, with respect to the city of New York and counties, a reputable dealer in such obligations as shall be designated by the state comptroller, in this state. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company or dealer in obligations only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the local government by the bank or trust company. All obligations held in the custody of a bank or trust company pursuant to this paragraph shall be held by such bank or trust company pursuant to a written custodial agreement as set forth in paragraph a of subdivision three of section ten of this article.

* NB Effective until July 1, 2029

* 3. Investments pursuant to this section may also be made in obligations of the United States of America or in obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America or in obligations of the state of New York,. In addition, moneys in any reserve fund established pursuant to section six-c, six-d, six-e, six-f, six-g, six-h, six-j, six-k, six-l, six-m or six-n of this article may be invested in obligations of the municipality, school district, fire

district or district corporation which has established the reserve fund, or in the case of a capital reserve fund established for a town or county improvement district, obligations of the town or county issued for the purposes of such district.

All investments made pursuant to this subdivision shall be subject to the following conditions:

a. Such obligations shall be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Obligations that are purchased pursuant to a repurchase agreement shall be deemed to be payable or redeemable for purposes of this paragraph on the date on which the purchased obligations are scheduled to be repurchased by the seller thereof. Any obligation that provides for the adjustment of its interest rate on set dates shall be deemed to be payable or redeemable for purposes of this paragraph on the date on which the principal amount can be recovered through demand by the holder thereof.

b. Such obligations, unless registered or inscribed in the name of the local government, shall be purchased through, delivered to and held in the custody of a bank or trust company or, with respect to the city of New York and counties, a reputable dealer in such obligations as shall be designated by the state comptroller, in this state. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company or dealer in obligations only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the local government by the bank or trust company. All obligations held in the custody of a bank or trust company pursuant to this paragraph shall be held by such bank or trust company pursuant to a written custodial agreement as set forth in paragraph a of subdivision three of section ten of this article.

* NB Effective July 1, 2029

4. Notwithstanding any other provision of law, the governing board of a local government may authorize the aforementioned officers to turn over the physical custody and safekeeping of the evidences of the investments made pursuant to this section to (a) any bank or trust company incorporated in this state, or (b) any national bank located in this state, or (c) any private banker duly authorized by the superintendent of financial services of this state to engage in business here. All such private bankers shall, as private bankers, maintain a permanent capital of not less than one million dollars in this state. The said officers may direct such bank, trust company or private banker to register and hold any such evidences of investments in its custody, in the name of its nominee. Such officers may deposit or authorize such bank, trust company or private banker, to deposit, or arrange for the deposit of any such evidences of investments with a federal reserve bank or other book-entry transfer system operated by a federally regulated entity to be credited to an account as to which the ownership of, and other interests in, such evidences of investments may be transferred by entries on the books of such federal reserve bank or other book-entry transfer system operated by a federally regulated entity without physical delivery of any such evidences of investments. The records of any such bank, trust company or private banker shall show, at all times, the ownership of such evidences of investments, and they shall, when held in the possession of such bank, trust company or private banker be, at all times, kept separate from the assets of such bank, trust company or private banker. All evidences of investments delivered to a bank, trust company, or private banker pursuant to this subdivision shall be held by such bank, trust company or private banker pursuant to a written custodial agreement as set forth in paragraph a of subdivision three of section ten of this article. When any such evidences of investments are so registered in the name of a nominee, such bank, trust company or private banker shall be absolutely liable for any loss occasioned by the acts of such nominee with respect to such evidences of investments.

5. A county clerk may invest any money collected on behalf of the state until such time as the money is required to be remitted to the state. The county clerk shall invest the state money only in those

investments authorized by this section and payable within such time as the proceeds shall be required to be remitted to the state. Any interest that accrues on moneys invested pursuant to this subdivision shall be payable in equal shares to the state and to the county provided, however, that any fees or service charges associated with the investment shall be paid from such interest.

6. Except as may otherwise be provided in a contract with bond or note holders, any moneys of a political subdivision authorized to be invested pursuant to this section may be commingled for investment purposes; provided, however, that any investment of commingled moneys shall be payable or redeemable at the option of the owner within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained or as otherwise specifically provided in this section. The separate identity of the sources of such funds shall at all times be maintained and income received on moneys commingled for the purpose of investment shall be credited on a pro rata basis to the fund or account from which the moneys were invested.

7. The chief fiscal officer of each local government shall maintain or cause to be maintained a proper record of all books, notes, securities or other evidences of indebtedness held by or for such subdivision for the purpose of investment. Such record shall at least identify the security, the fund for which held, the place where kept and entries shall be made therein showing date of sale or other disposition and the amount realized therefrom.