

## INVESTMENTS REGULATION

### Authorized Investments

- A. The Treasurer is authorized to invest all available district funds, including proceeds of obligations and Reserve Funds, in the following types of investment instruments:

Savings Accounts or Money Market Accounts of designated banks;

Certificates of Deposit issued by a bank or trust company located in and authorized to do business in New York State;

Demand Deposit Accounts in a bank or trust company located in and authorized to do business in New York State; Obligations of New York State; Obligations of the United States Government (U.S. Treasury Bills and Notes);

Repurchase Agreements involving the purchase and sale of direct obligations of the United States;

*Qualified Reciprocal Deposit Program as allowed under Chapter 128 of NYS Laws of 2012 amended sections 10 and 11 of General Municipal Laws.*

- B. All funds may be invested in Revenue Anticipation Notes or Tax Anticipation Notes of other school districts and municipalities, with the approval of the State Comptroller.
- C. Only Reserve Funds established by sections 6-d, 6-j, 6-l, 6-m and 6-n of General Municipal Law may be invested in obligations of the school district.
- D. With regard to Federal grants, Section 80.21 (i) states...grants and subgrantees shall quarterly remit interest earned on advances to the Federal agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses. Interest exceeding the \$100 allowable for administrative expenses must be returned to the federal government through the State. It cannot be retained to offset any direct or indirect program costs.

### Direct or Cooperative Investments

*Investments may be made either directly from an authorized trading partner, or by participation in a cooperative investment agreement.*

- A. *Cooperative investment agreements may be made with certain municipal corporations: any New York State county (outside New York City), city, town, village, BOCES, fire district, or school district, pursuant to General Municipal Law Article 5-G, as amended, and Article 3A of the General Municipal Law (Chapter 623 of the Laws of 1998).*

- B. Cooperative investment agreements, pursuant to General Municipal Law Article 3-A, must address; the governing board of the cooperative, lead participant, proportional interest, the cooperative's investment policy, contributions and distributions, apportionment of administrative expenses and costs, methodology to determine participants' interest, determination of market value at least monthly, portfolio interest rate testing at least monthly, irrevocable letter of credit, professional services, contribution confirmations, monthly statements, notification of distribution deferrals or unanticipated losses or material adverse events, annual independent audit, annual information statements, annual investment reports and governing board rating disclosure.*

### Conditions

All investments made pursuant to this investment policy will comply with the following conditions:

#### A. Collateral

1. Savings accounts, money market accounts, time deposit accounts and certificates of deposit will be fully secured by insurance of the Federal Deposit Insurance Corporation or by obligations of New York State, the United States, New York State school districts and federal agencies whose principal and interest are guaranteed by the United States. The market value of collateral will at all times exceed the principal amount of the certificate of deposit. Collateral will be monitored no less than on a monthly basis.
2. Collateral will not be required with respect to the direct purchase of obligations of New York State, the United States and federal agencies, the principal and interest of which are guaranteed by the United States Government.
3. *Secured by an eligible surety bond payable to the government for the amount at least equal to 100 percent of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.*
4. *Security by an "irrevocable letter of credit" issued by a Federal Home Loan Bank (FHLB) whose commercial paper and other unsecured short term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization, accept such letter of credit payable to such local government as security for the payment of one hundred percent (100%) of the aggregate amount and the agreed upon interest, if any.*

**B. Delivery of Securities**

1. Payment of funds may only be made upon receipt of collateral or other acceptable form of security, or upon the delivery of government obligations whether such obligations are purchased outright, or pursuant to a repurchase agreement. Written confirmation of delivery shall be obtained from the custodial bank.
2. Every Repurchase Agreement will make payment to the seller contingent upon the seller's delivery of obligations of the United States to the Custodial Bank designated by the school district, which shall not be the repurchase, or in the case of a book-entry transaction, when the obligations of the United States are credited to the Custodian's Federal Reserve account. The seller will not be entitled to substitute securities. Repurchase agreements shall be for periods of 30 days or less. The Custodial Bank shall confirm all transactions in writing to insure that the school district's ownership of the securities is properly reflected in the records of the Custodial Bank.

**C. Written Contracts**

1. Written contracts are required for certificates of deposit and custodial undertakings and Repurchase Agreements. With respect to the purchase of direct obligations of U.S., New York State, or other governmental entities in which monies may be invested, the interests of the school district will be adequately protected by conditioning payment on the physical delivery of purchased securities to the school district or custodian, or in the case of book-entry transactions, on the crediting of purchased securities to the Custodian's Federal Reserve System account. All purchases will be confirmed promptly in writing to the school district.
2. The following written contracts are required:
  - a. Written agreements will be required for the purchase of all certificates of deposit.
  - b. A written contract will be required with the Custodial Bank(s).
  - c. Written contracts shall be required for all Repurchase Agreements. Only credit-worthy banks and primary reporting dealers shall be qualified to enter into a Repurchase Agreement with the school district.

The written contract will stipulate that only obligations of the United States may be purchased and that the school district shall make payment upon delivery of the securities or the appropriate book-entry of the purchased securities. No specific repurchase agreement will be entered into unless a master repurchase agreement has been executed between the school district and the trading partners. While the term of the master repurchase agreement may be for a reasonable length of time, a specific repurchase agreement will not exceed thirty (30) days.

**D. Designation of Custodial Bank**

1. The Board will designate a commercial bank(s) or trust company(ies) authorized to do business in the State of New York to act as Custodial Bank of the school district's

investments. However, securities may not be purchased through a Repurchase Agreement with the Custodial Bank.

2. When purchasing eligible securities, the seller will be required to transfer the securities to the district's Custodial Bank.

E. Selection of Financial Institutions

1. The Treasurer will annually monitor, to the extent practical, the financial strength, credit-worthiness, experience, size and any other criteria of importance to the district, of all institutions and trading partners through which the district's investments are made.
2. Investments in time deposits and certificates of deposit are to be made only with commercial banks or trust companies, as permitted by law.

F. Operations, Audit, and Reporting

1. The Treasurer or designee will authorize the purchase and sale of all securities and execute contracts for investments and deposits on behalf of the school district. Oral directions concerning the purchase or sale of securities will be confirmed in writing. The school district will pay for purchased securities upon the simultaneous delivery or book-entry thereof.
2. The school district will encourage the purchase and sale of securities through a competitive process involving telephone solicitation for at least three quotations.
3. The independent auditors will audit the investment proceeds of the school district for compliance with the provisions of this Investment Regulation.
4. Monthly investment reports will be furnished to the Board of Education.

Ref: Education Law §§1604-a; 1723-a; 3651; 3652

Local Finance Law §§24.00, 25.00, 165.00

General Municipal Law §§6(d); 6(j); 6(l-n, p, r); 10; 11; 39; Article 3-A; Article 5-G

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