

BRENTWODD PUBLIC LIBRARY

CASH INVESTMENT POLICY

I. SCOPE:

This Investment Policy applies to all monies and other financial resources of the Library.

II. OBJECTIVES

The primary objectives of the Library's investment activities are, in priority order:

- To conform with all applicable federal, State and other legal requirements (legality);
- To adequately safeguard principal (safety);
- To provide sufficient liquidity to meet all operating requirements (liquidity) and
- To obtain a reasonable rate of return (yield).

III. DELEGATION OF AUTHORITY

In accordance with this policy, the Treasurer, Business Manager or Director is authorized to invest and/or deposit all funds, including proceeds of obligations and reserve funds, in time-deposit accounts, certificates of deposit, short-term government securities, or other investment instruments permitted by law, subject to the investment regulations approved by the Board of Trustees. All investments of Library funds shall comply with the requirements of Section "10" the General Municipal Law.

To the extent feasible, investments and deposits shall be made in and through local or regional financial institutions. Concentration of investments in a single financial institution shall be avoided. Diversification of investments and deposits are encouraged.

The Library Board of Trustees shall at least annually designate one or more banks or trust companies for the deposit of public funds and the maximum amount which may be kept on deposit at any time in each such bank or trust company.

IV. PRUDENCE:

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Brentwood Library Board of Trustees to govern effectively.

Investments shall be made with prudence, diligence, skill, judgment and care, under circumstances then prevailing, which knowledgeable and prudent persons acting in like capacity would use, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity

that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

V. DIVERSIFICATION & INTERNAL CONTROLS

The Board of Trustees shall establish appropriate limits for the amount of investments which can be made with each financial institution or dealer, and shall evaluate this listing at least annually.

It is the policy of the Library for all moneys collected by any officer or employee of the government to transfer those funds to the (chief fiscal officer) within two days of deposit, or within the time period specified in law, whichever is shorter.

The Library Director, Treasurer and other officer having custody of money are responsible for establishing and maintaining internal control procedures to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization, properly recorded, and managed in compliance with applicable laws and regulations.

VI. AUTHORIZED INVESTMENTS

All deposits and investments at a bank or trust company, including all demand deposits, certificates of deposit and special time deposits (hereinafter, collectively, "deposits") made by officers of Library that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, including pursuant to a Deposit Placement Program in accordance with law, shall be secured by:

1. A pledge of "eligible securities" with an aggregate "market value" (as provided by the GML Section 10) that is at least equal to the aggregate amount of deposits by the officers. See Schedule A of this policy for a listing of "eligible securities."

A. The Treasurer, Business Manager and Director are authorized to invest all available Library 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);

- B. All funds, except Reserve 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. Monies in reserve funds may be invested in a bank special time deposit account or in certificates of deposit issued by the bank or trust company located in New York State, or a national banking association located and authorized to do business in the State of New York, provided such invested funds will be payable within such period as the proceeds are needed to meet the expenditures for which such monies were obtained, and further provided the time account or certificate of deposit is secured by a pledge of obligations of the government of the United States, the State of New York, or any municipal corporation, school district, or district corporation of the State of New York.

The Library Treasurer, Business Manager or Library Director is authorized to invest reserve fund monies in obligations of the government of the United States, the State of New York or other municipal obligations provided such obligations are payable or redeemable at the option of the Library within such time as the proceeds will be needed to meet expenditures for which monies so invested were obtained. Such obligations will either be registered in the name of the Library or purchased through, delivered to and held in the custody of a bank or trust company in this State and shall be sold or presented for payment only upon written instruction of the Board of Trustee or its duly appointed designee.

- D. Funds on deposit in any one institution shall be limited to \$8,000,000.

VII. SECURING DEPOSITS AND INVESTMENTS

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 whenever the monies on deposit in any bank exceed \$250,000.00.
 - 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. Appendix "A" sets forth Eligible Securities for Collateralization of Library cash investments. Neither Surety Bonds, nor bank issued letters of credit will be deemed eligible collateral.

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.

C. Written Contracts

1. Written contracts are required for certificates of deposit and custodial undertakings. With respect to the purchase of direct obligations of U.S., New York State, or other governmental entities, etc. in which monies may be invested, the interests of the Library will be adequately protected by conditioning payment on the physical delivery of purchased securities to the 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 Library.
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).

D. COLLATERALIZATION AND SAFEKEEPING

Eligible securities used for collateralizing deposits made by officers of Library shall be held by (the depository *or* a third party) bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities (or the pro rata portion of a pool of eligible securities) are being pledged to secure such deposits together with agreed-upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon a default. It shall also provide the conditions under which the securities (or pro rata portion of a pool of eligible securities) held may be sold, presented for payment, substituted or released and the events of default which will enable the local government to exercise its rights against the pledged securities.

In the event that the pledged securities are not registered or inscribed in the name of the Library, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Library or the custodial bank or trust company. Whenever eligible securities delivered to the custodial bank or trust company are transferred by entries on the books of a federal reserve bank or other book-entry system operated by a federally regulated entity without physical delivery of the evidence of the obligations, then the records of the custodial bank or trust company shall be required to show, at all times, the interest of the local government in the securities (or the pro rata portion of a pool of eligible securities) as set forth in the security agreement.

The custodial agreement shall provide that pledged securities (or the pro rata portion of a pool of eligible securities) will be held by the custodial bank or trust company as agent of, and custodian for, the Library, will be kept separate and apart from the general assets of the custodial bank or trust company and will not be commingled with or become part of the backing of any other deposit or other bank liability. The agreement shall also describe how the custodian shall confirm the receipt, substitution or release of the collateral and it shall provide for the frequency of revaluation of collateral by the custodial bank or trust company and for the substitution of collateral when a change in the rating of a security causes ineligibility. The security and custodial agreements shall also include all other provisions necessary to provide the Library with a perfected security interest in the eligible securities and to otherwise secure the Library's interest in the collateral, and may contain other provisions that the Library's Board of Trustees deems necessary.

E. Designation of Custodial Bank

1. The Board of Trustees will designate a commercial bank or trust company authorized to do business in the State of New York to act as Custodial Bank of the Library's investments.
2. When purchasing eligible securities, the seller will be required to transfer the securities to the Library's Custodial Bank.

F. Selection of Financial Institutions

1. The Treasurer will periodically monitor, to the extent practical but not less than annually, the financial strength and credit worthiness of all institutions and trading partners through which the Library'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.

G. Operations, Audit and Reporting

1. The Treasurer or Library Director will authorize the purchase and sale of all securities and execute contracts for investments and deposits on behalf of the Library. Oral directions concerning the purchase or sale of securities will be confirmed in writing. The Library will pay for purchased securities upon the simultaneous delivery or book-entry thereof.
2. The Library 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 investments proceeds of the Library for compliance with the provisions of the district investment policy.
4. Monthly investment reports will be furnished to the Board of Trustees.

(cont'd)

APPENDIX A

Schedule of Eligible Securities for Collateral

Percentage
of Market
value

<u>100%</u>	(i) Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation.
<u>100%</u>	(iii) Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the Market Value of the obligation that represents the amount of the insurance or guaranty.
<u>100%</u>	(iv) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of the State of New York or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public monies.

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