

SUBJECT: DISTRICT INVESTMENTS

Whenever the District has funds (including operating funds, reserve funds and proceeds of obligations) that exceed those necessary to meet current expenses, the Board of Education shall authorize the Assistant Superintendent for Finance and Management Services to invest such funds in accordance with all applicable laws and regulations and in conformity with the guidelines established by this policy.

Objectives

The objectives of this investment policy are four-fold:

- a) Investments shall be made in a manner so as to safeguard the funds of the School District; and
- b) Bank deposits shall be made in a manner so as to safeguard the funds of the School District.
- c) Investments shall be sufficiently liquid so as to allow funds to be available as needed to meet the obligations of the School District.
- d) Funds shall be invested in such a way as to earn the maximum yield possible given the first three investment objectives.

Authorization

The authority to deposit and invest funds is delegated to the Assistant Superintendent for Finance and Management Services. These functions shall be performed in accordance with the applicable sections of the General Municipal Law and the Local Finance Law of the State of New York.

The Assistant Superintendent for Finance and Management Services may invest funds in the following eligible investments:

- a) Obligations of the State of New York.
- b) Obligations of the United States Government, or any obligations for which principal and interest are fully guaranteed by the United States Government.
- c) Time Deposit Accounts placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law. [Banking Law Section 237(2) prohibits a savings bank from accepting a deposit from a local government. This also applies to savings and loan associations.]

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- d) Transaction accounts (demand deposits) both interest bearing and non-interest bearing that do not require notice of withdrawal placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law.
- e) Certificates of Deposits placed in a commercial bank authorized to do business in the State of New York providing the Certificates are collateralized as required by law.
- f) Securities purchased pursuant to a Repurchase Agreement whereby one party purchases securities from a second party and the second party agrees to repurchase those same securities on a specific future date at an agreed rate of return (the interest rate).

Implementation

Using the policy as a framework, regulations and procedures shall be developed which reflect:

- a) A list of authorized investments;
- b) Procedures including a signed agreement to ensure the School District's financial interest in investments;
- c) Standards for written agreements consistent with legal requirements;
- d) Procedures for the monitoring, control, deposit and retention of investments and collateral which shall be done at least once a month;
- e) Standards for security agreements and custodial agreements consistent with legal requirements;
- f) Standards for diversification of investments including diversification as to type of investments, and firms and banks with whom the School District transacts business; and
- g) Standards for qualification of investment agents which transact business with the School District including, at minimum, the Annual Report of the Trading Partner.

Purchase of Investments

The District Treasurer is authorized to contract for the purchase of investments:

- a) Directly, including through a repurchase agreement, from an authorized trading partner; or

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- b) By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the Board of Education.

All purchased obligations, unless registered or inscribed in the name of the District, shall be purchased through, delivered to be held in the custody of a bank or trust company chartered in the State of New York. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company 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 District by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, Section 10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the District, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the District a perfected interest in the securities.

Repurchase Agreements

Repurchase agreements are authorized subject to the following restrictions:

- a) The purchased securities shall be held by a third party custodian other than the trading partner;
- b) All repurchase agreements must be entered into subject to a Master Repurchase Agreement;
- c) Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers;
- d) Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America;
- e) No substitution of securities will be allowed during the term of the agreement.

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SUBJECT: DISTRICT INVESTMENTS (Cont'd.)**Annual Review**

This policy shall be reviewed and re-adopted at least annually or whenever new investment legislation becomes law, as staff capabilities change, or whenever external or internal issues warrant modification.

General Municipal Law Section 39
Education Law Sections
1604-a and 1723(a)
Local Finance Law Section 165

Adopted: 6/11/01