

TOWN OF COCHECTON

--INVESTMENT POLICY----

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TOWN OF COCHECTON
---INVESTMENT---

I. SCOPE:

This investment policy applies to all moneys and other financial resources available for investment on its own behalf or on behalf of any other entity or individual.

II. OBJECTIVES:

The primary objectives of the *Town of Cochection's* investment activities are, in priority order:

- To conform with all applicable federal, state and other legal requirements (legal);
- 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:

The governing board's responsibility for administration of the investment program is delegated to the chief fiscal officer (Supervisor) who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a database or records incorporating description and amounts of investments, transaction dates, and other relevant information and regulate the activities of subordinate employees.

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 Town of Cochection to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence discretion and intelligence exercise in the management of their own affairs, 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 their ability to make impartial investment decisions.

V. DIVERSIFICATION:

It is the policy of the Town of Cochection to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

VI. INTERNAL CONTROLS:

It is the policy of the Town of Cochection for all moneys collected by any officer or employee of the government to transfer those funds to the chief fiscal officer within thirty (30) days of deposit, or receipt of those funds or within the time period specified in law, whichever is shorter.

The chief fiscal officer is responsible for establishing and maintaining an internal control structure 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 and recorded properly, and are managed in compliance with applicable laws and regulations.

VII. DESIGNATION OF DEPOSITARIES:

The banks and trust companies authorized for the deposit of moneys up to the following maximum amounts are.

Depository Name	Maximum Amount	Officer
<u>FNB, Jeffersonville</u>	<u>\$3,200,000.00</u> (Increased from \$2,000,000.00 9/14/06)	<u>Anna Milucky</u>
<u>Community Bank</u>	<u>\$500,000.00</u>	_____
<u>Bank of America</u>	<u>\$800,000.00</u>	_____
<u>Key Bank</u>	<u>\$500,000.00</u>	<u>Marion Parks</u>
<u>Bank of New York</u>	<u>\$500,000.00</u>	_____

VIII. COLLATERALIZING OF DEPOSITS:

In accordance with the provisions of General Municipal Law, Section 10, all deposits of the Town of Cochection, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

1. By a pledge of “eligible securities” with an aggregate “market value,” as provided by general Municipal Law, Section 10, equal to the aggregate amount of the deposits from the categories designated in Appendix A to the policy.
2. By an eligible “irrevocable letter of credit” issued by a qualified bank other than the bank with the deposits in favor of the *Town of Cochection* for a term not to exceed ninety (90) days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or a bank that is in compliance with applicable federal minimum risk-based capital requirements.
3. By an eligible surety bond payable to the government for an amount at least equal to 100% 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.

IX. SAFEKEEPING AND COLLATERALIZATION: (Added 2/11/98)

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

The security agreement shall provide that eligible securities are being pledged to secure Town of Cochection deposits together with agreed upon interest, if any, and any, costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the Town of Cochection to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Town of Cochection, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Town of Cochection or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the Town of Cochection, 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 should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

X. PERMITTED INVESTMENTS:

As authorized by General Municipal Law, Section 11, the Town of Cochection authorizes the chief fiscal officer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts;
- Certificates of deposit;
- Obligations of the United States of America;
- 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;
- Obligations of the State of New York.

All investment obligations shall be payable or redeemable at the option of the Town of Cochection 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 at the option of the Town of Cochection within two years of the date of purchase.

XI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS:

The Town of Cochection shall maintain a list of financial institutions and dealers (if applicable) approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the *Town of Cochection* conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Town of Cochection.

XII. PURCHASE OF INVESTMENTS: (Not authorized)

XIII. REPURCHASE AGREEMENTS: (Not authorized)

APPENDIX A

Schedule of Eligible Securities

- (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.
- (ii) 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.
- (iii) 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 such State or obligation of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.