

INVESTMENT POLICY TOWN OF RENSSELAERVILLE

I. SCOPE

This investment policy applies to all monies 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 Rensselaerville's investment activities are, in priority order:

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

III. DELEGATION OF AUTHORITY

The Town Board's responsibility for administration of the investment program is delegated to the Supervisor of the Town of Rensselaerville, 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 data base or records incorporating description and amounts of investments, transaction dates, and other relevant information and regulate the activities of subordinate employees.

IV. PRUDENCE

- a. All participants in the investment process shall seek to act responsibly as custodians of the public trust, and shall avoid any transactions that might impair public confidence in the Town of Rensselaerville.
- b. 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.
- c. 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

It is the policy of the Town of Rensselaerville to diversity its deposits and investments by financial institutions, by investment instrument, and by maturity scheduling.

VI. INTERNAL CONTROLS

It is the policy of the Town of Rensselaerville for all monies collected by any officer or employee of the government to transfer those funds to the Supervisor within five business days of deposit, or within the time period specified in law, whichever is shorter.

The Supervisor 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 DEPOSITORIES

<u>Depository Name</u>	<u>Maximum Amount</u>	<u>Officer</u>
Greene County Commercial Bank	\$10,000,000.00	Supervisor/Clerk1
_____	_____	Supervisor
_____	_____	Supervisor

VIII. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law, section 10, all deposits of the Town of Rensselaerville, 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:

- a. by a pledge of “eligible securities” with an aggregate “market value”, as provided by GML, section 10, equal to the aggregate amount of deposits from the categories designated in Appendix A to the policy;
- b. by an eligible “irrevocable letter of credit” issued by a qualified bank, other than the bank with the deposits in favor of the government, for a term not to exceed 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 two highest rating categories by at least one nationally recognized statistical rating organization, or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.

IX. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by 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 local government 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 to local government to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the local government, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Town of Rensselaerville 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 local government, 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 or 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 Rensselaerville authorizes the Supervisor to invest monies not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- a. Special time deposit accounts
- b. Certificates of deposit
- c. Obligations of the United States of America
- d. 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
- e. Obligations of the State of New York
- f. Obligations issued pursuant to Local Finance Law section 24.00 by any municipality, school district, or district corporation other than the Town of Rensselaerville

All investment obligations shall be payable or redeemable at the option of the Town of Rensselaerville within such times as the proceeds will be needed to meet expenditures for purposed for which the monies were provided.

XI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Town of Rensselaerville shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investment which can be made with each financial institution or dealer. All financial institutions with which the local government 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 Rensselaerville. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The Supervisor is responsible to evaluating the financial position and maintaining a listing of proposed depositories, trading partners, and custodians. Such listing shall be evaluated at least annually.

XII. PURCHASE OF INVESTMENTS

The Supervisor is authorized to contract for the purchase of investments:

- a. Directly, including through a repurchase agreement, from an authorized trading partner.
- 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 Town Board.
- c. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the Town Board.

All purchased obligations, unless registered or inscribed in the name of the Town of Rensselaerville shall be purchased through, delivered to, and held in the custody of a bank or trust company. 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 Supervisor. All such transactions shall be confirmed in writing to the Town of Rensselaerville 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 custodian agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Town of Rensselaerville, 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 Town of Rensselaerville a perfected interest in the securities.

XII. REPURCHASE AGREEMENTS

Repurchase agreements are authorized subject to the following restrictions:

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

APPENDIX A
Schedule of Eligible Securities

The following is a complete list of eligible securities for collateralization of investments of the Town of Rensselaerville.

- 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.
- Obligations issued or fully insured or guaranteed as to the payment of principal and interest, by the State of New York.
- Obligations of counties, cities, towns, or villages of New York State.
- Obligations of counties, cities, and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- Zero coupon obligations of the United States government marketed as “Treasury Strips.”
- Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- Commercial paper rated in the highest short term category by at least one nationally recognized statistical rating organization and having maturities of not longer than 60 (sixty) days from the date they are pledged.