

## INVESTMENTS

The objectives of the district's investment policy are to safeguard district funds and to minimize risk, to ensure that investments mature when cash is required to finance operations and to ensure a competitive rate of return. In accordance with this policy, the district Business Administrator 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, repurchase agreements or other investment instruments permitted by law, subject to the investment regulations approved by the Board of Education.

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 should be avoided. Diversification of investments and deposits is encouraged.

### *Collateral*

Savings accounts, money market accounts, time deposit accounts, repurchase agreements 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.

Securities purchased through a repurchase agreement shall be valued to market at least weekly and maintained at a margin of five percent or higher. Collateral shall not be required with respect to the direct purchase of obligations of New York State or the United States.

The school district will encourage the purchase of sale of securities and certificates of deposit through a competitive or negotiated process involving telephone solicitation of quotations for each transaction.

### *Delivery of Securities*

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.

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 repurchaser, 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.

### *Written Contracts*

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.

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.

### *Designation of Custodial Bank*

The Board 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 school district's investments. However, securities may not be purchased through a Repurchase Agreement with the Custodial Bank.

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

### *Selection of Financial Institutions*

The School Business Administrator will periodically monitor, to the extent practical but not less than annually, 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.

Investments in time deposits and certificates of deposit are to be made only with commercial banks or trust companies, as permitted by law.

*Operations, Audit, and Reporting*

The School Business Administrator 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.

The school district will encourage the purchase and sale of securities through a competitive process involving telephone solicitation for at least three quotations.

The independent auditors will audit the investment proceeds of the school district for compliance with the provisions of this policy.

Monthly investment reports will be furnished to the Board of Education. This policy will be annually reviewed by the Board and may be amended from time to time in accordance with the provisions of section 39 of the General Municipal Law.\*

Ref: Education Law §§1604-a; 1723-a; 3651; 3652  
Local Finance Law §165.00  
General Municipal Law §§6-c-6-e; 6-j-6-n; 10; 11; 39

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