

VILLAGE OF MILLBROOK INVESTMENT POLICY

§ 24-1. Objectives.

The objectives of the Investment Policy of the Village of Millbrook are to minimize risk, to ensure that investments mature when the cash is required to finance operations and to ensure a competitive rate of return.

§ 24-2. Authorized investments.

A. In accordance with this policy, the chief fiscal officer is hereby authorized to invest all funds including proceeds of obligations and reserve funds in:

- (1) Certificates of deposit issued by a bank or trust company authorized to do business in New York State.
- (2) Time deposit accounts (including savings, money market, day of deposit/day of withdrawal) in a bank or trust company authorized to do business in New York State.
- (3) Obligations of New York State.
- (4) Obligations of the United States Government.

B. All other local government officials receiving money in their official capacity must deposit such funds in negotiable order of withdrawal accounts.

§ 24-3. Conditions on investments.

All investments made pursuant to this investment policy shall comply with the following conditions:

A. Collateral. Certificates of deposit shall be fully secured by insurance of the Federal Deposit Insurance Corporation or by obligations of New York State or obligations of the United States or obligations of federal agencies, the principal and interest of which are guaranteed by the United States, or obligations of New York State local governments. Collateral shall be delivered to the local government or a custodial bank with which the local government has entered into a custodial agreement. The market value of collateral shall at all times equal or exceed the principal amount of the certificate of deposit. Collateral shall be monitored no less frequently than monthly, and market value shall mean the bid or closing price as quoted in the Wall Street Journal or as quoted by another recognized pricing service.

B. Delivery of securities. Payment shall be made by or on behalf of the local government for obligations of New York State, obligations the principal and interest of which are guaranteed by the United States, United States obligations, certificates of deposit and other purchased securities upon the delivery thereof to the custodial bank or, in the case of a book-entry transaction, when the purchased securities are credited to the Custodial Bank's Federal Reserve System account. All transactions shall be confirmed in writing.

C. Written contracts.

(1) Written contracts are required for repurchase agreements, certificates of deposit and custodial undertakings. With respect to the purchase of obligations of the United States, New York State or other governmental entities, etc., in which moneys may be invested, the interests of the local government will be adequately protected by conditioning payment on the physical delivery of purchased securities to the local government 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 in writing to the local government.

(2) It is, therefore, the policy of the local government to require written contracts as follows:

(a) 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 local government. The written contract shall provide that only obligations of the United States may be purchased, and the local government shall make payment upon delivery of the securities or appropriate book-entry of the purchased securities. No specific repurchase agreement shall be entered into unless a master repurchase agreement has been executed between the local government and the trading partners. While the term of the master repurchase agreement may be for a reasonable length of time, a specific repurchase agreement shall not exceed 30 days.

(b) Written contracts shall be required for the purchase of all certificates of deposit.

(c) A written contract shall be required with the Custodial Bank.

D. Financial strength of institutions.

(1) All trading partners must be credit-worthy. Their financial statements must be reviewed at least annually by the chief fiscal officer to determine satisfactory financial strength, or the chief fiscal officer may use credit rating agencies to determine credit-worthiness of trading partners. Concentration of investments in financial institutions should be avoided.

(2) Investments in time deposits and certificates of deposit are to be made with banks or trust companies. Their annual reports must be reviewed by the chief fiscal officer to determine satisfactory financial strength.

(3) When purchasing eligible securities, the seller shall be required to deliver the securities to our custodial bank.

E. Operations, audit and reporting.

- (1) The chief fiscal officer or the deputy chief fiscal officer shall authorize the purchase and sale of all securities and execute contracts for repurchase agreements and certificates of deposit on behalf of the local government. Oral directions concerning the purchase or sale of securities shall be confirmed in writing. The local government shall pay for purchased securities upon the delivery or book-entry thereof.
- (2) At the time independent auditors conduct the annual audit of the accounts and financial affairs of the local government, the independent auditors shall audit the investments of the local government for compliance with these provisions.
- (3) Within 120 days of the end of the fiscal year, the chief fiscal officer shall prepare and submit to the Audit and Finance Committee an annual investment report, recommendations for change in these investment guidelines, the results of the annual independent audit, the investment income record, a list of total fees, commissions or other charges, if any, paid to the custodial bank and such other matters as the chief fiscal officer deems appropriate.

§ 24-4. Review and approval of annual report.

The Board of the local government shall review and approve the annual investment report, if practicable, at its June meeting.

§ 24-5. Annual review of guidelines.

At least annually, and if practicable, at the January meeting of the Governing Board, the members shall review and amend, if necessary these Investment Guidelines.

§ 24-6. When effective.

The provisions of these investment guidelines and any amendments hereto shall take effect prospectively, and shall not invalidate the prior selection of any custodial bank or prior investment.