

DISTRICT INVESTMENTS

REGULATION

I. Authorized Investments

- A. The Treasurer, in consultation with the Director of Finance and Operations is authorized to temporarily invest all available District funds, including proceeds of obligations and Reserve Funds, in the following types of investment instruments:
- Savings Accounts or Money Market Accounts of designated banks;
 - Certificates of Deposit issued by a bank or trust company located in and authorized to do business in New York State;
 - Demand Deposit Accounts in a bank or trust company located in and authorized to do business in New York State; Obligations of New York State; Obligations of the United States Government (U.S. Treasury Bills and Notes);
 - Repurchase Agreements involving the purchase and sale of direct obligations of the United States;
- B. All funds except Reserve Funds may be invested in Revenue Anticipation Notes or Tax Anticipation Notes of other school districts and municipalities, with the approval of the State Comptroller.
- C. Only Reserve Funds established by General Municipal Law Sections 6-d, 6-j, 6-l, 6-m and 6-n may be invested in obligations of the District.

II. Direct or Cooperative Investments

Investments may be made either directly from an authorized trading partner, or by participation in a cooperative investment agreement.

- A. Cooperative investment agreements may be made with certain municipal corporations: any New York State county (outside New York City), city, town, village, BOCES, fire district or school district, pursuant to General Municipal Law Article 5-G.
- B. Cooperative Investment agreements must also comply with the requirements of General Municipal Article 3-A and must address: the governing board of the cooperative, lead participant, proportional interest, the cooperative's investment policy, contributions and distributions, apportionment of administrative expenses and costs, methodology to determine participant's interest, determination of market value at least monthly, portfolio interest rate testing at least monthly, irrevocable letter of credit, professional services, contribution confirmations, monthly statements, notification of distribution deferrals or unanticipated losses

or material adverse events, annual independent audit, annual information statements, annual investment reports and governing board rating disclosure.

III. Conditions

All direct investments made pursuant to this Investment Policy will comply with the following conditions:

A. Collateral

1. Savings accounts, money market accounts, time deposit accounts 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. Collateral will be monitored no less frequently than on a weekly basis. *Pursuant to GML Section 10.3, the District may, in lieu of or in addition to the deposit of eligible securities, accept an 'irrevocable letter of credit' issued in favor of the District by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization as security for the payment of 100% of the aggregate amount of the deposits of the District.*
2. Collateral will not be required with respect to the direct purchase of obligations of New York State, the United States and federal agencies, the principal and interest of which are guaranteed by the United States Government.
3. Eligible securities used for collateralizing deposits made by officers of the District will be held by (the depository or a third party) bank or trust company subject to security and custodial agreements.
4. When eligible securities are pledged to secure the amount of deposits and investments in excess of FDIC insurance, the District must enter into written security and custodial agreements with the depository and custodial bank(s) or trust company(s).
5. The security agreement will provide that eligible securities (or the prorata portion of a pool of eligible securities) are being pledged to secure the deposits together with agreed-upon interest, if any, and any costs or expenses arising out of the collection of the deposits upon a default. The security agreement will also provide the conditions pursuant to which the securities (or prorata portion of a pool of eligible securities) may be sold,

presented for payment, substituted or released and the events that will enable the District to exercise its rights against the pledged securities.

6. The custodial agreement will provide that pledged securities (or the pro rata portion of a pool of eligible securities) will be 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 be comingled with or become part of the backing of any deposit or other bank liability.
7. All investment obligations will be payable or redeemable at the option of the District within times when the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchases with the proceeds of bonds or notes, will be payable or redeemable in any event at the option of the District within two years of the date of purchase.

B. Delivery of Securities

1. 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 the obligations are purchased outright, or pursuant to a repurchase agreement. Written confirmation of delivery will be obtained from the custodial bank.
2. 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 District, which will 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 will be for periods of 30 days or less. The Custodial Bank will confirm all transactions in writing to ensure that the District's ownership of the securities is properly reflected in the records of the Custodial Bank.

C. Written Contracts

1. 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 District will be adequately protected by conditioning payment on the physical delivery of purchased securities to the 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 District.

2. 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 will be required for all Repurchase Agreements. Only credit-worthy banks and primary reporting dealers must be qualified to enter into a Repurchase Agreement with the District.

The written contract will stipulate that only obligations of the United States may be purchased and that the District will 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 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 30 days.

D. Designation of Custodial Bank

1. 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 District's investments. However, securities may not be purchased through a Repurchase Agreement with the Custodial Bank.
2. When purchasing eligible securities, the seller will be required to transfer the securities to the District's Custodial Bank.

E. Selection of Financial Institutions

1. It is the policy of the District to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling. The Treasurer, with the assistance of the Director of Finance and Operations, will establish appropriate limits for the amount of investments that can be made with each financial institution or dealer.
2. The Director of Finance and Operations 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.

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

F. Operations, Audit, and Reporting

1. The Director of Finance and Operations is responsible for establishing and maintaining internal control procedures 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 Board policies and regulations established pursuant to those policies, and managed in compliance with applicable laws and regulations.
2. The Director of Finance and Operations, subject to the approval of the Board by passage of a resolution, may enter into a contract with a courier service for the purpose of causing the deposit of public funds with a bank or trust company. The courier service will be required to obtain a surety bond for the full amount entrusted to the courier, payable to the District and executed by an insurance company authorized to do business in the State of New York, with a claims-paying ability that is rated in the highest rating category by at least two nationally recognized statistical rating organizations, to insure against any loss of public deposits entrusted to the courier service for deposit or failure to deposit the full amount entrusted to the courier service.
3. The Director of Finance and Operations will authorize the purchase and sale of all securities and execute contracts for investments and deposits on behalf of the District. Oral directions concerning the purchase or sale of securities will be confirmed in writing. The District will pay for purchased securities upon the simultaneous delivery or book-entry thereof.
4. The District will encourage the purchase and sale of securities through a competitive process involving telephone solicitation for at least three quotations.
5. The independent auditors will audit the investment proceeds of the District for compliance with the provisions of this Investment Regulation.
6. Monthly investment reports will be furnished to the Board of Education.
7. This Regulation will be reviewed no later than the May Board of Education meeting each year.

Adoption Date: June 13, 2018