

Investment Policy

I. Scope

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

II. Objectives

The primary objectives of the Library's investment activities are, in priority order:

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

III. Delegation of Authority

The Library's Board of Trustees' responsibility for administration of the investment program is delegated to the Library Director who shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include internal controls to provide a satisfactory level of accountability based upon records incorporating the description and amounts of investments, the fund(s) for which they are held, the place(s) where kept, and other relevant information, including dates of sale or other dispositions and amounts realized. In addition, the internal control procedures shall describe the responsibilities and levels of authority for key individuals involved in the investment program.

IV. Prudence

All participants in the investment process shall seek to act responsibly and shall avoid any transaction that might impair the community's confidence in the Library.

Investments shall be made with prudence, diligence, skill, judgment and care, under circumstances then prevailing, which knowledgeable and prudent persons acting in like capacity would use, 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 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 Library to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling in order that

potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

VI. Collateralization and Safekeeping

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Library shall be on a cash (or delivery vs. payment) basis. Securities may be held by a third party custodian designated by the Treasurer, evidenced by safekeeping receipts as determined by the Treasurer, and subject to security and custodial agreements.

The security agreement shall provide that securities (or the pro rata portion of a pool of securities) are being pledged to secure such deposits together with agreed-upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon a default. It shall also provide the conditions under which the securities (or the pro rata portion of a pool of securities) held may be sold, presented for payment, substituted or released and the events of default which will enable the Library to exercise its rights against the pledged securities.

The custodial agreement shall provide that pledged securities (or the pro rata portion of a pool of securities) will be held by the custodial third party as agent of, and custodian for, the Library, will be kept separate and apart from the general assets of the custodial third party and will not be commingled with or become part of the backing of any other deposit or other bank liability. The agreement shall also describe how the custodian shall confirm the receipt, substitution or release of the collateral and it shall provide for the frequency of revaluation of collateral by the custodial third party and for the substitution of collateral when a change in the rating of a security causes ineligibility.

VII. Permitted Investments

The Library authorizes the Library Director to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- a. Deposit accounts in a bank authorized to do business in New York State and fully insured through FDIC or collateralization.
- b. Deposit accounts in a credit union authorized to do business in New York State and fully insured through NCUSIF or collateralization.
- c. Money Market accounts in a bank or credit union authorized to do business in New York State and fully insured through FDIC, NCUSIF or collateralization.
- d. Certificates of Deposits issued by a bank or credit union authorized to do business in New York State and fully insured through FDIC, NCUSIF or collateralization.

e. Obligations of the United States such as Treasury Bills, Treasury Bonds and Treasury Notes

f. Obligations of the State of New York

All investment obligations shall be payable or redeemable at the option of the Library 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 bond or notes, shall be payable or redeemable in any event at the option of the Library within two years of the date of purchase. Time deposit accounts and certificates of deposit shall be payable within such times as the proceeds will be needed to meet expenditures for which the moneys were obtained, and shall be secured as provided in this policy.

VIII. Reports

The Treasurer will report on the current status of and any changes made in the Library's investments at the Library Board of Trustees' regular meetings.

IX. Authorized Financial Institutions and Dealers

All financial institutions and dealers with which the Library transacts business shall be creditworthy, have an appropriate level of experience, capitalization, size and other factors that make the financial institution or the dealer capable and qualified to transact business with the Library. The Treasurer shall evaluate the financial position of proposed depositories, trading partners, and custodians. Recent Reports of Condition and Income (call reports) shall be obtained for proposed banks, and security dealers that are 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.

X. Amendments

The Library Board of Trustees shall have the power to amend this policy at any time.

XI. Definitions

Bank shall mean a bank as defined by the banking law or a national banking association located and authorized to do business in New York. (N.Y. Gen. Mun Law § 10[1][d]).

Trust Company shall mean a trust company as defined by the banking law and located and authorized to do business in New York. (N.Y. Gen. Mun Law § 10[1][e]).

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