

## **TOWN OF WASHINGTON INVESTMENT POLICY**

### **I. Scope.**

This investment policy applies to all moneys 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's investment activities are, in priority Order:

- A. To adequately safeguard principal;
- B. To conform to all applicable federal, state and other legal requirements;
- C. To provide sufficient liquidity to meet all operating requirements; and
- D. To obtain a reasonable rate of return.

### **III. Delegation of authority**

The Town Board's responsibility for administration of the investment program is delegated to the Town Supervisor, who shall provide the Town Board with periodic reports on the status of all investments undertaken in accordance with this policy. Proper accounting and other records required by statute and/or the Office of the State Comptroller shall be maintained and be available for examination.

### **IV. Exercise of prudence.**

- A. All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Town of Washington to govern effectively.
- B. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudent discretion and intelligence exercise in the management of their own affairs, considering the safety of the principal as well as probable income to be derived.
- C. All persons involved in the investment process shall refrain from personal business activity that could conflict with and/or impair their ability to make impartial investment decisions.

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### **V. Diversification.**

It is the policy of the Town of Washington to diversify its deposits and investments by financial institution, by investment instrument and by maturity scheduling, as it is deemed appropriate by the Town Supervisor.

### **VI. Internal Controls.**

- A. It is the policy of the Town of Washington for all monies collected by an officer or employee of the government to transfer those funds to the Town Supervisor within the time period specified by law.
- B. The Town Supervisor is responsible to 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 official depository.**

Bank of Millbrook is designated as the official bank for deposit of all monies received by all Town officers and employees and for the investment of Town funds by the Town Supervisor.

### **VIII. Collateralizing of deposits.**

In accordance with the provisions of § 10 of the General Municipal Law, all deposits of the Town, 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 by a pledge of eligible securities with an aggregate market value or, as provided by General Municipal Law § 10, an amount equal to the aggregate amount of deposits from the categories designated in Appendix A of this policy.

### **IX. Safekeeping of collateralization.**

- A. Eligible securities used for collateralizing deposits shall be held by Manufacturers and Traders Trust subject to security and custodial agreements.
- B. The security agreement shall provide that such securities are being pledged to secure the Town's deposits together with agreed-upon interest, if any, and costs or expenses arising out of

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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 the Town to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Town, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Town of Washington or its custodial bank.

C. The custodial agreement shall provide that securities held by the bank or trust company or agent of and custodian for the Town 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 a part of the backing for any other deposits 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 of 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 Town with a perfected interest in the securities.

### **X. Authorized types of investment.**

A. As authorized by § 11 of the General Municipal Law, the Town Board authorizes the Town Supervisor to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- (1) Special time deposit accounts.
- (2) Certificates of deposit.
- (3) Interest bearing checking accounts.
- (4) Obligations of the United States of America
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- (5) Obligations of the State of New York.
- (6) Obligations of this local government, but only with any moneys in a reserve fund established pursuant to General Municipal Law provisions governing a legally established reserve fund.

B. All investment obligations shall be payable or redeemable at the option of the Town within such times as either the proceeds will be needed to meet expenditures for the purposes for which the moneys were provided or, if purchased with the proceeds of bonds or notes, within two years of the date of such purchase.

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### **XI. Authorized financial institutions.**

The Town Board shall stipulate, by Board resolution, the banks that the Town Supervisor is authorized to deposit and invest Town funds within. Banks shall provide their most recent consolidated report of condition (call report) at the request of the Town. The Town Supervisor is responsible for evaluating the financial position and maintaining a list of proposed depositories and custodians. Such listing shall be evaluated at least annually.

### **XII. Purchase of investments.**

A. The Town Supervisor is authorized to contract directly for the purchase of investments and/or the deposit of Town moneys in interest bearing checking or saving accounts.

B. All passbooks shall be retained in the custody of the Town Supervisor. All other investment obligations, unless registered or inscribed in the name of the Town, 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 individual authorized to make such deposit or investment. All such transactions shall be confirmed in writing to the Town by the bank or trust company.

C. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in § 10 of the General Municipal Law. The agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the Town, will be kept separate and apart from the general assets of the custodial bank or trust company and will not under any circumstances be commingled with or become part of the backing for any other deposits or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities and include all provisions necessary to provide the Town with a perfected interest in all securities.

### **XII. Repurchase agreements and certificates of purchase**

Under no circumstances is the Town Supervisor authorized to enter an investment in repurchase agreements or the issuance of certificates of purchase without prior approval of the Town Board.