

**VILLAGE OF ROUSES POINT, NY**  
**INVESTMENT POLICY**  
**AMENDED ON APRIL 6, 2015**  
**REVIEWED ON APRIL 17, 2017**

**I. SCOPE**

This Investment Policy applies to all moneys and other financial resources available for investment by the Village of Rouses Point on its own behalf or on behalf of any other entity or individual.

**II. OBJECTIVES**

The primary objectives of the local government'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 governing board's responsibility for administration of the investment program is delegated to the Village Treasurer who shall establish written procedures for the operation of the investment program consistent with these investment policies. Such procedures shall include internal controls to provide a satisfactory level of accountability based on data 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 as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Village of Rouses Point to govern effectively.

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 Village of Rouses Point to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

The governing board shall establish appropriate limits for the amount of investments which can be made with each financial institution or dealer, and shall evaluate this listing at least annually.

## VI. INTERNAL CONTROLS

It is the policy of the Village of Rouses point for all moneys collected by any officer or employee of the government to transfer those funds to the Treasurer within **ten** days of deposit or within the time period specified in law, whichever is shorter.

The Treasurer 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 of disposition, that transactions are executed in accordance with management's authorization, properly recorded, and managed in compliance with applicable laws and regulations.

## VII. DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposit of moneys, and the maximum amount which may be kept on deposit at anytime, are:

<u>Depository Name</u>	<u>Maximum Amount</u>	<u>Officer</u>
Champlain National Bank	N/A	Treasurer
TD Bank	N/A	Treasurer

## VIII. SECURING DEPOSITS AND INVESTMENTS

All deposits and investments at a bank or trust company, including all demand deposits, certificates of deposit and special time deposits (hereinafter, collectively, "deposits" made by officers of the Village of Rouses Point that are excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by:

1. By a pledge of "eligible securities" with an aggregate "market value" (as provided by GML, Chapter 10) that is at least equal to the aggregate amount of deposits by the officers. See Schedule A of this policy for a listing of "eligible securities"

2. An “eligible letter of credit,” payable to the Village of Rouses Point as security for the payment of 140 percent of the aggregate amount of deposits and the agreed-upon interest, if any. An “eligible letter of credit” shall be an irrevocable letter of credit issued in favor to the Village Rouses Point for a term not to exceed 90 days, by a qualified bank (other than the bank where the secured money is deposited).
3. A qualified bank is either one whose commercial paper and other unsecured short-term debt obligations (or, in the case of a bank which is the principal subsidiary of a holding company, whose holding company’s commercial paper and other unsecured short-term debt obligations) are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or one that is in compliance with applicable federal minimum risk-based capital requirements.
4. By an eligible surety bond payable to the government for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims – paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations. The governing board shall approve the terms and conditions of the surety bond.
5. An “irrevocable letter of credit” issued in favor of the Village of Rouses Point by a federal 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 percent of the aggregate amount of deposits and the agreed – upon interest, if any.
6. A pledge of a pro rata portion of a pool of eligible securities, having in the aggregate a market value at least equal to the aggregate amount of deposits from all such officers within the State at the bank or trust company.

## **IX. COLLATERALIZATION AND SAFEKEEPING**

Eligible securities used for collateralizing deposits may be made by officers of the Village of Rouses Point shall held by (the depository or a third party) bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities (or the pro rata portion of a pool of eligible securities) are being pledged to secure such deposits together with agreed- upon interest, if any, and any costs of expenses arising out of 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 local government to exercise its’ rights against the pledged securities.

In the event that the pledged securities are not registered or inscribed in the name of the Village of Rouses Point, such securities shall be delivered in a form suitable for transfer or with an assignment in the bank to the Village of Rouses Point or its custodial bank or trust company. Whenever eligible securities delivered to the custodial bank or trust company are transferred by entries on the books of a federal reserve bank or other book-entry system operated by a federally regulated entity without physical delivery of the evidence of the obligations, then the records of the custodial bank or trust company shall be required to show, at all times, the interest of the government in the securities (or the pro rata portion of a pool eligible securities) as set forth in the security agreement.

The custodial agreement shall provide that pledged securities (or the pro rata portion of a pool of eligible securities) will be held by the bank, trust company as agent of, and custodian for, the Village of Rouses Point, will be kept separate and apart from the general assets of the custodial bank or trust company and will not be commingled with or become part of the backing for any other deposit or other bank liability. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the collateral and shall provide for the frequency of revaluation of collateral by the custodial bank or trust company and for the substitution of collateral when a change in the rating of a security may causes ineligibility. The security and custodial agreements shall also include all other provisions necessary to provide the Village of Rouses Point with a perfected security interest in the eligible securities and to otherwise secure the local government's interest in the collateral, and may contain other provisions that the governing board deems necessary.

## **X. PERMITTED INVESTMENTS**

As provided by General Municipal Law, Section 11, the Village of Rouses Point authorizes the Treasurer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts in, or certificates of deposit issued by, a bank or trust company located and authorized to do business in the State of New York
- Obligations of the United States of America
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America
- Obligations of the State of New York
- With the approval of the State Comptroller, obligations issued pursuant to Local Finance Law Section 24.00 or 25.00 (i.e., Tax Anticipation Notes and Revenue Anticipation Notes) by any municipality, school district or district corporation in the State of New York other than the Village of Rouses Point

- Obligations of the Village of Rouses Point, but only with any moneys in a reserve fund established pursuant to GML Chapters 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m or 6-n.

All investment obligations shall be payable or redeemable at the option of the Village of Rouses Point 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 bonds or notes, shall be payable or redeemable in any event at the option of the Village of Rouses Point 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 Sections VIII and IX herein.

Except as may otherwise be provided in a contract with bondholders or note holders, any moneys of the Village of Rouses Point authorized to be invested may be commingled for investment purposes, provided that any investment of commingled moneys shall be payable or redeemable at the option of the Village of Rouses Point within such time as the proceeds shall be needed to meet expenditures for which such moneys were of the sources of these funds shall be maintained at all times and income received shall be credited on a pro rata basis to the fund or account from which the moneys were invested.

Any obligation that provides for the adjustment of its interest rate on set dates is deemed to be payable or redeemable on the date on which the principal amount can be recovered through demand by the holder.

## **XI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

All financial institutions and dealers with which the Village of Rouses Point transacts business shall be creditworthy, and 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 Village of Rouses Point. The Treasurer shall evaluate the financial position and maintain a listing 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.

The Village of Rouses Point shall maintain a list of financial institutions and dealers approved for investment purposes, and establish appropriated limits to the amounts of investments that can be made with each financial institution or dealer.

## **XII. PURCHASE OF INVESTMENTS**

The Treasurer is authorized to contract for the purchase of investments:

- 1) Directly, from an authorized trading partner.

- 2) By participation in a cooperative investment program with other authorized municipal corporations pursuant to Article 5G of the General Municipal Law and in accordance with Article 3-A of the General Municipal Law.

All purchased obligations, unless registered or inscribed in the name of the Village of Rouses Point, 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 of payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Village of Rouses Point by the bank or trust company.

Any obligation held in custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law Section 10 (3) (a). The agreement shall provide that securities held by the bank or trust company, as agent of, and custodian for the Village of Rouses Point, will be kept separate and part from the general assets of the custodial bank or trust company and will not be commingled with or become part of the backing for any other deposit or other bank liability. The agreement shall also describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to secure the local government's perfected interest in the securities, and the agreement may also contain other provisions that the governing board deems necessary. The security and custodial agreements shall also include all other provisions necessary to provide the Village of Rouses Point a perfected interest in the securities.

The Treasurer can direct the bank or trust company to register and hold the evidences of investments in the name of its nominee, or may deposit or authorize the bank or trust company to deposit, or arrange for their deposit with a federal reserve bank or other book-entry transfer system operated by a federally regulated entity. The records of the bank or trust company shall show, at all times, the ownership of such evidences of investments, and they shall be, when held in the possession of the bank or trust company, at all times, kept separate from the assets of the bank or trust company. All evidences of investments delivered to a bank or trust company shall be held by the bank or trust company pursuant to a written custodial agreement as set forth in General Municipal Law Section 1- (3) (a), and as described earlier in this section. When any such evidences of investments are so registered in the name of a nominee, the bank or trust company shall be absolutely liable for any loss occasioned by the acts of such nominee with respect to such evidences of investments.

### **XIII. COURIER SERVICE**

The Treasurer may, subject to the approval of the governing board by resolution, 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 shall be required to obtain a surety bond for the full amount entrusted to the courier, payable to the Village of Rouses Point 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 of failure to deposit the full amount entrusted to the courier service.

The Village of Rouses Point may agree with the depository bank or trust company that the bank or trust company will reimburse all or part of, but not more than, the actual cost incurred by the Village of Rouses Point in transporting items for deposit through a courier service. Any such reimbursement agreement shall apply only to a specified deposit transaction, and may be subject to such terms, conditions and limitations as the bank or trust company deems necessary to ensure sound banking practices, including, but not limited to, any terms, conditions or limitations that may be required by the banking department or other federal or State authority.

#### **XIV. ANNUAL REVIEW AND ADMENDMENTS**

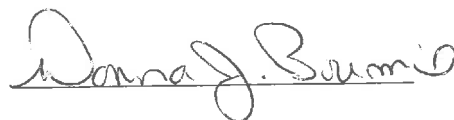
The Village of Rouses Point shall review this investment policy annually, and it shall have the power to amend this policy at any time.

#### **XV. DEFINITIONS**

The term “public funds,” “public deposits,” “bank,” “trust company,” “eligible securities,” “eligible surety bond,” and “eligible letter of credit” shall have the same meanings as set forth in General Municipal Law Section 10.

Date Reviewed: April 17, 2017

for: THE BOARD OF TRUSTEES  
THE VILLAGE OF ROUSES POINT



Village Clerk

## **SCHEDULE A**

### **“ELIGIBLE SECURITIES” FOR COLLATERALIZING DEPOSITS AND INVESTMENTS IN EXCESS OF FDIC COVERAGE (see Investment Policy, Section VIII)**

- 1) Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation.
- 2) Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of insurance or guaranty.
- 3) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of this State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.

For purposes of determining aggregate “market value,” the above eligible securities shall be valued at 100 percent of “market value.”