6240 INVESTMENTS

The Board of Education delegates the responsibility for the administration of the investments program to the School Business Official. He/she shall establish written procedures for the operation of the investment program consistent with investment guidelines.
The objectives of the district's investment policy are, in priority order, to:

1. conform with all applicable federal, state and other legal requirements (legal);
2. adequately safeguard principal (safety);
3. provide sufficient liquidity to meet all operating requirements (liquidity); and
4. obtain a reasonable rate of return (yield).

In accordance with this policy, the School Business Official or his/her designee is authorized to invest and/or deposit all funds, including proceeds of obligations and reserve funds, in time-deposit accounts, certificates of deposit, short-term government securities, repurchase agreements or other investment instruments permitted by law, subject to the investment regulations approved by the Board.

To the extent feasible, investments and deposits shall be made in and through local or regional financial institutions. Concentration of investments in a single financial institution should be avoided. Diversification of investments and deposits by financial institution, by investment instrument, and by maturity scheduling is encouraged.

This policy will be annually reviewed by the Board and may be amended from time to time in accordance with the provisions of section 39 of the General Municipal Law.*

Ref:

Education Law §§1604-a; 1723-a; 3651; 3652
Local Finance Law §165.00
General Municipal Law §§6-c-6-e; 6-j-6-n; 10; 11; 39; 109-b

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6240-R INVESTMENTS REGULATION

Authorized Investments

A. The School Business Official is authorized to 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 may be invested in obligations of the school district.

Conditions

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

A. Collateral

    a. 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.
    b. Collateral will not be required with respect to the direct purchase of obligations of New York State, the United States and federal agencies, the

B. Delivery of Securities

    a. 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 such obligations are purchased outright, or pursuant to are purchase agreement. Written confirmation of delivery shall be obtained from the custodial bank.

b. 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 school district, which shall 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 been titled to substitute securities. Repurchase agreements shall be for periods of 30 days or less. The Custodial Bank shall confirm all transactions in writing to insure that the school district's ownership of the securities is properly reflected in the records of the Custodial Bank.

C. Written Contracts

a. 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 school district will be adequately protected by conditioning payment on the physical delivery of purchased securities to the school 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 school district.

b. The following written contracts are required:

    i. Written agreements will be required for the purchase of all certificates of deposit.
    ii. A written contract will be required with the Custodial Bank(s).
    iii. 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 school district.

The written contract will stipulate that only obligations of the United States may be purchased and that the school district shall 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 school 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 thirty (30) days.

D. Designation of Custodial Bank

    a. 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 school district's investments. However, securities may not be purchased through a Repurchase Agreement with the Custodial Bank.
    b. When purchasing eligible securities, the seller will be required to transfer the securities to the district's Custodial Bank(s)/Trust Companies.

E. Selection of Financial Institutions

    a. The School Business Official 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.
    b. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the school district.
    c. Investments in time deposits and certificates of deposit are to be made only with commercial banks or trust companies, as permitted by law.

VI. Operations, Audit, and Reporting

1. The School Business Official or designee will authorize the purchase and sale of all securities and execute contracts for investments and deposits on behalf of the school district. Oral directions concerning the purchase or sale of securities will be confirmed in writing. The school district will pay for purchased securities upon the simultaneous delivery or book-entry thereof.
2. The school district will encourage the purchase and sale of securities through a competitive process involving telephone solicitation for at least three quotations.
3. The independent auditors will audit the investment proceeds of the school district for compliance with the provisions of this Investment Regulation.
4. Monthly investment reports will be furnished to the Board of Education.

VII. Internal Control Structure

1. The School Business Official is responsible for establishing and maintaining an internal control structure to: a) regulate the activities of subordinate employees; b) provide reasonable, but not absolute, assurance that deposits and investments are safe guarded against loss from unauthorized use or disposition; c) provide a satisfactory level of accountability based on data which includes investment descriptions and amounts,

transaction dates, and other relevant information; d) ensure that transactions are executed in accordance with management's authorization and recorded properly; and e) ensure that transactions are managed in compliance with applicable laws and regulations.

2. All moneys collected by any officer or employee of the school district shall transfer those funds to the School Business Official with in one day of deposit, or within the time period specified in law, whichever is shorter.

VIII. Prudence

1. 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 school district to govern effectively.
2. 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, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.
3. 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.

Ref:

Education Law §§1604-a; 1723-a; 3651; 3652
LocalFinanceLaw§165.00
General Municipal Law §§6-c-6-e; 6-j-6-n; 10; 11; 39

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6240-E INVESTMENTS EXHIBIT

Appendix A

Schedule of Eligible Securities

I. 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.

II. Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.

III. 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 the insurance or guaranty.

IV. 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 such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.

V. Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

VI. Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

VII. Obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

VIII. Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.

IX. Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by bank regulatory agencies.

X. Commercial paper and bankers' acceptances issued by a bank, other than the Bank, rated in the highest short term category by at least one nationally recognized statistical rating organization and having maturities of not longer than 60 days from the date they are pledged.

XI. Zero coupon obligations of the United States government marketed as "Treasury strips".

XII. By an "irrevocable letter of credit" issued 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. Such irrevocable letter of credit to be issued in favor of the government for a term not to exceed 90 days with an aggregate value equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any.

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