Book	Policy Manual
Section	Series 6000 - Fiscal Management
Title	Investments
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INVESTMENTS

The Board of Education authorizes an investment program of its choosing for the School District. Investments are viewed as a critical component of sound fiscal management, the purpose of which is to secure a maximum yield of interest revenues to supplement other School District revenues for the support of the education program of the school system. It is the policy of the School District to diversify its deposits and investments by financial institutions, by investment instrument, and by maturity scheduling.

The objectives of the School District's investment program are to safeguard School District funds and to minimize risk so that investments mature when cash is required to finance operations and so that a competitive rate of return is achieved.

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.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, 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.

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.

The Board of Education's responsibility for administration for the investment program is delegated to the Treasurer. The School District authorizes the Treasurer to manage all activities associated with the investment program in such manner as to accomplish all the objectives and intents of this policy. These responsibilities will also include annual review and assessment of the School District’s investment program incorporating any relevant recommendations of the independent auditor. The Assistant Superintendent for Business and Operations is further authorized to execute in the name of the Board of Education documents relating to the investment program in a timely manner as well as to utilize reputable consultants regarding investment decisions when necessary. A monthly Treasurer’s Report will be given to the Board of Education. Concentration of investments in a single financial institution should be avoided. Diversification of investments and deposits is encouraged and shall be made in accordance with this policy.

The School District’s investment program will be administered in such a way as to assure:

1. That all participants exercise good judgment and care in the management of the School District’s investments; act responsibly as custodians of the public trust; and refuse to participate in any transaction that might impair the public’s confidence in the School District;

2. The continual process of temporary investing of all fund balances and monies available to the School District for investment purposes;

3. The maintenance of a yearly cash flow chart that will provide data to assist proper planning and decision making regarding amount, duration, and type of investments for the School District;

4. The School District may use any of the following investment instruments when investing School District funds as listed in section 11 of the General Municipal Law:

    - Special time deposit accounts or certificates of deposit;
    - Obligations of the United States of America (e.g., U.S. Treasury Bills and Notes);
    - 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;
    - Obligations of other municipalities issued pursuant to Local Finance Law sections 24.00 (Tax Anticipation Notes) or 25.00 (Revenue Anticipation Notes), with the approval of the State Comptroller;
    - Obligations of the School District, but only with any monies in reserve funds established pursuant to General Municipal Law sections 6-d, 6-j, 6-l, 6-m, 6-n, 6-p, and 6-r; and
    - By participation in cooperative investment programs with other authorized governmental entities pursuant to Article 5-G of the General Municipal Law, where such a program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46.

Collateralizing of Deposits

In accordance with the provisions of General Municipal Law, all deposits of the School District, 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:

a. By a pledge of "eligible securities" as defined in General Municipal Law section 10(f)(i) or (iv), with an aggregate "market value" equal to the aggregate amount of deposits from the categories designated herein.

b. By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with deposits in favor of the government for a term not to exceed ninety (90) days with an aggregate value equal to 140 percent of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose 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 by a bank that is in compliance with applicable federal minimum risk-based capital requirements.

c. By an eligible surety bond payable to the government for an amount at least equal to 100 percent 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.

Eligible securities used for collateralizing deposits shall be held by a third party bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure the School District's deposits together with agreed upon interest, if any, and any costs or 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 School District to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the School District, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the School District or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or an agent of and custodian for, the School District, 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 part of the backing for any other deposit 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 School District a perfected interest in the securities.

All investment obligations shall be payable or redeemable at the option of the School District within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the School District within two (2) years of the date of purchase.

All financial institutions where School District funds are deposited will provide a statement to the School District of the collateral and list of securities pledged at market value.

All monies collected by any officer or employee of the government to transfer those funds to the Treasurer or Deputy Treasurer within five (5) days for deposit, or within the time period specified in law, whichever is shorter.

The Treasurer is responsible for 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.

School District investments shall be made in compliance with the law.

Designation of Depositories

The School District shall maintain a list of financial institutions and dealers approved for investment purposes. All financial institutions with which the School District conducts business must be creditworthy. Banks shall provide their most recent Consolidated Report or Condition (Call Report) at the request of the School District. Security dealers 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 Superintendent of Schools or designee will evaluate the financial position of the School District, the listing of proposed depositories, trading partners and custodians.

At the annual organizational meeting or through Board resolution at Board of Education meetings throughout the year, the Board of Education will approve the bank and trust companies to be authorized for the deposit of monies up to the maximum amounts of one hundred fifty million dollars ($150,000,000). The utilization of an open competition system of bids and/or quotes to obtain maximum yield possible on all investments from both in-district and out-of-district financial institutions; such institutions and depository banks are designated annually by the Board of Education at the annual reorganization meeting.

Purchase of Investments

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

a. Directly, including through a repurchase agreement, from an authorized trading partner.

b. By participating in a cooperative investment program with another authorized government entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the School Board.

c. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the School Board.

All purchased obligations, unless registered or inscribed in the name of the School District, 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 officer authorized to make the investment. All such transactions shall be confirmed in writing to the School District by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in section 10 of the General Municipal Law.

The custodian agreement shall provide that securities held by the bank or trust company, as an agent of and custodian for, the School District, will be kept separate and apart from the general assets of the custodian bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

Repurchase Agreements

Repurchase agreements are authorized subject to the following restrictions:

a. All repurchase agreements must be entered into subject to a Master Repurchase Agreement.

b. Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.

c. Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.

d. No substitutions of securities will be allowed.

e. The custodian shall be a party other than the trading partner.

This policy will be annually reviewed by the Board of Education. and may be amended periodically in accordance with the provision of section 39 of the General Municipal Law.

Legal

Education Law §§1604-a; 1723-a; 3651; 3652

Local Finance Law §§24.00, 25.00, 165.00

General Municipal Law §§ 6(d), 6(j), 6(l-n, p, r), 10, 11, 39