

RE: INVESTMENT OF VILLAGE MONIES

POLICY: #501

ORIGINAL DATE: 08/15/1995

APPROVED BY: Board of Trustees Resolution

REVISION DATE: 08/13/1996, 08/12/97, 08/11/98, 07/27/99, 08/15/2000, 04/09/02, 08/13/02, 08/10/04, 08/09/05, 04/10/07, 09/25/07, 12/09/08, 01/12/10, 01/11/11, 11/12/13, 11/12/14, 11/10/15, 11/09/16, 11/14/17, 11/13/18, 09/22/20

MOST RECENT ADOPTION DATE: 12/14/21

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## 1. **Purpose**

1.1 To outline the investment policy of the Village of Scarsdale which will apply to all monies available for investment in the various funds maintained by the Village, including the following:

- General Fund
- Special Revenue Funds (Including Town of Scarsdale)
- Capital Projects Fund
- Enterprise Funds
- Internal Service Funds
- Fiduciary Funds
- Library Fund

## 2. **Policy**

2.1 The primary objectives of this investment policy are:

- A. To conform with all applicable statutory requirements (legal);
- B. To adequately safeguard principal (safety);
- C. To provide sufficient liquidity to meet all operating requirements (liquidity);
- D. To obtain a reasonable rate of return (yield).

2.2 For the purposes of this Policy, an Investment Committee will be appointed by the Mayor to, at least annually, review the Investment Policy prepared by the Village Treasurer, and submit it to the Village Board of Trustees for their approval ("Investment Committee"). The investment committee will set a schedule on an annual basis to meet with the Village Treasurer, to review holdings, activity, and compliance with guidelines.

## DELEGATION OF AUTHORITY

2.3 The Village Board's responsibility for administration of the investment program is delegated to the Village Treasurer who may establish written procedures for the operation of the investment program consistent with these investment guidelines and subject to the review and approval of the Investment Committee, or in their absence, the Village Board. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on records incorporating descriptions and amounts of investments, transaction dates, and other relevant information. The operating procedures shall be reviewed, at least annually for appropriateness and compliance by the Investment Committee or the Village Board in the absence of an Investment Committee. Absent any written procedures, this Investment Policy shall constitute the operating procedures.

## PRUDENCE

2.4 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 Scarsdale to govern effectively.

2.5 Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of financial affairs, considering the safety of the principal as well as the probable income to be derived.

2.6 All participants involved in the investment process shall refrain from personal and business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Any conflicts should be immediately reported directly to the Village Manager.

## DIVERSIFICATION

2.7 The Village of Scarsdale will seek to diversify its deposits and investments by financial institution, unless fully collateralized as noted in Section 2.10, and by maturity scheduling.

## INTERNAL CONTROLS

2.8 All moneys collected by any of the officers or employees of the Village shall be transferred to the Village Treasurer within three days of collection, or within the time period specified by law, whichever is shorter. The Village 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.

## DESIGNATION OF DEPOSITARIES

2.9 The banks and trust companies authorized herein for the deposit of monies are JP Morgan Chase, HSBC, M & T Bank, Signature Bank and the New York Cooperative Liquid Assets Securities System ("NYCLASS") or as otherwise approved by the Village Board.

## COLLATERALIZING OF DEPOSITS

2.10 In accordance with the provisions of General Municipal Law, Section 10, all deposits of the Village of Scarsdale, 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" as scheduled in Appendix A hereto with an aggregate "market value," as defined in said Section 10, at least equal to the aggregate amount of such excess. The Village Treasurer shall have the discretion to require that the amount of any such pledge have a market value of more than 100% of the amount of such excess if, in the Village Treasurer's judgment, such requirement would not have a significant adverse effect on yield.

## SAFEKEEPING AND COLLATERALIZATION

2.11 Eligible securities used for collateralizing deposits shall be held by the depositary bank or trust company or a designated custodial bank subject to security and custodial agreements. The security agreement shall provide that eligible securities are being pledged to secure the deposits of the Village of Scarsdale together with agreed-upon interest, if any, and costs or expenses arising out of the collection of such deposits upon default. The security and custodial agreements shall also include all other provisions necessary to provide the Village of Scarsdale with a perfected security interest in the eligible securities and to otherwise secure the Village of Scarsdale's interest in the collateral, and may contain other provisions that the Village Treasurer deems necessary. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events enabling the Village of Scarsdale to exercise its rights against the pledged securities.

2.12 The custodial agreement shall provide that securities held by the custodial bank or trust company, as agent of and custodian for the Village of Scarsdale, 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 provide that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of the eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility.

2.13 The Village Treasurer shall enter into security and custodial agreements with the authorized depositories and custodians, subject to the approval of each agreement by the Village Attorney.

#### PERMITTED INVESTMENTS

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

- A. Special time deposit accounts in designated depositories, subject to the collateral requirements outlined in Sections 2.10 through 2.13;
- B. Other money market accounts associated with these depositories subject to the collateralization requirements outlined in Sections 2.10 through 2.13;
- C. Certificates of deposit issued by designated depositories, subject to the collateral requirements outlined in Sections 2.10 through 2.13;
- D. Obligations of the United States of America;
- E. Obligations issued or fully guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- F. Obligations of the State of New York.

#### PURCHASE OF INVESTMENTS

2.15 The Village Treasurer is authorized to contract for the purchase of investments as follows:

- A. Directly, from an authorized trading partner.
- B. By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 3-A of the General Municipal Law where such program meets all the requirements set forth in State Comptroller Opinion No. 88-46, and the specific program has been authorized by the Village Board of Trustees.

2.16 Investment of Bond Proceeds – Consistent with NYS Local Finance Law, Section 165.00, the proceeds of bond issues shall be deposited into a special account. The Investment of the bond proceeds will be governed by Section 2.14 of this policy. Investment maturities will be timed to insure that funds are available to meet expenditure needs. In addition, investment options will be sensitive to the arbitrage rebate that may be required by the federal government if investment yields exceed the bond's interest rate.

#### AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

2.17 The Village of Scarsdale shall maintain a list of financial institutions and dealers approved for investment purposes. All financial institutions with which the Village conducts business must be credit worthy. 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 list of financial institutions and dealers shall be evaluated annually.

### REPORTING

2.18 The Village Treasurer shall submit a quarterly investment report to the Investment Committee, disclosing investment activity during the period, including descriptions, amounts, rates of interest and maturity dates.

2.19 The Village Treasurer shall prepare an annual report within 60 days of the end of the fiscal year. This report shall include the amount of interest earned, the effective annual yield, and a schedule of investments held by the Village at fiscal year-end.

### 3. Procedures

3.1 Investments will be limited to those authorized in the Investment Policy.

3.2 The Village Treasurer will maintain a file of investment authorizations and confirmations.

3.3 The Village Treasurer will maintain a record of all investment transactions including descriptions, amounts, rates of interest, maturity dates and earnings.

3.4 The Village Treasurer will maintain a list of financial institutions approved for investment purposes.

3.5 The Village Treasurer will report investment activity in accordance with the provisions contained in the Investment Policy.

3.6 Should the villages investment holdings become out of compliance with these guidelines, the Village Treasurer will promptly report non-compliance to the Village Manager and this report to the Village Manager will include a remediation plan to bring investments back into compliance with guidelines within 30 days. Should it not be possible, or feasible, to bring the holdings back in compliance with guidelines within 30 days either due to market circumstances, or other unusual conditions, the Village Treasurer will report why this is not possible and provide a plan for remediation. All breaches of investment guidelines and communications with the Village Manager regarding such breaches will be reported to the Investment Committee in the quarterly report for review and discussion.

## **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 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.
- (iii) 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 monies.
- (iv) Zero coupon obligations of the United States government marketed as “Treasury Strips” backed by the full faith and credit of the United States government.