

800-08 — Investment Policy

Statement of Purpose

Whenever the Fairport Public Library has funds (including operating funds, reserve funds and proceeds of obligations) that exceed those necessary to meet current expenses, the Board of Trustees will authorize the Library Director to invest such funds in accordance with all applicable laws and regulations and in conformity with the guidelines established by this policy.

Scope

This investment policy applies to all moneys and other financial resources available for investment on the Library's behalf.

Objectives

The primary objectives of the Library's investment activities are, in priority order,

- to adequately safeguard principal
- to conform with all applicable federal, state, and other legal requirements
- to provide sufficient liquidity, as needed, to meet all operating requirements
- to obtain a competitive yield given the first three (3) investment objectives

Authorization

The authority to deposit and invest funds is delegated to the Library Director. These functions must be performed in accordance with the applicable sections of the General Municipal Law and the Local Finance Law of the State of New York.

The Library Director may invest funds in the following eligible investments:

- Obligations of the State of New York;
- Obligations of the United States Government, or any obligations for which principal and interest are fully guaranteed by the United States Government;
- Time Deposit Accounts placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law. (Banking Law Section 237(2) prohibits a savings bank from accepting a deposit from a local government. This also applies to savings and loan associations.);
- Transaction accounts (demand deposits) both interest bearing and non-interest bearing that does not require notice of withdrawal placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law;
- Certificates of Deposits placed in a commercial bank authorized to do business in the State of the New York providing the Certificates are collateralized as required by law;
 - Deposits in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured in accordance with subdivision 3 of the General Municipal Law Section 10.

- The Library may, in its discretion, authorize the bank designated for the deposit of Library funds to arrange for the redeposit of such funds in one (1) or more banking institutions, for the account of the Library, through a deposit placement that meets the conditions set forth in General Municipal Law Section 10(2)(a) (ii).
- Securities purchased pursuant to a Repurchase Agreement whereby one-party purchases securities from a second party and the second party agrees to repurchase those same securities on a specific future date at an agreed rate of return (the interest rate).
- By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such programs meet 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 governing board.

Implementation

Establishment of procedures and regulations to implement policy will be the responsibility of the Library Director.

Investment Procedure

Delegation of Authority

The Library Director is responsible for the administration of this regulation, making the operation of the investment program consistent with the Library's investment objectives, and directing the amounts to be invested and the maturity of those investments.

Prudence

All participants in the investment process must act responsibly as custodians of the public trust and must avoid any transaction that might impair public confidence in the Library. 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.

Diversification

Deposits and investments will be diversified by financial institution, by investment instrument, and by maturity scheduling.

The Library 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.

Internal Controls

All general fund money collected on behalf of the Library must be turned over to the Treasurer of the Fairport Central School District as soon as possible after the collection.

Collateralization of Deposits

In accordance with the provisions of General Municipal Law, §10, all deposits of the Library, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act must be secured

- by a pledge of "eligible securities" with an aggregate "market value" equal to 102% of the aggregate amount of deposits from the agreed upon interest;
- by an eligible "irrevocable letter of credit" issued by a qualified bank (other than the banks authorized as Library depositories and whose commercial paper and other unsecured short term debt obligations are rated "AA" or better) for a term not to exceed 90 days with an aggregate value equal to 102% of the aggregate amount of the deposits and the agreed upon interest, if any; and
- 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.

Safekeeping and Collateralization

Eligible securities used for collateralizing deposits must be held in the name of "Fairport Public Library" by the depository and/or a third-party bank or trust company subject to security and custodial agreements.

The security agreement must provide that eligible securities are being pledged to secure Library deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It must also provide the conditions under which the securities may be sold, presented for payment, substituted, or released, and the events which will enable the Library to exercise its rights against the pledged securities.

The custodial agreement must provide that securities held by the bank or trust company, or agent of and custodian for the Library, 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 liabilities. The agreement should also state that the custodian must confirm the receipt, substitution, or release of the securities. The agreement must provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of security may cause ineligibility. Such agreement must include all provisions necessary to provide the local government a perfected interest in the securities.

Eligible Securities

As authorized by General Municipal Law, §11, the Library authorizes the Treasurer of the Fairport Central School District to invest money not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments.

- Special time deposits
- Certificates of deposit
- Obligations of the United States of America

- Obligations guaranteed by the United States of America
- Obligations guaranteed by the State of New York

All investment obligations must be payable or redeemable at the option of the Library within such times as the proceeds will be needed to meet expenditures.

Repurchase Agreements

Repurchase agreements are authorized subject to the following restrictions.

- All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
- Obligations must be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- No substitution of securities is allowed.
- The custodian must be a party other than the trading partner.

Adopted: July 14, 2015

Reviewed:

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