



**Town of Moira**  
P.O. Box 150  
522 County Route 6  
Moira, NY 12957  
(518) 529-6080  
[www.townofmoirany.org](http://www.townofmoirany.org)

## **Town of Moira, New York**

### **INVESTMENT AND DEPOSIT POLICY**

#### **SCOPE**

This investment and deposit policy applies to all moneys and other financial resources available for investment by the Town of Moira (the "Town") on its own behalf or on the behalf of any other entity or individual.

#### **OBJECTIVES**

The objectives of this investment and deposit policy and procedures are, in priority order:

1. **Legal**-Investments will conform to all applicable federal, state and other legal requirements, and
2. **Safety**-Investments and bank deposits (hereafter collectively referred to as investment) shall be made in a manner so as to safeguard the funds of the municipality, and
3. **Liquidity**-Investments shall be sufficiently liquid so as to allow funds to be available as needed to meet the obligations of the municipality.
4. **Yield**-Funds shall be invested in such a way as to earn the maximum yield possible given the first three investment objectives.

#### **DELEGATION OF AUTHORITY**

The governing boards' responsibility for administration of the Town's investment program is delegated to the Town's Chief Fiscal Officer, the Town Supervisor, who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a database or reports incorporating description and amounts of investments, transaction dates and other relevant information presented to the Town Board on a regularly scheduled basis and provide for the regulation of the activities of subordinate employees.

#### **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 Town Board to govern effectively.



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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 their investment program, or which could impair their ability to make impartial investment decisions.

### **DIVERSIFICATION**

It is the policy of the Town Board to diversify, to the best of its ability, deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

### **INTERNAL CONTROLS**

It is the policy of the Town Board for all moneys collected by any officer or employee of the Town to transfer those funds to the Town Supervisor or representative so designated as the Bookkeeper within five (5) days of deposit, or within the time period specified in law, whichever is shorter.

The Town Supervisor 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 managed in compliance with applicable laws and regulations. The Town designates the Bookkeeper as the Investment Officer to manage the Town's Investments.

### **DESIGNATION OF DEPOSITARIES**

The banks and trust companies that are authorized for the deposit of moneys, and the maximum amount which may be kept on deposit at any time, are banks authorized to do business in New York.

The current town depositories are Community Bank, N.A. and New York Cooperative Liquid Assets Securities System (NYCLASS). These bank and trust companies are authorized for the deposits of monies as designated at the Town of Moira Town Board's Organization meeting each year.



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## **PERMITTED INVESTMENTS**

As authorized by General Municipal Law §11, the Town of Moira authorizes the Investment Officer to invest monies not required for immediate expenditures for terms not to exceed its projected cash flow needs in the following types of investments:

1. **Obligations of the State of New York.**
2. **Obligations of the U.S. Government** or any obligation for which principal and interest are fully guaranteed by the U.S. Government.
3. **Time deposit accounts** placed in a commercial bank authorized to do business in the State of New York<sup>1</sup> providing the account is collateralized as described within this policy.
4. **Transaction accounts** (demand deposits) both interest bearing and non-interest bearing that do not require notice of withdrawal placed in a commercial bank authorized to do business in the State of New York<sup>1</sup>, providing the account is collateralized as described within this policy.
5. **Certificates of deposit** placed in a commercial bank authorized to do business in the State of New York, providing the certificates are collateralized as described within this policy.
6. **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 upon rate of return (interest rate).
7. **Obligations issued pursuant to the Local Finance Law §24.00 or §25.00** (purchase of revenue or tax anticipation notes with the approval of the State Comptroller) by any municipality, school district or district corporation other than the Town of Moira.
8. **Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies** where the general State Statutes governing such entities or whose specific enabling legislation authorizes such investments.
9. **Obligations of the Town of Moira, but only with any moneys in a reserve fund established pursuant to the General Municipal Law, §6-c, 6-d, 6-e, 6-g, 6-j, 6-k, 6-l, 6-m or 6-n.**

<sup>1</sup> *New York State Banking Law, § 237(2) mandates that no savings bank shall accept any deposit for credit to any municipal corporation. This also applies to savings and loan associations.*



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All investment obligations shall be payable or redeemable at the option of the Town 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 Town 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 the following sections (“Securing Deposits and Investments” and “Collateralization and Safekeeping”). Except as may otherwise be provided in a contract with bondholders or noteholders, any moneys of the Town 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 Town within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained, or as otherwise specifically provided in General Municipal Law §11. The separate identity 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.

### **AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

All financial institutions and dealers with which the Town 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 Town. The Town Supervisor 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 Town shall maintain a list of financial institutions and dealers approved for investment purposes.

### **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 Town that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured either by:



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1. A pledge of “eligible securities” with an aggregate “market value” (as provided by General Municipal Law §10) that is at least equal to the aggregate amount of deposits by the officers; or
2. 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 or
3. By an eligible “irrevocable letter of credit” issued by a qualified bank other than the bank with the deposits in favor of the government for a term not to exceed 90 days with an aggregate value equal to 140% 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.
4. By an eligible surety bond payable to the government for an amount at least equal to 100% of the aggregate amount of the deposits and agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated the highest rating category by at least two nationally recognized statistical rating organizations.

### **COLLATERALIZATION AND SAFEKEEPING**

Eligible securities used for collateralizing deposits ~~made by officers of the Town~~ shall be held by the depository 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 or expenses arising out of the collection of such deposits upon a default. It shall also provide the conditions under which the securities or pro rata portion of a pool of eligible 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 Town, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Town of Moira 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



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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 of 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 or trust company as agent of, and custodian for, the Town, 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 of any other deposit or other bank liability. The agreement shall also describe how the custodian shall confirm the receipt, substitution, or release of the collateral and it 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 causes ineligibility. The security and custodial agreements shall also include all other provisions necessary to provide the Town 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 Town Board deems necessary.

Statements of collateral pledged must be kept on file for all banks for all months to monitor the sufficiency of collateral pledged to secure the Town's money. Additionally, the Investment Officer should periodically request a listing of collateral held by the custodial banks and verify that the value of the collateral is sufficient and appropriate enough to secure the amounts on deposits in each depository bank.

### **PURCHASE OF INVESTMENTS**

The Town Supervisor or any other officer or designee such as the Investment Manager, having custody of the money, is authorized to contract for the purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner;
2. By participation in a cooperative investment agreement with other authorized municipal corporations pursuant to Article 5-G 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 local government, 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 Town 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 General Municipal Law §10(3)(a). The



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agreement shall provide that securities held by the bank or trust company, as agent of, and custodian for, the Town, 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 of 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 Town Board deems necessary. The security and custodial agreements shall also include all other provisions necessary to provide the Town with a perfected interest in the securities.

The Town Supervisor can direct the bank or trust company to register and hold 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 custodial agreement set forth in the General Municipal Law §10(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.

### **PRIOR POLICY OR PROCEDURES**

This policy replaces and supersedes any prior policy or procedures on this subject matter and becomes effective immediately upon adoption by the Town Board.

### **ANNUAL REVIEW AND AMENDMENTS**

The Town Board shall review this investment policy annually, and it shall have the power to amend this policy at any time.

### **DEFINITIONS**

The terms "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 §10.