

POLICY

No. 3066

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INVESTMENT POLICY

I. SCOPE

The investment policy applies to all monies available for investment by the Board of Cooperative Educational Services of Albany-Schoharie-Schenectady-Saratoga Counties (BOCES).

II. OBJECTIVES

The primary objectives of the BOCES' investment activities are listed below:

- to conform with all applicable federal, state and other legal requirements;
- to adequately safeguard principal;
- to provide sufficient liquidity to meet all operating requirements and;
- to obtain a reasonable rate of return.

III. DELEGATION OF AUTHORITY

The BOCES' responsibility for administration of the investment program is delegated to the Treasurer who shall establish procedures for the operation of the investment program consistent with this policy. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability.

IV. PRUDENCE

All participants in this 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 Board of Cooperative Educational Services of Albany-Schoharie-Schenectady-Saratoga Counties.

Adopted: May 17, 1993

Ratified: June 21, 1993

Amended:

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.

V. **DIVERSIFICATION**

It is the policy of the Board of Cooperative Educational Services of Albany-Schoharie-Schenectady-Saratoga Counties to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling, when practical.

VI. **INTERNAL CONTROLS**

It is the policy of the Board of Cooperative Educational Services of Albany-Schoharie-Schenectady-Saratoga Counties that all monies collected by any officer or employee be transferred to the Treasurer within two days of receipt.

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 the BOCES' authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

VII. **DESIGNATION OF DEPOSITORY**

The bank authorized for the deposit of monies up to the maximum amount is:

<u>Depository Name</u>	<u>Maximum Amount</u>
Fleet	\$7,000,000.00

VIII. **COLLATERALIZING OF DEPOSITS**

In accordance with the provisions of General Municipal Law 10, all deposits of the Board of Cooperative Educational Services of Albany-Schoharie-Schenectady-Saratoga Counties, 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 one or more of the following methods of collateral:

1. By a pledge of “eligible securities” with an aggregated “market value” as provided by GML 10, equal to the aggregated amount of deposits from the categories designated in Appendix A.
2. By an eligible “irrevocable letter of credit” issued by a qualified bank other than the bank maintaining the deposits. Such letter of credit shall be in favor of the BOCES 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 debit obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
3. By an eligible surety bond payable to the BOCES for an amount equal to at least 100% of the aggregate amount of deposits and the agreed upon interest, if any. Such bonds shall be 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.

IX. SAFEKEEPING AND COLLATERALIZATION

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

The security agreement shall provide that eligible securities are being pledged to secure BOCES 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 BOCES to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the local BOCES, such securities shall be delivered in the form suitable for transfer or with an assignment in the blank to the Board of Cooperative Educational Services of Albany-Schoharie-Schenectady-Saratoga Counties or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodial for, the BOCES, will be kept separate and apart from the general assets of the custodial bank or trust company. These securities will not, in any circumstances, be commingled with or become part of the backing for any other deposits or other liabilities. The agreement should describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of re-evaluation 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 BOCES a perfected interest in the securities.

X. **PERMITTED INVESTMENTS**

As authorized by General Municipal Law 11, the Board of Cooperative Educational Services of Albany-Schoharie-Schenectady-Saratoga Counties authorizes the Treasurer to invest monies not required for immediate expenditure. The length of investment shall not exceed projected cash flow needs. The following types of investments may be used:

- Special time deposit accounts;
- Certificates of deposit;
- Obligations of the United States of America;
- 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 issued pursuant to LFL 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Board of Cooperative Educational Services of Albany-Schoharie-Schenectady-Saratoga Counties;
- 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;
- Certificates of Participation (COPs) issued pursuant to GML 109-b.

All investment obligations shall be payable or redeemable at the option of the Board of Cooperative Educational Services of Albany-Schoharie-Schenectady-Saratoga Counties within such times as the proceeds will be needed to meet expenditures. Obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the BOCES.

XI. **AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The Board of Cooperative Educational Services of Albany-Schoharie-Schenectady-Saratoga Counties shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the BOCES conducts business must be credit worthy. Banks shall provide their

most recent Consolidated Report Condition (Call Report) at the request of the Treasurer. 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 Treasurer is responsible for evaluating the financial position and maintaining a list of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

XII. PURCHASE OF INVESTMENTS

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

1. Directly, including through a repurchase agreement, from an authorized trading partner or depository.
2. By participation in a cooperative investment program with another authorized governmental 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 BOCES.
3. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the BOCES.

All purchased obligations, unless registered or inscribed in the name of the BOCES, 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 BOCES 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.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the BOCES, 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 shall describe how the custodian shall confirm the

receipt and release of the securities. Such agreement shall include all provisions necessary to provide the BOCES an interest in the securities.

XIII. REPURCHASE AGREEMENTS

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements must be entered into subject to a Master Repurchase Agreements;
- Trading partners are limited to bank or trust companies authorized to do business in New York State and primary reporting dealers;
- Obligations shall 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 will be allowed unless the substituted collateral has an Adjusted Market Value equal to or greater than the collateral it replaced;
- The custodian shall be a party other than the trading partner.

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 corporations.
- ___ (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 an 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 specific State statute may be accepted as security for deposits of public monies.
- ___ (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' acceptance issued by a 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."