

INVESTMENTS

I. Scope

This investment policy applies to all moneys and other financial resources available for investment by the Newburgh Enlarged City School District.

II. Objectives

The primary objectives of the Newburgh Enlarged City School District's investment activities are, in priority order:

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

III. Delegation of Authority

The School District's responsibility for administration of the investment program consistent with this policy is delegated to the Associate Superintendent for Business and District Treasurer who shall establish written 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 based on a database or records incorporating description and amounts of investments, transaction dates and other relevant information, and regulate the activities of subordinate employees.

IV. Prudence

All participants in the investment process shall 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.

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Reference: Ed. Law 2131

All participants involved in the investment process shall refrain from personal business activity which 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 Newburgh Enlarged City School District to diversify its deposits and investments by financial institution, by investment instrument and by maturity scheduling.

VI. Internal Controls

It is the policy of the Newburgh Enlarged City School District for all moneys collected by any officer or employee of the School District to remit all moneys collected to the District Treasurer within a maximum period of two days of deposit or within the time period specified by law, whichever is shorter.

The District Treasurer shall be responsible for (1) 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; and (2) that transactions are executed in accordance with the School District's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

VII. Designation of Depositaries

The banks and trust companies authorized for deposit of School District moneys are those stated in the minutes of the Board of Education's annual organizational meeting, held in July of each year and/or those added by resolution during the year.

VIII. Collateralizing of Deposits

In accordance with the provisions of Sections 10 and 11 of the 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:

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1. By a pledge of "eligible securities" with an aggregate "market value" as provided by Section 10 of the General Municipal Law, equal to or greater than 102% of the aggregate amount of deposits from the categories designated in Appendix "A" to this policy.
2. By an eligible "irrevocable letter of credit" issued by a qualified bank, other than the bank with the deposits in favor of the School District, 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.
3. By an eligible surety bond payable to the School District for an amount at least equal to 102% 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.
4. An "irrevocable letter of credit" issued in favor of the government by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization, as security for the payment of 100 percent of the aggregate amount of deposits and the agreed-upon interest, if any.

IX. Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by the depository in a separate trust account and/or 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 School District deposits, together with agreed upon interest, if any, and any cost 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

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suitable for transfer or with an assignment in blank to the Newburgh Enlarged City School District or its custodial bank.

The custodial agreement shall provide the securities held by the bank or trust company, or 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 with the School District. 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 with a perfected interest in the securities.

X. Permitted Investments

As authorized by Section 11 of the General Municipal Law, the Newburgh Enlarged City School District authorizes the District Treasurer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs, in the following types of investments:

- 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 Sections 24.00 or 25.00 of the Local Finance Law (with approval of the State Comptroller) by any municipality, school district or district corporation other than this School District.
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies, where the State statutes governing such entities or whose specific enabling legislation authorizes such investment;
- Certificates of Participation (COP's) issued pursuant to Section 109-b of the General Municipal Law;

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- Obligations of this School District, but only with any moneys in a reserve fund established pursuant to §§6-d, 6-j, 6-l, 6-m or 6-n of the General Municipal Law.

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 moneys 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 years of the date of purchase.

XI. Authorized Financial Institutions and Dealers

The Newburgh Enlarged City 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 credit worthy. Banks shall provide their most recent Consolidated Report of 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 District Treasurer shall be responsible for evaluating the financial position and maintaining a list of proposed depositories, trading partners and custodians. Such list shall be evaluated at least annually.

XII. Purchase of Investments

The District Treasurer is authorized to contract for the purchase of investments, as follows:

1. Directly, including through a repurchase agreement from an authorized trading partner; provided, however, that repurchase agreements shall be with and/or through a commercial bank or trust company authorized to do business in New York State.
2. By participation in a cooperative investment program with another authorized governmental entity, pursuant to Article 5-G 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 Board of Education.
3. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the Board of Education.

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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, unless a written agreement or resolution otherwise provides. 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 custodial agreement shall provide that securities held by the bank or trust company, as agent of the 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 shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the School District with a perfected interest in the securities or, in the case of a repurchase agreement, ownership of the underlying 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 Agreement.
- Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers through commercial banks or trust companies authorized to do business in New York State.
- 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.
- The custodian shall be a party other than the trading partner.

This policy will be reviewed annually by the Board and may be amended from time to time in accordance with the provisions of Section 39 of the General Municipal Law.

Ref: 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; 6-m; 6-n; 6-p; 6-r; 10; 11; 39

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