

INVESTMENTS REGULATION

*Authorized Investments*

- A. The Board of Education authorizes the Treasurer and the Assistant Superintendent for Business and Finance to invest all available district funds, including proceeds of obligations and Reserve Funds, in the following types of investment instruments:

Certificates of Deposit issued by a bank or trust company located in and authorized to do business in New York State;

Savings Accounts or Money Market Accounts of designated banks;

Time Deposit Accounts in a bank or trust company located in and authorized to do business in New York State;

Obligations of New York State;

. Obligations of the United States Government (U.S. Treasury Bills and Notes);

Repurchase Agreements involving the purchase and sale of direct obligations of the United States.

- B. With the approval of the State Comptroller, all funds except Reserve Funds may be invested in Revenue Anticipation Notes or Tax Anticipation Notes of other school districts and municipalities.
- C. Only Reserve Funds may be invested in obligations of the school district.

*Conditions*

All investments made pursuant to this investment policy will comply with the following conditions:

- A. Collateral
  - 1. Savings accounts, money market accounts, time deposit accounts, repurchase agreements and certificates of deposit will be fully secured by insurance of the Federal Deposit Insurance Corporation or by obligations of New York State, the United States, New York State school districts and federal agencies whose principal and interest are guaranteed by the United States. The market value of collateral will at all times exceed the principal amount of the investment. Market value means the bid or closing price as quoted in recognized pricing services.
  - 2. Collateral will not be required with respect to the direct purchase of obligations of New York State, the United States and federal agencies, the principal and interest of which are guaranteed by the United States Government.

3. Segregated collateral shall be maintained by the bank separate from the bank which the district has their investment.

B. Delivery of Securities

1. Payment of funds may be made only upon receipt of collateral or other acceptable form of security, or upon the delivery of government obligations whether such obligations are purchased outright, or pursuant to a repurchase agreement. Written confirmation of delivery shall be obtained from the custodial bank.
2. Every Repurchase Agreement will make payment to the seller contingent upon the seller's delivery of obligations of the United States to the Custodial Bank designated by the district, which shall not be the repurchaser, or in the case of a book-entry transaction, when the obligations of the United States are credited to the Custodian's Federal Reserve account. The seller will not be entitled to substitute securities. Repurchase agreements shall be for periods of 30 days or less. The Custodial Bank shall confirm all transactions in writing to insure that the district's ownership of the securities is properly reflected in the records of the Custodial Bank.

C. Written Contracts

1. Written contracts are required for certificates of deposit and custodial undertakings and Repurchase Agreements. With respect to the purchase of direct obligations of U.S., New York State, or other governmental entities in which monies may be invested, the interests of the district will be adequately protected by conditioning payment on the physical delivery of purchased securities to the district or custodian, or in the case of book-entry transactions, on the crediting of purchased securities to the Custodian's Federal Reserve System account. All purchases will be confirmed promptly in writing to the district.
2. The following written contracts are required:
  - a. Written agreements will be required for the purchase of all certificates of deposit.
  - b. A written contract will be required with the Custodial Bank(s).
  - c. Written contracts shall be required for all Repurchase Agreements. Only credit-worthy banks and primary reporting dealers shall be qualified to enter into a Repurchase Agreement with the district.

The written contract will stipulate that only obligations of the United States may be purchased and that the district shall make payment upon delivery of the securities or the appropriate book-entry of the purchased securities. No specific repurchase agreement will be entered into unless a master repurchase agreement has been executed between the district and the trading partners. While the term of the master repurchase agreement may be for a reasonable length of time, a specific repurchase agreement will not exceed thirty (30) days.

D. Designation of Custodial Bank

## MAHOPAC CENTRAL SCHOOL DISTRICT

5220-R

1. The Board will designate a commercial bank or trust company authorized to do business in the State of New York to act as Custodial Bank of the district's investments. However, securities may not be purchased through a Repurchase Agreement with the Custodial Bank.
2. When purchasing eligible securities, the seller will be required to transfer the securities to the district's Custodial Bank.
3. The Treasurer shall deposit all monies received and shall be released, together with the related sureties, from any liabilities for loss of such monies by reason of the default or insolvency of any such depository.
4. A minimum credit rating of BAA-1 as determined by Moody's credit rating agency is necessary for a bank to be an authorized depository, with the exception of the Mahopac National Bank.

### E. Selection of Financial Institutions

1. The financial strength of institutions will be of paramount importance in making investment decisions. All trading partners must be creditworthy. The Treasurer and the Assistant Superintendent for Business and Finance will periodically monitor, to the extent practical but not less than annually, the financial strength, credit-worthiness, experience, size and any other criteria of importance to the district, of all institutions and trading partners through which the district's investments are made.
2. The Treasurer and the Assistant Superintendent for Business and Finance may use Moody's credit rating agency to determine the credit worthiness of trading partners.
3. Investments in time deposits and certificates of deposit are to be made only with commercial banks or trust companies, as permitted bylaw.
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### F. Operations, Audit, and Reporting

1. The Treasurer or designee will authorize the purchase and sale of all securities and execute contracts for investments and deposits on behalf of the district. Oral directions concerning the purchase or sale of securities will be confirmed in writing. The district will pay for purchased securities upon the simultaneous delivery or book-entry thereof.
2. The district will encourage the purchase and sale of securities through a competitive process involving telephone solicitation for at least three quotations.
3. The independent auditors will audit the investment proceeds of the district for compliance with the provisions of this regulation.
4. Monthly investment reports will be furnished to the Board.

Ref: Education Law §§ 1604-a; 1723-a; 3651; 3652  
Local Finance Law §165.00  
General Municipal Law §§6-c-6-e; 6-j-6-n; 10; 11; 39  
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