

NANUET PUBLIC LIBRARY

INVESTMENT POLICY

I. SCOPE

This investment policy applies to all monies and other financial resources available to the Nanuet Public Library (the "Library") for investment on its own behalf and/or on behalf of any other entity or individual for whom or which the Library is authorized to invest. It is the policy of the Library to invest funds or cause funds to be invested in a manner that will maximize the security of principal while satisfying cash flow demands

by using approved methods which will provide the highest possible return. All investments will conform to applicable laws and regulations of the State of New York.

II. INVESTMENT OBJECTIVES

The primary objectives of the Library's Board of Trustees-(hereinafter referred to as "the Board of Trustees") investment activities are, in order of priority:

- To conform with all applicable federal, state, and other legal requirements (legal); and
- To adequately safeguard principal (safety). The preservation of capital is a primary

objective of the investment program. At no time should the safety of the portfolio's principal investment be impaired or jeopardized. All investments shall be undertaken in a manner that first seeks to preserve capital and secondly attempts to fulfill other investment objectives, if any; and

--- To provide sufficient liquidity to meet all operating requirements (liquidity). The investment portfolio of the Library is to remain sufficiently liquid to enable the Library to meet those operating requirements that might be reasonably anticipated; and

--- To obtain a reasonable rate of return (yield). The investments of the Library should

generate the highest available return without sacrificing the preservation of capital and liquidity.

III. DELEGATION OF AUTHORITY

The Board of-Trustees' 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 these investment guidelines. Such procedures shall include an adequate internal control structure to provide a

satisfactory level of accountability based on records incorporating description and amounts of investments, transaction dates, other relevant information, and regulation of the activities of subordinate employees. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established hereunder.

IV. 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 Library to govern effectively or which would otherwise compromise any of the objectives set forth herein.

Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs. Investments shall not be made for speculation, and shall consider the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process on behalf of the Library shall refrain from engaging in any 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 Library to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling. The Library shall diversify its investments to the best of its ability based upon the type of funds invested

and the cash flow needs of those funds. The following guidelines will be used in administering the investment policy of the Library: (a) the total portfolio (*i.e.*, 100%) may be invested in securities guaranteed by the United States of America, or those securities for which the full faith of the United States of America is pledged for the payment of principal and interest; (b) the total portfolio (*i.e.*, 100%) may be invested in certificates of deposit, savings accounts, or deposit accounts that have been fully collateralized; (c) no more than 10% of the total portfolio may be invested in bonds and other obligations of the State of New York; and (d) no more than 10% of the total portfolio may be invested in securities issued by any federal government agency or instrumentality. The portfolio of Library shall be deposited with more than one financial institution; in this regard, not

more than 50% of the Library's investment portfolio shall be deposited in any one financial institution.

VI. INTERNAL CONTROLS

The Treasurer is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute assurance that: (a) deposits and investments are safeguarded against loss from unauthorized use or disposition; (b) transactions are executed in accordance with management's authorization and recorded properly; and (b) transactions are managed in compliance with applicable laws and regulations. **VII. DESIGNATION OF DEPOSITORIES**

The banks and trust companies authorized for the deposit of monies are:

--- J.P. Morgan Chase

--- M&T Bank

--- Any other commercial bank in the State of New York

The financial institutions listed above shall be re-authorized, or modified, annually at the governing Board's reorganization meeting.

VIII. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of New York General Municipal Law Section 10, all deposits of the Library, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, as now in effect or as later may be amended, shall be secured:

1. By a pledge of "eligible securities" with an aggregate "market value," as provided by New York General Municipal Law Section 10, equal to the aggregate amount of deposits from the categories

designated in Appendix "A" attached to this policy; or

2. By an eligible "irrevocable letter of credit" issued by a qualified bank, other than the bank holding the deposits in favor of the Library, 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 ratings 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; or
3. By an eligible surety bond payable to the Library 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, and 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 the depository 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 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 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 Library to

exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Library, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Library or its custodial bank. The custodial agreement shall 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, under any circumstances, be co-mingled with or become part of the backing for any other deposit or other liability. The agreement will also describe that the custodian shall confirm the receipt, substitution or release

of the securities. 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 Library with a perfected interest in the securities. All such agreements will be kept on file at the Library.

X. PERMITTED INVESTMENTS

As authorized by New York General Municipal Law Section 11, the Library authorizes the Treasurer to invest monies, 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 in a bank or trust company located and authorized to do business in the State of New York, provided, however, that any such time deposit account shall be payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained, and provided further that such time deposit account be secured in the same manner as is provided for securing the deposits of public funds by New York General Municipal Law §10(3);

--- Certificates of deposit issued by a bank or trust company located and authorized to do business in the State of New York, provided, however, that any such certificate of deposit shall be payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained, and provided further that such certificate of deposit be secured in the same manner as is provided for securing the deposits of public funds by General Municipal Law §10(3);

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; and

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 a specific State statute may be accepted as security for deposit of public moneies.

All investment obligations shall be payable or redeemable at the option of the

Library within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided.

Except for gifts, grants or bequests given to the Library as a true trust, which are subject to the "prudent investor" provisions of New York Estates, Powers and Trusts Law §11-2.2, privately acquired funds are subject to this investment policy.

XI. AUTHORIZED FINANCIAL INSTITUTIONS

The Library shall maintain a list of financial institutions approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution. The Library's Board of Trustees shall designate its public depositories, and any eligible financial institution that has offices within the State of New York may become a public depository of the funds of the Library. Such list of depositories may be amended from time to time by the Board of Trustees. All financial institutions with which the Library conducts business must be credit worthy. Banks shall

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

XII. PROHIBITED INVESTMENTS

Except as otherwise provided herein, the following investments are not deemed suitable for the investment of Library funds: (a) repurchase agreements; (b) the purchase

of securities, including but not limited to the purchase of securities on margin; (c) mutual funds; (d) money market funds which are not insured by the Federal Deposit Insurance Corporation; and (e) any other form of security or instrument in which the asset value or net asset value per share fluctuates. There shall be no margin account for the investment of Library funds.

XIII. GIFTS OF STOCK

If the Library receives a gift of stock directly from a donor, then the Library automatically will, at the time of transfer, become the owner of record of any such stock.

If the Library receives a gift of stock held in the street name of the broker for the donor, then any such stock shall be transferred from the donor's broker to the name of the Library. In all events, the Board of Trustees will determine if and when any such gift stock will be sold for cash. Any monies derived or otherwise obtained from the sale of any such gift stock will be deposited in an authorized depository as designated hereunder.

XIV. NO LIABILITY

When investments are made in accordance with this Policy, no person with investment authority hereunder shall be held liable for a loss resulting from any default or

insolvency of a depository holding Library funds.

XV. INVESTMENT ADVISORS, QUALIFIED BROKERS, AND FINANCIAL INSTITUTIONS

Any and all brokers, dealers and other financial institutions that transact investment business with the Library or give advice regarding its investments, must receive, read and comprehend this Policy and agree to comply with it before providing any services or transacting any business with the Library. This is to be evidenced by a signed statement of receipt of the Policy by any such broker, dealer and financial institution.

XVI. REPORTING

The Treasurer shall provide to the Board of Trustees monthly reports which provide clearly the following information regarding the investment portfolio: (a) types of investments; (b) names of depository institutions; (c) principal balances; (d) rates of return; and (e) maturities. This report is in addition to other reports which are to include a reconciliation of bank balances to fund balances, and a cash position report.

The account shall prepare a report that compares estimated and actual receipts with expenditures for each fund.

XVII. REVIEW OF ADOPTED POLICY

In accordance with New York General Municipal Law Section 39, this policy shall be reviewed at least annually. It may be reviewed more frequently as circumstances and/or laws change, and amended as appropriate by resolution of the Board of Trustees.

Adopted and Approved on _____, 20__
by the Board of Trustees of the Nanuet Public Library

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 corporation. (ii) 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.

(iii) 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 a specific state statute, may be accepted as security for public monies.

(iv) Obligations issued by States of the United States (other than the State of New York) rated in one of the three highest rating categories by at least

one nationally recognized statistical rating organization.

(v) Obligations of counties, cities and other governmental entities of a State, other than the State of New York, having the power to levy taxes and which are backed by the full faith and credit of such governmental entity, and which are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.