

Investment Policy
For
North Babylon Public Library

SCOPE: This investment policy applies to all moneys and other financial resources available for investment on behalf of the North Babylon Public Library.

OBJECTIVES: The primary objectives of the Library's investment activities are:

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

DELEGATION OF AUTHORITY: The Board of Trustee's responsibility for administration of the investment program is delegated to the Library Director 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 records incorporating description and amounts of investments, transaction dates and other relevant information and to regulate 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 North Babylon Public Library.

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

DIVERSIFICATION: It is the policy of the North Babylon Public Library to diversify its deposits and investments by financial institution, by investment instrument and/or by maturity scheduling.

INTERNAL CONTROLS: It is the policy of the North Babylon Public Library that all moneys collected by any officer or employee of the Library to transfer those funds to the Library Director within 30 days of deposit, or within the time period specified by law, whichever is shorter.

The Library Director 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 authorizations and recorded properly, and are managed in compliance with applicable laws and regulations.

DESIGNATION OF DEPOSITARIES: The banks authorized for the deposits of monies up to the maximum amounts are:

<u>Depository</u>	<u>Maximum Amount</u>
Chase	\$800,000.00
EAB	\$800,000.00
Capital One	\$800,000.00

COLLATERALIZING OF DEPOSITS: In accordance with the provisions of General Municipal Law, Article 10, all deposits of the North Babylon Public Library, 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 a pledge of "eligible securities" with an aggregate "market value" as provided by GML 10, equal to the aggregate amount of deposits from the categories designated in the "Schedule of Eligible Securities", appended to this policy.
- By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with 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 agreed upon interest. 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.
- By an eligible surety bond payable to the Library for an amount at least equal to the aggregate amount of deposits and the agreed upon interest, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rate in the highest rating category by at least two nationally recognized statistical rating organizations.

[Note: We currently receive collateralization via the first method.]

SAFEKEEPING AND COLLATERALIZATION: Eligible securities used for collateralizing deposits shall be held by the depository bank, 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, 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, substitutes 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 to the North Babylon Public Library, or its custodial bank.

The custodial agreement shall provide that securities held by the bank will be kept separate and apart from the general assets of the custodial bank and will not 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 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 a perfected interest in the securities.

PERMITTED INVESTMENTS: As authorized by General Municipal Law, Article 11, the North Babylon Public Library authorizes the Library Director 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 American 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 corporations other than the North Babylon Public Library;
- 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 issued pursuant to GML 109-b;
- Obligations of this Library, but only with any money in a reserve fund established pursuant to GML 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m or 6-n.

All investment obligations shall be payable or redeemable at the option of the North Babylon Public Library 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 North Babylon Public Library within two years of the date of purchase.

AUTHORIZED FINANCIAL INSTITUTIONS: The North Babylon Public 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. 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 North Babylon Public Library. The Library Director is responsible for evaluating the financial position and maintaining a listing of proposed depositories.

PURCHASE OF INVESTMENTS: The Library Director is authorized to contract for the purchase of investments:

- Directly, including through a repurchase agreement, from an authorized trading partner.
- By participation in a cooperative investment program with another authorized governmental entity pursuant to GML article 5G where such program meets all the requirements set forth in the Office of the State Comptroller Opinion 88-46 and the specific program as been authorized by the governing board.
- By utilizing an ongoing investment program with and authorized trading partner pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the Library 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 transactions shall be confirmed in writing to the North Babylon Public Library 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 GML article 10.

The custodial agreement shall provide that securities held by the bank or trust company, as 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 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 local government a perfect interest in the securities.

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.
- 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.

Approved by the Board of Trustees September 19, 2000
Updated by the Board of Trustees July 16, 2013

Schedule of Eligible Securities

1. Obligations issued or fully insured as to the payment of principal and interest, by the United States of America, an agency thereof, or a United States government sponsored corporation.
2. 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.
3. 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.
4. Obligations issues 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 moneys.
5. 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.
6. Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
7. 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.
8. Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
9. Any mortgage related securities, as defined by the Securities Exchange Act of 1934, which may be purchased by banks under the limitations established by bank regulatory agencies
10. Commercial paper and banker's acceptances issued by a bank, rated in the highest short term category by at least one nationally recognized rating organization and having maturities of not longer than 60 days from the date they are pledged.
11. Zero coupon obligations of the United States government marketed as "treasury strips".