

# **County Of Ulster, New York Investment Policy**

## **I. SCOPE**

This investment policy applies to all moneys and other financial resources available for investment on behalf of Ulster County or on behalf of any other entity or individual for which the County of Ulster and/or its agents, officers or employees may have fiduciary or financial responsibility.

## **II. OBJECTIVES**

The primary objectives of Ulster County'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. AUTHORITY**

The Ulster County Commissioner of Finance is responsible for the administration of the investment program pursuant to the authority vested in him/her in Sections C-53(1) and C-53(2) of the Ulster County Charter. The Commissioner of Finance shall establish such 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 a data base or records incorporating description and amounts on investments, transaction dates, and other relevant information and regulate the activities of subordinate employees.

## **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 County of Ulster.

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.

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 Ulster County 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 County of Ulster for all moneys collected by any officer or employee of the government to transfer those funds to the Commissioner of Finance in a timely manner. Cash shall be transmitted to the Commissioner of Finance within forty-eight hours and checks within one week of receipt.

The Commissioner of Finance 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 authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

## **VII. DESIGNATION OF DEPOSITORIES**

Pursuant to §A3-4 of the Ulster County Administrative Code and §C-25 (J) of the Charter, the Ulster County Executive shall designate one or more official depositories located within Ulster County for the deposit of County funds.

## **VIII. COLLATERALIZING OF DEPOSITS**

In accordance with the provisions of General Municipal Law, §10, all deposits of Ulster County, 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 the following alternatives:

1. By a pledge of "eligible securities" with an aggregate "market value", or provided by General Municipal Law, § 10, equal to the aggregate amount of deposits from the categories designated in Appendix A to the 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 government for a term not to exceed 90 days with an aggregate value of 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 government 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, whose claims – paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.
  4. By an irrevocable letter of credit issued in favor of the local 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. Such letter of credit payable to the local government as security for the payment of 100% of the aggregate amount of public deposits.

## **IX. SAFEKEEPING AND COLLATERALIZATION**

Eligible securities used for collateralizing deposits shall be held by banks designated and/or the custodial bank pursuant to each associated security and custodial agreement.

The security agreement shall provide that eligible securities are being pledged to secure local government 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 local government 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 government, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the County of Ulster, Attention: Commissioner of Finance 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 local government, 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. 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 local government a perfected interest in the securities.

## **X. PERMITTED INVESTMENTS**

As authorized by General Municipal Law, §11, the County Of Ulster authorizes the Commissioner of Finance to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments.

- a. Special time deposit accounts authorized to do business in New York State
- b. Certificates of deposit
- c. Obligations of the United States of America
- d. 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
- e. Obligations of the State of New York
- f. Obligations issued pursuant to Local Finance Law §24 or §25 (with approval of the State Comptroller) by any municipality, school district or district corporation other than Ulster County.
- g. 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.
- h. Certificates of Participation (COPs) issued pursuant to General Municipal Law §109-b
- i. Obligations of this County, but only with any money in a reserve fund established pursuant to General Municipal Law §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, saleable or redeemable at the option of the County of Ulster 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 County of Ulster within two years of the date of purchase.

## **XI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The County of Ulster 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 local government conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the County of Ulster. 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 Ulster County Commissioner of Finance is responsible for evaluating the financial position and maintaining a listing of depositories, trading partners and custodians. Such listing shall be evaluated at least annually and approved by the County Executive.

## **XII. PURCHASE OF INVESTMENTS**

The Commissioner of Finance is authorized to contract for the purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner.
2. By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law and 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 County Legislature and County Executive.
3. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the County Executive.

All purchased obligations, unless registered or inscribed in the name of the local government, 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 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 County of Ulster 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 local government, 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 local government a perfected 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 Agreement
- Trading partners are limited to banks or trust companies authorized to do business in New York State and are 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 substitutions of securities will be allowed.
- The custodian shall be a party other than the trading partner.

#### **XIV. OPERATIONS, AUDIT AND REPORTING**

The Ulster County Commissioner of Finance shall authorize the purchase and sale of all securities and execute agreements for Repurchase Agreements and Certificates of Deposit on behalf of the County of Ulster. Oral directions concerning the purchase or sales of securities shall be confirmed in writing by both parties within three (3) business days. The County of Ulster will pay for purchased securities upon the delivery of book-entry thereof.

The County of Ulster will encourage the purchase of its Certificates of Deposit through a competitive or negotiated process involving telephone solicitation.

At the time independent auditors conduct the annual audit of the accounts and financial affairs of the County of Ulster, the investments of the County of Ulster shall be audited for compliance with the provisions of this investment policy.

Within 150 days of the end of the fiscal year, the Commissioner of Finance shall prepare and submit to the County Executive and County Legislature, an annual investment report and any recommendations for changes in the investment policy.

The provisions of these Investment Guidelines and any amendments hereto, shall take effect prospectively, and shall not invalidate the prior selection of any custodial bank or prior investment.

## **APPENDIX A**

### **SCHEDULE OF ELIGIBLE SECURITIES**

1. 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.
2. Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the Market Value of the obligation that represents the amount of the insurance guaranty.
3. 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 moneys.
4. Zero coupon obligations of the United States government marketed as “Treasury strips”.
5. Commercial paper and banker’s acceptances issued by a bank, other than the 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.