

VILLAGE OF SARANAC LAKE  
INVESTMENT POLICY  
ADOPTED APRIL 4, 2016



Village of Saranac Lake  
Capital of the Adirondacks™

# Village of Saranac Lake Investment Policy

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# Village of Saranac Lake Investment Policy

## I. SCOPE

This Investment Policy applies to all moneys and other financial resources available for deposit and investment by the Village of Saranac Lake on its own behalf or on behalf of any other entity or individual.

## II. OBJECTIVES

The primary objectives of the local government's investment activities are, *in priority order*:

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

## III. DELEGATION OF AUTHORITY

The governing board's responsibility for administration of the investment program is delegated to the Saranac Lake Village Treasurer as the Chief Fiscal Officer, or other officer so designated having custody of money, who shall establish written procedures for the operation of the investment program consistent with these investment policies. Such procedures shall include internal controls to provide a satisfactory level of accountability based upon records incorporating the description and amounts of investments, the fund(s) for which they are held, the place(s) where kept and other relevant information, including dates of sale or other dispositions and amounts realized. In addition, the internal control procedures shall describe the responsibilities and levels of authority for key individuals involved in the investment program.

## 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 for the Village of Saranac Lake to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which knowledgeable and prudent persons acting in like capacity would use, 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 the Village of Saranac Lake to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

The Chief Fiscal Officer will recommend appropriate investment limits which can be made with each financial institution or dealer, annually to Village of Saranac Lake Board of Trustees. This recommendation will be provided as part of the "*Designation of Depositories.*"

## **VI. INTERNAL CONTROLS**

It is the policy of the Village of Saranac Lake for all moneys collected by any officer or employee of the government to transfer those funds to the Chief Fiscal Officer, or other officer so designated having custody of money, within 5 days of deposit or within the time period specified in law, whichever is shorter.

The Chief Fiscal Officer, or other officer so designated having custody of money, is responsible for establishing and maintaining internal control procedures 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, properly recorded, and managed in compliance with applicable laws and regulations.

## **VII. DESIGNATION OF DEPOSITARIES**

The banks and trust companies that are authorized for the deposit of moneys and the maximum amount which may be kept on deposit at any time will be updated annually and presented as *Appendix A* of this Investment Policy.

## **VIII. SECURING DEPOSITS AND INVESTMENTS**

All deposits and investments at a bank or trust company, including all demand deposits, certificates of deposit and special time deposits (hereinafter, collectively, "deposits") made by officials of the Village of Saranac Lake that are 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 Section 10) that is at least equal to the aggregate amount of deposits by the officers. See Appendix B of this policy for a listing of "eligible securities." This will be the only standing and acceptable form of collateralization not requiring further action by the Village of Saranac Lake Board of Trustees beyond the annual adoption of this Investment Policy.

An "eligible surety bond" payable to the government for an amount at least equal to 100 percent 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. The Chief Fiscal Officer will make recommendations to the Village of Saranac Lake Board of Trustees to approve the terms and conditions of any surety bond related to collateralization of public funds.

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 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. This option may only be used upon recommendation of the Chief Fiscal Officer to the Village of Saranac Lake Board of Trustees and requires the approval of the Village of Saranac Lake Board of Trustees at that time.

#### **IX. COLLATERALIZATION AND SAFEKEEPING**

Eligible securities used for collateralizing deposits shall be held by 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 the Village of Saranac Lake's deposits together with agreed-upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon a 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 Village of Saranac Lake, such securities shall be delivered in a form suitable for transfer to the Village of Saranac Lake or its custodial bank.

The custodial agreement shall provide that pledged securities held by the bank or trust company as agent of, and custodian for, the Village of Saranac Lake, 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 of any other deposits or other bank liabilities. The agreement shall also describe how the custodian shall confirm the receipt, substitution, or release of eligible securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of eligible securities when a change in the rating of a security causes it to be ineligible. Such agreement shall include all provisions necessary to provide the Village of Saranac Lake a perfected interest in the securities.

#### **X. PERMITTED INVESTMENTS**

As authorized by General Municipal Law Section 11, the Village of Saranac Lake Board of Trustees authorizes the Village Treasurer as the Chief Fiscal Officer, or other officer so designated having custody of money, to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Time deposit accounts held by a bank or trust authorized to do business in New York State;
- NOW Accounts held by a bank or trust authorized to do business in New York State;
- 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 Local Finance Law Section 24.00 or 25.00 (with approval of the State Comptroller by any municipality, school district or district corporation in the State of New York other than the Village of Saranac Lake);
- Obligations of the Village of Saranac Lake, but only with moneys in a reserve fund established pursuant to General Municipal Law Section 6-c, 6-d, 6-e, 6-f, 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 Village of Saranac Lake within such times as the proceeds will be needed to meet expenditures for purposes 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 Village of Saranac Lake within two years of the date of purchase. The designated depository will confirm all purchases and transactions in writing to the Village of Saranac Lake.

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

All financial institutions and dealers with which the Village of Saranac Lake transacts business shall be credit worthy. Banks shall provide their most recent Consolidated Report of Condition and Income (Call Report) at the request of the Village of Saranac Lake. 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 Chief Financial Officer, or other officers so designated having custody of money, is responsible for evaluating the financial position and maintaining a listing of financial institutions and dealers approved for investment purposes, and establish appropriate limits to the amounts of investments that can be made with each Financial institution or dealer.

## **XII. PURCHASE OF INVESTMENTS**

The Chief Fiscal Officer, or other officers so designated having custody of money, 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 other authorized municipal corporations pursuant to Article 5-G of the General Municipal Law and in accordance with Article 3-A of the General Municipal Law.

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 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 Village of Saranac Lake Board of Trustees 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 Section 10.

The Custodial Agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the Village of Saranac Lake, 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 of the bank or trust company.

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

The Chief Fiscal Officer, or other officers so designated having custody of money, shall authorize the purchase and sale of all securities and execute contracts on behalf of the Village of Saranac Lake. Oral directions concerning the purchase, transaction, or sale of the securities shall be confirmed in writing. The Village of Saranac Lake shall pay for purchased securities upon delivery.

The Village of Saranac Lake will encourage the purchase and sale of securities through a competitive or negotiated process involving telephone solicitations, electronic solicitations or through a fiscal agent acting on behalf of the Village of Saranac Lake.

The Village of Saranac Lake will encourage the protection and safeguarding of moneys by supporting the maintenance of the Village's computer network to prevent unlawful access of the network, prevent wire fraud and to prevent theft of information including, but not limited to, identity theft.

During the annual audit, the Village of Saranac Lake hereby directs the Independent Auditor to test for compliance with the Investment Policy.

**Appendix A**  
**Designation and Limits  
of Depositories**

<b><u>Depository Name</u></b>	<b><u>Maximum Limit *</u></b>
<b>Community Bank, NA (Custodial Bank)</b>	<b>90%</b>
<b>Adirondack Bank</b>	<b>50%</b>
<b>Citizens Bank</b>	<b>50%</b>
<b>First Niagara Bank</b>	<b>50%</b>
<b>JP Morgan Chase Bank</b>	<b>50%</b>
<b>MBIA Class Investment Program</b>	<b>50%</b>
<b>NBT Bank</b>	<b>50%</b>
<b>TD Bank</b>	<b>50%</b>
<b>United State Treasury Department</b>	<b>90%</b>

\* The maximum amount of moneys that can be placed on deposit with each banking institution.

## **Appendix B**

### **Schedule of Eligible Securities**

This listing of eligible securities is provided by the New York State Comptroller's Office and may be modified by further limitation of the local government. **The Village of Saranac Lake limits the eligible securities to those items noted below with a check mark and in bold.**

- ✓ **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.**
- Obligations issued or fully guaranteed by the International Bank for reconstruction & Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.
- ✓ **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 or guaranty.**
- ✓ **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.**
- ✓ **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.**
- Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- 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.
- Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by bank regulatory agencies.
- Commercial paper and bankers' 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.
- Zero coupon obligations of the United States government marketed as "Treasury Strips"

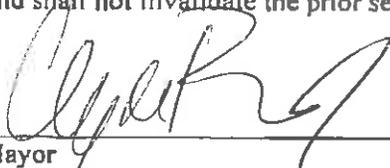
Within ninety (90) days of the end of the fiscal year, the Chief Fiscal Officer, or other officer so designated having custody of money, shall prepare and submit to the Village of Saranac Lake Board of Trustees a year end investment report which indicates new investments, the inventory of existing investments and other matters as the Chief Fiscal Officer deems necessary and appropriate.

Prior to the end of the fiscal year, the Chief Fiscal Officer will provide recommended changes to the Investment Policy based on any findings of the independent audit, changes directed by the New York State Comptroller's Office or changes as a result of a new law or amendment to an existing law enacted by New York State Legislature. Chief Fiscal Officer will provide other recommendations deemed appropriate in protecting the moneys of the Village of Saranac Lake.

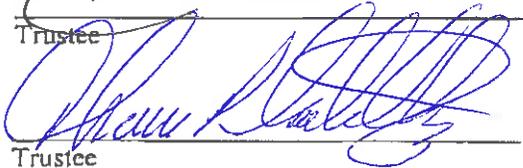
The Village of Saranac Lake Board of Trustees shall review and amend if necessary the Investment Policy.

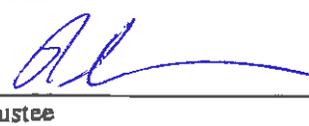
The Village of Saranac Lake shall adopt the Investment Policy at its Annual Organizational Meeting.

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

  
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Mayor

  
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Trustee

  
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Trustee

  
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Trustee

  
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Trustee

Adopted this 4 day of April, 2016