

INVESTMENT POLICY FOR THE TOWN OF ULYSSES

Adopted 4/12/1994; Revised xx/xx/xxx

I. SCOPE

This investment policy applies to all moneys and other financial resources available for investment by the Town of Ulysses or on behalf of any other entity or individual.

II. OBJECTIVES

The primary objectives of the Town'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. DELEGATION OF AUTHORITY

The Town Board's responsibility for administration of the investment program is delegated to the Town Supervisor who shall establish written procedures for the operation of the investment program consistent with these investment policies. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based records incorporating the description and amount 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 in the Town of Ulysses to govern effectively.

Investments shall be made with prudence, diligence, skill, judgement 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. INTERNAL CONTROLS

It is the policy of the Town of Ulysses for all moneys collected by any officer or employee of the Town to transfer those funds to the Town Supervisor within fifteen (15) days of deposit, or within the time period specified in law, whichever is shorter.

The Town Supervisor 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.

VI. DESIGNATION OF DEPOSITARIES

The banks and trust companies authorized for the deposit of monies up to the maximum amounts are:

<u>Depository Name</u>	<u>Maximum Amount</u>
<u>Tompkins Community Bank</u>	<u>\$5,000,000</u>
<u>Tomkins Financial Advisors</u>	<u>\$5,000,000</u>

VII. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of “General Municipal Law, section 10, all deposits of Town of Ulysses, 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:

1. By a pledge of “eligible securities” with an aggregate “market value” that is at least equal to the aggregate amount of deposits. See Schedule A of this policy for a listing of “eligible securities”; or
2. By a pledge of pro rata portion of a pool of eligible securities, having in the aggregate a market value at least equal to the aggregate amount of deposits at the bank or trust company; or
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. The Town Board shall approve the terms and conditions of the surety bond; or
4. By an eligible “irrevocable letter of credit” payable to the Town of Ulysses 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; or

5. By an “irrevocable letter of credit” issue in favor of the Town of Ulysses 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, as security for the payment of 100 percent of the aggregate amount of deposits and the agreed-upon interest, if any.

VIII. SAFEKEEPING AND COLLATERALIZATION

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 (or the pro rata portion of a pool of eligible securities) are being pledged to secure the Town’s 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 (or prorate portion of a pool of eligible 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 Town of Ulysses, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Town of Ulysses or its custodial bank. Whenever eligible securities delivered to the custodial bank or trust company are transferred by entries of the books of a federal reserve bank or other book-entry system operated by a federally regulated entity without physical delivery of the evidence of the obligations, then the records of the custodial bank or trust company shall be required to show, at all times, the interest of the local government in the securities (or the pro rata portion of a pool of eligible securities) as set forth in the security agreement.

The custodial agreement shall provide that pledged securities (or the pro rata portion of a pool of eligible securities) held by the bank or trust company, or agent of and custodian for, the Town of Ulysses, 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 bank liabilities. The agreement shall also describe how the custodian shall confirm the receipts, substitution or release of the collateral and it shall provide for the frequency of revaluation of collateral by the custodial bank or trust company and for the substitution of collateral when a change in the rating of a security may cause ineligibility. The security and custodial agreements shall also include all other provisions necessary to provide the Town of Ulysses with a perfected security interest in the collateral, and may contain other provisions that the governing board deems necessary.

IX. PERMITTED INVESTMENTS

As authorized by General Municipal Law, section 11, the Town of Ulysses authorizes the Town Supervisor 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 in, or certificates of deposit issued by, a bank or trust company located and authorized to do business in the State of New York;
- Obligations of the State of New York;
- 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 issued pursuant to LFL s24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Town of Ulysses;
- 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.
- Obligations of the Town of Ulysses, but only with any moneys in a reserve fund established pursuant to GML Section 6-c, 6-d, 6-e, 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 Town of Ulysses 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 Town of Ulysses within two years of the date of purchase. Time deposit accounts and certificates of deposit shall be payable within such times as the process will be needed to meet expenditures for which the moneys were obtained, and shall be secured as provided in Sections VIII and IX herein.

Except as may otherwise be provided in a contract with bondholder or noteholders, any moneys of the Town of Ulysses authorized to be invested may be commingled for investment purposes, provided that any investment of commingled moneys shall be payable or redeemable at the option of the Town of Ulysses within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained, or as otherwise specifically provided in GML section 11. The separate identity of the sources of these funds shall be maintained at all times and income received shall be credited on a pro rata basis to the fund or account from which the moneys were invested.

X. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

All financial institutions and dealers with which the Town of Ulysses transacts business shall be creditworthy, and have an appropriate level of experience, capitalization, size and other factors that make the financial institution or the dealer capable and qualified to transact business with the Town of Ulysses. The Town of Ulysses 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 Conditions (Call Report) at the request of the Town of Ulysses. 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 Town Supervisor 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.

XI. PURCHASE OF INVESTMENTS

The Town Supervisor is authorized to contract for the purchase of investments:

- Directly, from an authorized trading partner.
- By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G 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 Town of Ulysses, 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 Town of Ulysses 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, section 10(3)(a). 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 custodian for, the Town of Ulysses, 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 bank liability. The agreement shall also 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, and the agreement may also contain other provisions that the Town Board deems necessary.

XII. ANNUAL REVIEW AND AMENDMENTS

The Town of Ulysses shall review this investment policy annually, and it shall have the power to amend this policy at any time.

SCHEDULE A
“Eligible Securities” for Collateral

- 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 and 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 this 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 the Commonwealth 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 with which the money is being deposited or invested) 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”.