

## Policy Information

### Series 3000 - Business and Non-Instructional

#### Income

#### Investment Policy

Policy # 3292

#### I. SCOPE

This investment policy of the Lakeland Central School District of Shrub Oak (“District”) applies to all moneys and other financial resources available for investment on its own behalf or on behalf of any other entity or individual.

#### II. OBJECTIVES

The objectives of the District’s investment activities are, in priority order:

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

#### III. DELEGATION OF AUTHORITY

The responsibility of the Board of Education of the Lakeland Central School District of Shrub Oak (“Board”) for administration of the investment program is delegated to the Assistant Superintendent for Business 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 a database or records incorporating description and amounts of investments, transaction dates and other relevant information, and to 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. Investments shall be made with judgment and care, under circumstances then prevailing, not for speculation but for investment, considering the safety of the principal as well as the probable income to be derived.

#### V. DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposit of monies, up to a maximum of seventy-five million (\$75,000,000) dollars each, are:

Bank of America                      JP Morgan Chase

Commerce Bank                      Capital One

The banks and trust companies authorized for the deposit of monies, along with this investment policy, shall be reviewed and re-adopted by the Board of Education at its annual organizational meeting and may be changed by the Board of Education as necessary.

#### VI. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law, Section 10, all deposits of the District, 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 of not less than 105% of the aggregate amount of deposits from the following categories:

- 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 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.
- 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 monies.
- Such other instruments of securities as may, from time to time, be legally permissible collateral for deposit of both New York School District and municipal corporation monies.

## VII. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by the third party bank or trust company subject to security and custodial agreements.

The security agreement shall provide the eligible securities are being pledged to secure the District 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 District to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the district, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the District 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.

## VIII. PERMITTED INVESTMENTS

As authorized by General Municipal Law, Section 11, the District authorizes its Business Official, Treasurer and Deputy Treasurer(s) 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
- 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 other than the District.
- 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.
- Repurchase transactions (Repos) guaranteed by obligations of the United States or the State of New York.
- Obligations of this local government, but only with any monies in a reserve fund established pursuant to General Municipal Law, Sections 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

- Such other investments as may, from time to time, be legally permissible investments for both school district and municipal corporations in the State of New York.

All investment obligations shall be payable or redeemable at the option of the District within such times as the proceeds will be needed to meet expenditures for purposes for which the monies 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 District.

## IX. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The District 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 district. 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 Business Official is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated annually.

## X. PURCHASE OF INVESTMENTS

The Business Official, Treasurer and Deputy Treasurer(s) are authorized to contract for the purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner.
2. By participation (including participation as the lead, managing, or agent participant) in a cooperative investment program with another authorized governmental entity (or any number of such entities) pursuant to...Opinion No 88-46 (e.g., the Cooperative Liquid Assets Securities System or "CLASS").
3. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

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 District 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.

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.

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.

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