

# Investment

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## 1. SCOPE

The Board of Trustees of the Mahopac Public Library acts as custodians of public funds and, as such, it is subject to very tight restrictions on eligible investments. In accordance with General Municipal Law and subsequent court rulings, all funds in the Library's control (including privately raised monies) must be invested in a limited number of financial vehicles.

## 2. OBJECTIVES

The objectives of the Mahopac Public Library's investment activities are to adequately safeguard principal, provide sufficient liquidity to meet all operating requirements, and obtain a reasonable rate of return while adhering to all applicable federal, state, and other legal requirements.

## 3. DELEGATION OF AUTHORITY

Responsibility for administration of the investment program is delegated to the Finance and Budget Committee of the Board of Trustees. This Committee shall establish written procedures for the operation of the investment program consistent with the investment guidelines outlined in this policy.

## 4. PRUDENCE

All participants in the investment process shall seek to act responsibly as custodians of the public interest and shall avoid any transaction that might impair public confidence in the Mahopac Public Library to govern effectively.

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.

**5. DIVERSIFICATION**

It is the policy of the Mahopac Public Library to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

**6. INTERNAL CONTROLS**

The Finance and Budget Committee 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 and that transactions are executed in accordance with Board of Trustees authorization, are recorded properly, and are managed in compliance with applicable laws and regulations.

**7. DEPOSIT OF PUBLIC FUNDS**

The Mahopac Public Library has designated Mahopac National Bank for the deposit of public funds. The funds are deposited into a money market account and transferred as needed to a checking account for operating purposes. All funds are secured in accordance with the provisions of General Municipal Law §10.

The Mahopac Public Library will purchase treasury notes maturing within one year and/or certificates of deposit from banks and trust companies as defined by the banking law and located and authorized to do business in New York. They will be purchased through Prudential Securities and registered in the name of the Mahopac Public Library. All certificates of deposit will be FDIC insured up to \$100,000 and no one bank will have more than \$100,000. Maturities will be staggered from one month to one year to maintain sufficient cash reserves for current operating expenses.

**8. COLLATERALIZING OF DEPOSITS**

All deposits of the Mahopac Public Library, including certificates of deposit and special time deposits, which are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured in accordance with General Municipal Law §10.

- A pledge of “eligible securities” with an aggregate “market value” or as provided by General Municipal Law §10, equal to at least the aggregate amount of the public deposits for which collateral is being sought.

- A pledge of a pro rata portion of a pool of eligible securities, as defined by General Municipal Law §10, having in the aggregate a market value at least equal to the aggregate amount of public deposits from all officers making deposits within the state at such bank or trust company, together with a security agreement from the bank or trust company. Such security agreement shall comply with the provisions of General Municipal Law §10.
- 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 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.
- An eligible surety bond payable to the Library 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.

## **9. SAFEKEEPING AND COLLATERALIZATION**

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third party bank or trust company subject to security and custodial agreements in accordance with the provisions of General Municipal Law §10.

## **10. PERMITTED INVESTMENTS**

**10.1** As authorized by General Municipal Law §11, the Mahopac Public Library authorizes the Finance and Budget Committee to invest monies not required for immediate expenditure, except monies the investment of which is otherwise provided for by law, in instruments becoming payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained, which may include one or more of the following types of investments.

- special time deposit accounts in commercial banks and trust companies located and authorized to do business in New York State;

- certificates of deposit in commercial banks and trust companies located and authorized to do business in New York State;
- 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;
- with approval of the State Comptroller, obligations issued pursuant to Local Finance Law §24 or §25 by any municipality, school district or district corporation other than the Mahopac Public Library;

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

Except for gift, grants, or bequests given to the Library as a true trust, which are subject to the “prudent investor” provisions of Estates, Powers and Trusts Law §§11-2.2 and 11-2.2, even privately acquired funds are subject to these investment limitations.

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

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 Mahopac Public Library. 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.

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**12. PURCHASE OF INVESTMENTS**

The Finance and Budget Committee is authorized by the Board of Trustees to contract for the purchase of investments directly, including through a repurchase agreement, from an authorized trading partner or by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

**13. AMENDMENT OF INVESTMENT POLICY**

Mahopac Public Library shall have the power to amend its investment policy from time to time in accordance with the provisions of General Municipal Law §39.