

# VILLAGE OF WARWICK

## INVESTMENT POLICY

*Adopted & Effective October 7, 2019*

*\*Adopted & Effective December 21, 2020*

### I. SCOPE

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

### II. OBJECTIVES

The primary objectives of the Village of Warwick 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 Village board's responsibility for administration of the investment program is delegated to the Treasurer and Deputy Treasurer with consultation with the Mayor or Mayor's designee 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 procedure 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 transactions that might impair public confidence in the Village of Warwick to govern effectively.

Investments shall be made with prudence, diligence, skill, 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 Incorporated Village of Warwick 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 Village of Warwick for all moneys collected by any officer or employee of the government to transfer those funds to the Village Treasurer within two days of receipt or within the time period specified by law, whichever is shorter. The only exception to this policy is moneys collected by the Village Justice Court which has its own requirements for collection and deposits.

The Village Treasurer and the Deputy Treasurer are 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 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 are:

<u>Depository Name</u>	<u>Maximum Amount</u>
ConnectOne Bank	\$ 10,000,000.00
*Orange Bank and Trust Company	\$ 10,000,000.00
Sterling National Bank	\$ 2,000,000.00

## VIII. COLLATERIZING OF DEPOSITS

All demand and time deposits of the Village in excess of the amount insured under the provision of the Federal Deposit Insurance Act shall be secured by eligible collateral, consisting of any one, or combination, of the following:

1. A pledge of eligible securities, as provided in General Municipal Law, Section 10, which is provided in Appendix A.
2. An "eligible surety bond" must be executed by an insurance company authorized to do business in New York State, the claims-paying ability of which is rated in the highest rating

category by at least two nationally recognized statistical rating organizations. The bond must be made payable to the local government as security for the payment of 100 percent of the aggregate amount of public deposits and investments from the local government and agreed-upon interest, if any.

3. An “eligible letter of credit” for the payment of 140 percent of the aggregate amount of public deposits and investments from the local government and agreed-upon interest, if any.
4. 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, for the payment of 100 percent of the aggregate amount of public deposits plus interest.

#### IX. SAFEKEEPING AND COLLATERIZATION

Eligible securities used for collateralizing deposits shall be held by depositary or 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 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 Village of Warwick 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, the Village of Warwick authorizes the Village Treasurer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Savings and/or demand deposit accounts placed through a depository institution that has a main or branch office in this state and that contractually agrees to place funds in federally insured depository institutions through the Insured Cash Sweep services, or ICS;
- 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.

## XI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Inc. Village of Warwick 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 Inc. Village of Warwick. 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 Village Treasurer is responsible for evaluating the financial position and maintain a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

## XII. PURCHASE OF INVESTMENTS

1. Directly, from an authorized trading partner
2. By participation in a cooperative investment agreement 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 Village of Warwick, 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 Warwick 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 agreement shall provide that securities held by the bank or trust company, as agent of, and custodian for, the Village of Warwick, 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 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 secure the Village of Warwick's perfected interest in the securities, and the agreement may also contain other provisions that the governing board deems necessary. The security and custodial agreements shall also include all other provisions necessary to provide the Village of Warwick with a perfected interest in the securities.

The Treasurer can direct the bank or trust company to register and hold the evidences of investments in the name of its nominee, or may deposit or authorize the bank or trust company to deposit, or arrange for their deposit with a federal reserve bank or other book-entry transfer system operated by a federally regulated entity. The records of the bank or trust company shall show, at all times, the ownership of such evidences of investments, and they shall be, when held in the possession of the bank or trust company, at all times, kept separate from the assets of the bank or trust company. All evidences of investments delivered to a bank or trust company shall be held by the bank or trust company pursuant to a written custodial agreement as set forth in General Municipal Law Section 10(3)(a), and as described earlier in this section. When any such evidences of investments are so registered in the name of the nominee, the bank or trust company shall be absolutely liable for any loss occasioned by the acts of such nominee with respect to such evidences of investments.

### XIII. ANNUAL REVIEW AND AMENDMENTS

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

### XIV. DEFINITIONS

The terms "public funds," "public deposits," "bank," "trust company," "eligible securities," "eligible surety bond," and "eligible letter of credit" shall have the same meanings as set forth in General Municipal Law Section 10.

## APPENDIX A

### SCHEDULE OF ELIGIBLE SECURITIES

- YES (i) 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.
- NO (ii) 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.
- NO (iii) 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.
- YES (iv) Obligations issued or fully insured or guaranteed by the States 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.
- YES (v) 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.
- NO (vi) Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- NO (vii) 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.
- NO (viii) Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- NO (ix) 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.

NO (x) 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 pledged.

NO (xi) Zero coupon obligations of the United States government marketed as "Treasury".