

INVESTMENT POLICY

City of Newburgh,
New York

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I. SCOPE

This investment policy applies to all monies and other financial resources available for deposit and investment by the City of Newburgh (the "City") on its own behalf or on behalf of any other entity or individual.

II. OBJECTIVES

The primary objectives of the City'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);
- To analyze and project other anticipated liabilities (forecast);
- To obtain a reasonable rate of return consistent with operating and liability requirements (yield).

III. DELEGATION OF AUTHORITY

The responsibility of the investment program is delegated to the City Comptroller 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 database or records incorporating description and amounts of investments, transaction dates, and other relevant information and monitor the activities of subordinate employees. All employees directly associated with the investment process shall be bonded.

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 City's ability to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, with prudence, discretion and intelligence exercised in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

V. DIVERSIFICATION

Investments and deposits shall, to the extent practical, be diversified by financial institution, maturity, and type of investment to eliminate the risk of loss resulting from over concentration of assets in a specific bank or trading partner or a specific maturity.

VI. INTERNAL CONTROLS

It is the policy of the City for all monies collected by any officer or employee of the City to deposit said funds timely within the time period specified by law.

The City Comptroller 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 this investment policy and recorded properly, and are managed in compliance with applicable laws and regulations.

VII. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law, Section 10, all deposits of the City, 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", as provided by General Municipal Law, Section 10, equal to the aggregate amount of deposits from the categories designated in Appendix A of this policy.

VIII. SAFEKEEPING AND COLLATERALIZATION

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

The security agreement shall provide that eligible securities are being pledged to secure the City'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 City of Newburgh, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the City or the custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company as agent of and custodian for the City will be kept separate and apart from the general assets of custodial bank or trust company, and will not in any circumstances, be comingled with or become part of the backing of any other deposit or bank 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 agreements shall include all provisions necessary to provide the City a perfected interest in the securities.

At the direction of the City Comptroller, an independent advisor shall evaluate collateral sufficiency. During periods of rising interest rates, the City Comptroller may direct collateral evaluations at any time.

IX. PERMITTED INVESTMENTS

As authorized by General Municipal Law Section 11, the City authorizes the City Comptroller to invest monies not required for immediate expenditure for terms not to exceed its projected cash flow liabilities 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 of the City of Newburgh and related entities, but only with monies in a reserve fund established pursuant to General Municipal Law Section 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m or 6-n;
- With the approval of the Office of the New York State Comptroller, obligations issued pursuant to Local Finance Law Section 24.00 or 25.00 (i.e., Tax Anticipation Notes and Revenue Anticipation Notes) by any municipality, school district or district corporation in the State of New York other than the City; and
- Any other obligations authorized by law.

X. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The City shall maintain a list of financial institutions and dealers approved for investment purposes ⁽¹⁾, and except for the United States Government and City securities described herein, establish appropriate limits to the amounts of investments, which can be made with each financial institution or dealer. At a minimum, the City shall publicly request proposals from authorized financial institutions and dealers every 3 to 5 years. The following banks and/or trust companies authorized for the deposit of moneys, including certificates of deposit, up to the maximum amounts shown, are:

Depository Name	Investment Limit
TBD ⁽¹⁾	TBD ⁽¹⁾
TBD ⁽¹⁾	TBD ⁽¹⁾
TBD ⁽¹⁾	TBD ⁽¹⁾

(1) As of the date of this policy, the City was in the process of issuing a public request for bids from authorized financial institutions and dealers. Once bids are received and reviewed by City officials, the above list of depositories will be amended to reflect those institutions which have been selected. At a minimum, the City shall publicly request proposals from authorized financial institutions and dealers every 3 to 5 years.

All financial institutions with which the City conducts business with shall be creditworthy. Banks shall provide their most recent Consolidation Report of Condition at the request of the City. Security dealers shall provide financial information acceptable to the City Comptroller. The City Comptroller is responsible for evaluating the financial position and maintaining a listing of proposed depositories,

trading partners and custodians. Such listings shall be evaluated at least annually.

XI. PURCHASE OF INVESTMENTS

The City Comptroller 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 another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the New York State Comptroller; and
- By utilizing an ongoing investment program with an authorized tracking partner in conformance with the investment policy.

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 and/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 City 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 City, will be kept separate and apart from the general assets of the custodial bank or trust company and will not be comingled 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 City'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 City with a perfected interest in the securities.

XII. REPURCHASE AGREEMENTS

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements entered into must be 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 of agencies of the United States of America where principal and interest are guaranteed by the United States of America;
- No substitution of securities will be allowed; and
- The custodian shall be party other than the trading partner.

XIII. ANNUAL REVIEW AND AMENDMENTS

On an annual basis, the City Council shall review the investment policy and shall approve policy revisions, if any, by formal resolution.

Appendix A– “Eligible Securities” for Collateral

Schedule of Eligible Securities for Collateralizing Deposits and Investments in Excess of FDIC Coverage (See Investment Policy, Section VIII)

“Eligible Securities” for Collateral	For purposes of determining aggregate “market value,” eligible securities shall be valued at these percentages of “market value”:
(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.	100%
(ii) 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.	100%
(iii) 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 New York State or obligations of any public benefit corporation which under a specific New York State statute may be accepted as security for deposit of public monies.	100%