

**TOWN OF BLOOMING GROVE
REPEALING AND REPLACING TOWN POLICY CHAPTER 25: INVESTMENT POLICY
ADOPTED BY TOWN BOARD RESOLUTION
AUGUST 13, 2024**

A Town Policy to enact a new policy to Chapter 25, Investment Policy, of the Code of the Town of Blooming Grove, to amend and clarify the Investment Policy.

SECTION I. TITLE.

This policy shall be known as “Investment Policy Chapter 25 of the Code of the Town of Blooming Grove”.

SECTION II. AUTHORITY.

This Policy is enacted pursuant to the authority of Municipal Home Rule Law § 10 and in accordance with Chapter 25, of the Code of the Town of Blooming Grove.

SECTION III. PURPOSE AND FINDINGS.

The Town of Blooming Grove seeks to repeal and replace the Investment Policy to ensure that it properly governs the Town’s Investments of the Town. The Town’s Investment Policy has been refined and updated from its original version adopted in 1996.

SECTION IV. REVISIONS TO CHAPTER 25.

The following replacement are hereby made to Chapter 25, Investment Policy of the Code of the Town of Blooming Grove.

Chapter 25. Investment Policy

§ 1. Scope.

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

§ 2. Objectives.

The primary objectives of the local government's investment activities are, in priority order,

- A. to conform with all applicable federal, state and other legal requirements (legal);
- B. to adequately safeguard principal funds (safety);
- C. to provide sufficient liquidity to meet all operating requirements (liquidity);
- D. to obtain a reasonable and competitive rate of return (yield)
- E. to minimize Risk (risk)
- F. to ensure that investments mature and are available when funds are required to finance operations (availability)

§ 3. Delegation of authority.

The Town Supervisor and Comptroller are responsible for administration of the Town's investments. The Town Supervisor and Comptroller shall establish written procedures for the oversight of Town investments and shall include an adequate internal control structure to provide a satisfactory level of accountability based on records incorporating description and amounts of investments, transaction dates, and other relevant information and regulate the activities of subordinate employees.

§ 4. Authorized investments

- A. In accordance with this policy, the Town Supervisor and Comptroller are hereby authorized to invest all funds, including proceeds of obligations and reserve funds, in:
 - (1) Certificates of deposit issued by a bank or trust company authorized to do business in New York State.
 - (2) Time deposit accounts in the bank or trust company authorized to do business in New York State.
 - (3) Obligations of New York State.
 - (4) Obligations of the United States Government.
 - (5) Cooperative Investments as authorized under NYS General Municipal Law Article 3-A
- B. All other Town of Blooming Grove officials receiving money in their official capacity must deposit such funds in negotiable order of withdrawal accounts.
- C. All investments made pursuant to this investment policy shall comply with the following conditions below.

§ 5. Prudence.

- A. 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 Blooming Grove to govern effectively.
- B. 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.
- C. All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment, or which could impair their ability to make impartial investment decisions.

§ 6. Diversification.

It is the policy of the Town of Blooming Grove to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

§ 7. Internal controls.

A. It is the policy of the Town of Blooming Grove for all moneys collected by any officer or employee of the government to be transferred to the Town Comptroller within five (5) days of deposit, or within the time period specified in law, whichever is shorter.

B. The Town 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 management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

§ 8. 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 municipal banks authorized to do business in New York with preference given to banks located in the Hudson Valley New York.

§ 9. Collateralizing of deposits.

In accordance with the provisions of General Municipal Law § 10, all deposits of the Town of Blooming Grove , 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:

A. By a pledge of eligible securities with an aggregate market value, or provided by General Municipal Law § 10, equal to the aggregate amount of deposits from the categories designated in this policy.

B. By an eligible irrevocable letter of credit 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.

C. By an eligible surety bond payable to the government for an amount at least equal to 100% of the aggregated 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.

D. Collateral shall not be required with respect to the direct purchase of obligations of New York State, obligations of the United States and obligations of federal agencies the principal and interest of which are guaranteed by the United States Government.

§ 10. Safekeeping and Collateralization.

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

B. 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 custodial bank.

C. 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.

§ 11. Permitted investments.

A. As authorized by General Municipal Law § 11, the Town of Blooming Grove authorizes the Town Supervisor and Comptroller to invest moneys not

required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- (1) Special time deposit accounts.
- (2) Certificate of deposit.
- (3) Obligations of the United States of America.
- (4) 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.
- (5) Obligations of the State of New York.
- (6) Obligations issued pursuant to Local Finance Law § 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Town of Blooming Grove.
- (7) 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.
- (8) Certificates of participation (COP's) issued pursuant to General Municipal Law § 109-b.
- (9) Obligations of this local government, but only with any money in a reserve fund established pursuant to General Municipal Law § 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-l, 6-m, or 6-n.

B. All investment obligations shall be payable or redeemable at the option of the Town of Blooming Grove 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 Blooming Grove within two years of the date of purchase.

§ 12. Authorized financial institutions and dealers.

The Town of Blooming Grove 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 creditworthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Town of Blooming Grove. 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 Comptroller 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.

§ 13. Purchase of investments.

- A. The Town Supervisor and Comptroller are authorized to contract for the purchase of investments:
- (1) Directly, including though a repurchase agreement, from an authorized trading partner.
 - (2) By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5-G of the General Municipal Law and in accordance with Article 3-A of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board.
 - (3) By utilizing an ongoing investment program with an authorized tracking partner pursuant to a contract authorized by the governing board.
- B. 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 Town of Blooming Grove 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 § 10.
- C. 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 deposits or other liabilities. The agreement shall describe how the custodian shall confirm the receipts and release of the securities. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

§ 14. Purchase and sale of certificates of deposit.

The Town of Blooming Grove will encourage the purchase and sale of certificates of deposit through a competitive or negotiated process involving telephone solicitation of at least three bids for each transaction.

§ 15. Audits & Reports.

- A. At the time independent auditors conduct an audit of the accounts and financial affairs of the Town of Blooming Grove, the independent auditors shall audit the investments of the Town of Blooming Grove for compliance with the provisions of these investment guidelines.
- B. Within 60 days of the end of the first two quarters and then at the end of the third quarter of the fiscal year, the Town Supervisor and Comptroller shall prepare and submit to the Town Board a quarterly investment report which

indicates new investments, the inventory of existing investments and such other matters as the Town Supervisor and Comptroller deems appropriate.

- C. Within 120 days of the end of the fiscal year, the Town Supervisor and Comptroller shall prepare and submit to the Town Board an annual investment report; recommendations for change in these investment guidelines; the results of the annual independent audit; the investment income record; a list of total fees, other charges, if any, paid to the custodial bank and such other matters as the Town Supervisor and Comptroller deems appropriate.
- D. The Town Board shall review and approve the annual investment report, if practicable, at its reorganization meeting.

§ 16. Review of guidelines.

At least annually, and if practicable, at the reorganization meeting of the Town Board, the members shall review and amend, if necessary, these investment guidelines.

§ 17. Effect of provisions.

The provisions of these investment guidelines and any amendments hereto shall take effect prospectively and shall not invalidate the prior selection of any custodial bank or prior investment.