

Woodward Memorial Library Investment Policy

Scope

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

Objectives

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

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

Delegation of Authority

The governing board's responsibility for administration of the investment program is delegated to the Director of the Library who shall establish written procedures for the operation of the investment program consistent with these investment policies. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on records incorporating the description and amounts of investments, transaction dates, and other relevant information.

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 Woodward Memorial 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.

Diversification

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

Internal Controls

The Director and Treasurer are responsible for establishing and maintaining internal control procedures 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, properly recorded, and managed in compliance with applicable laws and regulations.

Designation of Depositories

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:

| Depository Name | Maximum Amount |
|------------------------|-----------------------|
| Five Star Bank | \$500,000 |
| Bank of America | \$500,000 |
| Bank of Castile | \$500,000 |

Securing Deposits and Investments

All deposits and investments at a bank or trust company, including all 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” at least equal to the aggregate amount of deposits. A schedule of eligible securities are included in the custodial agreement.

Collateralization and Safekeeping

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

The custodial agreement shall provide that pledged securities (or the pro rata portion of a pool of eligible securities) will be held by the bank or trust company as agent of, and custodian for, the Woodward Memorial Library, 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, substitution, or release of the collateral and it shall provide for the frequency of revaluation of collateral by the custodial bank or trust company and for the substitution of collateral when a change in the rating of a security causes ineligibility. The custodial agreement shall also include all other provisions necessary to provide the Woodward Memorial Library with a perfected security interest in the eligible securities and to otherwise secure the local government’s interest in the collateral, and may contain other provisions that the governing board deems necessary.

Permitted Investments

As provided by General Municipal Law Section 11, the Woodward Memorial Library authorizes the Director, Treasurer, or other officer having custody of money to invest moneys 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 in, or certificates of deposit issued by, a bank or trust company located and authorized to do business in the State of New York
- 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

All investments obligations shall be payable or redeemable at the option of the Woodward Memorial Library 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 Woodward Memorial Library within two years of the date of purchase.

Authorized Financial Institutions and Dealers

All financial institutions and dealers with which the Woodward Memorial Library transacts business shall be creditworthy, and have an appropriate level of experience, capitalization, size, and other factors that make the financial institution or the dealer capable and qualified to transact business with the Woodward Memorial Library.

Purchase of Investments

The Treasurer of the Library is authorized to contract for the purchase of investments.

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 Woodward Memorial Library 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 GML Section 10(3)(a). The agreement shall provide that securities held by the bank or trust company, as agent of, and custodian for, the Woodward Memorial Library, 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 securities. Such agreement shall include all provisions necessary to secure the local government's perfected interest in the securities, and the agreement may also contain other provisions that the governing board deems necessary. The custodial agreement shall also include all other provisions necessary to provide the Woodward Memorial Library with a perfected interest in the securities.

Annual Review and Amendments

The Woodward Memorial Library shall review this investment policy annually, and it shall have the power to amend this policy at any time.

Approved by Board of Trustees, December 2014

Reviewed 10/22