

ADOPTING RESOLUTION FOR AN UPDATE TO CAYUGA COUNTY INVESTMENT POLICY

By: Hon Christopher Petrus, Chair, Government Operations Committee

By: Hon. Hans Pecher, Chair Ways and Means Committee

WHEREAS, pursuant to *Section 212 of County Law and Section 10 of the General Municipal Law*; the County updated its investment policy for the 2022 fiscal year with Resolution #362-21; and

WHEREAS, due to recent changes in interest rates the County has sought quotes to maximize interest earnings

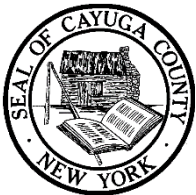
WHEREAS, the reallocation of funds among banks has caused the County to exceed the maximum limit set for certain designated depositories; and

WHEREAS, the list of banks and the amount held on deposit, found in Section VII, Designation of Depositories, requires amendment; now, therefore, be it

RESOLVED, that the attached CAYUGA COUNTY INVESTMENT POLICY, which includes the designation of banks, be updated and approved, effective September 1, 2022.

RESOLVED, That the policy be posted to the County Website, County Portal and distributed by the Clerk of the Legislature to all Department Heads; and it is further

RESOLVED, That this resolution will take effect immediately upon its adoption.



*State of New York }
County of Cayuga }*

I do hereby certify, that I have compared the forgoing copy of a Resolution duly passed and adopted by the Cayuga County Legislature at a meeting held on the 23rd day of August 2022 with the original Resolution, and that the same is a true and correct copy and transcript thereof, and the whole thereof.

Given under my hand and official seal August 24th, 2022

Shula P. Smith
CLERK, CAYUGA COUNTY LEGISLATURE

CAYUGA COUNTY POLICY

Policy Title: INVESTMENT POLICY

Effective Date: 9/01/2022

Resolution No.

I. SCOPE

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

II. 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 (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 governing board's responsibility for administration of the investment program is delegated to the chief fiscal officer and other officers having custody of money 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 a database or records incorporation description and amounts of investments, transaction dates, and other relevant information and regulate the activities of subordinate employees.

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 COUNTY OF CAYUGA 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.

V. DIVERSIFICATION

It is the policy of the COUNTY OF CAYUGA to diversify its deposits and investments by financial institutions, by investment instrument, and by maturity scheduling.

VI. INTERNAL CONTROLS

It is the policy of the COUNTY OF CAYUGA for all moneys collected by an officer or employee of the government to transfer those funds to the chief fiscal officer within 30 days of deposit, or within the time period specified in law, whichever is shorter.

The chief fiscal officer and other officers having custody of money 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 managements authorization and recorded properly and are managed in compliance with applicable laws and regulations.

VII. DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposit of monies up to the following maximum amounts are:

<i>BANK OF AMERICA</i>	<i>\$ 6,000,000</i>
<i>CAYUGA LAKE NATIONAL BANK</i>	<i>\$30,000,000</i>
<i>FIVE STAR BANK</i>	<i>\$15,000,000</i>
<i>FIRST LIBERTIES</i>	<i>\$ 3,000,000</i>
<i>LYONS NATIONAL BANK</i>	<i>\$15,000,000</i>
<i>TOMPKINS TRUST</i>	<i>\$50,000,000</i>

VIII. COLLATERALIZING OF DEPOSITS

In accordance with the provision of General Municipal Law, §10, all deposits of COUNTY OF CAYUGA, 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:

1. 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 Appendix A to the policy.
2. 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 on nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
3. By an eligible surety bond payable to the government 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.

IX. 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.

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 COUNTY OF CAYUGA 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, §11, the CAYUGA COUNTY LEGISLATURE authorizes the chief fiscal officer and 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;
- 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 State of America;
- Obligations of the State of New York;
- Obligations issued pursuant to LFL §24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the COUNTY OF CAYUGA
- Obligation 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;
- Certificates of Participation (COPs) issued pursuant to GML. §109-b;
- Obligations of this local government, but only with any moneys in a reserve fund established pursuant to GML §6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

All investment obligations shall be payable or redeemable at the option of the COUNTY OF CAYUGA within such times as which the moneys were provided and in the case of obligations redeemable at the option of the COUNTY OF CAYUGA within two years of the date of purchase.

XI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The COUNTY OF CAYUGA 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 Consolidate Report of Condition (Call Report) at the request of the COUNTY OF CAYUGA. 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 chief fiscal officer and other officers having custody of money is responsible for evaluating the financial position and maintaining a listing of proposed depositaries, trading partners and custodians. Such listing shall be evaluated at least annually.

XII. PURCHASE OF INVESTMENTS

The chief fiscal officer and other officer having custody of money are authorized to contract for the purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner.
2. 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 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.

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 office authorized to make the investment. All such transactions shall be confirmed in writing to the COUNTY OF CAYUGA 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.

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 deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

XIII. REPURCHASE AGREEMENTS

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements must be entered into 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 substitutions of securities will be allowed.
- The custodian shall be a party other than the trading partner.

Policy shall be reviewed annually by the Finance Department, Revisions must be in Resolution form, go through the Government Operations Committee and approved by the Legislature.