

INVESTMENTS

Investments

When funds are invested, it is the objective of the school district's investment policy to safeguard district funds, to minimize risk, to ensure that investments mature when cash is required to finance operations and to insure a competitive rate of return.

In accordance with the policy, the Treasurer of the district, with the assistance of the Business Administrator, is hereby authorized to invest and/or deposit all funds including proceeds of obligations and reserve funds.

ALL INVESTMENTS MADE PURSUANT TO THIS INVESTMENT POLICY SHALL COMPLY WITH THE FOLLOWING CONDITIONS:

1. COLLATERAL

In accordance with the provisions of General Municipal Law §10, all deposits of the North Merrick UFSD, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act as now or hereafter amended, shall be secured by:

- A. A pledge of "eligible securities" with an aggregate "market value," as provided by General Municipal Law §10, at least 102% of the aggregate amount of deposits together with a security agreement from the bank.
- B. An "eligible letter of credit" payable to North Merrick UFSD for the payment of 140% of the aggregate amount of public deposits and the agreed upon interest, if any. An "eligible letter of credit" shall mean an irrevocable letter of credit issued in favor of the local government for a term not to exceed ninety days by a bank (other than the bank with which the money is being deposited or invested) whose commercial paper and other unsecured short-term debt obligations (or, in the case of a bank which is the principal subsidiary of a holding company, whose holding company's Commercial paper and other unsecured short-term debt obligations) are rated in one of the three highest rating categories (based on the credit of such bank or holding company) by at least one nationally recognized statistical rating organization or by a bank (other than the bank with which the money is being deposited or invested) that is in compliance with applicable federal minimum risk-based capital requirements. However, in the event that such "eligible letter of credit", which is payable to the North Merrick UFSD, is issued 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, the "eligible letter of credit" may be in the amount of one hundred percent (100%) of the aggregate amount of public deposits from such officers and the agreed upon interest, if any.

C. An "eligible surety bond" payable to the North Merrick UFSD as security for the payment of 100% of the aggregate amount of deposits and the agreed upon interest, if any. An "eligible surety bond" shall mean a bond executed by an insurance company authorized to do business in this state, the claims-paying ability of which is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

D. An "irrevocable letter of credit" issued in favor of the 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, as security for the payment of 100 percent of the aggregate amount of deposits and the agreed-upon interest, if any.

The District Treasurer shall ensure that maturity dates of collateral will be maintained at levels sufficient to match investment terms.

2. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by 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 the deposits of the North Merrick UFSD 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 North Merrick UFSD to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the North Merrick UFSD, such securities shall be delivered in a form suitable for transfer, or with an assignment in blank, to the North Merrick UFSD 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 North Merrick UFSD, 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 also prescribe 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 North Merrick UFSD a perfected interest in the securities.

3. INVESTMENTS

All investments made pursuant to this policy will comply with the following conditions:

A. Collateral:

Savings accounts, money market accounts, time deposit accounts, and certificates of deposit will be fully secured by insurance of the Federal Deposit Insurance Corporation or by obligations of New York State, the United States, New York State School Districts and Federal Agencies whose principal and interest are guaranteed by the United States. The market value of collateral will at all times exceed the principal amount of the Certificate of Deposit. Collateral will be monitored no less frequently than on a weekly basis.

B. Written Contracts

1. Written contracts are required for certificates of deposit and custodial undertakings. With respect to the purchase of direct obligations, by the custodian, of U.S., New York State, or other governmental entities in which monies may be invested, the interests of the school district will be adequately protected by conditioning payment on the physical delivery of purchased securities to the school district or custodian, or in the case of book-entry transactions, on the crediting of purchased securities to the Custodian's Federal Reserve System account. All purchases will be confirmed promptly in writing to the school district.
2. The following written contracts are required:
 - a. Written agreements will be required for the purchase of all certificates of deposit.
 - b. A written contract will be required with the Custodial Bank(s).

The written contract will stipulate that only obligations of the United States may be purchased and that the school district shall make payment upon delivery of the securities or the appropriate book-entry of the purchased securities.

C. Authorized Investments

The District Treasurer, or in her/his absence, the Assistant Superintendent for Business/Business Administrator is authorized to invest all available District funds not required for immediate expenditure, for terms not to exceed its projected cash flow needs, in the following types of investments:

Savings accounts or money market accounts of designated banks

Certificates of deposit issued by a bank or trust company located in and authorized to do business in New York State

Demand deposit accounts in a bank or trust company in and authorized to do business in New York State

Obligations issued pursuant to LFL §24.00 or §25.00 (with approval of State Comptroller) by any municipality, school district or district corporation other than North Merrick UFSD,

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,

Certificate of Participation (COPs) issued pursuant to GML §109-b

Obligations of New York State, the United States, New York State School Districts and Federal Agencies whose principal and interest are guaranteed by the United States.

Short-term financial investments should not exceed one year

Repurchase agreements involving the purchase and sale of direct obligations of the United States

By participation in cooperative investment programs with other authorized governmental entities pursuant to Article 5-G of the General Municipal Law, where such a program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46.

Other Investments as permitted by The General Municipal Law, Local Finance Law, and any other State Statute or regulation, upon recommendation by the Treasurer and

the Assistant Superintendent for Business/ Business Administrator, with approval by the Board of Education, and pursuant to a written agreement.

All investment obligations shall be payable or redeemable at the option of the District within such times as the proceeds will be needed to meet expenditures for the purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of the bonds or notes, shall be payable or redeemable at the option of the District within two (2) years of the date of purchase.

4. DELIVERY OF SECURITIES

Written confirmation of pledge securities shall be obtained from the bank.

5. WRITTEN CONTRACTS

All purchases will be confirmed promptly in writing to the School District.

6. SELECTION OF FINANCIAL INSTITUTIONS

The school district shall monitor, as much practical, financial strengths of the board approved banks and primary reporting dealers.

To the extent feasible, investments and deposits shall be made in and through local or regional financial institutions.

Concentration of investments in a single financial institution should be avoided. Diversification of investments and deposits is encouraged.

Investments in time deposits and certificates of deposit are to be made only with commercial banks or trust companies, as required by law.

7. OPERATIONS, AUDIT and REPORTING

- a. The Treasurer with the assistance of the Business Administrator shall authorize the purchase and sale of all securities and execute contracts for investments and deposits on behalf of the School District. Oral direction concerning the purchase or sale of securities shall be confirmed in writing. The School District shall pay for purchased securities upon simultaneous delivery or book-entry thereof.
- b. The School District encourages the purchase and sale of securities through a competitive process utilizing telephone solicitations.

- c. The independent auditors shall audit the investments of the School District for compliance with the provision of this investment policy.

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