

## **County Of Ulster, New York Investment Policy**

### **I. SCOPE**

This investment policy applies to all moneys and other financial resources available for investment on behalf of Ulster County or on behalf of any other entity or individual for which the County of Ulster and/or its agents, officers, or employees may have fiduciary or financial responsibility.

### **II. OBJECTIVES**

The primary objectives of Ulster County'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. AUTHORITY**

The Ulster County Commissioner of Finance is responsible for the administration of the County's investment policy pursuant to the authority vested in him/her in Sections C-53(B)(1) and C-53(B)(2) of the Ulster County Charter. The Commissioner of Finance shall establish such written procedures for the operation of the investment policy consistent with the investment guidelines set herein. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a data base or records incorporating description and amounts on investments, transaction dates, and other relevant information, and regulate the activities of subordinate employees.

### **IV. INVESTMENT ADVISORY BOARD**

The Commissioner of Finance shall be guided in the implementation of the investment policy by an Investment Advisory Board. The Investment Advisory Board shall consist of five members, two of which shall be appointed by the County Executive, one of which shall be appointed by the County Comptroller, one of which shall be appointed by the Chair of the County Legislature, and one of which shall be appointed by the Minority Leader of the County Legislature.

The Commissioner of Finance, along with relevant staff, and the Investment Advisory Board shall meet no less frequently than quarterly and will review the performance of the County's investments, including cash flow projections and future economic forecasts. The Board will report to the County Executive and the County Legislature no less than annually on such performance.

## V. PRUDENCE

All participants in the investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the County of Ulster.

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.

## VI. CONFLICTS OF INTEREST

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

Individuals involved in this process shall disclose any interest in financial institutions with which they conduct business. They shall further disclose any personal financial or investment positions that could be related to the performance of the investment portfolio. Such disclosure shall be filed with the Clerk of the Legislature within 30 days of acceptance to the Board.

Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Ulster County. Where applicable, actions shall also be guided by the “Code of Ethics and Financial Disclosure Law of Ulster County,” otherwise known as Local Law 11 of 2008.

## VII. DIVERSIFICATION

It is the policy of Ulster County to diversify deposits and investments by financial institution, by investment instrument, and by maturity scheduling. **The total deposit within a single financial institution shall not exceed 1% of any one institution’s overall portfolio. Moreover, no single financial institution, investment instrument, or maturity schedule shall account for 50% or more of Ulster County’s cash.**

## VIII. INTERNAL CONTROLS

It is the policy of the County of Ulster for all moneys collected by any officer or employee of the government to record the transaction immediately upon receipt and to deposit the funds a timely manner. Cash and checks shall be transmitted to and deposited in the correct financial institution account within forty-eight hours of receipt.

The Commissioner of Finance 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, are recorded properly, and are managed in compliance with applicable laws and regulations.

## **IX. DESIGNATION OF DEPOSITORY**

Pursuant to §A3-4(O) of the Ulster County Administrative Code and §C-25(J) of the Charter, the Ulster County Executive shall designate one or more official depositories located within Ulster County for the deposit of County funds. Once deposited, funds may be utilized to purchase permitted investments or transferred to another appropriate institution for permitted investment purposes noted in Section XII.

No less than annually, a copy of the designation of depositories and investment institutions, along with the maximum cash amount allowable, shall be filed with the Clerk of the Legislature, and the Office of the Comptroller. **No less than quarterly, and no later than the 30<sup>th</sup> day of the month following the end of each fiscal year quarter, the Commissioner of Finance shall compile, prepare, and distributed to the Legislature, the County Executive, the Comptroller, and the Investment Advisory Board a cash flow analysis. Each cash flow analysis must, as a minimum requirement, include the total value of cash, transfers, returns and other inflows, and disbursements and other outflows during the period, sorted and separated by institution. The cash flow analysis shall be utilized by the Investment Advisory Board in its review of the performance of the County's investment program.**

## **X. COLLATERALIZING OF DEPOSITS**

In accordance with the provisions of General Municipal Law, §10, all deposits of Ulster County, 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 the following alternatives:

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 of 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.
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.

4. By an irrevocable letter of credit issued in favor of the local 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. Such letter of credit payable to the local government as security for the payment of 100% of the aggregate amount of public deposits.

## **XI. SAFEKEEPING AND COLLATERALIZATION**

Eligible securities used for collateralizing deposits shall be held by banks designated and/or the custodial bank pursuant to each associated security and custodial agreement.

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 Ulster, Attention: Commissioner of Finance 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.

## **XII. PERMITTED INVESTMENTS**

As authorized by General Municipal Law, §11, the County of Ulster authorizes the Commissioner of Finance to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments.

- a. Special time deposit accounts authorized to do business in New York State
- b. Certificates of deposit

- c. Obligations of the United States of America
- d. 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
- e. Obligations of the State of New York
- f. Obligations issued pursuant to Local Finance Law §24 or §25 (with approval of the State Comptroller) by any municipality, school district or district corporation other than Ulster County.
- g. 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.
- h. Certificates of Participation (COPs) issued pursuant to General Municipal Law §109-b
- i. Obligations of this County, 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-k, 6-k, 6-l, 6-m, or 6-n.
- j. Any other investment authorized by the General Municipal Law and the NYS Comptroller.

All investment obligations shall be payable, saleable or redeemable at the option of the County of Ulster 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 County of Ulster within two years of the date of purchase.

### **XIII. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The County of Ulster 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 County of Ulster. 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 Ulster County Commissioner of Finance in consultation with the Investment Advisory Board is responsible for evaluating the financial position and maintaining a listing of depositories, trading partners, and custodians. Such listing shall be evaluated at least annually and approved by the County Executive.

### **XIV. PURCHASE OF INVESTMENTS**

The Commissioner of Finance is 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 agreement with another authorized governmental entity pursuant to Article 5G of the General Municipal Law and 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 County Legislature and County Executive.
3. By utilizing an ongoing investment plan with an authorized trading partner pursuant to a contract authorized by the County Executive.

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 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 County of Ulster 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.

## **XV. 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 are primary reporting dealers.
- Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- No substitutions of securities will be allowed.
- The custodian shall be a party other than the trading partner.

## **XVI. OPERATIONS, AUDIT, AND REPORTING**

The Ulster County Commissioner of Finance shall authorize the purchase and sale of all securities and execute agreements for Repurchase Agreements and Certificates of Deposit on behalf of the County of Ulster. Proof of such transaction is required to be provided to the County Executive, the Clerk of the Legislature, the Office of the Comptroller, and the Investment Advisory Board. Oral directions

concerning the purchase or sales of securities shall be confirmed in writing by both parties within three (3) business days. The County of Ulster will pay for purchased securities upon the delivery of book-entry thereof.

The County of Ulster will encourage the purchase of its Certificates of Deposit through a competitive or negotiated process involving telephone solicitation.

At the time independent auditors conduct the annual audit of the accounts and financial affairs of the County of Ulster, the investments of the County of Ulster shall be audited for compliance with the provisions of this investment policy.

Within 150 days of the end of the fiscal year, the Commissioner of Finance in consultation with the Investment Advisory Board shall prepare and submit to the County Executive and County Legislature, an annual investment report and any recommendations for changes in the investment policy.

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.