

SOUTHERN TIER LIBRARY SYSTEM INVESTMENT POLICY

APPLIES TO: STLS Board of Trustees

REFERENCES: STLS Finance Policy
STLS Authority of the Board Policy
NYS General Municipal Law, Section 11

It is the policy of the Southern Tier Library System to invest funds in a manner that will maximize the security of principal, satisfy cash flow demands, and use approved methods to provide the highest possible return. All investments will conform to applicable laws and regulations of New York State.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence might exercise in the management of their own affairs.

Primary Objectives of the System's financial investments:

- **Preservation of Capital:** The preservation of capital is the foremost objective of the investment program. At no time should the safety of the System's funds be impaired or jeopardized. All investments shall be undertaken in a manner that first seeks to preserve capital and secondly attempts to fulfill other investment objectives.
- **Liquidity:** The System's funds are to remain sufficiently liquid to enable the System to meet anticipated operating requirements.
- **Return on Investment (Yield):** The System's investments should generate the highest available return without sacrificing the first two objectives.

Delegation of Authority

The Finance & Facilities Committee shall be responsible for the oversight of the investment program and the establishment of investment procedures, including adequate internal controls to provide a satisfactory level of accountability, consistent with this Policy. No person may engage in an investment transaction except as provided under the terms of this Policy and the established procedures.

Authorized and Suitable Investments

In accordance with NYS General Municipal Law Section 11, the following investments are deemed to be suitable for inclusion in the System's investment program.

- U.S. Treasury Bills and notes for which the full faith and credit of the U.S. Government is pledged for the repayment of principal and interest. Bills are short term (one year or less) obligations issued and sold at a discount. Notes have fixed coupon rates with original maturities of between one and five years.
- Demand deposit accounts (such as checking accounts) established with local financial institutions.
- Certificates of Deposit (CD'S) issued by local financial institutions.

Designation of Depositories

The banks and trust companies authorized for the deposit of monies will be designated at the annual Organizational Meeting of the Board of Trustees.

Collateralizing of Deposits

In accordance with the provisions of NYS General Municipal Law, Section 10, all deposits, 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 as provided by NYS General Municipal Law, Section 10, equal to the aggregate amount of deposits.
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 ninety 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 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.

Reporting

The Finance & Facilities Committee shall provide the STLS Board of Trustees with monthly financial investment reports which clearly provide current information such as the types of investment, depository institutions, principal balances, rates of return and maturities. 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.

This policy shall be reviewed annually.

*Adopted by the STLS Board of Trustees July 20, 2010
Revision adopted by the STLS Board of Trustees September 16, 2014*