



## **Proposed MHLS Investment Policy**

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

The primary objectives of Mid-Hudson Library System (MHLS) investment activities are, in priority order:

- To conform to all applicable federal, state and other legal requirements
- To adequately safeguard principal
- To provide sufficient liquidity to meet all operating requirements
- To obtain a reasonable rate of return

The MHLS Board of Trustees responsibility for administration of the investment program is delegated to the Executive Director and the Finance/Business Office Manager.

Any participant in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that places MHLS funds at unreasonable risk. Investment decisions and activities shall be made in conformance with the MHLS Conflict of Interest Policy. The Executive Director and the Finance/Business Office Manager are responsible for establishing and maintaining an internal control structure to provide assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, are recorded properly, and are managed in compliance with applicable laws and regulations.

In accordance with the provision of General Municipal Law, Section 10, all deposits of the MHLS 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 a pledge of “eligible U.S. securities” with an aggregate “market value” equal to the aggregate amount of deposits from the categories designated in Appendix A to the policy. (See Appendix immediately following this policy.)

Eligible securities used for collateralizing deposits shall be held by the depository bank 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 the MHLS’s deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for the MHLS, 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 the backing for any other deposit or other liabilities.



Mid-Hudson Library System authorizes the Executive Director and the Finance/Business Office Manager 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 States of America
- Obligations of the State of New York
- Obligations issued pursuant to Local Finance Law, section 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation
- 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, authorize such investments

All investment obligations shall be payable or redeemable at the option of the MHLS within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided.

All purchased obligations, unless registered or inscribed in the name of Mid-Hudson Library System, 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 Executive Director or Finance/Business Office Manager. All such transactions shall be confirmed in writing to MHLS 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, Section 10.

Mid-Hudson Library System may do business with any Federal Deposit Insurance Corporation insured bank.



## **Appendix A**

### **Schedule of Eligible Securities (per General Municipal Law Section 10)**

1. Obligations issued by the United States of America, an agency thereof or a United States government sponsored corporation or obligations fully insured or guaranteed as to the payment of principal and interest by the United States of America, an agency thereof or a United States government sponsored corporation.
2. Obligations partially issued or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty.

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Review by MHLS Finance Committee - October 26, 2016  
Adoption by MHLS Board of Trustees – (Date)