

## **Investment Policy**

### **Scope**

This investment policy applies to all monies and other financial resources available for investment by the Cutchogue New Suffolk Free Library on its own behalf or on behalf of any other entity or individual.

### **Objectives**

The primary objectives of the Cutchogue New Suffolk Free Library's investment activities are, in priority order,

- 1) to conform to all applicable federal, state and other legal requirements (legal),
- 2) to adequately safeguard principal (safety),
- 3) to provide sufficient liquidity to meet all operating requirements (liquidity) and
- 4) to obtain a reasonable rate of return (yield.)

### **Delegation of Authority**

The Board's responsibility for administration of the investment program is delegated to the Library Director and/or their designees, the President, and the Treasurer 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 data base or records incorporating description and amounts of investments, transaction dates, and other relevant information and to regulate the activities of subordinate employees.

### **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 Cutchogue New Suffolk Free Library 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 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.

## **Diversification**

The Cutchogue New Suffolk Free Library shall prudently diversify its deposits and investments.

## **Internal Controls**

The Director 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 and recorded properly, and managed in compliance with applicable laws and regulations.

## **Designation of Depositories**

The banks, financial institutions and trust companies authorized for the deposit of monies are attached as Appendix B.

## **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 Cutchogue New Suffolk Free Library 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 pledged securities. In the event that the securities are not registered or inscribed in the name of the Cutchogue New Suffolk Free Library, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to Cutchogue New Suffolk Free Library 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 Cutchogue New Suffolk Free Library, 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 Cutchogue New Suffolk Free Library a preferred interest in the securities.

## **Permitted Investments**

The Director is authorized to invest moneys not required to meet the Library's projected cash flow needs. Such investments will be prudently and conservatively selected. All investments shall be in the name of or the account of the Cutchogue New Suffolk Free Library.

## **Authorized Financial Institutions and Dealers**

The Library shall maintain a list of financial institutions approved for investment purposes. Such listing will be reviewed annually with the Trustees.

## **Purchase of Investments**

The Director is authorized to contract for the purchase of approved investments from eligible financial institutions.

All purchased obligations, unless registered or inscribed in the name of the Cutchogue New Suffolk Free Library, 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 the prior written authorization from the Director. All such transactions shall be confirmed in writing to the Cutchogue New Suffolk Free Library by the bank or trust company.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Cutchogue New Suffolk Free Library, 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 liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of securities. Such agreement shall include all provisions necessary to provide the Cutchogue New Suffolk Free Library a perfected interest in the securities.

## **Repurchase Agreements**

Repurchase agreements are not authorized under this policy.

## Appendix B

### **Designation of Depositories**

The banks and trust companies and financial institutions authorized for the deposit of monies are:

- BNB Bank, 10900 Main Rd, Mattituck, NY 11952
- People's United Bank, 31525 Main Rd, Cutchogue, NY 11935
- Fidelity Investments, 142 New Moriches Road, Lake Grove, NY 11755
- Other FDIC-insured depository institutions with Suffolk offices to the extent of Library deposits are so insured.
- The Director will advise trustees prior to other changes to this authorized list.