

Town of Middletown

Investment Policy

I. SCOPE

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.

II. OBJECTIVES

The primary objectives of the local government'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. DELEGATION OF AUTHORITY

The governing board's responsibility for administration of the investment program is delegated to the Supervisor, 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 regulate the activities of subordinate employees.

IV. 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 Town of Middletown 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 the 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.

V. DIVERSIFICATION

It is the policy of the Town of Middletown to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

VI. INTERNAL CONTROLS

It is the policy of the Town of Middletown for all moneys collected by any officer or employee of the Town of Middletown to transfer those funds to the Supervisor within ten (10) days of deposit, or within the time period specified in law, whichever is shorter.

The Supervisor 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 is managed in compliance with applicable laws and regulations.

VII. DESIGNATION OF DEPOSITORIES

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

Depository Name

NBT Bank - Margaretville

Community Bank - Fleischmanns

Delaware National Bank of Delhi - Margaretville

VIII. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law, §10, all deposits of the Town of Middletown, 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 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 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 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.

IX. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by a third party bank subject to security and custodial agreements.

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 that 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 local government 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.

X. PERMITTED INVESTMENTS

As authorized by General Municipal Law, §11, the Town of Middletown authorizes the Supervisor to invest monies 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 LFL §24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Town of Middletown;

Obligations of this local government, but only with any moneys in a reserve fund established pursuant to GML, §6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

XI. PURCHASE OF INVESTMENTS

All investment obligations shall be payable or redeemable at the option of the Town of Middletown 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 Town of Middletown within two years of the date of purchase.

XII. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

All financial institutions and dealers with which the Town of Middletown transacts business shall be credit worthy, and have an appropriate level of experience, capitalization, size, and other factors that make the financial institutions qualified to transact business with the Town of Middletown. The Supervisor shall evaluate the financial position of proposed depositories, trading partners, and custodians. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Supervisor.

XIII. POLICY REVIEW

The Town Board shall review this investment policy annually.

Appendix A

Schedule of Eligible Securities

- _____ (i) Obligations issued, or 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.

- _____ (ii) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.

- _____ (iii) Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

- _____ (iv) Obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

State of New York
County of Delaware

I, Patricia F. Kelly, Town Clerk of the Town of Middletown, do hereby certify that the above is a true and correct copy of the resolution adopted by said Board on the 12th day of June, 2012 and the whole thereof.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Town at Margaretville, New York, this 12th day of June, 2012.



Patricia F. Kelly

PATRICIA F. KELLY
TOWN CLERK