Investment Policy

This policy applies to all monies and other financial resources available for deposit and investment by the Geneva Public Library ("the Library") on its own behalf. The Library will invest funds in a manner that will maximize the security of the principal while satisfying cash flow demands using approved methods that will provide the highest possible return. All investments will conform to the applicable laws and regulations of New York State.

The terms "public funds," "public deposits," "bank," "trust company," "eligible securities," "eligible surety bond," and "eligible letter of credit" shall have the same meanings as set forth in General Municipal Law § 10.

1. Objectives

The primary objective of the Library's investment activities are, in priority order:

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

2. Delegation of Authority

Fiduciary responsibility for all public monies held for the Library resides with the Geneva Public Library Board of Trustees ("the Board") with guidance from the Finance Committee of the Board. This committee shall be responsible for the implementation of the investment program and the establishment of investment procedures consistent with this policy.

3. Prudence

All participants in the investment process shall seek to act responsibly as fiduciary

custodians of the funds held in public and shall avoid any transaction that might impair public confidence in the Library.

Investments shall be made with prudence, diligence, skill, judgment, and care in accordance with currently prevailing knowledge and prudent best principles. Speculation is never appropriate. Funds shall be invested considering the safety of the principal as well as possible 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. Officers of the Board, the Executive Director, the Finance Clerk, and the Board Treasurer must sign a Conflict of Interest Statement each year.

4. Internal Controls

The Finance Committee 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. Transactions are executed in accordance with Board authorization, recorded properly, and managed in compliance with applicable laws and regulations.

5. Collateralization of Deposits

All Library deposits, including, but not limited to, certificates of deposit and special time deposits, which are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured in accordance with General Municipal Law § 10.

- A pledge of “eligible securities” with an aggregate “market value” or as provided by General Municipal Law § 10, equal to at least the aggregate amount of the public deposits for which collateral is being sought.
- A pledge of a pro rata portion of a pool of eligible securities, as defined by General Municipal Law § 10, having in the aggregate a market value at least equal to the aggregate amount of public deposits from all officers making deposits within the state at such bank or trust company, together with a security agreement from the bank or trust company. Such security agreement shall comply with the provisions of General Municipal Law § 10.
- An eligible “irrevocable letter of credit” issued by a qualified bank, other than the bank with the deposits, in favor of the Library 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.

- An eligible surety bond payable to the Library 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.

6. 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 in accordance with the provisions of General Municipal Law § 10.

7. Permitted Investments

In accordance with General Municipal Law § 11, the Library may 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 in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State of New York.
- 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.

All investment obligations shall be payable or redeemable at the option of the Library within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event at the option of the Library within two years of the date of purchase. Time deposit accounts and certificates of deposit shall be payable within such times as the proceeds will be needed to meet expenditures for which the monies were obtained, and shall be secured as provided in this policy.

The Library may accept donated securities or stocks unless the gift is structured as a legally recognized “true trust.” The securities should be liquidated in a timely manner and the proceeds invested under the restrictions of GML § 11. If the donor requires

retention of the securities (or the gift is structured as a trust), the Library should obtain legal advice and may need the approval of the OSC.

8. Authorized Financial Institutions and Dealers

All financial institutions with which the Library transacts business shall be creditworthy, and have an appropriate level of experience, capitalization, size, and other factors that make the financial institution or the dealer capable and qualified to transact business with the Library. 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.

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