



Village of Fairport and Fairport Municipal Commission Investment Policy

1. 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.

2. OBJECTIVES

The primary objectives of the Village of Fairport's investment activities are, in priority order,

- a) To conform with all applicable federal, state and other legal requirements;
- b) To adequately safeguard principal;
- c) To provide sufficient liquidity to meet all operating requirements; and
- d) To provide a reasonable rate of return.

3. DELEGATION OF AUTHORITY

The Board of Trustees' responsibility for administration of the investment program is delegated to the Village Clerk-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 database or records incorporating description and amounts of investments, transaction dates, and other relevant information and regulate the activities of subordinate employees.

4. 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 Village of Fairport to govern effectively.

Investments shall be made with judgement 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.

Revised February 9, 2016
Revised January 7, 2020

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.

5. DIVERSIFICATION

It is the policy of the Village of Fairport to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling. No more than 80% of total cash shall be deposited in any one bank at a given time.

6. INTERNAL CONTROLS

It is the policy of the Village of Fairport for all moneys collected by any officer or employee of the government to transfer those funds to the Village Clerk-Treasurer within ten (10) days of deposit, or within the time period specified by law, whichever is shorter.

The Village Clerk-Treasurer is responsible for the 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 are managed in compliance with applicable laws and regulations.

7. DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposit of monies up to the maximum amount collateralized are:

Depository Name

Authorized Officers

J P Morgan Chase Bank
NYCLASS

Village Clerk-Treasurer
Deputy Village Clerk
Deputy Village Treasurer – FMC
Village Manager

8. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law, Section 10, all deposits of the Village of Fairport, 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 of 102% of the "market value" as provided by General Municipal Law, Section 10, equal to the aggregate amount of deposits from the categories designated in Appendix A to this policy.
2. By an eligible surety bond payable to the Village of Fairport 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.

The agreement should also describe that the custodian shall confirm the receipt, substitution, or release of the securities.

Revised February 9, 2016
Revised January 7, 2020

9. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by this 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 Village of Fairport 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 exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Village of Fairport, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Village of Fairport 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 Village of Fairport, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be comingled 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 Village of Fairport a perfected interest in the securities.

10. PERMITTED INVESTMENTS

As authorized by General Municipal Law, Section XI, the Village of Fairport, authorizes the Village Clerk-Treasurer to invest moneys not required for immediate expenditure for items 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, or any municipality, school district or district corporation other than the Village of Fairport with the State Comptroller's approval;
- 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 other than the Village of Fairport;
- Obligations of this local government, but only with any moneys in a reserve fund established pursuant to General Municipal Law Sections 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n
- All investment obligations shall be payable or redeemable at the option of the Village of Fairport 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 Village of Fairport within two years of the date of purchase.

Revised February 9, 2016
Revised January 7, 2020

11. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Village of Fairport shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the Village of Fairport conducts business must be credit-worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Village of Fairport. 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. The Village Clerk-Treasurer is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners, and custodians. NYCLASS, in addition to the depositories listed in Section VII above, is approved for investment purposes. All such investments are limited to \$5 million per institution.

12. PURCHASE OF INVESTMENTS

The Village Clerk-Treasurer is authorized to contract for the purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner.
2. By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, Chapter 623 of the Laws of 1998 (94L Article 3A) and the specific program has been authorized by the Board of Trustees.
3. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the Board of Trustees.

All purchased obligations, unless registered or inscribed in the name of the Village of Fairport, 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 officer authorized to make the investment. All such transactions shall be confirmed in writing to the Village of Fairport 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.

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

13. REPURCHASE AGREEMENTS

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.

Revised February 9, 2016
Revised January 7, 2020

- Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- No substitution of securities will be allowed.
- The custodian shall be a party other than the trading partner.

Revised February 9, 2016
Revised January 7, 2020

APPENDIX A

SCHEDULE OF ELIGIBLE SECURITIES

1. 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 sponsored corporation.
2. Obligations partially insured 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.
3. Obligations of the State of New York that are backed by the full faith and credit of such governmental entity.
4. 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.
5. 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.

Revised February 9, 2016
Revised January 7, 2020