

INVESTMENTS

This investment policy of the Mastics-Moriches-Shirley Community Library shall apply to all moneys and other financial resources available to the Library for investment on its own behalf.

Investment Objectives

The objectives of the Library's investment activities shall be, in priority order:

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

Delegation of Authority

The Director of the Library shall be responsible for the administration of the Library's investment program. The Business Manager of the Library shall maintain procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include an adequate internal control structure.

Prudence

Investments shall be made with judgment and care. Library funds are to be utilized, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transactions that might impair public confidence in the Library. Further, all participants 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 Library shall seek to diversify its deposits and investments by financial institution, by investment instrument, and by maturity schedule.

Designation of Depositories

The Library Board of Trustees shall, each year at its annual reorganization meeting, designate financial institutions as depositories of Library investments. Authorized depositories shall be indicated in the approved minutes of the annual reorganization meeting.

Collateralizing of Deposits

In accordance with the provisions of General Municipal Law section 10, all deposits of the Library including certificates of deposits 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 securities (obligations issued or guaranteed by the United States of America, the State of New York, or other satisfactory municipality) with an aggregate "market value" equal to the aggregate amount of deposits.

INVESTMENTS (continued)

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 custodian agreements.

The security agreement shall provide that eligible securities are being pledged to secure library funds 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 enable the Library to exercise its rights against pledged securities. In the event that the securities are not registered or inscribed in the name of the library, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Mastics-Moriches-Shirley Community 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 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 should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide the frequency of revaluation of eligible securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the library a perfected interest in the securities.

Permitted Investments

As authorized by General Municipal Law section 11, the public library authorizes the Library's Director and Business 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 issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America;
- Obligations issued or fully insured or guaranteed by the State of New York.

Purchase of Investments

The Director of the Library, or appointed designee, is authorized to contract for the purchase of investments:

- 1) Directly from a Board of Trustees authorized financial institution or dealer.
- 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 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.

INVESTMENTS (continued)

All obligations, unless registered or inscribed in the name of the Mastics-Moriches-Shirley Community 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 prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Library 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 the securities held by the bank or trust company, as agent of and custodian for, the 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 shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the library a perfected interest in the securities.

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