



## INVESTMENT POLICY

*This policy is for application to those libraries within the City of Buffalo (Central Library and Buffalo Branch Libraries) and Buffalo & Erie County Public Library System functions.*

### I. STATEMENT OF POLICY

#### A. Scope

This investment policy applies to all moneys and other financial resources available for deposit and investment by the Buffalo & Erie County Public Library (B&ECPL) on its own behalf or on behalf of any other entity or individual.

#### B. Objectives

The primary objectives of the B&ECPL's investment activities are, in priority order:

1. To conform with all applicable federal, State and other legal requirements (legality);
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).

### II. DELEGATION OF AUTHORITY

#### A. Erie County Comptroller

**Except for the *Encore Editions* account noted below, the B&ECPL Board's responsibility for administration of the investment program is delegated to the Erie County Comptroller, who invests proceeds pursuant to Erie County's Investment Guidelines. B&ECPL funds so deposited shall be augmented and/or drawn upon utilizing Erie County's SAP financial system and the processes pursuant to said use, including but not limited to the following subsystems: accounts receivable, accounts payable, materials management, payroll and personnel.**

#### B. Encore Editions Account

The B&ECPL's *Encore Editions* account was established to deposit funds received from book sales pursuant to the resolutions of the Erie County

Legislature dated December 29, 1987 and June 4, 1992. Proceeds may be utilized for library materials, supplies, promotional items and outreach programs, including personal services. Pursuant to the October 15, 1992 Declaratory Judgment in favor of the B&ECPL in *Buffalo & Erie County Public Library v. County of Erie*, B&ECPL trustees have the exclusive power and duty to use B&ECPL property. Subsequent to this judgment, the B&ECPL continued the above established practices for this account and on May 18, 2006 adopted Resolution 2006-19, which provided the B&ECPL Director or designee the authority to periodically transfer balances from the Encore Editions bank account to the B&ECPL Trust Account on deposit with the Erie County Comptroller to earn interest until such time as they are needed for the uses identified above. This policy establishes a ceiling for this account of \$20,000, directing that transfers to the B&ECPL Trust Account be made as needed to avoid exceeding this limit.

Responsibility for the administration of the *Encore Editions* account is delegated to the B&ECPL's Deputy Director – Chief Financial Officer (CFO) who shall establish written procedures for the operation of the investment program consistent with these investment policies. Such procedures shall include internal controls to provide a satisfactory level of accountability based upon records incorporating the description and amounts of investments, the fund(s) for which they are held, the place(s) where kept, and other relevant information, including dates of sale or other dispositions and amounts realized. In addition, the internal control procedures shall describe the responsibilities and levels of authority for key individuals involved in the investment program.

### III. 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 B&ECPL to operate effectively.

Investments shall be made with prudence, diligence, skill, judgment and care, under circumstances then prevailing, which knowledgeable and prudent persons acting in like capacity would use, 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.

#### IV. DIVERSIFICATION

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

The B&ECPL Board shall establish appropriate limits for the amount of investments which can be made with each financial institution or dealer, and shall evaluate this listing at least annually.

#### V. INTERNAL CONTROLS

It is the policy of the B&ECPL for all moneys collected by any officer or employee of the B&ECPL to transfer those funds to accounts under the auspices of the Erie County Comptroller on behalf of the B&ECPL, or the *Encore Editions* account as appropriate within ten business days of deposit, or within the time period specified in law, whichever is shorter.

The B&ECPL's Deputy Director - CFO is responsible for establishing and maintaining internal control procedures 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, properly recorded, and managed in compliance with applicable laws and regulations.

#### VI. DESIGNATION OF DEPOSITARIES

The banks and trust companies that are authorized for the deposit of moneys, and the maximum amount which may be kept on deposit at any time, are:

<b>Depository Name</b>	<b>Maximum Amount</b>
Key Financial Corp.	\$20,000

#### VII. SECURING DEPOSITS AND INVESTMENTS

All deposits and investments at a bank or trust company, including all demand deposits, certificates of deposit and special time deposits (hereinafter, collectively, "deposits") made by officers of the B&ECPL that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, including pursuant to a Deposit Placement Program in accordance with law, shall be secured by:

A pledge of "eligible securities" with an aggregate "market value" (as provided by the GML Section 10) that is at least equal to the aggregate amount of deposits by the officers. See Schedule A of this policy for a listing of "eligible securities."

## VIII. COLLATERALIZATION AND SAFEKEEPING

Eligible securities used for collateralizing deposits made by officers of the B&ECPL shall be held by (the depository *or* a third party) bank or trust company subject to security and custodial agreements.

### A. Security Agreement

The security agreement shall provide that eligible securities (or the pro rata portion of a pool of eligible securities) are being pledged to secure such deposits together with agreed-upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon a default. It shall also provide the conditions under which the securities (or pro rata portion of a pool of eligible securities) held may be sold, presented for payment, substituted or released and the events of default which will enable the B&ECPL to exercise its rights against the pledged securities.

In the event that the pledged securities are not registered or inscribed in the name of the B&ECPL, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the B&ECPL or the custodial bank or trust company. Whenever eligible securities delivered to the custodial bank or trust company are transferred by entries on the books of a federal reserve bank or other book-entry system operated by a federally regulated entity without physical delivery of the evidence of the obligations, then the records of the custodial bank or trust company shall be required to show, at all times, the interest of the B&ECPL in the securities (or the pro rata portion of a pool of eligible securities) as set forth in the security agreement.

### B. Custodial Agreement

The custodial agreement shall provide that pledged securities (or the pro rata portion of a pool of eligible securities) will be held by the custodial bank or trust company as agent of, and custodian for, the B&ECPL, will be kept separate and apart from the general assets of the custodial bank or trust company and will not be commingled with or become part of the backing of any other deposit or other bank liability. The agreement shall also describe how the custodian shall confirm the receipt, substitution or release of the collateral and it shall provide for the frequency of revaluation of collateral by the custodial bank or trust company and for the substitution of collateral when a change in the rating of a security causes ineligibility. The security and custodial agreements shall also include all other provisions necessary to provide the B&ECPL with a perfected security interest in the eligible securities and to otherwise secure the B&ECPL's interest in the collateral, and may contain other provisions that the B&ECPL Board deems necessary.

## IX. PERMITTED INVESTMENTS

As provided by General Municipal Law Section 11, the B&ECPL Board of Trustees authorizes the Deputy Director - CFO to invest moneys not held by the Erie County Comptroller, specifically *Encore Account* proceeds, and 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.

All investment obligations shall be payable or redeemable at the option of the B&ECPL 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 in any event at the option of the B&ECPL 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 moneys were obtained, and shall be secured as provided in Sections VIII and IX herein.

Except as may otherwise be provided in a contract with bondholders or note holders, any moneys of the B&ECPL authorized to be invested may be commingled for investment purposes, provided that any investment of commingled moneys shall be payable or redeemable at the option of the B&ECPL within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained, or as otherwise specifically provided in General Municipal Law Section 11. The separate identity of the sources of these funds shall be maintained at all times and income received shall be credited on a pro rata basis to the fund or account from which the moneys were invested.

Any obligation that provides for the adjustment of its interest rate on set dates is deemed to be payable or redeemable on the date on which the principal amount can be recovered through demand by the holder.

## X. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

All financial institutions and dealers with which the B&ECPL 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 B&ECPL.

The B&ECPL shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amounts of investments that can be made with each financial institution or dealer.

## XI. PURCHASE OF INVESTMENTS

The Deputy Director - CFO is authorized to contract for the purchase of investments:

Directly, a bank or trust company located and authorized to do business in the State of New York and limited to time deposit accounts in, or certificates of deposit issued by said bank or trust company located and authorized to do business in the State of New York.

## XII. COURIER SERVICE

The Deputy Director - CFO may, subject to the approval of the B&ECPL Board by resolution, enter into a contract with a courier service for the purpose of causing the deposit of public funds with a bank or trust company. The courier service shall be required to obtain a surety bond for the full amount entrusted to the courier, payable to the B&ECPL and executed by an insurance company authorized to do business in the State of New York, with a claims-paying ability that is rated in the highest rating category by at least two nationally recognized statistical rating organizations, to insure against any loss of public deposits entrusted to the courier service for deposit or failure to deposit the full amount entrusted to the courier service.

The B&ECPL may agree with the depository bank or trust company that the bank or trust company will reimburse all or part of, but not more than, the actual cost incurred by the B&ECPL in transporting items for deposit through a courier service. Any such reimbursement agreement shall apply only to a specified deposit transaction, and may be subject to such terms, conditions and limitations as the bank or trust company deems necessary to ensure sound banking practices, including, but not limited to, any terms, conditions or limitations that may be required by the Department of Financial Services or other federal or State authority.

## XIII. PRIOR RESOLUTIONS RECINDED, ANNUAL REVIEW AND AMENDMENTS

This policy replaces any and all prior policies or resolutions with respect to moneys and other financial resources available for deposit and investment by the B&ECPL. The *B&ECPL* shall review this investment policy annually, and it shall have the power to amend this policy at any time.

## XIV. DEFINITIONS

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 Section 10.

Adopted September 17, 2015 per Resolution 2015-30.

Reviewed by Library Administration September 20, 2018 - no changes.

## Schedule A

### Schedule of Eligible Securities for Collateralizing Deposits and Investments in Excess of FDIC Coverage (see Investment Policy, Section VIII)

<b>“Eligible Securities” for Collateral</b>	<b>For purposes of determining aggregate “market value,” eligible securities shall be valued at these percentages of “market value”:</b>
(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.	100%
(ii) Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank and the African Development Bank.	100%
(iii) 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.	100%
(iv) 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 this State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.	100%
(v) 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.	100% if rated in the highest category; 90% for 2nd highest; 80% for 3rd highest.
(vi) Obligations of the Commonwealth of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.	100% if rated in the highest category; 90% for 2nd highest; 80% for 3rd highest.
(vii) Obligations of counties, cities and other governmental entities of another state 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.	100% if rated in the highest category; 90% for 2nd highest; 80% for 3rd highest.
(viii) Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.	80%
(ix) Any mortgage-related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by federal bank regulatory agencies.	70%
(x) Commercial paper and bankers’ acceptances issued by a bank (other than the bank with which the money is being deposited or invested) rated in the highest short-term category by at least one nationally recognized statistical rating organization and having maturities of not longer than 60 days from the date they are pledged.	80%
(xi) Zero-coupon obligations of the United States government marketed as “Treasury STRIPS.”	80%

Chart Source: NY State Comptroller’s Office Publication, *Investing and Protecting Public Funds*, August 2014