

TOWN OF LANSING

INVESTMENT AND DEPOSIT POLICY

I. SCOPE:

This investment policy applies to all moneys and other financial resources available for investment to the Town of Lansing on its own behalf or on the behalf of any other entity or individual.

II. OBJECTIVES

The primary objectives of the Town of Lansing's investment activities are, in priority order,

- To conform to all applicable federal, state and other legal requirements
- To adequately safeguard principal
- To provide sufficient liquidity to meet all operating requirements
- To obtain a reasonable rate of return

III. DELEGATION OF AUTHORITY

The responsibility for administration of the Town of Lansing's investment program is delegated to the Town 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 database or reports incorporating a 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 Board 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 and liquidity 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 their investment program, or which could impair their ability to make impartial investment decisions.

V. DIVERSIFICATION

It is the policy of the Town of Lansing Town Board 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 Board for all moneys collected by any officer or employee of the Town of Lansing to transfer those funds to the Town Supervisor within two (2) days of deposit, or within the time period specified in law, whichever is shorter.

The Town 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 are managed in compliance with applicable laws and regulations. However, deposits for the Town Court of the Town of Lansing, New York, will be made into separate accounts by the appropriate Court officials as required by statute.

VII. DESIGNATION OF DEPOSITARIES

The banks and trust companies authorized for deposit of moneys in Short Term C/Ds, money Market Accounts, Savings Accounts, or Treasury obligations up to the following amounts:

<u>Depository Name:</u>	<u>Maximum Amount:</u>
Tompkins Trust Company	\$2,500,000
Troy Commercial Bank	\$2,500,000
Chase Bank	\$2,500,000
First Niagara Bank	\$2,500,000
Tioga State Bank	\$2,500,000

VIII. DESIGNATION OF DEPOSITARIES

In accordance with the provisions of General Municipal Law § 10 all deposits of the Town of Lansing, 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", as provided by General Municipal Law § 10, equal to a minimum of 102% of the aggregate amount of deposits.
2. By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the Town of Lansing for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of the deposits and the agreed upon interest, if any in compliance with section General Municipal Law §§ 10(3) and 11(2). 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 requirement.

3. By an eligible surety bond payable to the government, for an amount at least equal to 100% of the aggregate by an insurance 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 statistically rating organizations.
4. By an “irrevocable letter of credit” issued in favor of the Town of Lansing by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization. Such letter of credit shall be payable to the Town of Lansing as security for payment of 100% of the aggregate amount of public deposits with the participating institution as provided by General Municipal Law § 10(3)(c)(ii).

IX. SAFEKEEPING AND COLLATERIZATION

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.

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 which 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 Town of Lansing 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 assts 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 Lansing Town Board authorizes the Town Supervisor 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 deposits
- Certificates of deposits
- Obligations of the United States of America
- Obligations guaranteed by agencies of the United States of America where the payment and interest are guaranteed by the United States of America
- Obligations of the State of New York
- Obligations issued pursuant to Local Finance Law §§ 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Town of Lansing.
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments
- Certificates of Participation (COPs) issued pursuant to General Municipal Law § 109-b
- Obligations of this local government, but only with any moneys in a reserve fund established pursuant to General Municipal Law §§ 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 Town of Lansing within such times as 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 Lansing within two years of the date of purchase.

XI. AUTHORIZING FINANCIAL INSTITUTIONS AND DEALERS

The Town of Lansing 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 local government conducts business must be creditworthy. Banks shall provide their most recent consolidated report of condition (call report) at the request of the Town of Lansing. 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 Town Supervisor is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually. Factors to be reviewed in assessing a financial institution's strength include its Capital Ratio, Return on Assets (ROA), and Return on Equity (ROE) or through the use of an independent bank agency rating report (a list of these reports is available at www.FDIC.gov).

XII. PURCHASE OF INVESTMENT

The Town Supervisor is authorized to contract for purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner.
2. By participating 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, and the specific program has been authorized by the governing board.
3. By utilizing an ongoing investment program with an authorized investment advisor pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the local government, 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 Town Supervisor. All such transactions shall be held pursuant to a written custodial agreement as described in General Municipal Law § 10.

The Custodial agreement shall provide that securities held by the bank or trust company as agent of and custodian for the local government will be kept separate and apart from the general assets of the custodial bank or trust government 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 local government a perfected interest in the securities.

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

XIV. ANNUAL REVIEW OF INVESTMENT POLICY

This policy shall be reviewed and approved annually by the Town of Lansing Town Board at its annual Organizational Meeting.

Adopted by the Town of Lansing Town Board this ____ day of January, 2009.