

Village of Fairport  
Office of Community + Economic Development

31 South Main Street  
Fairport, New York 14450

---

**DEPOSIT AND INVESTMENT POLICY**

**Table of Content**

1.	Policy Scope	2
2.	Policy Objectives	2
3.	Delegation of Authority	2
4.	Prudence and Care	2
5.	Diversification	3
6.	Internal Controls	3
7.	Deposits	3
8.	Collateralizing of Deposits	4
9.	Safekeeping of Collateral Pursuant to Written Agreement	4
10.	Investments	5
11.	Authorized Banks, Investment Advisors and Security Dealers	5
12.	Purchase of Investments	6
13.	Periodic Reporting	6
14.	Review and Amendment of Policy	6

## **1. Policy Scope**

The following Deposit and Investment Policy shall apply to all financial resources available to the Village of Fairport's Office of Community + Economic Development, composed of the Fairport Industrial Development Agency, the Fairport Urban Renewal Agency, and the Fairport Section 8 Housing Program (collectively hereinafter referred to as "the OCED") for deposit and/or investment to benefit the component agencies and programs.

## **2. Policy Objectives**

The Policy objectives of the OCED's deposit and investment activities are (in the order of their importance):

- to conform to all applicable Federal, State, and local government requirements;
- to adequately protect the principal amount of all deposits and investments;
- to plan for and provide sufficient liquidity for payment of all financial obligations in a timely manner;
- to obtain a reasonable rate of return.

## **3. Delegation of Authority**

Responsibility for the OCED's deposits and investments is vested in the Board of Directors. The Board of Directors delegates daily responsibility for the administration of all deposits and investments to the OCED's Executive Director, who shall establish procedures for program operation that are consistent with this Policy..

## **4. Prudence and Care**

The Board of Directors, Executive Director, and their designees shall at all times act responsibly and with a great degree of care in that such financial resources are held in the public trust. They shall avoid any financial transaction that could, or might be construed to be, in violation of the public trust.

## 5. Diversification

It shall be the policy of the OCED to diversify its deposits and investments. Diversification will further protect the principal amount of deposits and investments but may not serve to maximize interest earnings. No more than 75% of total available cash may be placed in any one particular authorized depository, financial institution, or security dealer at any time.

The amount of cash readily available, as well as maturity dates for investments shall also be diversified. In this regard, up to 25% of moneys available may be invested for 1 year or less, up to 35% may be invested from 1-3 years, 55-60% may be invested from 3-8 years, and 0-10% may be invested for up to 10 years.

## 6. Internal Controls

The Executive Director shall establish and maintain an internal control structure to provide reasonable but not absolute assurance deposits and investments are properly safeguarded and that such transactions are executed and recorded properly and made and managed in compliance with applicable laws and regulations and this Policy.

## 7. Deposits

As detailed in General Municipal Law Section 10 and this Policy, the Executive Director may deposit funds in accordance with applicable statute and this Policy. In accordance with a resolution of the Board of Directors updated annually, the following commercial banks and/or trust companies have been designated as authorized depositories for funds of the OCED. This Policy further regulates such deposits by limiting deposits to the following maximum amounts:

<u>Bank Name</u>	<u>Maximum Amount</u>
Bank of America	\$3,500,000
Canandaigua National Bank and Trust	\$3,500,000
Citizens Bank	\$3,500,000
J.P. Morgan Chase Bank	\$3,500,000
Key Bank	\$3,500,000
M & T Bank	\$3,500,000
Bank of Castile	\$3,500,000
Tompkins County Trust Company	\$3,500,000

## **8. Collateralizing of Deposits**

In accordance with the provisions of General Municipal Law Section 10, all deposits of the OCED, including Certificates of Deposit, in excess of amounts insured under the provisions of the Federal Deposit Insurance Act shall, at all times, be secured

- by a pledge of "eligible securities" with an aggregate market value equal to or greater than the aggregate amount of deposits, together with agreed upon interest, to be secured in this manner. Such "eligible securities" permitted to secure Town deposits are indicated in Appendix A to this Policy. The Executive Director shall have discretionary authority to reject the pledge of specific eligible securities if they believe the securities to be inappropriate for use as collateral.
- and/or by an eligible surety bond payable to the OCED for an amount equal to or greater than the aggregate amount of deposits, together with agreed upon interest, to be secured in this manner. Such surety bond must be issued by an insurance company authorized to do business in New York, and whose claims paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

## **9. Safekeeping of Collateral Pursuant to Written Agreement**

Eligible securities used for collateralizing deposits shall be held by the depository bank or a third party custodial agent, subject to legally required security and custodial agreements.

Each security and custody agreement shall provide that eligible securities are being pledged to secure deposits of the OCED, together with agreed upon interest (if any), and any costs or expenses arising out of the collection of such deposits upon default. The agreement shall also provide any conditions under which securities may be sold, presented for payment, substituted, or released, as well as the events which would enable the OCED to exercise its rights against the pledged securities should such action become necessary.

Each security and custody agreement shall also provide that securities held by the depository bank or a third party custodial agent will be kept separate from their general assets, and that the depository bank or custodial agent shall confirm in writing any receipt, substitution, or release of securities. The agreement must also provide for the frequency of valuation of the pledged securities, which shall be no less frequently than monthly, and any provisions needed to ensure the OCED's perfected interest in the securities.

## 10. Investments

As detailed in General Municipal Law Section 11 and this Policy, the Executive Director, or their designee, may invest monies not immediately needed for expenditure in the following types of legally permitted investments:

- Interest bearing Checking and/or Savings Accounts
- Certificates of Deposit
- Obligations of the United States of America
- Obligations issued by Agencies of the United States, for which the United States of America guarantees the payment of principal and interest on the obligations
- Obligations of the State of New York
- Obligations of Public Authorities, Public Housing Authorities, and Urban Renewal Agencies where New York State statutes governing such entities or whose specific enabling legislation authorizes such investments

## 11. Authorized Banks, Investment Advisors and Security Dealers

The OCED further authorizes the following list of financial institutions and security dealers for investment purposes, and establishes the maximum dollar limits of investments that may be made with each. These maximum dollar limits are inclusive of the maximum deposit amounts indicated in the Deposits section of this policy. Security dealers not affiliated with an authorized depository bank must be classified as a reporting dealer and affiliated with the New York Federal Reserve Bank as a primary dealer.

<u>Bank/Security Dealer Name</u>	<u>Maximum Amount</u>
Bank of America	\$7,000,000
Canandaigua National Bank and Trust	\$7,000,000
Citizens Bank	\$7,000,000
J.P. Morgan Chase	\$7,000,000
Key Bank	\$7,000,000
M & T Bank	\$7,000,000
Fidelity Investments	\$7,000,000
Bank of Castile	\$7,000,000
Tompkins County Trust Company	\$7,000,000

The OCED may engage the services of an Investment Advisor to assist the Executive Director in managing the OCED's investments. Such Investment Advisor shall work with an authorized Security Dealer to purchase and safeguard the OCED's investments.

Such Investment Advisor shall meet with the Executive Director from time to time upon request, shall provide a report of all investments to the Executive Director on no less than a quarterly basis, and shall meet with and provide an annual report of all investments to the OCED Board of Directors on no less than an annual basis. Such reports to the Executive Director and OCED Board of Directors shall include benchmarking of all investments with applicable and commonly used investment indices.

## **12. Purchase of Investments**

The Executive Director, or authorized Investment Advisor, shall place orders for the purchase of investments directly through an authorized financial institution or securities dealer and, unless registered in the name of the OCED, shall be purchased through, delivered to, and held in the custody of a custodial agent. All purchased obligations shall be held separately from the general assets of the custodial agent. Such obligations shall be purchased, sold, or redeemed only in accordance with the prior authorization of the Executive Director or authorized Investment Advisor. All transactions shall be confirmed in writing. Such transactions shall include all provisions necessary to provide the OCED with a perfected interest in the obligations(s) purchased.

## **13. Periodic Reporting**

Upon request, the Executive Director shall review with the OCED Board's Treasurer any and all monthly statements received regarding the OCED's deposits and investments. The Executive Director shall prepare and distribute to the Board of Directors, on no less than a quarterly basis, a comprehensive written report regarding the OCED's deposits and investments including the amounts currently on deposit or invested by authorized financial institution, by account or investment type, and including current market value and maturity dates.

## **14. Review and Amendment of Policy**

This Deposit and Investment Policy shall be reviewed on no less than an annual basis, and shall be modified by formal action of the Board of Directors as necessary.

This Deposit and Investment Policy was reviewed and first approved by the OCED Board of Directors on 09/15/08.