



2023
INVESTMENT POLICY
For the
VILLAGE OF FREEPORT

Adopted by the Mayor
And the
Board of Trustees
Of the
Incorporated Village of Freeport

**INVESTMENT POLICY
FOR THE
VILLAGE OF FREEPORT
COUNTY OF NASSAU
STATE OF NEW YORK**

I. SCOPE

This Investment Policy applies to all moneys and other financial resources of the Incorporated Village of Freeport available for investment on its own behalf or on behalf of any other entity under the sole control of the Incorporated Village of Freeport.

II. OBJECTIVES

The primary objectives of the investment activities of the Village of Freeport, in the County of Nassau, State of New York, are, in priority order:

- To conform with all applicable Federal, State and other local requirements pertaining to municipal funds and/or resources in the possession and control of the Incorporated Village of Freeport;
- To adequately safeguard principal (safety);
- To provide sufficient liquidity to meet all operating requirements (liquidity); and
- To obtain a reasonable rate of return (yield).

III. DELEGATION OF AUTHORITY

The responsibility of the Board of Trustees for administration of the investment program is delegated to the Mayor, the Village Treasurer and the Village Attorney, 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 a description and amounts of investments, including transaction dates, and other relevant information. Said procedures shall also regulate the activities of subordinate employees to insure compliance with all Federal, State and local laws applicable to local finances as well as compliance with this policy.

IV. PRUDENCE

All participants in the investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Village of Freeport's ability to effectively provide municipal services.

All 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. Investments shall not be made for speculation, but rather 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 or appear to conflict with proper execution of the investment program, or which could impair or appear to impair their ability to make impartial investment decisions on behalf of the Incorporated Village of Freeport.

V. DIVERSIFICATION

It is the policy of the Village of Freeport 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 Village of Freeport that all moneys collected by any officer or employee of the Village be transferred to the Village Treasurer immediately, or within the time period specified by law, whichever is shorter.

The Mayor and Village Treasurer are 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. Said controls shall also ensure that transactions are executed in accordance with management's authorization, are recorded properly and are managed in compliance with all applicable laws, rules, regulations, and this policy.

VII. DESIGNATION OF DEPOSITORIES

The following banks and trust companies are hereby authorized for the deposit of Village moneys:

Depository Name : Signature Bank, New York Cooperative Liquid Assets Securities System (NYCLASS), Flushing Bank, Valley National Bank, Wells Fargo, Bank of America, JPMorgan Chase, TD Bank, M&T Bank, Sterling National Bank, People's Bank, Capital One Bank, RBC Wealth Management and BNB Bank.

VIII. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of §10 of the General Municipal Law for the State of New York, all deposits of the Village of Freeport, 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 (collateralized as follows):

1. By a pledge of “eligible securities” with an aggregate “market value”, or provided by §10 of the General Municipal Law, equal to the aggregate amount of deposits from the categories designated in Appendix A to this policy which is made a part hereof.
2. By an eligible “irrevocable letter of credit” issued by a qualified bank other than the bank with the deposits in favor of the Village of Freeport for a term not to exceed ninety (90) days with an aggregate value equal to one-hundred forty (140%) percent of the aggregate amount of deposits and the agreed upon interest, if any. 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 requirements.
3. By an eligible surety bond payable to the Village of Freeport for an amount at least equal to one-hundred (100%) percent 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 experienced in the preparation of such ratings.
4. In addition to the deposit of eligible securities, the officers making a deposit may, in the case of an irrevocable letter of credit issued in favor of the local government 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, accept such letter of credit payable to such local government as security for the payment of the one-hundred percent (100%) of the aggregate amount of public deposits from such officers and the agreed upon interest, if any

IX. 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 custodial agreements and as directed by the Mayor or Village Treasurer of the Village.

The security agreement shall provide that eligible securities are being pledged to secure Village 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 Village to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Village, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Village 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, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be co-mingled 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 on a timely or periodic basis satisfactory to the Village. 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 a perfected interest in the securities under the Uniform Commercial Code of the State of New York and the other applicable laws of the United States and the State of New York.

X. PERMITTED INVESTMENTS

As authorized by §11 of the General Municipal Law of the State of New York, the Village of Freeport authorizes the Mayor and Village Treasurer, or other officer having custody of Village funds to invest moneys not required for immediate expenditure for terms not to exceed the Village's 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;
- Obligations issued pursuant to §24.00 or 25.00 of the Local Finance Law with approval of the State Comptroller by any municipality, school district or district corporation other than the Village;

- 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 §109-b of the General Municipal Law of the State of New York; and
- Obligations of this Village, but only with any moneys in a reserve fund established pursuant to §§6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n of the General Municipal Law of the State of New York.

All investment obligations shall be payable or redeemable at the option of the Village 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 within two (2) years of the date of purchase.

XI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Village 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 conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Village. 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 Mayor, Village Treasurer or other officer having custody of money is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians with the Village Treasurer having the supervisory responsibility. Such listing shall be evaluated at least annually.

XI. PURCHASE OF INVESTMENTS

The Mayor and Village Treasurer, or other officer having custody of money as authorized by the Board of Trustees are authorized to contract for the purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized 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, and the specific program has been authorized by the Board of Trustees;

3. By utilizing an ongoing investment program with an authorized tracking partner pursuant to a contract authorized by the Board of Trustees.

All purchased obligations, unless registered or inscribed in the name of the Village, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchases, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the Mayor or Village Treasurer who are authorized to make the investment. All such transactions shall be confirmed in writing to the Village to the attention of the Village Treasurer 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 custodian agreement as described in Section 10 of the General Municipal Law.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Village, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be co-mingled 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 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 as described in Article XI hereof;
- Obligations shall be limited to full faith and credit obligations of the United States of America and obligations guaranteed by agencies of the United States of America as to the payment in full of the principal and interest by the United States of America.

APPENDIX A

SCHEDULE OF ELIGIBLE SECURITIES

- Authorized GML §10f.(i) Obligations issued by the United States of America, an agency thereof or a United States government sponsored corporation or obligations 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.
- Authorized GML §10f.(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.
- Authorized GML §10f.(iv) Obligations issued or fully insured or guaranteed by the this state, obligations issued by a municipal corporation, school district or district corporation of such State or obligations of any public benefit which under a specific State statute may be accepted as security for deposit of public moneys.
- Authorized GML §10f.(v) Obligations issued by states (other than this state)of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- Authorized GML §10f.(vii) Obligations of counties, cities or 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.
- Authorized GML §10f.(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 sixty (60) days from the date they are pledged.

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