

HERKIMER COUNTY COMMUNITY COLLEGE INVESTMENT POLICY GUIDELINES

I. **Scope**

This investment policy applies to all Herkimer County Community College monies and other financial resources available for investment.

II. **Objectives**

The primary objectives of Herkimer County Community College's investment activities are, in priority order,

- To conform with all applicable federal, state and other legal requirements (legal);
- 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 for administration of the investment program is delegated to the Senior Vice President for Administration and Finance, 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 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 public trust and shall avoid any transaction that might impair public confidence in Herkimer County Community College.

Investments shall be made with judgment and care, under circumstances then prevailing, which person of prudence, discretion and intelligence exercise in the management of their own affairs, 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.

V. **Diversification**

It is the policy of Herkimer County Community College to diversify its deposits and investments by type and amount of investments, maturity date and by financial institution as much as practical.

VI. Internal Controls

The Senior Vice President for Administration and Finance is responsible for establishing and maintaining an internal control structure to provide reasonable 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 is managed in compliance with applicable laws and regulations.

VII. Designation of Depositories

The following banks and trust companies are authorized for the deposit of Herkimer County Community College investments:

Adirondack Bank	M& T Bank
Bank of America	NBT Bank
Citizens Bank	

VIII. Collateralizing of Deposits

In accordance with the provisions of General Municipal Law, Section 10, all deposits of Herkimer County Community College, 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:

- By a pledge of "eligible securities" with an aggregate "market value" equal to the aggregate amount of deposits;
- By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the government for a term not to exceed 90 days with an aggregate value equal to 140% 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;
- By an eligible surety bond payable to the College for an amount at least equal to 100% 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.

IX. Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by the M& T Bank 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 college 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 College, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the M & T Bank 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 College, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be comingled 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 when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the college a perfected interest in the securities.

X. Permitted Investments

As authorized by General Municipal Law, Section 11, Herkimer County Community College authorizes the Senior Vice President for Administration and Finance to invest monies 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 Deposits;
- 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 LFL, Section 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than Herkimer County Community College;
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies whose enabling legislation authorizes such investments.

All investment obligations shall be payable or redeemable at the option of Herkimer County Community College within such times as the proceeds will be needed to meet expenditures for purposes for which the monies 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 Herkimer County Community College within two years of the date of purchase.

XI. Authorized Financial Institutions and Dealers

Herkimer County Community College shall maintain a list of financial institutions and dealers approved for investment purposes. All financial institutions with which the local government conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of Herkimer County

Community College. 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 Senior Vice President for Administration and Finance 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.

XII. Purchase of Investments

The Senior Vice President for Administration and Finance is authorized to contract for the purchase of investments:

- Directly, or through a repurchase agreement from an authorized trading partner;
- By participation in a cooperative investment program with another authorized governmental entity pursuant to Article SG 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;
- By contracting with a managed investment program.

All purchased obligations, unless registered or inscribed in the name of the College, 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 Herkimer County Community College by the bank or trust company. Any obligations 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 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 assets of the custodial bank or trust company and will not, in any circumstances, be comingled 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.