

Attachment D

INVESTMENT POLICIES AND GUIDELINES OF THE TOWN OF OSWEGO, NEW YORK

The objectives of the Investment Policy of the Town of Oswego are to minimize risk; to insure that investments mature when the cash is required to finance operations; and to insure a competitive rate of return. In accordance with this policy, the Supervisor is hereby authorized to invest all funds including proceeds of obligations and reserve funds in:

Certificates of Deposit issued by a bank or trust company authorized to do business in New York State;

Time Deposit Accounts in a bank or trust company authorized to do business in New York State;

Obligations of New York State;

Obligations of the United States Government;

In Repurchase Agreements involving the purchase and sale of direct obligations of the United States.

All funds except Reserve Funds may be invested in:

Obligations of agencies of the federal government if principal and interest is guaranteed by the United States.

With the approval of the State Comptroller, in Revenue Anticipation Notes or Tax Anticipation Notes of other local governments.

Only reserve funds may be invested in:

Obligations of the Local Government.

All other Town of Oswego officials receiving money in their official capacity must deposit such funds in negotiable order of withdrawal accounts.

All investments made pursuant to this investment policy shall comply with the following conditions:

1. COLLATERAL

- a. Certificates of deposit shall be fully secured by insurance of the Federal Deposit Insurance Corporation or by obligations of New York State or Obligations of the United States or obligations of federal agencies the principal or interest of which are guaranteed by the United States, or obligations of New York State local governments. Collateral shall be delivered to the Town of Oswego or a Custodial Bank with which the Town of Oswego has entered into a Custodial Agreement.

It is therefore, the policy of the Town of Oswego, to require written contracts as follows:

- a. Written contracts shall be required for all Repurchase Agreements. Only credit worthy banks and primary reporting dealers shall be qualified to enter into a Repurchase Agreement with the Local Government. The written contract shall provide that only obligations of the United States may be purchased, and the Town of Oswego shall make payment upon delivery of the securities or appropriate book-entry of the purchased securities. No specific repurchase agreement shall be entered into unless a master repurchase agreement has been executed between the Town of Oswego and the trading partners. While the term of the master repurchase agreement may be for a reasonable length of time, a specific repurchase agreement shall not exceed thirty (30) days.
- b. Written contracts shall be required for the purchase of all certificates of deposit.
- c. A written contract shall be required with the Custodial Bank.

4. DESIGNATION OF CUSTODIAL BANK

1. Custodial Bank. The Trust Bank Company chartered by the State of New York, and JP Morgan Chase Bank are designated to act as Custodial Banks of the Town of Oswego investments. However, securities may not be purchased through a Repurchase Agreement with the Custodial Bank.

5. FINANCIAL STRENGTH OF INSTITUTIONS

All trading partners must be credit worthy. Their financial statements must be reviewed at least annually by the Chief Fiscal Officer to determine satisfactory financial strength or the chief fiscal officer may use credit rating agencies to determine credit worthiness of trading partners. Concentration of investments in financial institutions should be avoided. The general rule is not to place more than \$500,000.00 in overnight investments with any one institution.

Investments in time deposits and certificates of deposit are to be made with banks or trust companies. Their annual reports must be reviewed by the Supervisor to determine satisfactory financial strength.

When purchasing eligible securities the seller shall be required to deliver the securities to our Custodial Bank or Town Supervisor.

Repurchase agreements shall be entered into only with banks or trust companies or registered and primary reporting dealers in government securities. Sound credit judgments must be made with respect to trading partners in

repurchase agreements. It is not assumed that inclusion on a list of the Federal Reserve is automatically adequate evidence of credit worthiness.

Repurchase agreements should not be entered into with undercapitalized trading firms.

A margin of 5% or higher of the market value of purchased securities in repurchase agreements must be maintained.

6. OPERATIONS, AUDIT AND REPORTING

The Supervisor or the deputy Supervisor shall authorize the purchase and sale of all securities and execute contracts for Repurchase Agreements and certificates of deposit on behalf of the Town of Oswego. Oral directions concerning the purchase or sale of securities shall be confirmed in writing. The Town of Oswego shall pay for purchased securities upon the delivery or book-entry thereof.

The Town of Oswego will encourage the purchase and sale of securities and certificates of deposit through a competitive or negotiated process involving 4 telephone solicitations of at least two bids for each transaction.

At the time independent auditors conduct the annual audit of the accounts and financial affairs of the Town Government, the independent auditors shall audit the investments of the town for compliance with the provisions of these investment Guidelines.

Within sixty (60) days of the end of each of the first three quarters of the fiscal year, the Supervisor shall prepare and submit to the Town Board of the Town a quarterly investment report which indicate new investments, the inventory of existing investments, and such other matters as the Supervisor deems appropriate.

Within 120 days of the end of the fiscal year, the Supervisor shall prepare and submit to the Town Board an annual investment report; recommendations for change in these Investment Guidelines; copy of the results of the annual independent audit; the investment income record; a list of total fees, commissions or other charges, if any, paid to the Custodial Bank and such other matters as the Supervisor deems appropriate.

The Town Board of the Town of Oswego shall review and approve the annual investment report at its organizational meeting or the first meeting in January.