

Town of Canandaigua
INVESTMENT POLICY

Effective: December 14, 1998

I. Scope

This investment policy applies to all monies and other financial resources available on its own behalf or on behalf of any other entity or individual.

II. Objectives

The primary objectives of the local government'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 Town Board shall retain all responsibility and oversight for the Town of Canandaigua's investment program including the establishment of procedures for investments, internal controls, and all activity of all funds.

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 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 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 policy of the Town 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 for all monies collected by any officer or employee of the government to transfer those funds to the Town Clerk, Justice Clerk (Town Court), the Clerk/Finance (Town Manager's Office), or the Town Supervisor within three days of deposit or within the time period specified by law whichever is shorter.

The Town Board 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. The Town Board from time to time may review control procedures and give direction for any changes, if needed, to either the Town Supervisor or the Town Manager to make adjustments to the internal controls.

VII. Designation of Depositaries

The banks and trust companies authorized for the deposit of monies will be named and authorized by resolution of the Town Board during the annual organizational meeting of the Town Board.

VIII. Collateralized of Deposits

In accordance with the provisions of General Municipal Law, Section 10, all deposits of the Town 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 GML Section 10, equal to the aggregate amount of deposits from the categories designated in Appendix A to the policy.
2. By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with 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.
3. By an eligible surety bond payable to the government 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 depositary 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 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 assets 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 securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the local government a perfected interest in securities.

X. Permitted Investments

As authorized by General Municipal Law, Section 11, the Town Board authorizes the investment of monies not required for immediate expenditures for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts;
- Certificate 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 LFL Section 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Town;
- 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 GML Section 109-b;
- Obligations of this local government, but only with any monies in a reserve fund established pursuant to GML Sections 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, 6-n.

All investment obligations shall be payable or redeemable at the option of the Town 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 the Town within two years of the date of purchase.

XI. Authorized Financial Institutions and Dealers

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 the Town. 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.

XII. Purchase of Investments

The Supervisor or the Town Manager is authorized to contact for the purpose of investments:

1. Directly, including through a repurchase agreement, from an authorized trading 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 governing board.
3. By utilizing an ongoing investment program with an authorized trading partner 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 or held in 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 the Town by the bank or trust company. Any obligation held in 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, 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 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 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 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 to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- No substitution of securities will be allowed.
- The custodian shall be a party other than the trading partner.

XIV. Process for Investments

The Town Board wishes to ensure the safety of taxpayer dollars that have been entrusted to their care while also maximizing opportunities to increase interest revenue associated with funds either included in reserve funds or moneys not required for immediate investment. In order to ensure oversight by the Town Board, investments may be made by the Town Supervisor or the Town Manager; however, those investments must be reported to the Town Board during their next regular meeting or public reports attached to the Town Board's normally published agenda. The Town Supervisor or Town Manager may invest or cause to be invested funds provided two of the following persons have authorized such investment: Town Supervisor, Chair of the Finance Committee, Town Clerk, Town Manager, or Clerk (Finance).

First Adopted: December 14, 1998

Subsequent Adoptions and Amendments:

May 20, 2008 (amended)

January 6, 2014

January 5, 2015

January 11, 2016

January 9, 2017

October 16, 2017 (amended)

January 8, 2018

November 19, 2018 (amended)

January 7, 2019

March 18, 2019 (amended)

January 6, 2020

December 21, 2020

January 10, 2022

January 9, 2023

Resolution No. 2014-003

Resolution No. 2015-004

Resolution No. 2016-004

Resolution No. 2017-039

Resolution No. 2017-338

Resolution No. 2018-018

Resolution No. 2018-313

Resolution No. 2019-017

Resolution No. 2019-066

Resolution No. 2020-018

Resolution No. 2020-304

Resolution No. 2022-018

Resolution No. 2023-019

Appendix A
Schedule of Eligible Securities

- _____ (i) Obligations issued, 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.
- _____ (ii) Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development, the Asian Development Bank and the African Development Bank.
- _____ (iii) Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty.
- _____ (iv) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public monies.
- _____ (v) Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- _____ (vi) Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally statistical rating organization.
- _____ (vii) Obligations of counties, cities and other governmental entities of a state other than the State of New York 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 of the three highest rating categories by at least one nationally recognized statistical rating organization.
- _____ (viii) Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- _____ (ix) Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by bank regulatory agencies.
- _____ (x) Commercial paper and bankers' acceptances issued by a bank, other than the Bank, rated in the highest short term category by at least one nationally recognized statistical rating organization and have maturities of no longer than 60 days from the date they are pledged.
- _____ (xi) Zero coupon obligations of the United States government marketed as "Treasury strips".