

# **City of Auburn, New York**

## **Investment Policy**

### **A. SCOPE**

This investment policy applies to all moneys and other financial resources available for deposit and investment by the City of Auburn, New York (City) on its own behalf or on behalf of any other entity or individual.

### **B. OBJECTIVES**

The primary objectives of the local government's investment activities are:

- To conform with all applicable federal, state and other legal requirements
- To adequately safeguard principal
- To provide sufficient liquidity to meet all operating requirements
- To obtain a reasonable rate of return.

### **C. DELEGATION OF AUTHORITY**

The City Council's responsibility for administration of the investment program is delegated to the Treasurer. Such procedures shall include internal controls to provide a satisfactory level of accountability based upon records incorporating the description and amounts of investments, the fund(s) for which they are held, the place(s) where kept, and other relevant information, including dates of sale or other dispositions and amounts realized. In addition, the internal control procedures shall describe the responsibilities and levels of authority for key individuals involved in the investment program.

### **D. 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 City to govern effectively. Investments shall be made with prudence, diligence, skill, judgment, and care, under circumstances then prevailing, which knowledgeable and prudent persons acting in like capacity would use, 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.

### **E. DIVERSIFICATION**

It is the policy of the City of Auburn to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

### **F. INTERNAL CONTROLS**

It is the policy of the City for all moneys collected by any officer or employee of the government to transfer those funds to the Treasurer within 5 days of deposit, or within the time period specified in law, whichever is shorter. The Treasurer is responsible for establishing and maintaining internal control procedures 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, properly recorded, and managed in compliance with applicable laws and regulations.

## **G. DESIGNATION OF DEPOSITARIES**

The banks and trust companies that are authorized for the deposit of moneys, and the maximum amount which may be kept on deposit at any time, are banks authorized to do business in New York with preference given to banks located in Central New York.

## **H. SECURING DEPOSITS AND INVESTMENTS**

All deposits and investments at a bank or trust company, including all demand deposits, certificates of deposit and special time deposits (hereinafter, collectively “deposits”) made by officers of the City of Auburn, that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, including pursuant to a Deposit Placement Program in accordance with law, shall be secured by:

1. A pledge of “eligible securities” with an aggregate “market value” (as provided by the GML Section 10) that is at least equal to the aggregate amount of deposits by the officers. See Schedule A of this policy for a listing of “eligible securities.”
2. A pledge of a pro rata portion of a pool of eligible securities, having in the aggregate a market value at least equal to the aggregate amount of deposits from all such officers within the State at the bank or trust company.
3. An “irrevocable letter of credit” issued in favor of the City of Auburn 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, as security for the payment of 100 percent of the aggregate amount of deposits and the agreed-upon interest, if any.

Eligible securities used for collateralizing deposits made by officers of the City of Auburn shall be held by the depository or a third party bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities (or the pro rata portion of a pool of eligible securities) are being pledged to secure such deposits together with agreed-upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon a default. It shall also provide the conditions under which the securities (or pro rata portion of a pool of eligible securities) held may be sold, presented for payment, substituted or released and the events of default which will enable the local government to exercise its rights against the pledged securities.

In the event that the pledged securities are not registered or inscribed in the name of the City of Auburn, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the City of Auburn or the custodial bank or trust company. Whenever eligible securities deliver to the custodial bank or trust company are transferred by entries on the books of a federal reserve bank or other book-entry system operated by a federally regulated entity without physical delivery of the evidence of the obligations, then the records of the custodial bank or trust company shall be required to show at all times, the interest of the local government in the securities (or the pro rata portion of a pool of eligible securities) as set forth in the security agreement.

The custodial agreement shall provide that the pledged securities (or the pro rata portion of a pool of eligible securities) will be held by the custodial bank or trust company as agent of, and custodian for, the City of Auburn, will be kept separate and apart from the general assets of the custodial bank or trust company and will not be commingled with or become part of the backing of any other deposit or other bank liability. The agreement shall also describe how the custodian shall confirm the receipt, substitution or release of the collateral and it shall provide for the frequency of revaluation of collateral by the custodial bank or trust company and for the substitution of collateral when a change in the rating of a security causes ineligibility. The security and custodial agreements shall also include all other provisions necessary to provide the City of Auburn with a perfected security interest in the eligible securities and to otherwise secure the local government's interest in the collateral, and may contain other provisions that the governing board deems necessary.

## **I. PERMITTED INVESTMENTS**

As provided by General Municipal Law Section 11, the City Council authorizes the Treasurer to invest moneys 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 in, or certificates of deposit issued by, a bank or trust company located and authorized to do business in the State of New York
- 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

All investment obligations shall be payable or redeemable at the option of the City 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 in any event at the option of the City within two years of the date of purchase. Time deposit accounts and certificates of deposit shall be payable within such times as the proceeds will be needed to meet expenditures for which the moneys were obtained, and shall be secured as provided in Sections G and H herein. Except as may otherwise be provided in a contract with bondholders or noteholders, any moneys of the City authorized to be invested may be commingled for investment purposes, provided that any investment of commingled moneys shall be payable or redeemable at the option of the City within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained, or as otherwise specifically provided in General Municipal Law Section 11. The separate identity of the sources of these funds shall be maintained at all times and income received shall be credited on a pro rata basis to the fund or account from which the moneys were invested. Any obligation that provides for the adjustment of its interest rate on set dates is deemed to be payable or redeemable on the date on which the principal amount can be recovered through demand by the holder.

## **J. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

All financial institutions and dealers with which the City transacts business shall be creditworthy, and have an appropriate level of experience, capitalization, size, and other factors that make the financial institution or the dealer capable and qualified to transact business with the City. The (chief fiscal officer, treasurer, or other officer having custody of money) shall evaluate the financial position and maintain a listing of proposed depositaries, trading partners, and custodians. Recent Reports of Condition and Income (call reports) shall be obtained for proposed banks, and security dealers that are 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 City shall maintain a list of financial institutions and dealers approved for investment purposes, and establish appropriate limits to the amounts of investments that can be made with each financial institution or dealer.

#### **K. PURCHASE OF INVESTMENTS**

The Treasurer is authorized to contract for the purchase of investments:

1. Directly, from an authorized trading partner
2. By participation in a cooperative investment agreement with other authorized municipal corporations pursuant to Article 5-G of the General Municipal Law and in accordance with Article 3-A of the General Municipal Law.

All purchased obligations, unless registered or inscribed in the name of the local government, 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 the City 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 custodial agreement as described in General Municipal Law Section 10(3)(a). The agreement shall provide that securities held by the bank or trust company, as agent of, and custodian for, the City, will be kept separate and apart from the general assets of the custodial bank or trust company and will not be commingled with or become part of the backing of any other deposit or other bank liability. The agreement shall also describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to secure the local government's perfected interest in the securities, and the agreement may also contain other provisions that the City Council deems necessary. The security and custodial agreements shall also include all other provisions necessary to provide the City with a perfected interest in the securities.

The Treasurer can direct the bank or trust company to register and hold evidences of investments in the name of its nominee, or may deposit or authorize the bank or trust company to deposit or arrange for their deposit with a federal reserve bank or other book-entry transfer system operated by a federally regulated entity. The records of the bank or trust company shall show at all times, the ownership of such evidences of investments, and they shall be, when held in the possession of the bank or trust company, at all times, kept separate from the assets of the bank or trust company. All evidences of investments delivered to a bank or trust company shall be held by the bank or trust company pursuant to a custodial agreement set forth in the General Municipal Law Section 10(3)(a), and as described earlier in this section. When any such evidences of investments are so registered in the name of a nominee, the bank or trust company shall be absolutely liable for any loss occasioned by the acts of such nominee with respect to such evidences of investments.

**L. ANNUAL REVIEW AND AMENDMENTS**

The City shall review this investment policy annually, and it shall have the power to amend this policy at any time.

**M. DEFINITIONS**

The terms “public funds,” “public deposits,” “bank,” “trust company,” “eligible securities,” “eligible surety bond,” and “eligible letter of credit” shall have the same meanings as set forth in General Municipal Law Section 10.

**COUNCIL RESOLUTION #9 OF 2024**

**ADOPTING THE CITY OF AUBURN  
INVESTMENT POLICY**

By Councilor Calarco

January 18, 2024

**WHEREAS**, New York State General Municipal Law Section 39, entitled “Investment Policies for Local Governments” states that “Each local government...shall by resolution adopt a comprehensive investment policy which details the local government’s operative policy and instructions to officers and staff regarding the investing, monitoring and reporting of funds of the local government”; and

**WHEREAS**, the City of Auburn has written a policy in accordance with New York State requirements for review and adoption by the Auburn City Council;

**NOW, THEREFORE, BE IT RESOLVED** that the Auburn City Council does hereby adopt a policy for the City of Auburn in relation to the investment of public funds in accordance with New York State General Municipal Law § 39.

Seconded by Councilor Overstreet-Wilson

	Ayes	Noes	Excused
Councilor Kent	X		
Councilor Overstreet-Wilson	X		
Councilor Cuddy	X		
Councilor Calarco	X		
Mayor Giannettino	X		
Carried and Adopted	X		

STATE OF NEW YORK     )  
                                      ) SS.:  
COUNTY OF CAYUGA     )

I, CHARLES MASON, Clerk of the City of Auburn, Cayuga County, New York (the “City”), DO HEREBY CERTIFY:

That I have compared the annexed abstract of the minutes of the meeting of the Council of the City (the “Council”), held on the 18<sup>th</sup> day of January, 2024, including the Council Resolution #9 of 2024 contained therein, with the original thereof on file in my office, and the attached is a true and correct copy of said original and of the whole of said original so far as the same relates to the subject matters therein referred to.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City this 19<sup>th</sup> day of January, 2024.

A handwritten signature in dark ink, appearing to read 'C. Mason', written over a horizontal line.

Charles Mason, Clerk  
City of Auburn, Cayuga County, New York