



Town of Corning Investment Policy

I. Scope

Pursuant to Chapter 708 of the Laws of 1992, section 39 was added to the General Municipal Law. The legislation requires Towns of the State of New York to adopt a comprehensive investment policy detailing the local government operative policy and instructions to officers and staff regarding the investing, monitoring, and reporting of funds of the local government. The purpose of the legislation is to formalize policies and procedures that provide for the prudent and productive investment of Town funds, excluding the investment of employees' retirement funds, and other postretirement employee benefit (OPEB) funds. Investment income will be allocated to the various funds based on their respective participation and in accordance with Generally Accepted Accounting Principles (GAAP).

II. Objectives

The primary objectives of the local government's investment activities are, in priority order:

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

III. Delegation of Authority

A. The responsibility for administration of the Town's investment program is delegated to the Town's Chief Financial Officer, the Town Supervisor. The Town Supervisor manages day to day responsibility of funds, shall establish written procedures for operation of the investment program consistent with these investment policies. Such procedures shall include an approved internal control structure to provide accountability based on a data base 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 the public trust and shall avoid any transaction that might impair public confidence in the Town of Corning to govern effectively.

Investments shall be made with judgement 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 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 the ability to make impartial investment decisions.

V. Diversification

It is the policy of the Town Board to diversify, to the best of its ability, deposits, and investments by financial institution by investment instrument and by maturity scheduling.

VI. Internal Controls

It is the policy of the Town Board for all money collected by any officer or employee of the Town to transfer those funds to the Town Supervisor with two (2) days of deposit, or within the time period, specified in law, whichever is shorter.

The Town Supervisor 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 of disposition that transactions are executed in accordance with management's authorization and recorded properly and managed in compliance with applicable laws and regulations.

VII. Authorization

The authority to deposit and invest funds delegated to the Chief Fiscal Officer of the municipality shall be permitted in accordance with the applicable sections of the General Municipal Law of the State of New York. Authorized investments will include:

1. Obligations of the State of New York.
2. Obligations of the United States Government or any obligation for which principal and interest are fully guaranteed by the United States Government.
3. Tiem deposit accounts placed in a commercial bank authorized to do business in the State of New York¹, providing the account is collateralized as described within the policy.
4. Transaction accounts (demand deposits) both interest bearing and non-interest bearing that do not require notice of withdrawal placed in a commercial bank authorized to do business in the State of New York¹, providing the account is collateralized as described with this policy.
5. Certificates of deposit placed in a commercial bank authorized to do business in the State of New York, providing the certificates are collateralized as described within the policy.
6. Securities purchased pursuant to a repurchase agreement whereby one party purchases securities from a second party and the second party agrees to repurchase those same securities on a specific future date at an agreed upon rate of return.

7. Obligations issued pursuant to the LFL 24.00 or 25.00 (purchase of revenue or tax anticipation notes with the approval of the State Comptroller) by any municipality, school district, or district corporation other than the Town of Corning.
8. Obligations of public authorities, public housing authorities, urban renewal agencies, and industrial development agencies where the general State Statutes governing such entities or who specific enabling legislation authorizes such investment.
9. Obligations of the Town of Corning but only with money in a reserve funds established pursuant to GML, 6-c, 6-d, 6-e, 6-g, 6-j, 6-k, 6-l, 6-m, or 6-n.

(1) New York State Banking Law, Section 1237(2) prohibits a savings bank from accepting from a local government. This also applies to savings and loan associations.

VIII. Deposits

The municipality, upon the recommendation of the Chief Financial Officer, shall annually designate authorized depositories for funds of the municipality. These depositories shall only be commercial banks or trust companies authorized to conduct business in the State of New York. Each authorized depository shall execute a security agreement, which will provide that collateral is being pledged by the bank as security for the municipality's deposits. Each authorized custodial bank or trust company shall execute a custodial agreement. This agreement must acknowledge that the pledged collateral is being held by the custodial bank or trust company as agent of and custodian for the municipality. The depository and custodian may be the same bank or trust company.

The banks and trust companies are authorized for the deposit of monies as designated at the Town of Corning Town Board's Organization meeting each year. (Does not include certificate of deposits or time deposits which the Chief Financial Officer can request Town Board authorization periodically to go out to bid for better investment rates of return.)

<u>Depository Name</u>	<u>Maximum Amount</u>
Chemung Canal Trust Company	\$20,000,000

IX. Collateralizing of Deposits

In accordance with the provisions of General Municipal Law, §10, all deposits of the Town of Corning, 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 "equal securities" with the aggregate "market value", or provided by General Municipal Law §10, equal to the aggregate amount of deposits from the categories designated in Appendix A (marked with YES to the left of each item) with the policy.

2. 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 or trust company 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 organizations 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 related in the highest rating category by at least two nationally recognized statistical rating organizations.
4. By the “irrevocable letter of credit” issued by a federal home loan bank or trust company 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. Such irrevocable letter of credit to be issued in favor of the government for a term not to exceed one year with an aggregate value equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any.

X. Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be (the depository 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, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Town of Corning 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 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 reevaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such an agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

Statement of collateral pledged must be kept on file for all banks for all months to monitor the sufficiency of collateral pledged to secure the Town’s money. Additionally, the Chief Financial Officer should periodically request a listing of collateral held by the custodial banks and verify that the value of the collateral is

sufficient and appropriate to secure the amounts on deposit in each depository bank or trust company.

XI. Permitted Investments

As authorized by General Municipal Law §11, the Town of Corning is authorized by the New York State Comptroller to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- a. Special time deposits accounts to do business in New York State.
- b. Through a Deposit Placement Program, certificates of deposit in one or more “banking institutions” as defined in Bank Law Section 9-r.
- c. Certificates of deposit.
- d. Obligations of the United States of America.
- e. 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
- f. Obligations granted by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America.
- g. Obligations of the State of New York.
- h. Obligations issued pursuant to LFL § 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Town of Corning.
- i. 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 authorize such investments.
- j. Certificates of Participation (COP’s) issued pursuant to GML § 109-b.
- k. Obligations to this local government but only with any moneys in a reserve fund established pursuant to GML § 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

All investment obligations shall be payable or redeemable at the option of the Town of Corning within such times as the proceeds will be needed to meet expenditures for purposes 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 Town of Corning within two years of the date of purchase.

XII. Authorized Financial Institutions and Dealers

All financial institutions and dealers with which the Town of Corning 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 Town of Corning. The Chief Financial Officer shall evaluate the financial position and maintain a listing of proposed depositories, trading partners, and custodians. Recent Reports of Condition and Income (call reports) shall be obtained for proposed banks, trust companies, 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 Town of Corning 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.

XIII. Purchase of Investments

The Chief Financial Officer 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 Town of Corning 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 (unit of government), 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 governing board deems necessary. The security and custodial agreements shall also include all other provisions necessary to provide the (unit of government) with a perfected interest in the securities.

XIV. Repurchase Agreements

Repurchase agreements (REPO) are authorized subject to the following restrictions:

1. Trading partners should be limited to creditworthy banks or trust companies located and authorized to do business in New York State or to registered primary dealers.
2. Unless the obligations that are purchased pursuant to the REPO are registered or inscribed in the name of the local government, obligations must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to do business in New York State (the custodial bank or trust company should not be the seller of the obligations that are the subject of the REPO).

3. The local government must enter into a master REPO, outlining basic responsibilities and liabilities of the buyer and seller and a written agreement with the custodial bank or trust company, outlining the basic responsibilities and liabilities of the buyer, seller and custodian.
4. The custodial agreement should provide that the custodian takes possession and maintains custody of the obligations exclusively for the local government, that the obligations are free of any claims against the trading partner, and that any claims by the custodian are subordinate to the local government's claims or rights to those obligations.
5. The obligations must be credited to the local government on the records of the custodial bank or trust company, and the transaction must be confirmed in writing to the local government by the custodial bank or trust company.
6. The obligations purchased by the local government may only be sold or presented for redemption or payment by the local government's custodian upon written instructions of the investing officer of the local government.
7. The local government must obtain a perfected security interest in the obligation.
8. Agreements should be for short periods of time (no more than 30 days).
9. The local government should determine whether to include margin requirements.
10. No substitution of obligations is permitted.
11. Payment for the purchased obligations should not be made by the custodial bank or trust company until the obligations are actually received (usually done simultaneously).

Obligations that are purchased pursuant to a REPO are deemed to be payable or redeemable, for purposes of the GML, on the date on which the purchased obligations are scheduled to be repurchased by the seller.

XV. Operation, Audit, and Reporting

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

XVI. 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.

Adopted by the Town Council Town of Corning May 8, 2024

Appendix A

Schedule of Eligible Securities

- YES (i) Obligation issued or 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.
- NO (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.
- YES (iii) Obligations partially insured or guaranteed by an agency of the United States of America, at a proportion of the Market Value of the obligation that represents the amount of the insurance of guaranty.
- YES (iv) Obligations 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 of any public benefit corporation which under a specific State statute may be accepted as security for deposit of Public monies.
- NO (v) Obligations issued or fully insured or guaranteed by the State of New York obligations issued by a municipal corporation, school district,
- NO (vi) Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally reorganized statistical rating organization.
- NO (vii) Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- NO (viii) Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- NO (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.
- NO (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 having maturities of not longer than 60 days from the date they are pledged.
- NO (xi) Zero coupon obligations of the United States government marked as "Treasury STRIPS"