



**Policy 5001 (formerly C.9): INVESTMENT POLICY**

**Policy Category:** Finance and Business Operations

**Responsible Administrator:** Vice President for Business and Financial Affairs

**Related Procedures and Documents:** Appendix A, "Schedule of Eligible Collateral"

**Related College Policies:** none

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**I. SCOPE**

This Investment Policy is binding on all College employees who are authorized to effectuate the investment of College funds, and applies to all monies and other financial resources available for deposit and investment by the Office of the Vice President for Business and Financial Affairs of Suffolk County Community College.

**II. POLICY STATEMENT**

The primary investment objectives of the College's Deposit and Investment Program shall be as follows: 1) To comply with all applicable federal, state and other provisions of law; 2) To safeguard the principal of all deposits and investments; 3) To provide sufficient liquidity so as to ensure that all monies invested are available to meet expenditures as they come due; and 4) To obtain the maximum rate of return that is consistent with the preceding objectives.

**III. POLICY**

**A. Authority**

The implementation and administration of the College's Deposit and Investment Program, including the authority to execute any security and custody agreements required by this Policy, is the responsibility of the Vice President for Business and Financial Affairs, as authorized by the College's Board of Trustees. Authorized signatories shall be the College President, the Vice President for Business and Financial Affairs, and their designees.

The Vice President for Business and Financial Affairs shall establish procedures for the operation of the College's Deposit and Investment Program consistent with this Policy. Such procedures shall provide an adequate internal control structure. The internal controls will provide a satisfactory level of accountability based on a record incorporating descriptions and amounts of deposits, investments, transaction dates, interest rates and other information necessary to manage the College's portfolio and to identify the sources of all funds being invested.

## **B. Internal Controls**

The Vice President for Business and Financial Affairs 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 such transactions are executed in accordance with proper authorization and recorded properly and, that such transactions are managed in compliance with applicable laws and regulations.

## **C. Prudence**

The Vice President for Business and Financial Affairs and such other persons so designated with the approval of the College's Board of Trustees shall at all times act responsibly as custodians of the public trust. 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 affairs, not for speculation, but for investment, considering the safety of principal as well as the income to be derived. The Vice President for Business and Financial Affairs and subordinates involved in the investment process shall refrain from personal investment activity that could conflict with proper execution of the deposit and investment program or which could impair their ability to make impartial investment decisions.

## **D. Authorized Investments**

Except as otherwise may be provided in this Policy, monies not required for immediate expenditure may be invested in any of the following:

1. Special time deposits or certificates of deposit in a bank, trust company or national banking association (a "bank") located and authorized to do business in the State of New York;
2. Obligations of the United States of America;
3. Obligations guaranteed by agencies of the United States of America where the principal and interest are also guaranteed by the United States of America;
4. Obligations of the State of New York; and
5. With the approval of the State Comptroller, obligations issued pursuant to Section 24.00 and Section 25.00 of the Local Finance Law by any municipality, school district or district corporation, other than the County of Suffolk.

Investments shall be payable or redeemable, at the option of the Vice President for Business and Financial Affairs or other person so designated, within such time as the proceeds shall be needed to meet expenditures for the purpose for which the monies were provided. However, investments shall not mature in excess of one year without prior approval of the College's Board of Trustees.

## **E. Deposits**

All monies collected by the College shall be timely deposited in banking institutions selected from the list of banks which have been authorized by the County of Suffolk, as well as those banks which have been added to the list by the College, within the discretion of the Vice President for Business and Financial Affairs.

## **F. Diversification**

Although it is the policy of the College to diversify its investment portfolio, the opportunity to diversify among types of investments is very limited because of legal constraints. Subject to these constraints, however, investments and deposits shall, to the extent practical, be diversified by financial institution, maturity and type of investment to eliminate the risk of loss resulting from over concentration of assets in a specific bank or trading partner, investment type or a specific maturity. Unless otherwise approved by the College's Board of Trustees there will be a \$20,000,000 limit per financial institution.

## **G. Authorized Banks and Trading Partners**

The Vice President for Business and Financial Affairs shall maintain a list of banks and other trading partners approved for investment purposes by the County of Suffolk and the College. The Vice President for Business and Financial Affairs may establish limits on the amount of investments that may be outstanding with any bank or trading partner at any time, within limits set forth in Section III(F) of this Policy. All banks and trading partners with which the College conducts business must be credit-worthy as determined by criteria established by the Vice President for Business and Financial Affairs, and must be authorized to do business in New York State and be primary reporting dealers. All banks with which the College does business shall provide their most recent Consolidated Report of Condition (Call Report) to the Vice President for Business and Financial Affairs at his/her request. Trading partners not affiliated with a bank shall be recognized as primary dealers designated by the Federal Reserve Bank of New York. The Vice President for Business and Financial Affairs or designee is responsible for annually evaluating the financial position of banks and trading partners with which the College does business and, based on such evaluations, for revising the list of eligible banks and trading partners as deemed appropriate.

## **H. Procedures for Security Deposits, Special Time Deposits and Certificates of Deposit**

### 1. Written Security Agreements

Monies of the College shall only be deposited or invested in a bank with which the College has entered into a written security agreement with a third-party custodian. Such security agreement shall require the bank to secure all the College deposits, in excess of the amount insured by the Federal Deposit Insurance Corporation, in the manner required by NY General Municipal Law (GML) Section 10 and shall do the following:

- a) Specify which types of eligible securities authorized by Appendix "A" of this Policy and GML Section 10, as that Section may from time to time be amended, are, in the discretion of the Vice President for Business and Financial Affairs to be provided by the bank. Vice President for Business and Financial Affairs may, within his/her discretion, update the list of eligible securities listed in Appendix "A";
- b) Prescribe the amount of collateral to be provided by the bank at any time;
- c) Prescribe the manner in which the market value of the collateral shall be determined and require any adjustments to market value as required by GML Section 10;

- d) Require the bank to provide additional collateral if the market value falls below the required amount of collateral;
- e) Provide that the eligible securities are being pledged by the bank to secure all the College deposits in the bank, together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default;
- f) Grant a security interest to the College in any securities pledge by the bank pursuant to the agreement;
- g) Set forth the conditions under which the collateral may be sold, presented
- h) for payment, substituted or released;
- i) Define the events of default that will enable the College to exercise its rights against the pledged securities;
- j) Require that securities pledged to the College to secure deposits and not registered in the name of the College be delivered in a form suitable for transfer or with an assignment in blank to a custodial bank with which the College has entered into a written custodial agreement;
- k) Provide for the valuation of collateral;
- l) Require that the agreement be properly authorized by the board of directors of the bank and that the bank maintain such agreement as an official record of the bank; and,
- m) Contain such other provisions deemed necessary to enable the College to enforce its interest in the collateral in the event of a default by the bank.

## 2. Custodial Agreements

All Securities pledged by a bank pursuant to a written security agreement shall be delivered to a bank (“Custodian”) with which the College, has entered into a written custodial agreement. The custodial agreement shall provide as follows:

- a) Specify the manner in which the Custodian shall hold securities;
- b) Require the Custodian to hold the securities as agent of, and custodian for, the College and to keep such securities separate and apart from the general assets of the Custodian and not permit them to become the backing for any other deposits or liabilities of the Custodian;
- c) Require the Custodian to confirm in writing the receipt, substitution or release of any securities from the College’s custodial account;
- d) Provide for the methodology and frequency of valuation of securities held by the Custodian and for substitution of securities when a change in rating of a security may cause ineligibility;
- e) Require the Custodian to make appropriate entries on its books at all times showing the College’s interest in the securities;

- f) Require physical securities be kept in the Custodian's vault and physically segregated from the Custodian's property and other property held by the Custodian;
- g) Require the Custodian to subordinate any claims it may have against the securities to the College's interest therein;
- h) Permit College access to books and records maintained by the Custodian with respect to the College's accounts; and,
- i) Contain any other provisions deemed necessary and appropriate.

A bank shall not be permitted to act as custodian of any securities pledged by such bank to secure the College deposits.

#### **I. Purchase and Safekeeping of Investments.**

1. The Vice President for Business and Financial Affairs shall establish operating procedures for making investments with approved banks and trading partners and revise such procedures as they deem appropriate from time to time.
2. In the case of investments in certificates of deposit and special time deposits, the procedure shall require the solicitation of quotations from more than one of the approved banks.
3. In the case of the purchase of obligations, the procedures shall include the following; (1) require competitive quotations, except in the purchase of governmental securities at their initial auction; (2) require all purchased obligations, unless registered or inscribed the name of the College, to be purchased through, delivered to, and held in the custody of a bank with which the College has entered into a written custodial agreement which complies with the requirements contained in Subsection III(H)(2) of this Policy; (3) ensure that obligations are purchased, sold or presented for redemption or payment by a Custodian only in accordance with instructions from the Vice President for Business and Financial Affairs or a designee authorized to make the investment; and (4) provide that payment of the College funds shall only be made upon delivery of the purchased obligations.
4. The Vice President for Business and Financial Affairs or other such person so designated is further authorized to purchase obligations subject to a repurchase agreement in accordance with the procedures enumerated in section III(J) of this Policy.

#### **J. Procedure for Repurchase Agreements**

The Vice President for Business and Financial Affairs or other such person so designated is authorized to purchase and sell obligations pursuant to repurchase agreements subject to the following restrictions:

1. No repurchase transaction shall be entered into with any trading partner until the College has entered into a written Master Repurchase Agreement with the trading partner;
2. Repurchase Agreements shall be entered into only with trading partners approved by the Vice President for Business and Financial Affairs pursuant to

Section III(G) of this Policy, shall be subject to any trading limits established for each trading partner, and will not be used without prior approval of the College's Board of Trustees;

3. Only obligations of the United States of America and/or obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America shall be purchased pursuant to a Repurchase Agreement;
4. Obligations purchased pursuant to a Repurchase Agreement shall be held by a Custodian, other than the trading partner, pursuant to a written Custodial Agreement which shall, to the extent applicable, comply with the requirements of Subsection III(H)(2) of this Policy; and
5. The price paid for the securities shall not be in excess of the market value of the securities being purchased plus any accrued interest not reflected in the market price.

Master Repurchase Agreements between the College and its trading partners shall include the following:

1. Contain procedures which ensure that the College obtains a perfected securities interest in the purchased securities;
2. Define events of default;
3. Prohibit the trading partner from substituting securities for the purchased securities during the term of the Repurchase Agreement, provided, however, that a Master Repurchase Agreement which permits a trading partner to substitute substantially the same securities for any purchased securities only on notice to the College, and which provides that the College may then elect not to accept such substitution, shall be deemed to comply with the requirements of this clause;
4. Limit the term of a specific repurchase transaction to a period of not more than thirty (30) days;
5. Contain appropriate margin requirements and procedures for timely correction of margin deficiencies or excesses;
6. Provide that the College shall not make payment for the purchased securities until they are received by the Custodian and that the Custodian shall not transfer the purchased securities to the trading partner until the College has received the repurchase price in immediately available funds;
7. Require that the terms of all specific repurchase transactions, including rate, price and a description of the specific securities being purchased, be confirmed in writing;
8. Provide that all specific repurchase transactions shall be subject to the terms of the Master Repurchase Agreement; and
9. Contain such other provisions as are deemed necessary and appropriate.

**K. Legal Review**

All security agreements, custodial agreements, letters of credit, surety bonds and repurchase agreements shall be reviewed by the College General Counsel or other attorney retained for this purpose to determine their compliance with the requirements of Sections 10 and 11 of the GML and this Policy.

**IV. POLICY APPROVAL, REVISION AND REVIEW DATES:**

Board of Trustee Approval: 6/25/09; Revised 1/19/23. This Policy shall be reviewed at least annually by the Vice President for Business and Financial Affairs to determine whether any revisions are required.

**APPENDIX A**  
**SCHEDULE OF ELIGIBLE COLLATERAL**

1. Obligations 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.
2. Zero coupon obligations of the United States government markets as “treasury strips.”
3. 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.
4. 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 the State of New York or obligations of any public benefit corporation which under a specific New York State statute may be accepted as security for deposit of public moneys.
5. Participation in reciprocal deposit programs (insured cash sweeps)
6. An irrevocable letter of credit issued in favor of the College 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 payable to the College as security for the payment of one hundred percent (100%) of the aggregate amount for the College deposits and the agreed upon interest, if any.