VILLAGE OF DANSVILLE

INVESTMENT POLICY

A. SCOPE

This investment policy applies to all moneys and other financial resources available for investment on its own behalf.

B. OBJECTIVES

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

1) to Conform with all applicable federal, state, and other legal requirements;
2) to adequately safeguard principal;
3) to provide liquidity to meet all operating requirements; and
4) to obtain a reasonable rate of return.

C. DELEGATION OF AUTHORITY

The Board of Trustees is responsible for administration of the investment program and shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of 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.

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 Village of Dansville 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 1 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 Village of Dansville to diversify its deposits and investment by financial institution, by investment instrument, and by maturity scheduling.

F. INTERNAL CONTROLS

It is the policy of the Village Dansville for all moneys collected to be deposited by the Treasurer within 5 days, or within the time period specified by law, whichever is shorter. The Treasurer 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.

G. DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposit of moneys are as follows:

Depository
Five Star Bank
Community Bank
Key Bank
The Bank of Castile

H. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law, Article 10, all deposits of the Village of Dansville including certificates of deposit and special time deposits, in excess of the amount under the provision 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 10, equal to the aggregate amount of deposits from the categories designated in Appendix A to the policy.

2. 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 zed statistical rating organizations.

I. SAFEKEEPING AND COLLATERALIZATION.

Eligible securities used for collateralizing deposits shall be held by the designated depository and/or a party bank or trust company subject to security and custodial agreements. The security agreement shall provide that eligible securities are being pledged to 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 ledged 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 Village of Dansville or its custodial bank. The custodial agreement shall provide that securities held by the bank or trust, or agent of and custodian for, the local government, will be kept separate and apart from the general assets of the 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 deposits or liabilities. The agreement shall provide for the frequency of revaluation of eligible securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

J.PERMITTED INVESTMENTS

1. As authorized by General Municipal Law, Section 11, the Village of Dansville 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:

- Time deposit accounts;
- Certificates 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 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Village of Dansville. All such investment obligations shall be payable or redeemable at the option of the Village of Dansville within such times as the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall

be redeemable at the option of the Village of Dansville within two years of the date of purchase. As authorized by General Municipal Law, Section 217, the Village of Dansville authorizes the Treasurer to invest moneys of the Length of Service Award Program for Active Volunteer Firefighters not required for short-term cash flow needs in the following types of investments:

-Open-ended mutual funds that invest in publicly listed corporate common stock or investment grade fixed income securities, purchased and retained in the exercise of the degree of judgment and care, under the circumstances then prevailing, which persons of prudence and intelligence exercise in the management of their own affairs, provided that not more than 50% of all moneys invested for the Service Award Program, other than short-term cash flow needs, shall be invested in common stock, directly or through mutual funds or managed accounts;

-Investment-grade fixed or variable rate fixed income securities with guaranteed known principal redemption value at maturity date, purchased and retained in the exercise of the degree of judgment and care, under the circumstances then prevailing, which persons of prudence and intelligence exercise in the management of their own affairs.

J. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Village of Dansville shall maintain a list of financial institutions and dealers approved for purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. 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 Village Dansville. Security Dealers not affiliated with a bank shall be required to be classified as reporting dealers with the New York Federal Reserve Bank, as primary dealers. The Treasurer is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners, and custodians. Such listing shall be evaluated at least annually.

K. PURCHASE OF INVESTMENTS

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

1. Directly, including through a repurchase agreement, from an authorized trading partner.
2. By participation in a cooperative investment program, not to

exceed $4 million per 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 Board of Trustees.

3. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized be the Board of Trustees.

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 obligation shall be purchased, sold or presented for redemption or payment by such bank or trust 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 Village Dansville 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, 10. 5 The custodial agreement shall provide that securities held by the bank or trust company, as agent or 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 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 the securities.

L. 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.

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