

EXECUTIVE ORDER NO. 8 OF 2021

WHEREAS Article III, Sections 3.02 of the Dutchess County Charter empowers the County Executive to designate one or more official depositories within the County for the deposit and withdrawal of county funds, and

WHEREAS Section 39 of the New York State General Municipal Law required municipalities to establish policies for the management of public funds, and

WHEREAS the Commissioner of Finance, as Chief Fiscal Officer of the County has amended the Cash Management and Investment Policy established in Executive Order No. 5 of 2015 dated September 11, 2015, and

WHEREAS, the amended Cash Management and Investment Policy has been designed to provide a reasonable return on investment with minimal risk, adequate collateral, and sufficient flexibility to meet the cash flow needs of the County, NOW, THEREFORE, IT IS

ORDERED THAT the updated Cash Management and Investment Policy dated September 2021 attached hereto replaces the aforementioned policy and is established as the fiscal policy of the County of Dutchess.

Made at Poughkeepsie, New York the 17 day of September, 2021.

  
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Marcus J. Molinaro, County Executive

**COUNTY OF DUTCHESS  
CASH MANAGEMENT AND INVESTMENT POLICY  
UPDATED SEPTEMBER 2021**

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**Introduction**

The County Charter and Administrative Code provide for the deposit and investment of public funds. This policy was developed to provide standards and procedures for safeguarding the County's funds and provide an adequate return on investment.

**I. Scope**

This investment policy applies to all moneys and other financial resources available for investment by County of Dutchess on its own behalf or on behalf.

**II. Objectives**

The primary objectives of County's investment activities are, in priority order:

- A. To conform with all applicable federal, state, and other legal requirements (legal)
- B. To adequately safeguard principal (safety).

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

(i) Credit Risk

The County will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- (a) Limiting investments to mixtures of safe securities with the best return.
- (b) Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

(ii) Interest Rate Risk

The County will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

- (a) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- (b) Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

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- C. To provide sufficient liquidity to meet all operating requirements (liquidity).

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity.) Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity.) A portion of the portfolio also may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

- D. To obtain a reasonable rate of return (yield)

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. Investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

### **III. Delegation of Authority**

Pursuant to the County Charter and Administrative Code, the responsibility for administration of the investment program is delegated to the Commissioner of Finance through the County Executive.

The Commissioner of Finance 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.

### **IV. Prudence**

All employees responsible for investment duties shall seek to act responsibly as custodians of public trust and shall avoid any transaction that might impair public confidence in the County of Dutchess 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.

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All employees 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 the policy of the County of Dutchess to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

**VI. Internal Controls**

It is the policy of County of Dutchess for all moneys over \$50 collected by any officer or employee of the government to transfer those funds to the Commissioner of Finance within two (2) days of deposit, or within the time period specified in law, whichever is shorter.

The Commissioner of Finance 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.

**VII. Designation of Depositories**

Pursuant to Section 3.02(g) of the County of Dutchess Charter the County Executive shall designate one or more official depositories within the County for deposit and withdrawal of County funds. This designation shall be made on at least an annual basis via executive order and shall list the maximum amount which may be kept on deposit at each depository. The current list of designated depositories is detailed on Exhibit A (Per Executive Order No. 7 of 2021).

**VIII. Collateralizing of Deposits**

In accordance with the provisions of General Municipal Law § 10, all deposits of County of Dutchess, 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 by pledge of "eligible securities" with an aggregate market value as provided by General Municipal Law § 10, equal to 102% of the aggregate amount of deposits from the categories designated in Exhibit B to the policy.

**IX. Safekeeping and Collateralizing Deposits**

Eligible securities used for collateralizing deposits shall be held by a third party bank or trust company subject to security and custodial agreements.

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The security agreements shall provide that 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 default. It shall also provide the conditions under which the securities held 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 County of Dutchess or its custodial bank.

The custodial agreement shall provide that pledged securities will be held by the custodial bank or trust company, as agent of and custodian for, County of Dutchess, 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 agreements shall also describe how the custodian shall confirm the receipt, substitution, or release of the collateral. The agreements provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility.

**X. Permitted Investments**

As authorized by General Municipal Law, Section 11, the County of Dutchess authorizes the Commissioner of Finance 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 deposit accounts.
- B. Certificates of deposit.
- C. Obligations of the United States of America.
- D. Obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the United States of America.
- E. Obligations of the State of New York.
- F. 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 County of Dutchess.
- G. 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.

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- H. Savings accounts placed through a depository institution that has a main office or a branch office in this state and that contractually agrees to place the funds in federally insured depository institutions through the Insured Cash Sweep service (ICS) or Certificate of Deposit Account Registry Service (CDARS).
- I. General obligation bonds and notes of any state, provided that such bonds and notes receive the highest rating of at least one independent rating agency designated by the state comptroller.
- J. Obligations of any corporation organized under the laws of any state in the United States maturing within two hundred seventy days, provided that such obligations receive the highest rating of two independent rating services designated by the state comptroller and that the issuer of such obligations has maintained such ratings on similar obligations during the preceding six months, provided, however, that the issuer of such obligations need not have received such rating during the prior six month period if such issuer has received the highest rating of two independent rating services designated by the state comptroller and is the successor or wholly owned subsidiary of an issuer that has maintained such ratings on similar obligations during the preceding six month period or if the issuer is the product of a merger of two or more issuers, one of which has maintained such ratings on similar obligations during the preceding six month period, provided, however, that no more than two hundred fifty million dollars may be invested in such obligations of any one corporation.
- K. Obligations of, or instruments issued by or fully guaranteed as to principal and interest by, any agency or instrumentality of the United States acting pursuant to a grant of authority from the congress of the United States, including but not limited to, any federal home loan bank or banks, the Tennessee valley authority, the federal national mortgage association, the federal home loan mortgage corporation and the United States postal service, provided, however, that no more than two hundred fifty million dollars may be invested in such obligations of any one agency.
- L. No-load money market mutual funds registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, provided that such funds are limited to investments in obligations issued or guaranteed by the United States of America or in obligations of agencies or instrumentalities of the United States of America where the payment of principal and interest are guaranteed by the United States of America (including contracts for the sale and repurchase of any such obligations), and are rated in the highest rating category by at least one nationally recognized statistical rating organization, provided, however, that no more than two hundred fifty million dollars may be invested in such funds.

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

**XI. Authorized Financial Institutions and Dealers**

The County of Dutchess shall maintain a list of financial institutions and dealers approved for investment 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 Audited Financial Report at the request of the County of Dutchess. 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. The Commissioner of Finance is responsible for evaluating the financial position and maintaining a listing of proposed depositaries, trading partners and custodians. Such listing shall be evaluated at least annually.

**XII. Purchase of Investments**

The Commissioner of Finance is authorized to contract for the purchase of investments:

1. Directly, including through 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 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 or a reputable dealer in such obligations as shall be designated by the state comptroller. Such obligations shall be purchased, sold, or presented for redemption or payment by such bank, dealer or trust company only in accordance with prior verbal and/or written authorization as required by that particular institution's policy from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Commissioner of Finance by the bank, dealer 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.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the County of Dutchess, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be co-mingled

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with or become part of the banking for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreements shall include all provisions necessary to provide the local government a perfected interest in the 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 obligation of agencies of the United States of America where principal and interest are guaranteed by 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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**EXHIBIT A**

**DESIGNATED DEPOSITORIES**

JP Morgan Chase Poughkeepsie, New York -----	\$100,000,000.
New York Liquid Asset Fund Fishkill, New York -----	\$100,000,000.
Key Bank of New York, N.A. Poughkeepsie, New York -----	\$5,000,000.
Manufacturers and Traders Trust Company(M&T) Poughkeepsie, New York -----	\$20,000,000.
Riverside Bank a Division of Salisbury Bank & Trust Company Fishkill, New York -----	\$50,000,000.
TD Bank Poughkeepsie, New York -----	\$150,000,000.
Mahopac National Bank Wappinger Falls, New York -----	\$10,000,000.

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**EXHIBIT B**

**SCHEDULE OF ELIEGIBLE SECURITIES**

- A. Obligations issued, or fully insured or guaranteed a to payment of principal and interest, by the United States of America, as agency thereof or a United States government sponsored corporation.
- B. 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.
- C. 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 obligation of any public benefit corporation which, under a specific State statute may be accepted as security for deposit of public moneys.
- D. In lieu of or in addition to the deposit of eligible securities, the officers making a deposit may, in the case of an irrevocable letter of credit issued in favor of County of Dutchess 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, accept such letter of credit payable to County of Dutchess as security for the payment of one hundred percent of the aggregate amount of public deposits from such officers and the agreed upon interest, if any.