



COUNTY OF DUTCHESS

MARCUS J. MOLINARO
COUNTY EXECUTIVE

EXECUTIVE ORDER NO. 5 OF 2015

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

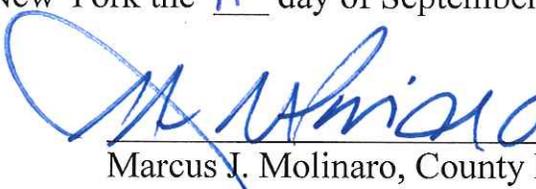
WHEREAS Section 39 of the New York State General Municipal Law required municipalities to establish policies for the management of public funds, and

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. 3 of 2011 dated October 26, 2011, 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 2015 attached hereto replaces the aforementioned policy and is established as the fiscal policy of the County of Dutchess.

Made at Poughkeepsie, New York the th 11 day of September, 2015.



Marcus J. Molinaro, County Executive

CASH MANAGEMENT AND INVESTMENT POLICY

COUNTY OF DUTCHESS

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.

Scope

This investment policy applies to all moneys and other financial resources available for investment on its own behalf or on behalf of any other entity or individual.

Objectives

The primary objectives, in priority order, of investment activities shall be: safety, liquidity, and yield:

1. *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.

a. Credit Risk

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

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

b. 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:

- * 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.
- * Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

2. ***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.

3. ***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.

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.

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.

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.

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.

Internal Controls:

It is the policy of the 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.

Designation of Depositories

(See Exhibit A Executive Order No.1 of 2015)

Collateralizing of Deposits

In accordance with the provisions of General Municipal Law, sec. 10, all deposits of the 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", or provided by General Municipal Law, sec. 10, equal to 102% of the aggregate amount of deposits from the categories designated in Exhibit B to the policy.

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.

The security agreements 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. They 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 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 agreements 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 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 also describe that the custodian shall confirm the receipt, substitution or release of the securities. 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.

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 depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

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:

- Special time deposit accounts;
- Certificates of deposit;
- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where 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 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;
- 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.
- 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).

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.

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 where such program meets all of the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board.

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 Commissioner of Finance 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.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of 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 co-mingled 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.

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.

EXECUTIVE ORDER NO. 1, 2015

Pursuant to Section 3.02(g) of the Dutchess County Charter, I hereby designate the following banks and trust companies for the deposit of moneys received by the Commissioner of Finance at the maximum amount set forth after the name of each bank or trust company:

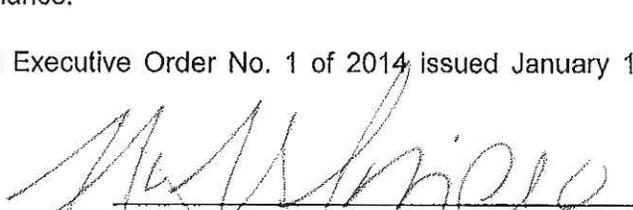
First Niagara Bank, N.A. (formerly HSBC Bank USA, N.A.) Poughkeepsie, New York	-----\$50,000,000.
JP Morgan Chase Poughkeepsie, New York	-----\$100,000,000.
Bank of America Poughkeepsie, New York	-----\$1,000,000.
Wells Fargo (formerly Wachovia Bank, N.A.) Poughkeepsie, New York	-----\$50,000,000.
Key Bank of New York, N.A. Poughkeepsie, New York	-----\$20,000,000.
Bank of Millbrook (merged with Stissing National Bank) Millbrook, New York	-----\$5,000,000.
Manufacturers and Traders Trust Company (M & T) Poughkeepsie, New York	-----\$20,000,000.
Orange County Trust Company Fishkill, New York	-----\$40,000,000.
RBS Citizens Bank Albany, New York	-----\$5,000,000.
TD Bank Poughkeepsie, New York	-----\$100,000,000.
Citibank NA Harrison, New York	-----\$50,000,000.
Mahopac National Bank Wappinger Falls, New York	----- \$25,000,000.

Pursuant to Section 11 of the General Municipal Law, the Dutchess County Commissioner of Finance be and she is hereby authorized to invest in time deposit accounts, certificates of deposit or repurchase agreements of the above designated depositories or repurchase agreements of the Merrill Lynch Flexicash Program.

Pursuant to Section 212 of the County Law, the interest received on moneys deposited in time deposit accounts, certificates of deposit, or repurchase agreements of the above designated depositories shall be the prevailing rate paid by such designated depository, payable on such dates as agreed upon between the depository and the Dutchess County Commissioner of Finance.

This Executive Order No. 1 of 2015 supersedes Executive Order No. 1 of 2014 issued January 10, 2014.

Dated: January 2, 2015



Marcus J. Molinaro, County Executive