

INVESTMENT POLICY

This policy shall apply to all monies and other financial resources available for investment on behalf of the Board of Cooperative Educational Services, Rensselaer-Columbia-Greene Counties ("Questar III"). Whenever Questar III has funds that exceed those necessary to meet current expenses, the Board of Education authorizes the Treasurer to invest such funds in accordance with all applicable laws and regulations in compliance with the requirements of New York State law.

I. Objectives:

The primary objectives of this policy are:

- ▶ to comply with all applicable federal, state and other legal requirements;
- ▶ to adequately safeguard principal;
- ▶ to provide sufficient liquidity to meet all operating requirements;
- ▶ debt avoidance; and
- ▶ to earn a competitive rate of return.

II. Authorization:

The Board's responsibility for administration of the Investment Program is delegated to the Treasurer of the Board, who with the approval of the Assistant Superintendent for Business and Financial Services shall establish written procedures for the operation of the investment program consistent with this policy. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on records incorporating type and amounts of investments, transaction dates, and other relevant information and to regulate the activities of subordinate employees.

III. Implementation:

All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investments shall be made with judgment and care and with consideration for the safety of the principal as well as the 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.

It is the policy of Questar III to diversify its deposits and investments by financial institution and by maturity scheduling with consideration to competitive rates of return.

The policy will be reviewed annually by the Board and may be amended from time to time in accordance with the provisions of General Municipal Law, Section 39.

IV. Collateralization of Deposits:

In accordance with the provisions of the General Municipal Law, Section 10, all deposits of Questar III, 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 a pledge of "eligible securities" with an aggregate "market value" of at least 102% of the aggregate amount of deposits from the following categories:

1. Obligations issued, 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. 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 obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public monies.
3. Obligations issued by States (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
4. Obligations of counties, cities and other government entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
5. Zero coupon obligations of the United States government marketed as "treasury strips".

V. Permitted Investments:

Questar III believes that as an organization it can maximize investment return by utilizing cash for capital and equipment purchases. However, as authorized by General Municipal Law, Section 11, Questar III shall authorize the Treasurer to invest monies not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

1. Special Time Deposit Accounts;
2. Money Market Accounts meeting the requirements of General Municipal Law, section 11;
3. Certificates of Deposit;
4. Obligations of the United States of America; and/or
5. Obligations of the State of New York.

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

1. Directly with a commercial bank or trust company located in and authorized to do business in New York State in compliance with General Municipal Law, section 11(4); and/or
2. By participation in a cooperative investment program with another authorized governmental entity pursuant to Articles 3-A and 5-G of the General Municipal Law where such program meets the requirements set forth in the Office of the State Comptroller Opinion No. 8846, and the specific program has been authorized by the governing board.

All such transactions shall be confirmed in writing to the Board of Cooperative Educational Services, Rensselaer-Columbia-Greene Counties, 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.

VII. Administrative Procedures

Pursuant to General Municipal Law, section 39(3)(d), the Assistant Superintendent for Business and Financial Services and the Treasurer shall develop such forms and administrative procedures as necessary to carry out this policy.

Adopted: 7/9/09
Revised: 7/8/10