§ 39. Investment policies for local governments. 1. Each local government, which for purposes of this section shall include counties, cities, towns, villages, school districts including boards of cooperative educational services and district corporations, within the meaning of that term as set out in subdivision three of section sixty-six of the general construction law, or any other governmental subdivision of the state, shall by resolution adopt a comprehensive investment policy which details the local government's operative policy and instructions to officers and staff regarding the investing, monitoring and reporting of funds of the local government. The investment policy shall be annually reviewed by the local government.

2. Funds of the local government, for purposes of this section, shall consist of all moneys and other financial resources available for investment by the local government on its own behalf or on behalf of any other entity or individual.

3. The investment policy adopted by the local government shall include, but not be limited to, the following:

(a) A list of the permitted types of investments of the local government, which shall be consistent with the appropriate provisions of law relating to the local government and any additional requirements pursuant to any contract with bondholders and noteholders or established by the local government.

(b) Procedures and provisions to secure in a satisfactory manner the local government's financial interest in investments.

(c) Standards for written agreements pursuant to which investments are made. Such standards shall be consistent with the appropriate provisions of law relating to the local government and any additional requirements pursuant to any contract with bondholders and noteholders or established by the local government.

(d) Procedures for the monitoring, control, deposit and retention of investments and collateral.

(e) Standards for security agreements and custodial agreements with banks or trust companies authorized to do business in the state of New York, pursuant to which obligations and collateral are held by such banks and trust companies for the local government. Such standards shall

be consistent with the appropriate provisions of law relating to the local government and any additional requirements pursuant to any contract with bondholders and noteholders or established by the local government.

(f) Standards for the diversification of investments, including diversification with respect to the permitted types of investments listed in accordance with paragraph (a) of this subdivision and to the firms with whom the local government transacts business. Such standards may also specify the maximum percentage of moneys available for temporary investment or the maximum dollar amount that the local government is authorized to invest in any one permitted type of investment or pursuant to transactions with any one firm.

(g) Standards for the qualification of firms with whom the local government transacts business, such as criteria covering creditworthiness, experience, capitalization, size and any other factors that make a firm capable and qualified to transact business with the local government.

(h) For purposes of this section, the term "firm" shall include, but not be limited to, a bank or trust company as defined in subdivision one of section ten of this chapter, the lead participant of a cooperative investment agreement as defined in subdivision one of section forty-nine-c of this chapter, and the seller of an obligation that is purchased pursuant to a repurchase agreement.

4. Each local government shall have the power to amend its investment policy from time to time in accordance with the provisions of this section.