

## FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION

### INVESTMENT POLICY

#### I. Introduction

- A. This Investment Policy (the "Investment Policy") of the Franklin County Civic Development Corporation (the "CDC") shall apply to all funds of the CDC, including monies and other financial resources available for investment and deposit by the CDC on its own behalf or on behalf of any other entity or individual.
- B. This Investment Policy shall be reviewed annually by the CDC and approved by the Board of Directors (the "Board").
- C. This Investment Policy sets forth the CDC's operative investment policy as well as the instructions to officers and staff regarding the investing, monitoring and reporting of the funds of the CDC.
- D. Under the direction and supervision of the CDC's Board, the Chief Financial Officer shall be responsible for the implementation of this Investment Policy.

#### II. Investment Objectives

The CDC's primary objectives for investment activities include the following, in order of priority:

- A. To comply with all applicable federal, state and local laws;
- B. To preserve and adequately safeguard principal;
- C. To maintain sufficient liquidity to meet the current and future operating requirements of the CDC; and
- D. To maximize return or to produce a reasonable rate of return.

#### III. Internal Controls

- A. The Chief Financial Officer shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include adequate internal controls to provide reasonable assurance that:
  - 1. Deposits and investments are safeguarded against loss from unauthorized use or disposition;
  - 2. Transactions are executed in accordance with management's authorization;
  - 3. Transactions are recorded properly; and

4. Transactions are managed in compliance with applicable laws and regulations governing public funds.
- B. It is the policy of the CDC for all monies collected by any officer or employee to transfer those funds for deposit to the Chief Financial Officer within three (3) business days, or within the time period specified by law, whichever is shorter.

IV. Prudence and Ethics

- A. The Chief Financial Officer and any such person or persons authorized by the Chief Financial Officer shall:
1. Act in accordance with this Investment Policy and applicable federal, state and local laws;
  2. Act prudently and responsibly so as to ensure investments and deposits made under this Investment Policy are done so with judgment and care, under circumstances then prevailing, considering the safety of the principal as well as the probable income to be derived;
  3. Seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the CDC to govern effectively;
  4. Refrain from any personal business activity that could conflict with proper execution of the investment program or could impair the ability to make impartial investment decisions.

V. Designation of Authorized Institutions for Deposit

- A. The Board designates those banks and trust companies listed in Appendix A as authorized depositories for the deposit of monies up to the maximum amount listed.
- B. The CDC shall review the authorized depositories on an annual basis.

VI. Collateralizing Deposits and Safekeeping

In accordance with the provisions of Section 10 of the General Municipal Law (“GML”), all deposits of the CDC, 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. 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 B to this Investment Policy.
- B. An eligible “irrevocable letter of credit” issued by a qualified bank other than the bank with the deposits in favor of the government for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest

rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.

- C. An eligible surety bond payable to the CDC 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 recognized statistical rating organizations.

Eligible securities used for collateralizing deposits shall be held by the depository bank or trust company subject to security and custodial agreements. In order to provide the CDC with a perfected security interest in such security or custodial agreement, the agreement must provide for the following:

- A. That the 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.
- B. 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 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 CDC or its custodial bank.
- C. That securities held by the bank or trust company, as agent of and custodian for the CDC, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstance, be commingled with or become part of the backing for any other deposit or other liabilities.
- D. That the custodian shall confirm the receipt, substitution or release of the securities held on behalf of the CDC.
- E. The frequency of reevaluation of eligible securities, and for the substitution of securities when a change in the rating of a security may cause ineligibility.
- F. Such agreement must also include all provisions necessary to provide the CDC with a perfected interest in the securities.

## VII. Permitted Investments

- A. The following, in accordance with GML §11, includes the permitted investments in which the CDC may temporarily invest monies not required for immediate expenditure (collectively, the "Permitted Investments"):
  - 1. Special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in New York, provided however, that such time deposit account or certificate of deposit shall be payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained and provided further that

such time deposit account or certificate of deposit be secured according to the GML §10;

2. Obligations of the United States;
  3. Obligations guaranteed by agencies of the United States where payment of principal and interest are guaranteed by the United States;
  4. Obligations of the state of New York;
  5. Obligations issued pursuant to Local Finance Law §24 or §25 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the CDC;
  6. 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;
  7. Certificates of participation issued pursuant to GML §109-b;
  8. Obligations of the CDC (which is a local development corporation), but only with any monies in a reserve fund established pursuant to GML §§6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m or 6-n;
  9. All other investments permitted by the GML §11;
- B. All investment obligations shall be payable or redeemable at the option of the CDC within such times as the proceeds will be needed to meet expenditures for purposes for which the monies 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 CDC within two years of the date of purchase.

#### VIII. Written Contracts

The CDC shall enter into written contracts pursuant to which all investments of the CDC's funds are made unless the CDC shall, by resolution, determine that a written contract is either not practicable or that there is not a regular business practice of written contracts with respect to a specific investment. Such contracts shall conform to the requirements outlined in Section 2925(c) of the Public Authorities Law.

#### IX. Diversification

To the extent practicable, the CDC shall diversity its deposits and investments by financial institution, by investment instrument and by maturity scheduling.

#### X. Authorized Financial Institutions and Dealers

- A. The CDC 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.

- B. No more than 50% of the CDC's total investments may be in any one institution unless fully collateralized.
- C. All financial institutions with which the CDC conducts business must be creditworthy.
- D. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the CDC. 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.
- E. The Chief Financial Officer or his or her designee is responsible for evaluating the financial position and maintaining a list of proposed depositories, trading partners and custodians. Such listing shall be evaluated annually and is included herein as Appendix A.

XI. Purchase of Investments and Repurchase Agreements

- A. The Chief Financial Officer is authorized to contract for the purchase of investments (a) directly, including through a repurchase agreement, from an authorized trading partner; (b) by participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the GML where such program meets all requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the Board; or (c) by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the Board.
- B. All purchase obligations, unless registered or inscribed in the name of the CDC, 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 CDC 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 GML, §10.
  - 1. The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the CDC, 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.
  - 2. The custodial 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 CDC a perfected interest in the securities.
- C. Repurchase agreements, a transaction in which the CDC purchases authorized securities from a trading partner, are authorized subject to the following restrictions:

1. All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
2. Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
3. Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
4. No substitutions of securities will be allowed.
5. The custodian shall be a partner other than the trading partner.

XII. Reporting

- A. Annually, the CDC's independent auditors shall prepare an independent audit of the CDC's investments for the fiscal year, the results of which shall be made available to the Board.
- B. Annually, the Chief Financial Officer shall cause to be prepared and the Board shall approve an investment report as part of the annual independent audit, which shall include the following:
  1. An explanation of the CDC's Investment Policy and practices;
  2. Results of the annual independent audit;
  3. The investment income record of the corporation; and
  4. A list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and/or advisor.
- C. The CDC shall make such independent audit and investment report available to the public upon reasonable request.
- D. The CDC shall annually submit its investment report to the chief executive officer and chief fiscal officer of the County of Franklin.
- E. The Chief Financial Officer shall keep the Board advised regarding any new investments, the inventory of existing investments, and the selection of investment bankers, brokers, agent, dealers, advisors or auditors.

XIII. Amendment and Annual Review

The CDC may amend this Investment Policy from time to time in accordance with the Public Authorities Law. This Investment Policy shall be reviewed annually by the CDC and approved by the Board.

**APPENDIX A**

<u>Authorized Depositories</u>	<u>Maximum Amount</u>
Adirondack Bank	No maximum, but all accounts over \$250,000 must be fully collateralized
Bank of Greene County	No maximum, but all accounts over \$250,000 must be fully collateralized
Champlain National Bank	No maximum, but all accounts over \$250,000 must be fully collateralized
Community Bank NA	No maximum, but all accounts over \$250,000 must be fully collateralized
<u>JP Morgan/Chase</u>	No maximum, but all accounts over \$250,000 must be fully collateralized
<u>Key Bank</u>	No maximum, but all accounts over \$250,000 must be fully collateralized
<u>NBT Bank</u>	No maximum, but all accounts over \$250,000 must be fully collateralized
<u>TD Bank</u>	No maximum, but all accounts over \$250,000 must be fully collateralized

## **APPENDIX B**

### **Eligible Securities**

- Obligations issued, or 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
- 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 insurance or guaranty
- 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 moneys
- 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
- Obligations of counties, cities and other governmental 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
- Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization
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