

## **ORLEANS COUNTY LOCAL DEVELOPMENT CORPORATION**

### **INVESTMENT POLICY**

#### **I. Scope**

This investment policy applies to all moneys and other financial resources available for investment by The Orleans County Local Development Corporation (the "Corporation").

#### **II. Objectives**

The primary objectives of the Corporation's investment activities are, in priority order.

- To conform with all applicable federal, state and other legal requirements;
- To adequately safeguard principal;
- To provide sufficient liquidity to meet all operating requirements; and
- To obtain a reasonable rate of return.

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

The responsibility for administration of the investment program is delegated to the Corporation's Treasurer who shall establish 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.

#### **IV. Prudence**

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Corporation.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable 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.

#### **V. Diversification**

It is the policy of the Corporation to diversify its deposits and investments by financial institution such that the Corporation's deposits and investments do not exceed FDIC coverage and collateral pledged by such institution.

#### **VI. Internal Controls**

It is the policy of the Corporation that all moneys collected by any officer or employee of the Corporation be transferred to the CFO within 5 days of receipt for deposit into corporate account.

The CFO 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 Authorized Depositories**

The banks and trust companies authorized for the deposit of monies, up to the amounts which are collateralized:

Depository Name  
Five Star Bank  
KeyBank National Association

### **VIII. Collateralizing of Deposits**

All deposits of the Corporation, 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 equal to at least 102% of the aggregate amount of such deposits (a list of eligible collateral securities are included as Appendix A to this policy).

### **IX. Safekeeping and Collateralization**

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

The security agreement shall provide that eligible securities are being pledged to secure the Corporation’s 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 may be sold, presented for payment, substituted or released and the events which enable the Corporation to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Corporation, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Corporation or its custodial bank.

The custodial agreement shall provide securities held by the bank or trust company, or agent of and custodian for, the Corporation, 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 agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall 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. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

### **X. Authorized Investments**

The Corporation authorizes the CFO 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 the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York

All investment obligations shall be payable or redeemable at the option of the Corporation 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 Corporation within one year of the date of purchase.

### **XI. Other Requirements**

Anything contained in this Policy to the contrary notwithstanding, to the extent any funding source of the Corporation imposes requirements with respect to the deposit, collateralization or investment of funds received

from such source which are more restrictive or stringent than the provisions of this Policy, then the requirements of such funding source shall control.

## **XII. Monthly Reporting Requirements**

At each regularly scheduled meeting of the Corporation's Board of Directors, the CFO shall prepare a report of the Corporation's cash and investments balances as of the last day of the preceding month. At a minimum such report shall contain:

- The name of each financial institution holding the Corporation's deposits
- Type of account (checking, savings, certificate of deposit, etc.)
- Any new investments since the last report
- Current rate of interest
- Account balances as of the last day of the previous month
- Maturity date in the case where funds are not currently available
- Information regarding the selection of investment bankers, brokers, agents, dealers or auditors since the last report

## **XII. Annual Monitoring and Reporting**

On an annual basis, the Corporation will obtain an independent audit of its financial statements, which shall include an audit of its investments. The results of the independent audit of its investments shall be available to the Corporation's Board at the time of the annual review and approval of this investment policy is conducted.

The Corporation shall annually prepare and approve an investment report, which shall include this investment policy and any amendments to the policy since the last investment report, an explanation of the policy and any amendments, the result of the independent audit, the investment income record of the Corporation and a list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and adviser rendering associated investment services to the Corporation since the last investment report. The investment report shall be submitted to the chief executive officer and chief fiscal officer of Orleans County and to the New York State department of audit and control. Copies of the report shall be made available to the public upon reasonable request therefor.

## APPENDIX A

Schedule of securities eligible for collateralization of Corporation deposits:

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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.
- v. 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.
- vi. Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- vii. Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by bank regulatory agencies.
- viii. Commercial paper and bankers' acceptances issued by a bank, other than the depository bank, rated in the highest short term category by at least one nationally recognized statistical rating organization and having maturities of not longer than 60 days from the date they are pledged.
- ix. Zero coupon obligations of the United States government marketed as "Treasury strips".