



## INVESTMENT POLICY

### I. Purpose

The purpose of establishing an investment policy is to develop operating principles within the guidelines of current legislation governing investment activity. The Chief Financial Officer and Treasurer will be guided by this Investment Policy in managing the short and long-term investment of the Agency's available cash.

### II. Objectives

The Agency's primary investment objectives are:

1. **Legal.** To conform to all applicable federal, state and other legal requirements. This relates both to the types of eligible investments and the requirements for adequate collateral to provide insurance for all investments.
2. **Preservation.** To preserve principal. Safety considerations include: 1) FDIC coverage, 2) written third party collateral agreements with local Banking Depositories and 3) statutory guidelines which govern the types of investments allowed by public benefit corporations.
3. **Liquidity.** To provide sufficient cash to meet all operating and debt service requirements. A cash flow projection developed for both capital and operational commitments is a basic tool used in the planning and timing of maturing investments to meet anticipated demands.
4. **Yield.** To select investments, which will return to the Agency the highest possible interest rate. While rate of return is important, primary consideration is given to the legal, safety and liquidity requirements.

### III. Scope

The Investment Policy encompasses all moneys that become available for investment and/or deposit by the Agency on its own behalf or on behalf of any other entity.

### IV. Standards of Prudence and Ethics

1. **Prudence:** The Chief Financial Officer and Treasurer shall seek to act responsibly as a custodian of the public trust and shall avoid any transaction that might impair public confidence to govern effectively. The Chief Financial Officer and Treasurer shall act in accordance with written procedures as outlined in the Agency Investment Policy and exercise due diligence as investment officials. Investments shall be made with judgment and care, under prevailing circumstances, considering the

probable safety of Agency revenues as well as the probable income to be derived from investments.

2. **Ethics:** The Chief Financial Officer and Treasurer shall 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. Internal Controls

The Chief Financial Officer and Treasurer are responsible for establishing and maintaining an internal control structure to provide reasonable assurance that:

- a. Deposits and investments are safeguarded against loss from unauthorized use or disposition;
- b. Transactions are executed in accordance with management's authorization;
- c. Transactions are recorded properly;
- d. Transactions are managed in compliance with applicable laws and regulations governing public funds.

## VI. Designation of Depositories

1. The Agency authorizes the following banks for the deposit of moneys up to the maximum amounts:

<b>Depository Name</b>	<b>Maximum Amount</b>
M&T Bank	\$10,000,000
Solvay Bank	\$10,000,000

2. The Agency will review the Designation of Depositories on an annual basis.

3. To be an investment partner of the Agency the banking institution must readily honor checks drawn on Agency accounts. The payee need not maintain an account at that bank; however, appropriate identification must be provided.

## VII. Purchase of Investments

1. The Chief Financial Officer and Treasurer, or his/her designee, are authorized to contract for the purchase of investments.

2. 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 Onondaga County Industrial Development Agency 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, §10.

**3. Repurchase Agreements.** Repurchase Agreements (“Repos”) are permitted. A Repos is a transaction in which the Agency purchases authorized securities from a trading partner. Simultaneously, the Agency agrees to resell and the trading partner agrees to repurchase the securities at a future date. The price and date is set at the time of the initial purchase.

a. Repurchase Agreements are authorized subject to the following restrictions:

i. Repurchase Agreements must be entered into subject to a written master repurchase agreement.

ii. Securities owned by the Agency must be held by a third party bank or trust company, acting as custodian for the securities.

iii. The custodian shall be a party other than the trading partner.

Authorized securities shall be limited to obligations of both U.S. Government and U.S. Agencies.

**4. Permitted Investments.** The Agency authorizes the Chief Financial Officer and Treasurer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow requirements in the following types of investments:

a. Special time deposit accounts in an authorized banking depository or trust company secured in the same manner prescribed by General Municipal Law (“GML”) § 10.

b. Certificates of Deposit.

c. Obligations of the United States of America.

d. Obligations guaranteed by agencies of the United States of America, where the payment of principal and interest is guaranteed by the United States of America.

e. Obligations of the State of New York.

- f. Obligations issued pursuant to Local Finance Law § 24 or § 25 (RANS & TANS) of municipalities, school districts or district corporations.
- g. Obligations of public benefit corporations, public housing authorities and urban renewal agencies.

5. **Redemption Dates.** All investment obligations shall be redeemable on respective maturity dates as determined by the Chief Financial Officer and Treasurer to meet expenditures for purposes determined by the Agency.

### **VIII. Collateralizing Deposits**

All deposits of the Agency, 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 “Eligible Collateral”. Eligible Collateral consists of any one, or combination, of the following:

- a. By a pledge of “eligible securities” with an aggregate “market value” as provided by GML § 10, equal to the aggregate amount of deposits.
- b. By an eligible surety bond payable to the Agency 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.

All securities pledged to secure deposits shall be held by a third party bank or trust company and shall be held pursuant to a written Custodial Agreement. In order to provide the Agency with a perfected security interest the Custodial Agreement must contain all the necessary provisions, including the following,

- a. A security provision providing that the collateral is being pledged by the bank or trust company as security for the public deposits. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events that will enable the Agency to exercise its rights against the pledged securities.
- b. That the securities held by the authorized bank or trust company, as agent of and custodian for the Agency, shall be placed separate and apart from the general assets of the custodial bank or trust company. They will not, in any circumstances, be commingled with or become part of the security for any other deposit or obligations.

- c. That the custodian shall confirm the receipt, substitution or release of the securities held on behalf of the Agency.
- d. That the types of collateral used to secure Agency deposits must be in accordance with the most current legislation authorizing various types of collateral, and approved by the Agency.
- e. That the Agency requires an annual update on third party collateral security.
- f. That the Agency prohibits use of a sub-custodian.
- g. That the Custodian Bank must be a member of the Federal Reserve Bank.

**IX. Diversification.**

It is the policy of the County of Onondaga Industrial Development Agency to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

**X. Standards for Qualification of Investment Bankers, Brokers & Other Investment Advisors.**

The Agency 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 Consolidated Report of Condition (Call Report) at the request of the Agency. 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 Agency Treasurer, as Chief Financial Officer, or his/her designee, having custody of money, 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. The Agency Treasurer, as Chief Financial Officer, or his/her designee, having custody of money, may use credit reporting agencies to determine the credit worthiness of trading partners.

Investments in time deposits and certificates of deposits are to be made with banks or trust companies. Their annual reports shall be reviewed by the Agency Treasurer as Chief Fiscal Officer to determine financial strength.

## **XI. Operations, Audit and Reporting**

The Chief Financial Officer and Treasurer, or such designated designee, is authorized to contract for the purchase of all securities and execute contracts for Repurchase Agreements and Certificates of Deposit on behalf of the Agency. Oral directions concerning the purchase of securities shall be confirmed in writing. The Agency shall pay for purchased securities upon the delivery or book-entry thereof.

**3. Reporting.** The Treasurer, Assistant Treasurer, or other staff member shall provide a monthly Investment Review to the Agency, noting the inventory of existing investments, new investments and the selection of investment bankers, brokers, agents, dealers or auditors.

**4. Annual Audit.** The Agency shall have an independent audit of its investments conducted annually at the time independent auditors conduct the annual financial audit of the accounts and affairs of the Agency. The results of such audit shall be made available to the Agency Board at the time of the annual review and approval of the investment guidelines of the Agency.

**5. Annual Report.** Annually, the Agency shall prepare and approve an investment report containing (i) the investment guidelines, (ii) amendments to the since the last annual investment report, (iii) results of the annual independent audit, (iv) investment income record of the Agency, and (v) a list of the total fees, commissions and other charges paid to each investment banker, broker, agent, dealer, and advisor rendering investment associated services since the last annual investment report. The Agency shall provide such report to the Chief Executive Officer and Chief Fiscal Officer of the municipality for the County of Onondaga, and may include this report as part of other annual reports.

## **XII. AMENDMENT & ANNUAL REVIEW**

The Agency shall annually review and approve these investment guidelines, and may amend these investment guidelines from time to time in accordance with the provisions of Article 9, Title 7 of the Public Authorities Law.