

COUNTY OF CATTARAUGUS INDUSTRIAL
DEVELOPMENT AGENCY (CCIDA) INVESTMENT POLICY

COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY (CCIDA)
INVESTMENT POLICY AND GUIDELINES

The objectives of the CCIDA Investment Policy are as follows, in priority order:

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

All investments made pursuant to this Investment Policy shall comply with the following conditions:

PRUDENCE

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

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 **probably** 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.

DIVERSIFICATION

It is the policy of the CCIDA to diversify its deposits and investments by financial institution, by invest instrument, and by maturity scheduling, whenever possible. Furthermore, the CCIDA shall avoid having bank balances in excess of \$1,000,000 with any one institution.

INTERNAL CONTROLS

The Executive Director 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. The Executive Director has the capability of completing up to \$250,000 total amount of investing/reinvesting. Any amounts above and beyond this amount in the aggregate must be approved by a majority of the CCIDA Board.

COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law, all deposits of the CCIDA, 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" as provided by law, equal to the aggregate amount of deposits from the categories designated in the Appendix to this policy.

SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by a custodial bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure CCIDA deposits together with agreed upon interest, if any, and any costs or expense 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 will enable the CCIDA to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the CCIDA, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the CCIDA or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of the custodian for CCIDA, 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 CCIDA a preferred interest in the securities.

Securities pledged as collateral for county deposits shall be monitored no less frequently than monthly.

PERMITTED INVESTMENTS

As authorized by law, the CCIDA authorizes the Executive Director invest moneys 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) Certificates of Deposit;
- (3) Obligations of the United States of America;

- (4) Obligations of the State of New York;
- (5) Obligations guaranteed by agencies of the United States of America where the principal and interest are guaranteed by the United States of America; and
- (6) With permission of the State Comptroller, obligations issued pursuant to the LFL 24.00 or 25.00 (Revenue Anticipation Notes and Tax Anticipation Notes) by any municipality, school district, or district corporation other than the County.

TRANSFER FROM PERMITTED INVESTMENTS

The Executive Director, the Agency's Chief Financial Officer or the Executive Assistant with approval from the Agency's Chairman has the capability to transfer from permitted investment(s) to satisfy agency cash flow needs up to \$30,000 per transaction with the aggregate of \$60,000 with the money directly put only into the agencies checking account. The Board will be made aware of the transaction/transfer at the following Agency's Board Meeting. The Board will be presented supporting documentation showing transfer/transaction at the next scheduled Board Meeting.

AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The CCIDA shall maintain a list of financial institutions and dealers approved for investment purposes. 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 CCIDA. 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 Executive Director 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.

'1

PURCHASE OF INVESTMENTS

All purchased obligations, unless registered or inscribed in the name of the CCIDA, 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 Executive Director. All such transactions shall be confirmed in writing to the CCIDA 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.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the CCIDA, 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 shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provision necessary to provide the CCIDA a perfected interest in the securities.

OPERATIONS. AUDIT AND REPORTING

The Executive Director and a majority of the Board of Directors of the CCIDA shall authorize the purchase and sale of all securities and certificates of deposit on behalf of the CCIDA. Oral directions

A-3

concerning the purchase or sale of securities shall be confirmed in writing. The CCIDA shall pay for purchased securities upon the delivery or book-entry thereof.

The CCIDA will encourage the purchase and sale of securities and certificates of deposit through a competitive or negotiated process involving telephone solicitation of at least two bids for each transaction.

At the time independent auditors conduct the annual audit of the accounts and financial affairs of the CCIDA, the independent auditors shall audit the investment of the CCIDA for compliance with the provisions of these Investment Guidelines.

Within 60 days of the end of each of the first three quarters of the fiscal year, the Executive Director shall prepare and submit to the CCIDA yearly investment report which indicates new investment, the inventory of existing investment, and other such matters as the Executive Director deems appropriate.

Within 120 days of the end of the fiscal year, the Executive Director shall prepare and submit to the CCIDA an annual invest report, recommendations for change in these Investment Guidelines; the investment income record; a total of fees, commissions or other charges, if any, paid to a Custodial Bank and other such matters at the Executive Director deems appropriate.

The CCIDA shall review this Investment Policy and Guidelines annually.

The provisions of the Investment Policy and Guidelines, and any amendments hereto, shall take effect prospectively, and shall not invalidate the prior selection of any Custodial Bank or prior investment.

Fiscal Impact
Not Applicable

APPENDIX

Schedule of Eligible Securities

1. 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.
2. 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.
3. 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 of obligations of any public benefit corporation which under a specific state statute may be accepted as security for a deposit of public moneys.
4. 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.
5. Obligations of counties, cities and other governmental entities or 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.
6. Zero coupon obligations of the United States government marketed as Treasury strips.