

Tioga County Industrial Development Agency Investment Policy

This Investment Policy of the Tioga County Industrial Development Agency (the “Agency”) shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of the Agency. Each investment made pursuant to this Investment Policy must be authorized by applicable law and this written Investment Policy. This Investment Policy is intended to comply with the General Municipal Law, the Public Authorities Law, and any other applicable laws of New York State.

Objectives

The primary objectives, in order of priority, of all investment activities involving the financial assets of the Agency shall be the following:

- A. Legal: to conform to all applicable federal, state and other legal requirements;
- B. Safety: to adequately safeguard principal;
- C. Liquidity: to provide sufficient liquidity to meet all operating requirements;
- D. Return: to obtain a market rate of return.

Delegation of Authority

The responsibility for conducting investment transactions involving the Agency resides with the Finance Committee of the Agency under the direction and oversight of the Treasurer of the Agency. Only the Finance Committee and those authorized by resolution or the Agency’s By-laws may invest public funds.

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 Agency 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 probable income to be derived.

Operative Procedure

The Agency shall conduct all of its investment activities in a manner that complies with the General Municipal Law and the Public Authorities Law of New York State.

The Finance Committee shall submit to the Board of Directors on an annual basis an investment report of the current portfolio in terms of maturity, rates of return and other features and summarize all investment transactions that have occurred over the past year.

Diversification

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

Internal Controls

It is the policy of the Agency for all moneys collected by any officer or employee of the government to transfer those funds to the Treasurer or Executive Director within five [5] days of deposit or receipt, or within the time period specified in law, whichever is shorter.

The Finance Committee 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 deposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

Designation of Depositories

The bank or savings and loan association authorized for the deposit of moneys is any bank or savings and loan association doing business within Tioga County.

Collateralizing of Deposits

In accordance with the provisions of General Municipal Law § 10, all deposits of 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 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 A to the policy.

Safekeeping and Collateralization

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

The security agreement shall provide that eligible securities are being pledged to secure the Agency'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 will enable the Agency to exercise its right against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Agency, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Agency or its custodial bank.

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

Permitted Investments

As authorized by General Municipal Law § 11, the Agency authorizes the Finance Committee to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- o Special time deposit accounts
- o Certificates of deposit
- o Obligations of the United States of America
- o 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
- o Obligations of the State of New York
- o Obligations issued pursuant to LFL § 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Agency
- o 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

All investment obligations shall be payable or redeemable at the option of the Agency within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided.

Authorized Financial Institutions and Dealers

All financial institutions with which the Agency conducts business must be credit worthy.

1. Banks may be asked to provide proof of a minimum three (3) star Bauer rating at the request of the Agency.
2. 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 Finance Committee is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. In addition, the Finance Committee shall establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. Such listing shall be evaluated at least annually.

Purchase of Investments

The Finance Committee, upon approval of the Board, is authorized to contract for the purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner;
2. By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board;
3. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the Agency, 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 transaction shall be confirmed in writing to the 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.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Agency, 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 provisions necessary to provide the Agency a perfected interest in the securities.

Repurchase Agreements

Repurchase agreements are authorized to the following restrictions:

- o All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- o Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.

- o Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- o No substitution of securities will be allowed.
- o The custodian shall be a party other than the trading partner.

Reserve Accounts

Unrestricted Funds

The Finance Committee shall establish and maintain according to the investment policy the unrestricted reserve accounts set forth below. The intent of the reserve accounts shall be to utilize the monies allocated solely for the purposes authorized by General Municipal Law Section 854 and for the purposes stated therein. Any deviation shall require a resolution by the Board setting forth the reasons and justifications for the deviation from this reserve policy with such resolution requiring a 2/3 vote of the members of the Board to pass.

- A. Infrastructure - This account shall be for upgrading or establishing new infrastructure relating to or in support of Agency projects within the County of Tioga. For purposes of this reserve account, infrastructure shall include utilities, public highways and roads, public sewer and public water systems or districts. Uses shall include, but not be limited to, feasibility studies, engineering reports and matching funds for grants.
- B. Site Development - This account shall be for the development of new commercial sites. Monies in this reserve account may be used for actual site work and preparation, engineering reports and feasibility studies or matching grants.
- C. Land Acquisition - This account shall be for the purchase of any privately owned real property to be used for future development. Monies from this account may also be used for any and all expenses incurred in the purchase and sale of real property. Any and all sale proceeds from the real property purchased by monies from this reserve account shall be returned to this reserve account for future land acquisition.
- D. Capital Improvement - This account shall be used for capital improvement projects including but not limited to work on the Owego to Harford railroad. Monies may be used for feasibility studies, engineering reports and infrastructure improvements.
- E. General Fund - This account shall be used for the general administrative purposes of the Agency.

Restricted Funds

The Finance Committee shall establish and maintain according to the Investment Policy restricted reserve accounts. All monies set forth in the restricted accounts shall be used solely for the purposes as set out below.

- A. IRP Loan Loss Reserve- This account is mandated by the United States Department of Agriculture (USDA) as it relates to the Small Business Loan Program the TCIDA administers on behalf of the Tioga County Local Development Corporation (TCLDC). As Administrator, the TCIDA is required to maintain a restricted fund with a minimum balance of 6% of the unpaid principal loan balances. This account shall be monitored and adjusted semi-annually to ensure proper fund balance.
- B. Loan Funds – These accounts are mandated by the United States Department of Agriculture (USDA) as it relates to the Small Business Loan Program the TCIDA administers on behalf of the Tioga County Local Development Corporation (TCLDC). As Administrator, the TCIDA is required to maintain separate bank accounts for the deposit of principal and interest payments.

Independent Audit of Investments

The agency shall conduct an independent audit of its investments; if the invested funds exceed the maximum amount exempt from an independent audit.

The audit shall be conducted in accordance with accepted government accounting standards (GAAP) and should at minimum include:

- The scope and objectives;
- Any material weaknesses found in the internal controls;
- A description of all non-compliance with the authority's own investment policies as well as any applicable laws or regulations;
- A statement of positive assurance of compliance on the items tested and a statement of any other material deficiency or finding.

This Investment Policy shall be reviewed and approved annually.