

SENECA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

INVESTMENT POLICY

A. Introduction

1. Scope – This investment and deposit policy applies to all monies and other financial resources available to the Seneca County Industrial Development Agency (the "Agency") for investment and deposit on its own behalf or on behalf of any other entity or individual.
2. Objectives – The primary objectives of the Agency's investment activities are, in priority order:
 - a. to conform with all applicable federal, state and other legal requirements (legal);
 - b. to adequately safeguard principal (safety);
 - c. to provide sufficient liquidity to meet all operating requirements (liquidity); and
 - d. to obtain a reasonable rate of return (yield).
3. Prudence – Investments and deposits shall be made with judgment and care, under circumstances then prevailing, which persons of prudence and discretion 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 and all participants responsible for depositing the Agency's funds shall refrain (or if not a legal conflict of interest, disclose and recuse from proceedings in connection with depositing of such funds) from personal business activity that could conflict with proper execution of the investment program or the deposit of the Agency's funds or which could impair their ability to make impartial investment decisions.

4. Deposits – All moneys collected by an officer or employee of the Agency shall be promptly deposited in such depositories as designated by the Agency for the receipt of such funds in accordance with Section 10 of the General Municipal Law (the "GML") or invested as provided under "C. Temporary investments" below.

B. Deposits of Agency funds; security

In accordance with the IDA Act, the Agency shall designate as depositories of its money those banks and trust companies authorized to serve as such pursuant to said law. Such designations and amounts may be changed at any time by resolution of the Agency.

Except as otherwise provided by law, all deposits shall be made to the credit of the Agency. The deposit of the Agency's funds as provided above shall release the officer making the deposit and his or her surety from any liability for loss of such funds by reason of the default or insolvency of any such bank or trust company.

All deposits by the Agency in excess of the amount insured under the provisions of the Federal Deposit Insurance Act ("FDIC") as now or hereafter amended shall be made in accordance with this Policy and secured as provided below:

a. The officers making a deposit of the Agency's funds may accept a pledge of eligible securities (as defined below) having in the aggregate a market value at least equal to the aggregate amount of such deposits from such officers, or a pledge of a pro rata portion in excess of FDIC insurance limits of a pool and/or individual eligible securities having in the aggregate a market value at least equal to the aggregate amount of deposits of public funds from all such officers within the state at such bank or trust company, together with a security agreement from the bank or trust company. The security agreement and custodial agreement referred to below may be the same agreement including when the bank or trust company holding the public deposits holds the collateral for the Agency. The security agreement shall provide that such eligible securities or pro rata portion of a pool of eligible securities are being pledged by the bank or trust company as security for deposits of the Agency's funds, together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposit upon a default. It shall also provide for the conditions under which the securities pro rata portion of a pool of eligible securities held may be sold, presented for payment, substituted or released and the events of default which will enable the Agency to exercise its rights against the pledged securities. Such agreement shall include all provisions deemed necessary and sufficient to secure in a satisfactory manner the Agency's interest in the collateral. The custodial agreement shall provide that the pledged securities or pro rata portion of a pool of eligible securities will be held by the custodial bank or trust company as agent of, and custodian for, the Agency, (such custodial bank being separate from the bank that the funds are deposited into)and will be kept separate and apart from the general assets of the custodial bank or trust company and it shall also provide for the manner in which the custodial bank or trust company shall confirm the receipt, substitution or release of the collateral. Such agreement shall provide for the frequency of revaluation of collateral by the custodial bank or trust company and the substitution of collateral when a change in the rating of a security causes ineligibility as an "eligible security". Such agreement shall include all provisions deemed necessary and sufficient to secure in a satisfactory manner the Agency's interest in the collateral. Such agreement may also contain such other provisions as the Agency may deem necessary.

"Eligible securities" shall mean any of the following:

(1) Obligations issued by the United States of America, an agency thereof or a United States government sponsored corporation or obligations fully insured or guaranteed to as the payment of principal and interest by the United States of America, an Agency thereof or a United States government sponsored corporation.

(2) Obligations 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 this state, obligations issued by a municipality, school district or district corporation of this state or obligations of any public benefit corporation which under a specific state statute may be accepted as security for deposit of public moneys; all such obligations to be rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

(4) Obligations issued by states (other than this state) 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, towns and villages of any state 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) 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 federal bank regulatory agencies.

(7) Zero-coupon obligations of the United States government marketed as "Treasury STRIPS".

b. Whenever eligible securities delivered to a custodial bank or trust company pursuant to this paragraph are transferred by entries on the books of a federal reserve bank or other book-entry system operated by a federally regulated entity without physical delivery of the evidence of such obligations, the records of the custodial bank or trust company shall show, at all times, the interest of the Agency in such securities or pro rata portion of a pool of eligible securities as set forth in the security agreement.

c. For purposes of determining the market value of securities as required above:

(1) The eligible securities described in subparagraph (7) of the definition of "eligible securities" shall be valued at par (one hundred percent (100%) of their market value).

(2) Of the eligible securities described in subparagraph (4) and (5) of the definition of "eligible securities", those securities rated in the highest category shall be

valued at one hundred percent of their market value; those securities rated in the second highest rating category shall be valued at ninety percent of their market value; and those securities rated in the third highest rating category shall be valued at eighty percent of their market value. When two nationally recognized statistical rating organizations rate a security in two different categories, the security shall be considered to be rated in the higher of the two categories.

Notwithstanding any other provision of law to the contrary, the Treasurer, or other officer authorized by law to make deposits, may, subject to the approval of the Agency, by resolution, enter into a contract with a courier service for the purpose of causing the deposit of public funds with a bank or trust company in accordance with Section 10 of the General Municipal Law.

C. Temporary investments

The Agency may invest, or direct the Treasurer or other Board authorized representative to invest, moneys not required for immediate expenditure, except moneys the investment of which is otherwise provided for by law, in special time deposit accounts in, or certificates of deposit issued by, a bank or trust company located and authorized to do business in this state, 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 moneys were obtained and provided further that such time deposit account or certificate of deposit be secured in the same manner as is provided for securing deposits of Agency funds as set forth above for deposits in excess of the amount insured under the FDIC.

Investments may also be made in obligations of the United States of America or in 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 or in obligations of the state of New York.

All investments made pursuant to the immediately preceding paragraph shall be subject to the following conditions:

(1) Such 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 and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the Agency, within two years of the date of purchase. Obligations that are purchased pursuant to a repurchase agreement shall be deemed to be payable or redeemable for purposes of this paragraph on the date on which the purchased obligations are scheduled to be repurchased by the seller thereof. Any obligation that provides for the adjustment of its interest rate on set dates shall be deemed to be payable or redeemable for purposes of this paragraph on the date on which the principal amount can be recovered through demand by the holder thereof.

(2) Such 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 in this state. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company or dealer in obligations 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 Agency by the bank or trust company. All obligations held in the custody of a bank or trust company pursuant to this paragraph shall be held by such bank or trust company pursuant to a written custodial agreement as set forth in paragraph (a) above relating to deposits of amounts in excess of amounts insured under the FDIC.

Except as may otherwise be provided in a contract with bond or note holders, any moneys of the Agency authorized to be invested under the heading "C. Temporary investments" may be commingled moneys for investment purposes; provided, however, that any investment of commingled moneys shall be payable or redeemable at the option of the Agency within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained or as otherwise specifically provided under the heading "C. Temporary investments". The separate identity of the sources of such funds shall at all times be maintained and income received on moneys commingled for the purpose of investment shall be credited on a pro rata basis to the fund or account from which the moneys were invested.

The Agency shall maintain or cause to be maintained a proper records of all books, notes, securities or other evidences of indebtedness held by or for the Agency for the purpose of investment. Such record shall at least identify the security, the fund for which held, the place where kept and entries shall be made therein showing date of sale other disposition and the amount realized therefrom.

Approved and Adopted on 3/5/2009.
Reviewed and Re-adopted on 3/28/2011