



## **Investment Policy**

### **I. Scope**

This Investment Policy ("Policy") applies to all moneys and other financial resources available for deposit and investment by the Genesee County Economic Development Center ("Agency") for its own use and account. The Agency adopted this Policy at a meeting held April 14, 1994.

### **II. Investment Objectives**

The primary objectives of the Agency's investment program shall be, in order of priority, to: (1) comply with all applicable provisions of law; (2) safeguard the principal of all deposits and investments; (3) provide sufficient liquidity to ensure that monies invested are available to meet expenditures as they come due; and (4) obtain the maximum rate of return that is consistent with the preceding objectives.

### **III. Delegation Of Authority**

The members of the Agency hereby delegate their responsibility for the implementation and administration of the Agency's deposit and investment programs, including the authority to execute any security and custody agreements required by this Policy, to the Treasurer or his designee who shall establish written procedures for the operation of the programs consistent with this Policy. Such procedures shall regulate subordinate employees and include as adequate internal control structure to provide a satisfactory level of accountability based on a database or record incorporating descriptions and amounts of deposits and investments, transaction dates, interest rates, market prices and other information necessary to manage the portfolio and to identify the sources of all funds being invested.

### **IV. Internal Controls**

The Treasurer 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 loss or disposition, that such transactions are executed in accordance with proper authorization and recorded properly and, that such transactions are managed in compliance with applicable laws and regulations.

### **V. Prudence**

The Treasurer, his or her subordinates and any other Agency employee having responsibility for the deposit or investment of Agency moneys shall at all time act responsibly as custodian of the public trust. 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 affairs not for speculation, but for investment, considering the safety of principal as well as the income to be derived. All Agency officers and employees involved in the execution of the investment program or which could impair their ability to make impartial investment decisions.

### **VI. Authorized Investments**

Except as otherwise may be provided in this Policy, monies not required for immediate expenditure may be otherwise invested in any of the following:

- (1) Special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York ("bank");
- (2) Obligations of the United States of America;
- (3) 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;
- (4) Obligations of the State of New York;
- (5) With the approval of the State Comptroller, obligations issued pursuant to Section 24.00 and Section 25.00 of the Local Finance Law by any municipality or district corporation;
- (6) Obligations of a public corporation which are made lawful investments by the Agency pursuant to another provision of law; and

- (7) Certificates of participation issued pursuant to General Municipal Law ("GML"), section 109-b.
- (8) Investments shall be payable or redeemable at the option of the Agency within such time as the proceeds shall be needed to meet expenditures for the purpose for which the monies 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 Agency within two years of the date of purchase.

## **VII. Deposits**

All monies collected by any officer or employee of the Agency shall be deposited in such banks as have been authorized by a resolution of the governing board for that purpose in an amount not to exceed the amount specified in such authorizing resolution. It is the policy of the Agency that all moneys collected by any officer or employee of the Agency shall be deposited within two days of receipt and under no circumstance shall deposits occur later than the end of the month in which payment was received.

## **VIII. Diversification**

Although it is the policy of the Agency to diversify its investment portfolio, the opportunity to diversify among types of investments is very limited because of legal constraints. Subject to these constraints, however, investments and deposits shall be diversified by financial institution, maturity and type of investment, a specific bank or trading partner or a specific maturity.

## **IX. Authorized Banks And Trading Partners**

The Treasurer shall maintain a list of banks and other trading partners approved for investment purposes and if appropriate, establish limits on the amount of investments that may be outstanding with any bank or trading partner at any time. All banks and trading partners with which the Agency conducts business must be creditworthy as determined by criteria established by the treasurer. All banks with which the Agency does business shall provide their most recent Consolidated Report of Condition (Call Report) to the treasurer at his or her request. Trading partners not affiliated with a bank shall be recognized primary security dealers as designated by the Federal Reserve Bank of New York. The Treasurer is responsible for periodically evaluating the financial position of banks and trading partners with which the Agency does business and, based on such evaluations, for revising the list of eligible banks and trading partners as he or she deems appropriate.

## **X. Procedures for Securing Deposits, Special Time Deposits and Certificate Of Deposit**

### **(A). Written Security Agreements**

Monies of the Agency shall only be deposited, including certificates of deposit and special time deposits, in a bank with which the Agency has entered into a written security agreement. Such security agreement shall require the bank to secure all Agency deposits, in excess of the amount insured by the Federal Deposit Insurance Corporation, in the manner required by the New York State General Municipal Law ("GML"), section 10 and shall: (1) specify which types of eligible securities and other collateral authorized by Appendix "A" of this Policy and GML, section 10 are to be provided by the bank; (2) prescribe the maximum amount of collateral to be provided by the bank at any time; (3) prescribe the manner in which the market value of the collateral shall be determined and require any adjustments to market value as required by GML, section 10; (4) require the bank to provide additional collateral if the market value falls below the required amount; (5) provide that the collateral is being provided by the bank to secure all Agency deposits in the bank, together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default; (6) grant a security interest to the Agency in any securities pledged by the bank to secure deposits; (7) set forth the conditions under which the collateral may be sold, presented for payment, substituted or released; (8) define the events of default that will enable the Agency to exercise its rights against the pledged securities; (9) require that securities pledged to secure deposits and not registered in the name of the Agency be delivered in a form suitable for transfer or with an assignment in blank to a custodial bank with which the Agency has entered into a written custodial agreement; (10) provide for the frequency of valuation of collateral, which shall be no less frequently than monthly; (11) require that the agreement be properly authorized by the Board of Directors of the bank and that the bank maintain such agreement as an official record of the bank; and, (12) contain all such other provisions deemed necessary to enable the Agency to enforce its interest in the collateral in the event of default by the bank.

### **(B). Custody Agreement**

All securities pledged by a bank pursuant to a written security agreement shall be delivered to a bank with which the Agency has entered into a written custody agreement ("Custodian"). The custody agreement shall: (1) specify the manner in which the custodian shall hold securities; (2) require the custodian to hold the securities as agent of, and custodian for, the Agency and to keep such securities separate and apart from the general assets of the custodian and not permit them to become backing for any other deposits or liabilities of the custodian; (3) require the custodian to confirm in writing the receipt, substitution or release of any securities from the Agency's custody account; (4) provide for the methodology and frequency of valuation of securities held by the custodian; (5) require the custodian to make appropriate entries o/n its books at all times showing the Agency's interest in the securities; (6) require physical securities be kept in the custodian's vault and physically segregated from the custodian's property and other

property held by the custodian; (7) require the custodian to subordinate any claims it may have against the pledged securities to the Agency's interest therein; (8) permit the Agency access to books and records maintained by the custodian with respect to the Agency's account; and, (9) contain any other provisions deemed necessary and appropriate. A bank shall [not] be permitted to act as custodian of any securities pledged by such bank to secure Agency deposits.

## **XI. Purchase and Safekeeping Of Investments**

The Treasurer shall establish operation procedures for making investments with approved banks and trading partners. In the case of investments in certificates of deposit and special time deposits, the procedures shall require the solicitation of quotations from more than one approved bank and whenever practicable, from banks located within Genesee County. In the case of investments in obligations, the procedures shall; (1) require the solicitation of quotes from more than one approved trading partner, except in the purchase of governmental securities at their initial auction; (2) require all purchased obligations, unless registered or inscribed in the name of the Agency, to be purchased through, delivered to, and held in the custody of a bank with which the Agency has entered into a written custodial agreement which complies with the requirements contained in paragraph (b) of section X of this Policy; (3) ensure that obligations are purchased, sold or presented for redemption or payment by a custodian only accordance with prior written authorization from the officer or employee authorized to make the investment; and, (4) provide that payment of the Agency's funds shall only be made upon delivery of the purchased obligations to the custodian. The Treasurer is further authorized to purchase obligations; (1) subject to a repurchase agreement in accordance with the procedures enumerated in paragraph XII of this Policy; or (2) pursuant to an ongoing investment program which has been authorized by the members of the Agency and which provides investment advisory and custodial services to the Agency.

## **XII. Procedures for Repurchase Agreements**

The Treasurer is authorized to purchase and sell obligations pursuant to repurchase agreements subject to the following restrictions:

- (1) No repurchase transaction shall be entered into with any trading partner until the Agency has entered into a written master repurchase agreement with the trading partner;
- (2) Repurchase agreements shall be entered into only with trading partners approved by the Treasurer pursuant to Section IX of this Policy and shall be subject to any trading limits established for each trading partner;
- (3) Only obligations of the United States of America and 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 shall be purchased pursuant to a repurchase agreement;
- (4) Obligations purchased pursuant to a repurchase agreement shall be held by a custodian, other than the trading partner, pursuant to a written custodial agreement;
- (5) The price paid for the securities shall not be in excess of the market value of the securities being purchased plus any accrued interest not reflected in the market price.

Master repurchase agreements between the Agency and its trading partners shall: (1) contain procedures which ensure that the Agency obtains a perfected security interest in the purchased securities; (2) defined events of default; (3) prohibit the trading partner from substituting securities for the purchased securities during the term of the repurchase agreement; (4) limit the term of a specific repurchase transaction to a period of not more than thirty days; (5) contain appropriate margin requirements and procedures for timely correction of margin deficiencies or excesses; (6) provide that the Agency shall not make payment for purchased securities until received by the custodian; (7) require that the terms of all specific repurchase transactions, including rate, price and a description of the specific securities being purchased, be confirmed in writing; (8) provide that all specific repurchase transactions shall be subject to the terms of the master repurchase agreement; and, (9) contain such other provisions as are deemed necessary and appropriate. The written custody agreement shall comply with the requirements of paragraph (b) of section X of the Policy.

## **XIII. Legal Review**

All security agreements, custodial agreements, letters of credit, surety bonds and repurchase agreements shall be reviewed by the Agency Counsel or other attorney retained for this purpose to determine their compliance with the requirements of sections 10 and 11 of the GML and this Policy.

## **XIV. Reports**

The Treasurer shall provide quarterly written investment reports to the governing board of the Agency. Such reports shall describe investments in the portfolio and contain any other information deemed necessary for management purposes.

## **XV. Annual Review**

The governing board shall review this Policy at least annually and make any amendments thereto as are deemed necessary.

## APPENDIX A

### SCHEDULE OF ELIGIBLE COLLATERAL Eligible Securities

Authorized  
Yes or No)

- |     |        |  |
|-----|--------|--|
| Yes | (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.  |
| No  | (ii)   | Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.  |
| Yes | (iii)  | 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.  |
| Yes | (iv)   | 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 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.                     |
| Yes | (v)    | 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.  |
| No  | (vi)   | Obligations of Puerto Rico rated in one of the three highest rating categories by at least one of the three highest rating categories by at least one nationally recognized statistical rating organization.   |
| Yes | (vii)  | 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. |
| No  | (viii) | Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.  |
| Yes | (ix)   | Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by Federal banks under the limitations established by federal bank regulatory agencies.   |
| No  | (x)    | Commercial paper and bankers' acceptances issued by a bank, other than the bank with which the money is being deposited or invested, 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.                 |
| Yes | (xi)   | Zero coupon obligations of the United States government marketed as "Treasury STRIPS".   |

#### Other Eligible Collateral

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|----|------|--|
| No | (i)  | A surety bond executed by an insurance company authorized to do business in the State of New York, the claims-paying ability of which is rated in the highest rating category by at least two nationally recognized statistical rating organizations.  |
| No | (ii) | An irrevocable letter of credit issued in favor of the local government for a term not to exceed ninety days by a bank (other than the bank with which the money is being deposited or invested) whose commercial paper and other unsecured short-term debt obligations (or, in the case of a bank which is the principal subsidiary of a holding company, whose holding company's commercial paper and other unsecured short-term debt obligations) are rated in one of the three highest rating categories (based on the credit of such bank or holding company) by at least one nationally recognized statistical rating organization or by a bank (other than the bank with which the money is being deposited or invested) that is in compliance with applicable federal minimum risk-based capital requirements. |