

**Cortland County  
Industrial Development Agency  
Investment Report  
2019**

**As required by Section 2925(6) of the Public Authority Law, the following annual investment report is hereby submitted to the Agency Board for review and approval.**

The Cortland County Industrial Development Agency generated \$3,063.97 of interest income for the period January through December 31, 2019.

The Agency maintained 4 separate accounts with NBT Bank. In accordance with the provisions of General Municipal Law, Section 10, all deposits of the Cortland County IDA, including any certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act were secured by a pledge of eligible securities with an aggregate market value equal to the aggregate amount of deposits as agreed upon in a Third Party Custodian Agreement of Collateralized Municipal Deposits dated November 20, 2015. A copy is attached to this report.

Please note there were no fees or commissions paid during 2019 for the investments noted in this report.

The Agency conducted a review of the financial strength and credit worthiness for NBT Bank. The review revealed that the bank received a *Sound* rating by Bankrate.com by scoring a 4 star rating out of a possible 5.

The following is a summary of the investment accounts held by the Cortland County Industrial Development Agency as of December 31, 2019:

<b>Account Type</b>	<b>Institution</b>	<b>Purpose</b>	<b>Account Balance</b>
Checking	NBT Bank	Operating Checking	\$ 47,049.50
Money Mkt	NBT Bank	Operating Savings	79,368.66
Cert of Deposit	NBT Bank	Certificate of Deposit (12 month term) #1	303,042.17
Cert of Deposit	NBT Bank	Certificate of Deposit (12 month term) #2	300,000.00
<b>Total in all accounts, December 31, 2019</b>			<b>\$ 729,460.33</b>

**The Fiduciary Responsibility and Investment Policy currently adopted by the Cortland County Industrial Development Agency for the year ending December 31, 2019 is enclosed**

THIRD PARTY CUSTODIAN AGREEMENT  
(Collateralized Municipal Deposits)

THIS AGREEMENT, made and executed as of 11/20/15 between  
City of County Industrial Development Agency ("Local Government"),  
NBT Bank, N.A. ("Bank") and The Bank of New York Mellon ("Custodian").

WITNESSETH

WHEREAS, Local Government desires to maintain or continue to maintain public deposits with the Bank:

WHEREAS, the Bank desires to obtain such deposits and to provide security therefor as required by the General Municipal Law, Banking Law and other applicable statutes;

WHEREAS, the Custodian agrees to provide safekeeping services and to hold any securities pledged by the Bank in a custodial account established for the benefit of the Local Government as secured party pursuant to this Agreement:

NOW, THEREFORE, in consideration of the mutual promises set forth hereafter, the parties hereto agree as follows:

1. Security Requirements.

(a) The Bank, to secure the timely payment of Uninsured Deposits heretofore or hereafter made by the Local Government, including any interest due thereon and any costs or expenses incurred by Local Government and arising out of the collection of any deposits made with the Bank, shall provide the Local Government with Eligible Collateral having an Adjusted Market Value equal to the Collateral Requirement. Whenever Eligible Collateral is provided pursuant to this paragraph, the Bank hereby grants to the Local Government a pledge and security interest in and to such Eligible Collateral and shall deliver such Eligible Collateral to the Custodian in the manner prescribed in Section 2 of this Agreement. The security interest of the Local Government in Eligible Collateral shall terminate upon the transfer of such Eligible Collateral from the Account. Eligible Letters of Credit and Eligible Surety Bonds provided pursuant to this paragraph shall be subject to the prior approval of the Local Government unless the Local Government has approved in writing the form of an Eligible Letter of Credit or Eligible Surety Bond to be issued by a specific entity or the form of such Eligible Letter of Credit or Eligible Surety Bond is attached hereto as an Exhibit.

(b) The Custodian will daily determine the Adjusted Market Value of the Eligible Collateral provided pursuant to this Agreement (except that the Bank shall provide to the Custodian the Market Value of Eligible Surety Bonds). If the Adjusted Market Value of such Eligible Collateral is less than the Collateral Requirement, the Custodian will so notify the Bank and the Bank shall, upon such notice, be required to provide additional Eligible Collateral having an Adjusted Market Value equal to or greater than such deficiency no later than one Business Day after receipt of such notice. If the Adjusted Market Value of the Eligible Collateral provided pursuant to this Agreement exceeds the Collateral Requirement, the Custodian, at the direction of the Bank, shall transfer securities from the Account, or in the case of other Eligible Collateral, cause or consent to a reduction in the amount thereof, to the extent of such excess.

(c) The Bank may substitute Eligible Collateral ("Substitute Collateral") for any Eligible Collateral previously provided pursuant to this Agreement so long as the Substitute Collateral has an Adjusted Market Value equal to or greater than the Eligible Collateral which it will replace. The Bank shall give Written or Oral Instructions to the Custodian with respect to any proposed substitution. If the Substitute Collateral described in such Written or Oral Instructions consists exclusively of Eligible Collateral having sufficient Adjusted Market Value, the Custodian, at the direction of the Bank, shall transfer the Eligible Collateral out of the Account against delivery to the Account on the same Business Day of the Substitute Collateral. In the event the Substitute Collateral described in such notice consists of an Eligible Letter of Credit or Eligible Surety Bond, the prior consent of the Local Government shall be required before the Bank or Custodian may complete the substitution described in such notice unless the Local

Government has, in writing, previously approved and consented to the form and issuer of the Eligible Letter of Credit and/or Eligible Surety Bond to be provided as Substitute Collateral.

2. Custody of Eligible Collateral

(a) The Bank and Local Government hereby appoint the Custodian as custodian of all Eligible Collateral at any time delivered to the Custodian pursuant to this Agreement. The Custodian hereby accepts appointment as such Custodian and agrees to establish and maintain the Account and appropriate records identifying the Eligible Collateral as pledged by the Bank to the Local Government. Securities in the Account shall be kept separate and apart from the general assets of the Custodian and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or liability of the Custodian or any other person or entity. The Custodian, in performing its duties and responsibilities pursuant to this Agreement, shall act as custodian for, and agent of, the Local Government.

(b) The Bank and Local Government agree that Eligible Collateral delivered to the Custodian for deposit in the Account may be in the form of credits to the accounts of Custodian at the Book Entry System or a Depository or by delivery to the Custodian of physical certificates in a form suitable for transfer or with an assignment in blank to the Local Government or Custodian. The Bank and Local Government hereby authorize the Custodian on a continuous and ongoing basis to deposit in the Book Entry System and/or the Depositories all Eligible Collateral that may be deposited therein and to utilize the Book Entry System and/or Depositories and the receipt and delivery of physical Securities or any combination thereof in connection with its performance hereunder. Eligible Collateral credited to the Account and deposited in the Book Entry System or Depositories or other financial intermediaries will be represented in accounts of the Custodian that include only assets held by the Custodian for its customers, and including but not limited to accounts in which the Custodian acts in a fiduciary, agency or representative capacity. Eligible Collateral that is not held in the Book Entry System, Depositories or through another financial intermediary will be held in the Custodian's vault and physically segregated from securities and other non-cash property belonging to the Custodian.

(c) (i) The Custodian shall provide the Local Government each month with a statement identifying all Eligible Collateral in the Account, the Market Value and Adjusted Market Value thereof as of the date of such statement. The Custodian shall also provide to the Local Government and Bank upon request a written confirmation on any Business Day on which Eligible Collateral is transferred to and from the Account. Such confirmation shall identify the specific securities which are the subject of the confirmation and include both the Market Value and Adjusted Market Value thereof.

(ii) Local Government agrees that it shall promptly review all confirmation statements and shall promptly advise Custodian by Oral or Written Instruction of any error, omission or inaccuracy in such statements. In the event that Custodian receives such a Written or Oral Instruction identifying a specific concern with respect to the Market Value, Adjusted Market Value, or any other matter connected with the Account, Custodian shall undertake to correct any errors, failures or omissions, provided that Custodian determines in its sole discretion that such error, failure or omission actually occurred. Any such corrections shall be reflected on subsequent confirmation statements.

(iii) Notwithstanding anything to the contrary herein, the parties agree that any reasonable action or inaction Custodian takes in connection with this Agreement shall not be alleged, deemed, or construed as giving rise to any liability, absent negligence or willful misconduct, as set forth hereunder in, without limitation, Sections 5(a), 5(c), 5(f) and/or 5(g) hereof.

(d) The Account shall not be subject to any security interest, lien or any right of set-off by or against the Custodian.

(e) With respect to all Eligible Collateral held in the Account, the Custodian by itself, or through the use of the Book Entry System or the appropriate Depository, shall, unless otherwise instructed to the contrary by the Bank: (i) collect all income and other payments reflecting interest and principal on the Eligible Collateral in the Account and credit such amounts to the account of the Bank; (ii) forward to the Bank copies of all information or documents that it may receive from an issuer of Eligible Collateral which, in the opinion of the Custodian, is intended for the beneficial

owner of the Eligible Collateral including, without limitation all proxies and other authorizations properly executed and all proxy statements, notices and reports; (iii) execute, as Custodian, any certificates of ownership, affidavits, declarations or other certificates under any tax laws now or hereafter in effect in connection with the collection of bond and note coupons; (iv) hold directly, or through the Book Entry System or Depository, all rights issued with respect to any Eligible Collateral held by the Custodian hereunder; and (v) upon receipt of Written Instructions from the Bank, the Custodian will exchange Eligible Collateral held hereunder for other securities and/or cash in connection with (a) any conversion privilege, reorganization, recapitalization, redemption in kind, consolidation, tender offer or exchange offer, or (b) any exercise, subscription, purchase or other similar rights.

3. Events of Default

In the event the Bank shall fail to pay the Local Government any amount of the Deposits by the Local Government covered by this Agreement in accordance with the terms of such Deposit, or should the Bank fail or suspend active operations, the Deposits in such Bank shall become due and payable immediately and the Local Government shall have the right to unilaterally demand delivery of all Eligible Collateral in the Account by notice to the Custodian and to sell such securities at public or private sale. In the event of such sale, the Local Government, after deducting all legal expenses and other costs, including reasonable attorneys fees, from the proceeds of such sale, shall apply the remainder towards any one or more of the liabilities of the Bank to the Local Government and shall return the surplus, if any, to the Bank.

4. Representation and Warranties

(a) Representations of the Bank. The Bank represents and warrants, which representations and warranties shall be deemed to be continuing, that:

- (1) it is the legal and actual owner, free and clear of all liens and claims, of all Eligible Collateral pledged pursuant to this Agreement;
- (2) this Agreement was executed by an officer of the Bank who was authorized by the Bank's board of directors to do so and will at all times be maintained as an official record of the Bank;
- (3) all securities pledged pursuant to this Agreement are Eligible Collateral;
- (4) the Bank is a banking organization located and authorized to do business in the State of New York;
- (5) all acts, conditions and things required to exist, happen or to be performed on its part precedent to and in the execution and delivery of this Agreement exist or have happened or have been performed.

(b) Representations of the Local Government. The Local Government hereby represents and warrants, which representations and warranties shall be deemed to be continuing, that:

- (1) this Agreement has been legally and validly entered into, does not and will not violate any statute or regulation applicable to it and is enforceable against the Local Government in accordance with its terms;
- (2) the appointment of the Custodian has been duly authorized and no other action by the Local Government is required and this Agreement was executed by an officer of the Local Government duly authorized to do so;
- (3) it will not transfer, assign its interests in or the rights with respect thereto any Eligible Collateral pledged pursuant to this Agreement except as authorized pursuant to Section 3 of the Agreement;

- (4) all acts, conditions and things required to exist, happen or to be performed on its part precedent to and in the execution and delivery of this Agreement exist or have happened or have been performed.

5. Concerning the Custodian.

(a) The Custodian shall not be liable for any loss or damage, including counsel fees, resulting from its action or omission to act or otherwise, except for any loss, damage, claim or expense arising out of its own negligence or willful misconduct, and shall have no obligation hereunder for any loss or damage, including counsel fees, which are sustained or incurred by reason of any action or inaction by the Book Entry System or any Depository. The Custodian may, with respect to questions of law, apply for and obtain the advice and opinion of competent counsel and shall be fully protected with respect to anything done or omitted by it in good faith and conformity with such advice or opinion. The Local Government and Bank agree, jointly and severally, to indemnify the Custodian and to hold it harmless against any and all costs, expenses, damages, liabilities or claims, including reasonable fees and expenses of counsel, which the Custodian may sustain or incur or which may be asserted against the Custodian by reason of or as a result of any action taken or omitted by the Custodian in connection with operating under this Agreement except those costs, expenses, damages, liabilities or claims arising out of the negligence or willful misconduct of the Custodian or any of its employees or duly appointed agents. This indemnity shall be a continuing obligation of the Local Government and Bank notwithstanding the termination of this Agreement.

(b) The Custodian shall not be responsible for, or considered to be the Custodian of, any Eligible Collateral received by it for deposit in the Account until the Custodian actually receives and collects such Eligible Collateral directly or by the final crediting of the Custodian's account on the books of the Book Entry System or the appropriate Depository. The Custodian will be entitled to reverse any credits made on the Local Government's behalf where such credits have been previously made and the Eligible Collateral is not finally collected.

(c) The Custodian shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement and no covenant or obligation shall be implied against the Custodian in connection with this Agreement. In no event shall Custodian be liable to Local Government, Bank or any third party for special, indirect or consequential damages, or lost profits or loss of business, arising in connection with this Agreement.

(d) The Local Government's authorized officer, upon reasonable notice, shall have access to the Custodian's books and records maintained with respect to the Local Government's interest in the Account during the Custodian's normal business hours. Upon the reasonable request of the Local Government, copies of any such books and records shall be provided by the Custodian to the Local Government or the Local Government's authorized officer at the Local Government's expense.

(e) In performing hereunder, the Custodian may enter into subcontracts, agreements and understandings with third parties (including subsidiaries of The Bank of New York Company, Inc.), whenever and on such terms and conditions as it deems necessary or appropriate. No such subcontract, agreement or understanding shall discharge the Custodian from its obligations hereunder.

(f) Reliance on Pricing Services. Custodian is authorized to utilize any generally recognized pricing information service (including brokers and dealers of securities) in order to perform its valuation responsibilities hereunder, and the Bank and the Local Government agree that Custodian shall not be liable for any loss, damage, expense, liability or claim (including attorneys' fees) incurred as a result of errors or omissions of any such pricing information service, broker or dealer.

(g) Force Majeure. Custodian shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God, earthquakes, fires, floods, wars, civil or military disturbances, sabotage, epidemics, riots, loss or malfunctions of utilities, computer (hardware or software) or communications service, labor disputes, acts of civil or military authority, or governmental, judicial or regulatory

action; provided however, that Custodian shall use its best efforts to resume normal performance as soon as practicable under the circumstances.

(h) Bank shall pay to the Custodian the fees and charges as may be agreed upon from time to time. Bank shall also reimburse the Custodian for out-of-pocket expenses which are a normal incident of the services provided hereunder.

6. Termination

Any of the parties hereto may terminate this Agreement by giving to the other parties a notice in writing specifying the date of such termination, which shall be the earlier of (i) not less than 90 days after the date of giving such notice or (ii) the date on which the Deposits are repaid in full. Such notice shall not affect or terminate the Local Government's security interest in the Eligible Collateral in the Account. Upon termination hereof, the Custodian shall follow such reasonable Written Instructions of the Bank and the Local Government concerning the transfer of custody of Eligible Collateral, collateral records and other items. In the event of a discrepancy between Written Instructions of the Bank and the Local Government, the Custodian shall act pursuant to the Local Government's Written Instructions. Upon the date set forth in the termination notice, this Agreement shall terminate except as otherwise provided herein and all obligations of the parties to each other hereunder shall cease.

7. Miscellaneous

(a) The Local Government and Bank each agrees to furnish to the Custodian a new Certificate in the event that any present Authorized Person ceases to be an Authorized Person or in the event that any other Authorized Persons are appointed and authorized. Until such new Certificate is received, the Custodian shall be fully protected in acting upon Oral or Written Instructions or signatures of the present Authorized Persons.

(b) Any Written Instructions or other instrument in writing authorized or required by this Agreement shall be given to the Custodian and shall be sufficiently given if sent to the Custodian by regular mail to its offices at One Wall Street, 4<sup>th</sup> Floor, New York, New York 10236, Attn: BDS Department, Collateral Management Manager or at such other place as the Custodian may from time to time designate in writing.

(c) Any notice or other instrument in writing authorized or required by this Agreement to be given to the Bank shall be sufficiently given if sent to the Bank by regular mail to its offices at NBT Bank, N.A., 52 South Broad Street, Norwich, NY 13815, Attn: Treasury Services or at such other place as the Bank may from time to time designate in writing.

Attn: Treasury Services Group

(d) Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Local Government shall be sufficiently given if sent to the Local Government by regular mail to its offices at 37 Church St - Cortland NY 13845 or at such other offices as the Local Government may from time to time designate in writing.

(e) In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations shall not in any way be affected or impaired thereby and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

(f) This Agreement may not be amended or modified in any manner except by written agreement executed by all of the parties hereto.

(g) This Agreement shall extend to and be binding upon the parties hereto, and their respective successors and assigns; provided however, that this Agreement shall not be assignable by any party without the written consent of the other parties.

(h) This Agreement shall be construed in accordance with the substantive laws of the State of New York, without regard to conflicts of laws principles thereof. Bank, Local Government and Custodian hereby consent to the jurisdiction of a state or federal court situated in New York City, New York in connection with any dispute arising hereunder. Bank, Local Government and Custodian hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such proceeding brought in such a court and any claim that such proceeding brought in such a court has been brought in an inconvenient forum. Bank, Local Government and Custodian each hereby irrevocably waives any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement.

(i) Waiver of Immunity. To the extent that in any jurisdiction any party may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, each party irrevocably agrees not to claim, and it hereby waives, such immunity in connection with this Agreement.

8. Definitions.

Whenever used in this Agreement, the following terms shall have the following meanings:

(a) "Account" shall mean the custodial account established with the Custodian for the benefit of the Local Government as secured party in accordance with this Agreement.

(b) "Adjusted Market Value" shall be one hundred percent of Market Value, except that: (1) in the case of Eligible Collateral enumerated in subparagraphs (v), (vi) and (vii) of Exhibit "B," the Adjusted Market Value shall be an amount equal to its Market Value multiplied by 0.9 if such Eligible Collateral is not rated in the highest rating category by at least one Nationally Recognized Statistical Rating Agency, but is so rated in the second highest rating category, and an amount equal to its Market Value multiplied by 0.8 if such Eligible Security is not so rated in one of the two highest categories, but is so rated in the third highest rated category; (2) in the case of Eligible Collateral enumerated in subparagraphs (viii), (x) and (xi) of Exhibit "B," the Adjusted Market Value shall be an amount equal to its Market Value multiplied by 0.8; (3) in the case of Eligible Collateral enumerated in subparagraph (ix) of Exhibit "B," the Adjusted Market Value shall be an amount equal to its Market Value multiplied by 0.7; and (4) in the case of Eligible Letters of Credit, the Adjusted Market Value shall be an amount equal to its Market Value divided by 1.4.

(c) "Authorized Person" shall be any officer of the Local Government or Bank, as the case may be, duly authorized to give Oral Instructions or Written Instructions on behalf of Local Government or Bank, such persons to be designated in a Certificate substantially in the form of Exhibit "C"- attached hereto, as such Exhibit may be amended from time to time.

(d) "Book Entry System" shall mean the Federal Reserve/Treasury Book Entry System for receiving and delivering U.S. Government Securities.

(e) "Business Day" shall mean any day on which the Custodian and the Bank are open for Business and on which the Book Entry System and/or the Depositories are open for business.

(f) "Certificate" shall mean the Certificate attached hereto as Exhibit "C".

(g) "Collateral Requirement" shall mean the amounts required in Exhibit "A" unless the Bank and Local Government agree to a different amount in accordance with this Agreement.

(h) "Depository" shall include the Depository Trust Company, the Participants Trust Company and other securities depositories and clearing agencies (and their successors and nominees) registered with the Securities and Exchange Commission or otherwise regulated by appropriate federal or state agencies as a securities depository or clearing agency.

(i) "Deposits" shall mean all deposits by the Local Government in the Bank that are available for all uses generally permitted by the Bank to the Local Government for actually and finally collected funds under the Bank's account agreement or policies.

(j) "Eligible Collateral" shall mean any securities of the types enumerated in the Schedule of Eligible Collateral attached hereto as Exhibit "B" as such Schedule may be amended by the parties in writing from time to time. Eligible Letters of Credit, and Eligible Surety Bonds.

(k) "Eligible Letter of Credit" shall mean an irrevocable letter of credit issued in favor of the Local Government for a term not to exceed ninety days by either: (1) a bank (other than the Bank) 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 three highest rating categories based on the credit of such bank or holding company by at least one Nationally Recognized Statistical Rating Organization, or (2) a bank (other than the Bank) which is in compliance with applicable Federal minimum risk-based capital requirements.

(l) "Eligible Surety Bond" shall mean a 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.

(m) "Margin Percentage" shall mean the percentage indicated on Exhibit B attached hereto with respect to particular types of Eligible Collateral.

(n) "Market Value" shall mean, with respect to any Eligible Security held in the Account, the market value of such Eligible Security as made available to the Custodian by a generally recognized source selected by the Custodian plus, if not reflected in the market value, any accrued interest thereon, or, if such source does not make available a market value, the market value shall be as determined by the Custodian in its sole discretion based on information furnished to the Custodian by one or more brokers or dealers; provided however that, if agreed in writing by the parties hereto, the Bank may provide the Custodian with such Market Values. The Market Value of Eligible Letters of Credit and Eligible Surety Bonds shall be the face amount thereof.

(o) "Nationally Recognized Statistical Rating Organization" shall mean Moody's, Standard and Poors, Fitch, Duff and Phelps, BankWatch and IBCA and in the case of Eligible Surety Bonds, shall also include Bests.

(p) "Oral Instructions" shall mean verbal instructions actually received by the Custodian from an Authorized Person or from a person reasonably believed by the Custodian to be an Authorized Person.

(q) "Substitute Collateral" shall have the meaning set forth in paragraph C of Section 1 of this Agreement.

(r) "Uninsured Deposits" shall mean that portion of the Local Government's Deposits with the Bank which exceeds the insurance coverage available from the Federal Deposit Insurance Corporation.

(s) "Written Instructions" shall mean written communications actually received by the Bank or the Custodian from an Authorized Person or from a person reasonably believed by the Bank or the Custodian to be an Authorized Person by a computer, telex, telecopier or any other system whereby the receiver of such communications is able to verify by codes or otherwise with a reasonable degree of certainty the identity of the sender of such communication.



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized and their respective seals to be hereunto affixed, as of the day and year first above written.

[LOCAL GOVERNMENT]

*Portland County Industrial  
Development Agency*

*[Signature]*

By: *Garry Van Gorder*

Title: *CEO/Exec Dir*

Tax I.D. # *16-1142610*

(SEAL)

*The Portland County IDA  
does not have a corporate  
seal.*

nhtcolldep.doc  
(4-05)

NBT BANK, N.A.

*[Signature]*

By: John F. Deierlein

Title: Vice President

THE BANK OF NEW YORK MELLON

*[Signature]*

Title: Robert Schmeiss  
Vice President

**EXHIBIT A**  
**Collateral Requirement**


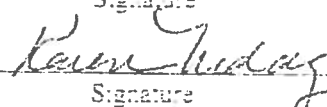
Collateral Requirement. On any Business Day that the Local Government has Uninsured Deposits in the Bank, the Bank, in accordance with paragraph b of Section 1 of this Agreement, agrees to deliver or cause to be delivered to the Custodian for deposit in the Account, Eligible Collateral having an Adjusted Market Value equal to the Collateral Requirement. For purposes of this Agreement, Collateral Requirement shall mean the amount of such Uninsured Deposits times the Margin Percentage, if any.

**EXHIBIT B**  
**Schedule of Eligible Collateral**

<u>Margin %</u>	
<u>102</u>	(i) Obligations issued by the United States of America, an agency thereof or a United States government sponsored corporation or obligations 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.
<u>102</u>	(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.
<u>102</u>	(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.
<u>102</u>	(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 such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.
<u>102</u>	(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.
<u>102</u>	(vi) Obligations of Puerto Rico rated in the three highest rating categories by at least one nationally recognized statistical rating organization.
<u>102</u>	(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 the three highest rating categories by at least one nationally recognized statistical rating organization.
<u>102</u>	(viii) Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
<u>102</u>	(ix) 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.
<u>102</u>	(x) Commercial paper and bankers' acceptances issued by a bank (other than the Bank), 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.
<u>102</u>	(xi) Zero coupon obligations of the United States government marketed as "Treasury strips".

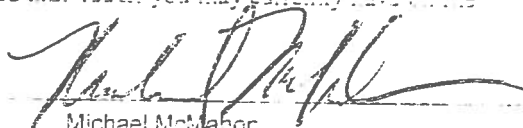
**EXHIBIT C  
 CERTIFICATE OF AUTHORIZED PERSONS  
 (Local Government - Oral and Written Instructions)**

The undersigned hereby certifies that he/she is the duly elected and acting Chairman of Cortland County Industrial Development Agency (the "Local Government"), and further certifies that the following officers or employees of the Local Government have been duly authorized in conformity with the Local Government's by-laws and policies to deliver Oral and Written Instructions to The Bank of New York Mellon ("Custodian") pursuant to the Third Party Custodian Agreement between the Local Government, NBT Bank, N.A. ("Bank") and Custodian dated 11-20-15, and that the signatures appearing opposite their names are true and correct:

<u>Garry VanGorder</u>	<u>Executive Director</u>	
Name	Title	Signature
<u>Karen Niday</u>	<u>CFO</u>	
Name	Title	Signature
_____	_____	_____
Name	Title	Signature
_____	_____	_____
Name	Title	Signature
_____	_____	_____
Name	Title	Signature
_____	_____	_____
Name	Title	Signature
_____	_____	_____
Name	Title	Signature
_____	_____	_____

This certificate supersedes any certificate of authorized individuals you may currently have on file

Corporate  
 seal  
*The Cortland County IIA  
 does not have a corporate  
 seal.*

  
 Title: Michael McMahon  
Chairman  
 Date: 11-20-15

**MUNICIPAL LETTER OF CREDIT (MULOC) AUTHORIZATION**

Reference is made to the Tri-Party Collateral Management Agreement ("Agreement") dated 11-20-15 among Cattaraugus County Industrial Development Agency "Local Government"), NBT Bank, N.A. ("Bank") and The Bank of New York Mellon ("Custodian"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

It is the intention of Bank to utilize Federal Home Loan Bank Letters of Credit, priced at par, at a margin of 100% ("Letters of Credit") as Eligible Collateral held at the Custodian and pledged to Local Government. Upon the approval by Local Government of this letter, Exhibit A "Schedule of Eligible Securities" of the Agreement will be deemed amended to include such Letters of Credit. All other provisions of the Agreement shall remain in full force and effect.

Please indicate your approval to include the Letters of Credit as Eligible Collateral by signing the three copies of this letter and returning them directly to your Relationship Manager. Subsequently, this letter will be executed on behalf of Bank and Custodian and one fully executed copy will be returned to you for your files.

Please do not hesitate to contact me if additional information is needed.

Sincerely,

John F. Deierlein  
Vice President  
Government Banking Department  
NBT Bank, N.A.

Cattaraugus County Industrial Development Agency  
Local Government Name

[Signature]  
Signature

Barry Van Gorder  
Print Name and Title

607-756-5205  
Telephone Number

16-1142610  
Tax ID #

Approved: [Signature]  
The Bank of New York Mellon  
Robert [Name] Vice President

NBT Bank, N.A.

[Signature]  
Signature

John F. Deierlein, Vice President  
Print Name and Title

(607) 337-6485  
Telephone Number

Date: 12/29/15

Local Gov't Account UID: 710378

**CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
INVESTMENT POLICY  
DECEMBER 2019**

**POLICY:**

Except as otherwise prohibited or regulated by federal or state law, or regulation, or by court order, the Chief Executive Officer, the Chief Financial Officer or their designees, shall temporarily invest funds of the Cortland County Industrial Development Agency (the "Agency"), not required for immediate expenditure, in certain acceptable investment instruments as outlined in the guidelines and procedures set forth below. The following objectives, listed in order of priority, shall be followed in the investing of such funds:

1. To provide a level of liquidity to insure the availability of funds for payment to meet obligations of the Agency or for disbursement otherwise required.
2. To minimize the amount of funds uninvested.
3. To minimize the risk of any potential loss or devaluation of funds invested.
4. To earn a maximum rate of return on funds invested, within the limitations as to types of investments permitted under this policy and the provisions of New York General Municipal Law.

**GUIDELINES AND PROCEDURES:**

1. Funds to Be Invested

To the extent the Agency has funds beyond that which are necessary to meet current obligations or for disbursement otherwise required, such funds shall from time to time be invested in acceptable investment instruments.

2. Acceptable Investment Instruments

1) Acceptable investment instruments for the investment of funds are as follows:

- a) Certificates of Deposit issued by a bank or trust company authorized to do business in New York State, provided however, that such Certificates of Deposit shall be payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained, and provided further that such certificates of deposit be secured in the same manner as provided for securing deposits of public funds by Subdivision 3 of Section 10 of the New York General Municipal Law.

- b) Time Deposit Accounts in a bank or trust company authorized to do business in New York State, provided however, that such Time Deposit Accounts shall be payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained and provided further that such time deposit accounts be secured in the same manner as is provided for securing deposits of public funds by Subdivision 3 of Section 10 of the New York General Municipal Law.
- c) Obligations of agencies of the federal government if principal and interest is guaranteed by the United States.
- d) Obligations of the State of New York.

### 3. Timing of Investments

The Chief Executive Officer or Chief Financial Officer shall maintain a portfolio of all investments. Investments shall generally mature or otherwise be available for sale or redemption without penalty at such times as funds invested are required for payment to meet obligations of the Agency, or are otherwise required for disbursement.

### 4. Collateral Requirements

- 1) Certificate of Deposits and Time Deposit Accounts shall be fully secured to the maximum amount set by the Federal Deposit Insurance Corporation.
- 2) Certificate of Deposits and Time Deposit Accounts with principal value in excess of the amount insured by the Federal Deposit Insurance Corporation, shall be fully secured by eligible securities as that term is defined in Section 10 of the General Municipal Law having in the aggregate a market value at least equal to the aggregate amount of the deposits and Third Party Custodial Agreements shall be entered into with the deposit institution.
- 3) Collateral shall be delivered to and held by the Agency as part of the investment portfolio or be delivered to a custodial bank or trust company with which the Agency has a Custodial Agreement. Said Custodial Institution shall provide written confirmation to the Agency of the obligations held in such institutions as collateral for investments of the Agency.

### 5. Custodial Institutions

- 1) The Chief Executive Officer or the Chief Financial Officer shall from time to time, if necessary, enter into contracts with banks or trust companies licensed to do business in New York State to act as custodian of funds owned by the Agency or of funds pledged as collateral for certificates of deposit or time deposit accounts. Custodians must be member banks of the Federal Reserve Bank or maintain accounts with member banks. A custodial contract shall not be entered into for holding of an

investment with the same party from which such investment instrument was acquired without approval of the Agency. A custodial contract may be entered into with the Trust Department of the seller of the investment instrument provided that the Trust Department is a separate corporate entity. At the request of the Agency custodial institutions shall verify collateral held on behalf of the Agency as property or as collateral for an investment instrument.

#### 6. Financial Strength of Institutions

The financial statements of banks and trust companies with which the Agency transacts investment business, as set forth in the annual reports of such institutions, shall be reviewed annually by the Agency to determine the financial strength and or credit worthiness of the institution. The Chief Financial Officer of the Agency shall report the results of such review in the Agency's annual Investment Report.

#### 7. Competition for Acquisition and Sale of Investment Instruments

- 1) The Agency shall endeavor to insure competition amongst interested and eligible institutions for the acquisition or sale of investment instruments and shall make every reasonable effort to solicit by telephone or other electronic device at least three quotations for every investment transaction except for interim investment instruments which may from time to time be necessary to conduct normal day to day business operations of the Agency.
- 2) The Chief Executive Officer or the Chief Financial Officer shall maintain a file of any confirmations, correspondence, or statement which support investment activity.

#### 8. Report to be Provided

The Chief Executive Officer or the Chief Financial Officer shall prepare monthly and annual reports to the members of the Agency reflecting, as of the last day of such month, an inventory of investment instruments, a listing of investment instruments acquired or redeemed during the month, and a statement of investment income earned for the month and cumulative total interest earned since the beginning of the current fiscal year.

#### 9. Internal Controls to be Maintained

The Agency shall maintain a system of internal controls as set forth in Schedule A hereto which provides for segregation of duties with respect to investment activities, cash receipts, and accounting.

#### 10. Miscellaneous Provisions



The Agency, Chief Executive Officer and Chief Financial Officer may from time to time designate qualified independent contractors, staff or employees to assist in carrying out the provisions of this Policy.

#### 11. Intent

It is the intent of the Agency that this Investment Policy conform to the requirements of the provisions of Sections 10 and 11 of the New York General Municipal Law, as the same may be amended from time to time, and in the event of any inconsistency between these policies and the provisions of those statutes, the statutory provision shall control and be followed to the fullest extent by the Agency.

## **INVESTMENT POLICY SCHEDULE A**

The following outlines the policy and procedures used by the Cortland County Industrial Development (The "Agency") to help ensure financial controls.

All incoming mail is opened by the office manager. Invoices and bank account statements are given to the Executive Director for review. After review, the Executive Director returns the invoices and bank account statements to the office manager.

The office manager is responsible for preparing a voucher that accompanies an invoice for payment. This voucher details the date of payment, payee, expense account description and the amount to be paid. The voucher is reviewed and authorized by an authorized signer.

Authorized signers are determined by the Directors of the Agency. These signers may include the Executive Director (CEO), Chief Financial Officer, Chairman and the Treasurer.

Internal transfers between accounts for routine cash management are processed electronically by the Chief Financial Officer with authorization by one of the signers on the account. Any withdrawals made in person requiring a withdrawal slip shall be authorized by two signers on the account.

All bank accounts shall be reconciled on a monthly basis by the CFO.

Financial ledgers are available for inspection by the Treasurer as well as the annual external independent auditor.