

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY INVESTMENT POLICY

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 ensure 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 Chief Financial Officer. 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 Chief Financial Officer.

The Chief Financial Officer 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.