

ONEIDA COUNTY LOCAL DEVELOPMENT CORPORATION

INVESTMENT AND DEPOSIT POLICY

I. PURPOSE

Section 2925 of the Public Authorities Law requires the Oneida County Local Development Corporation (the "Corporation") to adopt by resolution comprehensive investment guidelines which detail its operative policy and instructions to officers and staff regarding the investing, monitoring and reporting of funds of the Corporation.

The purpose of establishing this investment and deposit policy (the "Investment Policy") is to develop comprehensive investment guidelines which detail the Corporation's operative policy and instructions to officers regarding the investing, monitoring, reporting, and depositing of funds pursuant to the Public Authorities Law. The Corporation desires to invest any funds prudently to maintain their value relative to inflation while preserving liquidity through low risk investments.

II. SCOPE

This investment policy applies to all moneys and other financial resources available for investment on the Corporation's own behalf or, where applicable, on behalf of any other entity or individual. The officers will be guided by this Investment Policy in managing the short and long-term investments of the Corporation's available cash.

This Investment Policy is not intended to restrict the normal business activities of the Corporation, which include the making of loans to, equity investments in, and/or project expenditures in private companies in furtherance of the corporate purposes of the forgoing entities.

Any and all previously-approved Investment policies of the Oneida County Local Development Corporation are hereby rescinded.

III. OBJECTIVES

The primary objectives of the local government's investment activities are, in priority order:

- To conform with all applicable Federal, State and other legal requirements (legal);
- To adequately safeguard principal (safety);
- To provide sufficient liquidity to meet all operating requirements (liquidity); and
- To obtain a reasonable rate of return (yield).

IV. DELEGATION OF AUTHORITY

The Executive Director shall have the authority and responsibility for investment and depositing of funds, including directing, implementing, and monitoring such investments, consistent with these guidelines. The Corporation's Board of Directors (the "Board") shall provide oversight and supervision for such investment and depositing.

V. 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 Oneida County Local Development Corporation (hereinafter Corporation) to govern effectively.

Investments shall be made in good faith 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, net of fees, to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

VI. DIVERSIFICATION

It is the policy of the Corporation to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling. This shall not be construed so as to mandate absolute diversification in the event that it is determined, in a certain instance, that diversification is not in the best interest of the Corporation. The Corporation shall strive to make its investments in financial institutions located in Oneida County.

VII. INTERNAL CONTROLS

The officers are responsible for establishing and maintaining an internal control structure to provide reasonable assurance that:

- a. All moneys collected by any officer, agent, contractor or employee of the Corporation to transfer those funds to the Corporation within three (3) days of deposit, or within the time period specified by law, whichever is shorter.
- b. Each cash and investment account will be reviewed and reconciled on a monthly basis.
- c. Deposits and investments are safeguarded against loss from unauthorized use or disposition;
- d. Transactions are executed in accordance with the Board's authorization;

- e. Transactions are recorded properly;
- f. Transactions are managed in compliance with applicable laws and regulations governing public funds;
- g. Quarterly financial reports shall be shared with the Board regarding financial assets, investments held by the Corporation and the selection of investment bankers, brokers, agents, dealers or auditors; and
- h. The Corporation engages, on an annual basis, a firm qualified to conduct an independent audit of all investments, which shall be conducted in accordance with generally accepted government auditing standards and should at a minimum include:
 - i. The scope and objectives;
 - ii. Any material weaknesses found in the internal controls;
 - iii. A description of all non-compliance with the authority's own investment policies as well as any applicable laws or regulations; and
 - iv. A statement of positive assurance of compliance on the items tested and a statement of any other material deficiency or finding.

VIII. PERMITTED INVESTMENTS

As authorized by General Municipal Law, §11, the Corporation shall direct the Executive Director to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit amounts;
- Certificates of deposit;
- Obligations of the United States of America;
- 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;
- Obligations of the State of New York;
- 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 Corporation;
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agency where the general State

statutes governing such entities or whose specific enabling legislation authorizes such investments;

- Certificates of Participation (COPs) issued pursuant to GML §109-b;
- Obligations of this local government, by only with any moneys in a reserve fund established pursuant to GML §§6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

All investment obligations shall be payable or redeemable at the option of the Corporation 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 at the option of the Corporation within two years of the date of purchase.

IX. REQUIREMENT OF WRITTEN CONTRACTS

For any investment of funds, the Corporation shall enter into a written contract pursuant to which the investment is made, except where the Board shall determine that: (a) a written contract is not practical; or (b) there is no regular business practice of executing a written contract with respect to a particular investment or transaction.

In situations where there is no written contract for a particular investment, the Corporation shall follow such procedures as are appropriate to protect its financial interest.

X. ANNUAL INVESTMENT REPORT

In accordance with Section 2925 of the Public Authorities Law, within ninety (90) days after the end of its fiscal year, the Treasurer shall prepare and the Board shall approve an annual investment report that shall include:

- a. These investment guidelines as then currently amended;
- b. A description of any amendments to these investment guidelines since the last annual investment report;
- c. An explanation of these investment guidelines as amended;
- d. The results of the annual independent audit;
- e. The investment income record;
- f. A list of the total fees, commissions, or other charges paid to each investment banker, broker, agent, dealer, and advisor that rendered investment associated services to the Corporation since the last annual investment report.

If the Corporation does not incur any investment fees or commissions during a fiscal year, the report shall state that no such fees or commissions were incurred. If the Corporation

does not hold any investments during a fiscal year, it must still prepare a report stating that the Corporation did not own any investments for that period.

The annual investment report may be part of any other annual report that the Corporation is required to make. Said investment report shall be submitted through the Public Authorities Reporting Information System (PARIS) within ninety (90) days of the Corporation's fiscal year end. The report shall also be submitted to the Chief Executive Officer and Chief Fiscal Officer of the County of Oneida.

XI. DEPOSIT OF MONIES

All monies of the Corporation from whatever source derived shall be deposited forthwith in one or more commercial banks or trust companies designated by the Corporation's Board; and, to the extent practicable, consistent with the cash requirements of the Corporation, all such money shall be deposited in interest bearing counts. The Corporation's Board shall specify the maximum amount that may be kept on deposit at any time with each bank or trust company. Such designations and amounts may be changed at any time by further resolution of the Corporation.

In accordance with Section 10 of the General Municipal Law, all deposits of the Corporation (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 as follows:

- a. By a pledge of "eligible securities" with an aggregate "market value" as defined by Section 10 of the General Municipal Law, at least equal to the aggregate amount of deposits. A list of eligible securities is attached as Exhibit "A".
- b. By an irrevocable letter of credit issued by a qualified bank (other than the bank with which the money is being deposited or invested) in favor of the Corporation for a term not to exceed ninety (90) days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable minimum risk-based capital requirements.
- c. By an eligible surety bond payable to the Corporation for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations. The terms and conditions of any eligible surety bond shall be subject to approval of the Corporation's Board.
- d. By a pledge of a pro rata portion of a pool of eligible securities, having in the aggregate a market value at least equal to the amount of deposits from all such officers within the State at such bank or trust company, together with a security agreement from the bank or trust company.

- e. By an irrevocable letter of credit issued in favor of the Corporation by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization, as security for the payment of 100% of the aggregate amount of the deposits and the agreed upon interest, if any.

Eligible securities used for collateralizing deposits shall be held by the depository and/or third-party bank or trust company subject to security and custodial agreements as described below.

- a. The security agreement shall provide that eligible securities are being pledged to secure Corporation 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 Corporation to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Corporation, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the depository or its custodial bank.
- b. The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the Corporation, 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 custodial agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The custodial 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 Corporation a perfected interest in the securities and may include such other terms as the Corporation's Board deem necessary.

XII. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Corporation shall transact business only with qualified, certified, or licensed investment bankers, brokers, agents, dealers, and other investment advisors and agents. The Corporation shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the agency conducts business must be creditworthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Corporation. 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 Executive Director is responsible for ensuring a report is delivered to the Corporation's Board for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Each year a list of depositories, trading partners and custodians will be authorized at the Corporation's annual meeting. Said list

shall be presented annually to the Corporation for approval and will be attached hereto at Exhibit B.

XIII. SAVINGS CLAUSE

Nothing contained in Section 2925 of the Public Authorities Law shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investment of funds made or entered into by the Corporation in violation of, or without compliance with the provisions of Section 2925 of the Public Authorities Law.

XIV. ANNUAL REVIEW

This Investment Policy shall be reviewed and approved by the Corporation's Board on an annual basis.

A-1 Exhibit A: Schedule of Eligible Securities

- (1) 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.
- (2) 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.
- (3) 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.
- (4) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation or 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.
- (5) 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.
- (6) Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- (7) Obligations of countries, 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 categories by at least one nationally recognized statistical rating organization.
- (8) Obligations of domestic corporations rated one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- (9) 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 bank regulatory agencies.
- (10) 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.
- (11) Zero Coupon obligations of the United States government marketed as "Treasury strips".

B-1 Exhibit B: List of Depositories, Trading Partners and Custodians