

# CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY

## INVESTMENT POLICY

### A. Introduction

1. Scope – This investment and deposit policy applies to all monies and other financial resources available to the City of Utica Industrial Development Agency (the “Agency”) for investment and deposit on its own behalf or on behalf of any other entity or individual.
2. Objectives – The primary objectives of the Agency’s investment activities are, in priority order:
  - a. to conform with all applicable federal, state and other legal requirements (legal);
  - b. to adequately safeguard principal (safety);
  - c. to provide sufficient liquidity to meet all operating requirements (liquidity); and
  - d. to obtain a reasonable rate of return (yield).
3. Prudence – All participants in the investment process and all participants responsible for depositing the Agency’s funds shall seek to act responsibly as custodians of a public trust and shall avoid any transaction that might impair confidence in the Agency to operate effectively.

Investments and deposits shall be made 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 to be derived.

All participants involved in the investment process and all participants responsible for depositing the Agency’s funds shall refrain from personal business activity that could conflict with proper execution of the investment program or the deposit of the Agency’s funds or which could impair their ability to make impartial investment decisions.

4. Diversification – It is the policy of the Agency to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

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

B. Deposits of Agency funds; security

The Agency designates the following bank(s) and trust company(ies) for the deposit of its funds not otherwise provided for the law, received by the Treasurer, and in the respective maximum amount(s) which may be kept on deposit at any time in each such bank or trust company:

<u>Bank or Trust Company</u>	<u>Maximum Deposit:</u>
Bank of Utica	as Agency funds allow

These designations and amounts may be changed at any time by resolution of the Agency.

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

All deposits by the Agency in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (“FDIA”) as now or hereafter amended shall be secured as provided below:

a. The officers making a deposit of the Agency’s funds may accept a pledge of eligible securities (as defined below) having in the aggregate a market value at least equal to the aggregate amount of such deposits from such officers, or a pledge of a pro rata portion of a pool of eligible securities having in the aggregate a market value at least equal to the aggregate amount of deposits of public funds from all such officers within the state at such bank or trust company, together with a security agreement from the bank or trust company. The security agreement and custodial agreement referred to below may be the same agreement including when the bank or trust company holding the public deposits holds the collateral for the Agency. The security agreement shall provide that such eligible securities or pro rata portion of a pool of eligible securities are being pledged by the bank or trust company as security for deposits of the Agency’s funds, together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposit upon a default. It shall also provide for the conditions under which the securities pro rata portion of a pool of eligible securities held may be sold, presented for payment, substituted or released and the events of default which will enable the Agency to exercise its rights against the pledged securities. Such agreement shall

include all provisions deemed necessary and sufficient to secure in a satisfactory manner the Agency's interest in the collateral. The custodial agreement shall provide that the pledged securities or pro rata portion of a pool of eligible securities will be held by the custodial bank or trust company as agent of, and custodian for, the Agency, and will be kept separate and apart from the general assets of the custodial bank or trust company and it shall also provide for the manner in which the custodial bank or trust company shall confirm the receipt, substitution or release of the collateral. Such agreement shall provide for the frequency of revaluation of collateral by the custodial bank or trust company and the substitution of collateral when a change in the rating of a security causes ineligibility as an "eligible security". Such agreement shall include all provisions deemed necessary and sufficient to secure in a satisfactory manner the Agency's interest in the collateral. Such agreement may also contain such other provisions as the Agency may deem necessary.

"Eligible securities" shall mean any of the following:

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

(2) Obligations 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 this state, 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.

(5) Obligations issued by states (other than this state) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

(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 counties, cities and other governmental entities of another state having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

(8) Obligations of domestic corporations rated in 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 federal bank regulatory agencies.

(10) 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 sixty days from the date they are pledged.

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

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

c. (i) In lieu of or in addition to the deposit of eligible securities, the officers making a deposit may accept an eligible surety bond (as defined below) payable to the Agency as security for the payment of one hundred percent, or an eligible letter of credit (as defined below) payable to the Agency as security for the payment of one hundred forty percent, of the aggregate amount of public deposits from such officers and the agreed upon interest, if any. The terms and conditions of any eligible surety bond shall be approved by the Agency.

"Eligible surety bond" shall mean a bond executed by an insurance company authorized to do business in this state, the claims-paying ability of which is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

"Eligible letter of credit" shall mean an irrevocable letter of credit issued in favor of the Agency 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.

(ii) In lieu of or in addition to the deposit of eligible securities, the officers making a deposit may, in the case of an irrevocable letter of credit issued in favor of the Agency 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, accept such letter of credit payable to the Agency as security for the payment of one hundred percent of the aggregate amount of public deposits from such officers and the agreed upon interest, if any.

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

(1) The eligible securities described in subparagraphs (8), (10) and (11) of the definition of “eligible securities” shall be valued at eighty percent of their market value.

(2) The eligible securities described in subparagraph (9) of the definition of “eligible securities” shall be valued at seventy percent of their market value.

(3) Of the eligible securities described in subparagraph (5), (6) and (7) of the definition of “eligible securities”, those securities rated in the highest category shall be valued at one hundred percent of their market value; those securities rated in the second highest rating category shall be valued at ninety percent of their market value; and those securities rated in the third highest rating category shall be valued at eighty percent of their market value. When two nationally recognized statistical rating organizations rate a security in two different categories, the security shall be considered to be rated in the higher of the two categories.

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

#### C. Temporary investments

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

Investments may also be made in obligations of the United States of America or in obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America or in obligations of the state of New York, or with the approval of the state comptroller in obligations issued pursuant to section 24.00 or 25.00 of the local finance law by any municipality, school district or district corporation other than the Agency.

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

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

(2) Such obligations, unless registered or inscribed in the name of the Agency, shall be purchased through, delivered to and held in the custody of a bank or trust company in this state. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company or dealer in obligations only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Agency by the bank or trust company. All obligations held in the custody of a bank or trust company pursuant to this paragraph shall be held by such bank or trust company pursuant to a written custodial agreement as set forth in paragraph (a) above relating to deposits of amounts in excess of amounts insured under the FDIC.

Notwithstanding any other provision of law, the Agency may authorize the aforementioned officers to turn over the physical custody and safekeeping of the evidences of the investments made under the heading "C. Temporary investments" to (a) any bank or trust company incorporated in this state, or (b) any national bank located in this state, or (c) any private banker duly authorized by the superintendent of banks of this state to engage in business here. All such private bankers shall, as private bankers, maintain a permanent capital of not less than one million dollars in this state. The said officers may direct such bank, trust company or private banker to register and hold any such evidences of investments in its custody, in the name of its nominee. Such officers may deposit or authorize such bank, trust company or private banker, to deposit, or arrange for the deposit of any such evidences of investments with a federal reserve bank or other book-entry transfer system operated by a federally regulated entity to be credited to an account as to which the ownership of, and other interests in, such evidences of investments may be transferred by entries on the books of such federal reserve bank or other book-entry transfer system operated by a federally regulated entity without physical delivery of any such evidences of investments. The records of any such bank, trust company or private banker shall show, at all times, the ownership of such evidences of investments, and they shall, when held in the possession of such bank, trust company or private banker be, at all times, kept separate from the assets of such bank, trust company or private banker. All evidences of investments delivered to a bank, trust company, or private banker pursuant to this paragraph shall be held by such bank, trust company or

private banker pursuant to a written custodial agreement as set forth in paragraph (a) above relating to deposits of amounts in excess of amounts insured under the FDIC. When any such evidences of investments are so registered in the name in the name of a nominee, such bank, trust company or private banker shall be absolutely liable for any loss occasioned by the acts of such nominee with respect to such evidences of investments.

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

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

Approved and adopted this 7<sup>th</sup> day of March 2017.