

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY

INVESTMENT POLICY

INTRODUCTION:

Pursuant to §39 of the General Municipal Law (GML) the Town of Industrial Development Agency (TEIDA) Board, hereby adopts the following policy as it pertains to the investment and deposit of all TEIDA monies.

OBJECTIVES:

The objectives of this policy are:

- To conform with all applicable state, federal and other legal requirements
- To adequately safeguard the funds invested or deposited
- To provide sufficient liquidity of invested and deposited funds in order to meet all operating requirements
- To obtain a rate of return commensurate with market conditions

AUTHORIZATION:

The Board hereby delegates the authority to make day-to-day investment decisions, within all applicable laws and the guidelines and limitations of this policy to the Chairman and the Chief Executive Officer.

DESIGNATION OF DEPOSITORIES:

For the purposes of investments, the Board authorized the use of all commercial banks and trust companies located and authorized to do business in New York State in accordance with all applicable laws. Pursuant to General Municipal Article 5-G, §119-0, investment in the MBIA-Municipal Investors Service Corporation's Cooperative Liquid Assets Securities System (CLASS) is also authorized. Depositories shall be as designated at the Annual Organizational Meeting of the Town of Erwin Industrial Development Agency.

AUTHORIZED INVESTMENT INSTRUMENTS:

Pursuant to General Municipal Law §11, monies not required for immediate expenditure for terms not to exceed projected cash needs, may be invested in the following:

- Savings Accounts
- NOW Accounts
- Super NOW Accounts
- 7-31- Day Accounts
- MBIA-Municipal Investors Service Corporation's Cooperative Liquid Assets Securities System (CLASS)
- Repurchase Agreements

TEIDA Investment Policy, cont.

- Certificates of Deposit
- Obligations of the United State of America, agencies of the United States of America where payment of principal and interest are guaranteed by the United States of American, State of New York, any municipality, school district or district cooperation (other than the Town of Erwin Industrial Development Agency) authorized within the State
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorized such investments
- Certificate of Participation (COPs) issued pursuant to General Municipal Law, §109-b
- Obligations of the Town of Erwin Industrial Development Agency, but only with any monies in a reserve fund established pursuant to General Municipal Law §6-c, d, e, g, h, j, k, l, m, or n

COLLATERALIZATION OF DEPOSITS:

Pursuant to General Municipal Law §10, all deposits of the Town of Erwin Industrial Development Agency in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

- By a pledge of “eligible securities” with an aggregate “market value”, or provided by General municipal Law, §10, equal to the aggregate amount of deposits from the categories designated in Appendix A to the policy;
- By an eligible “irrevocable letter of credit” issued by a qualified bank, other than the bank with the deposits in favor of the government, for a term not to exceed 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 federal minimum risk-based capital requirements;
- Eligible surety bond payable to the government 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.

SAFEKEEPING:

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third party bank or trust company subject to security and collateral agreements, at the discretion of the Town of Erwin Industrial Development Agency.

The security agreement shall provide that eligible securities are being pledged to secure Town deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for the Town of Erwin Industrial Development Agency, will be kept separate and apart from the general assets of the custodial bank or trust company.

OPERATING PROCEDURES:

Investments will generally be made based upon competitive bids solicited by telephone and shall be awarded to the highest bidder who has and is willing and able to pledge sufficient and acceptable collateral as defined in this policy.

Deposit of the investment proceeds shall be made by or on behalf of the Town of Erwin Industrial Development Agency for obligations of New York State, obligations the principal and interest of which are guaranteed by the United States, United States Obligations, certificates of deposit and other purchased securities upon the delivery thereof to the trust department, or the custodial bank, or, in the case of a book-entry transaction, when the purchased securities are credited to the custodial bank's Federal Reserve Bank account. All transactions shall be confirmed in writing.

Where practical, written contracts are to be completed for repurchase agreements, certificates of deposit, and custodial undertakings. With respect to the purchase of obligations of United States, New York State, or other governmental entities, etc., in which monies may be invested, the interests of the Town of Erwin Industrial Development Agency will be adequately protected by conditioning payment on the physical delivery of purchased securities to the custodian's Federal Reserve Bank account. All purchases will be confirmed in writing to the Town.

The Town of Erwin Industrial Development Board specifically authorized the designated officials to turn over the physical custody of certificates of deposit, and other evidences of investment, for "safekeeping: possession to the winning bank, as provided in Section 11 (3) of the General Municipal Law, to facilitate access to funds at maturity and to eliminate having live certificates in the Town offices.

Repurchase agreements will be purchased subject to the following restrictions:

- All repurchase agreements must be entered into subject to a Master Repurchase Agreement

TEIDA Investment Policy, cont.

- Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers
- Obligations shall be limited to obligations of the United States of America, and obligations of agencies of the United States of America where principal and interest are guaranteed by the United States of America
- No substitution of securities will be allowed
- The custodian shall be a party other than the trading partner