



1 **I. POLICY STATEMENT**

2 It is the policy of Schenectady Metroplex Development Authority (Metroplex or the
3 Authority) to invest public funds in a manner providing the highest investment, security and
4 return consistent with our objectives, while meeting daily cash flow demands of the
5 Authority.

6 Provisions of §2663 of the Authority’s enabling statute, as amended, provide that “*any monies*
7 *of the authority not required for immediate use or disbursement may, at the discretion of the*
8 *authority, be invested pursuant to section ninety-eight-a of the state finance law in accordance*
9 *with guidelines established by the authority’s board and amended from time to time.*”

- 10 a. The purpose of this Investment Policy is to establish the investment objectives,
11 delegation of authority, standards of prudence, eligible investments and transactions,
12 internal controls, reporting requirements, and safekeeping and custodial procedures
13 necessary for the prudent management and investment of the Authority’s funds while
14 ensuring compliance with state and federal laws.
- 15 b. In accordance with Public Authorities Law §2925, the Authority must review and
16 approve this Investment Policy annually.

17 **II. SCOPE**

- 18 a. This investment policy applies to all Metroplex monies and other financial resources
19 available for investment on its own behalf or on behalf of any other entity when
20 acting as an agent for that other entity.
- 21 b. All funds are overseen by the Metroplex Finance Director, reporting to the Fiscal
22 Audit Committee, as chaired by the Metroplex Treasurer, and accounted for and
23 represented in Metroplex financial reports.

24 **III. OBJECTIVES**

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

- 26 a. To conform with all applicable federal, state and other legal requirements (legal);
27 b. To adequately safeguard principal (safety);
28 c. To provide sufficient liquidity to meet all operating requirements (liquidity); and
29 d. To obtain a reasonable rate of return (yield).

30 **IV. OPERATING PROCEDURES AND DELEGATION OF AUTHORITY**

31 Metroplex’s responsibility for administration of the cash management and investment program
32 is delegated to the Finance Director, who must establish written procedures for the operation of
33 the investment program consistent with these investment guidelines. Such procedures shall
34 regulate the activities of Metroplex employees and include an adequate internal control



1 structure to provide a satisfactory level of accountability based on a database or records
2 incorporating a description, amounts of deposits and/or investments, transaction dates, and
3 other relevant information.

4 **V. OPERATING PROCEDURES**

5 The Finance Director shall prepare standard operating procedures, consistent with these
6 guidelines, for placing, controlling, and reporting of all deposit and/or investment activity, which
7 shall consist of the following:

- 8
- 9 a. Documentation and retention for audit, the process of initiating, reviewing, and
10 approving requests to buy and sell securities.
- 11 b. Each disbursement of funds (and corresponding receipt of securities) or delivery of
12 securities (and corresponding receipt funds) should be based upon proper written
13 authorization. In the event that authorization is initially given orally, a written or
14 telegraphic confirmation from the organization's authorized officer to the custodian
15 must be documented.
- 16 c. Custodians must (i) have prior authorization from Metroplex to deliver obligations
17 and collateral; (ii) confirm all transactions are in writing; and (iii) make delivery of
18 obligations only upon receipt of funds.
- 19 d. Custodial banks shall maintain a monthly report of all activity that has occurred in
20 Metroplex's custodial account(s), which may include monthly statements.
- 21 e. Requirements for periodic reporting and a satisfactory level of accountability.
- 22 f. The establishment and maintenance of a system of internal controls.
- 23 g. The Executive Director, or his designee, shall maintain a record of deposits and/or
24 investments. The records should identify the security, the fund for which held, the
25 place where kept, the market value, the custodian of the collateral, and the date of
26 disposition and amount realized. Alternatively, a database of records may be created
27 and utilized which incorporates the description and amounts of deposits and/or
28 investments, transaction dates, interest rates, maturities, bond ratings, market prices
29 and related information necessary to manage the portfolio.
- 30 h. The establishment of methods for adding, changing or deleting information contained
31 in the deposit and/or investment record, including a description of the documents to
32 be created and verification tests to be conducted.
- 33 i. At least monthly, there shall be verifications of both the principal amount and the
34 market values of all accounts, investments and collateral. This may be achieved by
35 obtaining the appropriate listings as compared against Metroplex's records.

1 **VI. PRUDENCE**

- 2 a. All participants in the investment process shall act responsibly as custodians of the
3 public trust and shall avoid any transaction that might impair public confidence in the
4 Authority to govern effectively.
- 5 b. Cash management and investments shall be made with judgment and care, under
6 circumstances then prevailing, which persons of prudence, discretion and intelligence
7 exercise in the management of their own affairs. Furthermore, for all investments, the
8 safety of the principal as well as the probable income to be derived shall be
9 considered.
- 10 c. In accordance with their acknowledgment of fiduciary duties and responsibilities, all
11 participants involved in the investment process shall refrain from personal business
12 activity that could conflict with proper execution of the investment program, or which
13 could impair their ability to make impartial investment decisions.

14 **VII. INTERNAL CONTROLS**

- 15 a. It is Authority policy that all monies collected by any officer or employee of the
16 Authority must be transferred to the Authority's account within ten business days of
17 receipt, or within the time period specified in law, whichever is shorter.
- 18 b. The Executive Director is responsible for establishing and maintaining an internal
19 control structure to provide reasonable, but not absolute, assurance that deposits and
20 investments are safeguarded against loss from unauthorized use or disposition, and
21 that transactions are (i) executed in accordance with management's authorization, (ii)
22 properly recorded, and (iii) managed in compliance with applicable laws and
23 regulations.

24 **VIII. DESIGNATION OF DEPOSITORIES**

- 25 a. Banks or trust companies authorized for the deposit of Metroplex monies up to the
26 maximum amount of two million (\$2,000,000.00) for operating funds and fifteen
27 million (\$15,000,000.00) for capital funds are:

28 First Niagara Financial Group

29 Key Bank

30 Wilmington Trust

31 NBT Bank

32 **IX. COLLATERALIZING OF DEPOSITS**

- 33 a. In accordance with the provisions of Public Authorities Law, Section 2663, all
34 deposits of the Authority, including certificates of deposits and special time deposits,
35 in excess of the amount insured under the provisions of the Federal Deposit Insurance



1 Act shall be secured by obligations with a market value equal at all times to the
2 amount of the deposit.

- 3 b. Obligations eligible for use as collateralization include those issued by the United
4 States, the State of New York or any municipality therein rated in one of the three
5 highest rating categories by at least one nationally recognized statistical rating
6 organization.

7 **X. SAFEKEEPING AND COLLATERALIZATION**

- 8 a. Eligible securities used for collateralizing deposits shall be held by a third party bank
9 or trust company subject to security and custodial agreements.
- 10 b. The security agreement shall provide that eligible securities are being pledged to
11 secure Authority deposits together with agreed upon interest, if any, and any costs or
12 expenses arising out of the collection of such deposits upon default. It shall also
13 provide the conditions under which the securities may be sold, presented for payment,
14 substituted or released and the events which will enable the Authority to exercise its
15 rights against the pledged securities.
- 16 c. In the event the securities are not registered or inscribed in the name of the Authority,
17 such securities shall be delivered in a form suitable for transfer or with an assignment
18 in blank to the Authority or its custodial bank.
- 19 d. The custodial agreement shall provide that securities held by the bank or trust
20 company, or agent of and custodian for, the Authority will be kept separate and apart
21 from the general assets of the custodial bank or trust company and will not, in any
22 circumstances, be commingled with or become part of the backing for any other
23 deposit or other liabilities. The agreement shall also specify that the custodian shall
24 confirm the receipt, substitution or release of the securities. The agreement shall
25 specify the frequency of revaluation of eligible securities and for the substitution of
26 securities when a change in the rating of a security may cause ineligibility. Such
27 agreement shall include all provisions necessary to provide the Authority a perfected
28 interest in the securities.

29 **XI. PERMITTED INVESTMENTS**

- 30 a. Public Authorities Law, Section 2663 authorizes the Authority to invest in those
31 obligations specified pursuant to the provisions of Section 98-a of the State Finance
32 Law. In accordance therewith, the Authority authorizes the Executive Director to
33 invest monies not required for immediate expenditure for terms not to exceed its
34 projected cash flow needs in the investments designated in Appendix A to this policy.
- 35 b. All investment obligations shall be payable or redeemable at the option of the
36 Authority within such times as the proceeds will be needed to meet expenditures for
37 purposes of which the monies were provided and, in the case of obligations purchased



1 with the proceeds of bond or notes, shall be payable or redeemable at the option of
2 the Authority within two years of the date of purchase.

3 **XII. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

- 4 a. The Authority shall maintain a list of financial institutions and dealers approved for
5 deposit and/or investment purposes and establish appropriate limits to the amount of
6 deposits and/or investments which can be made with each financial institution or
7 dealer.
- 8 b. All financial institutions with which the Authority conducts business must be
9 business worthy. At the request of the Authority, banks shall provide their most
10 recent Consolidated Report of Condition (Call Report).
- 11 c. Security dealers not affiliated with a bank shall be required to be classified as
12 reporting dealers affiliated with the New York Federal Reserve Bank, as primary
13 dealers.
- 14 d. The Executive Director is responsible for evaluating the financial position and
15 maintaining a listing of proposed depositories, trading partners and custodians. Such
16 list shall be evaluated at least annually.

17 **XIII. PURCHASE OF INVESTMENTS**

- 18 a. The Executive Director is authorized to contract for the purchase of investments:
19 1) Directly, including by use of a repurchase agreement, from an authorized
20 trading partner; or
21 2) By utilizing an ongoing investment program with an authorized trading
22 partner.
- 23 b. All purchased obligations, unless registered or inscribed in the name of the Authority,
24 shall be purchased through, delivered to and held in the custody of a bank or trust
25 company. Such obligations shall be purchased, sold or presented for redemption or
26 payment by such bank or trust company only in accordance with prior written
27 authorization from the officer authorized to make the investment. All such
28 transactions shall be confirmed in writing to the Authority by the bank or trust
29 company.
- 30 c. Any obligation held in the custody of a bank or trust company shall be held pursuant
31 to a written custodial agreement.
- 32 d. The custodial agreement shall provide that securities held by the bank or trust
33 company, as agent of and custodian for, the Authority, will be kept separate and apart
34 from the general assets of the custodial bank or trust company and will not, in any
35 circumstances, be commingled with or become part of the backing for any other
36 deposits or other liabilities.

- 1 e. The custodial agreement shall describe how the custodian shall confirm the receipt
2 and release of the securities. Such agreement shall include all provisions necessary to
3 provide the Authority a perfected interest in the securities.

4 **XIV. REPURCHASE AGREEMENTS**

- 5 a. Repurchase agreements are authorized subject to the following restrictions:
- 6
- 7 1) All repurchase agreements must be entered into subject to a Master Repurchase
8 Agreement.
- 9 2) Trading partners are limited to banks or trust companies authorized to do business
10 in the State of New York and primary reporting dealers.
- 11 3) Obligations shall be limited to obligations of the United States and obligations of
12 agencies of the United States where principal and interest are guaranteed by the
13 United States.
- 14 4) No substitution of securities will be allowed.
- 15 5) The custodian shall be a party separate and apart from the trading partner.
- 16

1 **APPENDIX A**

2 **Schedule of Eligible Investments** (Pursuant to Section 98-a of the State Finance Law)

- 3 ✓ (i) United States Treasury obligations maturing or redeemable at the option of the
4 holder within seven years or less.
- 5 ✓ (ii) Obligations backed by the full faith and credit of the United States government
6 maturing or redeemable at the option of the holder within seven years or less.
- 7 ✓ (iii) New York State, New York State agency, New York State subdivisions
8 obligations (towns, villages, counties) maturing within five years or less.
- 9 ✓ (iv) Certificates of deposit fully collateralized from a bank or trust company in New
10 York State.
- 11 ✓ (v) Banker's acceptances with a maturity of sixty (60) days or less which are
12 eligible for purchase by the Federal Reserve bank and whose commercial paper
13 rating for the preceding year is the highest rating by two independent rating services,
14 provided, however, that not more than one hundred million dollars may be invested
15 in any one bank or trust company.
- 16 ✓ (vi) Obligations of any corporation organized under the laws of any state in the
17 United States maturing within sixty (60) days provided that such obligations
18 received the highest rating of two independent rating services designated by the State
19 Comptroller and that the issuer of such obligations has maintained such ratings on
20 similar obligations during the preceding year, provided, however, that no more than
21 one hundred million dollars may be invested in such obligations of any one
22 corporation.
- 23 ✓ (viii) Repurchase agreements using United States Treasury obligations seven years
24 or less.
- 25 ✓ (ix) General obligation bonds and notes of any state other than New York receiving
26 the highest rating from at least one independent rating agency.
- 27 ✓ (x) Judgments or awards of the court of claims of New York.