



I. POLICY STATEMENT

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

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

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

II. SCOPE

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

III. OBJECTIVES

The primary objectives of the local government'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).

IV. OPERATING PROCEDURES

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



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- a. Documentation and retention for audit, the process of initiating, reviewing, and approving requests to buy and sell securities.
- b. Each disbursement of funds (and corresponding receipt of securities) or delivery of securities (and corresponding receipt funds) should be based upon proper written authorization. In the event that authorization is initially given orally, a written confirmation from the organization's authorized officer to the custodian must be documented.
- c. Custodians must (i) have prior authorization from Metroplex to deliver obligations and collateral; (ii) confirm all transactions are in writing; and (iii) make delivery of obligations only upon receipt of funds.
- d. Custodial banks shall maintain a monthly report of all activity that has occurred in Metroplex's custodial account(s), which may include monthly statements.
- e. Requirements for periodic reporting and a satisfactory level of accountability.
- f. The Finance Director shall maintain a record of deposits and/or investments. The records should identify the security, the fund for which held, the place where kept, the market value, the custodian of the collateral, and the date of disposition and amount realized. Records should incorporate the description and amounts of deposits and/or investments, transaction dates, interest rates, maturities, bond ratings, market prices and related information necessary to manage the portfolio.

V. PRUDENCE

- a. All participants in the investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Authority to govern effectively.
- b. Cash management and investments 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. Furthermore, for all investments, the safety of the principal as well as the probable income to be derived shall be considered.
- c. In accordance with their acknowledgment of fiduciary duties and responsibilities, 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. INTERNAL CONTROLS

- a. It is Authority policy that all monies collected by any officer or employee of the Authority must be transferred to the Authority's account within 5 (five) business days of receipt, or within the time period specified in law, whichever is shorter.



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- b. The Executive Director is responsible for oversight of the system of internal controls that safeguards against loss from unauthorized use or disposition and that all transactions are (i) executed in accordance with management's authorization, (ii) properly recorded, and (iii) managed in compliance with applicable laws and regulations.

VII. COLLATERALIZING OF DEPOSITS

- a. In accordance with the provisions of Public Authorities Law, Section 2663, all deposits of the Authority, including certificates of deposits and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by obligations with a market value equal at all times to the amount of the deposit.
- b. Obligations eligible for use as collateralization include those issued by the United States, the State of New York or any municipality therein rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

VIII. SAFEKEEPING AND COLLATERALIZATION

- a. Eligible securities used for collateralizing deposits shall be held by a third-party bank or trust company subject to security and custodial agreements.
- b. The security agreement shall provide that eligible securities are being pledged to secure Authority 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 Authority to exercise its rights against the pledged securities.
- c. In the event the securities are not registered or inscribed in the name of the Authority, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Authority or its custodial bank.
- d. The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the Authority 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 agreement shall also specify that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall specify 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 Authority a perfected interest in the securities.



IX. PERMITTED INVESTMENTS

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

X. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

- a. The Authority shall maintain a list of financial institutions and dealers approved for deposit and/or investment purposes and establish appropriate limits to the amount of deposits and/or investments which can be made with each financial institution or dealer.
- b. All financial institutions with which the Authority conducts business must be business worthy. At the request of the Authority, banks shall provide their most recent Consolidated Report of Condition (Call Report).
- c. 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.
- d. The Executive Director, or his designee, is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such list shall be evaluated at least annually.
- e. Banks or trust companies authorized for the deposit of Metroplex monies up to the maximum amount of four million (\$4,000,000.00) for operating funds and fifteen million (\$15,000,000.00) for capital funds are:

- Key Bank
- Wilmington Trust
- NBT Bank
- Saratoga Bank & Trust Company

XI. PURCHASE OF INVESTMENTS

- a. The Executive Director is authorized to contract for the purchase of investments:



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- 1) Directly, including by use of a repurchase agreement, from an authorized trading partner; or
 - 2) By utilizing an ongoing investment program with an authorized trading partner.
- b. All purchased obligations, unless registered or inscribed in the name of the Authority, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company 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 Authority by the bank or trust company.
- c. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement.

XII. REPURCHASE AGREEMENTS

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



APPENDIX A

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

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