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**SYRACUSE LOCAL DEVELOPMENT CORPORATION**  
**333 West Washington Street, Suite 130**  
**Syracuse, New York 13202**

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**INVESTMENT POLICY**

**Introduction**

Pursuant to New York State General Municipal Law §858-a (3), General Municipal Law §10, and General Municipal Law §11 applicable to deposits and investments of funds for the Syracuse Local Development Corporation (“the Corporation”), the board of every public benefit corporation by resolution must adopt comprehensive investment guidelines which detail the corporation’s operating policy and instructions to officers and staff regarding investing, monitoring, and reporting of funds of the corporation. The investment guidelines shall be annually reviewed and approved by the Board of the Corporation (Public Authorities Law §2925 (1)).

**1. Scope**

This investment policy applies to all moneys and other financial resources available for investment on behalf of the Corporation or on behalf of any other entity or individual.

**2. Objectives**

The primary objectives of the Corporation’s investment activities are as follows:

- A. **Legal:** to conform with all applicable federal, state and other legal requirements,
- B. **Safety:** to adequately safeguard principal,
- C. **Liquidity:** to provide sufficient liquidity to meet all operating requirements, and
- D. **Yield:** to obtain a reasonable rate of return.

**3. Delegation of Authority**

Delegation of Authority to manage the investment program is granted to the Corporation Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Responsibility for the operation of the investment program is hereby delegated to the Executive Director, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy.

Such procedures should include references to:

- A. safekeeping,
- B. delivery vs. payment,
- C. investment accounting,
- D. repurchase agreements,

- E. wire transfer agreements, and
- F. collateral/depository agreements.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

#### **4. 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 Corporation to govern effectively.

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, 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 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. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Corporation.

#### **5. Diversification**

It is the policy of the Corporation to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling. The following investment vehicles are authorized investments of the Corporation:

- A. Certificates of Deposits issued by a bank or trust company as authorized to do business in New York State.
- B. Time deposit accounts in a bank or trust company authorized to do business in New York State.
- C. Authorized securities limited to U.S. Treasury obligations, Federal agencies, the principal and interest of which are guaranteed by United States, obligation of the State of New York or obligation of New York State local governments.
- D. Repurchase Agreements with a bank that is authorized to do business in New York State and primary dealer that are designated by the Federal Reserve.

- E. Securities purchased pursuant to repossession agreements shall be limited to U.S. Treasury Bills.

## **6. Internal Controls**

It is the policy of the Corporation for all moneys collected by any officer or employee of the government to transfer those funds to the Corporation's Treasurer's Office, within one business day or within the time period specified in law, whichever is shorter. Some of the entities that this provision is applicable to are as follows:

- A. Planning and Economic Development Office

- B. SLDC Board

The Corporation Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

## **7. Designation of Depositories**

The banks and trust companies authorized for the deposit of monies are designated through resolution by the Corporation Board.

## **8. Collateralizing of Deposits**

In accordance with the provisions of General Municipal Law, §10 and 11, 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:

- A. 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.
- B. 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.
- C. By an 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.

## **9. Safekeeping and Collateralization**

Eligible securities used for collateralizing deposits shall be held by a third party subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure local government 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 local government to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the local government, such securities shall be delivered in a form suitable for transfer or with the Corporation or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the local government, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be co-mingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The 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 local government a perfected interest in the securities.

## **10. Permitted Investments**

As authorized by General Municipal Law, §11, the Corporation authorizes the Corporation Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- A. Special time deposit accounts authorized to do business in New York State;
- B. Certificates of deposit;
- C. Obligations of the United States of America;
- D. 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;
- E. Obligations of the State of New York;
- F. Obligations issued pursuant to Local Finance Law §24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the City of Syracuse;
- G. 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 authorizes such investments;

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

All investment obligations shall be payable or redeemable at the option of the Corporation with in 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. The designated depository will confirm all purchases and transactions in writing to the Corporation.

#### **11. Authorized Financial Institutions and Dealers**

The Agency 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 local government conducts business must be credit worthy. 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 Corporation Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually. The Corporation Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, may use credit reporting agencies to determine the credit worthiness of trading partners.

Investments in time deposits and certificates of deposits are to be made with banks or trust companies. Their annual reports shall be reviewed by the Corporation Treasurer as Chief Fiscal Officer to determine financial strength.

#### **12. Purchase of Investments**

The Corporation Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, is authorized to contract for the purchase of investments:

- A. Directly, including through a repurchase agreement, from an authorized trading partner.
- B. By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the Common Council.
- C. By utilizing an ongoing investment program with an authorized tracking partner pursuant to a contract authorized by the Corporation Board.

All purchased obligations, unless registered or inscribed in the name of the local government, 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 Corporation by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, §10. 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 agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the Corporation a perfected interest in the securities.

### **13. Repurchase Agreements – Written Contracts**

Securities purchased through a repurchase agreement shall be valued to market at period intervals by the Corporation Treasurer or his/her designee. A repurchase agreement (REPO) is a transaction in which the Corporation purchases from a trading partner authorized securities.

Simultaneously, the Corporation agrees to resell and the trading partner agrees to repurchase the security at a future date. Prices and dates for the sale and resale are agreed upon at the time of the initial purchase by the Corporation.

Collateral shall not be required with respect to the direct purchase of obligations of New York State, obligations of the United States, and obligations of Federal agencies, the principal and interest of which are guaranteed by the United States government.

Every repurchase agreement shall provide for payment to the seller only upon the seller's delivery of obligations of the United States to the custodial bank agreed upon with the trading partner, or in the case of a book entry transaction, when the obligations of United States are credited to the custodian's Federal Reserve Bank account. The seller shall not be entitled to substitute securities. Repurchase agreements shall be for a period of 30 days or less. The custodial bank shall confirm all transactions in writing to ensure that the Corporation's ownership of the securities is properly reflected on the records of the custodial bank.

Payment shall be made by or on behalf of the local government for obligations of New York State, obligations the principal and interest of which are guaranteed by the United States, United States obligations, certificates of deposits, and other purchased securities upon delivery thereof to 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 System account. All transactions shall be confirmed in writing.

Therefore, it is the policy of the Corporation to require:

- A. Written contracts for all repurchase agreements;

B. Written contracts for all Certificates of Deposit; and

C. Written contracts with the Custodial Bank.

**14. Operations, Audit and Reporting**

The Corporation Treasurer, as Chief Fiscal Officer, for the City of Syracuse or his/her designee, having custody of money, shall authorize the purchase and sale of all securities and execute contracts for repurchase agreements and certificates of deposit on behalf of the Corporation. Oral directions concerning the purchase, transaction, or sale of securities shall be confirmed in writing. The Corporation shall pay for purchased securities upon delivery or book entry thereof.

The Corporation will encourage the purchase and sale of securities and certificates of deposit through a competitive or negotiated process involving telephone solicitations of at least three bids for each transaction.

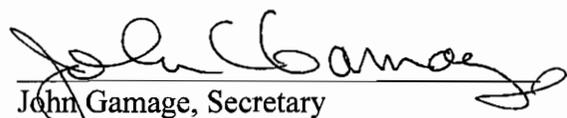
At the time independent auditors conduct the annual financial audit of the accounts and affairs of the Corporation, the auditors shall audit compliance with these Investment Guidelines.

The Corporation Board shall review and approve the Corporation's investment policy on an annual basis.

The provisions of these Investment Guidelines and any amendments hereto, shall take effect prospectively, and shall not invalidate the prior selection of any custodial bank or prior investment.

Adopted September 20, 2011

Syracuse Local Development Corporation

  
John Gamage, Secretary