

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY

INVESTMENT POLICY

This Investment Policy of the Dutchess County Industrial Development Agency (the “Agency”) shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of the Agency. Each investment made pursuant to this Investment Policy must be authorized by applicable law and this written Investment Policy. This Investment Policy is intended to comply with the General Municipal Law, the Public Authorities Law, and any other applicable laws of New York State.

Delegation of Authority

The responsibility for conducting investment transactions involving the Agency resides with the Chief Financial Officer of the Agency and with the concurrence of the Board of Directors. Only the Chief Financial Officer and those authorized by resolution or the Agency’s By-Laws may invest funds.

All contacts or agreements with outside persons investing DCIDA funds, advising on the investment of DCIDA funds, directing the deposit of DCIDA funds or acting in a fiduciary capacity for the Agency, shall require the outside person to notify the Agency in writing, within fifteen (15) days of receipt of all communication from its auditor of the outside person or regulatory authority, of the existence of material weakness in the internal control structure of the outside person or regulatory orders or sanctions regarding the type of services being provided to the Agency by the outside person.

The records of investment transactions made by or on behalf of the Agency are public records and are the property of the Agency whether in the custody of the Agency or in the custody of a fiduciary or other third party.

The Chief Financial Officer of the Agency and with the concurrence of the Board of Directors shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent losses of DCIDA funds, to document those officers and employees of the Agency responsible for elements of the investment process and to address the capability of the investment management. The controls shall provide for receipt and review of the audited financial statements and related reports on internal control structure of all outside persons performing any of the following for the Agency:

- (i). Investing funds of the Agency;
- (ii). Advising in the investment of funds of the Agency;
- (iii). Directing the deposit or investment of funds of the Agency; or
- (iv). Acting in a fiduciary capacity for the Agency.

A bank providing only depository services shall not be required to provide an audited financial statement and related report on its internal control structure.

Objectives

The primary objectives, in order of priority, of all investment activities involving the financial assets of the Agency shall be the following:

- (i). Safety: Safety and preservation of principal in the overall portfolio is the foremost investment objective;
- (ii). Liquidity: Maintaining the necessary liquidity to match expected liabilities and expenses is the second investment objective;
- (iii). Return: Obtaining a reasonable return is a third investment objective

Operative Policy

The Agency shall conduct its investment activities involving all operating funds, and other funds and all investment transactions involving operating funds, and other funds accounted for in the financial statements of the Agency in a manner that complies with the General Municipal Law and the Public Authorities Law of New York State.

Prior to making an investment of any operating funds, and other funds of the Agency, other than those associated with a bank involving a depository relationship only, the Agency shall obtain at least three (3) bids, by telephone or otherwise, and award the contract to the most responsible bidder whose bid most closely meets the objectives of the Investment Policy.

The Chief Financial Officer and all officers and employees of the Agency involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Nothing contained within the Policy however, shall prohibit the Chief Financial Officer or any other officer or member of the Board, or employee of the Agency from obtaining interests in mutual funds which may include within its investment portfolio, bonds, debentures, notes or other evidence of indebtedness of the Agency.

The Chief Financial Officer shall submit to the Board an investment report that summarizes recent investment strategies employed since the last investment report. The report shall set out the current portfolio in terms of maturity, rates of return and other features and summarize all investment transactions that have occurred during the reporting period and compare the investment results with budgetary expectations, if any.

The Chief Financial Officer will provide the Board, on a quarterly basis, a summary of all investment transactions that have occurred.

Designation of Depository

Funds may only be invested in commercial banks in Dutchess County.

Permitted Investments

Funds not needed for immediate expenditure may be deposited in the following types of investments:

- Special time deposit accounts
- Certificates of deposit
- Obligations of United States of America
- Obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the United States of America
- Obligations of the State of New York

Collateralizing of Deposits

In accordance with General Municipal Law sec. 10, all deposits of the DCIDA, 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 a pledge of “eligible securities” with an aggregate “market value” equal to the aggregate amount of deposits.

Safekeeping and Collateralization

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

The security agreements provide that eligible securities are being pledged to secure deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. They 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 DC IDA to exercise its rights against the pledged securities. The securities shall be delivered in a form suitable for transfer or with an assignment in blank to the DCIDA or its custodial bank.

*Adopted 1/14/2011
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