

**LOCAL DEVELOPMENT CORPORATION
FOR THE
TOWN OF UNION, BROOME COUNTY**

Investment Policy

This Investment Policy of the Local Development Corporation for the Town of Union, Broome County (the "LDC") 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 LDC. 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 LDC resides with the Director/Chief Financial Officer of the LDC under the direction and oversight of the LDC Board. Only the Director/Chief Financial Officer and those authorized by resolution or the LDC's By-laws may invest public funds.

All contracts or agreements with outside persons investing public funds, advising on the investment of public funds, directing the deposit of public funds or acting in a fiduciary capacity for the LDC, shall require the outside person to notify the LDC in writing, within thirty (30) days of receipt of all communication from its auditor of the outside person or any 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 LDC by the outside person.

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

The Director/Chief Financial Officer of the LDC under the direction and oversight of the LDC Board shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent losses of public funds, to document those officers and employees of the LDC responsible for elements of the investment process and to address the capability of 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 LDC:

- (i) investing public funds of the Agency;
- (ii) advising on the investment of public funds of the Agency;
- (iii) directing the deposit or investment of public funds of the Agency; or

- (iv) acting in a fiduciary capacity for the Agency.

A bank, savings and loan association or credit union 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 LDC 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 LDC shall conduct its investment activities involving 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 LDC 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, bond proceeds and other funds of the LDC, other than those associated with a bank, savings and loan association or credit union involving a depository relationship only, the LDC shall obtain at least three (3) bids and award the contract to the most responsible bidder whose bid most closely meets the objectives of this Investment Policy.

The Director/Chief Financial Officer, the LDC Board, and all officers and employees of the LDC 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 this Policy however, shall prohibit the Director/Chief Financial Officer, the LDC Board, or any other officer or member of the Board, or employee of the LDC from obtaining interests in mutual funds which may include within its investment portfolio, bonds, debentures, notes or other evidence of indebtedness of the LDC; provided however, that the LDC's bonds, debentures, notes or other evidence of indebtedness may not make up more than ten percent (10%) of the mutual fund's total portfolio and the Director/Chief Financial Officer, the LDC Board, other officers or Board Members, or employees may not exercise any discretion with respect to the investments made by the mutual fund company.

The Director/Chief Financial Officer shall submit to the LDC Board an investment report that summarizes recent market conditions and 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.

This Investment Policy shall be reviewed and approved annually at the annual meeting of the LDC.