

ESSEX COUNTY CAPITAL RESOURCE CORPORATION
INVESTMENT POLICY

Section One: Purpose and Authority

Pursuant to Section 2925 of the Public Authorities Law requires the Essex County Capital Resource Corporation and its affiliates to adopt by resolution comprehensive investment guidelines which detail operative policy and instructions to officers and staff regarding the investing, monitoring and reporting of funds of the Agency.

In addition to the requirements set forth in Section 2925 of the Public Authorities Law, the Agency is subject to the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law, which govern the deposit and investment of funds for the Agency's own use and account.

The provisions of this Policy shall not apply to funds derived from the sale of bonds, notes or other obligations issues to fund a particular project for the benefit of a particular applicant, or any other funds of the Agency which are not Agency funds.

Section Two: Deposits of Agency Funds

- (a) Designation of Depositories: The Agency shall by resolution or resolutions of the members of the Agency designate one or more bank or trust companies for the deposit of Agency funds received by the Treasurer or any other officer of the Agency authorized by law or the by-laws of the Agency to make deposits. Such resolution or resolutions shall specify the maximum amount that may be kept on deposit at any time in each depository. Such designations and amounts may be changed at any time by a further resolution of the members of the Agency.
- (b) Security: All Agency funds in excess of the amount insured under the provisions of the Federal Deposit Insurance Act as now or hereinafter amended shall be secured in accordance with provisions of Section 10(3) of the General Municipal Law. Generally, Section 10(3) of the General Municipal Law provides that Agency funds may be secured by a pledge of eligible securities or an eligible surety bond.

Section Three: Investments of Agency Funds

- (a) Investment Policy: it is the general policy of the Agency that Agency funds not required for immediate expenditure shall be invested as described in subsection below. 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.
- (b) Designation of Investment Officers: The Treasurer and any other officer or employee of the Agency so authorized by the by-laws of the Agency or by resolution of the members of the Agency are authorized to temporarily invest

Agency funds not required for immediate expenditure. Any designation of an investment officer made by resolution of the members of the Agency may be changed at any time by a further resolution of the members of the Agency.

(c) Types of Investments: Except as otherwise provided by resolution of the members of the Agency, an investment officer may invest Agency funds in any obligation described in Section 11(2) and Section 11 (3) of the General Municipal Law. Generally these sections permit the following type of investments:

1. Special time deposits in or certificates of deposits issued by, any bank or trust company located and authorized to do business in the State of New York, provided that such deposit account or certificate of deposit is secured in the same manner as is provided for securing deposits of Agency funds by Section 10(3) of the General Municipal Law.
2. Obligations of, or obligations where the payment of principal and interest are guaranteed by, the United States of America
3. Obligation of the State of New York
4. With the approval of the State Comptroller, tax anticipation notes and revenue anticipation notes issued by any municipality or school district or district corporation organized under the laws of the State of New York

(d) Custodians: The Agency man, by resolution of the members of the Agency, authorize the investment officers to turn over the physical safekeeping and evidences of the investments made pursuant to subsection above to any entity authorized pursuant to Section 11(4) of the General Municipal Law to act as a custodian of the Agency investments, but only upon compliance with the requirements of Section 11(4) of the General Municipal Law. Generally, Section 11(4) of the General Municipal Law allows the following types of entities to act as custodians of Agency investments:

1. Any bank or trust company incorporated in the State of New York
2. Any national bank located in the State of New York
3. Any private banker duly authorized by the New York State Superintendent of Banks to engage in business in New York State which maintains a permanent capital not less than one million dollars in New York State

(e) Commingling: Any Agency funds invested pursuant to this Section may be commingled for investment purposes upon compliance with the requirements of Section 11(6) of the General Municipal Law. Generally, Section 11(6) of the General Municipal Law allows commingling of Agency investments so long as such investment is payable or redeemable at the option of the Agency within such time as the proceeds are needed by the Agency, the separate identity of such funds are maintained at all times, and income received on such commingled monies is credited on a pro rata basis to the fund or account from which the monies were received.

(f) Proper Records: The Treasurer of the Agency shall maintain a proper record of all books, notes, securities or other evidences of indebtedness held by or for the Agency for purposes of investment. Such record shall at least identify the security, the fund for which held, the place where kept, the date of sale or other disposition, and the amount received from such sale or other disposition.

Section Four: Internal Controls

- (a) Periodic Reviews: To the maximum extent possible, the Executive Director of the Agency shall prepare and submit to the members of the Agency at each regular meeting of the Agency, a summary showing the amount of Agency funds on deposit in each depository and the general nature of the investment of such Agency funds
- (b) Annual Reports: Within thirty (30) days of the end of the fiscal year, the Executive Director of the Agency shall prepare and submit to the members of the Agency an annual investment report showing the deposits and investments of Agency funds as of the beginning of such fiscal year, a summary of the changes in such amounts during the fiscal year, a summary of the earnings thereon during fiscal year and the balance thereof as of the end of the fiscal year.
- (c) Annual Audit: The annual investment report shall be audited by the Agency's independent certified public accountant as part of the Agency's general audit required pursuant to Section 859 of the Act.
- (d) Annual Review: The members of the Agency shall review the annual investment report and the annual audit and shall make any amendments to it necessary to achieve the purposes.

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