

**GUIDELINES FOR INVESTMENTS
ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT
CORPORATION**

These guidelines detail the operative policy regarding the investing, monitoring and reporting of funds of the Advance Albany County Alliance Local Development Corporation (“Corporation”).

1) Purpose.

These investment guidelines (“Guidelines”) are intended to:

- a) Establish a system whereby current funds on hand, in excess of immediate and near-term needs, are invested to assure that such investment assets are adequately safeguarded and collateralized.
- b) Assure that such investments are adequately liquid to meet the operational needs of the Corporation;
- c) Assure that an adequate system of internal control is maintained; and
- d) Assure that such investments produce a reasonable rate of return.

The primary objectives of this portfolio are: (1) preservation of capital, (2) liquidity, and (3) prudent growth of principal.

2) Authorization and Management

The Corporation Board has delegated the authorization to make day-to-day investment decisions to the Board Chairman, Treasurer or Chief Executive Officer (“Authorized Persons”), subject to the direction from the Board. Reports of the Corporation’s investments will be provided monthly to the Board.

The Authorized Persons are to make certain that all Corporation investment decisions/actions conform to:

- a. section 2925 of the Public Authorities Law; and
- b. these Guidelines.

The Authorized Persons are authorized to deposit all funds received by the Corporation (in excess of those needed for on-going operations) consistent with these Guidelines.

Additionally, subject to Board approval, a professional investment advisor (“Advisor”) may be retained to assist the Corporation’s implementation of these Guidelines and the Corporation may grant the advisor discretion to execute transactions within the context of these Guidelines. If an Advisor is retained by the

Corporation, the Advisor shall act as a fiduciary at all times in the best interest of the Corporation.

Note that the maturities and duration of any Corporation investments shall be limited in duration to ensure Corporation's capability to make any scheduled Debt Service payments (if applicable) is not impaired.

4) Permitted Investments.

- a) Time Deposit Accounts in a bank or trust company authorized to do business in New York State, provided however, that such Time Deposit Accounts shall be payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained and provided further that such time deposit accounts be secured in the same manner as is provided for securing deposits of public funds by Subdivision 3 of Section 10 of the New York General Municipal Law.
- b) Certificates of Deposit issued by a bank or trust company authorized to do business in New York State, provided however, that such Certificates of Deposit shall be payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained, and provided further that such certificates of deposit be secured in the same manner as provided for securing deposits of public funds by Subdivision 3 of Section 10 of the New York General Municipal Law.
- c) Obligations of the federal government (or agencies of the federal government) if principal and interest is guaranteed by the United States.
- d) Obligations of the State of New York.

5) Operating Procedures.

- a) Approval. The Board or an Authorized Person must approve all investment transactions.
- b) Tracking and Accounting. The Corporation will account for investments in accordance with generally accepted accounting principles (GAAP) for all financial statements. The Corporation shall receive reports monthly from any custodian/bank holding Corporation investments. The Corporation shall review such reports monthly and verify the principal amount and market values of all investments.
- c) Collateral and Securitization.

1. Certificate of Deposits and Time Deposit Accounts shall be fully secured to the maximum amount set by the Federal Deposit Insurance Corporation (“FDIC”).
 2. Certificate of Deposits and Time Deposit Accounts with principal value in excess of the amount insured by the FDIC shall be fully secured by eligible securities as that term is defined in Section 10 of the General Municipal Law having in the aggregate a market value at least equal to the aggregate amount of the deposits and Third Party Custodial Agreements shall be entered into with the deposit institution.
 3. Collateral shall be delivered to and held by the Corporation as part of the investment portfolio or be delivered to a custodial bank or trust company with which the Corporation has a Custodial Agreement. Said Custodial Institution shall provide written confirmation to the Corporation of the obligations held in such institutions as collateral for investments of the Corporation.
 4. Custodial Institutions. The Corporation shall from time to time, if necessary, enter into contracts with banks or trust companies licensed to do business in New York State to act as custodian of funds owned by the Corporation or of funds pledged as collateral for certificates of deposit or time deposit accounts. Custodians must be member banks of the Federal Reserve Bank or maintain accounts with member banks. A custodial contract shall not be entered into for holding of an investment with the same party from which such investment instrument was acquired without approval of the Corporation. A custodial contract may be entered into with the Trust Department of the seller of the investment instrument provided that the Trust Department is a separate corporate entity. At the request of the Corporation custodial institutions shall verify collateral held on behalf of the Corporation as property or as collateral for an investment instrument.
- d) Written Contracts. Except as detailed above, written contracts are not required for the approved Corporation investments, except for all normal and customary investment/account documents and period statements which provide that Corporation is the full and only owner of the respective investment.
- 6) Annual Review/Modifications of these Guidelines.
- a) The Corporation Board will review these Guidelines at least annually and may, by Board resolution, modify these Guidelines at any time.
- 7) Reports and Audits.

- a) Quarterly reports of investment activity and portfolio reporting will be provided to the Board.
- b) Annual Investment Audit. Each year during its annual audit, the Corporation shall cause its independent auditors to conduct an audit (the “Annual Investment Audit”) regarding the Corporation’s investments. The Annual Investment Audit shall determine whether Corporation has complied with:
 - 1. its own investment policies; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of the Corporation’s assets; and a system of adequate internal controls is maintained; and
 - 2. applicable laws and regulations.
- c) Annual Investment Report. The Corporation shall prepare and submit an annual investment report to the Board within 90 days after the close of each fiscal year. Upon Board approval, the report shall be filed with the City of Albany and entered/certified into the Public Authority Reporting Information System (“PARIS”). Such report shall include the following:
 - 1. These Guidelines;
 - 2. The results of the Annual Investment Audit described above;
 - 3. The investment income results of the Corporation; and
 - 4. A list of the total fees, commissions or other charges paid for Corporation investment associated services by the Corporation since the date of the last investment report (if applicable).

The Annual Investment Report shall be filed within ninety (90) days after the close of the Corporation’s fiscal year.

8) Criteria for Selection of Investment Banks or Firms and Brokers.

If the Corporation determines that it is in its best interests to retain an Advisor, the following are criteria for the selection of such Advisor:

- a) Investment Banks or Firms and Brokers authorized to do business within New York State.
- b) Investment Banks or Firms and Brokers in business for over (5) five years.
- c) Investment Banks or Firms and Brokers that have demonstrated a proven record of returns, that meet or exceed the yield and total return generated from Treasury benchmarks.
- d) Investment Managers/Advisors must be registered with the Securities and Exchange Commission (SEC) while Investment Brokers/Dealers must be members in good standing with the Securities Investors Protection Corporation (SIPC) and the Financial Industry Regulatory Authority (FINRA).