

CANANDAIGUA

LOCAL DEVELOPMENT CORPORATION

INVESTMENT POLICY

Introduction

The purpose of establishing an investment policy is to develop operating principles within the guidelines of current legislation governing investment activity. Anyone charged with fiduciary responsibility of Corporation assets will be guided by this Investment Policy in managing the short and long-term investment of the Corporation's available cash.

Permitted Investments

The Canandaigua Local Development Corporation investment policies are governed by state statutes. Primarily, Corporation monies must be deposited in FDIC insured commercial banks or trust companies operating a branch within the City and/or Town of Canandaigua. FDIC insured demand accounts and certificates of deposit are permissible investments, as are obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Designation of Depositories

All FDIC insured institutions located within the City and/or Town of Canandaigua are hereby established as Canandaigua Local Development Corporation-designated depositories.

Purchase of Investments

Investment decisions are made by the Treasurer, with Board approval, considering permitted investments, rates of return, financial institution strength, product offerings, and available Corporation cash flow.

Collateralization

Occasionally, the amount on deposit with one bank may exceed the FDIC insurance limit. In accordance with the provisions of General Municipal Law Section 10, all deposits of the Corporation (including certificates of deposit and special time deposits) in excess of the amount insured under the provision 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 all Corporation deposits;
- An eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the Canandaigua Local Development Corporation for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of Corporation deposits and the agreed upon interest, if any; or
- An eligible surety bond payable to Canandaigua Local Development Corporation 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 of at least two nationally recognized statistical rating organizations.

Eligible securities used for collateralizing deposits shall be held by the depository bank, and/or a third party bank or trust company, subject to security and custodial agreements at the discretion of the Corporation. A security agreement shall be provided that indicates eligible securities are being pledged to secure the Corporation's deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default.

The custodial agreement shall provide that securities held by the bank or trust company, or 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 bank's backing for any other deposit or liabilities.