

TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY

Investment Policy

This Investment Policy of the Town of Babylon 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 under the direction and oversight of the Chief Executive Officer of the Agency. Only the Chief Financial Officer and those authorized by resolution or the Agency’s By-laws may invest public funds.

The Chief Financial Officer of the Agency under the direction and oversight of the Chief Executive Officer 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 Agency 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 Agency:

- (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.

Any outside person listed above shall be required to notify the Agency, 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 Agency by the outside person. The records of investment transaction 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.

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 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, 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 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 Agency, other than those associated with a bank, savings and loan association or credit union involving a depository relationship only, the Agency shall obtain at least three (3) bids and award the contract to the most responsible bidder whose bid most closely meets the objective of this Investment Policy.

The Chief Financial Officer, the Chief Executive 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.

The Chief Financial Officer shall submit to the 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.