

**ALBANY CONVENTION CENTER AUTHORITY  
INVESTMENT POLICY AND GUIDELINES**

**I. SCOPE**

This Investment Policy and Guidelines applies to the investment of all moneys on the Authority's own behalf or on behalf of any other entity or individual, including funds held by a trustee under a bond resolution.

**II. OBJECTIVES**

The primary objectives of the Authority's investment activities are, in priority order, to:

- conform with all applicable federal, state and other legal requirements, including any applicable bond resolution (legal);
- adequately safeguard principal (safety);
- provide sufficient liquidity to meet the purposes for which the funds are being held (liquidity); and
- obtain a reasonable rate of return, subject to any applicable requirements imposed by Federal Tax Law (yield).

**III. DELEGATION OF AUTHORITY**

The Board's responsibility for administration of the investment program is delegated to the Authority's Executive Director and/or Chief Financial Officer, who shall establish written procedures for the operation of the investment program consistent with this Investment Policy and Guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a database or records incorporating descriptions of all transactions, including amounts of investments, transaction dates, and other relevant information and that regulates the activities of employees.

**IV. PRUDENCE**

All participants in the investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Authority's ability to effectively fulfill its duties and responsibilities.

Investments shall be made in accordance with this Investment Policy and Guidelines using the 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 objectives set forth in Section II herein.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

**V. DIVERSIFICATION**

It is the policy of the Authority, subject to the requirements of any applicable bond resolution and to the extent practicable, to diversify its deposits and investments by financial institution, by investment instrument, and by maturity. The cash flow requirements of the project or fund will be the primary determining factor in selecting investment securities for project funds. Operating funds of the

Authority may be held in one or more deposit accounts.

#### **VI. INTERNAL CONTROLS**

The Executive Director and/or Chief Financial Officer is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are made in accordance with this Investment Policy and Guidelines and are safeguarded against, among other things, loss from unauthorized use or disposition, that transactions are executed in accordance with the board's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

Only those individuals authorized by Resolution of the Board will be able to make investments or cause the transfer of funds and investments.

The Treasurer of the Board shall review and approve investment transactions initiated by Authority staff for compliance with this Investment Policy and Guidelines. Evidence of this approval will be made by: (i) the Treasurer initialing the investment instruction schedule that is prepared when certain investments (i.e. construction funds and operating funds) are made or (ii) the Treasurer signing the investment authorization letter accompanying instructions to the trustee or custodian for the investment of the remainder of investments (i.e. reserve funds, redemption funds and debt service funds).

#### **VII. PERMITTED INVESTMENTS**

Subject to the provisions of any applicable bond resolution, the Authority hereby authorizes the Executive Director or the Chief Financial Officer to invest moneys not required for immediate expenditure in the following types of investments:

- a. Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America;
- b. Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by any agency or instrumentality of the United States of America that are rated in at least the second highest rating category by at least two nationally recognized rating organizations.
- c. (i) Certificates or other instruments which evidence the ownership of or the right to receive the payment of the principal of or interest on obligations of the type enumerated in paragraphs A and B of this Section, and (ii) shares or interest in a mutual fund, partnership or other fund wholly comprised of such obligations and whose objective is to maintain a constant share value of \$1.00;
- d. Investment Agreements, in accordance with Section XII hereof;
- e. Certificates of Deposit, in accordance with Section XIII hereof;
- f. Depository accounts with banking institutions insured under the Federal Deposit Insurance Act or equivalent.
- g. (i) Obligations of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Internal Revenue Code, which is not a "specified private activity bond" within the meaning of Section 57 (a)(5) of the Internal Revenue Code ("Exempt Obligations"), and (ii) shares or interest in a mutual fund, partnership or other fund wholly comprised of Exempt Obligations and

whose objective is to maintain a constant share value of \$1.00; provided however, that all Exempt Obligations shall be rated in at least the second highest rating category by at least two nationally recognized rating organizations.

In addition to the Permitted Investments set forth in this Section VII, the Board may, as it deems appropriate, also specifically authorize other investments that are consistent with the objectives enumerated in Section II hereof.

#### **VIII. PERMITTED COLLATERAL**

Whenever this Investment Policy and Guidelines or a particular bond resolution require that Permitted Investments be secured by collateral, the following securities may be accepted for such purpose:

- a. Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America;
- b. Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by any agency or instrumentality of the United States of America that are rated in at least the second highest rating category by at least two nationally recognized rating organizations.
- c. Commercial paper issued by a domestic corporation rated in the highest short term rating category by at least one nationally recognized rating organization and having maturities of not longer than 270 days from the date they are pledged; and
- d. Contracts of financial guaranty, surety or other similar bonds or other instruments purchased from an insurance company holding the highest rating (A+XII Best rating or higher or the highest rating afforded by any other nationally recognized rating organization), having a minimum equity capital of \$125,000,000 and which regularly deal in such contracts, bonds or instruments.

#### **IX. SAFEKEEPING AND COLLATERALIZATION**

Only those securities described in Section VIII hereof shall be used to collateralize deposits and investments. Such securities shall be held by a third-party bank or trust company pursuant to a written custodial agreement or held in trust under a bond resolution.

Each such custodian or trustee shall be a banking organization authorized to do business in the State of New York having a minimum equity capital of \$125,000,000, having unsecured or uncollateralized long term debt obligations, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, which at the time any trustee or custodial relationship is entered into by the Authority, a rating of at least A by at least one nationally recognized rating organization, and shall be a member of the Federal Reserve Bank or maintain accounts with member banks. A maximum of approximately forty percent of all investments will be held in a single bank at any one time. The Authority will at all times have a minimum of two custodian banks.

Each custodial agreement shall provide that the collateral is (i) being held by the bank or trust company, as agent of and custodian for, the Authority or

trustee; (ii) will be kept separate and apart from the general assets of the custodial bank or trust company; and (iii) will not, under any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. Each agreement shall also: (i) require the custodian to confirm the receipt, substitution or release of the securities; (ii) provide for the frequency of revaluation of eligible securities (iii) include all provisions necessary to provide the Authority a perfected first security interest in the collateral; and (iv) shall require the custodian bank to subordinate any claims it may have against the pledged collateral.

Eligible securities that are pledged as collateral shall be physically delivered to the third party bank or trust company unless the securities are in book-entry form in which event the trustee's or custodian's interest, as trustee or custodian, shall be recorded on the records of the Federal Reserve Bank and the custodian shall evidence its receipt thereof by delivery of appropriate confirmation to the Authority and trustee.

In connection with any Investment Agreement or Certificate of Deposit, the entity with which the Authority or trustee is making the investment ("Trading Partner") shall enter into an agreement providing, among other things, that the eligible collateral is being pledged to secure the Authority's investment, together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such investment upon default. It shall also provide the conditions under which the collateral may be sold, presented for payment, substituted or released and the events that will enable the Authority to exercise its rights against the collateral. In the event that the collateral is not registered or inscribed in the name of the Authority, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Authority, trustee or its custodial bank.

The market value of the collateral security for a Certificate of Deposit or Investment Agreement, including the underlying securities for a repurchase agreement, shall be no less than the principal amount plus accrued interest thereon of the Certificate of Deposit, Investment Agreement or repurchase agreement at all times.

Securities held as collateral for Certificates of Deposit or Investment Agreements shall be priced as set forth in each applicable resolution authorizing the issuance of a series of bonds, or a resolution supplemental thereto, but in any event at least weekly, by the Authority and at least weekly by either the trustee, custodian or Trading Partner and compared to the principal and accrued interest on the investment. Collateral deficiencies shall be cured within a reasonable cure period. Trustee or custodian banks shall provide the Authority with a monthly inventory of investments and collateral held. Securities held as collateral for investments must have a readily determinable market value.

Trustee or custodian banks holding securities as collateral for investments shall notify the Authority of any substitutions of collateral. Telephone communications shall be confirmed in writing.

Margin maintenance requirements (except in the case of yield protection agreements) shall be based upon the following criteria:

- The size and terms of the transaction (including requirements of the applicable financing documents);

- The type of underlying collateral security;
- The maturity of underlying collateral security;
- The capitalization, financial status and type of the Trading Partner; and
- The method by which such margin will be maintained.

Each agreement shall include a description of the events of default that would permit the Authority or its trustee or custodian to liquidate or purchase the underlying securities, provisions for reasonable cure periods for events of default, and provisions for the corrective measures to be taken in the event that any rating assigned to a Trading Partner by nationally recognized rating organizations shall be downgraded, which measures may include delivery of additional collateral. The agreement shall permit the liquidation or purchase of the underlying securities if any such measures are ineffective.

## **X. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The Executive Director or Chief Financial Officer shall maintain a list of financial institutions and dealers approved for investment purposes and, if applicable, establish appropriate limits on the amount of investments that can be made with each financial institution or dealer. The staff of the Authority is responsible for evaluating the creditworthiness and financial position and maintaining a listing of proposed depositories, Trading Partners and custodians. In addition to the criteria included herein, any or all of the following criteria may be used in developing the list of Trading Partners; reputation for quality and reliability, years and amount of experience, prior transactions with the Authority, and ratings given by nationally recognized rating organizations. Any criteria listed herein for the selection of Trading Partners may be in addition to the requirements of any bond resolution pertaining to the funds to be invested under such bond resolution. Such listing shall be evaluated at least annually by the Executive Director or the Chief Financial Officer.

Investment of funds, the bidding of which is performed by the Authority, will be made on a diversified basis with banks and brokers. Selected bidders lists for investments will be drawn from the list of banks and brokers established by the Executive Director or the Chief Financial Officer, and with the approval of the Treasurer of the Board, and such selected bidders list will be reviewed at least on an annual basis; provided, however, that any resolution authorizing a series of bonds, or any supplement thereto, may permit the consideration of banks and brokers not on such list, if appropriate under the circumstances, provided that such banks and brokers meet the criteria specified in this Investment Policy and Guidelines.

## **XI. PURCHASE OF INVESTMENTS**

The Board shall, by separate Resolution, designate those officers and employees of the Authority that are authorized to contract for the purchase of investments and the transfer of moneys or investments. Investments shall be purchased, sold or presented for redemption or payment by the trustee or custodial bank or trust company only in accordance with prior written authorization from an officer or employee authorized to make the investment. All such transactions shall be confirmed to the Authority, in writing, by the trustee or custodian bank or trust company. Any obligation held in the custody

of the trustee shall be held in accordance with the applicable bond resolution and in all other instances by a bank or trust company pursuant to a written custodial agreement that complies with the requirements of Section IX of this Investment Policy and Guidelines.

Payment of funds shall only be made (i) against the delivery of collateral or other acceptable form of security (ii) the delivery of obligations when such obligations are purchased outright or (iii) the delivery of the underlying securities when a repurchase agreement is involved; in each case either to the Authority or its duly authorized trustee or custodian. All certificated securities shall be held by the Authority's custodian bank or banks or by trustees under bond resolutions. Transactions involving the purchase of a book-entry security shall be transferred to the Authority's trustee or custodian bank and the trustee's or custodian's interest, as trustee or custodian, recorded on the records of the Federal Reserve Bank. The Authority's trustee or custodian shall give written confirmation of the transaction and shall note the book entry nature of the transaction.

The investment selection process requires competitive bidding at the direction of the Authority either by banks and brokers meeting the criteria specified herein or by banks and brokers selected by the government securities department of the Authority's trustee or custodian, except that such competitive bidding is not required for the purchase of U.S. Government or agency or instrumentality securities at their initial auction.

The process of initiating and approving investment and funds transfer transactions will be documented. Each security purchase, disbursement of funds, transfer (and corresponding receipt of securities), or sale of securities (and corresponding receipt of funds) shall be authorized by an authorized officer or employee either orally, in writing or via fax, with approval of the Treasurer of the Board. A written confirmation of each trade or funds transfer bearing the approval of the Treasurer shall subsequently be transmitted to the trustee or custodian bank. A written bank or broker confirmation (when investing or selling directly) is required for each transaction.

The purchase of Permitted Investments set forth in Section VII A, B, C, and F herein, are not required to be made pursuant to a written contract as it is not common business practice, however, each purchase must be confirmed in writing and be made in accordance with the provisions of this Investment Policy and Guidelines.

Permitted Investments authorized by paragraphs A, B, and F (i) of Section VII of this Investment Policy and Guidelines may only be purchased from securities brokers with minimum equity capital of \$125,000,000 or on the Federal Reserve Bank of New York's list of primary government securities dealers and banking organizations authorized to do business in the State of New York with a minimum equity capital of \$125,000,000.

Certificates or other instruments authorized by paragraph C (i) of Section VII of this Investment Policy and Guidelines may be purchased only if:

- offered by security brokers authorized to do business in the State of New York with a minimum equity capital of \$125,000,000 and on the Federal Reserve Bank of New York's list of primary government securities dealers; and

- the underlying securities are held in a custodian bank, or agent thereof, authorized to do business in the State of New York. The custodian or any agent thereof shall have a minimum equity capital of \$125,000,000.

Shares or interest in a mutual fund, partnership or other fund whose objective is to maintain a constant share value of \$1.00 authorized by paragraphs C (ii) and F (ii) of Section VII of this Policy and Guidelines may be purchased only if:

- offered by financial institutions nationally recognized as offering such mutual funds, partnerships or other funds and such fund must have assets of at least \$125,000,000; or
- offered by the trustee or custodian of the deposited moneys.

## **XII. INVESTMENT AGREEMENTS**

Investment Agreements, which shall include repurchase agreements and yield protection agreements, shall, in addition to any requirements contained in the applicable bond resolution, be subject to the following requirements:

All Investment Agreements shall be made pursuant to a written agreement which, among other things: (i) sets forth the terms of the transaction and the respective rights of the Authority and its Trading Partner; (ii) satisfies the security provisions required by Section IX herein; (iii) requires appropriate margin maintenance for any collateral; and (iv) if applicable, contains those provisions necessary to enable the Investment Agreement to constitute either a "repurchase agreement" for purposes of the Bankruptcy Code or a "qualified financial contract" for purposes of Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("FIRREA").

Obligations purchased under such agreements or pledged as collateral shall be fully secured by Permitted Collateral as set forth in Section VIII herein, in accordance with the requirements of Section IX herein. No substitution of securities will be allowed except as permitted by the applicable agreement.

Investment Agreements will be purchased only from the following eligible Trading Partners:

- A. a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and which is on the Federal Reserve Bank of New York's list of primary government securities dealers with unsecured or uncollateralized long term debt obligations which, at the time any Investment Agreement is entered into by the Authority, are rated in at least the second highest rating category by at least one nationally recognized rating organization, or in the absence of a long term rating, and if the nationally recognized rating organization and credit enhancement facility in connection with the related bond resolution under which moneys are invested, allows, is rated in the highest short term rating category by at least one nationally recognized rating organization;
- B. a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, a domestic branch or

agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America; provided however, that the unsecured or uncollateralized long term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, at the time any investment agreement is entered into by the Authority, are rated in at least the second highest rating category by at least one nationally recognized rating organization;

- C. a corporation affiliated with or which is a subsidiary of any entity described in (A) or (B) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity or which is a subsidiary of a foreign insurance company; provided however, that the unsecured or uncollateralized long term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, at the time any Investment Agreement is entered into by the Authority, are rated in at least the second highest rating category by at least one nationally recognized rating organization; or
- D. the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, the Student Loan Marketing Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority.
- E. a corporation whose obligations, including any investments purchased from such corporation for the accounts of the trustee under the applicable bond resolution, are insured by the applicable bond insurer.

Each eligible Trading Partner described above must (i) have a minimum equity capital of \$125,000,000 or (ii) have its obligations unconditionally guaranteed by an affiliate or parent having a minimum equity capital of \$125,000,000.

### **XIII. CERTIFICATES OF DEPOSITS**

All deposits, including Certificates of Deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by Permitted Collateral specified in Section VIII hereof. In addition, as required by Section IX hereof, the Authority shall enter into a written security agreement with the depository bank and a written custodial agreement with the custodian bank.

Collateralized Certificates of Deposit will only be purchased from banking organizations authorized to do business in the State of New York with minimum equity capital of \$125,000,000 and having unsecured or uncollateralized long term debt obligations, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, which at the time any Certificate of Deposit is entered into by the Authority, a rating in at least the second highest rating category by at least one nationally recognized rating organization.

Uncollateralized Certificates of Deposit will only be purchased from banking organizations authorized to do business in the State of New York and whose deposits are insured by the FDIC.

Certificates of Deposit, shall, in addition to any requirements contained in the applicable bond resolution, be made pursuant to a written agreement which, among other things: (i) sets forth the terms of the transaction and the respective rights of the Authority and its Trading Partner; (ii) satisfies the provisions required by Section IX, herein; and (iii) requires appropriate margin maintenance for any collateral.

Such Collateralized Certificates of Deposit shall be fully secured by Permitted Collateral as set forth in Section VIII herein. No substitution of securities will be allowed except as permitted by the applicable agreement.

**XIV. ANNUAL APPROVAL OF INVESTMENT POLICY AND GUIDELINES;  
AMENDMENT**

The Authority shall annually review and approve this Investment Policy and Guidelines and may, from time to time, amend the same.

**XV. EFFECT OF NONCOMPLIANCE WITH INVESTMENT POLICY AND  
GUIDELINES**

Failure by the Authority to comply with the provisions of this Investment Policy and Guidelines shall not be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investment of funds.