



Syracuse Regional Airport Authority Investment Guidelines

Section 1. Scope and Purpose

Section 2925(1) of the New York Public Authorities Law, as amended, requires the Syracuse Regional Airport Authority (the “Authority”) to adopt comprehensive investment guidelines that detail the Authority’s operative policy and instructions to officers and staff regarding the investing, monitoring and reporting of funds of the Authority. Accordingly, the Authority has established and adopted these Investment Guidelines (these or the “Investment Guidelines”).

The Investment Guidelines apply to the investment of all moneys on behalf of the Authority or by the Authority on behalf of any entity or individual, including funds held by a trustee under financing documents authorized by the Authority (collectively referred to as the Authority’s “investment program”).

Section 2. Investment Program Objectives

The primary objectives of the Authority’s investment program, in conformity with all applicable federal, state and other legal requirements, including any applicable bond resolutions (legal), are, in priority order, to:

- adequately safeguard principal (safety);
- provide sufficient liquidity to meet the purposes for which the funds are being held (liquidity);
- obtain a reasonable rate of return, subject to any applicable requirements imposed by Federal Tax Law (yield); and
- maintain procedures that allow for maximum diversification of investment firms used by the Authority and to ensure opportunity for participation by minority and women owned investment firms in investment activity by the Authority and in the activities of investment firms engaged by the Authority to manage or invest funds under the supervision of the Authority.

Section 3. Delegation of Authority

The Authority shall review, amend as necessary, and approve the Investment Guidelines at least annually. The Authority may modify the Investment Guidelines at any time.

The Authority's responsibility for administration of the investment program is delegated to the Authority's Treasurer, who shall establish written procedures for the operation of the investment program consistent with these Investment Guidelines. These responsibilities shall include the evaluation of the investment program by monitoring the system of internal controls, verifying relevant matters related to the securities purchased or held as collateral at least semiannually and on an unscheduled basis, determining that the investment results are consistent with the Authority's objectives and reviewing any independent audits of the investment program.

Section 4. Prudence

The members and management of the Authority and other participants in the investment process shall seek to act responsibly as custodians of the public trust.

Investment decisions for the Authority shall be made with the judgment, care, skill, prudence and diligence, under the circumstances then prevailing, that a knowledgeable and prudent investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

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.

Section 5. Internal Controls

It is the policy of the Authority for all moneys collected by any officer, member, staff or employee of the Authority to transfer those funds to the Treasurer within one business day for deposit, or within the time period specified in law, whichever is shorter.

The Treasurer is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with the Authority's authorization and recorded properly, and is managed in compliance with all applicable laws and regulations.

The Treasurer shall authorize investment transactions initiated by Authority staff only after determining that the investment transactions are in compliance with these Investment Guidelines.

Section 6. Permitted Investments

The following is a detailed list of the permitted investments of the Authority, all of which are consistent with the appropriate provisions of law relating to the Authority and any additional requirements pursuant to any contract with bondholders and noteholders:

- Certificates of deposit issued by a bank or trust company in the State of New York;
- Bonds and notes of the United States Government;
- Bonds and notes of the State of New York;
- Bonds and notes of any municipality or municipal corporation in the State of New York issued pursuant to law;
- Repurchase Agreements involving the purchase and sale of direct obligations of the United States Government.

Section 7. Diversification

In order to safeguard principal from imprudent risks, it is the policy of the Authority, where possible, to diversify a portfolio among the investment instruments which it may legally and prudently hold and also among investment firms with which it transacts business.

It is also the policy of the Authority to monitor the diversification of its investments by financial institution, investment instrument and maturity; and to provide quarterly reports of such diversification levels to the members of the Authority.

However, since the Authority is legally limited in the type of securities in which it may invest, the opportunity to diversify among investments is very limited. The terms of each investment will be consistent with the Authority's cash liquidity requirements.

Section 8. Standards for the Qualification of Investment Bankers, Brokers, Agents, Dealers and Other Investment Advisers and Agents Transacting Business with the Authority

The Authority shall transact business only with qualified, certified or licensed investment bankers, brokers, agents, dealers and other investment advisers and agents. The Authority staff, on the advice and consent of the Authority, shall consider the quality, reliability, experience, financial strength, size and any other factors which in the judgment of the Authority make an individual or firm qualified to transact business with the Authority.

Specifically, but without limitation, the following are considered qualified:

- Broker, agents, dealers: Any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York (included in the then current

“List of the Government Securities Dealers Reporting to the Market Reports Division of the Federal Reserve Bank of New York”).

- Investment Advisers: Any bank or trust company organized under the laws of any state of the United States of America or any national banking association or any firm or person which is:
 - Registered with the Securities and Exchange Commission under the Investment Advisor of 1940, and
 - Registered with the New York State Secretary of State as an Investment Advisor, and
 - Is a member in good standing with the Investment Counsel Association of America.

- Custodian: Any bank or trust company organized under the laws of any state of the United States of America or any national banking association.

Any criteria listed herein may be in addition to the requirements of any bond resolution pertaining to the funds to be invested under such bond resolution.

The Treasurer shall maintain a list of approved investment firms, which may serve as trustee, custodian or broker-dealer, may modify this list at any time as deemed appropriate and, based on the nature of the investment transaction, may establish limits on the types and amounts of investments that can be made with each trustee or custodian or executed with each broker-dealer.

The Authority’s policy regarding conflicts of interest shall be followed regarding the investment of funds. No Authority member, senior Authority official, any officer or employee, is authorized to participate in the selection of institutions where the individual is an officer, a director or substantial stockholder.

Section 9. Collateral

For investments of funds of the Authority in certain permitted investments, collateral must be provided for the investment to be authorized by the Treasurer. The collateral requirements for permitted investments are as follows:

1. Certificates of Deposit shall be fully secured by insurance of the Federal Deposit Insurance Corporation (FDIC) and, when applicable, by bonds or notes of the United States, or bonds or notes of federal agencies, the principal and interest of which are guaranteed by the United States, or bonds or notes of the State of New York or any municipality or municipal corporation in the State of New York. Collateral shall be delivered to the Authority or a custodial bank with which the Authority has entered into a security/custodial agreement, in accordance with Section 10 of New York General Municipal Law, as amended.

2. Collateral shall not be required with respect to the direct purchase of bonds or notes of the State of New York or any municipality or municipal corporation located in the State of New York, bonds or notes of the United States, and bonds or notes of federal agencies, the

principal and interest of which are guaranteed by the United States Government and are pursuant to applicable law, the bonds or notes of the United States.

3. The securities purchased under a Repurchase Agreement must be direct United States Government obligations. The purchase price should be the present market value of the securities and not the face value.

4. Securities purchased through a Repurchase Agreement shall be valued to market at least weekly.

5. The market value of the collateral shall equal the value of the investment and its accrued interest at all times. The recorded value of the collateral backing any investment shall be adjusted to market at the time of the initial investment, and thereafter at least monthly to be certain that the principal amount of the market value of collateral is at least 100% of the investment.

6. The security/custodial agreement shall provide that eligible securities (in compliance with the Section 9(1) of these Investment Guidelines), are being pledged to secure Authority deposits together with agreed upon interest, if any, and costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the Authority to exercise its rights against the pledged securities. In the event that the securities are 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 or its custodial bank.

7. The security/custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the Authority, 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 backing for any other deposit or other liabilities. The security/custodial agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The security/custodial agreement shall provide for the frequency or revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Authority a perfected interest in the securities.

8. In the event the market value of the collateral is less than 99% of the value of the original investment and accrued interest, the financial institution at which the investment was placed will be required to immediately move additional collateral to the custodian in order to be in compliance with the valuation requirements of these Investment Guidelines.

9. Failure of the financial institution to correct this situation within one (1) business day upon notice by the Authority or its custodian will result in the financial institution being held in default. Further, all investment activity with that financial institution will be suspended until the default is resolved.

Section 10. Delivery of Securities

1. Every Repurchase Agreement shall provide for payment to the seller only upon the seller's delivery of bonds or notes of the United States to the custodial bank designated by the Authority, or in the case of a book-entry transaction, when the bonds or notes of the United States are credited to the custodial bank's Federal Reserve System account. The seller shall not be entitled to substitute securities without written approval of the Authority's Treasurer or his/her designee. The custodial bank shall confirm all transactions in writing to insure that the Authority's ownership of the securities is properly reflected on the records of the custodial bank.

2. Payment shall be made by or on behalf of the Authority for bonds or notes of the State of New York, bonds or notes the principal and interest of which are guaranteed by the United States, direct obligations of the United States, certificates of deposit, and other duly authorized purchased securities upon delivery thereof to the custodial bank, or in the case of a book-entry transaction, when the purchased securities are credited to the custodial bank's Federal Reserve System account. All transactions shall be confirmed in writing.

Section 11. Written Contracts

Written contracts are required for Repurchase Agreements, Certificates of Deposit and custodial undertakings. With respect to the purchase of bonds or notes of the United States, the State of New York or other governmental entities, etc. in which moneys may be invested; the interests of the Authority will be adequately protected by conditioning payment on the physical delivery of purchased securities to the custodial bank's Federal Reserve System account. All purchases will be confirmed in writing to the Treasurer of the Authority or his/her designee.

It is therefore, the policy of the Authority to require written contracts as follows:

1. Written contracts shall be required for all Repurchase Agreements. Only credit worthy banks and primary reporting dealers shall be qualified to enter into a Repurchase Agreement with the Authority, The written contract shall provide that only direct obligations of the United States may be purchased, and the Authority shall take delivery, through the Authority's custodian, of the purchased securities. No specific repurchase agreement shall be entered into unless a master repurchase agreement has been executed between the Authority and the trading partners.

2. Written contracts shall be required for the purchase of all Certificates of Deposit.

3. A written contract shall be required with any custodial bank.

All written contracts shall include such terms as required by any and all applicable laws and regulations, including but not limited to the Authority's Enabling Act, New York Public Authorities Law, as amended, New York General Municipal Law, as amended, New York Local Finance Law, as amended, and New York State Finance Law, as amended.

Section 12. Audit Requirements

The Authority shall require its independent auditor to review the Investment Guidelines and the Authority's policies and practices to determine whether:

- the Authority complied with any and all applicable laws and regulations;
- the Authority complied with these Investment Guidelines;
- investment assets were adequately safeguarded;
- adequate accounts and records were maintained which accurately reflect all transactions, including a report on them; and
- a system of adequate internal controls was maintained.

Securities purchased or held as collateral shall be verified at least semi-annually and on an unscheduled basis by the Authority's independent or internal auditors.

Section 13. Quarterly Reports

In accordance with Section 2925(5) of the New York Public Authorities Law, as amended, the Treasurer shall cause to be prepared and filed with the Authority a quarterly report on any new investments, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers or advisers or custodians.

Section 14. Annual Report

In accordance with Section 2925(6) of New York Public Authorities Law, as amended, the Authority shall annually prepare and approve an Annual Investment Report, which shall include the following:

- The Investment Guidelines as then currently amended;
- Amendments to the Investment Guidelines since the last investment report;
- The investment income records of the Authority;
- A list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and adviser rendering investment associated services to the Authority since the last investment report; and
- The results of the annual independent audit, pursuant to Section 2925 of New York Public Authorities Law, as amended, and any other applicable laws and regulations. Such Annual Investment Report may be part of any other annual report that the Authority is required to make.

After the close of the Authority's fiscal year, the Annual Investment Report shall be transmitted to the New York State Authorities Budget Office (ABO) using the Public Authorities Reporting Information System (PARIS), which will meet the Authority's statutory reporting requirements. The report shall be posted on the Authority's website at the time it is submitted.

Adopted by Resolution No. 20 of 2012, September 14, 2012