SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION
INVESTMENT POLICY

I. INVESTMENT AND DEPOSIT POLICY

A. Introduction

1. Scope – This investment and deposit policy applies to all monies and other financial resources available for investment and deposit on its own behalf or on behalf of any other entity or individual.

2. Objectives – The primary objectives of the Sleepy Hollow Local Development Corporation's (the "Corporation") investment activities are, in priority order:

   a. to conform with all applicable federal, state and other legal requirements (legal);
   b. to adequately safeguard principal (safety);
   c. to provide sufficient liquidity to meet all operating requirements (liquidity); and
   d. to obtain a reasonable rate of return (yield).

3. Prudence – All participants in the investment process and all participants responsible for depositing the Corporation's funds shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair confidence in the Corporation to govern effectively.

   Investments and deposits shall be made with 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 safety of the principal as well as the probable income to be derived.

   All participants involved in the investment process and all participants responsible for depositing the Corporation's funds shall refrain from personal business activity that could conflict with proper execution of the investment program or the deposit of the Corporation's funds or which could impair their ability to make impartial investment decisions.

4. Diversification – It is the policy of the Corporation to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

5. Internal Controls

a. All moneys collected by an officer or employee of the Corporation shall be immediately deposited in such depositories and designated by the Corporation for the receipt of such funds.

b. The Corporation shall maintain or cause to be maintained a proper record of all book, notes, securities or other evidences of indebtedness held by the Corporation for investment and deposit purposes.

c. The Corporation 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 management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

1. Designation of Depositories

The Corporation shall designate as depositories of its money those banks and trust companies authorized to serve as such pursuant to applicable law.

B. Investment Policy

1. Permitted Investments

Pursuant to the Not-For-Profit Corporation Law ("N-PCL"), the Corporation is authorized to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

a. Special time deposit accounts;*

b. Certificates of deposit;*

c. Obligations of the United States of America;**

d. Obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the United States of America;**

e. Obligations of the State of New York;*

*Special time deposit accounts and certificates of deposit are permitted investments provided that (1) they shall be payable within such time as the proceeds shall be needed to meet expenditures for which the moneys were obtained and (2) they are collateralized in the same manner as set forth in paragraph (C) below for deposits of public funds.

**All investment obligations shall be payable or redeemable at the option of the Corporation within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Corporation within two years of the date of purchase.

2. Authorized Financial Institutions and Dealers

The Corporation shall maintain a list of financial institutions and dealers, approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the local government conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Corporation. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The Chief Executive Officer or Chairperson of the Board of Directors is responsible for evaluating the financial position and maintaining a listing of proposed depositaries, trading partners and custodians. Such listing shall be evaluated at least annually.

3. Purchase of Investments

The Corporation may contract for the purchase of investments:

a. Directly, including through a repurchase agreement, from an authorized trading partner.

b. By participation in a cooperative investment program with another authorized governmental entity pursuant to the N-PCL where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the Board of Directors.

c. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the board of Directors.

All purchased obligations, unless registered or inscribed in the name of the Corporation, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Corporation by the bank or trust company shall be held pursuant to a written custodial agreement as described in the N-PCL.

The custodial agreement shall provide that securities held by the bank or trust company, as 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 backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the Corporation a perfected interest in the securities.

4. Repurchase Agreements

Repurchase agreements are authorized subject to the following restrictions:

a. All repurchase agreements must be entered into subject to a Master Repurchase Agreement.

b. Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.

c. Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.

d. No substitution of securities will be allowed.

e. The custodian shall be a party other than the trading partner.

C. Deposit Policy

1. Collateralization of Deposits

All deposits of the Corporation, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

a. By pledge of "eligible securities" with an aggregate "market value" as provided by the N-PCL, equal to the aggregate amount of deposits from the categories designated in Exhibit A attached hereto.

b. By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the Corporation for a term not to exceed ninety (90) days with an aggregate value equal to 105% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least on nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.

c. By an eligible surety bond payable to the 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 by at least two nationally recognized statistical rating organizations. The terms and conditions of any eligible surety shall be approved by the Board of Directors.

2. Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by the depository bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure Corporation deposits together with agreed upon interest, if any and any 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 Corporation to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Corporation, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Corporation or its custodial bank.

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 backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of 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 Corporation a perfected interest in the securities.

Approved and adopted this 24th day of September, 2014.