

Nassau County Local Economic Assistance Corporation
Investment Report

Period January 1 through December 31, 2013

Section 2925(6) of the New York Public Authorities Law requires that Industrial Development Agencies prepare and approve an investment report annually.

A copy of the Investment and Deposit Policy of the Nassau County Local Economic Assistance Corporation (the “Corporation”) in effect for the reporting period is attached hereto and incorporated herein by reference. No amendment of the Investment and Deposit Policy were made during the reporting period.

Investment Income and Activity

During the fiscal and calendar year 2013 the NCLEAC’s operating account was maintained in a checking account at the Community National Bank (CNB), which has its headquarters in Great Neck, Nassau County. Interest Income is earned on this account. A Money Market account was also maintained at CNB which earned a higher interest rate than the checking account. Deposits up to \$250,000 at CNB were guaranteed by the Federal Deposit Insurance Corporation (FDIC) and deposits above \$250,000 were protected and collateralized via custodian agreements and pledges of eligible securities. All pledged eligible securities per these agreements were held by Manufacturers and Traders Trust Company (M&T Bank), as custodian (the “Custodian”). In 2011 M&T bank acquired Wilmington Trust. As a result of this acquisition M&T Bank started using the Wilmington Trust brand for its institutional trust portfolio in October 2013. Starting in November the Collateral Statements bore the Wilmington Trust logo.

For the full year 2013, the operating and money market accounts at CNB earned \$46 and \$961 interest income respectively. The account balances as of December 31, 2013 were \$56,187 and \$420,961.

The amount earned was in line with the amount budgeted for calendar year 2013. The Corporation paid no fees, commissions, or other charges to any investment banker, broker, dealer, or advisor rendering investment services during the reporting period.

Investment Objectives

Pursuant to NCLEAC's Investment and Deposit Policy, the objectives of NCLEAC with respect to its investments and policies are, in order of priority:

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

Legal

All of NCLEAC's investments and deposits are maintained at depositories in compliance with all applicable federal, state and other legal requirements, including, without limitation, the requirements of Sections 10 and 11 of the General Municipal law.

Safety

Community National Bank is the depository authorized and designated by resolutions of the members of NCLEAC.

As of December 31, 2013, NCLEAC's cash balances maintained at the designated depositories are fully insured by the FDIC for the first \$250,000 and the balance of such deposits are collateralized with eligible securities held by the Custodian and pledged to NCLEAC.

Liquidity

NCLEAC continues to have sufficient liquidity to pay its known and foreseeable expenses and liabilities.

Return

NCLEAC receives market rates of interest on its deposits and investments.

Investment & Deposit Policy

In accordance with Section 2925 of the Public Authorities Law, the directors of the NCLEAC adopted an Investment & Deposit Policy on December 20, 2010.

Investment Audit

The auditors of the NCLEAC, AVZ, have audited compliance with the Corporation's Investment & Deposit Policy. In their report dated March 13, 2014, AVZ indicated that the Corporation complied, in all material respects with the Investment & Deposit Policy.