Saratoga Economic Development Corp Reserve Account

Investment Policy Statement

PURPOSE

The purpose of this Investment Policy Statement is to establish a clear understanding of the philosophy and the investment objective for SEDC Reserve Account Fund (hereinafter, the Fund). This document will describe the standards that will be utilized by the Finance committee in monitoring investment performance and will serve as a guideline for any investment manager retained.

The purpose of the Fund is to accumulate a pool of assets sufficient to support the long-term operations of the entity. These assets are to be invested in a manner consistent with statutory fiduciary responsibilities.

SCOPE

This Investment Policy Statement applies only to those assets for which the investment manager and the Finance committee have discretionary authority.

INVESTMENT COMMITTEE

The Finance committee is responsible for recommending investment policies and strategies, trustees, investment managers and/or advisors, and other fiduciaries, and monitoring the performance of the trustees, managers, advisors and other fiduciaries. SEDC's finance committee will act as the investment committee.

IMPLEMENTATION OF INVESTMENT POLICIES

The investment policies of the Fund will be carried out by means of investment strategies that reflect continuous evaluation of changing investment environments, judgment regarding the allocation of the Fund's assets among different kinds of investment opportunities, identification of appropriate investment vehicles, and the making of specific investment decisions.

STANDARD OF INVESTMENT JUDGMENT

In seeking to attain the investment objectives set forth in this statement, the Finance committee shall exercise prudence and appropriate care.

SPENDING POLICY

SEDC will authorize annual spending from the account through the annual budget process, which will be net of the annual funding amount.

INVESTMENT OBJECTIVES

SEDC intends to contribute principal to the Fund on an annual basis through operations. The focus will be on income generation with long-term capital appreciation as a secondary consideration. More specifically, the Finance committee seeks returns during a full market cycle that are large enough to preserve and enhance the real, inflation adjusted purchasing power of the Fund's assets, while also considering the current spending requirements. In pursuing this objective, the Finance committee endeavors to achieve total returns that, over time, are better than the relevant market averages. The Finance committee dees net expect that in each year the investment objective referred to above will necessarily be achieved.

TIME HORIZON

Due to the inevitability of short-term market fluctuations, it is intended that the following Specific Performance objectives will be achieved by the investment manager(s) over a 3 to 5-year moving period, net of investment management fees. Nevertheless, the Finance committee reserves the right to evaluate and make any necessary changes regarding the investment manager over a shorter term using the criteria established in the Evaluation of Investment Managers section of this statement.

SPECIFIC PERFORMANCE OBJECTIVES

Total Fund approach:

The total return shall exceed a target Balanced Index composed of: 13% of the S&P 500 Index (Domestic Large Cap Equity), 2.5% of the S & P 400 Index (Domestic Mid Cap), 2% of the Russell 2000 Index (Domestic Small Cap Equity), 2.5% of the Morgan Stanley Capital International Europe, Australia, Far East Index-"EAFE" (International Equity), 75% of the BBG BARC Aggregate Bond Index (Fixed Income) & 5% Lipper Money Market (cash equivalents). These performance targets shall be adjusted to reflect the minimum credit quality standards and average duration maximum specified in this Investment Policy Statement.

With tactical management, the total fund approach allocations detailed above may change within stated ranges from time to time due to market conditions to maximize portfolio return.

EVALUATION OF INVESTMENT MANAGERS

The investment managers will be reviewed on an ongoing basis and evaluated upon the following

additional criteria:

- Ability to meet or exceed the performance objectives stated in this Investment Policy Statement.
- Ability to utilize a tactical approach to maximize return on the investment mix through operating within acceptable ranges of the long-term portfolio target.
- Adherence to the philosophy' and style, which were articulated to the Finance committee at, or after, the time the investment manager was retained.
- Continuity of personnel and practices at the firm.

The investment manager shall immediately notify the Finance committee in writing of any material changes in its investment outlook, strategy, portfolio structure, ownership, or senior personnel.

ASSET ALLOCATION

Deliberate management of the asset mix among classes of investments available to the Fund is both a necessary and desirable responsibility. In the allocation of assets, diversification of investments among asset classes that are not similarly affected by economic, political, or social developments is a highly desirable objective. The diversification does not necessarily depend upon the number of industries or companies in a portfolio or their location, but rather upon the broad nature of such investments and of the factors that may influence them.

In making asset allocation judgments, the Finance committee is not expected to seek to time subtle changes in financial markets or make frequent or minor adjustments. Instead, the Finance committee is expected to develop and adopt expressed guidelines for broad allocations on a long-term basis, considering current and projected investment environments.

To ensure broad diversification in the long-term investment portfolios among the major categories of investments, asset allocation, as a percentage of the total market value of the total long-term portfolio, will be set with the following target percentage and within the following ranges:

ASSET ALLOCATION GUIDELINES

Type of Securities

Type of Securities	**Targe**	**Range**
Equities	20%	+/-10%
Fixed Income	75%	+/-10%
Cash	5%	+/-5%

- Investment manager has discretion within the defined risk tolerance and allocation guidelines per the above table, to determine the composition of the equity and fixed income holdings, assuming the overall asset allocation aligns with the defined range relative to the above referenced table.

INVESTMENT MANAGER REQUIREMENTS

- In today's rapidly changing and complex financial world, no list or types of categories of investments can provide continuously adequate guidance for achieving the Finance committee's investment objectives. Any such list is likely to be too inflexible to be suitable for the market environment in which investment decisions must be made. Therefore, it is the process by which investment strategies and decisions are developed, analyzed, adopted, implemented and monitored, and the overall way investment risk is managed, which determines whether an appropriate standard of reasonableness, care, and prudence has been met for the Fund's investments.
- Although there are no strict guidelines that will be utilized in selecting investment managers, the Finance committee will consider the length of time the firm has been inexistence, its track record, fees, assets under management, and the amount of assets the Fund already has invested in with the firm.
- The requirements stated below apply to investments in non-mutual and non-pooled funds, where the investment manager can construct a separate, discretionary account on behalf of the Fund. Although the Finance committee cannot dictate policy to pooled/mutual fund investment managers, the Finance committee's intent is to select and retain only pooled/mutual funds with policies that are like this policy statement. All managers (pooled/mutual and separate), however, are, expected to achieve the performance objectives.
- Unless prior written approval is obtained from the Finance committee to the contrary:

    a) Each investment manager must satisfy the performance objectives and asset allocation guidelines.

    b) Each investment manager shall have the full investment discretion about market timing and security selection, consistent with this Investment Policy Statement.

    c) The investment managers should be evaluated on an annual basis and should be prepared to meet with the Finance committee at least annually.

    d) The investment managers shall handle the voting of proxies and tendering of shares in a manner that is in the best interest of the Fund and consistent with the investment objectives contained herein.

    e) The investment managers shall not utilize derivative securities to increase the actual or potential risk posture of the portfolio. Subject to other provisions in this Investment Policy Statement, the use of primary derivatives, including, but not limited to, structured notes, * lower class tranches of collateralized mortgage obligations (CMOs), ** principal only (PO) or interest only (10) strips, inverse floating securities, futures contracts, options, short sales, margin trading and such other specialized investment activity is prohibited. Moreover, the investment managers are precluded from using derivatives to affect a leveraged portfolio structure (if options and futures are specifically approved by the Finance committee, such positions must be offset in their entirety by corresponding cash or securities). The Finance committee must explicitly authorize the use of such derivative instruments, and shall consider certain criteria including, but not limited to, the following:

        i) Manager's proven expertise in such category.

        ii) Value added by engaging in derivatives.

        iii) Liquidity of instruments.

        iv) Actively traded by major exchanges (or for over-the-counter positions, executed with major dealers).

        v) Manager's internal procedures to evaluate derivatives, such as scenario and volatility analysis and duration constraints.

* Permit investments in "conservative" structured notes, which are principal guaranteed, unleveraged, and of short to intermediate maturity.

** Lower class defined by Federal Financial Institutional Examination Council (FFIEC).

f) There shall be no investments in nonmarketable securities, except for Rule 144a securities (with or without registration rights). Rule 144a securities shall not exceed 20% of a fixed income manager's portfolio.

g) Each investment manager must assure that no position of any one issuer shall exceed 8% of the manager's portfolio at market value, except for securities issued by the U.S. government and its agencies.

h) Each investment manager must assure that no more than 25% of its portfolio is invested in any one industry sector, except for securities issued by the U.S. government and its agencies.

i) The investment manager shall not affect a purchase that would cause a position in the portfolio to exceed 5% of the issue outstanding at market value.

j) The bond portfolio must have an overall weighted average credit rating of "A" or better by Moody's and Standard & Poor's rating services. If a bond instrument is downgraded below investment grade, then the investment manager shall immediately notify the Finance committee in writing. In the case of a split rating, the higher rating will apply.

k) Not more than $500,000 of an investment manager's portfolio shall be invested in commercial paper of anyone issuer. The credit quality must A1/P1.

l) Not more than $250,000 shall be invested in Bank Certificates of Deposit of any single issuer.

m) The average duration of the investments shall not exceed five years.

CONCLUSION

This statement of investment policy shall be reviewed annually. The investment performance will be reviewed monthly, and the report will be provided by an independent third party. The manager may provide any suggestions regarding appropriate adjustments to this statement or the way investment performance is reviewed.

Adopted by the Board of Directors: May 20, 2026