



Memorandum

To: Board Members

Date: April 6, 2018

From: Nicholas Noce

Subject: **Regular Board Meeting – Thursday, April 12, 2018 9:30 a.m.**
Annual Board Meeting – Immediately following Regular Board Meeting
at 475 Norris Drive – Board Room

Agenda Items:

1. Personnel Items:

- Resolution marking the Retirement of Kathleen A. Prestidge; we appreciate her many years of dedicated service to the Authority and wish her a happy and fulfilling retirement.

There is a resolution on this agenda to confirm the following promotion appointment:

- Benjamin Howlett to the title of Distribution Maintenance Mechanic. Mr. Howlett is reachable on the Civil Service Exam List for appointment to this title. Recommendation memorandum is enclosed for Board review.

There is a resolution on this agenda to confirm the following temporary appointment:

- Kevin Harman to the title of Utility Worker – for a temporary six-month appointment in the Production Department. Recommendation memorandum is enclosed for Board review.

There is a resolution on this agenda to confirm the following new hire appointment:

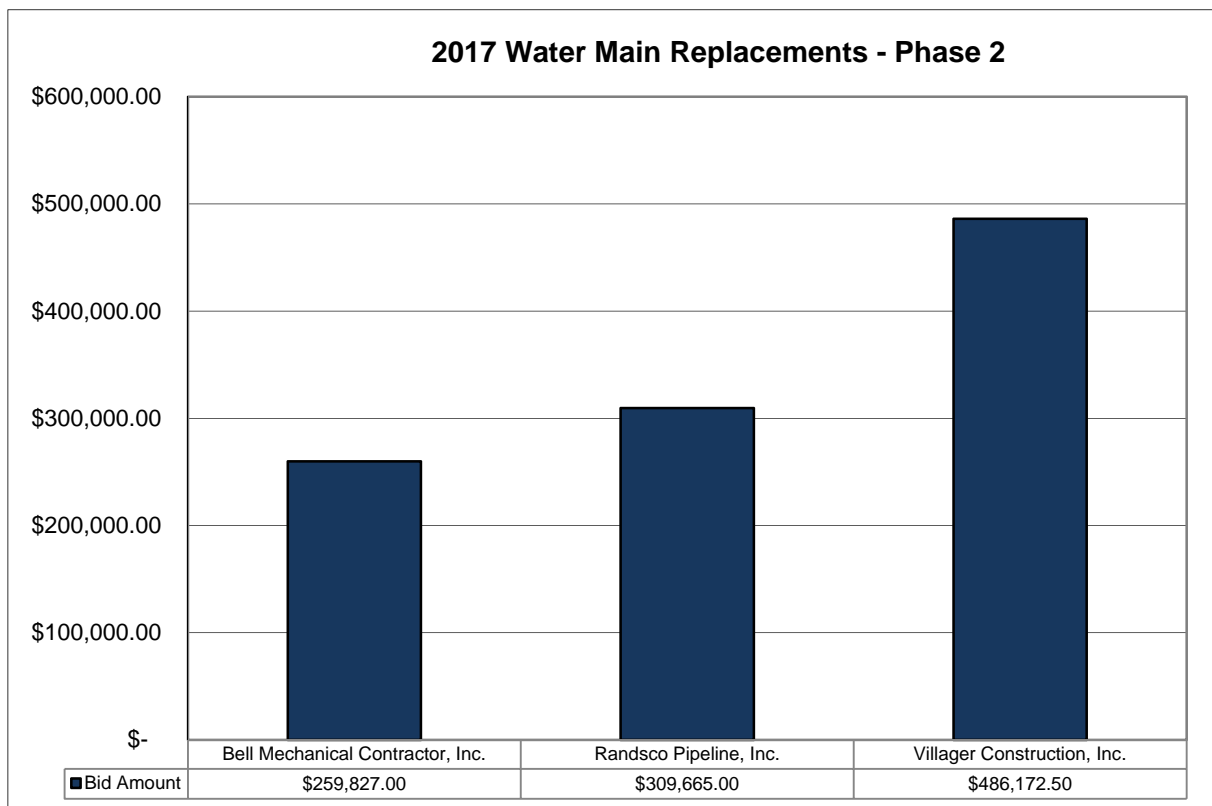
- Michael Balistere to the title of Assistant Construction Inspector. Mr. Balistere is reachable on the Civil Service Exam List for appointment to this title. Recommendation memorandum and his application are enclosed for Board review.
- There are items on the agenda for approval of updated Salary Schedules for Student Interns and for Seasonal Laborers/Clerks. These are being revised to more closely align with current market in recruiting capable student intern candidates and in keeping pace with minimum wage escalation in hiring of college students for seasonal employment. Both schedules as proposed are enclosed for Board review.

2. There is an item on the agenda to authorize a Professional Services Agreement with O'Brien & Gere Engineers, Inc. (OBG) to serve as the Authority's Consulting Engineer. The duties of the Consulting Engineer are defined by our Trust Indenture. In general these duties include:

- an annual inspection and report on the Authority's facilities and operations,
- review of the preliminary budget against the specific criteria included in the Trust Indenture and issuance of a certification of compliance,
- review and certification that the terms are fair and reasonable for any asset disposal having a value of over \$1,000,000.,
- provide a review of the value of facilities being insured, or self-insured, and
- provide support to the Authority's engineering department for unique issues as requested.

RFQ's were sent to three firms and posted on our website; only two firms submitted proposals. A selection committee reviewed the proposals and recommend OBG as the Authority's Consulting Engineer. Historically, the value of services provided under this contract is approximately \$25-35,000 per year. The contract proposed is for an initial term of three years, with the option to extend for two additional one-year terms with mutual consent.

3. There is an item on the agenda to award a contract for the 2017 Water Main Replacements – Phase 2. This project involves the installation of approximately 1,450 linear feet of 6" ductile iron water main and appurtenances on Stottle Road in the Town of Chili and approximately 1,500 linear feet of 8" ductile iron water main and appurtenances on Browns Road in the Town of Wheatland. There were 3 bids submitted. Our recommendation is to declare the low bidder non-responsible for failure to meet the experience qualifications and to award this work to the lowest responsive, responsible bidder, Randsco Pipeline, Inc. in the bid amount of \$309,665.



4. There is an item on the agenda to authorize the award of a unit price purchase contract for Neptune Cold Water Meters and Large Cold Water Meters to the low responsive responsible bidder, Neptune Technology Group, with a total Bid amount (Groups A & B) of \$2,790,812.40. This bid was separated into two groupings: Group A encompasses all the Neptune Meters; Group B covers all Neptune meter-related parts and accessories. This is a one-year, unit price contract with the option to renew for up to four additional one-year terms upon mutual consent.
5. There are items on the agenda to authorize utilizing Monroe County Contract – Highway Materials – Group II, Contract No. 0103-16 for the purchase of the following from various vendors awarded under this Monroe County Contract – as listed in each resolution, through the current contract period ending February 28, 2019:
 - Screened Top Soil, Fill Dirt, Select Fill and Various Sands.
 - Construction Stone Products.
 - Temporary Asphalt Material (Cold Patch Material and Hot Mix Material).

Board Members - Regular Meeting and Annual Meeting – April 12, 2018

6. There is an item to authorize the use of Monroe County Contract – Highway Materials – Group I, Contract No. 0102-16, #4700007325 (currently held by Terry Tree Service LLC) for Routine and Emergency Tree Service; work to be performed as needed, for an estimated amount of \$50,000 through the contract period ending February 28, 2019.
7. There is an item to authorize utilizing Monroe County Contract – General Motors, Automotive Engine & Auto Body Parts – BP #0213-16 (currently held by Hoselton Chevrolet) for the purchase of various General Motors (GM) parts and/or supplies for maintenance and repair of Water Authority vehicles for an estimated amount of \$25,000 through the contract period ending March 31, 2019.
8. There is an item on the agenda to authorize the use of the New York State OGS contract for Heavy Equipment to purchase a replacement forklift for the Shoremont WTP. This contract is held by Clark Equipment Co (d/b/a Doosan Infracore Construction Equipment America). The authorization is for an estimated amount of \$28,531.
9. There is an item on the agenda to authorize the use of the New York State OGS contract for Advanced Scientific Equipment & Instruments with Hach Company to purchase laboratory and process monitoring and control equipment. The authorization is for an estimated amount of \$100,000 per year.
10. There is an item for authorization in purchasing various IT Network equipment that may be needed throughout 2018 utilizing the NYS OGS Technology and Commodity Contracts; total estimated cost of \$50,000. Enclosed for Board review is a recommendation memorandum from Gregory Jablonsky for this item.
11. There is an item for authorization to renew annual support contracts for existing Oracle licenses from Oracle Corp. under NYS OGS Contract for an estimated cost of \$26,000. Please see enclosed recommendation memorandum also from Gregory Jablonsky which details these renewals.
12. The Authority's standard procurement compliance resolution.
13. There is an item on the agenda to approve the Authority's Disposal Guidelines, as revised and presented; this is in order to reflect a change in designation of Contracting Officer.
14. There is a resolution on the agenda to amend the Authority's By-Laws; the item was tabled for one meeting as required (ref. #18-063; March 8, 2018). Please see enclosed as previously presented for Board review.
15. There is an item on the agenda for approval of the Monroe County Water Authority's 2017 Annual Report, submitted in accordance with Section 2800 of the Public Authorities Law and entered electronically into the Public Authorities Reporting Information System (PARIS) as required by the New York State Authorities Budget Office. This report was previously emailed to each Board Member for prior review.

It is anticipated there will be an executive session requested under attorney-client privilege to discuss collective bargaining negotiations currently underway.

There may be additional items placed on the agenda not finalized for this mailing.

There may be items presented for discussion and/or notification.

Board Members - Regular Meeting and Annual Meeting – April 12, 2018

The Authority's Annual Meeting will follow upon adjournment of the Regular Meeting.

The Agenda for the Annual Meeting and applicable supporting reference materials are enclosed for Board Members' review.

Enclosures

cc: Department Heads



Monroe County Water Authority

Memorandum

To: Nicholas Noce Date: 04/03/2018
From: Karin Anderson File: WA 031809
Subject: **Recommendation for Bid Award** Copies: L. Magguilli
April 12, 2018 Board Meeting G. Ippolito

One Bid was received on March 27, 2018, for **Neptune Cold Water Meters & Large Cold Water Meters**. This is a one year, unit price contract with the option to renew for up to four additional one-year terms upon mutual consent.

This Bid was separated into two groupings: Group A encompasses all the Meters; Group B covers all Neptune meter-related parts and accessories.

The apparent low responsive, responsible bidder is **Neptune Technology Group** with a total Bid amount (Groups A & B) of **\$2,790,812.40**.

I recommend that the bid be awarded to the low responsive, responsible bidder.

/ka


Attachment: Bid tabulation

(Dis)Approved by


Department Head


Date

(Dis)Approved by


Purchasing Manager


Date

(Dis)Approved by


Executive Director


Date

(Dis)Approved by

Executive Assistant/Board

Date

Monroe County Water Authority
MCWA 031809 – Neptune Cold Water Meters & Neptune Cold Water Large Meters

Group A (Meters)**No BID**

			(1) NEPTUNE TECH. GROUP	(2) T.I. SALES, INC.
Item No	Qty	Description		
1	1 EA	5/8" x 1/2" Direct Read Meter	\$56.00	\$0.00
2	200 EA	5/8" x 1/2" ECODERi Inside Set Meter	\$30,000.00	\$0.00
3	1 EA	5/8" x 1/2" ECODERi Pit Set Meter	\$160.00	\$0.00
4	1 EA	5/8" x 1/2" PROCODERi Inside Set Meter	\$150.00	\$0.00
5	1 EA	5/8" x 1/2" PROCODERi Pit Set Meter	\$160.00	\$0.00
6	1 EA	5/8" x 1/2" Mach 10)R900i Meter	\$220.00	\$0.00
7	1 EA	5/8" x 3/4" Direct Read Meter	\$56.00	\$0.00
8	12,000 EA	5/8" x 3/4" ECODERi Inside Set Meter	\$1,800,000.00	\$0.00
9	1 EA	5/8" x 3/4" ECODERi Pit Set Meter	\$160.00	\$0.00
10	1 EA	5/8" x 3/4" PROCODERi Inside Set Meter	\$150.00	\$0.00
11	1 EA	5/8" x 3/4" PROCODERi Pit Set Meter	\$160.00	\$0.00
12	1 EA	5/8" x 3/4" Mach 10)900i Meter	\$220.00	\$0.00
13	1 EA	1" Direct Read Meter	\$145.00	\$0.00
14	200 EA	1" ECODERi Inside Set Meter	\$45,000.00	\$0.00
15	1 EA	1" ECODERi Pit Set Meter	\$235.00	\$0.00
16	1 EA	1" PROCODERi Inside Set Meter	\$225.00	\$0.00
17	1 EA	1" PROCODERi Pit Set Meter	\$235.00	\$0.00
18	1 EA	1" Mach 10)R900i Meter	\$290.00	\$0.00
19	200 EA	1-1/2" ECODERi Inside Set Meter	\$73,000.00	\$0.00
20	1 EA	1-1/2" ECODERi Pit Set Meter	\$375.00	\$0.00
21	1 EA	1-1/2" PROCODERi Inside Set Meter	\$365.00	\$0.00
22	1 EA	1-1/2" PROCODERi Pit Set Meter	\$375.00	\$0.00
23	1 EA	1-1/2" Mach 10)R900i Meter	\$530.00	\$0.00
24	2 EA	2" Direct Read Meter	\$850.00	\$0.00
25	200 EA	2" ECODERi Inside Set Meter	\$92,000.00	\$0.00
26	2 EA	2" ECODERi Pit Set Meter	\$940.00	\$0.00
27	2 EA	2" PROCODERi Inside Set Meter	\$920.00	\$0.00
28	2 EA	2" PROCODERi Pit Set Meter	\$940.00	\$0.00
29	2 EA	2" Mach 10)R900i Meter	\$1,260.00	\$0.00
30	2 EA	2" HPT Turbine ECODERi Pit Set Meter	\$1,040.00	\$0.00

Monroe County Water Authority

MCWA 031809 – Neptune Cold Water Meters & Neptune Cold Water Large Meters

Group A (Meters)

No Bid

			(1) NEPTUNE TECH. GROUP	(2) T.I. SALES, INC.
Item No	Qty	Description		
31	2 EA	2" HPT Turbine PROCODERi Pit Set Meter	\$1,040.00	\$0.00
32	2 EA	3" HPT Turbine ECODERi Pit Set Meter	\$1,790.00	\$0.00
33	2 EA	3" HPT Turbine PROCODERi Pit Set Meter	\$1,790.00	\$0.00
34	2 EA	4" HPT Turbine ECODERi Pit Set Meter	\$2,160.00	\$0.00
35	2 EA	4" HPT Turbine PROCODERi Pit Set Meter	\$2,160.00	\$0.00
36	2 EA	6" HPT Turbine ECODERi Pit Set Meter	\$4,020.00	\$0.00
37	2 EA	6" HPT Turbine PROCODERi Pit Set Meter	\$4,020.00	\$0.00
38	2 EA	8" HPT Turbine ECODERi Pit Set Meter	\$5,780.00	\$0.00
39	2 EA	8" HPT Turbine PROCODERi Pit Set Meter	\$5,780.00	\$0.00
40	2 EA	10" HPT Turbine ECODERi Pit Set Meter	\$9,100.00	\$0.00
41	2 EA	10" HPT Turbine PROCODERi Pit Set Meter	\$9,100.00	\$0.00
42	2 EA	2" Tru Flo Compound ECODERi Pit Set Meter	\$2,620.00	\$0.00
43	2 EA	2" Tru Flo Compound PROCODERi Pit Set Meter	\$2,620.00	\$0.00
44	2 EA	3" Tru Flo Compound ECODERi Pit Set Meter	\$3,530.00	\$0.00
45	2 EA	3" Tru Flo Compound PROCODERi Pit Set Meter	\$3,530.00	\$0.00
46	2 EA	4" Tru Flo Compound ECODERi Pit Set Meter	\$4,610.00	\$0.00
47	2 EA	4" Tru Flo Compound PROCODERi Pit Set Meter	\$4,610.00	\$0.00
48	2 EA	6" Tru Flo Compound ECODERi Pit Set Meter	\$7,420.00	\$0.00
49	2 EA	6" Tru Flo Compound PROCODERi Pit Set Meter	\$7,420.00	\$0.00
50	2 EA	6" x 8" Tru Flo Compound ECODERi Pit Set Meter	\$13,000.00	\$0.00
51	2 EA	6" x 8" Tru Flo Compound PROCODERi Pit Set Meter	\$13,000.00	\$0.00
52	2 EA	4" P III S.S. F/S Compound ECODERi Pit Set Meter	\$11,450.00	\$0.00
53	2 EA	4" P III S.S. F/S Compound PROCODERi Pit Set Meter	\$11,450.00	\$0.00
54	2 EA	6" P III S.S. F/S Compound ECODERi Pit Set Meter	\$18,480.00	\$0.00
55	2 EA	6" P III S.S. F/S Compound PROCODERi Pit Set Meter	\$18,480.00	\$0.00
56	2 EA	8" P III S.S. F/S Compound ECODERi Pit Set Meter	\$23,980.00	\$0.00
57	2 EA	8" P III S.S. F/S Compound PROCODERi Pit Set Meter	\$23,980.00	\$0.00
58	2 EA	10" P III S.S. F/S Compound ECODERi Pit Set Meter	\$27,800.00	\$0.00
59	2 EA	10" P III S.S. F/S Compound PROCODERi Pit Set Meter	\$27,800.00	\$0.00
60	2 EA	3" HP F/S Turbine ECODERi Pit Set Meter	\$6,500.00	\$0.00

Monroe County Water Authority
MCWA 031809 – Neptune Cold Water Meters & Neptune Cold Water Large Meters

Group A (Meters)

No Bid

			(1) NEPTUNE TECH. GROUP	(2) T.I. SALES, INC.
Item No	Qty	Description		
61	2 EA	3" HP F/S Turbine PROCODERi Pit Set Meter	\$6,500.00	\$0.00
62	2 EA	4" HP F/S Turbine ECODERi Pit Set Meter	\$6,980.00	\$0.00
63	2 EA	4" HP F/S Turbine PROCODERi Pit Set Meter	\$6,980.00	\$0.00
64	2 EA	6" HP F/S Turbine ECODERi Pit Set Meter	\$10,700.00	\$0.00
65	2 EA	6" HP F/S Turbine PROCODERi Pit Set Meter	\$10,700.00	\$0.00
66	2 EA	8" HP F/S Turbine ECODERi Pit Set Meter	\$16,160.00	\$0.00
67	2 EA	8" HP F/S Turbine PROCODERi Pit Set Meter	\$16,160.00	\$0.00
68	2 EA	10" HP F/S Turbine ECODERi Pit Set Meter	\$21,580.00	\$0.00
69	2 EA	10" HP F/S Turbine PROCODERi Pit Set Meter	\$21,580.00	\$0.00
70	2 EA	3" Fire Hydrant Meter w/Coupling & Valve – Direct Read Set	\$1,980.00	\$0.00
71	2 EA	2" NL Bronze Strainer	\$700.00	\$0.00
72	2 EA	3" NL Bronze Strainer	\$1,220.00	\$0.00
73	2 EA	4" NL Bronze Strainer	\$1,750.00	\$0.00
74	2 EA	6" NL Bronze Strainer	\$2,900.00	\$0.00
75	2 EA	8" NL Bronze Strainer	\$4,780.00	\$0.00
76	2 EA	10" NL Bronze Strainer	\$7,700.00	\$0.00
77	20 EA	2" HPT UME ECODERi Pit Set	\$9,000.00	\$0.00
78	20 EA	3" HPT UME ECODERi Pit Set	\$13,000.00	\$0.00
79	20 EA	4" HPT UME ECODERi Pit Set	\$17,000.00	\$0.00
80	20 EA	6" HPT UME ECODERi Pit Set	\$25,000.00	\$0.00
81	20 EA	8" HPT UME ECODERi Pit Set	\$33,000.00	\$0.00
82	20 EA	10" HPT UME ECODERi Pit Set	\$41,000.00	\$0.00
83	20 EA	2" Tru Flo UME ECODERi Pit Set	\$13,800.00	\$0.00
84	20 EA	3" Tru Flo UME ECODERi Pit Set	\$19,800.00	\$0.00
85	20 EA	4" Tru Flo UME ECODERi Pit Set	\$25,800.00	\$0.00
86	20 EA	6" Tru Flo UME ECODERi Pit Set	\$37,800.00	\$0.00
87	20 EA	4" P III UME ECODERi Pit Set	\$25,800.00	\$0.00
88	2 EA	6" P III UME ECODERi Pit Set	\$3,780.00	\$0.00
89	2 EA	8" P III UME ECODERi Pit Set	\$4,980.00	\$0.00
90	2 EA	10" P III UME ECODERi Pit Set	\$6,180.00	\$0.00
TOTAL BID – Group A			\$2,743,547.00	\$0.00

Monroe County Water Authority
MCWA 031809 – Neptune Cold Water Meters & Neptune Cold Water Large Meters

Group B (Related Neptune Meter Parts & Accessories)**No Bid**

			(1) NEPTUNE TECH. GROUP	(2) T.I. SALES, INC.
Item No	Qty	Description		
1	20 EA	5/8" – 2" ECODERi Inside Set Register	\$2,560.00	\$0.00
2	20 EA	5/8" – 10" ECODERi Pit Set Register	\$2,760.00	\$0.00
3	20 EA	5/8" – 2" PROCODERi Inside Set Register	\$2,560.00	\$0.00
4	20 EA	5/8" – 10" PROCODERi Pit Set Register	\$2,760.00	\$0.00
5	20 EA	5/8" – 10" Direct Read Register	\$900.00	\$0.00
6	20 EA	6' Pit Antenna	\$300.00	\$0.00
7	20 EA	20' Pit Antenna	\$400.00	\$0.00
8	20 EA	R900 V4 Pit Set MIU	\$1,860.00	\$0.00
9	20 EA	R900 V4 Wall Set MIU	\$1,500.00	\$0.00
10	2 EA	CMIU Wall Set	\$600.00	\$0.00
11	2 EA	CMIU Pit Set	\$650.00	\$0.00
12	1 EA	Pocket Proreader Probe	\$800.00	\$0.00
13	1 EA	Pocket Proreader Batteries	\$45.00	\$0.00
14	1 EA	Trimble Nomad Handheld and Charging Cradle	\$2,050.00	\$0.00
15	1 EA	Trimble Ranger Handheld and Charging Cradle	\$5,975.00	\$0.00
16	1 EA	Trimble Nomad Handheld Battery	\$110.00	\$0.00
17	1 EA	Trimble Ranger Handheld Battery	\$230.00	\$0.00
18	1 EA	Belt Clip Receiver	\$1,850.00	\$0.00
19	1 EA	Belt Clip Receiver Batteries	\$80.00	\$0.00
20	1 EA	MRX Mobile Data Collector	\$6,500.00	\$0.00
21	500 EA	Register Tamper Seal Pins	\$75.00	\$0.00
22	1 EA	Annual Maintenance Fees for Meter Reading Software	\$2,850.00	\$0.00
23	1 EA	Annual Maintenance Fees for Mapping Module	\$450.00	\$0.00
24	1 EA	Annual Maintenance Fees for Pocket Proreaders	\$110.00	\$0.00
25	1 EA	Annual Maintenance Fees for Trimble Nomad Handheld	\$300.00	\$0.00
26	1 EA	Annual Maintenance Fees for Trimble Ranger Handheld	\$390.00	\$0.00
27	1 EA	Annual Maintenance Fees for Belt Clips	\$200.00	\$0.00
28	1 EA	Annual Maintenance Fees for MRX Mobile Unit	\$850.00	\$0.00
29	2 EA	5/8" Measuring Chamber Complete NT-10	\$43.80	\$0.00
30	2 EA	5/8" Measuring Chamber Complete NT-10 Mold to Size	\$43.80	\$0.00

Monroe County Water Authority
MCWA 031809 – Neptune Cold Water Meters & Neptune Cold Water Large Meters

Group B (Related Neptune Meter Parts & Accessories)

No Bid

			(1) NEPTUNE TECH. GROUP	(2) T.I. SALES, INC.
Item No	Qty	Description		
31	2 EA	3/4" Measuring Chamber Complete T-10 Mold to Size	\$58.60	\$0.00
32	2 EA	1" Measuring Chamber Complete T-10 Mold to Size	\$112.20	\$0.00
33	2 EA	1-1/2" Measuring Chamber Assembly T-10 Mold to Size	\$255.20	\$0.00
34	2 EA	2" Measuring Chamber Assembly T-10 Mold to Size	\$328.40	\$0.00
35	2 EA	2" Measuring Chamber Assembly HP Tru Flo	\$752.70	\$0.00
36	2 EA	3" Measuring Chamber Assembly HP Tru Flo	\$1,328.80	\$0.00
37	2 EA	4" Measuring Chamber Assembly HP Tru Flo	\$1,450.60	\$0.00
38	2 EA	6" Measuring Chamber Assembly HP Tru Flo	\$2,449.60	\$0.00
39	2 EA	1-1/2" Control Block Assembly T-10	\$20.50	\$0.00
40	2 EA	2" Control Block Assembly T-10	\$21.90	\$0.00
41	2 EA	2" Meter Gasket Kit Tru Flo	\$95.80	\$0.00
42	2 EA	3" Meter Gasket Kit Tru Flo	\$109.50	\$0.00
43	2 EA	4" Meter Gasket Kit Tru Flo	\$219.00	\$0.00
44	2 EA	6" Meter Gasket Kit Tru Flo	\$260.00	\$0.00
TOTAL BID – Group B			\$47,265.40	\$0.00
TOTAL BID – Groups A & B			\$2,790,812.40	\$0.00



Monroe County Water Authority

Memorandum

To: Nicholas Noce, Executive Director

Date: March 29, 2018

From: Gregory Jablonsky, ^{19.}Manager of Information Technology

File:

Subject: Recommendation for Network equipment.

Copies:

The IT Department is requesting authorization to purchase various network equipment that may be needed throughout the year. The potential IT equipment will be purchased under the NYS OGS Technology and Commodity contracts. The request for an estimated \$50,000 is being brought to the Board for approval to cover the equipment purchases for 2018.



Monroe County Water Authority

Memorandum

To: Nicholas Noce, Executive Director

Date: March 28, 2018

From: Gregory Jablonsky, Manager of I.T.

File:

Subject: Recommendation for Oracle technical support

Copies:

The IT department is requesting authorization to renew annual support contracts for Oracle WebLogic Suite, Oracle Database Standard Edition, Oracle Database Enterprise Edition, and Oracle Advance Security Option under NYS OGS Contract #PM20940, at an estimated cost of \$26,000.

These items are included in the 2018 Budget.

**MONROE COUNTY WATER AUTHORITY
DISPOSAL GUIDELINES
PROPOSED APRIL 2018**

The Monroe County Water Authority (the "Authority"), a New York public benefit corporation, in compliance with the New York State Public Authorities Law, has established these Guidelines for the Disposal of Property (the "Guidelines").

These Guidelines shall apply to the disposal of real property and personal property throughout the year following their adoption and until such time as the Authority adopts new or revised Guidelines. The Members of the Authority shall review and approve of these Guidelines, with any necessary modifications and revisions, on a no less than annual basis.

1. Designation of Contracting Officer

The Authority hereby designates Nicholas Noce as the Authority's Contracting Officer, in compliance with the provisions of New York State Public Authorities Law. The Contracting Officer shall hold this position until the Members of the Authority designate a new Contracting Officer or until such time as the Members adopt new Disposal Guidelines.

The Contracting Officer shall be responsible for the administration and implementation of these Guidelines. The Contracting Officer shall cause these Guidelines to be posted on the Authority's website so that they are available to the general public.

2. Application of Guidelines

The procedures outlined in these Guidelines shall apply to the Authority's disposal from time to time of all personal property having a fair market value at the time of disposal of more than five thousand dollars (\$5,000.00) and all interests in real property. In addition, these Guidelines contain procedures governing the disposal of property for less than fair market value. As used in these Guidelines, "property" shall include personal and real property. Personal and real property are distinguished from each other as appropriate in some Sections of these Guidelines.

The Authority shall dispose of personal property with a fair market value at the time of disposal of five thousand dollars (\$5,000.00) or less under the terms of the Authority's Policy for Tracking and Disposal of Fixed Assets.

3. Purpose

The Authority has adopted these Guidelines to comply with the provisions of NYS Public Authorities Law and to realize a favorable return on the disposal of Authority property.

4. Fair Market Value

Before disposing of property, the Contracting Officer shall take reasonable measures to determine the fair market value of the property to be disposed. The fair market value of property that (i) is unique in nature, or (ii) due to unique circumstances of the proposed transaction, is not readily valued by reference to an active market for similar property, shall be determined through an appraisal by a qualified professional. Prior to its disposal, the fair market value of all real property shall be established by an appraisal conducted by a qualified professional.

5. Advertised Bid

All disposals of Authority property shall be made after public advertisement for bids for the purchase of Authority property. The Contracting Officer shall order the advertising for bids in such a manner and in such publications as the Contracting Officer deems reasonably necessary to permit full and fair competition for the property consistent with the fair market value and nature of the property.

All advertisements for soliciting bids on Authority property shall state the method, place and deadline for the submission of bids, and request any other information the Contracting Officer deems necessary to evaluate bids being solicited.

All advertisements and announcements soliciting bids shall state the place and time at which the content of all bids received for the property advertised shall be publicly disclosed. The content of all bids received shall be publicly disclosed as announced in the solicitation for bids.

6. Award of Property Subject to Bid

Award of the property for which bids have been solicited shall be made within a timeframe reasonable for the evaluation of the bids received. The Contracting Officer shall evaluate the bids and select the bid most advantageous to the Authority based upon (a) conformance with the invitation for bids, (b) the terms, including but not limited to the price offered, and (c) any other factors that warrant consideration.

Notwithstanding the foregoing, the Authority may reject as inadequate all bids received in response to a particular solicitation for bids if the Contracting Officer deems that it is in the best interest of the Authority to reject all bids.

7. Notification of Successful Bid

The Authority shall notify the successful bidder in writing of the Authority's acceptance of the bid. This notice shall contain a description of the property, the amount of the successful bid and any other material terms of the bid. The bidder shall be required to make payment to the Authority Treasurer in a form and on terms acceptable to the Authority before taking possession of the property.

The Authority shall gather the following information regarding any successful bidder: name, address, phone number.

The Authority shall provide to the successful bidder a deed, bill of sale, lease or other appropriate instrument adequate to transfer to the successful bidder the interest in the property.

8. Contracts to Dispose of Property

The Authority may solicit bids for contracts to dispose of the Authority property covered by these Guidelines. In the event that the Authority determines that the services of a company are necessary to assist the Authority in disposing of certain of its property, the Authority shall follow the same procedures in selecting an organization to dispose of property as the Authority follows under these Guidelines for disposal of property through advertised bid.

9. Disposal of Property by Negotiation

The Authority may dispose of property through negotiation or by public auction without regard to the above described procedures if the Contracting Officer determines that any of the following conditions exist:

- (a) introduction into the market of the personal property to be disposed of would adversely affect the state or local market for that kind of property due to the property's artistic qualities, antiquity, historical significance, rarity, or other quality (separate from the property's utilitarian purpose), and a fair market price and other terms for the sale of the personal property can be obtained through negotiation;
- (b) the fair market value of the property does not exceed fifteen thousand dollars (\$15,000);
- (c) prices for the property that were obtained by advertised bid were not reasonable or the bid process did not generate open competition;
- (d) disposal of the property to the state or any political subdivision at fair market value can be arranged through negotiation;
- (e) the property is being disposed of for less than fair market value under the circumstances set forth in Section 11 of these Guidelines; or
- (f) such action is otherwise authorized by law.

10. Documentation of Disposal by Negotiation

The Contracting Officer shall cause to be prepared an explanation of the circumstances of the disposal when property is disposed of through the negotiation process described in Section 9, and any of the following are true:

- (a) personal property disposed of has an estimated fair market value in excess of fifteen thousand dollars (\$15,000);
- (b) real property sold has an appraised value in excess of one hundred thousand dollars (\$100,000.00);
- (c) real property leased has an estimated annual fair market rent over the term of the lease in excess of fifteen thousand dollars (\$15,000.00);
- (d) the personal or real property has been disposed of by exchange; or
- (e) any part of the consideration for the property disposed of consists of real property.

Not less than ninety (90) days prior to the scheduled date of any transaction under Section 9 and 10 of these Guidelines, the Contracting Officer shall provide the following information to the members of the Authority (the "Members"), the Office of the State Comptroller, the New York State Director of the Budget, the New York State Commissioner of General Services, the New York State Authorities Budget Office, and the New York State Legislature c/o the Speaker of the House and the Senate Majority Leader:

- (a) description of the parties involved in the property transaction;
- (b) justification for disposing of the property by negotiation;
- (c) identification of property, including its location;
- (d) estimated fair market value of the property;

- (e) proposed sale price of the property;
- (f) size of the property; and
- (g) expected date of sale of the property.

11. Disposal of Property for Less than Fair Market Value (Effective March 1, 2010)

The Authority may sell, lease or otherwise alienate an asset owned, leased or otherwise in the Authority's control for less than fair market value only if the Contracting Officer determines that any of the following conditions exist:

- (a) the transferee is a government or other public entity, and the terms and conditions of the transfer require that the ownership and use of the asset will remain with the government or any other public entity;
- (b) the purpose of the transfer is within the purpose, mission or governing statute of the Authority; or
- (c) the Authority seeks to transfer the asset to a non-governmental entity, the disposal is not consistent with the Authority's mission, purpose or governing statutes, and the Authority either:
 - i. provides written notification to the Governor, the Speaker of the Assembly, and the temporary President of the Senate, and all such recipients fail to deny the proposed transfer within the applicable time period as set forth in Section 2897 of the Public Authorities Law; or
 - ii. the transfer is of property obtained by the Authority from a political subdivision where the Authority resides and is approved in accordance with Section 2897(7)(iii) of the Public Authorities Law.

For each proposed transfer of an asset below fair market value, the Contracting Officer shall provide the following information to the Members and to the public:

- (a) a full description of the asset;
- (b) an appraisal of the fair market value of the asset and any other information establishing the fair market value requested by the Members;
- (c) a description of the purpose of the proposed transfer and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including, without limitation:
 - i. the kind, number, location, wages or salaries of jobs created or preserved that are required by the transfer; and
 - ii. the benefits, if any, to the communities in which the asset is situated that are required by the transfer;
- (d) a statement of the value to be received compared to the fair market value;
- (e) the names of any private parties participating in the transfer and a statement of the value to the private party; and
- (f) the names of other private parties who have made an offer for such asset, the value offered, and the purpose for which the asset was sought to be used.

The Members shall consider the foregoing information before approving the disposal of any property for less than fair market value. The Members shall also make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose. The reporting requirement of this Section 11 is in addition to the reporting requirements of Section 9 and 10 of these Guidelines, as applicable.

12. Yearly Property Report

Each year the Contracting Officer shall publish a report listing all of the real property of the Authority to the extent permitted under applicable laws and regulations governing homeland security. The report will list and fully describe all real and personal property disposed of by the Authority during the previous twelve-month period.

The report shall contain a full description of each item of property disposed of, the price received by the Authority and the name of the individual(s) or entity that purchased the property.

The Contracting Officer shall cause the report to be delivered to the Office of the State Comptroller, the New York State Director of the Budget, the New York State Commissioner of General Services, the New York State Authorities Budget Office and the New York State Legislature c/o the Speaker of the House and the Senate Majority Leader.

The Contracting Officer shall publish the report on the Authority's website.

13. Annual Report to the New York State Authorities Budget Office

The Authority will include in its Annual Report, in addition to providing the information contained in the Yearly Property Report described above, a listing and description of all real property disposed of by the Authority during such year having an estimated fair market value in excess of Fifteen Thousand and No/100 Dollars (\$15,000.00). The Annual Report must include, at a minimum, the price received by the Authority and the name of the purchaser for all property sold. The Annual Report shall also contain a description of all assets, services or both assets and services that are sold by the Authority without competitive bidding, which description shall include the following:

- (a) the nature of those assets and/or services;
- (b) the names of the counterparties; and
- (c) where the contract price for assets that are sold by the Authority is less than fair market value, then a detailed explanation of the justification for making such sale without competitive bidding will be provided along with a certification by the Executive Director and Director of Finance and Business Services stating that they have reviewed the terms of the sale and determined that it complies with the applicable law and the Authority's procurement guidelines.

The Authority shall cause its Annual Report to be delivered to the County Executive, the Chief Financial Officer, the President of the Monroe County Legislature and the Authorities Budget Office within ninety (90) days after the end of the Authority's fiscal year.

The Authority shall publish its Annual Report on the Authority's website.

**AMENDED AND RESTATED
BY-LAWS OF THE MONROE COUNTY WATER AUTHORITY**

PROPOSED APRIL 2018

(Section 1096, paragraph 10 of the Public Authorities Law provides that the Monroe County Water Authority shall have the power to make by-laws for the management and regulation of its affairs, and, subject to agreements with its bondholders, to make rules for the sale of water and the collection of rents and charges therefor. A copy of such By-Laws and rules, and all amendments thereto, duly certified by the Secretary of the Authority, shall be filed in the office of the Clerk of the County and thereafter published once in two newspapers having a general circulation in the County.)

**ARTICLE I
The Authority**

1. Name of Authority. The name of the Authority is the Monroe County Water Authority (the "Authority").
2. Purposes. The Authority is a public benefit corporation, created by and having the powers and functions set forth in the Monroe County Water Authority Act of the Public Authorities Law, as amended (the "Act").
3. Fiscal Year. The fiscal year of the Authority shall coincide with the calendar year. The Authority's fiscal year may be changed by resolution adopted at a regular or special meeting of the Authority.

**ARTICLE II
Meetings**

1. Annual Meeting. The annual meeting of the members of the Authority (the "Members") for the election of officers and the transaction of such other business as may properly come before it shall be held at the principal offices of the Authority, 475 Norris Drive, Rochester, New York, or at such other place, and at such time and on such date during the month of April in each year as directed by the Chairperson of the Authority.
2. Regular Meetings. Regular meetings of the Members shall be held at least once in each and every calendar month at a date, time and place directed by the Chairperson of the Authority.

3. Special Meetings. All special meetings may be held at any time or place within the County of Monroe on twenty-four (24) hours' notice to each Member, or upon shorter notice by written waiver of notice of such meeting signed by each Member. Such notice may be oral, by facsimile, electronically mailed, personally delivered or written.

Special meetings may be called by the Chairperson, or in his or her absence, by the Vice-Chairperson. Special meetings also may be called by any two Members.

4. Regular and Special Meetings. Any regular and special meetings shall be open for the consideration of any matter properly brought to the attention of the Authority.

5. Waiver. Notice of a meeting need not be given to any Member who submits a signed waiver whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him or her.

6. Quorum. Four Members shall constitute a quorum at any meeting duly called and held. No action shall be taken except pursuant to the favorable vote of at least four Members. A majority of the Members present, whether or not a quorum is present, may adjourn any meeting to another time and place.

ARTICLE III

Members of the Authority

1. Term of Office. The term of office for Members shall be as fixed by Section 1095 of the Public Authorities Law (enacted into law as Chapter 804 of the Laws of 1950 as amended by Chapter 116 of the Laws of 1951, and as further amended by Chapter 938 of the Laws of 1977, and as may be further amended from time to time), and they shall have the duties and powers as set forth therein.

2. Members of the Authority:

(i) Power and General Duties. The Members shall oversee the management of the affairs of the Authority by its Executive Director and other employed officers. The Members shall establish, monitor and update from time to time such policies as they deem necessary or desirable and appropriate to promote honest and ethical conduct by the Authority's officers, employees, and to maintain and enhance the public's confidence in the Authority. To that end, the Members shall periodically review and update the Authority's code of ethics and policies regarding conflicts of interest; policies regarding the procurement or disposition of real and personal property, or interest therein, by the Authority; and policies regarding the purchase of goods and services, including service contracts. All of such policies shall be consistent with the Act, other applicable law or these By-Laws.

(ii) Fiduciary Duty. The Members shall perform each of their duties in good faith and with that degree of diligence, care and skill that an ordinarily

prudent person in like position would use under similar circumstances, and apply independent judgment in the best interest of the Authority, its mission and the public.

- (iii) Acknowledgement. Each Member shall execute an acknowledgement, in the form prescribed by the New York State Authorities Budget Office.
- (iv) Oath of Office. Within thirty (30) days after beginning their appointments, each Member shall take an oath of office as required by Section 10 of the New York Public Officers Law.

3. Governance Committee. The Authority shall appoint and constitute a standing governance committee comprised of at least three (3) independent Members who possess the necessary skills to understand the duties and functions of the Governance Committee. At least annually, the Chairperson of the Authority shall appoint the members and select the chair of the Governance Committee. The Chairperson of the Authority shall be a member ex officio of the Governance Committee and shall have the right, but not the duty, to vote on all propositions before such committee. The responsibilities of the Governance Committee shall include:

- (i) developing and recommending to the Members a set of corporate governance principles applicable to the Authority, reviewing corporate governance trends and obligations, especially as they pertain to public authorities and reporting on same periodically, reviewing the Authority's corporate governance guidelines periodically, and recommending to the Members such changes to the Authority's corporate governance guidelines as the Governance Committee from time to time deems necessary or desirable and appropriate;
- (ii) reviewing annually with the Members the appropriate skills, characteristics and experiences required of Members in the context of the then current composition of the Authority and, as applicable, advising the County Legislature on the skills and experience required of potential Members; and
- (iii) examining ethical and conflict of interest issues, performing Member self-evaluations, and recommending to the Members, as necessary, revisions to these By-Laws.

4. Audit Committee. The Authority shall appoint and constitute a standing audit committee comprised of at least three (3) independent Members who possess the necessary skills to understand the duties and functions of the Audit Committee and shall be familiar with corporate financial and accounting practices. At least annually, the Chairperson of the Authority shall appoint the members and select the chair of the Audit Committee. The Chairperson of the Authority shall be a member ex officio of the Audit Committee and shall have the right, but not the duty, to vote on all propositions before such committee. The responsibilities of the Audit Committee shall include:

- (i) reviewing and approving the Authority's financial statements;
- (ii) overseeing the Authority's internal controls and compliance systems;
- (iii) appointing, compensating and overseeing outside auditors retained by the Authority. Unless otherwise approved by the Members, such outside auditors shall not provide non-audit services to the Authority;
- (iv) resolving disagreements with respect to, and overseeing compliance with, accounting policies and principles;
- (v) reviewing management reports on internal controls and attestation of such reports by the Authority's outside auditors; and
- (vi) investigating compliance with the Authority's policies and/or referring instances of non-compliance to the appropriate offices for investigation.

5. Finance Committee. The Authority shall appoint and constitute a standing finance committee comprised of at least three (3) independent Members who possess the necessary skills to understand the duties and functions of the Finance Committee. At least annually, the Chairperson of the Authority shall appoint the Members and select the chair of the Finance Committee. The Chairperson of the Authority shall be a member ex officio of the Finance Committee and shall have the right, but not the duty, to vote on all propositions before such committee. The responsibilities of the Finance Committee shall include, without limitation:

- (i) reviewing proposals for the issuance of debt by the Authority;
- (ii) preparing and submitting to the Authorities Budget Office ("ABO") a statement of intent to guide the Authority's issuance and overall amount of bonds, notes, or other debt obligations that the Authority may issue by a deadline fixed by the ABO; and
- (iii) issuing recommendations regarding the issuance of debt by the Authority.

6. Compensation Committee. The Authority shall appoint and constitute a standing compensation committee comprised of at least three (3) independent Members who possess the necessary skills to understand the duties and functions of the Compensation Committee. At least annually, the Chairperson of the Authority shall appoint the Members and select the chair of the Compensation Committee. The Chairperson shall be a member ex officio of the Compensation Committee and shall have the right, but not the duty, to vote on all propositions before such committee. The responsibilities of the Compensation Finance Committee shall include, without limitation:

- (i) appointing, compensating and overseeing an independent compensation consultant retained by the Authority;
- (ii) working with the independent compensation consultant to create,

implement, and regularly update a written compensation philosophy; and

- (iii) from time to time, reviewing and implementing procedures regarding the performance and compensation of Executive Staff of the Authority (as defined in Article IV, Section 6 of these By-Laws), including preparing a written annual performance review of the Executive Director, reviewing the annual performance reviews of other Executive Staff prepared by the Executive Director, and recommending annual salary increases based, in part, on the Authority's written compensation philosophy and the written annual performance reviews described in this item (iii).

7. Other Standing Committees. The Chairperson may, from time to time, appoint other standing committees for general or specific purposes, each consisting of at least two Members. The Chairperson shall be a member of each such committee by virtue of his office. Such standing committees will be charged with duties and responsibilities described by the Chairperson and shall report to the Authority at its regular meetings.

8. Members Compensation. Pursuant to Section 1095 of the New York Public Authorities Law, the Members shall receive such compensation as is fixed from time to time by the Monroe County legislature for the performance of their regular duties, as defined by resolution of the Members, which shall include the attendance of regular meetings of the Authority provided for in Article I of the By-Laws.

ARTICLE IV Officers of the Authority

1. The officers of the Authority shall be a Chairperson, Vice Chairperson and Treasurer, who shall be Members, and a Secretary who need not be a Member of the Authority. The Chairperson shall be elected annually by the Members at their annual meeting in accordance with Section 1095 of the Public Officers Law. The Vice Chairperson and Treasurer of the Authority shall be elected annually by the Members at their annual meeting or, in the case of a vacancy, at any regular meeting of the Members. The Secretary and any other officer shall be appointed by, and shall serve at the pleasure of, the Authority, subject to the rights of such persons under the Civil Service Law.

2. Chairperson. The Chairperson shall preside at all meetings of the Members. He or she shall sign in the name of the Authority all notes, bonds or other evidences of indebtedness when so authorized by resolution of the Authority, and shall perform such other duties as may be assigned to him or her from time to time by the Authority.

3. Vice Chairperson. The Vice-Chairperson shall, in the absence or incapacity of the Chairperson, perform the duties of that officer.

4. Treasurer. The Treasurer shall have the care and custody of all funds and securities of the Authority from whatever source derived and shall deposit the same forthwith in the name of the Authority in such bank or banks in the State of New York as the Authority shall designate. The moneys in such accounts shall be paid out on check of the Treasurer, the

Executive Director or the Director of Finance and Business Services, on requisition by the Authority, or on requisition of such other person or persons as the Authority may authorize to make such requisitions. Funds not immediately required by the Authority shall be invested in accordance with the Authority's investment policy and applicable law.

5. Secretary. The Secretary shall keep the minutes of the meetings of the Authority; shall attend to the serving of notices of all meetings, regular or special; shall affix the seal to all papers or documents as may require it; shall attend to such correspondence as may be assigned to him or her; and shall perform all the duties as the Authority may designate. The Authority may designate an Acting Secretary who, in the absence or incapacity of the Secretary, shall perform the duties of that officer.

6. Other Officers and Employees. From time to time, the Authority shall appoint and assign the duties and qualifications of one or more of an Executive Director, a Director of Finance and Business Services, an Executive Engineer, a Personnel Manager, a Director of Production/Water Supply, a Director of Operations, a Director of Facilities and Fleet Maintenance, a Civil Engineer - Water Distribution, a Director of Information Technology, and an Assistant to the Executive Director (collectively, and together with the Secretary, the "Executive Staff"), subject to the applicable terms of the Civil Service Law of the State of New York. The Authority may appoint, and at its pleasure remove, such other officers and employees as it may require for the performance of its duties, fix and determine their qualification, duties and compensation, subject to the provisions of the Civil Service Law of the State of New York.

7. Contracts; Authority to Execute. The Members may, by resolution, authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such authority may be general or confined to specific instances; but, unless so authorized by the Members by resolution, or expressly authorized by these By-Laws, no officer, agent or employee shall have any power or authority to (i) bind the Authority by any contract or engagement other than in the ordinary course of the Authority's business or (ii) pledge the Authority's credit or to render it liable financially in any amount for any purpose, except for the payment of a debt or obligation not in excess of:

- (i) for all contracts, or orders, for work, materials or supplies performed or furnished in connection with construction, the sum of \$5,000.00; and
- (ii) for all other purposes, the sum of \$15,000.00.

The foregoing limitations shall not apply to the payment of the Authority's obligations under, in connection with or pursuant to any contract or engagement that has been properly authorized in accordance with these By-Laws.

8. Defense and Indemnification of Members, Officers and Employees. The Authority shall defend, indemnify and save harmless its employees (as "employee" is defined in Section 18 (1)(b) of the Public Officers Law of the State of New York) to the full extent authorized or permitted by Section 18 of the Public Officers Law (being Chapter 277 of the Laws of 1981) or by any other applicable law. Said Section 18 of the Public Officers law is incorporated by reference herein as if fully set forth in this Section 8. The Authority makes the

agreements required by Section 2(b) of said Section 18 of the Public Officers Law and is authorized to provide insurance as permitted by Section 8 of said Section 18 of the Public Officers Law.

ARTICLE V

Amendments

1. These By-Laws may be repealed or amended by the Monroe County Water Authority at any duly called regular or special meeting of the Authority, provided, however, that any motion to repeal or amend these By-Laws shall not be adopted until the same has laid on the table until the next succeeding regular meeting.

ARTICLE VI
Seal

1. The seal of the Water Authority shall be circular in form and shall bear the name of the Monroe County Water Authority, State of New York and 1951. Thus:

I, KATHLEEN EISENMANN, duly appointed and qualified Secretary of the Monroe County Water Authority do hereby CERTIFY that the foregoing is a true, correct and complete copy of the By-Laws of said Monroe County Water Authority, as amended ~~December 13, 2012~~ April 12, 2018.

WITNESSETH, my hand and seal this ____th day of ~~March~~ April, 2018.

Kathleen A. Eisenmann,
Secretary to the Authority

MONROE COUNTY WATER AUTHORITY
ANNUAL STATEMENT OF INVESTMENT POLICY
(REVISED APRIL 2017) (READOPT APRIL 2018)

ARTICLE 1
INTRODUCTION

Section 2925 of the New York Public Authorities Law requires the Authority to adopt investment guidelines on an annual basis. The purpose of these guidelines is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment related activities. The ultimate goal is to enhance the economic status of the Authority while protecting its funds.

Certain of the Members of and the Director of Finance for the Authority are duly authorized to invest Authority monies pursuant to the New York Public Authorities Law and are trustees of Authority funds. Accordingly, such persons are acting as fiduciaries and will be subject to a prudent investor standard.

ARTICLE 2
SCOPE

This policy covers all moneys and other financial resources available for investment by the Authority on its own behalf or on behalf of any other entity or individual. It is intended that this policy cover all funds and investment activities under the direct control of the Authority, except for retirement or other employee benefit plans and deferred compensation funds.

ARTICLE 3
OBJECTIVES

1. The investment policies and practices of the Authority are based upon limitations set forth in the New York Public Authorities Law. These limitations seek to assure compliance with all laws governing the investment of monies under the control of the Authority. They also seek to protect the principal of funds entrusted to the Authority through the following objectives in order of importance.

- A. Safety: It is the primary duty and responsibility of the Director of Finance to protect, preserve and maintain cash and investments placed in his/her trust. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institution default, broker-dealer default, or erosion of market value of securities. The Director of Finance shall evaluate or cause to have evaluated each potential investment, seeking both quality in issuer and in underlying security or collateral. Diversification of the portfolio will be used as much as practicable given the range of permitted investments in order to reduce exposure to principal loss.
- B. Liquidity: An adequate percentage of the portfolio will be maintained in liquid short-term securities that can be converted to cash if necessary to meet disbursement requirements. Since all cash requirements cannot be anticipated, investment in securities with active secondary markets will be utilized. These securities will have a low sensitivity to market risk.

- C. Yield: Yield should become a consideration only after the basic requirements of safety and liquidity have been met.
- D. Public Trust: All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

ARTICLE 4

PERMITTED INVESTMENTS

Section 1097 of the New York Public Authorities Law permits the Authority to invest solely in bank account deposits, which can be secured by government obligations. Notwithstanding the foregoing, this Section permits the Authority to contract with the holders of any of its bonds as to the investment of available funds. The Authority has issued various bonds pursuant to that certain Trust Indenture, dated as of October 1, 1991 (the "Indenture"), by and between the Authority and Bank of New York Mellon, as successor to Chase Lincoln First Bank, N.A., as trustee (the "Trustee"), including all amendments and supplements thereto. Section 511 of the Indenture permits the Authority (or the Trustee on its behalf) to invest funds not required for immediate disbursement solely in Authorized Investments. Section 101 of the Indenture defines the term "Authorized Investments;" attached hereto as Exhibit A is a copy of such definition, with a summary of permitted investments for funds other than those deposited in the Bond Fund.

ARTICLE 5

SECURED INVESTMENTS

The following describes the Authority's procedures regarding securing certificated and uncertificated securities.

1. The Authority's security interest in certificated securities purchased outright or acquired by repurchase agreement or held as collateral shall be perfected by:
 - A. Certificated Securities securing or transferred by a repurchase agreement or used as collateral to secure any other investment or cash balance shall be physically delivered, as far as practicable, to the Authority or its custodian for safekeeping throughout the term of the investment agreement.
 - B. Payment of funds shall only be made against the delivery of physical securities when securities are purchased outright, or the delivery of collateral when a repurchase agreement or certificate of deposit is involved.
 - C. These securities and collateral shall be physically segregated by the custodian or the financial institution (in the event delivery of the collateral to the custodian or the Authority is not practical) into an account held on behalf of the Authority.

- D. The custodian shall release such securities or collateral upon the termination of the investment agreement as directed by the Custodial Agreement.

2. The Authority's security interest in uncertificated Treasury Securities (issued in book entry form) purchased outright shall be perfected by:

- A. A Reserve Bank making an appropriate entry in its records of the securities purchased.
- B. Transfer of such securities to the Reserve Bank account of the Authority's custodian or financial institution and held in the name of the Authority.
- C. Notification to the Authority, and the custodian when applicable, by the financial institution of the purchase of subject securities with specific identification of such securities, the Reserve Bank account numbers transferred from and to, and the terms of the agreement.
- D. As provided by Parts 306 and 350 of Title 31 of the Code of Federal Regulations, as amended from time to time, and/or by any method prescribed by Sections 8-313, 8-320 or 8-321 or other Sections of Article 8 of the Uniform Commercial Code of the State of New York, as amended from time to time.

3. The Authority's security interest in uncertificated Treasury Securities (issued in book entry form) held as collateral for repurchase agreements or other deposits shall be perfected by:

- A. A Reserve Bank making an appropriate entry in its records of the securities transferred or pledged.
- B. Transfer of such securities to the Reserve Bank account of the custodian and pledged to the Authority (or to the custodian acting for the Authority).
- C. Notification to the Authority and the custodian by the financial institution of the transfer and pledge of subject securities with specific identification of such securities, the Reserve Bank account numbers transferred from and to, and the terms of the agreement.
- D. As provided by Parts 306 and 350 of Title 31 of the Code of Federal Regulations, as amended from time to time, and/or by any method prescribed by Sections 8-313, 8-320 or 8-321 or other Sections of Article 8 of the Uniform Commercial Code of the State of New York, as amended from time to time.

ARTICLE 6 MONITORING

The following describes the Authority's procedures regarding monitoring of certain types of investments.

- 1. The Authority shall apply the following procedures for safekeeping:
 - A. Certificated securities and other collateral held by the Authority's Custodian or other financial intermediary for safekeeping shall be segregated or otherwise identified as pledged to the Authority.

- B. Book entry securities shall be secured as provided in Article 5, Sections 2 and 3 above.
- 2. The Authority shall apply the following procedures regarding audits:
 - A. An independent audit of the Authority's investments shall be conducted annually at the direction of the Director of Finance.
 - B. The audit report shall be incorporated into the annual investment report described in Article 14 hereof.
- 3. The Authority shall comply with the following collateral requirements:
 - A. Investments and cash balances shall be fully (100%) secured by collateral, except as provided in subsection C below.
 - B. Collateral may consist of obligations described in items (i), (ii) and (iii) of the definition of Authorized Investments in Section 101 of the Indenture.
 - C. FDIC, FSLIC, and SIPC insurance may be substituted for collateral as available and up to its limit.
- 4. The Authority shall monitor the foregoing through the following procedures:
 - A. The Authority shall monitor the recorded value of the collateral to make certain it is equal to the current market value, including accrued interest, of the collateral at the time of the initial investment, and thereafter monthly. For certain short-term investments the market value shall be monitored on a daily basis.
 - B. Substitutions of collateral shall be permitted in like-kind or upon written agreement subject to the approval of the Treasurer, the Executive Director, the Director of Finance or the lawful delegate of any of them.

ARTICLE 7

WRITTEN CONTRACTS

Pursuant to Section 2925 of the New York Public Authorities Law, any investments made by the Authority shall be evidenced by written contracts. All such contracts shall contain the provisions of the type described in Section 2925(3)(c) (i) – (iv). Notwithstanding the foregoing, the Authority may by resolution authorize certain investment transactions to be made by oral agreement where a written contract is not practical or there is not a regular business practice of written contracts; in such case, the Authority shall adopt procedures to govern such investment or transaction. In connection with any written contract, the Authority shall furnish a copy of these investment guidelines to each financial institution and obtain a written confirmation from such financial institution that it has reviewed and understands such guidelines.

ARTICLE 8

DELEGATION OF AUTHORITY

The investment, per this policy, of Authority idle monies is annually delegated to the Director of Finance by the Members who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. The Director of Finance may delegate the day-to-day operations of investing to his/her designee(s), but not the responsibility

for the overall investment program. The Director of Finance will review all investment transactions on a regular basis to assure compliance with this Statement of Investment Policy.

ARTICLE 9

ETHICS AND CONFLICT OF INTEREST

Officers and employees 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. Such persons shall disclose any material financial interest in financial institutions that conduct business with this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Authority's portfolio. All officers and employees involved in the investment of public funds are required to comply with the Authority's Conflict of Interest Policy.

ARTICLE 10

INELIGIBLE INVESTMENTS

The Authority shall invest only in the types of investments specifically described herein. All other investments are prohibited from use in this portfolio, including but not limited to common stocks, futures and the writing of options. The use of short positions is also prohibited.

ARTICLE 11

DERIVATIVES

A derivative is defined as a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index or reference rate. The purchase of yield curve notes, interest only, principal only, range notes, and inverse floaters are prohibited (this list is not intended to cover all types of securities and is presented as an example of the types of securities that should be avoided). Callable bonds, step-up bonds, and floating rate securities (with a positive spread) are permitted investments. No security will be purchased that could result in a zero interest accrual if held to maturity.

ARTICLE 12

SWAPS

A swap is a shift of assets from one instrument to another and may be done for a variety of reasons, such as to increase yield, lengthen or shorten maturities, or to increase investment quality. In no instance shall a swap be used for speculative purposes. Any such swap shall be simultaneous (same day execution of sale and purchase), and requires the written approval of the Director of Finance.

ARTICLE 13

INTERNAL CONTROLS

Pursuant to other provisions of the New York Public Authorities Law, a system of internal controls shall be established and documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation of third parties, unanticipated changes in financial markets or imprudent action by employees and officers of the Authority. Controls deemed most important include: control of collusion, separation of duties and administrative controls, separation of transaction authority from

accounting and recordkeeping, separation of custodial safekeeping from transaction authority, accounting, and recordkeeping, clear delegation of authority, management review and approval of investment transactions, specific limitations regarding securities losses and remedial action, written confirmation of telephone transactions, minimizing the number of authorized investment officials, documentation of transactions and strategies, and code of ethics standards. The Director of Finance will establish an annual process of independent review by an external audit firm. This review will provide assurances of strong internal controls by reviewing compliance with previously established policies and procedures.

ARTICLE 14

REPORTING

The Director of Finance will submit a quarterly investment report to the Members and the Executive Director. This report will include: a list of portfolio transactions, type of investment, issuer, date of maturity, amount of deposit/par amount, current market value of all securities (with the source of the market valuation), rate of interest, and a statement indicating compliance or noncompliance with this Statement of Investment Policy. As applicable and appropriate based on the type of investment, additional items listed will also include average weighted yield, average days to maturity, accrued interest earned during the period and fiscal year to date, percent distribution to each type of investment and any funds under management by contracted parties, including lending programs. The report will include a list of auditors, investment bankers, brokers, agents, dealers and advisers, as applicable.

The Director of Finance will submit an annual investment report to the Members and the Executive Director. In addition to the information set forth in the preceding paragraph, the annual report will contain a yearly update regarding the Authority's investment guidelines, amendments to such guidelines, if any, the results of the annual independent investment audit, the investment performance record of the Authority, and a list of the total fees, commissions and other charges paid to each investment banker, broker, agent, dealer and adviser rendering investment-related services to the Authority. The annual investment report shall be prepared in conformity with generally accepted accounting principles for governments (GAAP) and shall comply with Governmental Accounting Standards Board (GASB) Statement No. 3. In addition, GASB Statement No. 28 and GASB Statement No.31 shall be applied as appropriate.

The Authority shall submit its annual investment report to the Division of the Budget with copies to the chief executive officer and chief financial officer of the County of Monroe, the Department of Audit and Control of the State of New York, the Senate Finance Committee, and the Assembly Ways and Means Committee.

Copies of the Authority's annual investment report shall be made available to the public upon reasonable request therefor.

ARTICLE 15

QUALIFIED BANKS AND SECURITIES DEALERS

The Authority shall conduct business only with banks, agents and registered investment securities brokers and dealers. The Authority's staff will investigate all institutions that wish to conduct business with the Authority and evaluate their quality, reliability, experience, capitalization, size and any other relevant information. All institutions must sign an information request form, and agree to abide by the conditions set forth in this Investment Policy. The Director of Finance shall maintain a list of approved institutions and security broker/dealers.

This will be done annually by having the financial institutions complete and return an information request form, and an audited financial statement within 90 days of the institution's fiscal year-end. In the event the primary dealer rejects the language in the dealer information request form, the Director of Finance may return to the Authority's Board for approval of alternative language proposed by the primary dealer.

ARTICLE 16

RISK TOLERANCE

The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Director of Finance is expected to display prudence in the selection of securities, as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. The Director of Finance shall periodically establish guidelines and strategies to control risks of default, market price changes and illiquidity.

As described herein, the Indenture permits the use of various types of investments. Funds invested pursuant to the Indenture include short-term funds for operating needs as well as longer-term funds for capital needs. The Authority shall manage market and interest rate risk within each category of investments by investing to a shorter term. The Authority shall also seek to avoid trading losses (for speculative purposes) unless there is a sudden need for liquidity and the need cannot be satisfied on a more cost effective basis.

Controlling and managing risk is the foremost portfolio management objective. The Authority strives to maintain an efficient portfolio by providing for the lowest level of risk for a given level of return.

In addition to these general policy considerations, the following specific policies will be strictly observed:

- A. All transactions will be executed on a delivery-versus-payment basis.
- B. A competitive bid process, when practical, will be used to place all investment purchases and sell transactions.

ARTICLE 17

DIVERSIFICATION

In order to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions, the Director of Finance shall diversify the investment portfolio by security type, institution and maturity. In particular, the Authority shall limit its investments at any financial institution to 1% of such institution's assets.

ARTICLE 18

STATEMENT OF INVESTMENT POLICY

This Statement of Investment Policy shall be reviewed and submitted annually to the Members in order to incorporate any changes necessary to ensure consistency and its relevance to current law, and financial and economic trends. Such review and approval shall occur each year at the Authority's Annual Meeting.

Exhibit A

Included below is the definition of "Authorized Investments" and the list of permitted investments per section 101 of the Trust Indenture dated as of October 1, 1991.

Items (i)-(iii) below apply to the investment of funds held in the Bond Fund.

All other funds held under the Trust Indenture may be invested in any of the categories of authorized investments.

"Authorized Investments" means any of the following, if and to the extent that the same are legal for the investment of funds of the Authority or the Trustee, as applicable:

- (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America;
- (ii) bonds, debentures, notes, participation certificates or other evidences of indebtedness issued or guaranteed by Bank for Cooperatives; Federal Intermediate Credit Bank; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Federal National Mortgage Association; United States Postal Service; Government National Mortgage Association, Federal Financing Bank, Farmers Home Administration, Federal Home Loan Mortgage Association or any agency or instrumentality of the United States of America or any other corporation wholly-owned by the United States of America;
- (iii) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America or any agency thereof; or notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition, guarantee or payment agreement with the United States of America or any agency thereof;
- (iv) direct and general obligations, to the payment of the principal of and interest on which the full faith and credit of the issuer is pledged, of any of the following: any state of the United States, or any political subdivision of any such state; provided that (a) as to such obligations of a political subdivision, all the taxable real property within such political subdivision shall be subject to taxation thereby to pay such obligations and the interest thereon, without limitation as to rate or amount, or the revenues of such political subdivision shall be pledged to pay such obligations and the interest thereon and (b) at the time of their purchase under this Indenture, such obligations of any such state or political subdivision are rated in either of the two highest rating categories by two nationally recognized bond rating agencies;
- (v) bank time deposits evidenced by certificates of deposit and bankers acceptances issued by any bank or trust company (which may include the Trustee or any Construction Fund Custodian) which is a member of the Federal Deposit Insurance Corporation and which has capital stock, surplus and undivided profits aggregating in excess of fifty million dollars (\$50,000,000), provided that such time deposits and bankers' acceptances (a) do not exceed at any one time in the aggregate five percent (5%) of the

total of the capital and surplus of such bank or trust company, or (b) are secured by obligations described in items (i), (ii), or (iii) of this definition or are insured by a nationally recognized insurance company which has issued municipal bond insurance policies insuring the payment or which are rated, because of such insurance, in either of the two highest rating categories by two nationally recognized bond rating agencies, which such obligations at all time have a market value (exclusive of accrued interest) at least equal to such time deposits so secured;

- (vi) repurchase agreements collateralized by obligation described in items (i), (ii) or (iii) of this definition with any registered broker/dealer subject to Securities Investors' Protection Corporation jurisdiction, which has an uninsured, unsecured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's Investors Services, Inc. and "A-1" or "A" or better by Standard & Poor's Corporation, or any commercial bank with the above ratings, provided
 - (a) a master repurchase agreement or specific written repurchase agreement governs the transaction,
 - (b) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25,000,000 and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee,
 - (c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed as 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq. (or similar successor provision of law) in such securities is created for the benefit of the Trustee,
 - (d) the repurchase agreement has a term of 30 days or less, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within the two business days of such valuation,
 - (e) the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to the date when liquidation is required, and
 - (f) the fair market value of the securities in relation to the amount of the repurchase obligation is equal to at least 100%.
- (vii) obligations consisting of notes, bonds and debentures which are direct obligations of a solvent corporation existing under the laws of the United States or any state thereof, provided that such investments shall be rated in one of the two highest long-term rating categories established by at least two nationally recognized bond rating agencies;
- (viii) certificates or other obligations that evidence ownership of the right of payments of principal of or interest on obligations of the United States of America or any state of the United States of America or any political subdivision thereof or any agency or instrumentality of the United States of America or any state or political subdivision

provided that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a Trustee under Section 801 hereof, and provided further that, in the case of certificates or other obligations of a state or political subdivision, the payments of all principal of and interest on such certificates or such obligations shall be fully insured or unconditionally guaranteed by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations which shall be rated in the highest rating category by Moody's Investors Service, Inc. and Standard & Poor's Corporation, or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of an interest on municipal bonds, such insurance policy shall result in such municipal bonds being rated in the highest rating category by Moody's Investors Service, Inc. and Standard & Poor's Corporation;

- (ix) investment agreements rated or the issuer of which is rated, in the highest short-term or one of the two highest long term rating categories by at least two nationally recognized rating agencies;
- (x) money market funds rated in the highest short term or long term rating category by at least one nationally recognized rating agency; and
- (xi) with respect to investments made by the Authority, and other investments which are permitted under the laws of the State of New York.