



**Client Resolution (Certificate of Treasury Management and Other Resolution)**

Name of Client: Monroe County Water Authority ("Client")

I, \_\_\_\_\_ [specify name of person signing this Client Resolution], the duly appointed Secretary or other officer, partner, member, proprietor or representative of Client being duly authorized to certify the approved actions of the above-named Client, a ☐ corporation, ☐ limited liability company (LLC), ☐ general partnership, ☐ limited partnership, ☐ governmental entity or agency, ☐ sole proprietorship, ☐ other: \_\_\_\_\_ [if other, specify type of entity] organized or operating under the

laws of the State or Commonwealth of NY [specify State or jurisdiction], hereby certify that at a meeting of the Client's board of directors or other governing body (the "Board") duly called and held, or by unanimous written consent or by other method provided by applicable law or governing document, the following resolutions were duly adopted; are in full force and effect and have not been rescinded, revoked or modified in any way; and that none of the resolutions nor any action taken or to be taken pursuant to any of the resolutions violates, or will result in any violation of, any statute, regulation or other law applicable to Client or the governing documents applicable to Client, or any instrument, agreement or document to which Client is a party, or by which Client or any of its assets is bound.

- 1) RESOLVED: That each person designated below ("Client's TM Signer(s)") (i) has been duly elected or appointed to and qualified for any title/position noted below and that, on the date of this Client Resolution, such person holds such title/position, (ii) each signature appearing below is a true and correct specimen of the signature of the person whose signature it purports to be and (iii) the contact information appearing below is true and correct for such person.

Name of TM Signers	Title or Position of TM Signers	Contact Information <i>Please provide at minimum: one phone number and one email, for each TM Signer.</i>  *- E-signature requires TM Signer to receive authentication passcode via phone call or text message. Your mobile carrier's text messaging and data charges may apply. If both cell and office # are indicated to receive the passcode, cell # will be utilized by default.	Specimen Signature <u>Mandatory if TM Signers will wet sign TM agreements at any point.</u>
Amy A Molinari	Director of Finance & Business Services	Cell No.: Home No.: Office No.: 585 442 2001 Facsimile No.: Email (1): Amy.Molinari@mcwa.com Email (2): Nicholas.Noce@mcwa.com Larry. Magguilli@mcwa.com	<input type="checkbox"/> 100% e-signature will be used  <input type="checkbox"/> Ink sign Client Resolution with flexibility to also use e-signature. Please include specimen signature in space below.
Nicholas Noce	Executive Director		
Larry M. Magguilli	Deputy Executive Director		

M&T Bank Internal Use

Alt/Neg ☐

- 2) RESOLVED: That, from time to time, Client may obtain any Treasury Management services ("Services") from M&T Bank with respect to any of Client's deposit accounts at M&T Bank or other accounts at M&T Bank (including, without limitation, loan and line of credit accounts) over which Client has authority (together, the "Accounts");
- 3) RESOLVED: That, except as may be elected by Client in Section 5 below, any one of Client's TM Signers may enter into and deliver to M&T Bank, on behalf of Client for its own affairs or with respect to the affairs of any entity on behalf of which Client is authorized to act, any agreements (including, but not limited to, the M&T Master Treasury Management Services Agreement), instruments, and other documents which relate to the Services provided or to be provided by M&T Bank with respect to any Accounts;
- 4) RESOLVED: That, except as may be elected by Client in Section 5 below, any one of Client's TM Signers is authorized to: (a) give notices, certifications, directions, and instructions under any such agreement, instrument, or document, (b) execute or otherwise approve any related documents, and (c) delegate authority to any other person or entity to act on Client's behalf in any way with respect to any Services or Accounts, which persons and entities may or may not be signatories on one or more of the Accounts and may or may not have the ability to delegate authority to others. M&T Bank is not obligated to inquire into the circumstances or propriety of any such, notice, certification, direction, instruction or delegation;
- 5) RESOLVED: That, if elected by Client below:

**OPTIONAL ELECTION FOR MULTIPLE TM SIGNERS.** (This option is only for Clients who require two or more signers on each legal agreement and Client Election Form.)

PLEASE CHECK THE BOX BELOW AND INDICATE THE APPROPRIATE NUMBER IF CLIENT WISHES TO REQUIRE MULTIPLE TM SIGNERS TO (1) EXECUTE LEGAL AGREEMENTS AND (2) SIGN CLIENT ELECTION FORMS:

☐ Notwithstanding the above, at least \_\_\_\_\_ of Client's TM Signers listed above, must execute or acknowledge (as applicable and as agreed between M&T and Client) each legal agreement and Client Election Form governing the Services and Accounts. Notwithstanding that this Section 5 is checked, any one of Client's FX Signers (as defined below) is authorized as provided in Exhibit A hereto.

- 6) RESOLVED: That, if elected by Client below, the resolutions attached as Exhibit A hereto (the "FX Resolutions") apply as if written out in full here;

☐ The FX Resolutions attached as Exhibit A apply (and Client hereby acknowledges receipt thereof). Each person designated in Section 1 above as a TM Signer also shall be a FX Signer ("FX Signer") for purposes of the FX Resolutions.

- 7) RESOLVED: That, notwithstanding the terms of any prior resolutions adopted by Client, M&T Bank be and hereby is authorized to rely on this Client Resolution and the resolutions herein and the actual or purported signatures of any of Client's TM Signers until M&T Bank's relationship manager for the Accounts (and, if Section 7 above is checked, M&T's FX Group) has actually received and had a reasonable time to act on written notice from Client revoking these Client Resolutions or such authority;
- 8) RESOLVED: That Client hereby ratifies and confirms all: (a) actions taken, (b) notices, certifications, directions and instructions given, and (c) all agreements, instruments, and other documents entered into, which relate to the Services provided or to be provided by M&T Bank with respect to any Accounts, prior to the date hereof.
- 9) RESOLVED: That Client is duly organized, validly existing and in good standing under the laws of the State, Commonwealth or other jurisdiction as set forth above. No petition for dissolution has been filed or is pending. Client has, and at the time of adoption of the resolutions in this Client Resolution had, full power and lawful authority to adopt the resolutions herein and to confer the powers granted in them to the persons named above, including any delegation of powers, and any person named above shall have full power and lawful authority to exercise those powers. No other action or consent of any other person or entity is necessary in order for this Client Resolution and the resolutions herein to be effective.

IN WITNESS WHEREOF, I have executed this Client Resolution on behalf of the Client on the date set forth above, and hereby certify that I have the power and authority to execute and deliver this Client Resolution to M&T Bank.

**CLIENT:**

\_\_\_\_\_

Signature of Secretary (or other authorized officer) of Client

\_\_\_\_\_

Name

\_\_\_\_\_

Title

Date :

\_\_\_\_\_

Optional Additional Signer (if required by Client Resolution):

<b>CLIENT:</b>		
<div></div> <div>Signature of Second authorized officer) of Client (if applicable)</div>	<div></div> <div>Name</div>	<div></div> <div>Title</div>
<div>Date :</div> <div></div>		

Company Name: Monroe County Water Authority

State of Organization: New York

Principal Address of Business: 475 Norris Drive  
Rochester, NY 14610

For purposes of this Certificate, "Company" shall refer to any of the entities or organizations listed below. "Officer" shall mean any officer or other duly-authorized representative.

☐ **SOLE PROPRIETORSHIP:** The undersigned hereby certifies that he/she is the sole owner of the above-named business with its principal place of business at the above address, which is a trade name used by the Company for the conduct of this business, and further certifies that the Company is an unincorporated form of business, and in consideration of the acceptance of the Company's depository accounts by the Bank, the undersigned hereby agrees to and adopts the resolutions below.

☐ **PARTNERSHIP:** The undersigned hereby certifies that each of them is a duly authorized general partner of the above-referenced partnership, whether general or limited with its principal place of business at the above address; and in consideration of the acceptance of the Company's depository accounts by Bank, the Company hereby agrees to and adopts the resolutions below.

☐ **LIMITED LIABILITY COMPANY:** The undersigned hereby certifies to that each is a member / manager of the above-named limited liability company, which is duly organized, validly existing and in good standing under the laws of the state of its organization, with its principal place of business at the above address, and further certifies that each of them is either (a) a member and the management of the Company is reserved to its members, or (b) a manager and the management of the Company is reserved to its managers, and in consideration of the acceptance of the Company's depository accounts by Bank, the Company hereby agrees to and adopts the resolutions below.

☐ **CORPORATION:** The undersigned hereby certifies to Bank that she/he is the secretary or other authorized officer of the above named corporation, including nonprofit corporations, which is duly organized, validly existing and in good standing under the laws of the state of its incorporation, with its principal place of business at the above address, and further certifies that the following is a true copy of the resolutions in full force and effect which were duly adopted at a meeting of the Board of Directors/Trustees of the Company, duly held pursuant to notice and at which a quorum was present and acting throughout, or by unanimous written action/consent of all members of the Board of Directors/Trustees, in accordance with applicable state laws; and said proceedings and the Resolution adopted thereby are in conformity with and do not in any respect contravene the provisions of applicable statutes, the Articles of Incorporation, Corporate Charter, Code of Regulations, or Bylaws of the Company.

☒ **PUBLIC ENTITY:** The undersigned hereby certifies that he/she is the secretary or other authorized officer of the board of trustees (or such other governing body as is authorized to designate depositories and to transact or delegate the authority to transact the banking business of the Public Entity) of the Public Entity, which is duly organized, validly existing and in good standing under the laws of the applicable governmental unit, political subdivision or instrumentality, with its principal place of business at the above address, and the undersigned further certifies that the following is a full and true copy of resolutions duly adopted at a meeting of the board of trustees or other governing body of the Public Entity in accord with and pursuant to the charter and organizational documents of the Public Entity and such resolution is now in full force and effect, and said proceedings and the Resolution adopted thereby are in conformity with and do not in any respect contravene the provisions of applicable statutes, regulations, administrative code or other document governing or in effect for the Public Entity.

☐ **TRUST:** The undersigned hereby certifies that he/she is a duly appointed and authorized trustee of the above-referenced trust, or, in the case of corporate trustees, the duly authorized representative of that trustee, and that the appointment is current and in force, and further certifies that the trust instrument and applicable law authorize him/her to enter into this Certificate and other contractual obligations. In the event that there is more than one trustee, the undersigned certifies that he/she has the authority to act independently on behalf of the trust. The undersigned hereby affirms the provisions of the resolution below.

☐ **UNINCORPORATED ASSOCIATION:** The undersigned hereby certifies that he/she is the secretary of the above-named unincorporated association or organization, and that the following is a full and true copy of resolutions duly adopted at a meeting of the membership, executive committee, directors, or trustees, the governing body of the Company, duly held pursuant to notice and at which a quorum was present and acting throughout, and the same are now in full force; and further certifies that the referenced governing body is the duly authorized body to adopt these resolutions and that these resolutions and the powers granted therein conform to the organizational documents of the Company now in force and effect, and that the Bank may conclusively assume that persons so certified to be signatories of the Company shall continue as such until receipt by the Bank of written notice to the contrary.

**RESOLVED:**

1. That Bank is designated a depository of this Company, and that any one of the following officers of the Company ("Authorized Officers") are authorized to open and close accounts ("Accounts") and to designate Signers (defined below) for Accounts opened with the Bank:

Authorized Officer Name	Authorized Officer Title	Authorized Officer Email Address	Legal Signature
Nicholas Noce	Executive Director		
Larry M. Magguilli	Deputy Executive Director		
Amy A. Molinari	Director of Finance & Business Service		

*If this entity has additional Authorized Officers enter Officer's information on page 4 and check here:* ☐

2. That funds deposited with Bank may be withdrawn by checks, drafts, or other orders issued in the name of the Company, signed by any one or more officers, members, managers, or partners of the Company or by any one or more persons, whether or not an officer, member, manager, or partner of the Company, identified on signature cards delivered to the Bank from time to time ("Signers") by any one of the Authorized Officers of the Company; that Bank may accept the instructions of any Signer for the transaction of all business in connection with said funds; and that the Bank may conclusively assume that each Signer shall continue as such until receipt by the Bank of written notice to the contrary, such notice to be given to each office of the Bank in which any account of this Company may be maintained.

3. That Bank is authorized to rely upon and to accept as genuine and authorized the facsimile signature of any Signer or such signatures that resemble facsimile signatures on any check, draft or other order, without any duty to determine the genuineness of the such facsimile signature or whether it was authorized by the Company.

4. That Bank is hereby authorized to honor, receive, and pay all such instruments when signed in accordance with this Resolution, without inquiry as to the circumstances of their issue or the disposition of their proceeds, whether drawn to the individual order of or tendered in payment of individual obligations of any Signer or of any other officer, employee or agent of Company, or otherwise.

5. That all checks, drafts, or other orders for the payment of money belonging to Company may be endorsed in blank, or otherwise, on behalf of Company, by a written or stamped endorsement, and Bank is authorized to honor and pay such instruments and also to receive the same for the individual credit of or in payment of the individual obligation of any Signer, or any other officer, employee or agent of Company, or any other holder, without inquiry as to the circumstances of endorsement or the disposition of the proceeds, and Company hereby guarantees to Bank the payment of all such instruments so received by Bank as well as those instruments deposited on behalf of Company for collection or credit without its endorsement appearing thereon; and that Bank may pay to any Signer or any other officer, employee or agent of Company the proceeds, in cash or otherwise, of any instrument referred to herein, signed or endorsed in the manner above indicated, whether the same be drawn on Bank, on another bank, or otherwise, and whether payable or endorsed to Company, bearer, Bank or otherwise.

6. That all present and future rules and regulations of Bank governing Accounts are hereby assented to and shall be binding upon Company; that any statements, unpaid items, canceled vouchers or checks may be delivered to Company by mailing the same to the last known address of the Company as shown by the records of the Bank or by delivering the same to any Signer, or any other officer, manager, member, partner, employee or agent of Company, and any and all such deliveries by Bank shall constitute good and valid deliveries to Company.

7. That any Signer is authorized and empowered to apply to Bank for the use of its night depository facilities, including automated teller machines, and in connection with such use to execute and deliver to Bank such agreements containing such terms and provisions as Bank may require, and in the event any such agreement contemplates that bags of Company found by Bank in any of its night depository receptacles are to be received and receipted for by Company, then any Signer is authorized and empowered to receive and receipt for any such bags and to (i) designate any person or persons who shall each be authorized to receive and receipt for any such bags; (ii) in writing revoke the authority of any persons so designated; and (iii) certify the name of each such designated person to Bank together with a specimen signature of such person.

8. That any Signer is hereby authorized to open safekeeping accounts, or give any instructions to the Bank for the transfer of funds and for the purchase, sale, delivery, exchange, or other disposition of any stocks, bonds, acceptances, certificates of deposit, or other securities and foreign exchange or the proceeds thereof, or purchase services to be performed or made available by Bank, and may execute and deliver to the Bank in connection therewith any appropriate agreement, contract, instrument, indemnity agreement, assignment, or endorsement in the name of the Company.

9. That Authorized Officers can execute and deliver, or authorize other officers or employees of the Company in writing to execute and deliver, agreements for cash management or other treasury services and bind the Company thereto.

10. That all controversies and questions regarding this Certificate shall be governed by and construed under the laws of the State of Ohio (without regard for conflict of law rules) and applicable federal law.

11. That this Certificate shall remain in full force and effect until written notice of amendment or rescission shall have been received by Bank, and that receipt of notice shall not affect action taken by the Bank prior to such receipt. That all previous authorizations for the signing and honoring of items are hereby ratified and continued in full force and effect. The Company agrees to indemnify and hold the Bank harmless from any and all claims, suits, judgments, losses, costs and expenses (including reasonable attorneys' fees) that Bank may incur as a result of the Bank continuing to act in pursuance of this Agreement.

**IN WITNESS WHEREOF, Company has signed below by a duly authorized officer.**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Authorized Officer

Printed Name: Nicholas Noce Title: Executive Director

**Authorized Officer and/or Authorized Officer's signature above has been identified/verified by an authorized representative of Bank:**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Bank Representative

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

**Notarization required if document is not signed in the presence of a Bank employee.**

\*State of \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

The forgoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_  
Printed Name of Authorized Officer

Signature of Notary Public

My commission expires: \_\_\_\_\_





## CERTIFICATE OF AUTHORITY

for  
Monroe County Water Authority

I, Amy A Molinari the duly appointed Director of Finance and Business Services of Client (as defined below) authorized to certify the approved actions of \_\_\_\_\_ (the "Client"), a ☐ corporation ☐ general partnership ☐ limited partnership ☐ limited liability company ☐ sole proprietorship ☒ Public Authority organized or operating under the laws of New York, hereby certify that a meeting of Client's Board of Directors or other governing body (the "Board") duly called and held, or by unanimous written consent or other method provided by applicable law or governing document, the following resolutions were duly adopted and remain in full force and effect:

RESOLVED, that the Client hereby authorizes:

Title: Executive Director

Title: Deputy Executive Director

Title: Director of Finance and Business Services

Title:

Title:

(each an "Authorized Officer" and collectively, the "Authorized Officers"), or any one of them, in the name and on behalf of the Client, to complete, execute and deliver to the Global Capital Markets division of M&T Bank or any subsidiary or affiliate thereof, including, but not limited to, Wilmington Trust, National Association (collectively, "M&T Bank") agreements in a form acceptable to such Authorized Officer for the provision of custody, escrow, trust, funds transfer, investment management and investment advisory services, including any amendments and agreements or other documents related thereto and to execute or effect transactions under and give notices, certifications and instructions with respect to such agreements, as such Authorized Officer deems necessary or appropriate from time to time; and it is further

RESOLVED, that Client hereby ratifies and confirms all actions taken by it prior to the date hereof in connection with such agreements executed and delivered to M&T Bank; and it is further

RESOLVED, that the Authorized Officers are, and each of them is, hereby authorized to designate from time to time the accounts subject to such agreements, and designate from time to time the individuals who may execute or effect transactions under and give notices, certifications and instructions with respect to such agreements, such individuals designated as "Authorized Representatives;" and it is further

RESOLVED, that M&T Bank be and hereby is authorized to rely on the actual or purported signatures of any of Client's Authorized Officers and Authorized Representatives. Until M&T Bank has actually received and had a reasonable time to act on written notice from Client revoking such authority; M&T Bank shall be entitled to rely on the authority granted herein; and it is further

RESOLVED, that Client shall defend, indemnify and hold M&T Bank harmless from and against all liabilities, costs, and expenses (including, but not limited to, attorneys' fees and disbursements) incurred by M&T Bank in connection with the honoring of any signature, instruction or action of any Authorized Officer or Authorized Representative, or the refusal to honor any signature, instruction or action of any person who is not an Authorized Officer or Authorized Representative of Client; and it is further

RESOLVED, that these resolutions supercede all prior resolutions on the subject to which they pertain, and shall remain in full force and effect and binding upon Client until M&T Bank has actually received and had a reasonable time to act on any subsequent Certificate of Authority; provided, that these resolutions are limited in application to the services specified herein provided by the Global Capital Markets division of M&T Bank and do not supercede or affect in any way the continuing validity of other resolutions provided to M&T Bank in regard to accounts that are serviced or services that are provided by any other division or department of M&T Bank, including but not limited to accounts and services provided by Commercial Deposit Services and Treasury Management Services.

IN WITNESS WHEREOF, I have executed this Certificate of Authority this \_\_\_\_ day of \_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
Signature:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:

"Wilmington Trust" is a service mark encompassing the trust and investment business of M&T Bank and of some of M&T Bank's subsidiaries and affiliates, serving individual and institutional clients. The subsidiaries and affiliates include Wilmington Trust Company (operating only in Delaware), Wilmington Trust, N.A., Wilmington Trust Investment Advisors, Inc., and Wilmington Trust Investment Management LLC, as well as several other investment advisor affiliates. For additional information regarding the Wilmington Trust brand, underlying entities, or products and services offered, please visit our web site at [www.wilmingtontrust.com](http://www.wilmingtontrust.com).



**MONROE COUNTY WATER AUTHORITY  
ANNUAL STATEMENT OF INVESTMENT POLICY  
(READOPTED APRIL 2024~~5~~)**

**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.