

INVESTMENT GUIDELINES

WAYNE COUNTY WATER AND SEWER AUTHORITY

These guidelines detail the operative policy regarding the investing, monitoring and reporting of funds of the Wayne County Water and Sewer Authority.

1. Purpose

These investment guidelines are intended to:

- a. Establish a system whereby current funds on hand, in excess of immediate needs, and reserve funds are invested to produce maximum earnings on such funds.
- b. Assure that such investment assets are adequately safeguarded and diversified.
- c. Assure that adequate accounts and records are maintained that accurately reflect all transactions.
- d. Assure that an adequate system of internal control procedures, accounting and financial, are maintained.

2. Authorization and Management

The Members of the Authority have delegated authorization decisions regarding investments to the Treasurer, with the advice of the Finance Committee. The Treasurer will make certain that all decisions conform to:

- a. Sections 1199-kk and 2925 of the Public Authorities Law of the State of New York, and
- b. Guidelines set forth from time to time by the New York State Comptroller, and
- c. These investment guidelines.

3. Types of Investments

The approved types of investments are as follows:

- a. Certificates of Deposit with commercial banks doing business in New York State and which are also Member of the Federal Deposit Insurance Corporation.
- b. Deposits in "Money Market" accounts of commercial banks doing business in New York State and which are also Member of the Federal Deposit Insurance Corporation.
- c. Obligations of New York State or the United States Government or obligations the principal and interest of which are guaranteed by the State or the United States Government.

4. Operating Procedures

- a. Authorized commercial banks: The Authority shall designate from time to time by resolution the commercial banks with which the Authority may deposit funds, as determined in accordance with these Investment Guidelines.
- b. Approvals: The Authority requires that the Treasurer be responsible for and approve all investment transactions.

- c. Records: In addition to the normal entries in cash receipts, cash disbursements and general ledger regarding investments, the Treasurer of the Authority shall maintain an adequate investment register showing:
 - A. Date of transaction.
 - B. Description and amount of investment.
 - C. Interest rate.
 - D. Due date of CD or Bond.
 - E. Market value of collateral or investment security.
 - F. Record of investment bid results.
- d. Investment Rate: Prior to making an investment, at least two banks will be contacted to determine the best available competitive rate.
- e. Contracts: All investments of the Authority shall be made pursuant to a written contract, unless the Authority shall by resolution determine that a written contract is not practical or that there is not a regular business practice of written contracts with respect to a specific investment or transaction. Such contracts shall include provisions:
 - i. deemed necessary and sufficient to secure in a satisfactory manner the Authority's financial interest in each investment;
 - ii. covering the use, type and amount of collateral or insurance for each investment; and
 - iii. establishing a method for valuation of collateral, and procedures for monitoring the valuation of such collateral on a regular basis.
 - iv. for the monitoring, control, deposit and retention of investments and collateral which shall include, in the case of a repurchase agreement, a requirement that the obligations purchased be physically delivered for retention to the corporation or its agent (which shall not be an agent of the party with whom the corporation enters into such repurchase agreement), unless such obligations are issued in book-entry form, in which case the corporation shall take such other action as may be necessary to obtain title to or a perfected security interest in such obligations.
- f. The Treasurer is authorized to deposit all funds received by the Authority in the bank or banks and/or registered investment brokerage firm with which the Authority normally does business, consistent with these guidelines.
- g. The record of the status of all investments will be submitted by the Treasurer at least quarterly to the Members of the Authority.
- h. Diversification: Investments of the Authority shall be properly diversified with respect to both types of investments and firms with which the Authority transacts business.

5. Collateralization

- a. The collateral for Certificates of Deposit and Money Market Fund Deposits is limited to "Investment Grade" obligations. These are direct obligations of the United States or New York State Government or Wayne County or obligations the principal and interest of which are guaranteed by the United States or New York Government, or insured by the Federal Government (FDIC). Investments must be fully collateralized based upon the market value of the collateral.
- b. Collateral Custody: The custodian of all collateral involved in any investment transaction must be either the Authority or a bank or trust company acceptable to the Authority. Such bank may not be the same bank with which the investment is made. The custody

- agreement must be joint with the bank providing the collateral. The Treasurer should receive written confirmation of collateral held by third party bank or trust company.
- c. The Authority shall request written verification of securities held as collateral for the deposits and investments of the Authority at least quarterly.
 - d. If, at any time during the term of a Certificate of Deposit or deposit in Money Market Account, the collateral or underlying security market value does not equal the principal value of the investment, the Authority shall inform the bank of the additional collateral required. If additional collateral is not added immediately by the bank involved, the Authority shall demand the return of the amount invested and remove such bank from the list of approved banks for investment and deposit of Authority funds.
 - e. Any custodian or trustee of securities in any transaction to which the Authority is a principal may not relinquish control over such securities without the written consent of the Authority and the bank. The disposition of collateral other than for substitution shall require the written approval of the Treasurer of the Authority.
 - f. As an alternative to fully collateralizing Authority funds on deposit with such a bank or trust company as provided above, the Authority may temporarily invest money not required for immediate expenditure in accordance with the following conditions (as authorized by Public Authorities Law §2927):
 - i. The moneys are invested through a bank or trust company located and authorized to do business in New York State selected by the Authority;
 - ii. The selected bank or trust company arranges for the redeposit of the moneys in certificates of deposit and other deposit accounts in one or more banking institutions, as defined in Section Nine-r of the Banking Law, for the account of the Authority;
 - iii. The full amount of principal and accrued interest of each such deposit is insured by the federal deposit insurance corporation;
 - iv. The selected bank or trust company in New York State acts as custodian for the Authority with respect to the funds redeposited pursuant to this section; and
 - v. At the same time that the Authority's moneys are redeposited pursuant to this section, the selected bank or trust company in New York State receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of the moneys invested by the Authority through the selected bank or trust company in New York State.
 - g. With respect to any deposits in excess of the amounts insured under the provisions of the Federal Deposit Insurance Act, as now or hereafter amended, in lieu of or in addition to the deposit of eligible securities as provided for in General Municipal Law §10 (3), the officer making a deposit on behalf of the Authority may, in the case of an irrevocable letter of credit issued in favor of the Authority by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization, accept such letter of credit payable to the Authority as security for the payment of one hundred percent of the aggregate amount of public deposits from such officer and the agreed upon interest, if any.

6. Qualification of Advisors

- a. Evaluation and Selection: In evaluating any investment broker, agent, dealer or other investment advisor or agent engaged in rendering advice regarding the investment of Authority monies, the Authority shall consider the ability of the firm to perform consistent,

high-quality service, the firm's capitalization, reliability, experience, size, its performance in assuming risks when necessary, and the costs of proposed services.

- b. Contract: Each such advisor shall enter into a personal services contract with the Authority, which contract shall conform to the contract requirements of the Authority set forth in the Rules and Regulations.

7. Audit Procedures

- a. These guidelines shall be reviewed by the Finance Committee from time to time and revised by the Authority as necessary to reflect changes in market conditions and the financial condition of the Authority. The Members will review the policy annually in conjunction with the presentation of the Authority annual independent audit and may by resolution, modify these procedures at any time.
- b. Review of compliance with investment policy shall be part of the annual certification of independent auditors.

8. Reporting

- a. The Treasurer shall prepare and file with the Authority quarterly reports regarding any new investments, the inventory of existing investments, and the selection of investment bankers, brokers, agents, dealers or auditors.
- b. The Authority shall annually prepare and approve an investment report which shall include the investment guidelines, amendments to such guidelines since the last investment report, an explanation of the investment guidelines and amendments, the results of an annual independent audit of the investments of the Authority which shall be included as part of the Authority's audited financial statements, the investment income record of the Authority and a list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Authority since the last investment report. Such investment report may be a part of any other annual report that the Authority is required to make.
- c. The Authority shall annually submit its investment report to the chief executive officer and chief fiscal officer of each of Wayne County and to the State Department of Audit and Control.
- d. The Authority shall make available to the public copies of its investment report upon reasonable request there for.

9. Investment Policy

- a. The Wayne County Water and Sewer Authority acknowledges the following banks as financial institutions that the Authority does or may do business with in the future:

M&T Bank
JP Morgan Chase Bank
Community Bank, NA
Canandaigua National Bank
Lyons National Bank

Citizens Bank

Any other banks the Board may approve

- b. The amount on deposit may not at any time exceed \$8,000,000.00 per financial institution.

ADOPTION OF AND AMENDMENTS TO INVESTMENT GUIDELINES

Date	Action Taken
August 9, 1988	Adopted
March 22, 2011	Reviewed; Investment Policy incorporated as Section 9
January 28, 2014	Reviewed
January 27, 2015	Reviewed
February 27, 2018	Reviewed; deposit placement program Incorporated at Section 5(f); revised deposit limit at Section 9(b)
February 26, 2019	Reviewed; alternate collateralization incorporated at Section 5(g)
February 25, 2020	Reviewed
February 23, 2021	Reviewed