



# INVESTMENT POLICY AND GUIDELINES

# ONEIDA-HERKIMER SOLID WASTE MANAGEMENT AUTHORITY

## INVESTMENT POLICY AND GUIDELINES

### A. Objectives of Investment Guidelines

The purpose of the Oneida-Herkimer Solid Waste Management Authority's Investment Guidelines is to establish guidelines that will be used in the purchase of investments. These guidelines are intended to:

1. Establish a system whereby current funds on hand in excess of immediate needs are invested to produce maximum earnings on these funds.
2. Assure that the investments are adequately safeguarded and will minimize any risk to the Authority.
3. Assure that the Authority is receiving a competitive rate of return on its investments.
4. Assure that adequate accounts and records are maintained which accurately reflect all investment transactions.
5. Comply with applicable restrictions imposed by law, including particularly but without limitation to the Authority Act and Title 7 of the Public Authorities Law, being Section 2925 thereof, or by trust indentures governing the Authority's bonds, notes or other obligations.

### B. Types of Permitted Investments

1. Moneys held under a trust indenture or similar instrument governing an issue of the Authority's bonds, notes or other obligations shall be invested only in the permitted investments specified therein and only in conformity with the terms and provisions of such trust indenture or instrument, and otherwise as specifically provided herein, it being understood that in the event of conflict the terms and provisions hereof will prevail if they will more fully protect the Authority's interests in the investments. Attached hereto as Schedule A is a list of each such trustee for each indenture or instrument in effect as of the date indicated on Schedule A.
2. Moneys of the Authority not held under a trust indenture or similar instrument governing an issue of the Authority's bonds, notes or obligations:
  - (i) shall be paid to the Authority and shall be deposited forthwith in interest bearing accounts in a bank or banks in the State designated by the Authority;
  - (ii) shall be paid out of any such account on check of the Authority in accordance with the Authority's check signature policy.
  - (iii) shall be secured as per NYS General Municipal Law Section 10(i)(f).

Any such moneys of the Authority not required for immediate use or disbursement may, at the discretion of the Authority, be invested in those obligations specified pursuant to the provisions

of section ninety-eight-a (98-a) of the State Finance Law and identified on Schedule B hereto.

### C. Special Considerations and Requirements

Notwithstanding the terms of Section B, above, the following special considerations and requirements shall apply to any investments authorized therein ("Permitted Investments").

1. Collateral. The Authority's financial interest in Permitted Investments shall be secured by collateral under certain circumstances. Collateral must be posted with respect to (a) any Permitted Investment that requires collateral by the terms of the authority referred to in Section B which governs the acquisition of the Permitted Investment by the Authority and (b) any other Permitted Investment selected by the Authority if required pursuant to a resolution of the Authority, whether or not the Permitted Investment is otherwise required to be secured by collateral. It is anticipated that the Authority will so resolve when the Permitted Investment in question is such that the Authority staff, with or without the advice of financial advisors, deem it reasonably prudent to have the Permitted Investment collateralized. The collateral shall be that which is specified for the Permitted Investment by the authorities referred to above in Section B or by the Authority in the resolution of the Authority described in the immediately preceding sentence. In any event, any collateral for a Permitted Investment acquired by or on behalf of the Authority shall be:

(i) held by the Authority (or the trustee under a bond resolution or indenture governing Authority obligations) or a third party agent (who shall not be an agent for the obligor of the Permitted Investment) for the benefit of the Authority (or said trustee) under written agreement, or registered in the name of the Authority (or said trustee) or a third party agent for the benefit of the Authority (or said trustee) under written agreement, for the express purpose of granting to and perfecting in the Authority (or said trustee) a first security interest in the collateral under applicable law.

(ii) marked to market no less frequently than monthly; and

(iii) maintained at a market value that is at least equal to 100% of the principal amount of the Permitted Investment plus accrued interest (or amortized discount) thereon to the date of calculation.

The Authority, by resolution of the Authority, or the Chairman or the Executive Director of the Authority, in his or her discretion, may require that any Permitted Investment be accompanied by an opinion of counsel to the issuer of the Permitted Investment or counsel to the Authority to the effect that the Permitted Investment is an enforceable obligation of its issuer and the Authority enjoys a first perfected security interest in any collateral pledged therefore, and covering such other items as it, he or she may specify.

2. Written Contracts. The Authority (or the trustee under a bond resolution or trust indenture governing Authority obligations) shall enter into written contracts pursuant to which Permitted Investments are acquired, 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, in which case the Authority shall adopt procedures covering such investment or transaction.

The Authority has made such a determination with respect to the Permitted Investments specified on Schedule C hereto and has adopted the procedures specified on Schedule D hereto. Such contracts and procedures shall include provisions:

(i) deemed necessary and sufficient to secure in a satisfactory manner the Authority's financial interest in each Permitted Investment;

- (ii) covering the use, type and amount of collateral or insurance for each Permitted Investment;
- (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 Authority (or said trustee) or its agent (which shall not be an agent of the party with whom the Authority (or said trustee) enters into such repurchase agreement), unless such obligations are issued in book-entry form, in which case the Authority (or said trustee) shall take such other action as may be necessary to obtain title to or a perfected security interest in such obligations.

3. Repurchase Agreements. If the Authority invests in or acquires a repurchase agreement, the Authority shall seek to have the agreement structured and executed in a way that is intended to cause the agreement to be characterized as a sale of securities to the Authority. All repurchase agreements which the Authority may invest in or acquire shall be in writing and signed by the parties. Notwithstanding any other characterization of a repurchase agreement which the Authority may invest in or acquire, however, any such repurchase agreement shall also be viewed in the alternative by the Authority as a secured loan from the Authority to the provider of the repurchase agreement which must be collateralized, at a minimum, in the manner set forth immediately above under Section C.1.

#### D. Authorization of Investments

Subject to the terms and provisions of any indenture or similar instruments governing the terms and provisions of an issue of the Authority's bonds, notes or other obligations, and the terms and provisions of these investment guidelines, the Comptroller of the Authority or his/her designee is authorized to purchase or liquidate Permitted Investments on behalf of the Authority.

#### E. Standards for Selecting Investments

The Authority may encourage the purchase and sale of Permitted Investments through a competitive or negotiated process involving telephone solicitation of bids with three or more banks or investment firms. The Authority shall, in any event, comply with all applicable state and federal laws concerning Permitted Investments, including federal requirements which must be satisfied to preserve the federal income tax exemption intended to be afforded to the interest on any of the Authority's bonds, notes or other obligations. Subject to the foregoing, bidding shall take place at the discretion of the Comptroller/designee.

It is the Authority's intention to achieve a diversification of investments, including diversification with respect to types of investments and firms with which the Authority transacts business. Towards this end, the Authority shall review periodically (and in any event no less frequently than annually) all investments made by or on behalf of the Authority.

#### F. Standards for Financial Advisors

It is the Authority's intention that there be imposed standards for the qualification of investment bankers, brokers, agents, dealers and other investment advisors and agents who transact business with the Authority ("Financial Advisors"), such as criteria covering quality, reliability, experience, capitalization, size and any other factors that, in the judgment of the Authority, make a firm qualified to transact business with the Authority. Towards this end, the Authority,

unless it shall determine that special circumstances prevail and dictate a different course of action, shall seek competitive bids from at least two parties each time the Authority intends to retain a Financial Advisor, which bids shall be in response to a request for proposals from the Authority which shall solicit information regarding financial standing, experience, staffing and parties from whom recommendations may be obtained.

#### G. Audit of Investments

An independent audit of the Authority's investments shall be conducted annually in conformance with Section 2925(3)(f) of the Public Authorities Law. This audit will be performed in connection with the annual audit of the Authority's financial statements. This audit will be performed by an independent Certified Public Accountant and will cover investments for the fiscal year that is being audited; the results of the audit will be available to the Authority at the time of the annual review and approval of these investment guidelines by the Authority. This investment report will be prepared in conformance with Generally Accepted Auditing Standards and will be included in the Authority's year-end financial statements.

#### H. Reporting

The Comptroller/designee shall periodically review these Investment Guidelines and recommend changes to the Authority. Such recommended changes could result from changes in investment opportunities, changes in economic conditions or changes in the Investment Guidelines for Public Authorities as issued by the New York State Comptroller.

The Comptroller/designee will prepare quarterly investment reports outlining investments purchased and investments liquidated, the inventory of existing investments and the selection of any investment bankers, brokers, agents, dealers or auditors.

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 the annual independent audit, 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. The investment report annually shall be submitted to the chief executive officer and chief financial officer of each of Oneida County and Herkimer County and to the State Department of Audit and Control. The Authority shall make available to the public copies of its investment report upon reasonable request thereof.

The Authority's investment guidelines shall be reviewed on an annual basis and approved by the Board of Directors in compliance with Subdivision 1 of Section 2925 of the Public Authorities Law.

#### Schedule A

All currently existing and outstanding trust indentures issued by the Authority are administered by The Bank of New York Mellon, as trustee.

#### Schedule B

Investments described in Section 98-a of the State Finance Law which are Permitted Investments for the Authority.

ALL SUCH INVESTMENTS

### Schedule C

Permitted Investments for which written contracts will not be required.

### CERTIFICATES OF DEPOSIT

### Schedule D

Procedures covering the acquisition of Permitted Investments identified on Schedule C in the absence of written contracts.

The Authority will take possession of the certificate of deposit. In each case the certificate of deposit will be payable to the Oneida-Herkimer Solid Waste Management Authority. The certificate of deposit shall be fully insured by the Federal Deposit Insurance Company (FDIC) or fully secured as per NYS General Municipal Law Section 10(i.) (f) Deposits of public money; security. The value of the collateral will be valued by the Authority or its designee on a monthly basis. The market value of the collateral will be at least equal 100% of the principal amount of the certificate of deposit plus accrued interest thereon.