INVESTMENT POLICY

I. Purpose

1. The purpose of establishing this investment policy is to develop comprehensive investment guidelines which detail the Agency's operative policy and instructions to officers regarding the investing, monitoring, and reporting of funds.

2. Funds include all moneys and financial resources available for investment. The officers will be guided by this Investment Policy in managing the short and long-term investments of the Agency's available cash.

II. Objectives

The Agency's primary investment objectives are:

Legal. To conform to all applicable federal, state and other legal requirements. This relates both to the types of eligible investments and the requirements for adequate collateral to provide insurance for all investments.

Preservation. To preserve principal. Safety considerations include: 1) FDIC coverage, 2) written third party collateral agreements with local Banking Depositories and 3) statutory guidelines which govern the types of investments allowed by public benefit corporations.

Liquidity. To provide sufficient cash to meet all operating and debt service requirements.

Yield. To select investments, which will generate the highest return.

III. Standard of Prudence

The officers of the Agency shall seek to act responsibly as a custodian of the public trust and shall avoid any transaction that might impair public confidence to govern effectively. The officers of the Agency shall act in accordance with written procedures and policies and exercise due diligence as investment officials~~.~~

IV. Internal Controls

The officers are responsible for establishing and maintaining an internal control structure to provide reasonable assurance that:

a. deposits and investments are safeguarded against loss from unauthorized use or disposition;

b. transactions are executed in accordance with management's authorization;

c. transactions are recorded properly;

d. transactions are managed in compliance with applicable laws and regulations governing public funds.

e. quarterly financial reports shall be shared with the Members regarding financial assets, investments held by the Agency and the selection of investment bankers, brokers, agents, dealers or auditors; and

f. Investment Report: Within 90 days of the end of each fiscal year an audit of the agency will be performed. The audit documents will include an analysis of the assets of the Agency, including an investment report, investment guidelines and amendments thereto, investment income record and list of total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and adviser rendering investment associated services to the Agency.

V. Designation of Depository and Custodian

1. The Agency shall authorize one or more bank or trust company for deposit of Agency funds (each an "Authorized Depository").

2. Each Authorized Depository shall follow New York State GML regarding all cash and financial assets of the Agency.

3. The Agency may turn over the physical custody and safekeeping of the evidences of investments made pursuant to Section 11(4) of the General Municipal Law, Generally, Section 11(4) of the General Municipal Law allows the following types of entities to act as custodians of Agency investments:

a. any bank or trust company incorporated in the State of New York;

b. any national bank located in the State of New York; and

c. any private banker duly authorized by the New York State Superintendent of Banks to engage in business in New York State which maintains a permanent capital of not less than one million dollars in New York State.

VI. Collateralizing Deposits

All deposits of the Agency in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by eligible collateral. Eligible collateral consists of any one, or combination, of the following:

a. "eligible securities" with an aggregate market value as provided by GML § 10, equal to the aggregate amount of deposits;

b. eligible surety bond for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by a qualified insurance company; and

c. eligible letter of credit as security for the payment of 140% of the aggregate amount of deposits.

d. irrevocable letter of credit issued by a qualified federal home loan bank.

All securities pledged to secure deposits shall be held by a third-party bank or trust company and shall be held pursuant to a written Custodial Agreement. In order to provide the Agency with a perfected security interest the Custodial Agreement must contain all the necessary provisions, including the following,

a. a security provision providing that the collateral is being pledged by the bank or trust company as security for the public deposits. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events that will enable the Agency to exercise its rights against the pledged securities;

b. that the securities held by the authorized bank or trust company, as agent of and custodian for the Agency, shall be placed separate and apart from the general assets of the custodial bank or trust company. They will not, in any circumstances, be commingled with or become part of the security for any other deposit or obligations;

c. that the custodian shall confirm the receipt, substitution or release of the securities held on behalf of the Agency;

d. that the types of collateral used to secure Agency deposits must be in accordance with the most current legislation authorizing various types of collateral and approved by the Agency;

e. that the Agency requires an annual update on third party collateral security;

f. that the Agency prohibits use of a sub-custodian and

g. that the Custodian Bank must be a member of the Federal Reserve Bank.

VII. Purchase of Investments

1. The officers are authorized to contract for the purchase of investments to achieve the objectives of the investment policy. The officers are authorized to contract for the purchase of all securities and execute contracts for Repurchase Agreements and Certificates of Deposit on behalf of the Agency.

2. All investments will be purchased through, delivered to, and held in the custody of an authorized depository. In determining the qualification of any investment banker, broker, agent, dealer or other investment advisor and agent, the Agency shall take into consideration, among any other relevant factors, the quality, reliability, experience, capitalization and size of such entity.

3. Diversification of Investments: It is the policy of the Agency to diversify its investments with regard to maturity schedule, types of investment and entities with which the Agency transacts business.

4. The Agency may invest in accordance with the General Municipal Law. Generally, the General Municipal Law authorizes the following types of investments:

a. Special time deposit accounts in an authorized banking depository or trust company secured in the same manner prescribed by General Municipal Law ("GML") § 10;

b. Certificates of Deposit;

c. Obligations of the United States of America;

d. Obligations guaranteed by agencies of the United States of America, where the payment of principal and interest is guaranteed by the United States of America; and

e. Obligations of the State of New York.

VIII. INVESTMENT CONTRACTS

The Agency shall enter into written contracts pursuant to which investments are made.

A written contract is not required if the Agency 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 Agency shall adopt procedures covering such investment or transaction.

Such contracts and procedures shall include provisions:

a. deemed necessary and sufficient to secure in a satisfactory manner the Agency's financial interest in each investment;

b. covering the use, type and amount of collateral or insurance for each investment;

c. establishing a method for valuation of collateral, and procedures for monitoring the valuation of such collateral on a regular basis; and

d. 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.