

INVESTMENT POLICY OF THE
ULSTER COUNTY RESOURCE RECOVERY AGENCY

The objective of the Investment Policy of the Ulster County Resource Recovery Agency is to minimize risk, to insure that investments mature when the cash is required to finance operations;

maturity
standard

to insure a competitive rate of return; and to comply with law. In accordance with this policy, and unless otherwise prohibited by law, or limited by an agreement to which the Agency is a party, the Treasurer or his/her designee is hereby authorized to invest all funds including proceeds of obligation and reserve funds in:

1. Certificates of Deposit issued by a bank or trust company authorized to do business in New York State. X
2. Time Deposit Accounts in a bank or trust company authorized to do business in New York State.
3. Obligations of New York State. X
4. Obligations of the U. S. Government. X
5. Repurchase Agreements involving the purchase and sale of direct obligations of the United States. X
6. Obligations of agencies of the federal government if principal and interest is guaranteed by the United States.
7. Such investments as are duly authorized by any trust indenture, or similar instrument governing an issue of the Agency's bonds.

Unless otherwise allowed by a trust indenture or escrow agreement, or unless otherwise required by applicable law, all investments made pursuant to this investment policy shall comply with the

following conditions:

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1. Collateral

- a. Certificates of Deposit shall be fully secured by insurance of the Federal Deposit Insurance Corporation or by obligations of New York State or obligations of the United States or obligations of Federal agencies the principal and interest of which are guaranteed by the United States, or obligations of New York State local governments. Collateral shall be delivered to the Agency, Custodial Bank, or the Trust Department of the Custodial Bank. The market value of collateral shall be all times equal or exceed the principal amount of the investment less the FDIC Insurance. A collateral listing shall be supplied to the Agency on a monthly basis with current market values.
- b. Collateral shall not be required with respect to the direct purchase of obligations of New York State, obligations of the United States, and obligations of Federal agencies the principal and interest of which are guaranteed by the U. S. Government.

2. Delivery of Securities

- a. Repurchase Agreements. Every Repurchase Agreement shall provide for payment to the seller only upon the seller's delivery of obligations of the United States to the Custodial Bank designated by the Agency, or in the case of a book-entry transaction, when the obligations of the

② United States are credited to the Custodian's Federal Reserve Bank account. The seller shall be entitled to substitute securities with the approval of the Treasurer or his appointed designee. Repurchase agreements except those used for investments in funds established pursuant to a trust indenture shall be for periods of one year or less. The Custodial Bank shall confirm all transactions in writing to insure that the Agency ownership of the securities is properly reflected on the records of the Custodial Bank.

- b. Payment shall be made by or on behalf of the Agency for obligations of New York State, obligations the principal and interest of which are guaranteed by the United States, United States Obligations, certificates of deposit, and other purchased securities upon delivery thereof to the custodial bank, or in the case of a book-entry transaction, when the purchased securities are credited to the Custodial Bank's Federal Reserve System account. All transaction shall be confirmed in writing.

3. Written Contracts

③ Written contracts are required for Repurchase Agreements, Certificates of Deposit, and custodial undertakings. With respect to the purchase of obligations of U. S., New York State, or other government entities,, etc. in which moneys may be invested, the interests of the Agency will be adequately protected by conditioning payment on the physical delivery of

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purchased securities to the Agency or Custodian, or in the case of book-entry transactions, on the crediting of purchased securities to the Custodian's Federal Reserve System account. All purchases will be confirmed in writing to the Agency at its main offices.

It is, therefore, the policy of the Agency to require written contracts as follows:

- a. Only credit worthy banks and primary reporting dealers shall be qualified to enter into a Repurchase Agreement with the Agency. The written contract shall provide that only obligations of the United States may be purchased, and the Agency shall make payment upon delivery of the securities or appropriate book-entry of the purchased securities. No specific repurchase agreement shall be entered into unless a master repurchase agreement has been executed between the Agency and the trading partners. While the term of master repurchase agreements may be for a reasonable length of time, a specific repurchase agreement shall not exceed one year, except as provided in Section 2(a).
- b. Written contracts shall be required for the purchase of all certificates of deposit.
- c. A written contract shall be required with the Custodial Bank.

4. Designation of Custodial Bank

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- a. The Custodial Bank shall be designated at the annual reorganization meeting of the Agency to act as Custodial Bank. It shall be chartered by the State of New York and/or shall be a Federally Chartered Bank. Securities may not be purchased through a Repurchase Agreement with the Custodial Bank, unless pledge securities are held in the trust department of the Custodial Bank.

5. Financial Strength of Institution

- a. All trading partners must be credit worthy. Their financial statement must be reviewed at least annually by the Treasurer and/or his designee to determine satisfactory financial strength or the Treasurer and/or his designee may use credit rating agencies to determine credit worthiness of trading partners. Concentration of investments in financial institutions should be avoided.
- b. Investments in time deposits and certificate of deposits are to be made with banks or trust companies. Their annual reports must be reviewed by the Treasurer and/or his designee to determine satisfactory financial strength.
- c. When purchasing eligible securities the seller shall be required to deliver securities to the Agency's Custodial Bank.
- d. Repurchase Agreements shall be entered into only with

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banks or trust companies or registered and primary reporting dealers in government securities. Sound credit judgments must be made with respect to trading partners in repurchase agreements. It is not assumed that inclusion on a bid of the Federal Reserve is automatically adequate evidence of credit worthiness.

- e. Repurchase agreements should be entered into with a State or Federally Chartered Bank.
- f. A margin of 2% or higher of the market value of purchased securities in repurchase agreements must be maintained.

6. Operations; Audit and Reporting

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- a. The Treasurer or his appointed designee shall authorize the purchase and sale of all securities and execute contracts for Repurchase Agreements and Certificates of Deposit on behalf of the Agency. Oral direction concerning the purchase or sale of securities shall be confirmed in writing. The Agency shall pay for purchased securities upon delivery of book-entry thereof.
 - b. The Agency will encourage the purchase and sale of securities and Certificates of Deposit through a competitive or negotiated process involving telephone solicitation of at least three bids for cash transactions.
 - c. Within sixty (60) days of the end of each calendar quarter, the Treasurer, or his/her designee, shall prepare and submit to the Board a quarterly investment

② ④ report which indicates new investments, and such other matters as the Treasurer deems appropriate.

d. At least annually and if practicable, at the reorganization meeting of the Governing Board, the Treasurer shall recommend changes in these guidelines and the members shall review and amend, if necessary, these investment guidelines.

e. The provisions of the investment guidelines and any amendments hereto shall take effect prospectively, and shall not invalidate the prior selection of any Custodial Bank or prior investment.