

INVESTMENT AND DEPOSIT POLICY

As Adopted: March 31, 2005

Amended: March 31, 2008

OBJECTIVES

The objectives of the Monroe County Airport Authority's (the Authority) Investment and Deposit Policy are three-fold:

- ▶ Investments and bank deposits (hereafter collectively referred to as investments) shall be made in a manner so as to safeguard the funds of the Authority and funds under the control of the Authority.
- ▶ Investments shall be sufficiently liquid so as to allow funds to be available as needed to meet the obligations of the Authority.
- ▶ Funds shall be invested in such a way as to earn the maximum yield possible given the first two investment objectives

AUTHORIZATION

The authority to deposit and invest funds is delegated to the Authority's Treasurer. These functions shall be performed in accordance with the applicable sections of the Authority's enabling statute and the Public Authorities Law of the State of New York. The Treasurer may invest funds in the eligible investments as specified in the State Finance Law, § 98.

COLLATERAL

All investments of the Authority, except repurchase agreements and direct purchases of obligations of New York State or its political sub-divisions and public benefit corporations or of direct or guaranteed of the Federal Government, shall be secured (collateralized) by the pledge of eligible securities. All such investments shall first be secured by Federal Deposit Insurance Corporation (FDIC) insurance coverage to the extent available. Collateral required in excess of FDIC insurance coverage shall consist of unmatured obligations of:

1. The United States of America or any obligation whose principal and Interest are fully guaranteed or insured by the United States of America;
2. The State of New York or political subdivisions and public benefit Corporations of the State of New York.

Securities pledged as collateral shall be specifically identified and deposited in an account under the control of the Authority or a third party institution. The Treasurer, thru his designee, shall be advised as to the securities to be pledged as collateral and shall approve them as to amount, type of security and conformance to this Policy. Pledged securities shall not be released or substituted except upon written notification to the Treasurer, or his designee.

The market value of the securities pledged shall be regularly calculated based on quoted "bid" prices and must ordinarily be at no less than 105% of the value of the investments being secured. In those cases where the collateral is held by the Authority directly or by a third party institution, and the collateral is regularly repriced and supplemented by additional collateral if the market value of the collateral declines, collateral will be required as follows:

INVESTMENT

- A. If repriced and supplemented on a weekly basis, 103% of the value of the investment is required.
- B. If repriced and supplemented on a daily basis, 101% of the value of then investment is required.

POSSESSION OF SECURITIES

Purchased Obligations:

When obligations of the State of New York or one of its political sub-divisions and public benefit corporations or of the United States of America or Obligations guaranteed by the United States of America, are purchased directly by the Authority, the name of the Authority as owner shall be inscribed on the securities and they shall be delivered to the Authority, or its designated depository, for safekeeping. If in book entry form, such securities shall be registered in the name of the Authority.

Certificates of Deposit:

Investments in Certificates of Deposit shall be collateralized in the manner described above. The Authority shall take possession of the actual Certificate which will be held in a secure place until maturity. In the event the institution does not issue a Certificate, it shall confirm the transaction in writing, deliver a safekeeping receipt of the Certificate to the Authority and advise the Treasurer of the location of the Certificate.

Repurchase Agreements:

Securities purchased under Repurchase Agreements (Repos) shall be limited to obligations of the United States of America or of the State of New York or any of its political sub-divisions and public benefit corporations, or obligations whose principal and interest are guaranteed, or insured by the United States of America. The term of Repos shall generally not exceed 180 days. Each Repo shall be confirmed in writing by the seller, and each security purchased under a Repo shall be specifically identified and be physically delivered for retention to the Authority or its agent (which shall not be an agent of the party with whom the Authority enters into the Repo). Each seller shall enter into a master repurchase agreement with the Authority which shall specify the rights and obligations of the Authority and the seller in all Repo transactions. Repos will only be purchased from banks or trust companies authorized to do business in the State of New York or from broker dealers on the Federal Reserve Bank of New York's list of primary government securities dealers.

DEPOSITS

The Authority, upon the recommendation of the Treasurer, shall designate authorized depositories for funds of the Authority depositories shall only be commercial banks, banking associations or trust companies authorized to conduct business in the State of New York. Each authorized depository shall execute a Depository Bond by which the depository will commit to collateralizing all deposits that exceed FDIC insurance coverage. Deposits shall generally only be made with banks or trust companies having an office within the County of Monroe.

OPERATING PROCEDURES

The Treasurer is responsible for the investment of Authority funds. The Investment Advisor, Assistant Treasurer or authorized staff of the County's Finance Department under the direction of the Treasurer will make investments based upon projections of the Authority's cash flow needs, so that investments shall mature at such time when funds are estimated to be needed for the orderly payment of Authority obligations. The Treasurer or Assistant Treasurer shall annually receive and review or have reviewed the financial statements of all financial institutions and which the Authority is depositing funds or entering into investment transactions and shall determine that the institution has satisfactory financial strength.

Investment will generally be made based upon competitive bids solicited by telephone by the Investment Advisor, Assistant Treasurer or authorized staff of the County Finance Department and shall be awarded to the highest bidder who has and is willing and able to pledge sufficient and acceptable collateral.

Funds will only be transferred between institutions in the name of the Authority by using the Federal Reserve Wire Transfer (FedWire) system, or by Authority check prepared by the Assistant Treasurer or staff as authorized in writing by the Treasurer. Funds may be transferred within the same institution only between Authority accounts and by authorized staff. A listing of authorized staff will be maintained by the Treasurer or the Assistant Treasurer and will be forwarded to the authorized depositories. If changes in staffing or staff responsibilities occur, updated authorization letters will be forwarded to the depositories. All investments shall be made in the name of the Monroe County Airport Authority.

The Assistant Treasurer will maintain an investment log detailing the specific information relative to each investment. All investment transactions will be promptly recorded in the Authority's accounting system. Comparisons of the existing investments to those recorded in the accounting system will be performed routinely. Monthly, a report of all existing investments will be provided to the Treasurer or Assistant Treasurer who will compare existing investments to those recorded in the Authority's accounting system. The Treasurer or Assistant Treasurer shall report at least quarterly to the members of the Authority on the status of the investment program.

INTERNAL CONTROLS

The individual(s) responsible for the day to day activity of the cash investments must annually take at least one vacation of five (5) consecutive business days, and the day to day investment activities will be carried out by another.

The Authority and its Independent Certified Public Accountants, in conjunction with the Authority's annual audit, shall annually review the Investment and Deposit Policy to be certain it is in conformance with all applicable laws, and regulations. The Authority's auditors shall review the investment program for compliance with this Policy and applicable law and shall report in writing to the Authority any material weaknesses found in internal controls or of non-compliance with this Policy and applicable State laws. The auditor shall make a statement of positive assurance of compliance on the terms tested, of negative and assurance on items not tested and on any other material deficiency or finding identified during the audit.

AMENDMENTS

The Authority may, by majority vote, amend this Investment and Deposit Policy at any time.