

WATER AUTHORITY OF GREAT NECK NORTH
INVESTMENT POLICY

As Revised: July 16, 2018
As Re-Adopted February 3, 2025

I. SCOPE

This investment policy applies to all moneys and other financial resources available for deposit or investment on its own behalf or on behalf of any other entity or individual.

II. OBJECTIVES

The primary objectives of the Authority's investment activities are, in priority order:

- to conform with all applicable federal, state and other legal requirements and with the Authority's Bond Resolution (legal);
- to adequately safeguard principal (safety);
- To provide sufficient liquidity to meet all operating requirements (liquidity);
- To obtain a reasonable rate of return (yield).

III. DELEGATION OF AUTHORITY

The Governing Board's responsibility for administration of the investment program is delegated to the Treasurer who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a data base or records incorporating description and amounts of investments, transaction dates and other relevant information and shall regulate the activities of subordinate employees.

IV. PRUDENCE

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Authority to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal, as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

V. DIVERSIFICATION

It is the policy of the Authority to diversify its deposits and investments by financial institution, by investment instrument and by maturity scheduling in accordance with Appendix A.

VI. INTERNAL CONTROLS

It is the policy of the Authority for all moneys collected by any officer or employee of the Authority to deposit those funds in the Authority's accounts within three (3) days, but in no event later than the time specified by law, if any.

The Treasurer is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly and are managed in compliance with applicable laws and regulations and the Authority's Bond Resolution.

The Governance Committee shall systematically and periodically evaluate the Authority's compliance with the Investment Program, not less than once per year.

Annually the investment program (the policy and adherence to) will be subject to an independent annual audit.

VII. DESIGNATION OF DEPOSITARIES

The Banks and trust companies authorized for the deposit of funds and the maximum amounts of such deposits are listed in Appendix A to this policy.

VIII. COLLATERALIZING OF DEPOSITS

All deposits of the Authority, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of "Eligible Securities" pursuant to a Third Party Custody Agreement and/or an "Eligible Letter of Credit", as defined in and pursuant to the provisions of General Municipal Law §10. The Third Party Custody Agreement must establish a method for valuation of the collateral and procedures for monitoring the valuation of such collateral on a regular basis. The Letter of Credit Agreement must be issued for a fixed sum. In the event that deposits exceed the Letter of Credit amount, excess deposits must be covered by Third Party collateral.

IX. SAFEKEEPING AND COLLATERALIZATION

Eligible Securities used for collateralizing deposits shall be held by a bank or trust company subject to appropriate security and custodial agreements.

X. PERMITTED INVESTMENTS

The Authority authorizes the Chairperson, Superintendent, or Treasurer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of "Authorized Investments":

“Authorized Investments” means and includes any of the following investments that are and continue to be legal for the investment of the Authority’s moneys:

- (a) Direct obligations of the United States of America
(i.e.: Treasury Bills and Treasury Notes)
- (b) Time deposits, demand deposits and certificates of deposit issued by any bank or trust company organized under the laws of the State or any national banking association which is a member of the Federal Reserve System or the Federal Deposit
- (c) Insurance Corporation (FDIC), however, all deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of “Eligible Securities.”

All investment obligations shall be payable or redeemable at the option of the Authority within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and as defined in the Authority’s Bond Resolution.

XI. AUTHORIZED FINANCIAL INSTITUTIONS

The Authority shall maintain a list (see Appendix B) of authorized financial institutions approved for the purchase of authorized investments. These authorized investments are to be held by the Authority’s Trustee (see Appendix A). All financial institutions with which the Authority conducts business must be credit worthy and possess the quality, reliability, experience, capitalization and size similar to that of the Authority’s Financial Advisor and Underwriter of the 2008 Series A Water System Revenue Bonds.

XII. PURCHASE OF INVESTMENTS

The Chairperson, Superintendent or Treasurer are authorized to contract for the purchase of investments. The Authority shall enter into written contracts pursuant to which investments are made, 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. No written contract shall be required for the purchase of Authorized Investments from Authorized Depositories or Financial Institutions. All investments shall be registered or inscribed in the name of the Authority.

XIII. REPORTING

The Authority shall prepare an annual investment report, which includes the results of the annual independent audit of all investments. This report will include:

- a record of the Authority’s investments at the fiscal year end,
- a detailed list of permitted investments, consistent with appropriate provisions of law,
- a detailed list of the total fees or commissions paid to each banker or agent that has provided investment services to the Authority since the last investment report,
- investment guidelines and any amendments made to them since the last report, and
- the results of the annual independent audit of all investment practices.

The annual investment report shall be approved by the board and submitted in the Public Authorities Reporting Information System (PARIS) within 90 days of the Authority's fiscal year end.

APPENDIX A
AUTHORIZED DEPOSITARIES

<u>DEPOSITORY NAME</u>	<u>MAXIMUM AMOUNT</u>
US Bank*	\$ 5,000,000
Federal Reserve Bank of NY**	20,000,000
JPMorgan Chase Bank	20,000,000
Capital One	20,000,000
Hanover Community Bank	15,000,000
Sterling National Bank	15,000,000
The First National Bank of Long Island	15,000,000
Flushing Bank	15,000,000
Citibank, N.A.	100,000

*US Bank is the Authority's "Trustee", as defined in the Authority's Bond Resolution. The Bond Resolution establishes a Bond Fund and Bond Reserve Fund which are to be held by the Trustee.

**The Authority may purchase Treasury Obligations through the Federal Reserve Bank of New York Treasury Direct System.

APPENDIX B
AUTHORIZED FINANCIAL INSTITUTIONS

Morgan Stanley
Salomon Smith Barney