

Green Island Power Authority

DEPOSITS AND INVESTMENTS OF AUTHORITY FUNDS POLICY

SECTION 401. PURPOSE AND AUTHORITY. (A) Authority Funds. The purpose of this Part is to implement Section 858-a(3) of Title One of Article 18-A of the General Municipal Law (the “Act”), which provides that the provisions of Sections 10 and 11 of the General Municipal Law shall be applicable to deposits and investments made by the Green Island Power Authority (the “Authority”) of funds for the use and account of the Authority (“Authority Funds”).

(B) Non- Authority Funds. The provisions of this policy shall not apply to funds derived from the sale of bonds, notes or other obligations issued to fund a particular project for the benefit of a particular applicant, or any other funds of the Authority which are not Authority Funds.

SECTION 402. DEPOSITS OF AUTHORITY FUNDS. (A) Designation of Depositories. The Authority shall by resolution or resolutions of the members of the Authority designate one or more banks or trust companies (each, a “Depository”) for the deposit of Authority Funds received by the Chief Fiscal Officer or any other officer of the Authority authorized by law or the by-laws of the Authority to make deposits. Such resolution or resolutions shall specify the maximum amount that may be kept on deposit at any time in each Depository. Such designations and amounts may be changed at any time by a further resolution of the members of the Authority.

(B) Security. All Authority Funds in excess of the amount insured under the provisions of the Federal Deposit Insurance Act as now or hereinafter amended shall be secured in accordance with the provisions of Section 10(3) of the General Municipal Law. Generally, Section 10(3) of the General Municipal Law provides that Authority Funds may be secured by (1) a pledge of “eligible securities” (as defined in Section 10(1) of the General Municipal Law), together with a security agreement and custodial agreement meeting the requirements of Section 10(3)(a) of the General Municipal Law, or (2) an “eligible surety bond” or an “eligible letter of credit” (as such quoted terms are defined in Section 10(1) of the General Municipal Law) securing 100% of such Authority Funds.

SECTION 403. INVESTMENTS OF AUTHORITY FUNDS. (A) Investment Policy. It is the general policy of the Authority that Authority Funds not required for immediate expenditure shall be invested as described in subsection (C) below. 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.

(B) Designation of Investment Officers. The Chief Fiscal Officer and any other officer or employee of the Authority so authorized by the by-laws of the Authority or by resolution of the members of the Authority (each, an “Investment Officer”) are authorized to temporarily invest Authority Funds not required for immediate expenditure. Any designation of an Investment Officer made by resolutions of the members of the Authority may be changed at any time by a further resolution of the members of the Authority.

(C) Types of Investments. Except as otherwise provided by resolution of the members of the Authority, an Investment Officer may invest Authority Funds in any obligation described in Section 11(2) and Section 11(3) of the General Municipal Law. Generally, Sections 11(2) and 11(3) of the General Municipal Law permit the following types of investments:

- (1) special time deposits in, or certificates of deposit issued by, any bank or trust company located and authorized to do business in the State of New York, provided that such deposit account or certificate of deposit is secured in the same manner as is provided for securing deposits of Authority Funds by Section 10(3) of the General Municipal Law;
- (2) obligations of, or obligations where the payment of principal and interest are guaranteed by, the United States of America;
- (3) obligations of the State of New York; and
- (4) with the approval of the State Comptroller, tax anticipation notes and revenue anticipation notes issued by any municipality or school district or district corporation organized under the laws of the State of New York.

(D) Custodians. The Authority may, by resolution of the members of the Authority, authorize the Investment Officers to turn over the physical safekeeping and evidences of the investments made pursuant to subsection (C) of this Section (“Authority Investments”) to any entity authorized pursuant to Section 11(4) of the General Municipal Law to act as a custodian of Authority Investments, but only upon compliance with the requirements of 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 Authority Investments:

- (1) any bank or trust company incorporated in the State of New York;
- (2) any national bank located in the State of New York; and
- (3) 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.

(E) Commingling. Any Authority Funds invested pursuant to this Section may be commingled for investment purposes upon compliance with the requirements of Section 11(6) of the General Municipal Law. Generally, Section 11(6) of the General Municipal Law allows

commingling of Authority Investments so long as (1) such investment is payable or redeemable at the option of the Authority within such time as the proceeds are needed by the Authority, (2) the separate identity of such funds are maintained at all times, and (3) income received on such commingled monies is credited on a pro rata basis to the fund or account from which the monies were invested.

(F) Proper Records. The Chief Fiscal Officer of the Authority shall maintain (or cause the Investment Officers to maintain) a proper record of all books, notes, securities or other evidences of indebtedness held by or for the Authority for purposes of investment. Such record shall at least (where applicable) (1) identify the security, (2) the fund for which held, (3) the place where kept, (4) the date of sale or other disposition, and (5) the amount received from such sale or other disposition.

SECTION 404. INTERNAL CONTROLS. (A) Periodic Reviews. The Chief Fiscal Officer shall prepare investment reports on a periodic basis. The Chief Fiscal Officer shall present such reports at the next regularly scheduled meeting of the Authority following the completion of such report.

(B) Annual Report. Within thirty (30) days of the end of each fiscal year, the Chief Fiscal Officer of the Authority shall prepare an annual investment report (the “Annual Investment Report”) showing the deposits and investments of Authority Funds as of the beginning of such fiscal year, a summary of the changes in such amounts during such fiscal year, a summary of the earnings thereon during such fiscal year, and the balance thereof as of the end of such fiscal year. The Chief Fiscal Officer of the Authority shall then present said report to the members of the Authority at the last regular meeting of the Authority for fiscal year.

(C) Annual Audit. The Annual Investment Report shall be audited by the Authority’s independent certified public accountant as part of the Authority’s annual general audit required pursuant to Section 859 of the Act.

(D) Annual Review. The members of the Authority shall review the Annual Investment Report and the annual audit and this Part, and shall make any amendments to this Part necessary to achieve the purposes of this Part.