

**INVESTMENT POLICY OF THE  
BUFFALO MUNICIPAL WATER FINANCE AUTHORITY  
AND THE BUFFALO WATER BOARD**

The Comptroller, as Chief Fiscal Officer for the City of Buffalo, is empowered by City Charter Section 7-13 with the responsibility of the investment of funds not immediately required on behalf of the City. The investment of such idle funds is governed/regulated by the General Municipal and Local Finance Laws of New York State. This investment policy is adopted as required by Section 2925 of the New York Public Authorities Law. For purposes of this policy, funds of the Buffalo Municipal Water Finance Authority (“BMWFA”) and the Buffalo Water Board (“BWB”) shall be considered “City Funds” and the City of Buffalo’s interests shall represent the interests of the BMWFA and the BWB.

The Comptroller is hereby authorized to invest all City Funds including proceeds of obligations and reserve funds in:

- Certificates of Deposit (CD) issued by a bank or trust company authorized to do business in New York State;
- Time Deposit Accounts (TDA) and Negotiable Order of Withdrawal Accounts (NOW) in a bank or trust company authorized to do business in New York State;
- Obligations of New York State;
- Repurchase Agreements involving the purchase and sale of direct obligations of the United States;
- Obligations of agencies of the federal government if principal and interest is guaranteed by the United States;
- With the approval of the New York State Comptroller, in Revenue Anticipation Notes or Tax Anticipation Notes of other local governments.

Funds designated for a specific purpose will be invested as required by the specific bequest, trust or grant.

All investments made pursuant to this investment policy shall comply with the following conditions:

**1. COLLATERAL**

- a. Certificates of Deposit (CD), Time Deposit Accounts (TDA), and Negotiable Order of Withdrawal Accounts (NOW) shall be fully secured by insurance of the Federal Deposit Insurance Corporation, obligations of New York State, obligations of the United States, 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 City or a Custodial Bank with which the City has entered into a Security/Custodial Agreement, in accordance with General Municipal Law Section 10.

- b. The market value of collateral shall at all times equal or exceed the principal amount of the certificate of deposit, time deposits or NOW accounts. Market value shall mean the bid or closing price as quoted in the *Wall Street Journal* or as quoted by another recognized pricing service. The Investment and Debt Management Officer of the City of Buffalo shall monitor the collateral no less frequently than monthly.
- c. Securities purchased through a Repurchase Agreement shall be valued to market once during the tenure of the agreement and no less than once a month.
- d. 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 United States Government.

## **2. DESIGNATION OF CUSTODIAL BANK**

- a. Custodial Bank. The Bank or Trust Company designated to act as Custodial Bank of the City of Buffalo's investments will be required to sign a written agreement. Securities may not be purchased through a Repurchase Agreement with the Custodial Bank.

## **3. DELIVERY OF SECURITIES**

- a. Repurchase Agreements. No specific Repurchase Agreement shall be entered into unless a Master Repurchase Agreement has been executed between the City of Buffalo and the trading partners. 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 Comptroller, or in the case of a book-entry transaction, when the obligations of the United States are credited to the Custodial Bank's Federal Reserve System account. The Custodial Bank shall confirm all transactions in writing to insure that the City of Buffalo's 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 City of Buffalo 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 the 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 transactions shall be confirmed in writing.

## **4. WRITTEN AGREEMENTS**

Written agreements are required for Repurchase Agreements, Certificates of Deposit, and custodial undertakings. With respect to the purchase of obligations of United States, New

York State, or other governmental entities in which monies may be invested, the interests of the City of Buffalo will be adequately protected by conditioning payment on the physical delivery of purchased securities to the City of Buffalo or the Custodial Bank, or in the case of book-entry transactions, on the crediting of purchased securities to the Custodial Bank's Federal Reserve System account. All purchases will be confirmed in writing to the City of Buffalo.

## **5. FINANCIAL STRENGTH OF INSTITUTIONS**

Investments of the City of Buffalo shall be made with recognized financial institutions and investment firms. The Comptroller, on an annual basis, will review the credit worthiness of the institutions utilized by the City of Buffalo.

## **6. OPERATIONS AND AUDIT**

- The Comptroller or his appropriate designee shall authorize the purchase and sale of all securities and execute contracts for Repurchase Agreements and certificates of deposit on behalf of the City of Buffalo. All directions concerning the purchase or sale of securities shall be confirmed in writing. The City of Buffalo shall pay for purchased securities upon the delivery or book-entry thereof.
- The City of Buffalo will purchase investments through a competitive or negotiated process. A minimum of at least three bids will be required for each transaction.
- At the time independent auditors conduct the annual audit of the accounts and financial affairs of the City of Buffalo, the independent auditors shall audit the investments of the City of Buffalo for compliance with the provisions of this Investment Policy.