

NEW YORK STATE BRIDGE AUTHORITY

INVESTMENT POLICY GUIDELINES

Article I Statement of Purpose

Sec. 101. These Investment Policy Guidelines are adopted pursuant to Section 2925 of the Public Authorities Law, as added by Chapter 838 of the Laws of 1983.

102. These Guidelines replace the Short-term Investment Guidelines for Public Authorities, issued by the State Comptroller in March, 1983, which were adopted in principle, as modified by the Authority's "Investment Practices" memo, by the Board on June 22, 1983.

Article II Investment Policy

Sec. 201. Section 528 (11) of the Public Authorities Law permits the Authority to issue negotiable bonds.

202. Pursuant to said provisions of the Law, the Authority, on December 19, 1996 entered into a General Revenue Bond Resolution (hereafter, "the Bond Resolution") which constitutes a contract with the holders of its bonds. This contract (the Bond Resolution) provides for the custody and control of all Authority funds pledged under the Resolution. The Bond Resolution shall be, and hereby is, fully incorporated by reference herein, including its Section 1.01 "Definitions".

203. All the Bridge Authority Funds authorized in Section 5.02 of the Bond Resolution are available for the production of investment income. These Funds are all, except for the Operating Fund, administered and invested by the Bank of New York, as Trustee for the Bondholders (hereafter "the Trustee").

204. Section 5.03 to 5.14 of the Bond Resolution describe the purpose of each of these Funds, the amounts to be held in them, how moneys are to be transferred between them and the process for the valuation of moneys and Investment Securities.

205. Section 6.01 provides for the deposit of all moneys held by the Trustee with the Trustee or one or more depositories in trust for the Trustee. It also provides for the deposit of moneys held by the Authority in one or more depositories in the name of the Authority.

206. Section 6.02 provides for the investment of all moneys, held by any depository, in demand or interest bearing time deposits or other Investment Securities as defined in the Bond Resolution and further provides for the security of these deposits.
207. Section 6.03 describes how the moneys held in certain Funds are to be invested and how the interest earned on investments in all Funds is to be credited.
208. Within the strictures and limitations of the Bond Resolution, the basic investment objectives of the Authority are:
 - (i) The protection of principal
 - (ii) The safeguarding of all funds, wherever located
 - (iii) The maximization of income from all moneys of the Authority, in interest-bearing bank accounts as well as when invested in authorized debt instruments.

Article III Investments Permitted

Sec. 301. In all Funds administered by the Trustee, Upon instructions signed by an Authorized Officer of the Authority, the Trustee may invest, in so far as the investment is in compliance with the definition of “Investment Securities” in the Bond Resolution, as follows:

- a. In obligations of the United States of America.
 - b. In obligations of the State of New York.
 - c. In certificates of deposit of a New York State bank or trust company.
 - d. When not invested in such debt instruments, the moneys in all Funds shall, insofar as practicable, be kept in interest-bearing deposits, including so-called “money market accounts”, (which may be loaned by the Trustee overnight to other major New York banks at the federal funds rate, but may not be loaned to brokers on “repurchase agreements”).
302. In all Funds the maturity’s of the debt securities purchased shall be selected with due regard to diversification and when the moneys will be needed, and as further specified in Sec. 6.03 of the Bond Resolution.
 303. All securities shall be redeemed promptly upon maturity by the Trustee, acting alone; sales of investments, however, shall be made by the Trustee on instructions signed by an Authorized Officer of the Authority.

Article IV Safeguards (Collateral Security and Audit)

Sec. 401 (a) All moneys held by the Trustee, and all moneys deposited in any other bank or trust company, shall be secured at all times by direct obligations of the United States of America or the State of New York of a market value at least equal to the amount of such deposits. Moneys held by the Trustee, only, may also be secured by obligations guaranteed by the United States of America.

In addition, the market value and accrued interest of the collateral combined with any Federal Deposit Insurance Corporation coverage shall equal the value of the deposits and any accrued interest at all times.

(b) Any certificates of deposit bought as investments in any Funds described in Article III above shall be secured in the same manner.

402. The Trustee, or any other bank or trust company holding Authority deposits, must request and receive the Authority's written consent prior to transferring collateral, or removing a specific security from pledge and replacing it with another.
403. All such collateral shall be clearly earmarked and identified as being held solely for the purpose of securing funds and deposits of the Authority, and no one else. For custodians of collateral, other than the Trustee, there shall be a written custodial agreement which, among other things, specifies the circumstances under which collateral may be substituted and provides that the custodian is holding the securities solely for the benefit of the Authority and makes no claim thereto.
404. All collateral shall be valued to market by the Authority at the time of the initial deposit. All such collateral must be valued to market by the Trustee or other holder of the security at least monthly or more often when requested by an Authorized Officer of the Authority. Such determination of market value shall be verified by the Authority, using an independent source, at the end of each month.
405. At least annually, the Authority's independent accountants shall examine the securities held as investment instruments and as collateral to secure Authority deposits and verify their existence, proper description and segregation, either physically or by examining the comparable record of the "Federal Book Entry" (FBE) from the Federal Reserve Bank, and also independently ascertain their current market value in order to verify sufficiency of fund balances or collateral coverage.

Article V Practice and Procedures

Sec. 501. The Executive Director shall be responsible for the implementation and execution of these Investment Policy Guidelines. He shall review, authorize and approve all investment transactions and decisions of the Authority, in accordance with these guidelines and any directions of the Chairman and policies of the Board. The Authorization and approval of all such investment transactions shall be evidenced in writing on a “Transaction Authorization” form signed by the Executive Director or, in his absence, by the Deputy Executive Director.

502. The Authority Board shall review these Investment Policy Guidelines periodically (at least annually) and revise them as necessary to reflect changes in available investment opportunities and market conditions or as a result of any recommendations from the periodic evaluation of the performance of the investment program or any audits of the investment program.

Article VI Selection of Investment Advisers

Sec. 601. At the time of the adoption of these guidelines, the Authority has no designated investment adviser or investment banker, other than the duties assigned to the Trustee in the Bond Resolution.

602. Should the services of an investment adviser or investment banker be required in the future, the selection and evaluation of such firm shall be based on its experience, size, reputation, and other relevant factors. It shall be selected on a competitive basis in accordance with the procedures set forth in the guidelines for selection of Personal Service Contractors heretofore adopted by this Authority.

Article VII Reports

Sec.701. At each meeting of the Board, at least quarterly, the Executive Director shall render to the Board a report of all investment transactions, and all changes in

collateral, made since the last previous meeting thereof. Such report shall also include any changes in the inventory of existing investments and in the selection of investment bankers, brokers, agents, dealers, or auditors. Such Meeting Report will fulfill the requirements of Public Authorities Law Sec. 2925 (5).

702. (a) The Authority's annual financial statements shall be prepared in accordance with generally accepted accounting principles for Government (GAAP) (with the exception of providing for allowances for depreciation of the bridge facilities as required by the General Bond Resolution) and shall include all internal accounting and disclosure requirements as required by GAAP and the Governmental Accounting Standards Board.

(b) Annual Report. An Annual Investment Report in compliance with Public Authorities Law Sec. 2925 (6) shall be prepared by the Executive Director and submitted to the Board at a Meeting in March or April of each year. It shall consist of the Authority's Annual Report, required by Public Authorities Law Sec. 2802, containing the annual audit by the Authority's independent accountants augmented by:

- a. The Investment Policy Guidelines;
- b. Any amendments thereto;
- c. Any needed explanation of the Guidelines or their amendments;
- d. Investment income record (excerpted from the annual audit);
- e. A list of the total fees, commissions, or other charges, paid to anyone rendering "investment associated services" to the Authority.

703. After having been approved by the Board at such Meeting, the Annual Investment Report shall be submitted to the Division of the Budget, with copies to the Department of Audit and Control, the Senate Finance Committee, and the Assembly Ways and Means Committee.

704. Copies of the Annual Investment Report shall be made available to the public during regular office hours at the Headquarters of the Authority, upon reasonable request thereof.

Article VIII Amendment

Sec. 801. These Investment Policy Guidelines may be amended by the Board by a supplemental Resolution adopted at any duly called Meeting, provided that the wording of such amendment is distributed to all Members of the Board, with the Agenda, in advance of such Meeting.

