

NIAGARA FRONTIER TRANSPORTATION AUTHORITY/NIAGARA FRONTIER TRANSIT METRO SYSTEM, INC.
 NIAGARA FRONTIER TRANSIT METRO SYSTEM, INC.
 INVESTMENT INVENTORY AT JUNE 30, 2008
 NEW INVESTMENTS TRANSACTED DURING QUARTER ENDED JUNE 30, 2008

DATE	MATURITY	INTEREST RATE	HSBC	KEY BANK	JP MORGAN CHASE	BANK OF AMERICA	M&T BANK	FIRST NIAGARA BANK	UNITED MISSOURI BANK	NYS WORKERS' COMP. BOARD
REPURCHASE AGREEMENTS										
TOTALS:			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERTIFICATE OF DEPOSIT										
	7/15/08	1.750%					\$40,097			
	7/1/08	2.210%						\$968,598		
	7/8/08	1.540%			\$12,036					
	7/8/08	2.100%	\$200,494							
	7/8/08	2.100%	\$204,766							
	7/22/08	1.530%			\$4,500					
	7/22/08	1.530%			\$15,706					
	7/24/08	2.070%			\$148,107					
	7/24/08	2.200%	\$262,924							
	7/30/08	2.070%			\$145,439					
	7/31/08	2.000%					\$16,681			
	7/31/08	2.200%	\$214,373							
	12/31/08	3.380%			\$10,000					
	12/30/08	2.830%	\$243,996							
	1/6/09	3.900%					\$383			
TOTALS:			\$1,128,551	\$0	\$318,784	\$0	\$52,164	\$968,598	\$0	\$0
MONEY MARKET										
	PFC Account				\$378,701					
	82s Account				\$3,107,608					
	BNIA Series 1999A Account				\$16,499					
	Overnight Investment				\$3,703,240					
	Airport Development Fund		\$5,000,000		\$4,650,259			\$6,000,000		
	FAA SC 87							\$855,599		
	BNIA Cap Reserve							\$3,709,569		
	NTTEC RLF							\$3,439,963		
	NFIA New Terminal							\$1,580		
	O & M							\$2,003,719		
	BNIA Operating Reserve				\$5,663,415					
	Debt Service Reserve				\$1,770,847					
	Self Insurance Fund				\$1,381,169					
	NPTC							\$2,962,340		
	Aviation Reserves							\$3,524,251		
	Metro Self Insurance Fund							\$4,655,172		
TOTALS:			\$0	\$5,000,000	\$10,871,758	\$0	\$0	\$27,152,295	\$0	\$0
NORSCO ESCROW										
	PHASE ONE								\$252,421	
	PHASE TWO						\$308,696			
TOTALS:			\$0	\$0	\$0	\$0	\$308,696	\$0	\$252,421	\$0
TREASURY NOTES										
	11/15/10	4.500%								\$25,000
TOTALS:			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000
BNIA BOND FUNDS										
	BNIA Funds - Checking		\$8,904							
	BNIA Bond Funds - 1998 Issue		\$2		\$1,374,414					
	BNIA Bond Funds - 1999 Issue		\$1,356		\$7,612,061					
	BNIA Bond Funds - 2000 Issue		\$844,081							
	BNIA Bond Funds - 2004 Issue		\$14,130		\$5,401,449					
TOTALS:			\$868,473	\$0	\$14,387,924	\$0	\$0	\$0	\$0	\$0
TOTALS PER BANK			\$1,915,924	\$5,000,000	\$35,595,471	\$0	\$365,864	\$28,121,281	\$252,421	\$25,000
Percent of Total Investments			2.80%	7.01%	49.88%	0.00%	0.51%	39.41%	0.35%	0.84%

Total Investments @ June 30, 2008 \$21,355,821

TYPE OF INVESTMENT CONCENTRATION	AMOUNT	% OF TOTAL	INTEREST EARNED		FEES PAID	
			Q/Y 4/30/08	Cumulative Interest YTD	Q/Y 4/30/08	Cumulative Fees YTD
Repurchase Agreement	\$0	0.00%				
Certificate of Deposit	\$2,488,505	3.49%	Q/Y 4/30/08	\$399,798	Q/Y 4/30/08	\$1,687
Money Market	\$57,024,051	74.31%	Cumulative Interest YTD	\$399,798	Cumulative Fees YTD	\$1,687
Treasury Notes	\$25,000	0.04%				
BNIA Checking	\$8,904	0.01%				
Norisco Escrow	\$561,117	0.79%				
M. Mktz/BNIA Bonds-1998 Issue	\$1,374,417	1.93%	Q/Y 4/30/07	\$1,070,602	Q/Y 4/30/07	\$1,088
M. Mktz/BNIA Bonds-1999 Issue	\$7,613,417	10.67%	Cumulative Interest		Cumulative Fees	
M. Mktz/BNIA Bonds-2000 Issue	\$844,081	1.18%	4/1/07-4/30/07	\$1,070,602	4/1/07-4/30/07	\$1,088
M. Mktz/BNIA Bonds-2004 Issue	\$5,415,539	7.59%				
	\$21,355,821	100%				

*NFT Metro Investment

NIAGARA FRONTIER TRANSPORTATION AUTHORITY/NIAGARA FRONTIER TRANSIT METRO SYSTEM, INC.
 NIAGARA FRONTIER TRANSIT METRO SYSTEM, INC.
 INVESTMENT INVENTORY AT SEPTEMBER 30, 2008
 NEW INVESTMENTS TRANSACTED DURING QUARTER ENDED SEPTEMBER 30, 2008

MATURITY DATE	INTEREST RATE	HBC	KEY BANK	JF MORGAN CHASE	BANK OF AMERICA	M&T BANK	FIRST NIAGARA BANK	UNITED MISSOURI BANK	NYS WORKERS' COMP. BOARD
REPURCHASE AGREEMENTS									
TOTALS:		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERTIFICATE OF DEPOSIT									
10/1/08	1.500%			\$12,076					
10/2/08	2.050%			\$148,709					
10/2/08	2.190%	\$220,804							
10/7/08	2.190%	\$935,088							
10/7/08	3.500%					\$40,279			
10/7/08	2.490%			\$5,000,000					
10/14/08	1.570%			\$4,500					
10/14/08	1.570%			\$13,706					
10/22/08	2.070%			\$146,130					
10/23/08	2.170%	\$183,914							
10/23/08	2.000%					\$16,761			
11/4/08	2.800%	\$201,931							
11/4/08	2.800%	\$206,234							
12/5/08	3.380%			\$10,000					
12/30/08	2.830%	\$243,996							
1/6/09	3.900%					\$384			
TOTALS:		\$1,611,964	\$0	\$5,537,139	\$0	\$47,423	\$0	\$0	\$0
MONEY MARKETS									
PFC Account				\$690,708					
88c Account				\$4,304,397					
BNIA Series 1999A Account				\$16,383					
Overnight Investment				\$2,104,361					
Airport Development Fund			\$5,036,949	\$8,658,568			\$6,044,939		
FAA 50 C 97							\$872,851		
BNIA Cap Reserve							\$4,753,166		
NITTEC RLF							\$3,459,089		
NFLA New Terminal							\$1,812		
O & M							\$2,003,863		
BNIA Operating Reserve							\$5,694,904		
Debt Service Reserve				\$1,175,435					
Self Insurance Fund				\$1,388,259					
NFTC							\$2,978,811		
Aviation Reserves							\$21,324		
Metro Self Insurance Fund							\$7,571,999		
TOTALS:		\$0	\$5,036,949	\$18,538,333	\$0	\$0	\$33,484,779	\$0	\$0
NO RESERVE CROWD									
PHASB ONB								\$252,717	
PHASB TWO						\$350,594			
TOTALS:		\$0	\$0	\$0	\$0	\$350,594	\$0	\$252,717	\$0
TREASURY NOTES									
11/15/10	4.500%								\$25,000
TOTALS:		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000
BNIA BOND FUNDS									
BNIA Funds - Checking		\$164,042							
BNIA Bond Funds - 1998 Issue		\$424,502		\$1,379,034					
BNIA Bond Funds - 1999 Issue		\$2,587,604		\$7,637,639					
BNIA Bond Funds - 2000 Issue		\$854,431							
BNIA Bond Funds - 2004 Issue		\$378,251		\$1,419,598					
TOTALS:		\$1,408,820	\$0	\$14,425,271	\$0	\$0	\$0	\$0	\$0
TOTALS PER BANK									
TOTALS PER BANK		\$6,448,784	\$5,036,949	\$18,311,724	\$0	\$48,023	\$33,484,779	\$252,717	\$25,000
Percent of Total Investments		7.68%	6.00%	45.67%	0.00%	0.48%	39.81%	0.30%	0.01%

Total Investments @ September 30, 2008 **\$83,879,997**

TYPE OF INVESTMENT CONCENTRATION	AMOUNT		% OF TOTAL	INTEREST EARNED		FEES PAID	
Repurchase Agreement	\$0		0.00%				
Certificate of Deposit	\$7,426,523		8.85%	Q/E 9/30/08	\$148,117	Q/E 9/30/08	\$1,624
Money Market	\$56,980,061		67.03%	Cumulative Interest YTD	\$747,915	Cumulative Fees YTD	\$3,311
Treasury Notes	\$25,000		0.03%				
BNIA Checking	\$164,042		0.20%				
Nonresc Crow	\$603,312		0.72%				
SL Mkt/BNIA Bonds-1998 Issue	\$1,803,535		2.15%	Q/E 9/30/07	\$979,006	Q/E 9/30/07	\$1,626
SL Mkt/BNIA Bonds-1999 Issue	\$10,225,242		12.19%	Cumulative Interest		Cumulative Fees	
SL Mkt/BNIA Bonds-2000 Issue	\$854,431		1.02%	6/1/07-9/30/07	\$2,049,608	6/1/07-9/30/07	\$2,714
SL Mkt/BNIA Bonds-2004 Issue	\$5,797,850		6.91%				
TOTALS		\$83,879,997	100%				

*NFT Metro Investment

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
 NIAGARA FRONTIER TRANSIT METRO SYSTEM, INC.
 INVESTMENT INVENTORY AT DECEMBER 31, 2002
 NEW INVESTMENTS TRANSACTED DURING QUARTER ENDED DECEMBER 31, 2002

MATURITY DATE	INTEREST RATE	ISBC	KEY BANK	JPMORGAN CHASE	BANK OF AMERICA	M&T BANK	FIRST NIAGARA BANK	UNITED MISSOURI BANK	NYC WORKERS' COMP. BOARD
REPURCHASE AGREEMENTS									
TOTALS:		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERTIFICATE OF DEPOSIT									
1/6/09	3.000%					\$388			
*1/6/09	1.000%					\$2,000,000			
1/1/09	1.300%	\$147,004							
1/1/09	1.300%	\$492,306							
1/15/09	0.500%					\$16,813			
1/20/09	1.200%					\$203,000			
1/20/09	1.300%					\$207,326			
1/21/09	1.000%	\$12,132							
1/22/09	1.600%					\$149,590			
1/22/09	1.600%					\$208,866			
*1/27/09	0.500%					\$83,089			
3/1/09	3.300%			\$2,008,000					
3/1/09	3.400%			\$1,300,000					
3/1/09	3.400%			\$5,600,000					
3/2/09	3.350%			\$977,994					
3/31/09	3.150%	\$1,383,107							
3/31/09	3.150%	\$6,378,505							
3/31/09	3.150%	\$1,381,693							
3/31/09	3.150%	\$4,180,747							
3/31/09	3.150%	\$654,861							
6/30/09	1.000%			\$10,000					
12/4/09	1.500%								
TOTALS:		\$15,194,841	\$0	\$10,898	\$9,877,994	\$3,669,973	\$0	\$0	\$0
MONEY MARKETS									
FFC Account				\$413,781					
88c Account				\$6,918,287					
BNIA Series 1999A Account				\$1,663,2					
Overnight Investment				\$3,505,457					
Airport Development Fund				\$4,782,071			\$6,310,278		
FAA SC #7							\$88,290		
BNIA Cap Reserve							\$4,664,991		
NITFC RLP							\$3,473,555		
NFIA New Terminal							\$1,821		
BNIA Operating Reserve							\$96,010		
Debt Service Reserve				\$4,786,467					
Self Insurance Fund				\$89,316					
NYTC							\$2,992,991		
Aviation Reserve							\$3,210		
HM Deposits				\$4,506					
Lease Deposits				\$15,728					
Metro Self Insurance Fund							\$7,344,247		
TOTALS:		\$0	\$0	\$12,547,465	\$0	\$0	\$25,781,624	\$0	\$0
NOBESCO BARRON									
PHASE ONE								\$50,493	
PHASE TWO							\$109,704		
TOTALS:		\$0	\$0	\$0	\$0	\$109,704	\$0	\$50,493	\$0
TREASURY NOTES									
11/15/10	4.500%								\$75,000
TOTALS:		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000
BNIA									
Loan							\$7,371,833		
TOTALS:		\$0	\$0	\$0	\$0	\$7,371,833	\$0	\$0	\$0
BNIA BOND FUNDS									
BNIA Funds - Checking		\$11,577							
BNIA Bond Funds - 1998 Issue		\$2							
BNIA Bond Funds - 1999 Issue		\$1,357							
BNIA Bond Funds - 2000 Issue		\$855,739							
BNIA Bond Funds - 2004 Issue		\$372,253							
TOTALS:		\$1,240,928	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS PER BANK									
Percent of Total Investments		28.91%	8.08%	23.80%	12.84%	12.61%	31.41%	5.87%	0.81%

Total Investments @ December 31, 2002 \$52,863,866

TYPE OF INVESTMENT CONCENTRATION	AMOUNT	% OF TOTAL	INTEREST EARNED	FEE PAID
Repurchase Agreement	\$0	0.00%		
Certificate of Deposit	\$27,932,008	34.06%	Q/E 12/31/02 \$469,575	Q/E 12/31/02 \$3,316
Money Market	\$45,305,049	55.21%	Cumulative Interest YTD \$1,217,490	Cumulative Fees YTD \$4,626
Treasury Note	\$25,000	0.03%		
BNIA Checking	\$11,577	0.01%		
Nobesco Barron	\$268,202	0.33%		
BNIA Loan	\$7,371,833	8.88%		
M. Mkt/BNIA Bonds-1998 Issue	\$2	0.00%	Q/E 12/31/02 \$948,015	Q/E 12/31/02 \$1,610
M. Mkt/BNIA Bonds-1999 Issue	\$1,357	0.00%	Cumulative Interest YTD \$2,997,623	Cumulative Fees YTD \$4,626
M. Mkt/BNIA Bonds-2000 Issue	\$855,739	1.04%		
M. Mkt/BNIA Bonds-2004 Issue	\$372,253	0.45%		
	\$52,863,866	100%		

*NFT Metro Investment

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
 NIAGARA FRONTIER TRANSIT METRO SYSTEM, INC.
 INVESTMENT INVENTORY AT MARCH 31, 2009
 NEW INVESTMENTS TRANACTED DURING QUARTER ENDED MARCH 31, 2009

MATURITY DATE	INTEREST RATE	NBFC	KEY BANK	JP MORGAN CHASE	BANK OF AMERICA	M&T BANK	FIRST NIAGARA BANK	UNITED MISSOURI BANK	NYS WORKERS' COMP. BOARD	
REPURCHASE AGREEMENTS										
TOTALS:		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CERTIFICATE OF DEPOSIT										
5/21/09	0.950%						\$109,869			
6/15/09	0.450%									
6/25/09	0.950%				\$147,313	\$12,145				
6/30/09	1.000%									
9/1/09	1.250%	\$64,584								
9/15/09	1.350%	\$297,663								
9/15/09	1.350%	\$2,000,000								
9/15/09	1.350%	\$1,408,527								
9/15/09	1.350%	\$3,783,902								
9/22/09	1.350%	\$993,284								
*9/29/09	1.350%	\$85,235								
12/1/09	1.500%	\$10,000								
3/31/10	1.350%	\$1,365,500								
3/31/10	1.350%	\$6,161,832								
3/31/10	1.350%	\$1,400,918								
3/31/10	1.350%	\$4,503,190								
3/31/10	1.350%	\$866,754								
TOTALS:		\$24,849,788	\$0	\$0	\$147,313	\$12,145	\$109,869	\$0	\$0	
MONEY MARKETS										
FFC Account				\$123,035						
B&C Account				\$5,148,633						
BNIA Series 1999A Account				\$8,315						
Overnight Investment				\$901,082						
Airport Development Fund				\$4,020,303						
FAA SC #7										
BNIA Cap Reserve										
NHTBC RLF										
NFA A/F										
NFA New Terminal										
BNIA Operating Reserve										
Delt Service Reserve				\$4,353						
Self Insurance Fund				\$9						
NHTC										
Aviation Reserve										
B&I Deposits				\$4,502						
Lease Deposits				\$13,714						
DEA Justice				\$458,478						
DEA US Treasury				\$16,843						
Prog Management Cap Res				\$63,184						
Metro Self Insurance Fund										
TOTALS:		\$476,223	\$0	\$10,291,322	\$0	\$0	\$6,631,787	\$0	\$0	
NIAGARA ESCROW										
PHASE ONE								\$0	\$0	
PHASE TWO								\$0	\$0	
TOTALS:		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TREASURY NOTES										
11/15/10	4.500%								\$25,000	
TOTALS:		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000	
BNIA										
Loan							\$2,186,526			
TOTALS:		\$0	\$0	\$0	\$0	\$2,186,526	\$0	\$0	\$0	
BNIA BOND FUNDS										
BNIA Funds - Checking				\$34,413						
BNIA Bond Funds - 1998 Issue				\$939,500						
BNIA Bond Funds - 1999 Issue				\$4,976,247						
BNIA Bond Funds - 2000 Issue				\$784,942						
BNIA Bond Funds - 2004 Issue				\$25,524						
TOTALS:		\$6,760,626	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTALS PER BANK		\$31,887,128	\$0	\$18,291,322	\$147,313	\$12,145	\$13,862,615	\$0	\$25,000	
Percent of Total Investments		46.22%	0.00%	15.00%	0.21%	3.30%	34.72%	0.00%	0.04%	

Total Investments @ March 31, 2009 \$68,811,463

TYPE OF INVESTMENT CONCENTRATION	AMOUNT		INTEREST EARNED	FEE PAID
	AMOUNT	% OF TOTAL		
Repurchase Agreement	\$0	0.00%		
Certificate of Deposit	\$25,159,104	36.57%	Q/E 3/31/09 \$179,685	Q/E 3/31/09 \$1,794
Money Market	\$4,480,203	6.50%	Cumulative Interest YTD \$1,497,175	Cumulative Fee YTD \$8,432
Treasury Note	\$25,000	0.04%		
BNIA Checking	\$34,413	0.05%		
Reserve Escrow	\$0	0.00%		
BNIA Loan	\$2,186,526	3.19%		
BNIA Bonds-1998 Issue	\$939,500	1.37%	Q/E 3/31/09 \$708,423	Q/E 3/31/09 \$1,618
BNIA Bonds-1999 Issue	\$4,976,247	7.25%	Cumulative Interest 4/7/08-12/31/08 \$3,706,048	Cumulative Fee 4/7/08-12/31/08 \$5,851
BNIA Bonds-2000 Issue	\$784,942	1.14%		
BNIA Bonds-2004 Issue	\$25,524	0.04%		
TOTALS	\$68,811,463	100%		

*NFT Metro Investments

**2009/ 2010 - INVESTMENT GUIDELINES FOR
NIAGARA FRONTIER TRANSPORTATION AUTHORITY
AND ITS SUBSIDIARIES**

Section 1. Title

These guidelines shall be known as "Guidelines for Investment by the Niagara Frontier Transportation Authority and its Subsidiaries," hereafter referred to as the "Investment Guidelines".

Section 2. Purpose and Objectives

The purpose of the Investment Guidelines is to establish comprehensive guidelines which detail the operative policy and instructions to officers and staff of the Niagara Frontier Transportation Authority ("Authority") regarding the investing, monitoring and reporting of funds of the Authority and its subsidiary corporations in compliance with the Public Authorities Law Section 2925 and OSC Investment Guidelines for Public Authorities and State Regulations at 2 NCYRR Part 201.

The prime investment objectives are to:

- Minimize risk;
- Assure liquidity;
- Maximize interest earnings on a competitive basis.

Section 3. Definitions

- 1). "Authority" shall be defined to include the Niagara Frontier Transportation Authority as enacted by Section 1299 of the Public Authorities Law, and each subsidiary corporation thereof.
- 2). "Funds" shall be defined to include all monies and other financial resources available for investment by the Authority, on its own behalf, or on behalf of any other entity or individual. Funds shall not be defined to include Pension Funds which are separately administered pursuant to New York State and Federal Law.

Section 4. Annual Review and Approval

The Investment Guidelines shall be reviewed at least annually, amended as necessary and recommended by the Audit and Governance Committee for approval by the Authority's Board of Commissioners (the "Board").

Section 5. Permitted Investments

The following is a listing of the permitted investments, all of which are consistent with the appropriate provisions of law relating to the Authority and any additional requirements pursuant to any contract with bond and note holders:

- 1). Certificates of Deposit issued by a bank or trust company authorized to do business in New York State;
- 2). Time Deposit, Demand Deposit, and Money Market Accounts in a bank or trust company authorized to do business in New York State;
- 3). Obligations of the United States Government;
- 4). Obligations of New York State or any municipality or municipal corporation located therein;
- 5). Repurchase Agreements involving the purchase and sale of direct obligations of the United States Government.

Section 6. Diversification of Investments

Investments of the Authority shall be reasonably diversified, as shall firms with which the Authority transacts business. This section shall not be construed to mandate absolute diversification in the event that the Authority Board or its Executive Director on advice of the Chief Financial Officer considers, in a certain instance, that diversification is not in the best interest of the Authority. Diversification shall be reviewed quarterly with the Audit and Governance Committee with respect to type of investment and the allocation of investments among financial institutions. See attached example.

Section 7. Collateral.

- 1). Certificates of Deposit, Time Deposit, Demand Deposit, and Money Market Accounts shall be fully secured by insurance of the Federal Deposit Insurance Corporation (FDIC) and, when applicable, by obligations of the United States, or obligations of federal agencies, the principal and interest of which are guaranteed by the United States, or obligations of New York State or any municipality or municipal corporation located therein. Collateral shall be delivered to the Authority or a Custodial Bank with which the Authority has entered into a Security/Custodial Agreement, in accordance with General Municipal Law, §10.
- 2). Collateral shall not be required with respect to the direct purchase of obligations of New York State or any municipality or municipal corporation located therein, obligations of the United States, and obligations of federal agencies, the principal and interest of which are guaranteed by the United States Government.
- 3). The securities purchased under a Repurchase Agreement must be direct United States Government obligations. The purchase price should be the present market value of the securities and not the face value.
- 4). Securities purchased through a Repurchase Agreement shall be valued to market at least weekly.
- 5). The market value of the collateral shall equal the value of the investment and its accrued interest at all times. The recorded value of the collateral backing any investment shall be adjusted to market at the time of the initial investment, and thereafter at least monthly to be certain that the principal amount of the market value of collateral is at least 100% of the investment.
- 6). The security/custodial agreement shall provide that eligible securities (in compliance with Section 7, Paragraph 1), are being pledged to secure Authority deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the Authority to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Authority, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Authority or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the Authority, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency or revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Authority a perfected interest in the securities.

- 7). In the event the market value of the collateral is less than 99% of the value of the original investment and accrued interest, the financial institution at which the investment was placed will be required to immediately move additional collateral to the custodian in order to be in compliance with Section 7, Paragraph 4 of these guidelines.
- 8). Failure of the financial institution to correct this situation within one (1) business day upon notice by the Authority or its custodian, will result in the financial institution being held in default. Further, all investment activity with that financial institution will be suspended until the default is resolved.

Section 8. Delivery of Securities

- 1). 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 Authority, or in the case of a book-entry transaction, when the obligations of the United States are credited to the Custodian's Federal Reserve Bank account. The seller shall not be entitled to substitute securities without written approval of the Authority's Chief Financial Officer or his designee. The Custodial Bank shall confirm all transactions in writing to insure that the Authority's ownership of the securities is properly reflected on the records of the Custodial Bank.
- 2). Payment shall be made by or on behalf of the Authority for obligations of New York State, obligations the principal and interest of which are guaranteed by the United States, direct 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.

Section 9. Written Contracts

Written contracts 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, etc. in which monies may be invested, the interests of the Authority will be adequately protected by conditioning payment on the physical delivery of purchased securities to the Custodian's Federal Reserve System account. All purchases will be confirmed in writing to the Chief Financial Officer of the Authority, or her designee.

It is therefore, the policy of the Authority to require written contracts as follows:

- 1). Written contracts shall be required for all Repurchase Agreements. Only credit worthy banks and primary reporting dealers shall be qualified to enter into a Repurchase Agreement with the Authority. The written contract shall provide that only obligations of the United States may be purchased, and the Authority shall take delivery, through the Authority's custodian, of the purchased securities. No specific repurchase agreement shall be entered into unless a master repurchase agreement has been executed between the Authority and the trading partners.
- 2). Written contracts shall be required for the purchase of all Certificates of Deposit.
- 3). A written contract shall be required with the Custodial Bank.

Section 10. Financial Strength of Institutions

All financial institutions must be credit worthy. Their annual reports must be submitted each year to the Authority Chief Financial Officer or her designee for review and analysis. Credit rating agencies (Moody's or Standard and Poors) will be used annually to determine their credit worthiness for those trading partners whose annual reports have not been submitted.

Repurchase Agreements shall be entered into only with banks, trust companies, or registered and primary reporting dealers in government securities. Sound credit judgments must be made with respect to trading partners in repurchase agreements. It is not assumed that inclusion on a list of the Federal Reserve is automatically adequate evidence of credit worthiness.

Repurchase Agreements should not be entered into with under-capitalized trading firms.

Section 11. Operations

The Chief Financial Officer is hereby authorized to make all investment decisions, invest all Authority surplus funds and execute repurchase agreements and certificates of deposit on behalf of the Authority in line with these guidelines.

The aforementioned authorization may be delegated by the Chief Financial Officer to qualified representatives, who shall assume the duties relative to investment of Authority surplus funds subject to established internal controls including, but not limited to the following:

- 1). No single staff person shall both execute and authorize an investment transaction.
- 2). All transactions must be approved in writing, prior to execution of the transaction, by either the Chief Financial Officer, or qualified representatives.
- 3). All authorized investment transactions must be compiled, recorded and reviewed by the Chief Financial Officer, or qualified representatives by the end of each business day.

Oral directions concerning the purchase or sale of securities shall be confirmed in writing. The Authority shall pay for purchased securities upon the delivery, or book-entry, thereof.

Competition in the placing of investments will be implemented. If a telephone quote is the standard method of placing a form of investment, a complete and continuous record of all such quotes, solicited and received, must be maintained. Timeliness of response is critical. A minimum of three (3) separate quotes will be required on each purchase or sale of security, and shall be awarded to the highest bidder, net of fund's transfer charges incurred and other account fees.

Section 12 Standards for the Qualification of Investment Bankers, Brokers, Agents, Dealers and Other Investment Advisers and Agents Transacting Business With the Authority

The Authority shall transact business only with qualified, certified or licensed investment bankers, brokers, agents, dealers and other investment advisers and agents. The Authority staff, on the advice and consent of the Authority Board, shall consider the quality, reliability, experience, financial strength, size and any other factors which in the judgment of the Authority make an individual or firm qualified to transact business with the Authority.

Specifically, but without limitation, the following are considered qualified:

- 1). Brokers, agents, dealers, any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York (included in the then current "List of the Government Securities Dealers Reporting to the Market Reports Division of the Federal Reserve Bank of New York").
- 2). Investment Advisers - any bank or trust company organized under the laws of any state of the United States of America or any national banking association, and any firm or person which is:
 - a). registered with the Securities and Exchange Commission under the Investment Adviser of 1940, and
 - b). registered with the New York State Secretary of State as an Investment Adviser, and
 - c). is a member in good standing with the Investment Counsel Association of America.

- 3). Custodian - any bank or trust company organized under the laws of any state of the United States of America or any national banking association.

The Authority's policy regarding **conflicts of interest shall be followed regarding the investment of funds. No Authority board member, senior Authority official, any officer or employee, is authorized to participate in the selection of institutions where the individual is an officer, a director or substantial stockholder.**

Section 13. Amendments

The Authority shall have the power, from time to time, to amend the Investment Guidelines in accordance with the provisions of Section 2925 of the Public Authorities Law.

Section 14. Quarterly Reporting

The quarterly report or reports covering such other period as may be approved by the Board of Commissioners, shall be presented to the Audit and Governance Committee of the Board.

The quarterly report will include Investment Benchmark as follows:

- Certificate of Deposit - Average Interest Rate Awarded, Average Interest Rate Quoted and Wall Street Average;
- Repurchase Agreement - Average Interest Rate Awarded and Average Interest Rate Quoted;
- Government Secured Money Markets – Average Interest Rate and State Average
- Type of Investment Concentration
- Diversification of Investments

Section 15. Annual Report

The Authority shall annually prepare and approve an Annual Investment Report which shall include:

- the Investment Guidelines as then currently amended;
- amendments to the Investment Guidelines since the last investment report;
- the investment income records of the Authority;
- a list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and adviser rendering investment associated services to the corporation since the last investment report.
- the results of the annual independent audit, pursuant to Section 2925 of the Public Authority Law and the New York State Comptroller's Regulations 2 NYCRR Part 201. Such Annual Investment Report may be a part of any other annual report that the Authority is required to make.
- The Annual Report shall be submitted to the Office of the State Comptroller, the New York State Senate and Finance Committee and the Ways and Means Committee of the New York state Assembly. Each report shall be made available to the public upon reasonable request thereof.

Section 16. Effective Date

The Investment Guidelines shall be effective as of April 27, 2009.