

BROOME COUNTY LAND BANK CORPORATION INVESTMENT POLICY

SECTION 1. PURPOSE. The purpose of this document is to establish guidelines for the prudent investment of the Broome County Land Bank Corporation (herein referred to as the "BCLBC"), funds that are consistent with the laws of the State of New York.

CONTROLLING LEGISLATION. PAL § 2824(e) and N-PCL § 552(f) require the BCLBC to establish a written policy concerning the investments and delegation of management and investment functions of the BCLBC. This Policy is intended to be consistent with and shall be construed in accordance with the PAL and N-PCL, and in the event of any inconsistency between this Policy and the provisions of those statutes, the statutory provision shall control and be followed to the fullest extent by the BCLBC.

SECTION 2. DEFINITIONS. As used herein, the following terms shall have the meaning set forth below.

- a. **"Board"** shall mean the Board of Directors of the BCLBC.
- b. **"Executive Director"** shall mean the Executive Director of the BCLBC.
- c. **"Donor"** shall mean the person who grants or transfers property pursuant to a gift instrument, or a person designated in the applicable Gift instrument to act in the place of the donor, but does not otherwise include the person's executors, heirs, successors, assigns, transferees, or distributees.
- d. **"Gift Instrument"** shall mean a record or records, including any solicitation by the BCLBC, under which property is granted to, transferred to, or held by the BCLBC as an institutional fund.
- e. **"Institutional Fund"** shall mean any fund held by the BCLBC but shall not include (1) program related assets; (2) a fund held for the BCLBC by a trustee that is not the BCLBC or (3) a fund in which a beneficiary that is not the BCLBC has an interest, other than an interest that could arise upon violation or failure of the purposes of the fund.
- f. **"N-PCL"** shall mean the New York Not for Profit Corporations Law.
- g. **"PAL"** shall mean the New York Public Authorities Law.

2

SECTION 3. INVESTMENTS OF THE LAND BANK.

a. **Funds to Be Invested.** To the extent the BCLBC has funds beyond that which are necessary to meet current obligations or for disbursement otherwise required, such funds shall from time to time be invested in acceptable investment instruments.

b. **Investment Goals.** The following objectives, listed in order of priority, shall be followed in the investing of such funds:

- i. To provide a level of liquidity to insure the availability of funds for payment to meet obligations of the BCLBC or for disbursement otherwise required.
- ii. To minimize the amount of funds uninvested.
- iii. To minimize the risk of any potential loss or devaluation of funds invested.
- iv. To earn a maximum rate of return on funds invested, within the limitations as to types of investments permitted under this policy and applicable law.

c. **Acceptable Investment Instruments.** Acceptable investment instruments for the investment of funds are as follows:

- i. Certificates of Deposit issued by a bank or trust company authorized to do business in New York State, provided however, that such Certificates of Deposit shall be payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained, and provided further that such certificates of deposit be secured in the same manner as provided for securing deposits of Municipal Law.
- ii. Time Deposit Accounts in a bank or trust company authorized to do business in New York State, provided however, that such Time Deposit Accounts shall be payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained and provided further that such time deposit accounts be secured in the same manner as is provided for securing deposits of public funds by Subdivision 3 of Section 10 of the New York General Municipal Law.

iii. Obligations of agencies of the federal government if principal and interest is guaranteed by the United States.

iv. Obligations of the State of New York.

d. Timing of Investments.

i. The Executive Director shall maintain a portfolio of all investments. Investments shall generally mature or otherwise be available for sale or redemption without penalty at such times as funds invested are required for payment to meet obligations of the BCLBC, or are otherwise required for disbursement.

e. Collateral Requirements.

i. Certificate of Deposits and Time Deposit Accounts shall be fully secured to the maximum amount set by the Federal Deposit Insurance Corporation.

ii. Certificate of Deposits and Time Deposit Accounts with principal value in excess of the amount insured by the Federal Deposit Insurance Corporation, shall be fully secured by eligible securities as that term is defined in Section 10 of the General Municipal Law having in the aggregate a market value at least equal to the aggregate amount of the deposits and Third Party Custodial Agreements shall be entered into with the deposit institution.

iii. Collateral shall be delivered to and held by the BCLBC as part of the investment portfolio or be delivered to a custodial bank or trust company with which the BCLBC has a Custodial Agreement. Said Custodial Institution shall provide written confirmation to the BCLBC of the obligations held in such institutions as collateral for investments of the BCLBC.

f. **Custodial Institutions.** The Executive Director or the Chairman shall from time to time, if necessary, enter into contracts with banks or trust companies licensed to do business in New York State to act as custodian of funds owned by the BCLBC or of funds pledged as collateral for certificates of deposit or time deposit accounts. Custodians must be member banks of the Federal Reserve Bank or maintain accounts with member banks. A custodial contract shall not be entered into for holding of an investment with the same party from which such investment instrument was acquired without approval of the BCLBC. A custodial contract may be entered into with the Trust Department of the seller of the investment instrument provided that the Trust Department is a separate corporate entity. At the request of the BCLBC custodial institutions shall verify collateral held on behalf of the BCLBC as property or as collateral for an investment instrument.

g. **Financial Strength of Institutions.** The Executive Director shall maintain a list of approved investment firms which may serve as trustee, custodian, or brokerdealer. The financial statements of investment firms with which the BCLBC transacts investment business, as set forth in the annual reports of such institutions, shall be reviewed annually by the BCLBC to determine the financial strength and/or credit worthiness of the institution. The Chairman of the BCLBC shall report the results of such review in the BCLBC's annual investment report.

h. Competition for Acquisition and Sale of Investment Instruments.

i. The BCLBC shall endeavor to ensure competition amongst interested and eligible institutions for the acquisition or sale of investment instruments and shall make every reasonable effort to solicit by telephone or other electronic device at least three quotations for every investment transaction except for interim investment instruments which may from time to time be necessary to conduct normal day to day business operations of the BCLBC.

ii. The Executive Director or the Chairman shall maintain a file of any confirmations, correspondence, or statements which support investment activity.

i. **Diversification.** It is the policy of the BCLBC to monitor the diversification of its investments by financial institution, investment instrument, and maturity and to include annual reports of such diversification levels in the BCLBC's annual investment report. A maximum of approximately 50% of all investments may be held in a single financial institution.

SECTION 4. STANDARD OF CONDUCT IN MANAGING AND INVESTING AN INSTITUTIONAL FUND.

a. General Principles.

i. Any investment of an Institutional Fund shall be specifically authorized by an action of the Board.

ii. Subject to the intent of a donor expressed in a Gift Instrument, the BCLBC in managing and investing an Institutional Fund, shall consider the purposes of the BCLBC and the purposes of the Institutional

Fund. The Board shall act to manage and invest any Institutional Fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

iii. In managing and investing an Institutional Fund, the BCLBC may incur only costs that are appropriate and reasonable in relation to the assets, the purpose of the institution, and the skills available to the institution and shall make a reasonable effort to verify facts relevant to the management and investment of the fund.

b. **Reliance on Third Parties.** In managing an Institutional Fund, Board members, when acting in good faith, may rely on information, opinions, reports or statements including financial statements and other financial data, in each case prepared or presented by: (1) one or more officers or employees of the BCLBC, whom the Member believes to be reliable and competent in the matters presented, and (2) Persons as to matters which the Member believes to be within such person's professional or expert competence. Members shall not be considered to be acting in good faith if they have knowledge concerning the matter in question that would cause such reliance to be unwarranted.

c. **Pooling of Funds.** The BCLBC may pool two or more Institutional Funds for the purposes of management, and investment.

d. **Limitation on Profits.** The BCLBC shall conduct no activities for pecuniary profit or financial gain, except to the extent that such activity supports its other lawful activities then being conducted. All profit need not be currently expended for such purposes; however such profit making activities and the profits resulting there from must be reasonably related to the requirements of the BCLBC's activities as they are conducted at the time that the profit making activity occurs.

e. **General Rules.** Except as otherwise provided for in a Gift Instrument: i. **Managing Factors.** In managing and investing an Institutional Fund, the BCLBC must consider the following factors, if relevant: 1) general economic conditions; 2) the possible effect of inflation or deflation; 3) the expected tax consequences, if any, of investment decisions or strategies; 4) the role that each investment or course of action plays within the overall investment portfolio of the fund; 5) the expected total return from income and the appreciation of investments; 6) other resources of the BCLBC; 7) the needs of the institution and the fund to make distributions and to preserve capital; and 8) an asset's special relationship or special value, if any, to the purposes of the institution.

ii. **Decisions.** Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the Institutional Fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the BCLBC.

iii. **Diversification.** The BCLBC shall diversify the investments of an Institutional Fund unless the Board prudently determines that, because of special circumstances, the purposes of the fund are better served without diversification. The BCLBC shall review a decision not to diversify as frequently as circumstances require, but at least annually.

iv. **Retention or disposal of fund property.** Within a reasonable time after receiving Institutional Fund property, the BCLBC shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the Institutional Fund into compliance with the purposes, terms, and distribution requirements of the BCLBC as necessary to meet other circumstances of the BCLBC and the requirements of Article 5-A of

SECTION 5. REPORT TO BE PROVIDED. The Executive Director or the Chairman shall annually prepare an investment report which includes an explanation of the investment policy and amendments, the results of any audit, the investment income records of the BCLBC and a list of the total fees, commissions or other charges to be paid to each investment banker, broker, agent, dealer, and adviser rendering investment associated services to the BCLBC since the last investment report.

Approved by the Board of Directors and Adopted on this day 24 of June 2014.