



Investment Policy

SECTION 1. PURPOSE

The purpose of this document is to establish guidelines for the prudent investment of the Dutchess County- Poughkeepsie Land Bank Corporation's 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 Land Bank to establish a written policy concerning the investments and delegation of management and investment functions of the Land Bank. 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 Land Bank.

SECTION 2. DEFINITIONS

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

- a. "Land Bank" shall mean the Dutchess County- Poughkeepsie Land Bank Corporation.
- b. "Board" shall mean the Board of Directors of the Land Bank.
- c. "Executive Director" shall mean the Executive Director of the Land Bank.
- d. "Donor" shall mean the person who grants or transfers property to the Land Bank 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.
- e. "Gift Instrument" shall mean a record or records, including any solicitation by the Land Bank, under which property is granted to, transferred to, or held by the Land Bank as an institutional fund.
- f. "Institutional Fund" shall mean any fund held by the Land Bank, including but not limited to an endowment fund, but shall not include (1) program-related assets (an asset held by the institution that is not for investment under the terms of a gift instrument, but primarily to accomplish a programmatic purpose of the institution); (2) a fund held for the Land Bank by a trustee that is not the Land Bank or (3) a fund in which a beneficiary that is not the Land Bank has an interest, other than an interest that could arise upon violation or failure of the purposes of the fund.
- g. "N-PCL" shall mean the New York Not-for-Profit Corporations Law.
- h. "PAL" shall mean the New York Public Authorities Law.

SECTION 3. INVESTMENTS OF THE LAND BANK

a. Funds to Be Invested

To the extent the Land Bank 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. ("Investments"). The Land Bank may also establish an endowment fund with any gift or asset restricted as such, and such endowment fund may then 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 ensure the availability of funds for payment to meet obligations of the Corporation 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.
- v. To sustain the perpetual existence of the Land Bank.

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 public funds by Subdivision 3 of Section 10 of the New York General 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 are guaranteed by the United States.
- iv. Obligations of the State of New York.
- v. Any other investment instrument approved by the Land Bank Board of Directors.

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 Land Bank, or are otherwise required for disbursement.

e. Collateral Requirements

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

ii. Certificates of Deposit and Time Deposit Accounts with principal value exceeding the amount insured by the Federal Deposit Insurance Corporation shall be fully secured by eligible securities as defined in Section 10 of the General Municipal Law, and Third-Party Custodial Agreements shall be entered into with the deposit institution.

iii. Collateral shall be delivered to and held by the Land Bank as part of the investment portfolio or be delivered to a custodial bank or trust company with which the Land Bank has a Custodial Agreement. Custodial Institutions shall provide written confirmation to the Land Bank of obligations held as collateral for investments of the Land Bank.

f. Custodial Institutions

The Executive Director or the Chairman shall enter into contracts with banks or trust companies licensed to do business in New York State to act as custodians of funds owned by the Land Bank or 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 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.

g. Financial Strength of Institutions

The Executive Director shall maintain a list of approved investment firms, and the financial statements of these firms shall be reviewed annually by the Land Bank to determine financial strength and creditworthiness. The Chairman of the Land Bank shall report the results in the annual investment report.

h. Competition for Acquisition and Sale of Investment Instruments

i. The Land Bank shall ensure competition among eligible institutions for the acquisition or sale of investment instruments, soliciting at least three quotations for every investment transaction.

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

i. Diversification

The Land Bank shall monitor the diversification of its investments by financial institution, investment instrument, and maturity. Annual reports of diversification levels shall be included in the Land Bank's annual investment report.

j. Investment Committee

The Land Bank Board shall delegate the authority to manage and invest institutional funds to an Investment Committee responsible for the stewardship of institutional assets.

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 Dutchess County-Poughkeepsie Land Bank, in managing and investing an Institutional Fund, shall consider the purposes of the Land Bank 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 Land Bank 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 Land Bank, 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 Land Bank may pool two or more Institutional Funds for the purposes of management and investment.

d. Limitation on Profits

The Land Bank 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 therefrom must be reasonably related to the requirements of the Land Bank'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 Land Bank 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 Land Bank;
- 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 Land Bank.

iii. Diversification

The Land Bank shall diversify the investments of an Institutional Fund unless the Land Bank prudently determines that, because of special circumstances, the purposes of the fund are better served without diversification. The Land Bank 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 Land Bank 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 Land Bank as necessary to meet other circumstances of the Land Bank and the requirements of Article 5-A of the N-PCL.

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 Land Bank, 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 Land Bank since the last investment report.