

Suffolk County Landbank Corporation

Investment Policy

1) Scope.

- a) This investment policy applies to all monies and other financial resources available for investment by The Suffolk County Landbank Corporation (“SCLBC”) on its own behalf.

2) Objectives.

- a) The primary objectives of the SCLBC’s investment activities are, in priority order:
 - i) To conform with all applicable federal, state and other legal requirements (legal);
 - ii) To adequately safeguard principal (safety);
 - iii) To provide sufficient liquidity to meet all operating requirements (liquidity); and
 - iv) To obtain a reasonable rate of return (yield).

3) Prudence.

- a) All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction or perception that might impair public confidence in The SCLBC as a public authority.
- b) Investments shall at all times be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.
- c) All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

4) Diversification.

- a) It is the policy of The SCLBC to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

5) Internal controls.

- a) It is the policy of The SCLBC for all monies collected by any officer or employee of The SCLBC to transfer those funds to the SCLBC’s bank account within 10 days after the end of the month, or within the time specified by law, whichever is shorter.
- b) The SCLBC is to deposit all income into interest-bearing accounts. The SCLBC will forward an investment statement to the SCLBC’s treasurer (“Treasurer”) on a monthly basis.

- c) The Treasurer is responsible for establishing and maintaining an internal control structure to provide reasonable assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are always managed in compliance with applicable laws and regulations.

6) Designation of depositories.

- a) The banks and trust companies authorized for the deposit of SCLBC monies are to be designated each year by a vote of the Board of Directors of the SCLBC.

7) Collateralizing of deposits.

- a) In accordance with prudent practices, all deposits of The SCLBC, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by:
 - i) A pledge of eligible securities with an aggregate market value equal to the aggregate amount of deposits from the categories designated in Appendix A to the policy.
 - ii) An eligible surety bond payable to the SCLBC for an amount at least equal to 100% of the aggregate amount of deposits and the agreed-upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.
- b) Any surety bond provided in compliance with the investment policy shall be delivered to the SCLBC's office prior to or concurrent with the deposit of monies in that financial institution.

8) Safekeeping and collateralization.

- a) Eligible securities used for collateralizing deposits shall be held by a third-party bank or trust company subject to security and custodial agreements.
- b) The security agreement shall provide that eligible securities are being pledged to secure SCLBC deposits together with agreed-upon interest, if any, and any cost 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 SCLBC to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the SCLBC, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the SCLBC's Treasurer or its custodial bank.
- c) The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the SCLBC, 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 shall provide for the frequency of 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 SCLBC a perfected interest in the securities.

9) Permitted investments.

- a) In the same manner as is authorized by General Municipal Law § 11, the SCLBC authorizes its Treasurer to invest monies not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:
 - i) Special time deposit accounts.
 - ii) Certificates of deposit.
 - iii) Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America.
 - iv) Obligations of the State of New York, to the extent that no more than 25% of invested monies shall be invested in obligations of the State of New York.
 - v) Obligations issued pursuant to Local Finance Law § 24 or 25 (with approval of the State Comptroller) by any municipality school district or district corporation other than the SCLBC, to the extent that no more than 15% of invested monies shall be invested in obligations issued pursuant to Local Finance Law § 24 or 25.
 - vi) Participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5-G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46 and the specific investment program has been authorized by the SCLBC Board of Directors, to the extent that no more than 15% of invested monies, exclusive of trust and agency funds, shall be invested in obligations issued by any one approved cooperative investment program.
- b) All investment obligations shall be payable or redeemable at the option of the SCLBC within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the SCLBC within two years of the date of purchase. The investment maturities of monies invested from current operating funds shall be limited to 12 months or less, while the maturities of monies invested from budgetary reserve funds shall be limited to 20 months or less.

10) Authorized financial institutions and dealers.

- a) The SCLBC shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the SCLBC conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of The SCLBC. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The SCLBC's Treasurer is responsible for evaluating the financial position and maintaining a listing of proposed depositaries, trading partners and custodians. Such listings shall be evaluated at least annually.

11) Purchase of investments.

- a) The SCLBC's Treasurer is authorized to contract for the purchase of investments directly, including through a repurchase agreement, from an authorized trading partner.
- b) All purchased obligations, unless registered or inscribed in the name of the SCLBC, shall be purchased through, delivered to and held in the custody of a bank or trust company.
- e) Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to The SCLBC by the bank or trust company.
- d) The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the SCLBC, 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 shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the SCLBC a perfected interest in the securities.

12) Repurchase agreements.

- a) Repurchase agreements are authorized subject to the following restrictions:
 - i) All repurchase agreements must be entered into subject to a master repurchase agreement.
 - ii) Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
 - iii) Obligations shall be limited to obligations of the United States of America and obligations of agencies of the United States of America where principal and interest are guaranteed by the United States of America.
 - iv) No substitution of securities will be allowed.
 - v) The custodian shall be a party other than the trading partner.
 - vi) Repurchase agreement maturities shall be limited to 30 days or less.

INVESTMENT POLICY

The Suffolk County Landbank Corporation - Appendix A

Schedule of Eligible Securities

- I. Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government-sponsored corporation.
- II. Zero coupon obligations of the United States government marketed as "Treasury Strips."
- III. Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty.
- IV. Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of such state or obligations of any public benefit corporation, which under a specific state statute may be accepted as security for deposit of public monies.