

# **NEW YORK CITY LAND DEVELOPMENT CORPORATION INVESTMENT GUIDELINES**

## **I. Purpose**

The purpose of this document is to establish policies, procedures and guidelines regarding the investing, monitoring and reporting of funds of New York City Land Development Corporation (“LDC”).

## **II. Scope of the Investment Policy**

This policy applies to the funds of LDC, which for purposes of these guidelines consist of all moneys and other financial resources available for investment by LDC on its own behalf or on behalf of any other entity or individual.

## **III. Investment Objectives**

The portfolio shall be managed to accomplish the following objectives:

- A. Preservation of Principal – The single most important objective of LDC’s investment program is the preservation of principal of funds within the portfolio.
- B. Maintenance of Liquidity – The portfolio shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of LDC.
- C. Maximize Return – The portfolio shall be managed in such a fashion as to maximize income through the purchase of authorized investments as stated below, taking into account the other investment objectives.

## **IV. Implementation of Guidelines**

The Treasurer shall be responsible for the prudent investment of funds and for the implementation of the investment program and the establishment of investment procedures and a system of controls to regulate the activities of subordinate staff, consistent with these guidelines.

## **V. Authorized Investments**

- A. The Treasurer or an Assistant Treasurer of LDC is authorized to invest funds of LDC as summarized and restricted below:
  - 1. U.S. Treasury Obligations. United States Treasury bills and notes, and any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.

2. Federal Agency Obligations. Bonds, notes, debentures, or other obligations or securities issued by any agency or instrumentality of the United States.
  3. Repurchase Agreements. The repurchase agreements must be collateralized by U.S. Government guaranteed securities, U.S. Government agency securities, or commercial paper (of a type defined below) in a range of 100% to 102% of the matured value of the repurchase agreements and have a term to maturity of no greater than ninety (90) days. They must be physically delivered for retention to LDC or its agent (which shall not be an agent of the party with whom LDC enters into such repurchase agreement), unless such obligations are issued in book-entry form, in which case LDC shall take such other action as may be necessary to obtain title to or a perfected security interest in such obligations.
  4. Commercial Paper. Commercial paper rated A1 or P1 by Standard & Poor's Corporation or Moody's Investor's Service, Inc. or Fitch.
  5. Bankers' Acceptances and Time Deposits of banks with worldwide assets in excess of \$50 million that are rated with the highest categories of the leading bank rating services and regional banks also rated within the highest categories.
  6. Certificates of Deposit with New York banks, including minority-owned banks. All such certificates of deposit in these banks must be Federal Deposit Insurance Corporation ("FDIC") insured, except when otherwise collateralized.
  7. Other investments approved by the Comptroller of New York City for the investment of City funds.
- B. In addition to the above investments, LDC may deposit funds in the following ("Deposit Accounts"), with respect to funds needed for operational expenses and funds awaiting investment or disbursement:
1. High quality no-load money market mutual funds that restrict their investments to short term, highly rated money market instruments.
  2. Other interest bearing accounts, if permitted by applicable laws, rules and regulations, with New York City financial institutions designated by the New York City Banking Commission or such other financial institutions approved by the Deputy Mayor for Economic Development or his successor in function.

## **VI. Written Contracts**

LDC shall enter into written contracts pursuant to which investments are made which conform with the requirements of these guidelines and Section 2925.3(c) of the Public Authorities Law unless the Board or Executive Committee determines by resolution that a written contract containing such provisions is not practical or that there is not a regular business practice of written contracts containing such provisions with respect to a specific

investment or transaction, in which case the Board or Executive Committee shall adopt procedures covering such investment or transaction.

**VII. Diversification**

The portfolio shall be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The maximum percentage of the total portfolio permitted in the indicated type of eligible security is as follows:

A.	U.S. Treasury	100% maximum
B.	Federal Agency	100% maximum
C.	Repurchase Agreements	5% maximum
D.	Commercial Paper	25% maximum
E.	Bankers Acceptances and Time Deposits	25% maximum
F.	Certificates of Deposit	20% maximum
G.	Other Investments Approved by Comptroller for City Funds	A percentage deemed prudent by Treasurer

**VIII. Maximum Maturity**

Maintenance of adequate liquidity to meet the cash flow needs of LDC is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with cash requirements in order to avoid the forced sale of securities prior to maturity.

For purposes of this investment policy, assets of the portfolio shall be segregated into two categories based on expected liquidity needs and purposes – Cash equivalents and Investments. Assets categorized as Cash equivalents will be invested in permitted investments maturing in ninety (90) days or less or deposited in Deposit Accounts. Assets categorized as Investments will be invested in permitted investments with a stated maturity of no more than two (2) years from the date of purchase.

**IX. Monitoring and Adjusting the Portfolio**

Those responsible for the day-to-day management of the portfolio will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio as necessary to meet the investment objectives listed above. It is recognized and understood that the non-speculative active management of portfolio holdings may cause a loss on the sale of an owned investment.

## **X. Internal Controls**

The Treasurer or an Assistant Treasurer under the direction of the Treasurer shall establish and be responsible for monitoring a system of internal controls governing the administration and management of the portfolio. Such controls shall be designed to prevent and control losses of the portfolio funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by any personnel.

## **XI. Eligible Brokers, Agents, Dealers, Investment Advisors, Investment Bankers and Custodians**

The following are the standards for the qualifications of brokers, agents, dealers, investment advisors, investment bankers and custodians:

### **A. Brokers, Agents, Dealers**

1. In Government Securities: any bank or trust company organized or licensed under the laws of any state of the United States of America or of the United States of America or any national banking association or any registered broker/dealer or government securities dealer.
2. In Municipal Securities: any broker, dealer or municipal securities dealer registered with the Securities and Exchange Commission (the "SEC").

**B. Investment Advisors:** 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 registered with the SEC under the Investment Advisors Act of 1940.

**C. Investment Bankers:** firms retained by LDC to serve as senior managing underwriters for negotiated sales must be registered with the SEC.

**D. Custodians:** any bank or trust company organized under the laws of any state of the United States of America or any national banking association with capital and surplus of not less than \$50,000,000.

## **XII. Reporting**

### **A. Quarterly**

The Treasurer or an Assistant Treasurer under the direction of the Treasurer shall prepare and deliver to the Board of Directors once for each quarter of LDC's fiscal

year a report setting forth a summary of new investments made during that quarter, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers, investment advisors and auditors.

## B. Annually

1. Audit – LDC’s independent accountants shall conduct an annual audit of LDC’s investments for each fiscal year of LDC, the results of which shall be made available to the Board of Directors at the time of its annual review and approval of these Guidelines.
2. Investment Report – Annually, the Treasurer or an Assistant Treasurer under the direction of the Treasurer shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:
  - a. The Investment Guidelines and amendments thereto since the last report;
  - b. An explanation of the Guidelines and any amendments made since the last report;
  - c. The independent audit report required by Subsection (1) above;
  - d. The investment income record of LDC for the fiscal year; and
  - e. A list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to LDC since the last report.

The Investment Report shall be submitted to the Mayor and the Comptroller of the City of New York and to the New York State Department of Audit and Control. Copies of the report shall also be made available to the public upon reasonable request.

## XIII. Applicability

Nothing contained in these Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investments of funds made or entered into in violation of, or without compliance with, the provisions of these Guidelines.

## XIV. Conflict of Law

In the event that any portion of this policy is in conflict with any State, City or federal law, that law will prevail.

## XV. No Conflict With Other LDC Policies

These Investment Guidelines do not modify the powers given by LDC’s Board of Directors which authorized and resolved that (i) officers of LDC be authorized to obtain and maintain any bank, investment and other financial accounts as may be necessary or useful to LDC in furtherance of LDC’s operations (the “Accounts”); (ii) the officers of LDC be authorized to

perform all those tasks necessary or useful to ensure that LDC, acting through those authorized officers listed in the Bylaws of LDC, has access to and control over the Accounts; (iii) the Directors adopt and incorporate by reference the standard forms of banking resolutions and incumbency certificates ordinarily used by such financial institutions selected by the officers of LDC and (iv) any officer of LDC be authorized to certify to the due adoption of such banking resolutions and incumbency certificates. Empowered officers may enter into agreements with banks and financial institutions for bank accounts and to purchase investments of the type indicated in these Investment Guidelines and other investments specifically approved by LDC's Board of Directors.

These Investment Guidelines do not modify any restriction, if any, otherwise imposed on various types of funds held by LDC, such as any restrictions set forth in any third party contracts with the City, or resulting from the source of funds (e.g. federal funds). Those other restrictions, to the extent inconsistent with these Investment Guidelines, shall govern. If possible, all sets of restrictions should be complied with. Furthermore, by adopting these Investment Guidelines, the Board is not amending or superseding any approval given or hereafter given for investments related to particular projects.