

BATAVIA DEVELOPMENT CORPORATION
INVESTMENT POLICY

ARTICLE I: PURPOSE AND SCOPE

It is the policy of the Batavia Development Corporation to invest public funds in a matter which will provide the highest investment return with the maximum security. It is the intent of the Batavia Development Corporation to establish this Investment Policy (hereinafter the “Policy”) to govern the primary objectives of the Batavia Development Corporation investment activities, including legality, safety, liquidity and yield and to set forth specific rules, guidelines and standards of care regarding the investment and deposits of all monies and other financial resources. This Policy is further established in accordance with the Public Authorities Accountability Act of 2005, specifically Section 2824 of the Public Authorities Law.

ARTICLE II: OBJECTIVES

1. The primary objectives, in priority order, of investment activities shall be safety, liquidity and yield.
 - a. Safety – Safety of principal is the foremost objective. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
 - b. Liquidity – The investment portfolio will remain sufficiently liquid to enable the entity to meet all operating requirements which might be reasonably anticipated.
 - c. Yield – The investment portfolio shall be designed with the objective of attaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs of the Batavia Development Corporation. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

ARTICLE III: STANDARDS OF CARE

1. The standard of prudence to be used by the investment officials shall be the “prudent person standard” and shall be applied in the context of managing an overall portfolio.
2. The “prudent person standard” means that investments shall 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 investments, considering the probable safety of their capital as well as the probable income involved.
3. The Members of the Board, acting in accordance with this Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from the expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
4. Directors, officers, members and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make

impartial decisions. Directors, officers, members and employees involved in the investment process shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial or investment positions that could be related to the performance of the investment portfolio. Directors, officers, members and employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Batavia Development Corporation. Nothing in this paragraph shall affect the standards set forth in the Batavia Development Corporation Code of Ethics.

ARTICLE IV: DELEGATION OF AUTHORITY

Authority to manage the investment program is granted to the Batavia Development Corporation's Board of Directors (hereinafter "Board"). Such management shall include an adequate internal control structure consistent with this Policy to provide a satisfactory level of accountability based on a data base or records incorporating descriptions and amounts of investments, transaction dates and other relevant information and shall also include the regulation of the activities of subordinate employees.

ARTICLE V: INTERNAL CONTROLS

The Board shall establish a system of internal controls. The controls shall be designed to prevent loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by directors, officers, members or employees of the Batavia Development Corporation. The system of internal controls shall be reviewed annually by an independent auditor.

The Batavia Development Corporation shall maintain or cause to be maintained a proper record of all books, notes, securities or other evidences of indebtedness held by the Batavia Development Corporation for investment deposit purposes.

ARTICLE VI: SUITABLE AND AUTHORIZED INVESTMENTS

1. Investment Types
 - a. The Batavia Development Corporation is authorized 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. U. S. Treasury obligations which carry the full faith and credit guarantee of the United States government.
 - ii. U.S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value, where payment of principal and interest are guaranteed by the United States government.
 - iii. Obligations of the State of New York which carry the full faith and credit of the State of New York.
 - iv. Certificates of deposit.
 - v. Special time deposit accounts.

- b. Investments made pursuant to subsections (i), (ii), or (iii) of this Article shall be payable or redeemable at the option of the Batavia Development Corporation within such times as the proceeds will be needed to meet the 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 Batavia Development Corporation within two (2) years of the date of purchase.
- c. Investments made pursuant to subsections (iv) and (v) of this Article are permitted provided they shall be payable within such time as the proceeds shall be needed to meet expenditures for which the monies were obtained and are collateralized in the same manner as set forth herein concerning the deposit of funds.

ARTICLE VII: AUTHORIZED FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

The Board will maintain a list of all authorized Financial Institutions and Brokers/Dealers authorized to provide investment services. To qualify for the list they must be an approved security broker/dealer selected by creditworthiness who are authorized to provide investment services in the State of New York. These may include “primary” dealers or regional dealers that qualify under the Securities & Exchange Commission Rule 15C3-1. If requested by the Board, any financial institution or broker/dealer who desires to become qualified bidders for investment transactions must supply the Board with any or all of the following information: audited financial statement, proof of National Association of Securities Dealers certification, trading resolution and/or proof of registration in the State of New York. Such listing shall be evaluated annually by the Batavia Development Corporation.

ARTICLE VIII: PURCHASE OF INVESTMENTS

1. The Batavia Development Corporation may contract for the purchase of investments:
 - a. Directly, including through a repurchase agreement, from an authorized trading partner.
 - b. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.
2. All purchased obligations, unless registered or inscribed in the name of the Batavia Development Corporation, shall be purchased through, delivered to and held in the custody of a bank or trust company. 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 Board. All such transactions shall be confirmed in writing to the Batavia Development Corporation by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement.
 - a. The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the Agency, 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 securities. Such agreement shall include

all provisions necessary to provide the Batavia Development Corporation with a perfected interest in the securities.

3. 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 the State of New York and primary reporting dealers.
 - iii. Obligations shall be limited to obligations of the United States and obligations guaranteed by agencies of the United States.
 - iv. No substitution of securities will be permitted.
 - v. The custodian shall be a party other than a trading partner.

ARTICLE IX: DIVERSIFICATION

It is the policy of the Batavia Development Corporation to diversify its deposits and investments by financial institution, by investment instruments, and by maturity scheduling.

ARTICLE X: DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposit of monies shall be designated at the annual meeting of the Batavia Development Corporation.

ARTICLE XI: COLLATERALIZATION OF DEPOSITS

All deposits of the Batavia Development Corporation, 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:

1. By a pledge of “eligible securities” with an aggregate “market value” equal to the aggregate amount of deposits from the categories designated in Exhibit A; or
2. By an eligible “irrevocable letter of credit” issued by a qualified bank other than the bank with the deposits in favor of the government for a term not to exceed ninety (90) days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least on nationally recognized statistical rating organization of a bank that is in compliance with applicable federal minimum risk-based capital requirements; or
3. By an eligible surety bond payable to the government for an amount at least equal to 100% of the aggregate amount of deposits and agreed upon interest, if any, executed by an insurance company authorized to do business in the State of New York, whose claims paying ability is rated in the highest rating category by at least two (2) nationally recognized statistical rating organizations.

ARTICLE XII: SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by the depository bank or trust company subject to security and custodial agreements. The security agreement shall provide that eligible securities are being pledged to secure Batavia Development Corporation's 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 Batavia Development Corporation to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Batavia Development Corporation, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Batavia Development Corporation or its depository bank or trust company.

~~This Policy was duly adopted by the Board of Directors of the Batavia Development Corporation on the ____ day of _____, 2013.~~

Adopted January 28th, 2021