

**NYC NEIGHBORHOOD CAPITAL CORPORATION  
INVESTMENT GUIDELINES POLICY**

Adopted September 26, 2023

**I. PURPOSE**

The purpose of this Investment Guidelines Policy (this “Policy”) is to establish procedures and guidelines regarding the investing, monitoring and reporting of the Funds (as defined below) of NYC Neighborhood Capital Corporation (“NYCNCC”).

**II. GENERAL PROVISIONS**

A. Scope of Policy

This Policy applies to the funds of NYCNCC, which for purposes of this Policy and the guidelines stated herein, consist of all moneys and other financial resources available for deposit and investment by NYCNCC on its own behalf and for its own account (collectively, the “Funds”). As used herein, the defined term “Funds” shall not include the proceeds of equity contributions received by NYCNCC from third party investors for use in connection with federal new markets tax credit program projects.

B. Investment Objectives

The Funds shall be managed to accomplish the following objectives:

1. *Preservation of Principal* – The single most important objective of NYCNCC’s investment program is the preservation of the principal of the Funds.
2. *Maintenance of Liquidity* – The Funds shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of NYCNCC.
3. *Maximize Return* – The Funds shall be managed in such a fashion as to maximize income through the purchase of Permitted Investments (hereinafter defined), taking into account the other investment objectives.

**III. IMPLEMENTATION OF GUIDELINES**

The Chief Financial Officer of NYCNCC or, if under the direction of the Chief Financial Officer, the Treasurer of NYCNCC or an Assistant Treasurer of NYCNCC (the “Designated Officers”), are each hereby authorized to invest the Funds. The Designated Officers shall be responsible for the prudent investment of the 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 this Policy.

#### IV. AUTHORIZED INVESTMENTS

A. The Designated Officers may invest the Funds in the following securities (collectively, the “Securities”):

1. *U.S.A.* Obligations or securities issued by the United States.
2. *Federal Agency Obligations.* Obligations or securities issued by any agency or instrumentality of the United States if guaranteed, as to principal and interest, by the United States.
3. *Commercial Paper.* Debt obligations with a maturity of no greater than 270 days and with ratings that are the highest ratings issued by at least two rating agencies approved by the Comptroller of the State of New York.
4. *Bankers’ Acceptances* 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.
5. *Certificates of Deposit and Time Deposits* with New York banks, including minority-owned banks. All such certificates of deposit in these banks must be Federal Deposit Insurance Corporation (“FDIC”) insured; provided, however, that if and to the extent such certificates of deposits or time deposits are not FDIC insured, such Securities shall comply with all other applicable requirements of the General Municipal Law of the State of New York, including, but not limited to, requirements as to the collateralization of deposits of funds in excess of the amounts insured by the FDIC.
6. *Other investments* approved by the Comptroller of New York City for the investment of City funds.

B. NYCNCC shall instruct its Agents (as such term is defined in Part X of this Policy) to obtain competitive quotes for each purchase or sale of Securities, other than governmental Securities, when such transaction equals or exceeds \$2,500,000 in amount.

The Treasurer of NYCNCC shall maintain, or cause to be maintained, proper books and records of all Securities held by or for NYCNCC and for all transactions pertinent thereto. Such books and records shall at least identify the Security, the fund for which held, and the place where kept; and the entries made therein shall show the competitive quotes obtained therefor, the date of sale or other disposition, and the amount realized therefrom.

C. In addition to investments in Securities, NYCNCC may deposit Funds needed for operational expenses and Funds awaiting investment or disbursement in the following funds and accounts (collectively, the “Deposit Accounts”):

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 Housing and Economic Development or his or her successor in function.

**V. WRITTEN CONTRACTS**

NYCNCC shall enter into written contracts pursuant to which investments are made which conform with the requirements of this Policy and Section 2925(3)(c) of the Public Authorities Law unless the Board of Directors 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 of Directors shall adopt procedures covering such investment or transaction.

**VI. DIVERSIFICATION**

The investment portfolio for the Funds shall be structured diversely 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:

REFERENCE	SECURITY	MAXIMUM
IV.A.1	U.S.A.	100% maximum
IV.A.2	Federal Agency	100% maximum
IV.A.3	Commercial Paper	40% maximum
IV.A.4	Bankers Acceptances	25% maximum
IV.A.5	Certificates of Deposit; Time Deposits	45% maximum
IV.A.6	Other Investments Approved by NYC Comptroller for City Funds	A percentage deemed prudent by the CFO

**VII. MAXIMUM MATURITY**

Maintenance of adequate liquidity to meet the cash flow needs of NYCNCC 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 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 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.

## **VIII. MONITORING AND ADJUSTING THE INVESTMENT 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 requirements and goals of this Policy. 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.

## **IX. INTERNAL CONTROLS**

The Designated Officers 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.

## **X. 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 and Dealers**

The categories of firms listed below are the categories from which NYCNCC may select firms to purchase and sell Securities (as selected, an “Agent”). Factors to be considered by NYCNCC in selecting Agents from these categories shall include the following: size and capitalization; quality and reliability; prior experience generally and prior experience with NYCNCC specifically; and level of expertise for the transactions contemplated.

1. any bank or trust company organized and/or licensed under the laws of the United States, which is authorized to do business in New York State;
2. any bank or trust company organized and/or licensed under the laws of any state of the United States, which is authorized to do business in New York State;

3. any broker-dealer licensed and/or permitted to provide services under federal law and, when necessary, qualified to do business in New York State.

B. Investment Advisors

In addition to the requirements set forth in “A” preceding, any Agent selected by NYCNCC to be an investment advisor shall be registered with the SEC under the Investment Advisors Act of 1940.

C. Investment Bankers

In addition to the requirements set forth in “A” preceding, any Agent selected by NYCNCC to serve as a senior managing underwriter for negotiated sales must be registered with the SEC.

D. Custodians

In addition to the requirements set forth in “A” preceding, any Agent selected by NYCNCC to be a custodian shall have capital and surplus of not less than \$50,000,000.

## **XI. REPORTING**

A. Quarterly

The Designated Officers shall prepare and deliver to the Board of Directors once for each quarter of NYCNCC’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. *Independent Audit* – NYCNCC’s independent accountants shall conduct an annual audit of NYCNCC’s investments for each fiscal year of NYCNCC, the results of which shall be made available to the Board of Directors at the time of its annual review and approval of this Policy.

2. *Investment Report* – Annually, the Treasurer or, if under the direction of the Treasurer, an Assistant Treasurer, shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:

- a. This Policy and amendments thereto since the last report;
- b. An explanation of this Policy and any amendments made since the last report;
- c. The independent audit report required by paragraph 1 above;
- d. The investment income record of NYCNCC 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 NYCNCC 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.

## **XII. APPLICABILITY**

Nothing contained in this Policy shall be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement for investment of the Funds, made or entered into in violation of, or without compliance with, the provisions of this Policy.

## **XIII. 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.

## **XIV. PRIOR AUTHORIZATIONS NOT SUPERSEDED**

This Policy does not supersede or replace the following authorizations: (i) powers and other authorizations provided to the Chief Financial Officer and the Treasurer of NYCNCC in the By-Laws of NYCNCC and (ii) the powers and other authorizations provided in the banking resolutions adopted by NYCNCC's Board of Directors on August 6, 2014.

## **XV. MWBEs**

NYCNCC shall seek to encourage participation by minority and women-owned business enterprises (i.e., "MWBEs") in providing financial services to NYCNCC.