

# **Investment Policy**

**for**

## **Buffalo Niagara Convention Center Management Corporation (the "Corporation")**

**Adopted October 26, 2016**

### **Purpose**

The purpose of this policy is to set forth the standards and guidelines governing the investment and management of the Corporation's financial assets. This policy is intended to be in accordance with the New York Prudent Management of Institutional Funds Act ("NYPMIFA").

### **Financial Assets of the Corporation**

The Corporation's financial assets consist of (a) funds intended to be used to cover its short-term operating and program expenses and to cover the routine repair and maintenance of the Corporation's physical assets (the "Operating Fund"), (b) reserve funds, which may in the discretion of the Board of Directors of the Corporation (the "Board") be established from time to time if cash flow allows, which are funds to be held in reserve to serve as a resource during economic downturns, and to provide funds for significant repair and replacement of the Corporation's physical assets or to provide an additional source of funds to support new programs or projects (the "Project Fund"), and (c) funds, if any, which have been restricted by the donor for a specific purpose, but which do not have a restriction as to the timing of their expenditure (the "Restricted Fund") (the "Operating Fund", the "Project Fund" and the "Restricted Fund", collectively the "Funds" and each individually a "Fund"). The Corporation does not have endowment funds.

### **Investment and Management Objectives and Guidelines**

Operating Fund: The Operating Fund shall be invested with the objective of preserving its assets to cover operating expenses and realizing earnings in a way that allows for immediate liquidity to meet the Corporation's ongoing programmatic and operational needs. Operating Fund assets may be maintained in the checking account that the Corporation uses for day-to-day operations and may be invested in other cash-equivalent investments which are easily liquidated and convertible into cash, which may include savings accounts, money market accounts, certificates of deposit with maturities appropriate for expected needs, Treasury bills and other similar investments. The Corporation's professional staff from time to time will review the allocation (or the methodology of allocation) of Operating Fund assets between the Corporation's checking account and its other cash-equivalent investments, determining the appropriate allocation based on the Corporation's cash-flow needs, and regularly report such allocation to the Board. The Board may direct that changes be made to such allocation and will also consider

from time to time whether the Corporation's Operating Fund assets are sufficient to allow for the designation of a portion of such assets to the Project Fund.

**Project Fund:** The Project Fund shall be invested with the objective of preserving the long-term real purchasing power of the Fund's assets while realizing appropriate investment income. Project Fund's assets shall be invested in investments which are easily liquidated and convertible into cash, which may include certificates of deposit, Treasury bills, mutual funds, exchange traded funds, equities, fixed income securities and, as to an appropriate portion, cash equivalent investments. The asset allocation of the Project Fund shall be determined from time to time by the Board, in consultation with any managers or advisors if desired (unless it delegates such task to an external manager), which allocation shall reflect a proper balance of such Fund's investment objective, any risk tolerance standard and the need for liquidity.

**Restricted Fund:** The Restricted Fund shall be invested with the objective of preserving and enhancing the purchasing power of the Fund's assets while ensuring that liquidity requirements can be met. Restricted Fund's assets shall be invested in investments which are easily liquidated and convertible into cash, which may include certificates of deposit, Treasury bills, mutual funds, exchange traded funds, equities, fixed income securities and, as to an appropriate portion, cash equivalent investments. The asset allocation of the Restricted Fund shall be determined from time to time by the Board, in consultation with any managers or advisors if desired (unless it delegates such task to an external manager), which allocation shall reflect a proper balance of such Fund's investment objective, any risk tolerance standard and the need for liquidity; provided, however, that assets subject to a specific donor restriction as to the investment or management of such assets shall be invested and managed in accordance with the donor's restriction.

### **Diversification**

Investments of each Fund will be diversified to limit the risk of loss resulting from the concentration of assets in a specific type of investment, specific maturity, specific issuer or sector unless the Board prudently determines that, because of special circumstances, the purposes of the Fund are better served without diversification. The Board shall review the diversification strategy periodically, *provided, however*, that it shall review any decision to not diversify as frequently as circumstances require but, at a minimum, annually.

### **Responsibilities of the Board in Managing and Investing the Corporation's Financial Assets**

In managing the financial assets of the Corporation, the Board will act in good faith and with the care an ordinarily prudent person in like position would exercise under similar circumstances. When making investment and management decisions, the Board shall consider the Corporation's purposes, as well as the purposes of the specific Funds.

In making decisions regarding management and investment of the Corporation's financial assets, the Board, as required by applicable law, shall 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 specific Fund;
- (5) the expected total return from income and the appreciation of its investments;
- (6) other resources of the Corporation;
- (7) the needs of the Corporation and the specific 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 Corporation.

The Board shall not make management and investment decisions regarding an individual asset in isolation but rather in the context of the specific Fund's portfolio of investments as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Fund and the Corporation. The Board shall make reasonable efforts to verify facts relevant to the management and investment of the Funds and may incur only costs that are appropriate and reasonable in relation to the assets, the purpose of the Corporation and the skills available to the Corporation.

Within a reasonable time after the Corporation's receipt of a grant of property or other financial assets, the Board shall make and carry out decisions regarding retaining or disposing of the property, or the rebalancing of the Fund or Funds applicable to such grant in order to ensure compliance with the purposes, terms, and distribution requirements of the Corporation (including the diversification requirements and other aspects of this policy) as necessary to meet other circumstances of the Corporation and the requirements of applicable law, subject to any restrictions imposed by the terms of the grant.

The Board may delegate one or more of its responsibilities with respect to the management and investment of the Corporation's financial assets to a committee of the Board or an officer or employee of the Corporation. Any such committee or individual to whom such responsibility is delegated shall report to the Board on a regular basis and shall be subject to direction by the Board. If such responsibilities are delegated to a committee or individual, the rights and obligations set forth in this policy applicable to the Board (other than the right to amend this policy) shall also apply to such committee or individual, subject to the right of the Board to review and revise any decision of such committee or individual, and reports required under this policy to be made to the Board may instead be made to the committee or individual, which or who shall in turn report to the Board on a regular basis.

### **Delegation of Management and Investment Authority to an External Agent**

To the extent it considers prudent, the Board may delegate management and investment decisions to one or more external agents, such as a bank, investment advisor, investment manager or custodian, except where prohibited by the terms of a grant instrument. The Board will act in good faith and with the care an ordinarily prudent person in like position would exercise under similar circumstances in (i) selecting, continuing or terminating any external agent (including assessing the agent's independence, including any conflicts of interest such agent has or may have; (ii) establishing the scope and terms of the delegation, including the compensation to be paid; and (iii) monitoring the agent's performance and compliance with the

scope and terms of the delegation. The Board, in making the decision as to whether to delegate such functions to a specific external agent, shall conduct such due diligence as the Board deems appropriate, such as reviewing information regarding the external agent's experience, personnel, track record and proposed compensation as compared to appropriate peers. Any external agent to which management and investment authority is delegated owes a duty to the Corporation to exercise reasonable care, skill and caution to comply with the scope and terms of the delegation.

Any external agents shall provide the Board with reports on investment performance on a quarterly basis, at a minimum, and more frequently if so requested by the Board. The Board will assess at least annually the performance and independence of any external agent, including any conflicts of interest it may have. Any actual or potential conflicts of interest involving a member of the Board or officer or key employee of the Corporation with respect to the external agent must be disclosed and resolved pursuant to the Corporation's conflict of interest policy and any conflicts of interest the agent may have involving service to the Corporation (*e.g.*, investment in deposits of a bank owned by a relative of the agent) must also be disclosed to the Corporation. Any contract between the Corporation and an external agent involving delegation of investment authority shall be terminable by the Corporation at any time, without penalty, upon no more than 60 days' notice.

The Board will also review from time to time the Corporation's arrangements with any investment managers, investment advisors, custodians and the banks and other entities with which the Corporation maintains its financial assets to ensure that the costs and fees associated with each such arrangement are appropriate and reasonable in relation to the assets, the Corporation's purposes and the skills available to the Corporation.

The Corporation will seek to ensure that any investment managers retained by the Corporation invest the Corporation's investment assets in accordance with this policy and any specific guidelines for the investment manager established by the Board, which may include return and risk expectations, asset allocations and investment strategies (including allowed and prohibited investments). Specific guidelines established for investment managers will be reviewed from time to time by the Board and revised as necessary. Decisions as to the selection of individual investments, security size and quality, number of industries and holdings shall be left to the broad discretion of the investment manager, within the limits set forth in this policy and any specific guidelines established by the Board, and subject to the prudence standards under NYPMIFA.

### **Review of Investment Policy**

The Board will review this policy, and shall amend the policy, from time to time as necessary to reflect developments affecting the Corporation's finances and activities.

