# NEW CASTLE FIRE DISTRICT NO. 1
# INVESTMENT POLICY

I. **SCOPE:** This investment policy applies to all moneys and other financial resources available for investment by the Fire District on its own behalf or on behalf of any other entity or individual.

II. **OBJECTIVES:** The primary objectives of this fire district's investment activities are, in priority order:

- to conform with all applicable federal, state and other legal requirement (legality);
- to adequately safeguard principal (safety);
- to provide sufficient liquidity to meet all operating requirements (liquidity);
- to obtain a reasonable rate of return (yield).

III. **DELEGATION OF AUTHORITY:** The Board of Fire Commissioners' [hereinafter referred to as "Board"] responsibility for administration of the investment program is delegated to the Fire District Treasurer who shall conduct his or her investment activities in conformance with this investment policy and submit for Board approval such additional written policies he or she deems necessary to carry out the requirement of the investment policy. Such additional procedures shall include internal controls to provide a satisfactory level of accountability based upon records incorporating the description and amount of investments, the fund(s) for which they are held, the place(s) where kept, and other relevant information, including dates of sale or other dispositions and amounts realized. In addition, the internal control procedures shall describe the responsibilities and levels of authority for key individuals involved in the investment program.

IV. **PRUDENCE:** The Fire District Treasurer and all participants in the program shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Fire District. Investments shall be made with prudence, diligence, skill, 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.

The Fire District Treasurer and all participants in the program 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.

V. **DIVERSIFICATION:** It is the policy of the Fire District to diversify its deposits and investments by financial institution, by investment instrument and by maturity scheduling.

VI. **INTERNAL CONTROLS:** It is the policy of the Fire District for all funds coming into the hands of the Fire District Treasurer to be deposited or invested within 10 days of receipt.

The Fire District Treasurer in coordination with the Board is responsible for establishing and maintaining internal control procedures to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with Board authorization, properly recorded, and managed in compliance with applicable laws and regulations.

VII. **DESIGNATION OF DISTRICT DEPOSITORIES:** The banks and trust companies authorized for the deposit of moneys are those district depositaries approved by previous or subsequent motion of this Board at an official meeting thereof. Deposits made into such banks and trust companies shall not exceed the maximum amounts, if any, set by the Board. The current list of authorized district depositaries is as follows:

| **Depository Name** | **Maximum Amount Set** |
|---|---|
| Valley Bank, Thornwood, NY | No Maximum |
| Bank of NY (overnight sweep from Valley) | No Maximum |

VIII. **SECURING DEPOSITS AND INVESTMENTS:** All deposits and investments of the Fire District at a bank or trust company, including all demand deposits, certificates of deposit and special time deposits (hereinafter collectively referred to as "deposits"), that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by:

- A pledge of "eligible securities" with an aggregate "market value" (as provided by GML Section 10) that is at least equal to the aggregate amount of deposits by the officers. See Schedule A of this policy for a listing of "eligible securities."
- A pledge of a pro rata portion of a pool of eligible securities, having in the aggregate a market value at least equal to the aggregate amount of deposits from all such officers within the State at the bank or trust company.
- An "eligible surety bond" payable to the government for an amount at least equal to 100 percent 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. The governing board shall approve the terms and conditions of the surety bond.
- An "irrevocable letter of credit" issued in favor of the Fire District by a federal home loan bank whose commercial paper and other unsecured short -term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization, as security for the payment of 100percent of the aggregate amount of deposits and the agreed -upon interest, if any.

IX. **COLLATERALIZATION AND SAFEKEEPING:** Eligible securities used for collateralizing deposits made by officers of Fire District shall be held by (the depositary or a third party) bank or trust company subject to security and custodial agreements.

The security agreement shall provide those eligible securities (or the pro rata portion of a pool of eligible securities) are being pledged to secure such deposits together with agreed-upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon a default. It shall also provide the conditions under which the securities (or pro rata portion of a pool of eligible securities) may be sold, presented for payment, substituted or released and the events which will enable the local government to exercise its rights against the pledged securities.

In the event that the pledged securities are not registered or inscribed in the name of the Fire District, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Fire District or the custodial bank or trust company. Whenever eligible securities delivered to the custodial bank or trust company are transferred by entries on the books of a federal reserve bank or other book-entry system operated by a federally regulated entity without physical delivery of the evidence of the obligations, then the records of the custodial bank or trust company shall be required to show, at all times, the interest of the government in the securities (or the pro rata portion of a pool of eligible securities) as set forth in the security agreement.

The custodial agreement shall provide that pledged securities (or the pro rata portion of a pool of eligible securities) will be held by the bank or trust company as agent of, and custodian for, the Fire District, will be kept separate and apart from the general assets of the custodial bank or trust company and will not be commingled with or become part of the backing of any other deposit or other bank liability. The agreement shall also describe how the custodian shall confirm the receipt, substitution, or release of the collateral and it shall provide for the frequency of revaluation of collateral by the custodial bank or trust company and for the substitution of collateral when a change in the rating of a security causes ineligibility. The security and custodial agreements shall also include all other provisions necessary to provide the Fire District with a perfected security interest in the eligible securities and to otherwise secure the local government's interest in the collateral, and may contain other provisions that the governing board deems necessary.

X. **PERMITTED INVESTMENTS:** As provided by General Municipal Law Section 11, the Board authorizes the Fire District Treasurer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts in, or certificates of deposit issued by, a bank or trust company located and authorized to do business in the State of New York
- Obligations of the United States of America guaranteed by agencies of the United
- States of America, where the payment of principal and interest are guaranteed by the United States of America
- Obligations of the State of New York With the approval of the State Comptroller, obligations issued pursuant to Local Finance Law Section 24.00 or 25.00 (i.e., Tax Anticipation Notes and Revenue Anticipation Notes) by any municipality, school district or district corporation in the State of New York other than the Fire
- Obligations of the Fire District, but only with moneys in a reserve fund established pursuant to General Municipal Law Section 6-g.

All investment obligations shall be payable or redeemable at the option of the Fire District within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event at the option of the Fire District within two years of the date of purchase. Time deposit accounts and certificates of deposit shall be payable within such times as the proceeds will be needed to meet expenditures for which the moneys were obtained, and shall be secured as provided in Sections VIII and IX herein.

Except as may otherwise be provided in a contract with bondholders or noteholders, any moneys of the Fire District authorized to be invested may be commingled for investment purposes, provided that any investment of commingled moneys shall be payable or redeemable at the option of the Fire District within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained, or as otherwise specifically provided for in General Municipal Law, Section 11. The separate identity of the sources of these funds shall be maintained at all times and income received shall be credited on a pro rata basis to the fund or account from which the moneys were invested.

Any obligation that provides for the adjustment of its interest rate on set dates is deemed to be payable or redeemable on the date on which the principal amount can be recovered through demand by the holder.

XI. **AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS:** All financial institutions and dealers with which the Fire District transacts business shall be creditworthy, and have an appropriate level of experience, capitalization, size, and other factors that make the financial institution or the dealer capable and qualified to transact business with the Fire District. The Fire District Treasurer shall evaluate the financial position and maintain a listing of proposed depositaries, trading partners, and custodians. Recent Reports of Condition and Income (call reports) shall be obtained for proposed banks, and security dealers that are 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 Fire District shall maintain a list of financial institutions and dealers approved for investment purposes, and establish appropriate limits to the amounts of investments that can be made with each financial institution or dealer.

XII. **PURCHASE OF INVESTMENTS:** The Fire District Treasurer is authorized to contract for the purchase of investments:

- Directly, from an authorized trading partner
- By participation in a cooperative investment agreement with other authorized municipal corporations pursuant to Article 5-G of the General Municipal Law and in accordance with Article 3-A of the General Municipal Law provided the Board has approved such agreement(s).

All purchased obligations, unless registered or inscribed in the name of the local government, 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 officer authorized to make the investment. All such transactions shall be confirmed in writing to the Fire District 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 as described in General Municipal Law Section 10(3)(a). The agreement shall provide that securities held by the bank or trust company, as agent of, and custodian for, the Fire District, will be kept separate and apart from the general assets of the custodial bank or trust company and will not be commingled with or become part of the backing of any other deposit or other bank liability. The agreement shall also describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to secure the local government's perfected interest in the securities, and the agreement may also contain other provisions that the governing board deems necessary. The security and custodial agreements shall also include all other provisions necessary to provide the Fire District with a perfected interest in the securities.

XIII. **BOARD APPROVALS:** The Fire District Treasurer shall obtain the approval of the Board for;

- any transfer of funds between district bank accounts or investments,
- any transfer of fund balances, and
- any reallocation of budget lines or budget amendments made during the fiscal year.

Said approvals shall be recorded in the minutes of meeting at which it was given.

XIV. **ADDITIONAL SIGNATURES:** In order to reduce the possibility of fraud or unauthorized transfers with regard to electronic banking, any wire transfer by the Fire District will require the signature of the Fire District Treasurer and one Fire

Commissioner designated by the Board. All such transfers shall be submitted to the Board for approval prior thereto or subsequent thereto for ratification. Said approval shall be recorded in the minutes of meeting at which it was given.

XV. **ELECTRONIC BANKING:** Any and all electronic banking transactions transacted with reference to a District account or funds shall be performed by the Fire District Treasurer on authorization from the Board based upon the policies of the banking/ financial institutions and agreement entered into with them by the Fire District. Said approval of the aforementioned policies, agreements and transactions shall be recorded in the minutes of the meeting at which it was given.

All such electronic banking shall be conducted in accordance with the requirements of Section 5-a of the General Municipal Law. Prior to any such transactions the Board must have entered into a written agreement with the bank or trust company in which such funds have been deposited, prescribing the manner in which electronic or wire transfer of such funds shall be accomplished, identifying by number and name those accounts from which electronic or wire transfers may be made, identifying which officer or officers are authorized to order the electronic or wire transfer of funds from those accounts, and implementing a security procedure as defined in Section 4-A-201 of the Uniform Commercial Code.

In addition, the bank or trust company processing the transfer shall provide to the Fire District Treasurer ordering the electronic or wire transfer of funds written confirmation of each such transaction no later than the business day following the day on which the funds are transmitted.

A system of internal controls shall be put in place by the Board at the Fire District level for the documentation and reporting of all transfers or disbursements of funds accomplished by electronic or wire transfer.

XVI. **PERIODIC REPORTS OF THE FIRE DISTRICT TREASURER:** On a periodic basis (at a minimum monthly) the Fire District Treasurer shall report to the Board at its meeting with regard to all investment activity for the previous period (month) and obtain the approval of the Board for anticipated investment activity in the next period (next month). Said approval of the investment activity and Treasurer's Report shall be recorded in the minutes of meeting at which it was given. Said Treasurer's Report shall be in writing and appended to the minutes of the meeting at which it was given.

XVII. **ANNUAL REVIEW AND AMENDMENTS:** The Board shall review this investment policy annually, and it shall have the power to amend this policy at any time.

XVIII. **DEFINITIONS:** The terms "public funds," "public deposits," "bank," "trust company," "eligible securities," "eligible surety bond," and "eligible letter of credit" shall have the same meanings as set forth in General Municipal Law Section 10.

**SCHEDULE A**

**Schedule of Eligible Securities for Collateralizing Deposits and Investments in Excess of FDIC Coverage (see Investment Policy, Section VIII/ Section IX)**

[Note: This is not a list of Permitted Investments. Please see Investment Policy, Section X, for Permitted Investments. Moreover, this list is for purposes of illustration only. Governing boards, in the exercise of their prudent discretion, must determine which types of eligible securities, authorized by law, to list as permitted.]

**Eligible Securities for Collateral with Percentage of Market Value Assigned for Purposes of Determining Aggregate Market Value**

(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. [100%]

(ii) Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank. [100%]

(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. [100%]

(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 this State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys. [100%]

(v) Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization. [100% if rated in highest category; 90% for 2nd highest; 80% for 3rd highest]

(vi) Obligations of the Commonwealth of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization. [100% if rated in highest category; 90% for 2nd highest; 80% for 3rd highest]

(vii) Obligations of counties, cities and other governmental entities of another state having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization. [100% if rated in highest category; 90% for 2nd highest; 80% for 3rd highest]

(viii) Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization. [80%]

(ix) Any mortgage-related securities, as defined in the Securities Exchange Act

of 1934, as amended, which may be purchased by banks under the limitations established by federal bank regulatory agencies. [70%]

(x) Commercial paper and bankers' acceptances issued by a bank (other than the bank with which the money is being deposited or invested) rated in the highest short term category by at least one nationally recognized statistical rating organization and having maturities of not longer than 60 days from the date they are pledged. [80%]

(xi) Zero-coupon obligations of the United States government marketed as "Treasury STRIPS."[80%]

The Investment Policy for NCFD No. 1 was adopted on February 19, 2025.