

POCATELLO FIRE DISTRICT INVESTMENT POLICY

I. SCOPE

This investment policy applies to all monies and other financial resources available for investment on its own behalf or on behalf of any other entity or individual.

II. OBJECTIVES

The primary objectives of the Pocatello Fire District's investment activities are, in priority order,

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

III. DELEGATION OF AUTHORITY

The Board of Fire Commissioner's responsibility for administration of the investment program is delegated to the District Treasurer who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a data base or records incorporating description and amount of investments, transaction dates, and other relevant information and regulate the activities of subordinate employees.

IV. PRUDENCE

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Pocatello Fire District to govern effectively.

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 investment, considering the safety of the principal as well the probable income to be derived.

All participants involved in the investment process 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 Pocatello 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 Pocatello Fire District for all monies collected by any officer or employee of the Pocatello Fire District to transfer those funds to the District Treasurer within two (2) days of receipt, or within the time period specified in law, whichever is shorter.

The District Treasurer is responsible for establishing and maintaining an internal control structure 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 the Commissioners' authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

VII. DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposit of monies up to the following maximum amounts are to be designated by the Board of Fire Commissioners annually at the District reorganization meeting.

VIII. COLLATERALIZING OF DEPOSITS

In accordance with the provision of General Municipal Law §10, all deposits of the Pocatello Fire District, 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 public deposits from the categories designated in Appendix A of this policy.
2. By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the Pocatello Fire District 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 one nationally recognized statistical rating organization or by a bank other than the bank with which the money is being deposited that is in compliance with applicable federal minimal risk based capital requirements.
3. By an eligible surety bond payable to the Pocatello Fire District for an amount at least equal to 100% 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 category by at least two nationally recognized statistical rating organizations.

IX. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third party bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure the Pocatello Fire District 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 Pocatello Fire District to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Pocatello Fire District such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Pocatello Fire District or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the Pocatello Fire District, 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 should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of collateral and for the substitution of collateral when a change in the rating of a security may cause ineligibility as described in GML § 10 (1) (f). Such agreement shall include all provisions necessary to provide the Pocatello Fire District a perfected interest in the securities.

X. PERMITTED INVESTMENTS

As authorized by General Municipal Law §11, the Pocatello Fire District authorizes the District Treasurer to invest money not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- * Special time deposits accounts;
- * Certificates of deposit of a bank or trust company location and authorized to do business in New York; and
- * Obligations of the United States of America

All investment obligations shall be payable or redeemable at the option of the Pocatello Fire District within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchase with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Pocatello Fire District within two years of the date of purchase.

XI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Pocatello Fire District shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the local government conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Pocatello Fire District. Security dealers 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 District Treasurer is responsible for evaluating the financial positions and maintaining a list of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

XII. PURCHASE OF INVESTMENTS

The District Treasurer is authorized to contract for the purchase of investments:

- 1 Directly, including through a repurchase agreement, from an authorized trading partner.
- 2 By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the Board of Fire Commissioners.
- 3 By utilizing an ongoing investment program with an authorized tracking partner pursuant to a contract authorized by the Board of Fire Commissioners.

All purchase obligations, unless registered or inscribed in the name of the Pocatello Fire District, shall be purchased the name of the Pocatello Fire District, shall be purchased through, delivered to and held in the custody of a bank of 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 Pocatello 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 §10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Pocatello Fire District, 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 the securities. Such agreement shall include all provisions necessary to provide the Pocatello Fire District a perfected interest in the securities.

XIII. REPURCHASE AGREEMENT

Repurchase agreements are authorized subject to the following restrictions:

All repurchase agreements must be entered into subject to a Master Purchase Agreement.

Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.

Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.

No substitution of securities will be allowed.

The custodian shall be a party other than the trading partner.

Appendix A Schedule of Eligible Securities

- ___ (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.
- ___ (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.
- ___ (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.
- ___ (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 New York or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.
- ___ (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.
- ___ (vi) Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- ___ (vii) Obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- ___ (viii) Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- ___ (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.
- ___ (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 sixty days from the date they are pledged.
- ___ (xi) Zero coupon obligations of the United States government marketed as "Treasury STRIPS".