

**Town of Islip Community Development Agency
Annual Investment Report
For Year Ended June 30, 2025**

In accordance with Sections 2925(6) of the Public Authorities Law, Part 201 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York, and as required by the Town of Islip Community Development Agency's Investment Policy, the Town of Islip Community Development Agency (the "Agency") shall annually prepare an investment report.

Investment Policy

The Agency's Investment policy, originally adopted March 13, 2008, was reaffirmed on January 11, 2024 and January 9, 2025. The primary objectives of the Agency's investment activities shall be the following:

- 1) Safety and preservation of principal in the overall portfolio
- 2) Maintaining the necessary liquidity to match expected liabilities and expenses
- 3) Obtaining a reasonable return

In addition to the above, the Agency must conduct its investment activities in a manner that complies with the General Municipal Law and other legal requirements.

Investment Activity

During the year ended June 30, 2025, the Agency did not hold or invest in any investments (i.e., bonds, stocks, certificates of deposits). The Agency's funds were all held as deposits at one financial institution, Dime Community Bank.

The Agency has various checking and money market accounts for the individual grant programs administered as well as tenant security and mortgage escrow accounts. All deposits are in compliance with General Municipal Law and other legal requirements.

As of June 30, 2025, all deposits were either insured by the FDIC (\$250,000 for all checking accounts and \$250,000 for all interest-bearing accounts) or collateralized with eligible securities in the Agency's name in third party custodial account.

Investment Income

For year ended June 30, 2025, the deposit accounts earned \$32,181 in interest income. This is lower than the previous year's interest income of \$49,005 due to an overall lower interest rate environment in 2024-2025 compared to 2023-2024, which is demonstrated in the chart below. This excluded interest on mortgage escrow accounts which are not reported as Agency income.

FOMC Meeting Date	Rate Change (Bps)	Federal Funds Rate
Dec. 10, 2025	-25	3.50% to 3.75%
Oct 29, 2025	-25	3.75% to 4.00%
Sept 17, 2025	-25	4.00% to 4.25%
Dec 18, 2024	-25	4.25% to 4.50%
Nov 7, 2024	-25	4.50% to 4.75%
Sept 18, 2024	-50	4.75% to 5.00%
July 26, 2023	+25	5.25% to 5.50%

Investment Expenses

The Agency did not pay any fees, commissions or other charges to brokers, dealers or advisors during the year end June 30, 2025 since there was no investment activity.

Summary

The Agency has had sufficient cash to pay its liabilities and expenses for the year ended June 30, 2025 and this is expected to continue going into the next fiscal year. Interest income is expected to decrease minimally during the year ended June 30, 2026, as the Federal Reserve reduced the Federal Funds interest rate by 0.75% with three consecutive 0.25% rate cuts between July 2025 to January 2026. The Federal Reserve is expected to maintain the current Federal funds rate of 3.50%-3.75% through June 2026.