

## TOWN OF NORRIDGEWOCK

### INVESTMENT POLICY

#### Section A-Investment Objectives

Maine State statutes authorize treasurers to deposit or invest municipal funds by direction of the Municipal Officers. The Board of Selectmen is assigning this duty to the Town Manager/Finance Director.

Pursuant to 30-A MRSA Section 5706, the Town of Norridgewock shall adopt the following investment objectives in the management and investment of municipal funds:

The primary objective of the Town's investment activities is the preservation of capital and the protection of investment principal.

In investing public funds, the Town staff will strive to maximize the return on the portfolio but will avoid assuming unreasonable investment risk.

The municipality's investment portfolio will remain sufficiently liquid to enable the municipality to meet operating requirements that might be reasonably anticipated.

The Town will diversify its investments to avoid incurring unreasonable and avoidable risks regarding specific severity types or individual financial institutions.

#### Section B-Investment Principles

The Municipal Town Manager/Finance Director shall invest funds for which there is no immediate need, sell and exchange securities so purchased, and deposit such securities for safekeeping. All investment decisions shall be made considering the investment objectives contained in Section A and exercising judgment and care under the circumstances then prevailing.

The following investment principles shall guide the Finance Director in the conduct of the municipality's investment program:

1. The municipality may purchase only legally authorized investments under 30-A Section 5706, 5711 and 5712
2. The maturity date of new investments shall not be further than the time the municipality anticipates that it will need the funds. To maintain liquidity, new investments shall have a maturity date of one year or less for municipal operating funds.
3. The Town shall not make investments for the purpose of trading or speculating, such as anticipating an increase of capital through changes in market interest rates.
4. Deposit and investment of funds can be made in financial institutions that are financially sound and prudent. Under Title 30-A MRSA, Section 5706 the Town

of Norridgewock may invest in money mutual funds. In Section 5711 and 5712, the Town may invest in United States treasuries and United States government agencies.

5. Cash balances in all demand deposit accounts shall not exceed compensating whenever possible. The Finance Director shall strive to invest at least 95% of all available funds on a day-to-day basis.
6. The Town will invest in financial institutions with significant Maine operations as much as possible and can only invest in out-of-state financial institutions where a significant interest rate differential exists.
7. Repurchase agreements can only be obtained from known and financially stable financial institutions. Repurchase agreements must collateralized by us Government securities with a market value equal to or greater than the Town's investments and be perfected under Maine statutes.
8. The Finance Director shall ensure that funds are invested at the best rate of return, subject to the limitation contained in paragraph 6.

#### Section C-Reporting and Control

The Finance Director shall issue an annual investment report to the Town Selectmen due no later than 60 days after the end of the fiscal year. The report shall include an evaluation of the performance of the investment program for the previous year and present an investment plan for the ensuing year.

#### Section D-Code of Ethics

All personnel involved in the investment program shall adhere to the Municipality's Code of Ethics to prevent any real or perceived violation of their fiduciary responsibilities. Such responsibility carries with it the duty to ensure that all investments are placed without the appearance of any improper influence or personal gain.

Approved 12/05/2007 by the Norridgewock Board of Selectmen:

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