

## Investment Policy Town of Holden, Maine

---

### **Policy**

---

It is the policy of the Town of Holden to invest public funds in a way that will provide the highest investment return with the maximum security while meeting the cash flow demands of the Town and conforming to all state and local statutes governing the investment of public funds. Holden further recognizes the limitations of 30-A MRS sections 5706 through 5719 on the investment of Town public funds.

---

### **Scope**

---

This investment policy applies to the Town of Holden's Invested Funds. This policy applies to all transactions involving the financial assets and related activities of the Funds.

---

### **Prudence**

---

Investments shall be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, the probable income to be derived, and the need for liquidity. See 30-A MRS section 5718.

This standard must be applied to the overall investment portfolio of the municipality and not to individual items within a diversified portfolio.

---

### **Objectives**

---

The primary objectives, of the Town of Holden's investment activities are as follows:

1. **Safety of principal.** Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
2. **Return on Investment.** The portfolio shall be designed with the objective of attaining a market average rate of return throughout economic cycles, taking into account the Town's investment risk constraints and the cash flow characteristics of the portfolio.
3. **Liquidity.** The investment portfolio will remain sufficiently liquid to enable the Town to meet its financial obligations which might be reasonably anticipated.

---

## **Delegation of Authority**

---

Authority to manage the Town of Holden's investments is derived from Title 30-A, MRS §5706 et seq. Management responsibility for the investment program is hereby delegated to the Town Manager, who shall ensure that the operation of the investment program is consistent with this investment policy, including explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy. The Town Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

---

## **Ethics and Conflicts of Interest**

---

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Town Manager any material financial interests in financial institutions that conduct business within this jurisdiction, and shall further disclose any large personal financial or investment positions that could be related to the performance of the Town's portfolio, particularly with regard to the time of purchase and sales.

---

## **Prohibited Interest**

---

No Town employee shall invest Town funds in any instrument or institution in which he or she has any direct or indirect financial interest, nor shall he or she accept any gift, free service, or payment of any kind for performing their duties under this policy.

---

## **Authorized and Suitable Investments**

---

Funds of the Town of Holden may be invested in the following types of securities:

1. Financial Institutions 30-A MRS § 5706.1  
Funds may be invested in accounts or deposits of institutions insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or the successors to these Federal Agencies.
2. Government Bonds 30-A MRS § 5712
  - a. Bonds and Direct Obligations of the United States
  - b. Direct Obligations by any Agency, Association, Authority or Instrumentality created by the US Congress or Executive Order.
  - c. Bonds and Direct Obligations of any US State.
  - d. Bonds and Direct Obligations of Maine.

- e. Bonds and Direct Obligations of the Dominion of Canada, or its provinces.
  - f. Short-term Obligations
  - 3. Corporate Securities 30-A MRS § 5713
    - a. Corporate Bonds
    - b. Maine Corporate Bonds
    - c. Maine Corporate Stocks
  - 4. Financial Institution Stock and Other Obligations 30-A MRS §5714
  - 5. Other Stock Investments 30-A MRS § 5715
    - a. Preferred stock of public utilities
    - b. Bonds of non-profit organizations
  - 6. Other Prudent Securities 30-A MRS § 5716
- The Town of Holden may invest in such securities as the Municipal Officers consider to be sound, prudent investments, the making of which would not be permissible but for this section. Not more than 10% of the total assets of the fund being invested may be invested in securities within this category. This section of the policy gives additional authority to invest 10% in any type of prudent security.

For specific detail please refer to the statutes Title 30-A MRS Chapter 223, subchapter 3-A, Article Two: Investments in Securities.

---

### **Maximum Maturities**

---

To the extent possible, the Town of Holden will attempt to match investment maturities with anticipated cash requirements.

---

### **Diversification**

---

The Town of Holden will diversify its investment portfolios. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of security.

There are specific requirements for diversification in the Statutes as identified in the Authorized and Suitable Investments section above. It is expected that the Investment Manager will refer to the statutes for specific details. Title 30-A MRS Chapter 223, subchapter 3-A, Article Two: Investments in Securities.

---

### **Collateralization**

---

Collateralization is required on deposit accounts where balances exceed FDIC insurance limits and on repurchase agreements. Notwithstanding the foregoing, investments directly in the above-mentioned suitable and authorized investments shall not require collateralization.

---

**Internal Controls**

---

The Town Manager shall establish an annual process of independent review by an external auditor. This review will enhance internal controls by assessing compliance with policies and procedures.

---

**Reporting**

---

The Treasurer shall provide to the Town Council investment reports which provide a clear picture of the status of the current investment portfolio. The report should include the following:

- A listing of the securities held at the end of the reporting period
- The maturity of listed investments
- Coupon, yield to maturity, and current yield
- Cost of Investments
- Market Value of Investments
- Percentage of the Portfolio represented by each investment category

---

**Investment Policy Adoption**

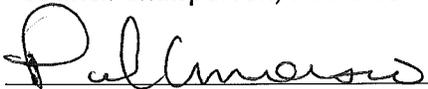
---

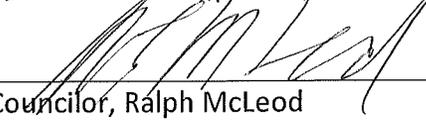
The Town of Holden's investment policy shall be adopted by resolution of the Holden Town Council. The policy shall be reviewed annually by the Town Manager and Finance Department and any modifications made thereto must be approved by the Town Council.

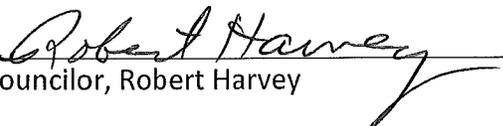
Signed this October 19<sup>th</sup>, 2015, 2015 by the Town Council:

  
\_\_\_\_\_  
Council Chairperson, Rod Black

  
\_\_\_\_\_  
Council Vice Chairperson, Thomas Copeland

  
\_\_\_\_\_  
Councilor, Paul Amoroso

  
\_\_\_\_\_  
Councilor, Ralph McLeod

  
\_\_\_\_\_  
Councilor, Robert Harvey

Witnessed By:   
\_\_\_\_\_