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Investment Policy

1. PURPOSE

The purpose of this document is to identify various policies and procedures that enhance opportunities for a judicious and methodical investment policy and to organize and finalize investment-related activities. It is the policy of the Town of Rangeley to invest public funds in a manner which maximizes security and provides maximum return in preserving and protecting funds while meeting the daily cash flow demands and remaining compliant to all applicable federal, state and/or local statutes that govern the investment of public funds.

2. SCOPE

It shall be the general policy of the Town of Rangeley to pool available funds and invest these funds in accordance with federal and state statutes. The investment policy applies to all financial assets of the Town of Rangeley. These funds are accounted for in the Towns financial reports and include all funds:

- General Fund
- Special Revenue
- Capital Project
- Trust Funds
- Any new fund created by Board of Selectmen, unless specifically exempt.

3. PRUDENCE

The standard of prudence to be used for managing the Town of Rangeley's assets shall be Title 30-A, Section 5718 of the Maine Revised Statutes which in general states that 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 safety, income and maintenance of liquidity.

3.1 Safety:
The safety of principal and preservation of capital in the overall portfolio.

3.2 Maintenance of liquidity:

Maintenance of sufficient liquidity to meet all operating and other cash requirements with which a fund is charged that are reasonably anticipated.

3.3 Income:

The income to be derived throughout budgetary and economic cycles, taking into account prudent investment risk constraints and the cash-flow characteristics of the portfolio.

The Town of Rangeley recognizes that no investment is without some degree of risk and occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolios return. The investments that are made by the Town are a matter of public record.

The Finance Director and authorized investment personnel acting in accordance with written procedures and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse development. The Treasurer will report to the Town Manager and Board of Selectmen quarterly on the activity of the Towns investments unless investments are coming due. Refer to Section 11 of this policy.

4. OBJECTIVE

The primary objectives of the Town's investment activities shall be:

4.1 Safety:
Safety of principal is the primary objective of the Town of Rangeley. Investments of the Town shall be undertaken in a manner that seeks to ensure the safeguarding of capital in the overall portfolio. To achieve 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.

4.2 Liquidity:
The Town of Rangeley will ensure that their portfolio remains liquid as to meet all operating requirements that may be reasonably anticipated

4.3 Return on Investment:
The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles.

5. DELEGATION OF AUTHORITY

The ultimate responsibility for the investment program rests with the Town Selectman with their delegation and oversight to the Treasurer and Town Manager. They will be responsible for all transactions undertaken and has established a system of internal controls and standard operating procedures to regulate the activities of subordinated officers. Each is authorized to sign necessary agreements and documents for the purpose of carrying out this policy. The Finance Director shall be responsible for the day to day operation of the portfolio. No person may engage in an investment transaction except as provided under the terms of this policy

6. ETHICS AND CONFLICTS OF INTEREST

The Treasurer and Town Manager shall avoid any transaction that might impair public confidence in the Town's ability to govern effectively. Officers and employees involved in the investment process shall refrain from business activity 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 Selectman any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Town's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the Town of Rangeley, particularly with regard to the time of purchase and sales. Any violation of this procedure will warrant review of the board of selectman. After review the Selectman, by majority vote, may take appropriate disciplinary action which may include dismissal if deemed appropriate.

7. AUTHORIZED INSTITUTIONS AND INVESTMENTS

All investments made by the Town of Rangeley will adhere to Maine Revised Statutes Title 30-A, Sections 5706 through 5719. Any changes or extensions of these sections of the Maine Revised Statutes will be assumed to be part of this Investment Policy immediately upon being enacted. (Statutes attached to back of document) In electing financial institutions, the Treasurer and the Town Manager, with oversight from the Town's Selectmen, shall review the financial institution's audited financial statements, proof of Financial Industry Regulatory Authority (FINRA), proof of state registration, and certification of having read, understood, and agreed to comply with the Town's Investment Policy.

7.1 United States government bonds and instrumentalities-bonds and other direct obligations of the U.S.

7.2 Maine State bonds-"bonds and other direct obligations issued or guaranteed by this State, agency of this State, or any political subdivision of the State that is not in default" (30 A M.R.S.A, Section 5712, 3).

7.3 State bonds- "bonds and other direct obligations issued or guaranteed by any state or agency of any state, provided that the securities are rated within the 3 highest grades by any rating service approved by the Superintendent of Banking" (30A, M.R.S.A., Section 5712, 2).

7.4 State bonds- "bonds and other direct obligations issued or guaranteed by any state or agency of any state, provided that the securities are rated within the 3 highest grades by any rating service approved by the Superintendent of Banking" (30A, M.R.S.A., Section 5712, 2).

7.5 Short-term obligations-prime bankers' acceptances and prime commercial paper.

7.6 Corporate bonds- "bonds and other obligations of any United States or Canadian corporation, provided the securities are rated within the 3 highest grades. Not more than 2% of the total assets of the permanent reserve fund, permanent trust fund, or other permanent fund being invested of any one corporation" (30A, M.R.S.A., Section 5713.

7.7 Maine Corporate bonds- "bonds and other obligations of any Maine corporation, actually conducting business in this State, for a period of 3 successful fiscal years, has earned or received an average net income of not less than 2% times the interest on the obligations. Not more than 20% of the total assets of the permanent reserve fund, permanent trust fund may be invested in these securities and not more than 2% in any one corporation" (30A,M.R.S.A., Section 5713, 2).

7.8 Maine Corporate stocks- "the stock of any Maine corporation, other than stock of a financial institution, conducting business in this State for at least 3 years and have received an average net income after taxes equivalent to at least 6% upon the entire outstanding issue of the stock. Not more than 10% of the deposits of the total assets of the permanent reserve fund, permanent trust fund, or other permanent fund being invested may be invested under this section in stocks of Maine Corporations and not more than1% in any one corporation. The fund shall be invested no more than 20% of the stock of any corporation" (30A, M.R.S.A., Section 5713, 3).

The Town of Rangeley shall not acquire or hold stock obligations described below in excess of 30% of the total assets of the reserve fund, permanent trust fund, or other permanent fund. The Town shall not acquire or hold stock of any one bank in excess of 5%, nor shall any such fund be invested in stock in excess of the capital stock of any bank" (30A, M.R.S.A., Section 5714, 2).

7.9 "Debentures of any financial institution authorized to do business in the State of Maine incorporated under laws of this State or the U.S. and of any financial institution holding company, provided that the holding company is registered under the United States Bank Holding Company Act of 1956 or the National Housing Act, Section 408" (30A, M.R.S.A., Section 5714, IA).

7.10 Stock- "capital stock, preferred stock, debentures, and acceptances of any insured bank not having an office in this State which has total capital reserves of at least $50,000,000 and whose subsidiary banks have a total capital reserves of at least $50,000,000 provided that it is registered under the United States bank Holding Act of 1956. Not more than 1% of the total assets of the permanent reserve fund, permanent trust fund, or other permanent fund may be invested" 30A, M.R.S.A., Section 5714, 1B).

7. 11 Capital Notes or debentures- "issued by any municipalities charted under the laws of any state, or of the United States, or of the Common wealth of Puerto Rico, notwithstanding the fact that these notes or debentures may be subordinated to the claims of the depositors or other creditors of the issuing institution. Not more than 1% of the total assets of the permanent reserve fund, permanent trust fund, or other permanent fund being invested may be so invested" (30A, M.R.S.A., Section 5714, 1C).

7.12 Obligations- "issued, assumed, or guaranteed by the International Bank for Reconstruction and Development or the Inter-American Development Bank or the African Development bank" (30A, M.R.S.A., Section 5714, ID).

7.13 Savings Accounts- These accounts pay a low rate of interest, compounded daily on their balances. This account allows the transfer of money from checking to savings and earn short-term on odd amounts of money that are not available for longer investments.

7.14 Repurchase Agreements- These investments are an agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

7.15 Mutual Funds- an investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

7.16 Other Stock Investments – preferred stock of public utilities, bonds of non-profit organizations, small business investments companies, and Maine Capital Corporation.

8. SAFEKEEPING AND CUSTODY

8.1 All security transactions, including collateral for repurchase agreements, entered into by the Town shall be conducted on a delivery versus payment basis. Securities will be held by a third-party custodian agreed to by the Finance Director.

8.2 The Finance Director shall select one or more financial institutions to provide safe keeping and custodial service for the Town. A Collateral Pledge Agreement shall be executed with each custodian bank prior to utilizing that bank's safekeeping services. To be eligible for designation as the Town's safekeeping and custodian bank, a financial institution shall qualify as a depository of public funds in the State of Maine as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

9. INTERNAL CONTROLS

The Finance Director shall develop written administrative procedures and internal controls, consistent with this Policy, for the operation of the Town's investment program. These internal controls shall be intended to prevent losses of public funds arising from fraud, employee error, third party misrepresentation, or imprudent actions by employees of the Town. Proper documentation for all investment transactions shall be prepared and maintained for an appropriate amount of time. The Town's independent auditors shall review annually the Town's investment internal controls to ensure that the Town's compliant with this policy.

10. EXTERNAL MANAGEMENT

The Town of Rangeley may contract with a qualified external management company in order to profit from portfolio diversification, credit research, full-time portfolio management and economies of scale that are unavailable from the Town Staff. Any such contract will define and control the risks of the portfolio and institute performance criteria for monitoring and evaluating risks.

11. REPORTING

The Treasurer shall submit a quarterly investment report for all funds invested to the Town Manager and Town Selectmen. The report will include the following:

- Purpose of the report
- Type of investments
- Investments by institution
- Current market value
- Purchases or cost of securities
- Date of maturity
- Interest rate
- Realized and unrealized gains or losses

If the market value of the Town's investments drop 5% or more within one week, the investment company will immediately communicate this decrease to the Town Manager and/or Treasurer verbally and/or in writing.

12. INVESTMENT POLICY ADOPTION

The Town's investment policy shall be adopted by resolution of the Selectmen. The policy shall be reviewed yearly by the Town Manager and Treasurer and any changes brought forth to the Selectmen for approval.

Policy adopted by the Town of Rangeley Municipal Officers in December 2013.

David Burgess

Pam White

Nate Nichols

Gary Shaffer

Shelly Lowell

Amendments adopted by the Municipal Officers October 5, 2020

Stephen Philbrick, Chairman

Cynthia Egan, Vice Chairman

Ethan Shaffer

Shelly Lowell

I affirm that I have read and understand the Town of Rangeley Investment Policy.

Signature **Date**

Printed Name