

# TOWN OF READFIELD, MAINE

## INVESTMENT POLICY

Pursuant to the provisions of Section 5706 to 5719 inclusive of Title 30-A of the Maine Revised Statute as Amended, the Select Board hereby adopts this statement as the Investment Policy for the Town of Readfield, to guide the Treasurer in the investment of municipal funds. This Policy replaces any and all previously adopted Investment Policies.

**General Investments.** Municipal funds (including reserve and trust funds) may be invested in:

- financial institutions (banks, Savings and Loan institutions or Credit Unions) which are insured by the FDIC or other similar federal agency;
- repurchase agreements secured by the federal government;
- mutual funds which are restricted as per 30-A M.R.S.A. § 5706(3);
- investment management agreements with financial institutions with trust powers registered to do business in Maine.

**NOTE:** *All of these investments must be direct obligations of issuer in which municipality directly owns the underlying security (Anti-Derivative Clause).*

**Investments in Securities.** 30-A M.R.S.A. § § 5711-5717 list the types of securities (stocks, bonds, debentures, etc.) in which the Select Board, through the Treasurer, may invest town funds. The broad categories include government bonds (either federal, state or local), corporate securities, and other securities which are prudent investments.

The Treasurer, at the direction of the Select Board, is authorized to invest municipal money in a statutorily supplied menu of safe investment instruments. Any municipal funds can be invested this way, whether trust funds, reserve accounts, or simply cash on hand or surplus capital. These permitted investment opportunities run anywhere from the deep safety of deposits in federally insured financial institutions (safe, at least, to the extent of FDIC protection), to repurchase agreements backed by U.S. obligations, mutual funds that invest in U.S. bonds, or a menu of specific investments options that are either very heavily secured by governmental obligation or of limited availability with respect to the overall portfolio of the reserve account, trust fund, or lump sum of cash being invested. For example, no more than 10% of the invested fund can be in the stock of well-performing Maine corporations, and no more than 1% of the total assets of the fund can be invested in any one of these Maine corporations.

The statutory limits that cap the extent a municipality can invest in a specific type of investment instrument or a specific stock or bond issuer only apply when the investment in that security or type of security exceeds \$20,000. The municipal money managers cannot break an investment up into \$20,000 pieces and then explore high-risk options. Even when the investment value is small, the menu of permitted options does not change. It is only those specific investments of less than \$20,000 are considered small enough so



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the statutory goal of diversification is achieved even when those small investments are exempted from the percent-of-total-asset limitations.

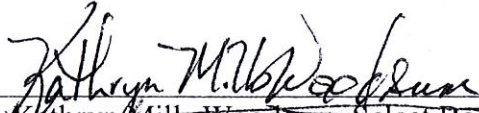
In the schematic (Appendix A) that accompanies this policy it can be seen that Maine law requires those municipalities that want to manage their own investments without the security of government bonds to maintain a portfolio with a maximum of 62% of the fund's total assets in highly diversified, heavily preferred stocks. Only 10% of the total assets of the fund being directly managed by the town can be invested in securities outside the mandated parameters, and only then if the municipal officers determine those outside investments to be "prudent", as defined in 30-A M.R.S.A. § 5718.

**General Operating Funds.** The town shall enter into agreement with a financial institution authorized to do business in the State of Maine; said agreement to provide for a checking account and for day-to-day investment of idle balances.

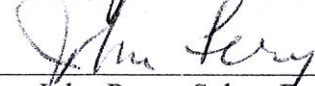
The Treasurer shall invest General Fund assets either (1) in deposits insured by the Federal Deposit Insurance Corporation, or a comparable government agency; or (2) in Repurchase Agreements (Collateralization of 102% will be required on all Repurchase Agreements.). Said investments shall be subject to limitations as the amount(s), term(s), institution(s), etc. determined by the Select Board.

**Approved: initially by the Readfield Select Board on April 28, 2003; and updated on March 2010**

Signed and Dated:

  
Kathryn Mills Woodsum, Select Board Chair

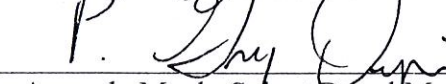
  
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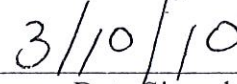
  
John Perry, Select Board Vice Chair


  
Date Signed

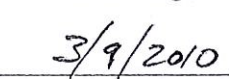
  
P. Greg Durgin, Select Board Member


  
Date Signed

  
Amanda Mank, Select Board Member

  
Date Signed

  
Stefan Pakulski, Town Manager

  
Date Signed

  
Teresa Shaw, Finance Officer

  
Date Signed

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### APPENDIX A

#### LIMITATIONS ON OTHER PERMITTED SECURITIES INVESTMENTS

\*(total assets of a single fund)

Up to 30%	In stock of financial institutions (with certain limitations) with no more than 5% in any single, non-Maine bank (30-A M.R.S.A. § 5714)
Up to 20%	In bonds of Maine corporations (meeting certain performance level) with no more than 2% in any single corporation (30-A M.R.S.A. § 5713)
Up to 10%	In bonds of religious, charitable, educational or fraternal associations or corporations with no more than 1% in any single entity (30-A M.R.S.A. § 5715)
Up to 10%	In Maine corporate stocks (meeting certain performance level) with no more than 1% in any single corporation (30-A M.R.S.A. § 5713)
Up to 10%	In preferred stock of any public corporation (meeting certain performance level), such as a public utility, with no more than 1% in any single entity (30-A M.R.S.A. § 5715)
Up to 10 %	In securities that may not otherwise be authorized but are determined prudent by the municipal officers (30-A M.R.S.A. § 5716)
Up to 2%	In U.S. or Canadian corporate bonds (30-A M.R.S.A. § 5712)
Up to 1%	In stock of the Maine Capital Corporation (30-A M.R.S.A. § 5715)
Up to 1%	In stock of licensed small business investment companies (30-A M.R.S.A. § 5715)



# Town of Readfield – SELECT BOARD

## MINUTES

11/17/2014

6:33 PM

TOWN OFFICE

MEMBERS PRESENT	Sue Reay, Valarie Pomerleau, Allen Curtis, Thomas Dunham, P. Greg Durgin
MEMBERS ABSENT	
MEETING TYPE	SELECT BOARD
NOTE TAKER	Tina L. Cagle
ATTENDEES	Town Manager, Stefan Pakulski, Gary Keilty, Anne Keilty, Milt Wright, John Parent, Gene Carbona, Dave Linton, Jim Tukey, Holly Dominie, Shawn Roderick, Deborah Peale, Rob Peale, Dan Meyer, Deb Doten

### Agenda topics

	<b>#1 MINUTES 11/03/2014</b>
MOTION	Motion by Selectperson Pomerleau to accept minutes of 10/20/2014 as amended.
SECOND	Second by Selectperson Durgin.
PASS/FAIL	Motion passes: 5-0
	<b>#2 WARRANT REVIEW #10</b>
DISCUSSION	1) Discussion of Warrant Items.
MOTION	Motion by Selectperson Dunham to approve Warrant #10 in the amount of \$95,534.73.
SECOND	Second by Selectperson Pomerleau
PASS/FAIL	Motion passes: 5-0
	<b>#3 SELECT BOARD COMMUNICATIONS</b>
DISCUSSION	<ol style="list-style-type: none"> <li>1) Selectperson Pomerleau has ordered the tree lights for the tree outside the town office.</li> <li>2) The approximate amount is \$72 paid for by the Select Board.</li> <li>3) Manager Pakulski informed the Board that the electrical outlet for the tree at the town office works in conjunction with the lights in the parking lot. He will check into changing the timing for the tree.</li> <li>4) Selectperson Curtis reviewed the survey regarding the Military Excise Exempt Ordinance with the Board and the Board has chosen to take no action at this time.</li> <li>5) Chairperson Reay discussed allowing the Town Manager to communicate to the firm representing the Town and their investments to move any monies from cash on hand to the portfolio when the need arises per the Investment Policy.</li> </ol>
MOTION	Motion by Chairperson Reay to allow the Town Manager to communicate to the firm representing the Town and their investments to move any monies from cash on hand to the portfolio when the need arises per the Investment Policy.
SECOND	Second by Selectperson Dunham.
PASS/FAIL	Motion passes: 5-0
DISCUSSION	<ol style="list-style-type: none"> <li>6) Budget Meeting on 11/19 @ 5:30 pm. Selectperson Dunham will be attending.</li> <li>7) Dates to remember: <ol style="list-style-type: none"> <li>a. 12/2 – MMA Class for all Selectpersons and Town Manager</li> <li>b. 12/5 – Tree Lighting</li> <li>c. 12/16 – Joint Budget meeting</li> </ol> </li> <li>8) Is the Fairgrounds Management Plan a policy or an ordinance? Town Manager will research.</li> <li>9) An email was sent to the Board from the Town Manager regarding the FMLA (Family Medical Leave Act) regarding an employee on leave.</li> <li>10) Selectperson Dunham would like an accounting of all the roadwork now that it has been completed.</li> <li>11) Selectperson Curtis will be attending the KVOG meeting along with the Town Manager on 11/18.</li> <li>12) Selectpersons Dunham and Pomerleau are requesting permission from the Board to review executive session files from prior Boards regarding the snowplow contract.</li> </ol>
MOTION	Motion by Selectperson Dunham to authorize Selectpersons Dunham and Pomerleau access to files from the executive session date of 09/2011 with regards to the complaint filed by Reay Construction.
SECOND	Second by Selectperson Pomerleau.
PASS/FAIL	Motion passes: 3-1-1 (Chairperson Reay abstains due to conflict of interest & Selectperson Durgin against.)
	<b>#4 TOWN MANAGER</b>
DISCUSSION	<ol style="list-style-type: none"> <li>1) The Town was awarded a safety grant from Maine Municipal Association is approximately \$1800 to ergonomically correct Workstations for office staff.</li> <li>2) The project will have to be completed and paid for before being reimbursed by MMA.</li> </ol>