

RESOLUTION NO. 96.01  
MAYOR & COUNCIL OF BOONSBORO  
INVESTMENT POLICY

I. POLICY:

It is the policy of the Town of Boonsboro to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Town and conforming to all Maryland and local statutes governing the investment of public funds.

II. SCOPE:

This investment policy applies to all financial assets of the Town of Boonsboro except for those financial assets in the control of any set of trustees. These funds are accounted for in the Town's Annual Financial Report and include:

- a. General Fund
- b. Enterprize Fund (water & sewer)
- c. Any new funds created by the Mayor and Council unless specifically exempted by the Mayor & Council.
- d. Special Revenue Funds

This investment policy applies to all transactions involving the financial assets and related activity of all the foregoing funds.

**III. "PRUDENT PERSON" STANDARD:**

The standard of prudence to be used by investment officials shall be to the "prudent person" standard and shall be applied in the context and managing an overall portfolio.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual securities credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action taken to control adverse developments.

**IV. OBJECTIVES:**

The primary objectives, in priority order, of the Town of Boonsboro's investment activities shall be:

- a. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the Town of Boonsboro shall be undertaken in a manner that seeks to ensure the preservations of capital in the overall portfolio.
- b. **Liquidity:** The Town of Boonsboro's investment portfolio will remain sufficiently liquid to enable the Mayor & Council to meet all operating requirements and obligations as they become due.
- c. **Conformance:** The investment portfolio of the Town of Boonsboro shall be in conformance with applicable federal, state and local legal requirements.
- d. **Return on investments:** The Town of Boonsboro shall seek to optimize return on investments within the constraints of safety of principal, liquidity, and conformance with applicable federal, state and local requirements.

**IV. DELEGATION OF AUTHORITY:**

Authority to manage the Town of Boonsboro's investment program is derived from the charter of the Town of Boonsboro.

Management responsibility for the investment program is by charter of the Mayor and Council. The Mayor and Council may delegate management to the Town Treasurer. The Town Treasurer shall establish, with approval of the Mayor and Council, written procedures for the operations of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, PSA re-purchase agreements, collateral/depository agreements, and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transaction. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Mayor and Council. The Town Treasurer shall be responsible for all transactions undertaken and shall, with approval from the Mayor and Council, establish a system of controls to regulate the activities of Town employees and elected officials.

**VI. ETHICS AND CONFLICTS OF INTEREST:**

Individuals involved in the investment process shall refrain from the personal 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 Mayor and Council any material financial interests in financial institutions that conduct business within the Town of Boonsboro, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Town of Boonsboro's portfolio. Employers and elected officials shall subordinate their personal investment transactions to those of the Town of Boonsboro, particularly with the regard to the time of purchases and sales.

**VII. AUTHORIZED INVESTMENTS AND DEPOSITS:**

The Mayor and Council may invest in the following types of securities and/or deposits:

- a. U.S. Treasury Obligation
- b. U.S. Government Agency Securities
- c. Repurchase agreements secured by U.S. Government agency securities.
- d. The Maryland Local Government Investment Pool
- e. Interest-bearing accounts in any bank as provided by Article 95, Section 22 of the Annotated Code of Maryland.
- f.** Shares in an investment company or investment trust, as provided by Article 95, Section 22 of the Annotated Code of Maryland.

**VIII. COLLATERALIZATION:**

All deposits, certificates of deposits and repurchase agreements shall be secured by pledged collateral with a market value of 102% of principal plus accrued interest at all times. Collateral shall be in conformance with Article 95, Section 22 of the Annotated Code of Maryland. Collateral will be held by an independent third party. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the Mayor and Council and returned. The Right of Collateral substitution is granted.

**IX. SAFEKEEPING AND CUSTODY:**

All security transactions, including collateral for repurchase agreements, handled by the Mayor and Council shall be conducted in a delivery-versus-payment basis. Securities will be held by a third party custodian designated by the Mayor and Council and evidenced by safekeeping receipts.

**X. DIVERSIFICATION:**

The Mayor and Council may diversify its investments by security type and institution with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the entities total investment portfolio will be invested in a single security type or with a single financial institution.

**XI. MAXIMUM MATURITIES:**

To the extent possible the Mayor and Council will attempt to match it's investments with anticipated cash flow requirements. Unless matched to a cash flow, the Mayor and Council will not directly invest in securities maturing more than one year from the date of purchase. However, the Mayor and Council may collateralize it's re-purchase agreements using longer dated investments not to exceed three (3) years to maturity.

**XII. INTERNAL CONTROL:**

The Mayor and Council shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

**XIII. PERFORMANCE STANDARDS:**

The Town of Boonsboro's investment policy is passive. Given this strategy, the objective of the Town's cash flow management portfolio is to purchase certificate of deposit's only.

**XIV. REPORTING:**

The treasurer is charged with the responsibility of including a market report on investment activity and returns in the Town of Boonsboro's Financial Report. Reports will include types of investments, performance, interest earning, etc.

**XV. INVESTMENT POLICY ADOPTION:**

This Town of Boonsboro investment policy shall be adopted by resolution by the Mayor and Council.

This policy shall be reviewed prior to the end of the fiscal year by the Mayor and Council.

AND BE IT FURTHER RESOLVED, That this resolution shall take effect on the 2nd day of January, 1996.

January 2, 1996  
Date of Introduction

THE TOWN OF BOONSBORO

January 2, 1996  
Date of Passage

By: Charles F. Kauffman Jr.  
Charles F. Kauffman, Jr. Mayor

January 2, 1996  
Effective Date

ATTEST:

Barbara Rodenbiser  
Clerk