

RESOLUTION NO. 2018-02
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 anticipated 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. Enterprise Funds (water & sewer)
- c. Any new funds created by the Mayor & 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. PRUDENCE:

Investment shall be made with judgement and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The “prudent person” standard shall be applied in the context of managing an overall portfolio. Investment officials shall act in accordance with written procedures and the investment policy and while exercising due diligence. Individuals shall be relieved of personal responsibility for an individual securities credit risk and 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 which might be reasonably anticipated and obligations as they become due, plus a reasonable amount for unanticipated needs.
- c. **Conformance:** The investment portfolio of the Town of Boonsboro shall be in conformance with applicable federal, state and local legal requirements.

Agencies and instrumentalities as defined in the statute. 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 retained. 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 .

XI. MAXIMUM MATURITIES:

To the extent possible the Mayor and Council will attempt to match its investments with anticipated cash flow requirements and capital improvements plan. Unless matched to a cash flow, the Mayor and Council will not directly invest in securities maturing more than five years from the date of purchase.

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 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 certificates of deposit or permissible debt securities 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 _____ day of November 2018.

Date of Introduction

THE TOWN OF BOONSBORO

Date of Passage

BY _____
Howard W. Long, Mayor

BY _____
Marilee E. Kerns, Treasurer

BY _____
Anthony Nally, Assistant Treasurer

Effective Date

ATTEST:

Town Clerk