TOWN OF FAIR HAVEN, VERMONT.
INVESTMENT/FINANCE POLICY

OBJECTIVE:

The primary objectives of the Town of Fair Haven investment/finance policy shall be: 1) security of principal, 2) liquidity as needed to meet projected expenditures, 3) return on investment, in that order of priority, 4) to allow a method for obtaining funding for day to day operations as needed, and 5) to allow investment of capital and reserve funds.

AUTHORITY:

The Treasurer for the Town of Fair Haven, in accordance with this policy, shall be authorized to invest and reinvest the funds of the Town of Fair Haven. The Manager for the Town of Fair Haven, upon Selectboard authorization, shall be authorized to seek financing for the purchase of equipment, real estate, and other assets of the Town.

AUTHORIZED FINANCIAL INSTITUTIONS:

The investment of all Town of Fair Haven funds shall be made with financial institution(s) that have offices in the United States and are registered to do business in the United States. Financial Institutions in Vermont shall have preference if they provide a competitive rate.

ACCEPTABLE INVESTMENTS:

The Treasurer is authorized to invest and deposit any Town funds as follows:

Checking Accounts
Certificates of Deposit
Collateralized repurchase agreements
Government-Sponsored Enterprise Notes (Fannie Mae, Freddie Mac)
Money Market Accounts
Municipal and State Bonds
Obligations of U.S. Treasury (T. Bills, T. Notes, Bonds)
Savings Accounts
Sweep accounts that are FDIC insured.

To invest any Town funds in an option not listed above will require Selectboard approval and an amendment of this policy. The Treasurer of the Town of Fair Haven will make decisions regarding the types of collateralization of deposits when needed. The form of collateral may include, but not be limited to, securities of the United States of America. Securities may be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

ACCEPTABLE FINANCING

The Treasurer/Town Manager, as authorized, may seek financing for day to day operations and/or for the purchase of equipment, as outlined in the section Authority, using one or more of the following methods:

Lease financing
Line of Credit
Municipal and State Financing
Tax Anticipation Borrowing

STANDARDS OF PRUDENCE:

The standard to be used in making investments and by which investment decisions will be assessed shall be made with judgment and care under circumstances then prevailing. Investments will be made whereby the person(s) shall use discretion and intelligence to consider the probable safety of the capital as well as the probable income to be earned.

DIVERSIFICATION OF THE INVESTMENT PORTFOLIO:

The Treasurer shall maintain sufficient diversification of investments such that the ability of the Town of Fair Haven to continue to do business on an ongoing basis will not be impaired because of a liquidity crisis occurring in any one institution with which the Town of Fair Haven has invested.

ETHICS AND CONFLICT OF INTEREST:

Officials who participate in the investment process shall act responsibly as custodians of the funds and shall avoid any transactions that might impair their ability to make impartial decisions or impair public confidence. Officials shall disclose any position held with a financial institution in which Town funds are invested.

REVIEW PROCESS:

The Treasurer and/or Town Accountant will report investment activity at least quarterly to the Select board and annually in the Town Report. The report to the Select board shall include, as a minimum, portfolio composition, type of investment, earnings and rate of return for the reporting quarter.

Adopted by the Fair Haven Town Select board this 17th day of April, 2012

FAIR HAVEN TOWN SELECTBOARD

X _____
Chairperson

X _____

X Claire L. Stanley

X David Ward

X _____

X Suzanne Dechame
Suzanne Dechame, Town Clerk/Treasurer