



CITY OF HALLOWELL

ONE WINTHROP STREET
HALLOWELL, MAINE 04347

City Council

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POLICY 2025-01 INVESTMENT

This policy is to serve as a restrictive guideline for the Treasurer of the City of Hallowell and any third-party investment manager that may be hired by the City for the investment of public funds of the City from its General Fund, Operating Fund, or any Bond or Tax Anticipation Notes outstanding.

The legal authority as to what the Municipal Officers or third-party investment managers may invest or not invest in is outlined in Title 30-A, Sections 5706 - 5719, MRSA. However, the purpose of this policy is to further restrict the investment options delegated to the Treasurer and third-party investment manager. The focus is to safeguard the principal as well as to maintain liquidity for invested funds rather than prioritizing a maximum yield on those investments against increased risk.

Investment decision making order shall be Safety, Yield and then Liquidity.

The Municipal Officers delegate the authority to the City Treasurer to invest funds only in the following options:

- 1) IntraFi Sweep Accounts
- 2) Certificates of Deposit-up to \$250,000 per bank with FDIC coverage from the four local banks listed.
 - a) Kennebec Savings Bank
 - b) Androscoggin Savings Bank
 - c) Camden National Bank
 - d) Bangor Savings Bank
- 3) Overnight Repurchase Agreement or Deposit Accounts-investment contract with the bank which handles the City's operating account and is secured by U.S. Securities or U.S. Agency funds that are held by a third party. Funds in excess of \$250,000 can also be insured by a third party "AAA" rated insurance certificate.
- 4) Interest Bearing Checking Account – up to \$250,000 per bank with FDIC coverage from the four banks listed in item #2.

Sums placed at a financial institution that exceed the FDIC coverage limit must be secured by the pledge of certain securities as collateral, or fully covered by insurance.

- a) The collateral must be in an amount equal to the excess deposit. The municipal officers shall determine the value of the pledged securities on the basis of market value and shall review the value of the pledged securities on the first business day of January and July of each year.
 - b) The collateral may consist only of securities in which municipalities may invest, as provided in article 2. The securities must be held in a depository institution approved by the municipal officers and pledged to indemnify the municipalities against any loss. The depository institution shall notify the municipal officers of the pledging when the securities are deposited.
- 5) CDARS Investments Option – CDARS stands for Certificate of Deposit Account Registry Service and allows a participating bank to accept deposits in the form of certificate of deposit time investments in excess of \$250,000 and still enjoy full FDIC insurance protection.
- 6) Investment Management Agreement with a third-party investment manager – If the City enters into an investment management agreement the City would use a bank’s investing arm or trust department to invest reserve funds (such as C.I.P. Fund) and trust funds in appropriate investments, as allowed under Title 30-A, Section 5706 (4), MRSA. Investment of funds on behalf of the City under this section is governed by the rule of prudence. Should the City hire a third-party investment manager the Municipal Officers delegate the authority to the manager to invest funds only in the following instruments:
- a) Brokered CDs – up to \$250,000 per bank with FDIC coverage.
 - b) Corporate Bonds – The bonds and other obligations of any corporation, provided the securities are rated investment grade by Moody’s or Standard & Poor’s rating services at time of purchase and are payable in United States funds.
 - c) Debt securities issued or guaranteed by the United States, its agencies or instrumentalities.
 - d) Money market mutual funds or money market deposit accounts. The maturity dates of investments shall not exceed the time frame that the City anticipates it will need the use of such funds. The Treasurer shall maintain and/or communicate on a regular basis the liquidity needs of the City. Investment of funds shall be diversified to the extent investments are made beyond direct U.S. Treasury securities.
 - e) Securities, Mutual Funds or ETF’s from accredited institutions with Securities Investor Protection Corporation (SIPC) insurance.

An accounting of the City’s cash and investments shall be made monthly to the City Manager and City Council.

Original City Council Approval Date: April 7, 2025.

Effective Date: April 7, 2025

All current City Charter and Ordinance sections remain in effect as written.