**Town of Newcastle**
**Investment Policy**

## Policy:

It is the policy of the Town of Newcastle Maine ("Town") to invest its public funds in a manner which will provide safety of principal with a market rate of return consistent with the cash flow demands of the Town while conforming to all applicable Maine statutes, rules, regulations, and local ordinances governing the investment of public funds.

This investment policy applies to all financial assets of the Town, which funds are included in the annual audited financial report for the Town, including, without limitation:

- General Funds
- Special Revenue Funds
- Capital Project Funds
- Trust and Agency Funds
- Cemetery Funds, and
- Endowments (if any),

which shall be invested in accordance with Maine Revised Statutes Annotated, Title 30-A, Sections 5706 - 5719 ("M.R.S.A. 30-A").

## Delegation of Authority:

Authority to manage the Town investments is the sole responsibility of the Treasurer and Town Manager at the direction of the Select Board who shall establish a written system of controls pursuant to M.S.R.A 30-A.

## Ethics and Conflicts of Interest:

It is the policy of the Town of Newcastle that no Town employee or Select Board member shall derive any personal profit or gain, directly or indirectly, by reason of their service to the Town (direct compensation from their employment by the Town excepted). In the execution of the Town Treasurer's investment authority, due care shall be taken to avoid any transaction constituting a conflict of interest or appearance of a conflict of interest or any other unethical situation involving the personal business interests or investments of any Town employee or Town Board Member, so that all investment transactions are impartial and not self-serving. The Town Manager shall deliver to the Select Board annually a written disclosure of any material financial interests in financial institutions that conduct business with the Town or in which Town employees may have an interest.

## Prohibited Interests:

No investment of Town funds shall be made in any instrument or institution in which a Town employee has any direct financial interest. Nor shall any Town employee accept any gift, gratuity, free personal service, or payment of any kind in consideration for the performance of their duties pursuant to this Policy. Employment of a Town employee or of an immediate family member of a Town employee shall not be considered a prohibited interest, unless such employment is conditioned or contingent upon the investment of Town funds in that institution.

Any Town employee involved in the investment of Town funds shall refrain from any activity that could conflict with the proper execution of the Town investment program or which could impair or create the appearance of such a conflict.

## Authorized Financial Dealers and Institutions:

All investment transactions must be authorized by the Town Treasurer. In selecting financial institutions for deposits or securities for investment, the Town Treasurer, with the assistance of the Town Manager, shall review the financial institutions' or securities issuers' audited financial statements to confirm their compliance with the following criteria:

Broker/dealers:

1. Maintenance of sufficient net capital pursuant to the Securities and Exchange Commission Rule 15C3-1;
2. Capital of at least $10,000,000, or capital of $1,000,000 for firms incorporated in the State of Maine;
3. Registration as a dealer under the Securities and Exchange Act of 1934;
4. Membership in the Financial Industry Regulatory Authority (FINRA);
5. Registration to sell securities in the State of Maine;
6. Engagement in the business of effecting transactions in U. S. Government and Federal agency obligations for at least five consecutive years; and
7. Certification of having read, understood, and agreement to comply with the Town Investment Policy.

Banks:

1. Banks must be FDIC insured and authorized to do business in the State of Maine as defined in Maine Revised Statutes Annotated, Title 9-B, Section 131.

## Authorized Investments:

The Town is authorized to make investments pursuant to M.R.S.A. 30-A.

## Collateralization:

Collateralization of accounts and deposits will be required only when exceeding an amount equal to 25% of capital, surplus, land, and undivided profits as defined in M.R.S.A. 30-A.

## Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the Town Treasurer shall be conducted on a "delivery vs. payment" basis. Securities will be held by a third-party custodian, or trust department designated by the Town Treasurer and evidenced by safekeeping receipts.

**Diversification:**

Town investments shall be diversified pursuant to M.R.S.A. 30-A.

**Maximum Maturities:**

To the extent possible, the Town Treasurer will attempt to match investments with anticipated cash requirements. Unless matched to a specific cash flow, Town assets will not be directly invested in securities maturing more than four years from the date of purchase.

Investments may be made in securities maturing in 5 to 10 years provided the rate of return is guaranteed and all dividends are available for quarterly withdrawal. Trust and endowment funds may be invested in securities exceeding four years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

**Accounting Method:**

Investments will be carried on the Town's books at fair market value, as required by Governmental Accounting Standards Board (GASB) Statement 31. Interest on securities will be credited to investment income at the time of sale or as it becomes available for withdrawal, whichever is sooner. The values of investment securities will be accrued as of each fiscal year end.

**External Management:**

The Town Manager, with the approval of the Select Board, may contract with a qualified management company in order to benefit from portfolio diversification, credit research, full portfolio management, and economies of scale that are unavailable to the Town staff. Any such contract will define the risks of the portfolio, establish performance criteria for monitoring and evaluating results, and outline expected risk management responsibilities of the external money management company. Upon the advice of the contracted, qualified external money management company, the Town

Treasurer may invest in corporate stocks, bonds, or other debentures subject to the limitations of M.R.S.A. 30-A.

**Amendments:**

Any amendments to this Investment Policy must be made in writing and approved by the Select Board.

Date of Adoption: 8/12/2024

Karen Paz
Chair

Tor Glendinning
Vice Chair

Thomas Kostenbader

Rufus Percy

Ben Frey

---

Legislative History
12-22-2014 - Originally enacted.
06-10-2024 – Amended by the Select Board
08-12-2024 - Amended by the Select Board