

# Town of Essex Investment Policy

Revision Number: 2.0

Adopted by the Town of Essex Selectboard on 11/16/1987

Revision Date: August 19, 2024

## **OBJECTIVES:**

The primary objectives of the Town of Essex Investment Policy shall be the security of principal, liquidity as needed to meet projected expenditures, return on investment, and to allow for funding for day-to-day operations as needed.

## **AUTHORITY:**

The Treasurer for the Town of Essex shall be authorized by the Selectboard to invest and reinvest the funds of the Town of Essex (VSA Title 24, Section 1571(b)), with guidance provided by the Finance Department.

## **AUTHORIZED FINANCIAL INSTITUTIONS:**

The investment of all Town of Essex funds shall be made with financial institutions that have offices in the United States of America or its territories or are registered to do business in the United States of America or its territories. The financial institutions shall provide deposit insurance and be regulated by the FDIC or NCUA.

## **ACCEPTABLE INVESTMENTS:**

The Treasurer is authorized to invest and deposit all Town funds into:

Checking Accounts

Collateralized Repurchase Agreements

Money Market Accounts

Savings Accounts

Obligations of U.S. Treasury (i.e. T-bills, T-notes, Bonds, Equities, etc.)

Certificates of Deposit

All investments in excess of FDIC insurance coverage will be insured, collateralized or have an associated letter of credit. The Treasurer and Finance Director of the Town of Essex will make decisions regarding the types of investments and collateralizations of deposits. The form of collateral may include, but not be limited to, securities of the United States of America and collateralized re-purchase agreement. Securities may be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts.

The Treasurer and Finance Department shall request rate quotes from a minimum of three financial institutions. Preference may be given to invest with a financial institution where the Town's primary operating funds are located. Financial institutions that are locally based may also be given preference.

**MAXIMUM MATURITIES:**

To the extent possible, the Treasurer, in conjunction with the Finance Department, shall attempt to match its investments with anticipated cash flow requirements and whenever possible will not invest funds for a period more than one year from the date of purchase. All investment items should be considered as short-term, or within one year.

**STANDARD OF PRUDENCE:**

The standard to be used in making investments and by which investment decisions will be assessed shall be the "prudent person" standard and in a fashion consistent with the "prudent investor" rule, which states that investments shall be made with judgement and care under circumstances 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.

**DIVERSIFICATION OF THE INVESTMENT PORTFOLIO:**

The Treasurer and Finance Director shall maintain sufficient diversification of investments such that the ability of the Town of Essex 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 Essex has invested.

**ETHICS AND CONFLICTS OF INTEREST:**

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

**REVIEW PROCESS:**

The Finance Director or the Finance Director's representative shall report investment activity at least quarterly to the Selectboard. The report to the Selectboard shall include, at a minimum, portfolio composition, type of investment, earnings, maturity dates and rate of return.

Adopted by the Town of Essex Selectboard on November 16, 1987. Revised August 19, 2024.

Town of Essex Selectboard

*Tracey A Delphia*

Tracey A Delphia (Aug 24, 2024 12:19 EDT)

Tracey Delphia, Chair

*Andrew J Watts*

Andrew J Watts (Aug 23, 2024 18:02 EDT)

Andrew Watts, Vice Chair

*Kendall Chamberlin*

Kendall Chamberlin (Aug 26, 2024 09:40 EDT)

Kendall Chamberlin, Clerk

*Dawn Hill-Fleury*

Dawn Hill-Fleury (Aug 27, 2024 19:58 EDT)

Dawn Hill-Fleury



Ethan Lawrence