
Investment Policy July 16, 2013

TOWN OF OLD SAYBROOK

INVESTMENT POLICY

Approved by the Board of Finance, July 16, 2013

Purpose

It is the policy of the Town of Old Saybrook to invest its funds in a manner which will provide the highest investment return within acceptable risk tolerances while meeting the daily cash flow needs of the Town and complying with all state statutes governing the investment of public funds.

Scope

This investment policy applies to all investable cash of the Town of Old Saybrook except for those funds being managed by the Pension Benefits Board, which shall have its own investment policies. The Pension Benefits Board manages the Town's pension funds (employee and volunteer fire department), its OPEB trust (Fund 750), and the special General Fund Reserve established from the Anthem demutualization.

Objectives

The primary objectives, in priority order, of investment activities of the Town of Old Saybrook shall be safety, liquidity and return on investment.

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital, mitigating credit risk and interest rate risk.

Investments shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Investments shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account risk constraints and liquidity needs.

Delegation of Authority

Authority to manage the investment program is granted to the Treasurer of the Town of Old Saybrook by provision of CT General Statute 7-400. No other person may engage in an investment transaction except as provided under the terms of this policy and any procedures established by the Board of Finance. In the event of the Treasurer's absence, whether it be a serious health condition, prolonged absence, or inability to perform the duties of the office, the Treasurer's specific powers and responsibilities, as conferred by State Statute, will be automatically transferred to the Finance Director, who will be bound by all the procedures of this policy. The Board of Selectmen and Board of Finance shall be notified of such a transfer if and when it occurs.

Authorized Investments

The following investments will be permitted by this policy and are further limited by state and local law where applicable:

U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government;

The State Treasurer's Short Term Investment Fund (STIF) established pursuant to CGS 3-27a.

Certificates of Deposit at Qualified Public Depositories (as defined in CGS 36a-330) in an amount which may not exceed the maximum FDIC insurance limit, unless approved in writing by the Board of Finance;

Sweep Accounts on checking accounts maintained at Qualified Public Depositories;

Money market mutual funds that have been approved in writing by the Board of Finance and are regulated by the Securities and Exchange Commission, and whose shares are maintained at a constant value of one dollar, and whose portfolios consist of

instruments that are direct obligations of, or guaranteed by, the U.S. government.

The Treasurer shall not invest in any instrument with a maturity longer than one year, nor any security of less than investment grade, without written approval of the Board of Finance.

Deposit of Public Funds

In accordance with CT General Statute 7-402, the Treasurer may deposit public funds in any Qualified Public Depository. All such deposits shall be made in the name of the Town.

Prudence and Ethics

The standard of prudence to be used by the Treasurer shall be the “prudent person” standard. Old Saybrook town officials involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. Officials shall disclose to the Board of Finance any material interests in financial institutions with which they and the Town conduct business. They shall further disclose any personal financial/investment positions that could be related to the Town’s investment portfolio.

Reporting

The Treasurer shall prepare an investment report at least quarterly that provides an analysis of the current investment portfolio. This report shall be presented to the Board of Finance.