**Investment Policy**

TOWN OF LYMAN, MAINE

Section A - Investment Objectives

Maine state statutes authorize treasurers to deposit or invest municipal funds by direction of the municipal officers.

Pursuant to Maine State Statutes Title 30A, Sections 5706, 5711 – 5719, the Town of Lyman shall adopt the following investment objectives in the management and investment of municipal funds:

\* The primary objective of the Town's investment activities is the preservation of capital and the protection of investment principal.

\* In investing public funds, the Town staff will strive to maximize the return on the portfolio but will avoid assuming unreasonable investment risk.

\* The municipality's investment portfolio will remain sufficiently liquid to enable the municipality to meet operating requirements which might be reasonably anticipated.

\* The Town will diversify its investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

Section B - Investment Principles

The municipal treasurer shall invest funds for which there is no immediate need, sell and exchange securities so purchased, and deposit such securities for safekeeping. All investment decisions shall be made considering the investment objectives contained in Section A and exercising judgment and care under the circumstances then prevailing.

The following investment principles shall guide the treasurer in the conduct of the municipality’s investment program:

1. The municipality may purchase only legally authorized investments under Title 30A, Sections 5706, 5711 – 5719.

2. The maturity date of new investments shall not be further than the time the municipality anticipates that it will need the funds. To maintain liquidity, new investments shall have a maturity of one year or less for municipal operating funds.

3. The Town shall not make investments for the purpose of trading or speculating, such as anticipating an increase of capital through changes in market interest rates.

4. Deposit and investment of funds can only be made in financial institutions that are insured by the FDIC, the FSLIC or the NCUSIF. Any funds deposited or invested above the $250,000 insurance limit must be collateralized by the financial institution, or the excess funds must be placed with other financial institutions.

5. Cash balances in all demand deposit accounts shall not exceed compensating balances whenever possible. The treasurer shall strive to invest town funds on an intermittent basis where it is in the best interest of the town.

6. The Town will invest in financial institutions with significant Northern New England operations as much as possible and can only invest in National financial institutions where a significant interest rate differential exists.

7. Repurchase agreements can only be obtained from known and financially stable financial institutions. Repurchase agreements must be collateralized by U.S. Government securities and be perfected under Maine statutes.

Section C - Reporting and Control

The treasurer shall report quarterly to the Board of Selectpersons for the purpose of monitoring the performance and structure of the municipal investments.

*Adopted by the Lyman Board of Selectpersons on November 18, 2013*