

Town of Bar Harbor

This policy is to serve as a restrictive guideline for the Treasurer of the Town of Bar Harbor and any third-party investment manager that may be hired by the Town for the investment of public funds of the Town from its General Fund, Sewer Fund, Water Fund, Parking Fund, C.I.P. 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**, then **Liquidity**, and finally, **Yield**.

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

- 1) **Direct U.S. Treasury Bills** (less than 1 yr). For longer term investing, **U.S. Treasury Notes** (1-5 yrs) may be used.
- 2) **Certificates of Deposit**-up to \$250,000 per bank with FDIC coverage from the five local banks listed.
 - a) Bar Harbor Banking & Trust Co.
 - b) The First
 - c) Machias Savings Bank
 - d) Camden National Bank
 - e) Bar Harbor Savings and Loan
- 3) **Overnight Repurchase Agreement or Deposit Accounts**-investment contract with the bank which handles the Town'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 five banks listed in item#2.

For 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 Town enters into an investment management agreement the Town 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 Town under this section is governed by the rule of prudence.

Should the Town 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 Town 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 Town. Investment of funds shall be diversified to the extent investments are made beyond direct U.S. Treasury securities.

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

LEGISLATIVE HISTORY

01-16-96 Original policy adopted.
09-02-07 Amended by Council
08-18-98 Amended by Council
06-04-02 Amendment proposed by staff
06-04-02 Amended by Council
09-06-05 Amendment proposed by staff
09-06-05 Amended by Council
10-31-08 Amendment proposed by staff
11-18-08 Amended by Council
10-18-2022 Amended by Council