

TOWN OF WILLISTON INVESTMENT POLICY

PURPOSE

Occasionally the Town has excess funds generated by income in excess of spending or reserves that are intended for use in a future period on a large capital project. It is the expectation that the Town receives maximum value for these dollars until they are used in operations. State statute allows that these funds may be invested and reinvested by the Treasurer with the approval of the Selectboard. The purpose of this policy is to establish investment guidelines that will allow the Town's surplus operating funds, capital project funds, and reserve funds to be invested in a prudent manner to maintain a balance between the required liquidity and desired growth consistent with the use of public funds.

OBJECTIVE

The objectives of the Town of Williston Investment Policy shall be security of principal, liquidity as needed to meet projected expenditures, and return on investment, in that order of priority.

AUTHORITY

The Treasurer or Assistant Treasurer (shall be referenced in the remainder of this document as Treasurer) for the Town of Williston shall be authorized to invest and reinvest the funds of the Town of Williston (VSA Title 24, Section 1571(b)). This policy does not apply to bond fund investments made in accordance with applicable bond debenture requirements.

AUTHORIZED FINANCIAL INSTITUTIONS

The investment of all Town of Williston funds shall be made with financial institutions that have offices in the United States of America or its territories, with preference given to those financial institutions in Vermont or are registered to do business in Vermont. 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
- Money Market Accounts
- Obligations of U.S. Treasury (i.e., T-Bills, T-Notes, Bonds, Equities, etc.)
- Certificates of Deposit
- Savings Accounts
- Municipal and State Bonds

The investment of any Town funds in an option not listed above will require approval of the Selectboard.

The Treasurer shall obtain rate quotes from a minimum of two financial institutions. Preference may be given to investing with a financial institution where the Town's primary operating funds are located. Financial institutions that are locally based may also be given preference.

COLLATERALIZATION

All investments exceeding FDIC/NCUA insurance will be insured or collateralized. The collateral must be in an amount equal to the excess deposit, and it may consist only of securities in which municipalities may invest according to VSA Title 24, Chapter 65: Public Lands and Funds, Section 2431-2434. The Treasurer of the Town of Williston will make decisions regarding the types of collateralization of deposits. The form of collateral may include, but not be limited to, securities of the United States of America and collateralized re-purchase agreements. Securities may be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts.

MAXIMUM MATURITIES

To the extent possible, the treasurer shall attempt to match its investments with anticipated cash flow requirements and whenever possible will not invest funds for a period in excess of one year from the date of purchase.

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 judgment and care under circumstances then 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 shall maintain sufficient diversification of investments such that the ability of the Town of Williston 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 Williston has invested.

ETHICS AND CONFLICT OF INTEREST

Officials who participate in the investment process 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. Officers and employees involved in the investment process shall refrain from business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

REVIEW PROCESS

The Treasurer 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.

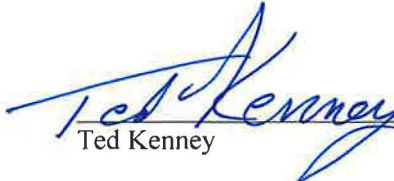
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Williston Selectboard


Ted Kenney


Greta D'Agostino


Terry Macaig


Jeanne Jensen


Mike Isham