

**TOWN OF WINDHAM
INVESTMENT POLICY**

**ARTICLE I
AUTHORIZATION.**

Section 1. **ADOPTION.** This policy is adopted by the Town Council pursuant to the Council-Manager charter of the Town of Windham, as amended.

Section 2. **ADMINISTRATION.** These policies shall be administered by the Town Manager.

**ARTICLE II
PURPOSE.**

Section 1. **SCOPE.** This policy shall apply to all financial assets of the Town of Windham, as accounted for in its budget and audited annual financial statements. These assets shall include, but not be limited to:

- a) General fund
- b) Special revenue funds
- c) Capital project funds
- d) Enterprise
- e) Trust and agency funds
 - i. Cemetery funds
 - ii. Capital reserve funds
- f) Endowments
- g) Any new fund created, unless specifically exempted by the Town Council

Section 2. **GOALS.** This policy is established to ensure that public funds in the custody of the Town of Windham are invested in a manner which preserves public trust and provides for the following, in order of priority:

- a) **SAFETY.** Investments pursuant to this policy shall protect the principal against loss. Safety shall be determined by whether an investment can be liquidated without loss of principal. No investment shall be deemed safe which may incur a principal loss when liquidated to meet a cash requirement of the Town, which was foreseeable at the time of the investment. Principal loss, however, may occur if it becomes necessary to liquidate an investment prematurely to meet an unforeseen cash requirement.
- b) **LIQUIDITY.** Investments shall provide sufficient liquidity to meet the Town's anticipated daily and projected cash flow requirements.

- c) **YIELD.** Investments shall be made at a reasonable market rate of return considering the priority to protect principal and ensure adequate liquidity.

ARTICLE III INVESTMENTS.

- Section 1. **CONDUCT.** Investment activities shall be conducted 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. Investments conducted in accordance with this policy and written procedures established by the Town Manager shall relieve any authorized individual making those investments of personal responsibility for an individual security or investment instrument's credit risk or market price changes, provided that individual has acted with due diligence, has reported any deviation from expectations in a timely manner, and appropriate action is taken to control adverse developments whenever practicable.

- Section 2. **DELEGATION OF AUTHORITY.** The Town Manager may delegate the responsibility of managing the Town's investment program to the Finance Director. The Finance Director shall establish a system of written procedures and internal controls, with the Town Manager's approval, for the operation on the investment program consistent with this policy. No person may engage in any investment transaction unless authorized by the Town Manager, nor shall any person engage in any investment transaction except as provided by this policy and the procedures established by the Finance Director.

- Section 3. **AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS.** No public deposit shall be made except in a qualified depository in accordance with the laws of the State of Maine. Security brokers or dealers, including "primary" or regional dealers which qualify under Securities and Exchange Commission Rule 15C3-1 (the "uniform net capital" rule), evidence of which must be provided to the Tow prior to any investment transaction.

- Section 4. **AUTHORIZED INVESTMENTS.** The Town of Windham shall invest public funds only in the following types of securities:
 - a. Obligations of the U.S. government and its agencies
 - b. Fully insured or collateralized certificates of deposit at commercial banks and savings and loan associations

- c. Prime commercial papers
- d. Repurchase agreements collateralized by U.S. Treasury securities
- e. Money market mutual funds whose portfolios consist of government securities or broadly diversified money market instruments, whose purpose is to maintain a stable principal dollars value
- f. Corporate bonds rated A or higher by at least two rating agencies
- g. MBIA Maine Class, a public investment pool which invests exclusively in instruments allowed under both State statute and Town policy.

Section 5. COLLATERALIZATION. Collateralization of accounts and deposits shall be required when exceeding an amount equal to 25% of capital, surplus, and undivided profits as defined by the laws of the State of Maine.

Section 6. SAFEKEEPING AND CUSTODY. All securities transactions entered into by the Town shall be conducted on a “delivery vs. payment” basis. Securities will be held by a third party custodian or trust department and evidence by safekeeping receipts.

Section 7. RISK AND DIVERSIFICATION. The Town’s investment portfolio shall be diversified by type of security, institution, maturity in order to avoid undue concentration of maturities, provide for stability of income, and ensure reasonable liquidity to cover following disbursement or payroll dates through maturing investments or marketable securities which can be sold to raise cash with one day’s notice without loss of principal.

Section 8. MATURITIES. Investment maturities shall be timed according to the Town’s anticipated cash requirements as follows:

- a. Short-term or operating funds of the Town shall be invested in securities which mature in one year or less from the date of purchase.
- b. Long-term funds such as capital reserve funds and trust and agency funds may be invested in securities with maturities exceeding one year from the date of purchase provided the maturity reasonably coincides with the Town’s anticipated cash flow needs.

Section 9. ACCOUNTING METHOD. Investments will be carried at cost. Gains or losses from the sale of investments shall be credited or charged to investment income at the time of sale. Premiums or discounts on securities may be amortized over the life of the securities.

Section 10. ENDOWMENTS. Endowments will be held in perpetual duration and managed in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), 13 M.R.S. §§5101 et. seq. (2023) and any amendments to UPMIFA or successor statutes.

Adopted: September 23, 1997 (Order 97-145)

Amended: February 13, 2007 (Order 01-14)

Amended: February 24, 2026 (Order 26-021)