



TOWN OF KITTELY

200 Rogers Road, Kittery, ME 03904
Telephone: (207) 475-1329 Fax: (207) 439-6806

May 07, 2018

Council Chambers

Kittery Town Council
Requested by Kenneth Lemont
Special Meeting
6:00 p.m.

1. Call to Order
2. Introductory
3. Pledge of Allegiance
4. Roll Call
5. Agenda Amendment and Adoption
6. Town Manager's Report – No report
7. Acceptance of Previous Minutes – No prior minutes.
8. Interviews for the Board of Appeals and Planning Board – No interviews at this time.
9. All items involving the town attorney, town engineers, town employees or other town consultants or requested officials.
10. PUBLIC HEARINGS
 - a. (050118-1) The Kittery Town Council moves to hold a public hearing on the School Budget Validation Referendum.
 - b. (050118-2) The Kittery Town Council moves to hold a public hearing to approve and hereby ordains an ordinance entitled "Ordinance Approving Additional Local Funds for School Budget for Fiscal Year 2018-2019."
 - c. (050118-3) The Kittery Council moves to hold a public hearing to approve and hereby ordains an ordinance entitled "Ordinance Approving School Budget for Fiscal Year 2018-2019."
 - d. (050118-4) The Kittery Town Council moves to hold a public hearing to approve and hereby ordains an ordinance entitled "Ordinance Approving Transfer of School Year-End Balances to Dedicated Accounts" for spending in the 2018-2019 fiscal year.
11. DISCUSSION
 - a. Discussion by members of the public (three minutes per person)
 - b. Response to public comment directed to a particular Councilor
 - c. Chairperson's response to public comments

12. UNFINISHED BUSINESS

13. NEW BUSINESS

a. (050118-5) The Kittery Town Council moves to approve and sign the warrant for the School Budget Validation Referendum for June 12, 2018.

b. (050118-6) The Kittery Town Council moves to approve and sign the warrant for the Town Meeting Election for June 12, 2018.

c. (050118-7) The Kittery Town Council moves to approve the Investment Policy.

d. (050118-8) The Kittery Town Council moves to postpone the public hearing on the recodification of the Kittery Town Code to May 14, 2018.

14. COUNCILOR ISSUES OR COMMENTS

15. COMMITTEE AND OTHER REPORTS

a. Communications from the Chairperson

b. Committee Reports

16. EXECUTIVE SESSION

17. ADJOURNMENT

Posted: May 07, 2018

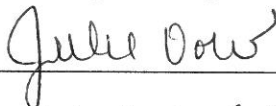
**NOTICE OF AMOUNTS ADOPTED AT TOWN COUNCIL MEETING
FOR VOTERS AT SCHOOL BUDGET
VALIDATION REFERENDUM**

TO: Clerk of Town of Kittery, State of Maine


Pursuant to 20-A M.R.S.A. §1486 (2) and 2307 this Notice is to be displayed at all polling places for the school budget validation referendum to be held on June 12, 2018, to assist the voters in voting on whether to ratify the school budget approved at the May 7, 2018 Town Council Meeting.

| Cost Center Summary Budget Category | Amount Recommended by School Committee |
|--|--|
| 01-Regular Instruction | \$6,849,500.46 |
| 02-Special Instruction | \$3,569,010.67 |
| 03-Career & Technical Education | \$5,152.40 |
| 04-Other Instruction | \$344,553.30 |
| 05-Student & Staff Support | \$1,800,672.86 |
| 06-System Administration | \$609,766.76 |
| 07-School Administration | \$1,094,449.88 |
| 08-Transportation | \$654,588.83 |
| 09-Facilities Maintenance | \$1,383,566.49 |
| 10-Debt | \$802,768.75 |
| 11-All Other Expenditures | \$115,200.00 |
| Summary of Total Authorized General Fund Expenditures | \$17,229,230.40 |
| Amount Approved at the Town Council Meeting on May 7, 2018 | |

The amount approved for the school budget at the Town Council meeting includes locally raised funds over and above the Town's local contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act.

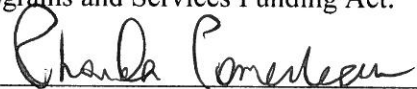








A majority of the School Committee





Completed and countersigned by: _____ / ____/2018

A true copy of the Notice, attest: _____, Town Clerk of Kittery

Town of Kittery
Ordinance Approving Additional Local Funds for School Budget
for Fiscal Year 2018-2019

(Note: If State's EPS Funding model is exceeded, State law requires a separate, recorded vote with a majority of full council in favor)

The Town of Kittery hereby ordains in accordance with the separate approval requirement of Title 20-A, section 15671-A(5)(B) that \$ 3,574,647.81 be raised and appropriated in additional local funds, which exceeds the State's Essential Programs and Services allocation model by \$ 3,574,647.81 as required to fund the budget recommended by the School Committee.

The School Committee recommends \$ 3,574,647.81 for additional local funds and gives the following reasons for exceeding the State's Essential Programs and Services funding model by \$ 3,574,647.81:

The \$ 3,574,647.81 is needed in order to sustain educational services and programs for all students K-12. These funds support teachers, staff development, guidance counselors, nurses, co-curricular activities, auxiliary personnel and administrators to maintain class sizes and quality of educational services as expected by the town. Additionally the school district actively pursues all available avenues to collaborate and consolidate services in order to offset the escalating costs of utilities, insurance and other fixed costs.

State Mandated Explanation: The additional local funds are those locally raised funds over and above the Town's local contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act and local amounts raised for the annual payment on non-state funded debt service that will help achieve the school department budget for educational programs.

**Town of Kittery
Ordinance Approving School Budget
For Fiscal Year 2018-2019**

The Town of Kittery hereby ordains pursuant to Title 20-A, sections 1485 and 15690, that:

1. The following school budget articles be adopted and approved for fiscal year 2018-2019:

| | |
|--|----------------------------|
| For Regular Instruction | \$ <u>6,849,500.46</u> ; |
| For Special Education | \$ <u>3,569,010.67</u> ; |
| For Career and Technical Education | \$ <u>5,152.40</u> ; |
| For Other Instruction | \$ <u>344,553.30</u> ; |
| For Student and Staff Support | \$ <u>1,800,672.86</u> ; |
| For System Administration | \$ <u>609,766.76</u> ; |
| For School Administration | \$ <u>1,094,449.88</u> ; |
| For Transportation and Buses | \$ <u>654,588.83</u> ; |
| For Facilities Maintenance | \$ <u>1,383,566.49</u> ; |
| For Debt Service and Other Commitments | \$ <u>802,768.75</u> ; and |
| For All Other Expenditures | \$ <u>115,200.00</u> ; |

2. The sum of \$ 11,990,290.67 be appropriated for the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act and the sum of \$ 10,849,100.71 be raised as the Town's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act in accordance with the Maine Revised Statutes, Title 20-A, section 15688;

State Mandated Explanation: The Town's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act is the amount of money determined by state law to be the minimum amount that the Town must raise in order to receive the full amount of state dollars.

4. The sum of \$ 802,768.75 be raised and appropriated for the annual payments on debt service previously approved by the Town's legislative body for non-state-funded school construction projects, and non-state-funded portions of school construction projects in addition to the funds appropriated as the local share of the Town's contribution to the total cost of funding public education from kindergarten to grade 12;

State Mandated Explanation: Non-state-funded debt service is the amount of money needed for the annual payments on the Town's long-term debt for major capital school construction projects that are not approved for state subsidy. The bonding of this long-term debt was previously approved by the voters or other legislative body.

6. The School Committee be authorized to expend \$ 17,229,230.40 for the fiscal year beginning July 1, 2018 and ending June 30, 2019 from the Town's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services

Funding Act, non-state-funded school construction projects, additional local funds for school purposes under the Maine Revised Statutes, Title 20-A, section 15690, unexpended balances, tuition receipts, state subsidy and other receipts for the support of schools; and

7. The School Committee be authorized to expend State, Federal and other grants, aid, donations, gifts and other revenues for the fiscal year July 1, 2018 through June 30, 2019 in addition to the school's general fund operating budget; and

Town of Kittery
Ordinance Approving Transfer of Year-end Balance to
Dedicated Accounts

The Town of Kittery hereby ordains that \$ 139,555.83 be transferred from the school's audited 2016-2017 fiscal year undesignated general fund balance, and be expended as follows:

| | |
|-------------------------|--|
| \$ <u> .00</u> | for the School Maintenance Dedicated Account |
| \$ <u> .00</u> | for the School Special Education Dedicated Account |
| \$ <u>119,555.83</u> | for the School Unfunded Liabilities Dedicated Account |
| \$ <u> .00</u> | for the School Technology Dedicated Account |
| \$ <u>10,000.00</u> | for the School Co/Extra Curricular Success Dedicated Account |
| \$ <u>10,000.00</u> | for the School Unemployment Dedicated Account |

**TOWN OF KITTERY
WARRANT
SCHOOL BUDGET VALIDATION REFERENDUM
(20-A M.R.S. §1486 AND 2307)**

YORK COUNTY SS.

STATE OF MAINE

TO: James M. Soucy, a Constable of the Town of Kittery:

You are hereby required in the name of the State of Maine to notify the voters of the Town of Kittery of the referendum election described in this warrant.

TO THE VOTERS OF THE TOWN OF KITTERY:

You are hereby notified that a **School Budget Validation Referendum Election** will be held at the Kittery Community Center, 120 Rogers Road on **Tuesday, June 12, 2018** for the purpose of determining the following:

Do you favor approving the Town of Kittery School Budget for the upcoming school year that was adopted at the May 7, 2018 Town Council meeting?

The polls shall be opened at 8:00 a.m. and closed at 8:00 p.m.

Absentee ballots will be processed centrally at 9:00 a.m., 10:00 a.m., 11:00 a.m., 12:00 p.m., 1:00 p.m., 2:00 p.m., 3:00 p.m., 4:00 p.m., 5:00 p.m., 6:00 p.m., 7:00 p.m., and 8:00 p.m.

The Registrar of Voters shall hold office hours while the polls are open to correct any error in or change a name or address on the voting list; to accept the registration of any person eligible to vote and to accept new enrollments.

A person who is not registered as a voter may not vote in any election.

Dated at Kittery this 7th day of May 2018.

MUNICIPAL OFFICERS

A true copy

ATTEST: _____
TOWN CLERK

**TOWN OF KITTERY
TOWN MEETING WARRANT
JUNE 12, 2018**

To James M. Soucy, a Constable of the Town of Kittery, in the County of York, State of Maine.

In the name of the State of Maine, you are hereby required to notify and warn the inhabitants of the Town of Kittery in said county and state, qualified by law to vote in town affairs:

To meet at the Municipal Complex Council Chambers in said Town on Monday, the 11th day of June 2018, at 6:00 p.m. to hold a public hearing on Articles 2 through 9.

To act on Article 1 to elect a moderator by written ballot and to act on Articles 2 through 9 by secret ballot at the Kittery Community Center Gymnasium in said town on Tuesday, the 12th day of June, 2018, at 8:00 a.m., as set out below, to wit:

The polls will be open from 8:00 a.m. until 8:00 p.m.

Absentee ballots will be processed centrally at 9:00 a.m., 10:00 a.m., 11:00 a.m., 12:00 p.m., 1:00 p.m., 2:00 p.m., 3:00 p.m., 4:00 p.m., 5:00 p.m., 6:00 p.m., 7:00 p.m. and 8:00 p.m.

Article 1. To elect a moderator to preside at said meeting and to vote by written ballot.

Article 2: Shall the town vote to authorize Town Council to transfer up to \$125,000 from unassigned funds (unencumbered surplus) and appropriate and expend up to \$125,000 when necessary into account #2022 Compensated Absences, to maintain a positive fund balance to pay for accrued vacation and /or sick leave to settle any unpaid benefits owed to retiring employees in FY'19?

Town Council Recommends - Vote: Yes 7 No 0

Explanation:

The purpose of this article is to provide funds from the town's unassigned funds (unencumbered surplus) to pay for accrued benefits owed when a municipal employee retires or leaves. The reserve account balance is currently \$148,119. The unassigned fund balance (unencumbered surplus) is currently \$5,217,892.

Article 3: Shall the town vote to authorize Town Council to transfer up to \$25,000 from unassigned funds (unencumbered surplus) and appropriate and expend up to \$25,000 when necessary for the purpose of paying the town's cost on accepted insurance claims against the town?

Town Council Recommends - Vote: Yes 7 No 0

Explanation:

The purpose of this article is to provide funds from the town's unassigned funds (unencumbered surplus) when and if necessary to pay the deductible and other associated costs on insurance claims that may be made in the fiscal year. The unassigned fund balance (unencumbered surplus) is currently \$5,217,892.

Article 4: Shall the town vote to authorize Town Council to transfer up to \$100,000 from unassigned funds (unencumbered surplus) and appropriate and expend up to \$100,000 when necessary for the purpose of providing the town's match to federal, state and non-profit grants?

Town Council Recommends - Vote: Yes 7 No 0

Explanation:

The Town Council expects continued applications to be filed for grants in a variety of areas by different town departments to assist with the operations and capital purchases. These grants, if successful, often require a local match to be raised. The purpose of this article is to provide funds from the town's unassigned funds (unencumbered surplus) when and if necessary for the purpose of meeting grant match requirements. The unassigned fund balance (unencumbered surplus) is currently \$5,217,892.

Article 5: Shall the town vote to authorize Town Council to transfer up to \$40,000 from unassigned funds (unencumbered surplus) and appropriate and expend up to \$40,000 when necessary for the purpose of covering shortfalls in the FY'19 town departments' fuel accounts due to the unpredictable fuel pricing markets?

Town Council Recommends - Vote: Yes 7 No 0

Explanation:

This account would provide departments, who have exhausted their allocated fuel budgets, access to emergency fuel funds. The Town Council favored keeping the FY'19 fuel and utility accounts as low as possible, with the concept of this article exposing surplus funds as a safety net in case of an unstable market for fuel. The unassigned fund balance (unencumbered surplus) is currently \$5,217,892.

Article 6: Shall the town vote to authorize Town Council to transfer up to \$40,000 from unassigned funds (unencumbered surplus) and appropriate and expend up to \$40,000 when necessary for the purpose of providing the town's General Assistance Program as required by town, state and federal laws in FY'19?

Town Council Recommends - Vote: Yes 7 No 0

Explanation:

The General Assistance Program is budgeted from the town's operational budget each year. The program assists town citizens with welfare type services by following very strict state and federal guidelines for income eligibility within the General Assistance Ordinance. This article proposes to create a method, as in past years, for the Town Council to keep the General Assistance budget reasonable. If the General Assistance costs exceed the budget, this article would allow the Council to transfer an amount up to \$40,000 from surplus to cover the overage. The unassigned fund balance (unencumbered surplus) is currently \$5,217,892.

Article 7: Shall the Town vote to authorize Town Council to transfer an amount up to \$50,000 from the unassigned funds (unencumbered surplus) and appropriate and expend up to \$50,000 when necessary for the purpose of paying for emergency repairs and energy efficiency improvements to town-owned facilities that are not contemplated in the regular FY'19 operating budget?

Town Council Recommends - Vote: Yes 7 No 0

Explanation:

Occasionally, repairs to town facilities are needed that have not been budgeted. In addition, energy efficiency projects are being identified to further save the town funds. This Article allows the Town Council the discretion to make emergency facility repairs and undertake energy efficiency projects through the use of the unassigned funds (unencumbered surplus). The unassigned fund balance (unencumbered surplus) is currently \$5,217,892.

Article 8: Shall the Town vote to authorize Town Council to transfer an amount not to exceed \$50,000 from the unassigned funds (unencumbered surplus) and to appropriate and expend said amount for a Municipal Property Tax Assistance program to credit property taxes owed for certain residents that meet the program requirements?

Town Council Recommends - Vote: Yes 7 No 0

Explanation:

The Town Council wishes to implement the Municipal Property Tax Assistance program allowed by 36 MRS §6232. The program allows taxpayers of over a certain age, income level, and other qualification requirements to receive a credit on their property taxes each year. The program is designed to assist seniors with their property tax obligations and make it easier for them to remain in their homes. The unassigned fund balance (unencumbered surplus) is currently \$5,217,892.

Article 9: Shall the Town vote to authorize Town Council to transfer an amount not to exceed \$450,000 from the unassigned funds (unencumbered surplus) and to appropriate and expend up to \$450,000 for the replacement of the Government Street Wharf for commercial and leisure use?

Town Council Recommends - Vote: Yes 7 No 0

Explanation:

The Government Street Wharf was built circa 1955. In 2017 the infrastructure was found to be structurally deficient and in need of replacement. A weight restriction needed to be placed on the pier for safety purposes, reducing the usability as a working waterfront for fishermen and other commercial users and the general public. Recent storms have exacerbated the condition of the infrastructure. The town has applied for a Small Harbor Improvement Program (SHIP) grant to offset the costs, however the grant may not be considered and awarded in a sufficient timeframe to prevent further deterioration and restrictions on the pier. The unassigned fund balance (unencumbered surplus) is currently \$5,217,892

The Registrar of Voters will hold office hours while the polls are open to correct any error in, or change a name or address on, the voting list; to accept the registration of any person who becomes 18 years of age on Election Day or after the close of registration prior to it; and to accept new enrollments.

A person who is not registered as a voter may not vote in any election.

Dated at Kittery this 7th day of May 2018.

Municipal Officers

A true copy

ATTEST: _____
Town Clerk

RETURN ON THE WARRANT

County of York

State of Maine

Pursuant to the within warrant to me directed, I have notified and warned the inhabitants of Kittery, qualified as herein expressed, to meet at said time and place, and for the purposes therein named, by posting an attested copy of said warrant at the Kittery and Kittery Point Post Offices, Kittery Municipal Office, Kittery Community Center and Kittery Resource Recovery Facility in said town, being public and conspicuous places in said town, on _____, 2018, being at least seven days before the meeting.

James M. Soucy

Date



TOWN OF KITTERY

200 Rogers Road, Kittery, ME 03904

Telephone: 207-475-1329 Fax: 207-439-6806

REPORT TO TOWN COUNCIL

Meeting Date: April 23, 2018 - UPDATD May 7, 2018

From: Kendra Amaral, Town Manager

Subject: Investment Policy Revisions

Councilor Sponsor: Chairperson Kenneth Lemont

EXECUTIVE SUMMARY

The administration is proposing a revision to the Town's investment policy in light of our current and potential investment opportunities.

A review of the policy was conducted in March. The review identified inconsistencies within the policy, inconsistencies with existing town investments, and unnecessarily limited options on investment vehicles and strategies.

The proposed policy reflects our current investments and provides standards that better suit our needs. The policy is more conservative than state law and is appropriate for our size organization.

ADDITIONAL INFORMATION

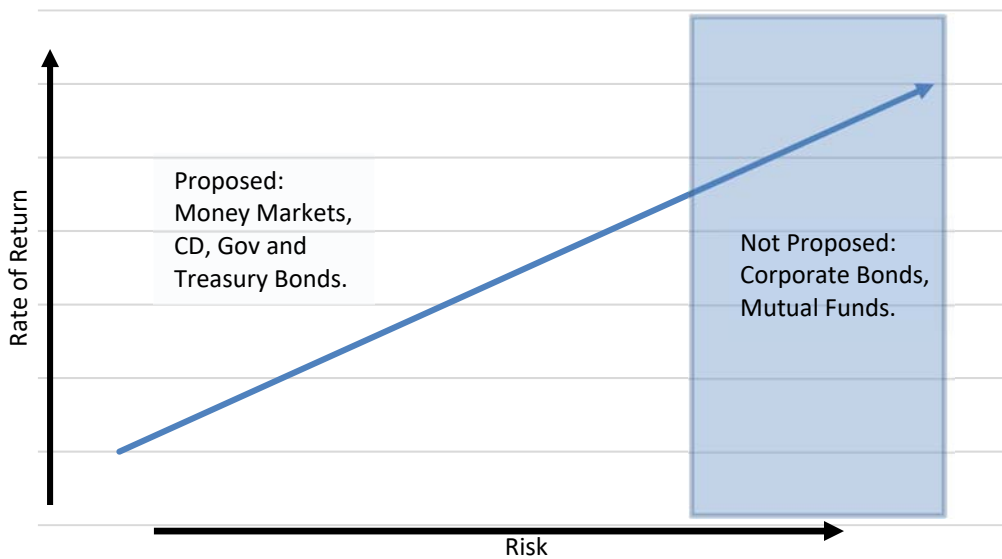
Following the Council meeting on April 23rd, the Council fielded and asked questions regarding this policy proposal.

Councilor Dennett requested the policy include language that all legally allowable investments under state law be allowed through the policy. Please see attached MRS relative to investment options for municipalities.

I am not in favor of adding this, though I recognize that adding the additional investment options does not mean we must avail ourselves of them.

The primary objective of this policy is to maximize returns with a managed risk to our capital. While I appreciate that including some of the investments allowed under Maine State Law, specifically stocks and mutual funds, provide a greater opportunity for return, they also present greater risk to the investment capital. Kittery's unused cash is approximately \$4.8M, and of this, approximately \$2M - \$2.5M is "idle" and ripe for investment.

The town, while in good cash position, simply cannot risk losing what we have. Our ability to protect our cash capital is key to retaining our good bond rating and being an attractive investment for the market as we issue debt. While stocks and mutual funds can be attractive in this market, we do not believe we have sufficient idle cash to invest in *relatively* higher risk investment vehicles. We do not want to be at the whim of a stock market with half of the town's cash savings.



Investing in stocks and mutual funds also generates a number of policy questions. How long would the town be willing to hold onto a stock or fund in order to wait for a bounce back should the market go south? How much effort or focus is needed to address potential social and political leanings of the community, seen as reflected in the funds and companies the town invests in?

Municipalities that hold greater amounts of idle cash can afford to lose value or wait out an economic downturn to avoid actual losses (vs. paper losses). Kittery is not currently in that strong of an unused cash position to do so. I therefore recommend, not adding the additional options to the policy. If in the future, the town's cash position dramatically increases, then the policy can be amended to add the additional investment options.

Mr. Shawn Harris made statements at the public comment section regarding the limits of balances held in institutions, money markets, and certificates of deposit. Having reviewed his comments from the meeting, I believe Mr. Harris was either misreading the proposed policy or not following the strike-outs and underlines. The proposed policy removes the dollar amount limits of money markets and certificates of deposits, and requires any single investment over \$250,000 (the FDIC limit) has an independent third-party analysis. A procedure for delegation of authority will be developed upon revision of the policy.

PROPOSED SOLUTION/RECOMMENDATION

Approve as presented.

TOWN OF KITTERY
INVESTMENT POLICY

POLICY FOR STATEMENT OF PURPOSE THE INVESTMENT OF TOWN FUNDS

~~The purpose of an investment policy is to establish the investment parameters within which the Town of Kittery's management and its designees will operate. The parameters set forth in this policy are specific enough to guide management into prudent decisions, yet flexible enough to allow for judgment in structuring, administering, and managing the Town's investments.~~

The purpose of this Investment Policy is to establish the investment objectives, principles eligible investments, authority for investing and standards of prudence for the investment of funds of the Town of Kittery. ~~Responsibility for the development, maintenance, and implementation of the investment policy resides with the Town Treasurer. Review and approval of this policy resides with the Town Council.~~

1. Investment policy objectives

The primary objectives of the Town's investment policy are:

1. To ensure that investment of funds is accomplished in a safe and secure manner in accordance with state and federal rules and regulations
2. To limit the Town's exposure to unnecessary risks including but not limited to default, interest rate, liquidity, sovereign, and exchange
3. To provide competitive returns without sacrificing safety or compromising liquidity requirements
4. To insure accountability to the Town Council for all transactions and internal controls on all investment activities

2. Investment Risk Principles

The purpose of the following principles is to provide rules that will govern investment decision trade-offs for the Town of Kittery.

Default: To provide for safety from loss of principal and interest over liquidity and yield by:

- a) Diversifying assets,
- b) Maintaining a high degree of overall investment quality,
- c) Establishing minimum acceptable standards of creditworthiness for issues of securities, and
- d) Complying with state and federal investment rules and regulations

Exchange: To provide insulation from currency fluctuations by investing only in US dollar denominated assets

Liquidity: To provide liquidity to meet the ongoing needs of the Town by maintaining an adequate blend of

- a) Fixed income investments maturing at regular intervals and;
- b) High degrees of marketability

38 **Sovereign:** To provide insulation from foreign political and economic disturbances by investing only in
39 obligations of

- 40 a) The US government, government agencies, or domestic corporations, and
- 41 b) Financial institutions which are domiciled and regulated in the United States

42 **Yield:** To limit the exposure to the varying interest rate environment, by adhering to a strategy of
43 laddering, to create a system where a portion of the portfolio is available for reinvestment at regular
44 intervals, to the extent feasible. This prudent diversification strategy will provide some protection from
45 interest rate fluctuations, provide predictable interest income and improve the overall yield.

46 **3. Responsibility and Authority**

47 The Town Council delegates decision-making authority with respect to specific investments to the
48 Treasurer. The Treasurer ~~/ Deputy Treasurer have~~ has authority to authorize execution of investments
49 ~~up to individual principal amounts of \$100,000 per depository institution excluding direct investments in~~
50 ~~the Town's banking institution(s) designated by the Treasurer / Deputy Treasurer~~

51 The Treasurer ~~Deputy Treasurer have~~ has the authority and responsibility to implement and administer
52 the Town 's investment policy. The Treasurer ~~/ Deputy Treasurer~~ may call upon the Finance Director
53 and other sources for advice and counsel. ~~The Treasurer / Deputy Treasurer shall nominate, and the~~
54 ~~Town Council may approve, all committee and staff members who can authorize investment~~
55 ~~transactions on behalf of the Town, subject to the investment policies contained herein.~~

56 **4. Investment Policy**

57 As a municipality, the Town of Kittery will maintain an investment policy on the management of its
58 sources and uses of funds, which insures that it can ~~always~~ best serve the financial needs of the Town.

59 4.1 These investment constraints will require the Town to operate under a strictly conservative and
60 defensive policy of investment in order to minimize risk of losses. ~~The investment strategies should~~
61 ~~consider the following:~~

62 a. ~~The s~~ ~~Safety of principle and~~ preservation of capital and risk assessment considering the
63 following factors:

- 64 1. Credit or principal risk
- 65 2. Interest rate risk
- 66 3. Prepayment risk
- 67 4. Exchange rate risk
- 68 5. Reinvestment risk
- 69 6. Concentration risk

70

71 b. Maintenance of sufficient liquidity to meet unexpected cash needs - investments structured to
72 allow for a portion of liquidity to address unanticipated cash needs.

73 c. Income generation – adequate return to meet needs.

74 ~~—Adoption of a defensive investment policy should be viewed as conservative. It is intended to~~
75 ~~preserve the value of principle and to provide stability of income.~~

76 4.2 The Town of Kittery will invest using a BUY AND HOLD strategy, in which the Town buys
77 investment securities with the intent of holding them until maturity. Distribution of maturities will be
78 monitored and balanced in order to maintain liquidity and limit losses associated with interest rate
79 fluctuations. Three investment portfolios will be constructed balancing the risks of liquidity, maturity,
80 and interest rates. Cash flow allocations to each of the three portfolios will vary over time depending on
81 fluctuations in balances. The three portfolios are as follows:

- 82 a. CASH RESERVE: primary reserves held to provide day to day liquidity for routine operations
- 83 b. SHORT TERM: maturity less than 1 year
- 84 c. INTERMEDIATE TERM: maturity from 1 to ~~less than~~ 5 years

85 5. Maximum Maturities

86 To the extent possible, the Town of Kittery will attempt to match investments with anticipated cash
87 requirements. ~~Unless matched to a specific cash flow, the Town of Kittery will not directly invest in~~
88 ~~securities maturing more than one year from date of purchase. However, the Town of Kittery may~~
89 ~~collateralize its repurchase agreements using longer investments not to exceed five years to maturity.~~

90 6. Delegation of Authority

91 Authority to manage the Town of Kittery's investment program is derived from 30-A MRS §5706 et seq.
92 Management responsibility for the investment program is hereby delegated to the Treasurer, who shall
93 establish written procedures for the operation of the investment program consistent with this investment
94 policy. Such procedures must include explicit delegation of authority to one or more persons
95 responsible for investment transactions or verifications. No person may engage in an investment
96 transaction except as provided under the terms of this policy and the procedures established by the
97 Treasurer. The Treasurer ~~/Deputy Treasurer shall be~~ is responsible for all transactions undertaken and
98 shall establish a system of controls to regulate the activities of subordinate officials, and for periodic
99 reporting to the Town Council.

100 7. Authorized Institutions

101 The Treasurer ~~/Deputy~~ or designate(s) is/are responsible for evaluating each investment that the Town
102 is considering for purchase, and will qualify, and approve such investments in advance of investing
103 funds. The credit analysis performed will analyze the safety and soundness of the issuing entity. ~~A list~~
104 ~~of key quantitative and qualitative factors to be evaluated in an issuer's credit analysis will be~~
105 ~~developed and maintained by the Treasurer / Deputy Treasurer investment principles (see Appendix A).~~
106 ~~The Treasurer / Deputy Treasurer will also develop and maintain a list of approved brokers/agents (see~~
107 ~~Appendix B) with whom the Town may invest funds with.~~ All institutions must be approved in advance
108 of investment activity by the Treasurer / ~~Deputy Treasurer.~~

109 8. Authorized Investment Activities

110 The following investments, as permitted under applicable state and federal laws ~~as well as Town by-~~
111 ~~laws~~, are specifically authorized for inclusion in the Town 's investment portfolios:

- 112 a. Securities issued by the US Treasury,
- 113 b. US Government Agencies
- 114 c. Certificates of deposit ~~(limited to \$100,000 per institution)~~ issued by FDIC/NCUA insured:
 - 115 1. domestic commercial banks
 - 116 2. savings and loans associations

- 117 3. trust companies
- 118 4. credit unions (share certificates)

119 1. Collateralized d Money market and checking accounts -or

120 2. Money market accounts: (~~limited to \$100,000 per institution~~)

121 ~~2.~~ a. Money market accounts at federally insured:

- 122 1. domestic commercial banks
- 123 2. savings and loans associations
- 124 3. trust companies
- 125 4. credit unions
- 126 5. brokerage accounts insured by SIPC and an independent insurance company

127 b. There is no limit on the deposit amount in money market accounts. Independent analysis on
128 all depository institutions with deposits in excess of the FDIC insurance limit of \$250,000 shall
129 be reviewed on a quarterly basis. If the depository institution falls below its peer group average,
130 the Treasurer shall take appropriate defensive action and inform the Town Council on a timely
131 basis. Acceptable sources of independent third-party analysis are:

- 132 1. Standard & Poor's
- 133 2. Moody's Investor Services
- 134 3. Other independent rating service acceptable to the Town 's Treasurer

135 9. Internal Control

136 The following internal control procedures ~~shall~~ must be adhered to:

- 137 1. Security receipts/confirmations received will be verified as the ones purchased
- 138 2. All evidence of investment transactions will be maintained on the premises of the Town -offices
- 139 in a secure location
- 140 3. The Treasurer ~~/Deputy Treasurer will~~ shall maintain records of income received from each
- 141 investment

142 10. Policy Exception and Review

143 This investment policy shall be reviewed periodically by the Treasurer ~~/Deputy Treasurer~~. Any
144 questions or exceptions which may cause this policy to be amended ~~shall~~ must be discussed and
145 approved by the Town Council prior to implementation. All other provisions governing this policy and its
146 activities in Town Charter or ordinance or in State Statute and Federal Code ~~shall~~ must apply.

147 [Relative/appropriate sections of appendices have been incorporated into the policy-proper or
148 otherwise deemed unnecessary.]

149 **APPENDIX A**

150 **KEY QUANTITATIVE AND QUALITATIVE FACTORS**

- 151 ~~1. — Securities issued by the US Treasury — must be rated AAA[PM1] by Standard and Poor's or~~
152 ~~Moody's Investor Services.~~
- 153 ~~2. — US Government Agencies — must be rated AAA by Standard and Poor's or Moody's Investor~~
154 ~~Services.~~
- 155 ~~3. — Certificates of deposit (limited to \$100,000 per institution) issued by:~~
- 156 ~~a. — domestic commercial banks — Must be FDIC Insured~~
- 157 ~~b. — savings and loans associations — Must be FDIC Insured~~
- 158 ~~c. — trust companies — Must be FDIC Insured~~
- 159 ~~d. — credit unions (share certificates) — Must be NCUA Insured~~
- 160 ~~4. — Money market accounts — No limit on the deposit amount. Independent analysis on all depository~~
161 ~~institutions with deposits in excess of the FDIC insurance limit of \$100,000 shall be reviewed on a~~
162 ~~quarterly basis. If the depository institution falls below its peer group average, the Treasurer / Deputy~~
163 ~~Treasurer shall take appropriate defensive action and inform the Town Council on a timely basis.~~
164 ~~Acceptable sources of independent third-party analysis are:~~
- 165 ~~a. — Standard & Poor's~~
- 166 ~~b. — Moody's Investor Services~~
- 167 ~~c. — Keefe, Bruyette & Woods[PM2]~~
- 168 ~~d. — Fitch Ratings~~
- 169 ~~e. — Highline Data (f.k.a. Sheshunoff Information Services)~~
- 170 ~~f. — IDC Financial Publishing~~
- 171 ~~g. — Other independent rating service acceptable to the Town's Treasurer / Finance Director~~
- 172 ~~5. — Money market accounts held in Brokerage Account (RBC Dain Rauscher) — No limit on the~~
173 ~~deposit amount provided brokerage account is insured by SIPC and account(s) is/are fully insured by~~
174 ~~independent insurance company, such as Lloyds of London.~~
- 175
- 176 ~~6. — Money market accounts (limited to \$100,000 per institution) at federally insured and /or~~
177 ~~collateralized in the name of the Town through either an insurance policy or Federal Reserve or other~~
178 ~~mechanism meeting the approval of the Town Treasurer Auditor :~~

- 179 a. ~~domestic commercial banks~~
- 180 b. ~~savings and loans associations~~
- 181 c. ~~trust companies~~

182 **APPENDIX B**

183 **APPROVED BROKERS / AGENTS:**

184 ~~Northern Capital Securities Corporation~~

185 ~~200 Brickstone Square~~

186 ~~Andover, MA 01810-1431~~

187

188 ~~NASD CRD# 40659~~

189 ~~SEC FILE # 8-49130~~

190 ~~MSRB # A4890~~

191 ~~NASD MUNI SYMBOL: NORC~~

192 ~~TAX ID: 04-330-4189~~

193

194 ~~Moors & Cabot, Inc.~~

195 ~~111 Devonshire Street~~

196 ~~Boston, MA 02109-5483~~

197

198 ~~Maine Municipal Bond Bank~~

199 ~~P.O. Box 2268~~

200 ~~3 University Drive~~

201 ~~Augusta, ME 04330~~

202

203 ~~And others approved by the Treasurer with concurrence with Town Council~~

204 **Exhibit C**

205 **Investment Considerations Principles**

- 206 ~~_____ Risk~~
- 207 ~~_____ Credit or Principal Risk~~
- 208 ~~_____ Marketability/Liquidity Risk~~
- 209 ~~_____ Interest Rate Risk~~
- 210 ~~_____ Prepayment Risk~~
- 211 ~~_____ Extension Risk (MBA/ABS Only)~~
- 212 ~~_____ Exchange Rate Risk~~
- 213 ~~_____ Reinvestment Risk~~
- 214 ~~_____ Concentration Risk~~
- 215 ~~_____ Sovereign Risk~~
- 216 ~~_____ Liquidity~~
- 217 ~~Ability to meet both anticipated and unanticipated cash demands~~
- 218 ~~_____~~

219 ~~Classification of Investments:~~

- 220 ~~Held to Maturity~~
- 221 ~~_____ Available for Sale~~
- 222 ~~_____ Trading Account~~
- 223 ~~_____ Investment Principals~~

224 ~~By Using Proper Procedures, Risk is controlled and Safety is Created, Trade-Offs for Risk is Yield and~~
225 ~~Liquidity~~

226 ~~Safety — preservation of capital and risk assessment~~

227 ~~Credit or Principal Risk~~

228 ~~Interest Rate Risk~~

229 ~~Prepayment Risk~~

230 ~~Extension Risk — Mortgage and Asset backed Securities~~

231 ~~Exchange Rate Risk~~

232 ~~Reinvestment Risk~~

233 Concentration Risk

234 Liquidity

235 Structured to allow for a portion of liquidity in one year or less

236 Ability to address unanticipated cash needs

237 Return

238 Adequate return to meet needs

239 Investments in portfolio of products held to maturity to maximize return

Maine Revised Statutes
Title 30-A: MUNICIPALITIES AND COUNTIES
Chapter 223: MUNICIPAL FINANCES

§5714. FINANCIAL INSTITUTION STOCK AND OTHER OBLIGATIONS

1. Municipalities may invest in:

A. The debentures of any financial institution authorized to do business within this State, incorporated under the laws of this State or the United States and of any financial institution holding company, provided that the holding company is registered under the United States Bank Holding Company Act of 1956, as amended, or the National Housing Act, Section 408, as amended; [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

B. The capital stock, preferred stock, debentures and acceptances of any insured bank not having an office in this State which has total capital and reserves of at least \$50,000,000 and of any bank holding company whose subsidiary banks have total capital and reserves of at least \$50,000,000, provided that the holding company is registered under the United States Bank Holding Company Act of 1956; [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

C. Capital notes or debentures issued by any municipalities chartered under the laws of any state, or of the United States, or of the Commonwealth of Puerto Rico, notwithstanding the fact that these notes or debentures may be subordinate to the claims of depositors or other creditors of the issuing institution. Not more than 1% of the total assets of the permanent reserve fund, permanent trust fund or other permanent fund being invested may be so invested; and [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

D. Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the Inter-American Development Bank or the African Development Bank. [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

[1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD) .]

2. Limitations. A municipality shall not acquire or hold stock and obligations described in subsection 1 in excess of 30% of the total assets of the reserve fund, permanent trust fund or other permanent fund being invested; nor shall it acquire or hold stock and obligations of any one bank or holding company not operating in this State in excess of 5% of the total assets of the reserve fund, permanent trust fund or other permanent fund being invested; nor shall any such fund be invested in that stock in excess of 10% of the capital stock of any one bank or holding company.

[1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD) .]

SECTION HISTORY

1987, c. 737, §§A2,C106 (NEW). 1989, c. 6, (AMD). 1989, c. 9, §2 (AMD). 1989, c. 104, §§C8,10 (AMD).

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Maine Revised Statutes
Title 30-A: MUNICIPALITIES AND COUNTIES
Chapter 223: MUNICIPAL FINANCES

§5712. GOVERNMENT UNIT BONDS

Municipalities may invest in: [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

1. United States and instrumentalities. The bonds and other direct obligations of the United States, or the bonds and other direct obligations or participation certificates issued by any agency, association, authority or instrumentality created by the United States Congress or any executive order;

[1995, c. 206, §1 (AMD) .]

2. States. The bonds and other direct obligations issued or guaranteed by any state or by any instrumentality or agency of any state, or by any political subdivision of any state, provided that the securities are rated within the 3 highest grades by any rating service approved by the Superintendent of Financial Institutions;

[1995, c. 206, §1 (AMD); 2001, c. 44, §11 (AMD); 2001, c. 44, §14 (AFF) .]

3. Maine. The bonds and other direct obligations issued or guaranteed by this State, or issued by any instrumentality or agency of this State, or any political subdivision of the State that is not in default on any of its outstanding funded obligations;

[1995, c. 206, §1 (AMD) .]

4. Canada. The bonds and other direct obligations issued or guaranteed by the Dominion of Canada, or issued or guaranteed by any province, or political subdivision of a province, provided that the securities are rated within the 3 highest grades by any rating service approved by the Superintendent of Financial Institutions and are payable in United States funds; and

[1995, c. 206, §1 (AMD); 2001, c. 44, §11 (AMD); 2001, c. 44, §14 (AFF) .]

5. Short-term obligations. Prime bankers' acceptances and prime commercial paper.

[1995, c. 206, §1 (NEW) .]

Investments made pursuant to this section are limited to direct obligations of the issuer in which the municipality directly owns the underlying security. Obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest do not qualify as investments under this section. [1995, c. 206, §1 (NEW) .]

SECTION HISTORY

1987, c. 737, §§A2,C106 (NEW). 1989, c. 6, (AMD). 1989, c. 9, §2 (AMD). 1989, c. 104, §§C8,10 (AMD). 1995, c. 206, §1 (AMD). 2001, c. 44, §11 (AMD). 2001, c. 44, §14 (AFF).

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Maine Revised Statutes
Title 30-A: MUNICIPALITIES AND COUNTIES
Chapter 223: MUNICIPAL FINANCES

§5706. DEPOSIT OR INVESTMENT OF FUNDS

As directed by the municipal officers, the treasurer shall invest all municipal funds, including reserve funds and trust funds, to the extent that the terms of the instrument, order or article creating the fund do not prohibit the investment, as follows: [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

1. Financial institutions. In accounts or deposits of institutions insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or the successors to these federal agencies.

A. Accounts and deposits exceeding an amount equal to 25% of the capital, surplus and undivided profits of any trust company or national bank or a sum exceeding an amount equal to 25% of the reserve fund and undivided profit account of a mutual savings bank or state or federal savings and loan association on deposit at any one time must be secured by the pledge of certain securities as collateral, or fully covered by insurance.

(1) 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.

(2) 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; [2015, c. 44, §9 (AMD) .]

[2015, c. 44, §9 (AMD) .]

2. Repurchase agreements. In repurchase agreements with respect to obligations of the United States Government, as defined in section 5712, subsection 1, as long as the market value of the underlying obligation is equal to or greater than the amount of the municipality's investment and either the municipality's security entitlement with respect to the underlying obligation is created pursuant to the provisions of Title 11, Article 8-A and other applicable law or the municipality's security interest is perfected pursuant to the provisions of Title 11, Article 9-A and other applicable law, except that, if the term of the repurchase agreement is not in excess of 96 hours, the municipality's security interest with respect to the underlying obligation need not be perfected as long as an executed Public Securities Association form of master repurchase agreement is on file with the counterparty prior to the date of the transaction;

[1999, c. 699, Pt. D, §19 (AMD); 1999, c. 699, Pt. D, §30 (AFF) .]

3. Mutual funds. In the shares of an investment company registered under the United States Investment Company Act of 1940, Public Law 76-768, whose shares are registered under the United States Securities Act of 1933, Public Law 73-22, provided that the investments of the fund are limited to bonds and other direct obligations of the United States Government, as defined in section 5712, subsection 1 or repurchase agreements secured by bonds and other direct obligations of the United States Government, as defined in section 5712, subsection 1;

[1997, c. 367, §1 (AMD) .]

3-A. Mutual funds for trusts governed by the United States Internal Revenue Code, Section 501(c)

(3). In the case of a trust fund that is governed by the United States Internal Revenue Code, Section 501 (c) (3) (1997), in the shares of any investment company registered under the United States Investment Company Act of 1940, Public Law 76-768, whose shares are registered under the United States Securities Act of 1933, Public Law 73-22, as long as:

A. The investment is approved by the municipal officers at a public meeting; and [2003, c. 8, §1 (AMD) .]

B. No more than 50% of the assets of the trust are invested in mutual funds under this subsection; or [2003, c. 8, §1 (AMD) .]

C. [2003, c. 8, §1 (RP) .]

[2003, c. 8, §1 (AMD) .]

4. Safekeeping and investment management agreements. The municipal officers may enter into an agreement with any financial institution with trust powers authorized to do business in the State for the safekeeping of the reserve funds, as defined in section 5801, or trust funds, as defined by section 5653, of the municipality. Services must consist of the safekeeping of the funds, collection of interest and dividends, and any other fiscal service that is normally covered in a safekeeping agreement. Investment of reserve funds or trust funds deposited under a safekeeping agreement may be managed either by the financial institution with which the funds are deposited or by an investment advisor registered with the National Association of Securities Dealers, federal Securities and Exchange Commission or other governmental agency or instrumentality with jurisdiction over investment advisors, to act in such capacity pursuant to an investment advisory agreement providing for investment management and periodic review of portfolio investments. Investment of funds on behalf of the municipality under this section is governed by the rule of prudence, according to Title 18-B, sections 802 to 807 and chapter 9. The contracting parties shall give assurance of proper safeguards that are usual to these contracts and shall furnish insurance protection satisfactory to both parties.

[2003, c. 618, Pt. B, §17 (AMD); 2003, c. 618, Pt. B, §20 (AFF) .]

SECTION HISTORY

1987, c. 737, §§A2,C106 (NEW). 1989, c. 6, (AMD). 1989, c. 9, §2 (AMD). 1989, c. 104, §§C8,10 (AMD). 1995, c. 206, §1 (AMD). 1995, c. 664, §2 (AMD). 1997, c. 367, §§1,2 (AMD). 1997, c. 429, §C35 (AMD). 1999, c. 699, §D19 (AMD). 1999, c. 699, §D30 (AFF). 2003, c. 8, §1 (AMD). 2003, c. 618, §B17 (AMD). 2003, c. 618, §B20 (AFF). 2013, c. 16, §10 (REV). 2015, c. 44, §9 (AMD).

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Maine Revised Statutes
Title 30-A: MUNICIPALITIES AND COUNTIES
Chapter 223: MUNICIPAL FINANCES

§5715. OTHER STOCK INVESTMENTS

Municipalities may invest in: [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

1. Preferred stock of public utilities. The preferred stock of any public corporation if all of the publicly issued bonds of the corporation qualify as legal investments under section 5713, subsection 1 or 2. Not more than 10% of the permanent reserve fund, permanent trust fund or other permanent fund being invested may be invested in preferred stocks of public utilities, and not more than 1% of any such fund may be invested in the preferred stocks of any one corporation;

[1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD) .]

2. Bonds of nonprofit organizations. The bonds or other interest-bearing obligations of any religious, charitable, educational or fraternal association or corporation. Not more than 10% of the total assets of the permanent reserve fund, permanent trust fund or other permanent fund being invested may be invested in securities coming within the coverage of this subsection, and not more than 1% of the total assets of the permanent reserve fund, permanent trust fund or other permanent fund being invested may be invested in securities of any one such association or corporation;

[1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD) .]

3. Small business investment companies. The stock of small business investment companies licensed under the United States Small Business Investment Act of 1958, as amended, and commercially domiciled in Maine and doing business primarily in Maine. Not more than 1% of the total assets of the permanent reserve fund, permanent trust fund or other permanent fund being invested may be invested in the stock of small business investment companies and any such fund shall not be invested in more than 10% of the stock of any one small business investment company; and

[1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD) .]

4. Maine Capital Corporation. The stock of the Maine Capital Corporation, established under Title 10, chapter 108, in an amount not to exceed 1% of the total assets of the permanent reserve fund, permanent trust fund or other permanent fund being invested.

[1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD) .]

SECTION HISTORY

1987, c. 737, §§A2,C106 (NEW). 1989, c. 6, (AMD). 1989, c. 9, §2 (AMD). 1989, c. 104, §§C8,10 (AMD).

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Maine Revised Statutes
Title 30-A: MUNICIPALITIES AND COUNTIES
Chapter 223: MUNICIPAL FINANCES

§5713. CORPORATE SECURITIES

Municipalities may invest in: [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

1. Corporate bonds. The bonds and other obligations of any United States or Canadian corporation, provided that the securities are rated within the 3 highest grades by any rating service approved by the Superintendent of Financial Institutions and are payable in United States funds. Not more than 2% of the total assets of the permanent reserve fund, permanent trust fund or other permanent fund being invested may be invested in the securities of any one such corporation;

[1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD); 2001, c. 44, §11 (AMD); 2001, c. 44, §14 (AFF) .]

2. Maine corporate bonds. The bonds and other obligations of any Maine corporation, actually conducting in this State the business for which that corporation was created, which, for a period of 3 successive fiscal years or for a period of 3 years immediately preceding the investment, has earned or received an average net income of not less than 2 times the interest on the obligations in question and all prior liens or, in the case of water companies subject to the jurisdiction of the Public Utilities Commission, an average net income of not less than 1 1/2 times the interest on the obligations in question and all prior liens. Not more than 20% of the total assets of the permanent reserve fund, permanent trust fund or other permanent fund being invested may be invested in these securities of Maine corporations and not more than 2% of that fund in the securities of any single corporation; and

[1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD) .]

3. Maine corporate stocks. Maine corporate stocks which have the following characteristics.

A. The stock of any Maine corporation, other than stock of a financial institution, actually conducting in this State the business for which that corporation was created, provided that the corporation has, for a period of 3 years immediately preceding the investment, earned and received an average net income after taxes equivalent to at least 6% upon the entire outstanding issue of the stock in question. [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

B. Not more than 10% of the deposits of the total assets of the permanent reserve fund, permanent trust fund or other permanent fund being invested may be invested under this section in stocks of Maine corporations and not more than 1% of the total assets of the permanent reserve fund, permanent trust fund or other permanent fund being invested may be so invested in the stock of any single corporation.

The fund shall be invested in no more than 20% of the capital stock of any corporation. [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

[1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD) .]

SECTION HISTORY

1987, c. 737, §§A2,C106 (NEW). 1989, c. 6, (AMD). 1989, c. 9, §2 (AMD). 1989, c. 104, §§C8,10 (AMD). 2001, c. 44, §11 (AMD). 2001, c. 44, §14 (AFF).

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