

DFG INVESTMENT POLICY

SECTION I: The Investment of General Funds, Special Revenue Funds, and Capital Projects Funds

A. Objectives

Massachusetts General Laws, Chapter 44, section 55B requires the District Treasurer to invest all public funds except those required to be kept uninvested for the purpose of immediate distribution. The District Treasurer is required to maintain all funds in interest bearing form until the date a disbursement order clears through the banking system. The state law further requires that invested funds be placed at the highest possible rate of interest reasonably available, taking into account safety, liquidity and yield.

B. Investment Instruments

The District Treasurer may invest in any instrument as authorized on the Legal List issued by the Commissioner of Banking for the Commonwealth of Massachusetts.

SECTION II: The Investment of Bonds Proceeds, Trust Funds, Stabilization Funds, and Other Post Employment Benefit Trust Funds

A. Bond Proceeds

Investment of Bond proceeds is governed by the same restrictions as general funds, with the additional caveat of arbitrage regulations. Listed below are the general rules and time frames for spending borrowed funds in order to avoid having to pay a rebate to the Federal government on investment income earned on the borrowed funds. All funds must be used according to the following schedules or sooner:

1. CONSTRUCTION DEBT

First six months:	10%
First year:	45%
Eighteen months:	75%

ORIGINAL ADOPTION: NEW POLICY 7/11/17

REVISION:

FIRST READING: 6/13/17

SECOND READING: 7/11/17

ADOPTION:

REVIEW: NEW POLICY DRAFT V2 TO FIN.SUBC. 1/5/17, AMENDED AS V3 3/28/17; REVIEWED BY POLICY TASK FORCE V4 3/31/17, REVIEWED BY KM 5/25/17; REV. AS V. 5 FIN. SUBC. AND POLICY TASK FORCE 5/30/17

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Two years: 100% - allowance for 5% contingency

1. CAPITAL EXPENDITURES DEBT OTHER THAN CONSTRUCTION PROJECTS

First six months: 15%

First year: 60%

Eighteen months: 100%

2. ALL OTHER MUNICIPAL PURPOSE DEB

First six months: 100%

B. Trust Funds

Trust Funds may be co-mingled and invested in any instruments allowed by the Legal List issued by the Banking Commissioner. Each trust fund must be accounted for separately.

C. Stabilization Funds

Under State law (MGL Ch. 71 Sec 16G ½), the Stabilization Fund shall not exceed five per cent of the combined equalized valuations of the member municipalities, and any interest shall be added to and become a part of the fund.

The District Treasurer may invest in any instrument as authorized on the Legal List issued by the Commissioner of Banking for the Commonwealth of Massachusetts.

D. Other Post Employment Benefit Liability Trust Fund

The Other Post Employment Benefit (OPEB) Liability Trust Fund shall be established in a separate bank account, and any interest earned on investment shall be added to and become a part of the fund. The assets of the OPEB Liability Trust Fund shall be held solely to meet the current and future liabilities of Minuteman Regional School District for group health insurance benefits for retirees and their dependents. The Minuteman Regional School Committee may appropriate amounts to be credited to the fund and the District Treasurer may accept gifts, grants and other contributions to the fund. The fund shall be an expendable trust subject to appropriation and shall be managed by a trustee or a board of trustees as provided in the Acts of 2016, Chapter 218, Section 20, subsection (d).

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The District Treasurer shall invest and reinvest the funds consistent with the prudent investor rule set forth in Chapter 203C, and may invest in any instrument as authorized on the Legal List issued by the Commissioner of Banking for the Commonwealth of Massachusetts.

E. Ethics

The District Treasurer and any of his/her designees shall refrain from any personal activity that may conflict with the proper execution of the investment program or that could impair or appear to impair ability to make impartial investment decisions. Said individuals shall disclose to the School Committee any material financial interest in financial institutions that do business with the District. They shall also disclose any large personal financial investment positions or loans that could be related to the performance of the District's investments.

F. Reporting Requirements

The District Treasurer will assess investment activity and keep the School Committee, Assistant Superintendent for Finance, and Finance Subcommittee apprised of any major changes by providing a quarterly report of investment activity. The investment activity report shall include the following information at a minimum:

- List of all the individual accounts and securities held at the end of the period
- List of short-term investment portfolios by security type and maturity to ensure compliance with the diversification and maturity guidelines
- Summary of income earned on monthly and year-to-date basis
- Brief statement of general market and economic conditions and other factors that may affect the District's cash position
- Statement on the degree of compliance with the tenets set forth in this policy

LEGAL REFS: MGL Chapter 44 Section 55
MGL Chapter 44 Section 55A
MGL Chapter 44 Section 55B
MGL Chapter 71 Section 16G ½
MGL Chapter 203C
Chapter 218 of the Acts of 2016

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