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Chapter 58. INVESTMENT POLICY

[HISTORY: Adopted by the Common Council of the City of Middletown 11-5-1990; amended in its entirety 12-2-2002. Subsequent amendments noted where applicable.]

GENERAL REFERENCES

Financial procedures — See Ch. [44](#).

Funds — See Ch. [47](#).

§ 58-1. Applicability.

This investment policy applies to the investment activities of the City of Middletown, except for its employee retirement system funds, which are organized and administered separately. All City funds under the control of the Department of Finance, including the General Fund, Special Revenue Funds, Capital Projects Fund, Trust and Agency Funds, and other funds that may be created from time to time, shall be administered in accordance with the provisions of this policy.

§ 58-2. Review and update.

The investment policy shall be reviewed periodically and updated at least once every two years by the Director of Finance.

§ 58-3. Terms.

The terms of the policy are as follows:

- A. The City seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives, cash flow consideration and state laws that restrict the investment of certain public funds;
- B. The Finance Director, City Treasurer, and such other staff as directed by the Director of Finance shall act responsibly as custodians of the public trust and avoid any transaction that might impair public confidence;
- C. Management responsibility for the investment program is invested in the Director of Finance, who shall be responsible for all transactions undertaken and who shall establish written procedures for the operation of the investment program consistent with the investment policy, and/or such other staff as directed by the Director of Finance and set forth in the written procedures;

- D.** The "prudent person" standard shall be used by investment officials in this investment policy in managing an overall investment portfolio for the City of Middletown;
- E.** Employees of the City and investment officials shall disclose to the Mayor and City Treasurer any material financial interests in financial institutions that conduct business within the City, and they shall further disclose any material personal financial investment positions that could be related to the performance of the City's portfolio;
- F.** The Director of Finance shall prepare a periodic investment report that summarizes and describes the City's investment portfolio in terms of investment securities, maturities, risk characteristics and other features;
- G.** Funds may be invested in:
- (1) United States Treasury Bills;
 - (2) Treasury notes or bonds maturing within one year;
 - (3) Certificates of deposit of banks and savings and loan associations maturing within one year;
 - (4) Repurchase agreements collateralized by United States Treasury securities; and
 - (5) The State Short Term Investment Fund, hereinafter referred to as the STIF;
- H.** Investment depositories shall be approved by the Common Council after the Director of Finance and City Treasurer have conducted a review of the prospective depositories' credit characteristics and financial history;
- I.** City funds shall be invested in instruments whose maturities do not exceed one year at the time of purchase, unless a temporary extension of maturities is approved by the Director of Finance; however, in no event will the average maturity exceed one year; *Editor's Note: Amended at time of adoption of Code (see Ch. 1, General Provisions, Art. II).*
- J.** The following general policies and constraints shall apply so that invested funds shall be diversified to eliminate the risk of loss from overconcentration of funds in a specific maturity or a specific issuer:
- (1) Maturities shall be staggered to avoid undue concentration of funds in a specific maturity;
 - (2) For case management funds, liquidity shall be assured through practices ensuring that the next disbursement date and payroll date are covered through maturing investments or marketable United States Treasury Bills; and
 - (3) Approximately 3% of the City's investment portfolio shall be invested in overnight instruments or in marketable securities which can be sold to raise cash in one day's notice;
- K.** Bearer instruments shall be held only through third-party institutions;
- L.** Collateralized securities such as repurchase agreements shall be purchased using the delivery versus payment procedure; and
- M.** Ownership shall be protected through third-party custodial safekeeping unless prevailing practices or economic circumstances dictate otherwise.

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