



Robert C. Edwards
Mayor

Susie Walters
Mayor Pro Tem

Cliff Ogburn
Town Manager

Town of Nags Head
Post Office Box 99
Nags Head, North Carolina 27959
Telephone (252) 441-5508
FAX (252) 441-0776
www.nagsheadnc.gov

M. Renée Cahoon
Commissioner

John Ratzenberger
Commissioner

Marvin Demers
Commissioner

Board of Commissioners Policy

Investment Policy

(Adoption Date: April 5, 2000)

(Updated: June 4, 2003)

(Updated: March 2, 2016)

(Updated: July 6, 2016)

GOALS AND OBJECTIVES: The preservation of capital, provision of liquidity, and maximization of interest earnings shall be the major goals and objectives of the Town's Investment Program. More specifically:

SAFETY: Safety of principal is the foremost objective of the Investment Policy for the Town of Nags Head. All investments are to be secured as specified by N.C.G.S. 159-31. The Town shall in the case of each investment assess and consider the risks both in terms of the nature of the investments as well as where it is held.

LIQUIDITY: Funds shall be available to meet all required disbursements of the Town of Nags Head.

YIELD: The Town shall seek the highest competitive rates on securities without jeopardizing the safety of the principal investment. Safety of the investment will always be a higher priority than the yield/investment rates. In determining whether to invest in a financial institution, safety shall be measured by evaluating the capital adequacy, profitability, and liquidity of that institution on an annual basis.

DELEGATION OF AUTHORITY: N.C.G.S. 159-30 places responsibility for the Town's Investment Program with the Finance Officer who shall be responsible for the execution or supervision of all investment activity. The Finance Officer shall have the power to purchase, sell, and exchange securities on behalf of the governing board in accordance with this policy.

ELIGIBLE INVESTMENTS FOR THE TOWN: The eligible investments for the Town shall be limited to interest bearing checking accounts, certificates of deposit, prime quality commercial paper, U.S. Treasury Securities and Government Agency Securities, **bonds and notes of any North Carolina local government or public authority**, and the North Carolina Cash Management Trust Fund. The Finance Officer will obtain approval from the Board of Commissioners before investing in any other type of security. All investments shall be limited to those allowed under N.C.G.S. 159-30.

MATURITIES: Investment maturities will be made to accommodate the Town's cash flow needs, or secondarily to take advantage of prevailing market conditions. For example: When interest rates are moving up steadily, consideration will be given to shortening maturities. As a general rule, at least 40% should mature within nine (9) months or less, at least 50% within three (3) years or less, at least 70% within five (5) years or less, at least 90% within 10 years or less, and 100% within fifteen (15) years or less of the purchase date. Minor deviations from the policy due to unforeseen expenditures or losses in revenues will be reported to Board of Commissioners.

QUALIFIED INSTITUTIONS: When funds are available to invest, competitive quotes will normally be obtained in the selection of a security which meets the Town's requirements. The Finance Officer shall maintain a listing of financial institutions that are approved for investment purposes. The safety of the institutions shall be evaluated annually as stated in the goals and objectives.

SAFEKEEPING AND CUSTODY: The Finance Officer will be responsible for insuring that all provisions of N.C.G.S. 159-31, which covers the security of investments, are enforced.

COLLATERALIZATION: Certificates of Deposit in excess of \$100,000 and demand deposit arrangements shall be limited to institutions participating either in Option 1, when the Town insures that adequate collateral is maintained, or Option 2, the pooling method of collateralizing total unit funds established by the State Treasurer.

DIVERSIFICATION: When amounts of money that may be invested allow for diversification, the Finance Officer will seek to balance the elements of safety, liquidity, and yield when purchasing a new security. The Town will strive to maintain a good balance of securities in its portfolio.

The Finance Officer will also diversify the portfolio among several different financial institutions. At no time should all long-term securities be invested at a single institution.

No more than 30% of the Town's moneys shall be invested in any one issuer, except for U.S. treasury securities and the North Carolina Capital Management Trust. Investments which are restricted further are commercial paper, limited to no more than 25% of total investments and no more than \$3,000,000 in a single issuer.

INTERNAL CONTROL: The Finance Officer shall be responsible for establishing a system of internal controls. These controls will be designed to prevent losses of public funds rising from fraud, employee error, misrepresentation by third parties, or imprudent actions by Town employees.