

GREEN MOUNTAIN TRANSIT AUTHORITY INVESTMENT POLICY

POLICY:

The purpose of this document is to provide guidelines for the prudent investment of Green Mountain Transit Authority's (GMT) funds and to outline the policies needed to maximize the efficiency of the Authority's cash management system.

SCOPE:

All monies entrusted to the Director of Finance and General Manager as directed by the Board of Commissioners shall be invested in accordance with this document.

INVESTMENT OBJECTIVE:

The primary objectives, in priority order, of investment activities shall be safety, maintenance of liquidity, and income.

- I. Safety** – Safety of principal is the foremost objective of the investment program. Investments of GMT shall be undertaken in a manner that seeks to ensure the preservation of capital
- II. Maintenance of Liquidity** – GMT's investments will remain sufficiently liquid to enable GMT to meet all operating and capital requirements, which might be reasonably anticipated.
- III. Return on investment** – GMT's investments shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Authority's investment risk constraints and cash flow needs.
- IV. Sustainability** – Wherever possible, investment decisions shall take into account environmental, social and governance ("ESG") factors.

The Authority's investment portfolio shall be designed with the objective of meeting all legal requirements set forth by Federal, State, and Local laws.

ALLOWABLE INVESTMENTS:

GMT's funds may be invested as follows:

1. Certificates of Deposit
2. Money Market Accounts
3. Savings Accounts
4. Now Accounts
5. Checking Accounts
6. U.S. Treasury Bills
7. Treasury Notes or Bonds maturing within one year

ETHICS AND CONFLICTS OF INTEREST:

The Director of Finance and General Manager shall avoid any transaction that could impair public confidence in the Authority's ability to govern effectively. Officers and employees involved in the investment process shall refrain from business activity that could conflict with proper execution of the investment program, or could impair their ability to make impartial investment decisions.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Director of Finance and General Manager, with oversight from the Board of Commissioners, shall conduct investment transactions with financial and investment securities approved by the Board of Commissioners. The Authority will obtain competitive pricing at least every 5 years to ensure the best service and rates are being offered.

SECURITY OF AUTHORITY'S FUNDS:

The Authority shall secure its deposits through one of the following:

1. Collateralization – All accounts are required to be collateralized for any funds in excess of the maximum FDIC insurance coverage. The collateral must be in an amount equal to the excess deposit, and it may consist of only securities in which Municipalities may invest. The Authority, at their discretion, may use a Financial Institution or an independent third party to hold the collateral
2. Repurchase Agreement – All accounts are required to be secured for any funds in excess of the maximum FDIC insurance coverage by utilizing a Repurchase Agreement. The Repurchase Agreement must be in an amount equal to the excess deposits, and it may consist of only securities in which Municipalities may invest. The pledged securities will be owned by the Authority with the intent the pledging financial institution will purchase the security back by an agreed upon date.

MAXIMUM MATURITIES

The Authority shall not invest in securities, which at the time of investment have a term of maturity in excess of one year unless the Board of Commissioners has granted authority.

Adopted by the GMT Board of Commissioners on May 17th, 2022.

By: Megan M. Polyte
Megan Polyte, Secretary of the Board