



Investment Policy

I. ADMINISTRATION OF INVESTMENT FUNDS

- A. It shall be the responsibility of the Executive Director to develop, maintain, and execute the Investment Policy.
- B. Funds available for Investments: Monies on deposit in the General Fund in excess of those monies necessary for the daily operation of the Salem Housing Authority (SHA) for a period of 90 days will be considered available for investment. These funds will be invested when the expected yield exceeds amounts received in the general fund.

II. COLLATERALIZATION OF DEPOSITS

- A. The SHA requires that their depositories with the exception of the Massachusetts Municipal Depository Trust, continuously and fully secure all deposits- regular, savings, N.O.W. accounts, and Certificates of Deposit- in excess of the amount insured by the pledging or setting aside of collateral of the types and in the manner as is prescribed by state law for the security of public funds. Such collateral will be at all times of a market value at least equal to the amount of the uninsured portion of the deposit.

III. OBJECTIVE

The objective of this Investment Policy is to prudently invest the maximum funds for the longest term at the highest interest rate, thereby realizing the greatest return on all cash not needed for operations.

IV. ESTIMATING AMOUNTS AVAILABLE FOR INVESTMENTS

The Executive Director with advice from the Fee Accountant shall estimate the amount of funds required for operation of various projects/programs. If it is found that current Administrative Fund, Modernization, and/or Development Fund balances are in excess of estimated cash needs, such excess will be invested in a liquid and/or longest term possible account that will realize the greatest yield for the SHA.

V. TERM OF INVESTMENT

- A. Definition of Term

Investments will be classified into three categories:

Long-term investments will be for two years' medium term investments will be made for one to two years; and short-term investments will be for less than twelve months.

- B. Selection of Term

1. The selection of short term investments will depend upon a current cash forecast of immediate needs.
2. The selection of medium and long term investments will depend upon the needs of non-routine expenditures.

VI. APPROVED INVESTMENTS

- A. APPROVED INVESTMENT SECURITIES: The following is a listing of the securities in which funds may be invested:
1. U.S. Treasury Bills: Treasury Bills with a maturity of 91 days and 182 days are issued weekly, and Bills with a maturity of 9 months and 12 months are issued monthly. These bills are issued on a discount basis and are redeemed at par upon maturity.
 2. U.S. Treasury Certificates, Notes, and Bonds: These securities are issued periodically by the Treasury Department through Federal Reserve Banks and Branches.
 - a. U.S. Treasury Certificates mature less than one year from the issue date and bear interest at fixed rates, payable at maturity.
 - b. U.S. Treasury Notes mature less than one year from the issue date and bear interest at fixed rates, payable semi-annually.
 - c. U.S. Treasury Bonds mature more than five years from the issue date and bear interest at fixed rates, payable semi-annually.
- B. CERTIFICATES OF DEPOSIT: Time deposits may be established for the investment of funds where it is determined to be advantageous. It must be provided in the rules governing time deposit accounts, or by a valid agreement with the depository, that any amount contained in the account may be withdrawn in full. Further, the amount of deposit in such an account must be collateralized as provided in Section II of this Policy. The means of achieving the best offer is to solicit for competitive bids. Such solicitation involves a request for quotations of interest rates on short-term deposits (i.e. 30, 60, 90, 120, and 180 days) to be secured with approved securities (i.e. Government obligations, AA or better Corporate or Municipal Bonds). Market rates will be reviewed to ensure that the bank's interest rate payments compare favorably with other available investments.
- C. N.O.W. ACCOUNTS (Negotiable Order Withdrawal): The SHA will consider the use of N.O.W. Accounts. This will assure the SHA of a constant investment of any idle cash. (Collateralization required.)
- D. SAVINGS CERTIFICATES: These are savings deposits which range in term from 1 to 9 years with variable interest rates depending upon the term. This type of instrument will be used when:
1. A medium to long term is advisable.
 2. Protected yield of this instrument is deemed favorable in relation to other alternatives
- E. SAVINGS ACCOUNT: These are regular and 90 day notice savings accounts. These will be used when:
1. A short term investment is advisable.
 2. Projected yield of this type investment is deemed favorable in relation to other alternatives.
- F. FDIC INSURED MONEY MARKET FUND: These accounts allow the SHA maximum flexibility in transferring funds back and forth to the checking account.
- G. MASSACHUSETTS MUNICIPAL DEPOSITORY TRUST: This account may be used in lieu of a checking account, assuring the SHA that all excess funds are always invested.



Dominic R. Marraffa, Chairman
Robert J. Jalbert, Vice Chairman
Stephen Zisson, Second Vice Chairman
William J. Farrell, Treasurer
Gary C. Stirgwolt, Assistant Treasurer

Carol A. MacGown, Executive Director, Secretary

**EXTRACT FROM THE MINUTES OF THE SPECIAL MEETING
OF THE BOARD MEMBERS OF THE SALEM HOUSING AUTHORITY
HELD ON THE 27th DAY OF SEPTEMBER 2002**

The board members of the Salem Housing Authority met in a Special meeting at 27 Charter Street in the city of Salem, MA on Tuesday, September 27, 2002, at 9:30 a.m. at the place, hour, and date duly established for the holding of such meeting.

The Chairman called the meeting to order and upon a roll call, the following answered

Present:	Dominic R. Marraffa	Absent:
	Robert J. Jalbert	
	Stephen Zisson	
	William J. Farrell	
	Gary C. Stirgwolt	

The Chairman declared a quorum present.

The following resolution was introduced by the Chairman, Dominic R. Marraffa, read in full, and considered:

Motion was made to accept the Salem Housing Authority Investment Policy with modifications.

Gary Stirgwolt moved that the foregoing resolution be adopted as introduced and read. The motion was seconded by William J. Farrell and upon a roll call the "Ayes" and "Nays" were as follows:

<u>Ayes:</u>	Dominic R. Marraffa	<u>Nays:</u>
	Robert J. Jalbert	
	Stephen Zisson	
	William J. Farrell	
	Gary C. Stirgwolt	

The Chairman thereupon declared the motion carried and said resolution adopted.

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