

Town of Swepsonville

The following items should be considered by the town's Mayor, Finance Officer, and other decision makers prior to investing the town's public funds for proper due diligence and risk management:

- ___ Identify the amount and the reasonable maturity date of the considered investment.

- ___ Discuss the current economic environment and the future forecast of interest rates to determine the types of investments to consider. Acknowledge the proposed investments are within the scope of NC General Statute 159-30: local government investment in idle funds.

- ___ Review the financial strength of the proposed investment issuers, bank or municipality, referring to Bauer Financial, Bank Rate, Moody's and/or Standard & Poor's. The financial strength ratings should be discussed and documented if questions exist.

- ___ Other business with the proposed issuers should be discussed as business/credit concentration may be a concern.

- ___ Review the most recent memo from the NC Treasurer's office listing the banks using the Pooling Method of Collateralizing public funds to determine if the town should limit the investment with that institution or require additional documentation.

- ___ Obtain quotes from the proposed issuers with interest rates breakpoints (greater interest rate if investment exceeds a stated amount, \$250,000; \$500,000 or \$1 million).

- ___ Members of the Town Council should disclose if a conflict of interest exists or if he/she is a member of the board of directors or more than 5% owner of the issuer of the investment. Document any such potential conflicts.

- ___ Upon complete review of economic environment, current investment, proposed issuer and product, determine the investment and implement. Acknowledge the investment and the transaction is within the scope of NC General Statutes 159-30, 159-31, 159-32 and 159-33.

- ___ Review the interest rates of existing investments, the financial strength of issuers, and the current economic environment on a quarterly basis to determine if any changes need to be discussed.