**MRC INVESTMENT POLICY**

Guidelines and monitoring procedures

for investment of funds in the

Tip Fee Stabilization Fund

Version 2.0 dated 24 October 2012

1. **Authorizations**. This MRC Investment Policy is intended to provide guidance regarding the ongoing investment and management by the Municipal Review Committee, Inc. (MRC) of certain assets of the Charter Municipalities pursuant to the Second Amended, Restated and Extended Waste Disposal Agreements (the Waste Disposal Agreements) and certain other agreements contemplated therein. The Waste Disposal Agreements authorize the MRC to act as advisor or agent in respect of certain duties of the Charter Municipalities thereunder, including the investment and administration of Performance Credits and cash distributions received from the PERC partnership.

In accordance with its authority, the MRC has created a Tip Fee Stabilization Fund and an Operating Budget Stabilization Fund (together, the Stabilization Funds). The funds in the Stabilization Funds shall be invested under the direction and per the management and advice of an Investment Advisor in accordance with these guidelines.

The MRC hereby designates the Trust & Investment Group of Peoples United Bank, successor to Merrill Bank, with offices in Bangor, Maine, as the Investment Advisor. The activities of the Investment Advisor shall be overseen by the MRC Finance Committee, which is a subcommittee of and reports to the MRC Board of Directors.

The MRC Treasurer, or in the Treasurer’s absence, the MRC President, is authorized to approve and sign for transactions involving management of funds in the Stabilization Funds on behalf of the MRC consistent with these guidelines.

This Investment Policy may be amended at any time by a voted decision of the MRC Board of Directors. This investment Policy shall be reviewed by the MRC Finance Committee and the MRC Board of Directors at least once per year.

1. **Investment guidelines.** To consider safety, maintenance of liquidity and income, the funds in the Stabilization Funds shall be invested in accordance with the following guidelines and limitations:

2.1  ***Guidelines for the overall investment portfolio.***

* The average duration (level of risk) of the portfolio shall be maintained to stay within two years of the duration of a benchmark based on blended values of the Barclays Agency 1-3 Year Index and the Barclays US Govt Intermediate Bond Index (the Index). The Index includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate of foreign debt guarantees by the U.S. Government).
* No more than 25 percent of the value of the portfolio may be invested in any individual U.S. government security or U.S. agency security.
* The cash position of the portfolio shall not exceed 25 percent for more than 30 days without prior approval of the MRC Finance Committee.

2.2 ***Guidelines for specific investment instruments***

* Funds shall only be invested in instruments that are eligible for municipal investments under Maine law, Title 30-A, Chapter 223, Subchapter 3-A, Article 2: Investment in Securities; section 5712(1) Government unit bonds, and including certificates of deposit insured by the Federal Deposit Insurance Corporation.
* Funds shall be invested in rated issues of investment grade quality that are denominated in U.S. dollars.
* Funds shall not be invested in instruments that have a term of more than 10 years.
* Funds shall be invested in instruments that have a maturity date beyond March 31, 2018, only if such instruments are treasury bonds, agency bonds, or other obligations of the U.S. government of comparable security that are fully liquid through ability to be traded in an established public market.
* Funds shall not be invested in any of the following types of instruments:
	+ Corporate bonds or commercial paper.
	+ Derivatives, options, futures, swaps or similar contingent investment instruments.
	+ Subordinated debt.
	+ Common or preferred equities.
	+ International bonds or international fixed income liabilities.
1. **Limitations on withdrawal.** Funds shall not be withdrawn from the Stabilization Funds without prior authorization of the MRC Board of Directors.
2. **Monitoring procedures.** The investment portfolio, including the maturities of individual investments and the duration of the portfolio, shall be discussed and determined at quarterly reviews with the Investment Advisor and the Finance Committee. The performance of the portfolio shall be measured quarterly and compared to the performance of the Index.

Approved by the MRC Board of Directors at its noticed regular meeting on 24 October 2012.