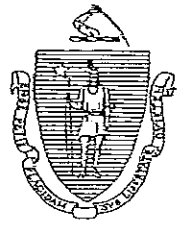




FRAMINGHAM HOUSING AUTHORITY

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Investment Policy

Purpose

It is the policy of the Framingham Housing Authority (FHA) to invest its funds in a manner that will provide the highest investment return with maximum security while meeting the daily cash flow needs of the FHA, and compliance with all state and federal regulations governing the investment of public funds.

Scope

This investment policy applies to all financial assets of the FHA. The assets are accounted for in the various funds of the Authority and include the general operating account, special revenue funds, debt service funds, capital project funds, trust and agency funds and any fund established by the Framingham Housing Authority Board of Commissioners.

~~Objectives: Safety, Regulatory Compliance, Diversification, Liquidity~~ and Return on Investment

The primary objectives, in priority order of the Framingham Housing Authority's investment activities shall be:

Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

Regulatory Compliance

The investment policy of the FHA will remain compliant with all regulations and statutes governing the administration of public funds.



EQUAL HOUSING OPPORTUNITY

Diversification

The investments will be diversified, when possible, by security type and institution in order that potential loss of individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Return on Investment

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Delegation of Authority to Make Investments

Authority to manage the investment program is hereby delegated to the Executive Director, who shall establish policy and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to safekeeping, delivery vs. payment, investment accounting, repurchase agreements, collateral/depository agreements and banking service contracts and provide for dual signatures for all expenditures, one of which must be the Executive Director. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Framingham Housing Authority Board of Commissioners. The Executive Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Framingham Housing Authority is limited to investments authorized by the Department of Housing and Urban Development (HUD). Investments will be limited to HUD-approved investment securities, (as defined in HUD Financial Management Handbook 7475.1, paragraph 4-8), in order to at least meet the PFS Target Investment Requirements (24 CFR Section 990.109(e)).

Review

The Executive Director shall make semi-annual fiscal reviews of the following information:

- A. Securities purchased and maturity dates as appropriate;

- B. The date of the purchase, interest rate, the amount of the periodic increment in value of the security, if applicable, and the date of the sale;
- C. The fiscal accounts balances;
- D. Estimates of both income and expenditures for the term ahead;
- E. A review of the savings institutions schedule of interest payable.

Safekeeping and Custody

All security transactions, including collateral for repurchase agreements and financial situation deposits, entered into by the FHA shall be on a cash for delivery vs. payment basis.

Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The FHA will consider community reinvestment initiatives of participating lending institutions and, particularly, any FHA resident assistance programs designed to promote self-sufficiency.
