

**§5718. Standard of prudence**

All investments made under this subchapter must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment, considering: [PL 1995, c. 206, §2 (NEW).]

**1. Safety.** The safety of principal and preservation of capital in the overall portfolio; [PL 1995, c. 206, §2 (NEW).]

**2. Maintenance of liquidity.** Maintenance of sufficient liquidity to meet all operating and other cash requirements with which a fund is charged that are reasonably anticipated; and [PL 1995, c. 206, §2 (NEW).]

**3. Income.** The income to be derived throughout budgetary and economic cycles, taking into account prudent investment risk constraints and the cash-flow characteristics of the portfolio. [PL 1995, c. 206, §2 (NEW).]

This standard must be applied to the overall investment portfolio of the municipality and not to individual items within a diversified portfolio. [PL 1995, c. 206, §2 (NEW).]

**SECTION HISTORY**

PL 1995, c. 206, §2 (NEW).

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