

Investment Policy

Introduction

This investment policy is established under the authority of State Statute RSA 41:29 (See Appendix A) for the purpose of providing guidance to the Town of Webster officials as to the investment of public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Town and conforming to all laws governing the investment of public funds.

Scope

This investment policy applies to all financial assets under the care of the Board of Selectmen and in the custody of the Town Treasurer for the Town of Webster, New Hampshire, except those controlled by the Trustees of the Trust Funds, including Capital Reserve Funds, which are to be invested in accordance with a separate investment policy amended by the Trustees on February 24, 2010, in accordance with their investment authority under RSA 31:25 and RSA 35.9. These funds are accounted for in the Town's annual audited financial reports and include the following:

- General Fund
- Impact Fees
- Any other funds legally and appropriately held by the Treasurer
- Any new funds created at Town Meeting, unless specifically exempted by the article of creation

Objectives

The primary objectives, in priority order, of investment activities

- *Safety (of principal & preservation of capital):* Safety of principal is the foremost objective of the investment program. Investments shall be undertaken to ensure the preservation of capital in the overall portfolio.
- *Liquidity (maintain sufficient liquidity to meet operating requirements & other cash needs):* The portfolio shall retain sufficient liquidity to meet all operating requirements that may be reasonably anticipated. To ensure adequate funds are available to pay projected financial obligations, investments will be purchased or deposits made to reasonably match anticipated cash disbursements.
- *Yield (rate of return):* The portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles that is as close to market average as possible, taking into account liquidity needs, investment risk, and capital preservation.

## Risk

- *Credit Risk (loss due to failure of security issuer):* The Town shall minimize credit risk by limiting investments to the safest types of securities, and diversifying the portfolio.
- *Market Risk (changes in the financial market could reduce the value of a security):* The Town shall minimize market risk by limiting investments that are subject to rapid market swings, and by varying investment maturity dates.

## Investment Instruments

In accordance with RSA 41:29 (Appendix A), funds may be invested in the following:

1. Public Deposit Investment Pool
2. Federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State
3. Federally insured banks outside the State if such banks pledge and deliver to a third party custodial bank or the federal reserve bank collateral security for such deposits of the following types:
  - (a) United States government obligations;
  - (b) United States government agency obligations; or
  - (c) Obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

## Collateralization

Deposits shall be fully collateralized with the delivery of US obligations, or obligations in the State of New Hampshire in market value at least equal to 100% of the cash deposit in each case.

## Standards of Care

- *Delegation of Authority:* In accordance with New Hampshire Law, responsibility for conducting investment transactions resides with the Elected Town Treasurer. The Deputy Treasurer may be appointed to assist in performing investment functions.
- *Prudence:* The standard of prudence to be used by the Treasurer shall be the “prudent person” standard and shall be applied in the context of managing an overall investment portfolio. The Treasurer shall make investments with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, considering the safety of capital as well as the probably income derived. The Treasurer, acting in accordance with this investment policy and exercising due diligence, shall be relieved of personal responsibility for issuer defaults or

- technical complications leading to temporary loss of liquidity, provided deviations from expectations are reported to the Board of Selectmen in a timely manner and the investments liquidated in a timely and responsible manner.
- *Ethics:* Key Personnel, as listed in Exhibit B, who are involved with the investment function of the Town, shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Key Personnel shall also inform the Board of Selectmen of any relationships, either personal or professional, with any financial institution conducting business with the Town that may, or give the appearance that it may, constitute a conflict of interest.

Internal Controls

The Board of Selectmen shall be responsible for:

1. establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse.
2. ensuring that separation of transaction authority from accounting and recordkeeping, and written confirmation of transactions for investments are maintained.
3. establishing an annual process of independent review of the investment function. This review will provide internal control by assuring compliance with established policies and procedures.

Policy Review

This policy will be reviewed by the Board of Selectmen and Treasurer on an annual basis, and when there is a change in key personnel. Performance of the current investments shall also be reviewed on at least an annual basis. This policy may be reviewed if there is a change in the investment environment, a change in an approved financial institution, or for the purposes of continuous improvement. If a change occurs in investment law which is not reflective of this policy, the law will prevail.

**APPENDIX A**

**41:29 Duties of Elected and Appointed Town Treasurers. –**

I. The Town Treasurer shall have custody of all moneys belonging to the Town, and shall pay out the same only upon orders of the Selectmen, or, in the case of a conservation fund established pursuant to RSA 36-A:5, upon the order of the Conservation Commission, or in the case of a Heritage Commission fund established pursuant to RSA 674:44-a upon the order of the Heritage Commission, or in the case of fees held pursuant to RSA 673:16, II, upon the order of the local land use board or its designated agent, or in the case of a recreation revolving fund established pursuant to RSA 35-B:2, upon the order of the recreation or park commission, or in the case of fees deposited by the Town Clerk pursuant to RSA 41:25, upon the invoice of the Town Clerk, or other board or body designated by the town to expend such a fund.

II. The Treasurer shall deposit all such moneys in participation units in the Public Deposit Investment Pool established pursuant to RSA 383:22 or in federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State, except that funds may be deposited in federally insured banks outside the state if such banks pledge and deliver to a third party custodial bank or the federal reserve bank collateral security for such deposits of the following types:

- (a) United States government obligations;
- (b) United States government agency obligations; or
- (c) Obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

III. The Town Treasurer shall keep in suitable books provided for the purpose a fair and correct account of all sums received into and paid from Town treasury, and of all notes given by the Town, with the particulars thereof. At the close of each fiscal year, the treasurer shall make a report to the Town and to the Department of Revenue Administration, giving a particular account of all his or her financial transactions during the year and account balances at year end. The Treasurer shall furnish to the Selectmen statements from the Treasurer's books, and submit the books and vouchers to them and to the Town auditors for examination, whenever so requested.

IV. Whenever the Town Treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditure, the Town Treasurer shall invest the same in accordance with the investment policy adopted by the Selectmen under RSA 41:9, VII. The Treasurer may invest in the Public Deposit Investment Pool established pursuant to RSA 383:22, or in deposits, including money market accounts, or certificates of deposit, or repurchase agreements, and all other types of interest bearing accounts, of federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State, or in obligations fully guaranteed as to

principal and interest by the United States government. The obligations may be held directly or in the form of securities of or other interests in any open-end or closed-end management-type investment company or investment trust registered under 15 U.S.C. section 80a-1 et seq., if the portfolio of the investment company or investment trust is limited to such obligations and repurchase agreements fully collateralized by such obligations.

V. The Treasurer shall insure that prior to acceptance of any moneys for deposit or investment, including repurchase agreements, the federally insured bank shall make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

VI. The Treasurer may delegate deposit, investment, recordkeeping, or reconciliation functions to other town officials or employees provided such delegation is in writing and includes written procedures acceptable to the Selectmen, or in the case of a town operating under RSA 37, to the Town Manager, and is agreeable to all parties involved. However any such delegation shall only be made to a town official or employee bonded in accordance with RSA 41:6 and rules adopted by the Commissioner of Revenue Administration under RSA 541-A. Such delegation shall not eliminate the responsibility of the Treasurer to comply with all statutory duties required by law.

VII. The Treasurer shall ensure that all moneys remitted shall be deposited at least on a weekly basis, or daily whenever funds remitted from all departments collectively totals \$1,500 or more. Such deposit function may be delegated pursuant to paragraph VI. However, failure to ensure that funds are being deposited on a timely basis as required by this paragraph shall be cause for immediate removal from office pursuant to RSA 41:26-d. In any municipality where there is either no bank or other depository institution within the municipality the Treasurer shall make deposits consisting of funds remitted from all departments and collectively totaling \$1,500 or more on a weekly basis or more frequently as directed by the Board of Selectpersons in the investment policy adopted pursuant to RSA 41:9, VII.

**Exhibit B – List of Key Personnel**

Treasurer ..... Mary Smith  
Deputy Treasurer ..... Eleanor Kimball

Auditors.....Plodzik & Sandersdon

**Board of Selectmen**

Board Chair .....George Cummings  
Board Member .....George Hashem  
Board Member .....Bruce Johnson

Reviewed, Amended and Approved by the following individuals on November 28, 2011

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Mary Smith, Treasurer

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Eleanor Kimball, Deputy Treasurer

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George Cummings, Chairman Board of Selectmen

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George Hashem, Selectman

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Bruce Johnson, Selectman