



Investment Policy

SCOPE

This investment policy applies to all financial assets of the Town, in accordance with applicable State Statutes, as they relate to authorized asset custodian duties of elected officials, and is implemented in order to meet internal control responsibilities imposed upon the Board of Selectmen by RSA 41:9 VI.

This investment policy applies to all transactions involving the financial assets and related activity, of all "Funds", reported in the Town's annual financial report. The funds included in the Town's annual financial report include the following:

- a. General Fund
- b. Conservation Fund
- c. Parks and Recreation Revolving Fund
- d. Planning Board Escrow Funds
- e. Department of Justice Equity Sharing Account
- f. Police Special Detail Revolving Fund
- g. Any new Funds authorized at Town Meeting or by the Board of Selectmen

OBJECTIVES

Safety of principal and investment yield is the foremost objective of the Town. Each investment transaction shall seek to ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value and that investment earnings are maximized based on the current investment options available.

All participants in the investment process shall seek to act responsibly as custodians of the public trust. They shall avoid any transaction that might impair public confidence in the Board of Selectmen's ability to govern effectively.

AUTHORITY

Management responsibility for the investment program is hereby delegated to the Treasurer with annual approval by the Board of Selectmen. The Treasurer may delegate investment authority to other persons. This delegation must be done in writing on an annual basis.

Management authority of this investment policy is in no way intended to contradict any of the "custodial responsibilities" of various elected officials as specifically identified by State Statutes. It does, however, intend to provide monitoring of compliance with the investment restrictions imposed on elected officials with specifically identified custodial functions and with this investment policy. RSA 31:25 defines the custodial responsibilities and investment restrictions of

the Trustees of Trust Funds. RSA 202-A:23 references certain custodial responsibilities and investment restrictions imposed upon Library Trustees.

PRUDENCE

The standard of prudence to be used by investment officials shall be the “prudent person” and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Employees and officials shall subordinate their personal investment transactions to those of this Town, particularly with regard to the timing of purchases and sales.

REPORTING

The Treasurer shall submit monthly to the Town Administrator an investment report that summarizes recent market conditions and anticipated investment conditions. The report shall summarize the investment strategies employed in the most recent month and describe the portfolio in terms of investment securities, maturities, risk, yield and other features. The report shall explain the month’s total investment return and compare the return with budgetary expectations.

INSTRUMENTS

Assets of the Town may only be invested in instruments as defined in RSA 41:29 IV and RSA 31:25:

- a. United States Treasury securities maturing in less than one year; or
- b. Fully insured savings bank deposits of banks incorporated under the laws of the State of New Hampshire; or
- c. Fully insured or collateralized certificates of deposits of banks incorporated under the laws of the State of New Hampshire; or
- d. Fully insured or collateralized certificates of deposits of national banks located within the State of New Hampshire, or in banks recognized by the State Treasurer; or
- e. New Hampshire Public Deposit Investment Pool established pursuant to RSA 383:22; or
- f. Short-term obligations of United States Government agencies; or
- g. Repurchase agreements with banks chartered by the State of New Hampshire and fully collateralized by United States Treasury Bills and such other instruments as may be specifically authorized by the Revised Statutes of the State of New Hampshire.

DEPOSITORYES AND DEALERS

Annually the Board of Selectmen and Treasurer shall compare the current banking and investment services agreements to options available and enter into new agreements which best meet the objectives of the Town’s investment policy.

MATURITIES

Investments of the Town shall be limited to those with maturity dates that meet projected cash flow needs or six months, whichever is shorter.

DIVERSIFICATION

It is the policy of the Town to diversify its investment portfolio. Investment of assets held in the common cash fund and any other investments shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. These strategies shall be determined and reviewed by the Treasurer.

RISKS

The Town recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. The Treasurer is expected to display prudence in the selection of securities in a way to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the specific issuer, the Treasurer shall review and, if appropriate, proceed to liquidate any securities having comparable credit risks.

SAFEKEEPING AND CUSTODY

To protect against potential fraud and embezzlement, the assets of the Town shall be secured through third party custody and safekeeping procedures. Bearer instruments shall be held only through third party custody banking institutions. Investment officials shall be bonded to protect the public against possible embezzlement and malfeasance. Collateralized securities such as repurchase agreements shall be purchased using the delivery vs. payment procedure. Unless prevailing practices or economic circumstances dictate otherwise, ownership shall be protected through third-party custodial safekeeping.

Adopted March 20, 2024

Chesterfield Board of Selectmen

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