



Town of New Boston New Hampshire

INVESTMENT POLICY

I. PREFACE

The purpose of the investment policy is to establish a framework for the safe and prudent management of public funds.

It also aids elected officials and staff in the daily administration of investment activity as well as improving consistency while creating and defining accountability and ensuring that applicable laws are followed.

II. SCOPE

The investment policy applies to all financial assets of the Town of New Boston, New Hampshire. These assets are accounted for in funds within the Town's annual audited financial reports and include:

- General Fund
- Special Revenue Funds
- Trust and Agency Funds
- Any new funds created by the Town, unless specifically exempted by the governing body, in accordance with law, or by law.

In addition, the investment policy applies to all transactions involving the financial assets and related activity of all the foregoing funds.

III. OBJECTIVES

The primary objectives, in priority order, for investment activities will be safety, liquidity, and yield.

A. Safety of Principal

The principal objective of this investment plan is to guarantee the preservation of the capital and the protection of the investments. The objective will be to minimize credit risk and interest rate risk.

- *Credit Risk: The possibility that an issuer/counterparty to an investment will be unable to fulfill its obligations.* The Town will minimize Custodial Credit Risk by limiting investments to the types of securities listed in Section VI of this Investment Policy.
- *Concentration Credit Risk: The inability to recover the value of investments, collateral securities or deposits in the custody of an outside party caused by the lack of diversification (i.e. investments acquired from a single user).* The Town will minimize Concentration Credit Risk by diversifying the investment portfolio so as the impact from any one type of security or issuer will be lessened.
- *Interest Rate Risk: The possibility that a change in interest rate could adversely affect an investment's fair value.* The Town will minimize Interest Rate Risk by structuring the investment portfolio so as securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities on the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds or similar investment pools and limiting the average maturity in accordance with the Town's cash requirements.
- *Foreign Currency Risk: The possibility that changes in exchange rates between U.S. dollar and foreign currencies could adversely affect a deposit/investment's fair value.* The Town is not authorized to invest in investments which have this type of risk.

B. Maintenance of Liquidity

The funds shall be managed so as to maintain adequate liquidity to meet reasonably anticipated operating cash flow requirements.

C. Yield Return on Investment

Investment portfolios shall be designed with the objective of attaining a market-average rate of return throughout budgetary and economic cycles, while taking into account risk, legal constraints and cash flow requirements. It is understood that return on investment is of secondary importance when compared to the safety and liquidity objectives described above.

IV. DELEGATION OF AUTHORITY

1. In accordance with chapter 41:29 of the Revised Statutes Annotated (RSA), *see Appendix A*, of the State of New Hampshire, the responsibility for conducting investment transactions resides with the Town Treasurer, with the approval of the Selectmen, *except in the instance of capital reserve funds, when the responsibility for conduction investment transactions reside with the Trustees of Trust Funds, with the approval of the Selectmen, in accordance with RSA 35:9, see Appendix B.*
2. No person may engage in investment transactions except as provided under the terms of this policy and the internal controls and procedures hereby established.

V. PRUDENCE

This policy shall be carried out in accordance with the “prudent person” standard that requires that:

“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 capital as well as the probable income to be derived.”

VI. INVESTMENT INSTRUMENTS

In accordance with RSA 41:29 (*see Appendix A*), funds of the Town of New Boston may be invested in the following:

- United States Treasury securities maturing in less than one year
- Savings bank deposits of banks incorporated under the laws of the State of New Hampshire
- Fully insured or collateralized certificates of deposits of banks incorporated under the laws of the State of New Hampshire
- Fully insured or collateralized certificates of deposits of national banks located within the State of New Hampshire, or the commonwealth of Massachusetts
- New Hampshire Public Deposit Investment Pool established pursuant to RSA 383:22
- Short-term obligations of United States Government agencies
- 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

VII. REVIEW

This policy will be reviewed annually by the Board of Selectmen, or its designee, with changes made as deemed necessary, followed by re-adoption by the governing body.

The Board of Selectmen reserve the right to implement changes to the policy without prior notice if it is determined to be in the Town of New Boston's best interest.

VIII. POLICY APPROVAL

The Board of Selectmen approved adoption of the Town of New Boston Investment Policy at their May 21, 2012 meeting.

Board of Selectmen

Dwight Lovejoy_____

Rodney Towne_____

Christine Quirk_____

Adopted: March 18, 2013