

ADOPTED

Town of Exeter	Policy Number 3.1.e	Adopted by Board of Selectmen
Subject: Investment Policy	Adoption Date: 10/7/13 Revision Date: 11/14/22 Effective Date: 10/7/13	Supersedes: None

1.0 Purpose of the Policy:

1. The purpose of this policy is to meet requirements set forth in RSA 41:9 VII, which requires the Board of Selectmen (the "Board") to annually review and adopt an investment policy for the investment of public funds, and to provide a framework for the Town Treasurer (the "Treasurer") to carry out the policy objectives.

2.0 Scope:

This investment policy applies to all public funds in the custody of the treasurer of the Town of Exeter, New Hampshire. These funds are accounted for in the Town's annual audited financial reports and include:

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

Furthermore, the investment policy applies to all transactions involving the financial assets and related activity of all the foregoing funds. This investment policy does not apply to the Town of Exeter Trust Funds.

Delegation of Authority

The investment policy delegation of authority is stated below:

- In accordance with RSA 41:29 VI, the responsibility for conducting investment transactions resides with the Treasurer, with the approval of the Board. However, the Treasurer may delegate investment functions to other town officials or employees provided such delegation is in writing and includes written procedures acceptable to the Board, and is agreeable to all parties involved. 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

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eliminate the responsibility of the Treasurer to comply with all statutory duties required by law, and

- No person may engage in an investment transaction except as provided under the terms of this policy and the internal procedures and controls hereby established.

3.0 Investment Policy:

a) Legal basis:

New Hampshire RSA 41:29 is the legal authority under which the Town Treasurer operates.

b) "Prudent Person" Standard

The investment policy shall be conducted in accordance with the "prudent person" standard, which 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 their capital as well as the probable income to be derived.

Instruments of Investment

Excess funds of the Town of Exeter shall be invested in accordance with the provisions of RSA 41:29 IV and V. Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll and accounts payable) as well as anticipated revenue inflows. At no time shall any investment be made exceeding a maturity date in excess of one year.

c) Diversification

The Town's investment portfolio shall be diversified. Overconcentration in a maturity, an instrument, or institution/issuer shall be avoided. The table below sets out the maximum percentage of the portfolio that may consist of investments within the listed classes of instruments.

	<u>Maximum Percent of Portfolio Permitted</u>
▪ Overnight Investments	100%
▪ U.S. Treasury Obligations	90%
▪ NH Public Deposit Investment Pool	50%
▪ Certificates of Deposit	75%

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d) Depositories and Dealers

Unless otherwise in the best interest of the Town, the Town shall solicit cash management and banking services every three to five years. Proposals, therefore, will be accepted through a competitive bidding process.

Short-term investment of surplus funds may be made by contacting credible institutions to establish the best available instrument at that time. All investments must be backed by full third party collateral and consider cash flow needs prior to considering the return on that investment. Also, no investment shall be made that contradicts the section titled "instruments" in this policy

e) Safekeeping and Collateralization

Deposits shall be fully collateralized with the delivery of US government obligations, US government agency obligations, or obligations of the State of New Hampshire in market value at least equal to 102% of the cash deposit in each case. Collateral shall be wired to the municipality's joint custody account at the Federal Reserve Bank of Boston or Federal Reserve Bank of New York no later than the day cash deposits and/or investments are wired/transferred.

Internal Controls

- The internal controls for the Town of Exeter shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, and imprudent actions by employees and officers of the Town.
- The Treasurer will be responsible for establishing and maintaining an internal control policy designed to provide reasonable assurances that these objectives are met. The internal control policy shall address the following:
 - Control of collusion
 - Separation of transaction authority
 - Custodial safekeeping of assets
 - Written confirmation of transactions for investments and wire transfers
 - Dual authorizations of wire transfers
 - This policy will be reviewed annually by the Town's independent auditors.

4.0 Procedures:

REPORTING: The Town Treasurer shall submit semi-annually to the Town Manager and Board of Selectmen an investment report that summarizes recent market conditions and anticipated investment conditions. The report shall summarize the investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics and other features. The report shall explain the quarter's total investment

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return and compare the return with budgetary expectations. The report shall include an appendix that discloses all transactions during the past quarter.

ETHICS AND CONFLICT OF INTEREST: Officers and employees involved in the investment process 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 investment decisions. Officers and employees involved in the investment process shall disclose to the Town Manager and Board of Selectmen any material financial interest in financial institutions that conducts business with the Town. Further, they shall report to the Town Manager any large personal financial investment position that could be related to the performance of the Town portfolio. Officers and employees involved in the investment process shall subordinate their personal investment transactions to those of this Town, particularly with regard to the timing of purchases and sales.

PERFORMANCE EVALUATION: The Town shall require, from any institution in which investing activity is conducted, sufficient routine reports/documentation to enable an accurate evaluation to be made as to the results of the Town's investment program as it relates to the Town's stated objectives, guidelines and policies, and to assist in revealing areas for potential improvement.

OTHER: The Board of Selectmen shall review this policy annually, with changes made as warranted, followed by re-adoption by the Board of Selectman.

The Board of Selectmen reserves the right to implement changes to this policy without prior notice if it is deemed in the Town's best interest.

This policy is available for public review and inspection. A copy may be obtained by contacting the Finance Director.

5.0 Severability

To the extent this policy is in conflict with State law, State law will prevail.

Amended by the Select Board at the meeting of November 14, 2022.

Original adopted by the Board of Selectmen at the meeting of October 7, 2013.