

Town of Atkinson, NH

Investment Policy

SCOPE

This investment policy applies to all financial assets of the town. These funds are accounted for in the town's annual financial report and include: General fund, special revenue funds, capital project funds and any new fund created by the town meeting or the board of selectmen, unless specifically exempted by the articles of its creation. It applies to all transactions involving the financial assets and related activities of all the foregoing funds.

OBJECTIVES

Safety of principal is the foremost objective of the town. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value.

Assets of the town shall be invested only in certificates of deposit of banks incorporated under the laws of the State of New Hampshire or in national banks located within this state or the Commonwealth of Massachusetts, treasury bills and treasury bonds of the U.S. Government, in the public deposit investment pool, repurchasing agreements with banks chartered by the State of New Hampshire and collateralized solely by U.S. Treasury bills and such other instruments as may be specifically authorized by the Revised Statutes of the State of New Hampshire and ratified by the Board of Selectmen. Any deposits in out-of-state banks must be offset by a pledge and delivery to the state treasurer, as collateral security for such deposits, United State government obligation, or obligations of the State of New Hampshire in value at least equal to the amount of each deposit (RSA 41:29).

The Board of Selectmen seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives, cash flow considerations and state laws that restrict the placement of public funds. The town's treasurer is encouraged to represent the board's best interest in seeking to remove constraints to the efficient investment of its funds.

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 town treasurer, who shall establish written procedures for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment except as provided under the terms of this policy and the procedures established by the town treasurer. The town treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

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

Town of Atkinson, NH

Investment Policy

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.

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. Employees and investment officials shall disclose to the Board of Selectmen any material financial interests in financial institutions that conduct business within the town and they shall further disclose any large personal financial investment positions that could be related to the performance of the town portfolio. Employees and officers shall subordinate their personal investment transactions to those of this town, particularly with regard to the timing of purchases and sales.

INTERNAL CONTROLS

The town treasurer shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Board of Selectmen and with the independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees and officers of the town.

REPORTING

The town treasurer shall submit an annual investment report to the Board of Selectmen. It shall include 12-month and separate quarterly comparisons of return and shall suggest policies and improvements that might be made in the investment program.

INSTRUMENTS

Assets of the funds of the town may be invested in:

- a) U.S. Treasury securities maturing in less than one year.
- b) Short-term obligations of U.S. Government agencies and instrumentalities approved for investment purposes by the Board of Selectmen.
- c) Fully insured or collateralized certificates of deposit at commercial banks and savings and loan associations of the State of New Hampshire or national banks located in the Commonwealth of Massachusetts.
- d) Repurchase agreements fully collateralized by U.S. Treasury securities.
- e) Public Deposit Investment Pool established pursuant to RSA 383:22.

DEPOSITORIES AND DEALERS

Depositories shall be selected through the town's banking services procurement process, which shall include a formal request for proposals issued every two to three years. In selecting depositories, the credit worthiness of institutions shall be considered, and the treasurer shall conduct a comprehensive review of the prospective depositories' credit characteristics and financial history.

Banks and savings and loan associations seeking to establish eligibility for the town's

Town of Atkinson, NH

Investment Policy

competitive certificate of deposit purchase programs shall submit information as required in the questionnaire, which shall be reviewed by the treasurer and reported to the Board of Selectmen.

Before accepting bids or engaging in investment transactions with the town, the supervising officer at each depository shall submit a certification. The document will certify that the officer has reviewed the investment policies and objectives and agrees to disclose potential conflicts or risks to public funds that might arise out of business transactions between the depository and the town. All financial institutions shall agree to undertake reasonable efforts to preclude imprudent transactions involving the town's funds.

The supervising officer shall agree to exercise due diligence in monitoring the activities of other officers and subordinate staff members engaged in transactions with the town. Employees of any financial institution offering securities or investments to the town shall be trained in the precautions appropriate to public-sector investments and shall be required to familiarize themselves with the town's investment objectives, policies and constraints.

MATURITIES

Investments of the town shall be limited to instruments maturing within one year at the time of purchase.

DIVERSIFICATION

It is the policy of the town to diversify its investment portfolio. Investment of assets held in the common cash fund (general) 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. Diversification strategies shall be determined and revised periodically by the treasurer and reviewed by the Board of Selectmen.

RISK

The town recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary loss of liquidity. Portfolio diversification is to be employed as a way to control risk. 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 town 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 banking institutions or in a bank safety deposit box held in the name of the town. 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 dictated otherwise, ownership shall be protected through third-party custodial safekeeping. Safekeeping procedures shall be reviewed by the independent auditor. The independent auditor

Town of Atkinson, NH

Investment Policy

shall conduct periodic surprise audits of safekeeping and custodial systems.

Town of Atkinson, NH

Investment Policy

Given under our hands this April 2, 2012:

Fred J. Childs, Jr, Chairman

William G. Friel

Todd L. Barbera