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# **TOWN of HUDSON**

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## **Trustees of Trust Funds Policy and Reference Manual**

April 2015

# Town of Hudson Trustees of Trust Funds Reference Manual

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**Town of Hudson  
Trustees of Trust Funds  
General Information and Policies**

**Duties and Responsibilities of the Trustees of Trust Funds**

***Overview of Duties***

- Invest funds prudently
- Monitor flow of funds in and out of accounts
- Adopt Investment Policy annually
- Annual fund reporting to the State

The basic duties of the Trustees of Trust Funds (the “Trustees”) involve the collection, management and investment of trust and capital reserve assets, and the accumulation and distribution of income and principal amounts according to the trust/gift instrument or the Town of Hudson (“Hudson or Town”). The authority to administer Town trust funds is vested solely with the Trustees and the income from such funds cannot be remitted to the Selectmen for purposes contrary to the judgment of the Trustees. Trust funds include private gifts/bequests that have been accepted by the Selectmen, capital reserve funds, and trust funds that have been created at Town Meeting.

Trust funds do not include the general working capital of the Town or bond proceeds; the Town Financial Director is responsible for cash management and investment of these assets. Although the Trustees of Trust Funds oversee the perpetual trust funds created for ongoing cemetery maintenance, the Trustees are ***not*** responsible for the planning, development, care and maintenance of the Town’s cemeteries. This is the duty of the elected Cemetery Trustees.

Included in this reference manual is a Summary Fund Listing providing information on the various funds under the fiduciary responsibility of the Trustees. To the extent that it is available, original documentation is on file in the Town offices.

## Trustee Calendar

<b>Schedule</b>	<b>Item/Task</b>
As Required	Transaction Authorization – Trustees formally act upon requests for funds disbursements and/or contributions.
Quarterly (January, April, July and October meetings)	Investment Performance Review by outside investment adviser.
Annually (January meeting)	Investment Adviser Review – specific review of performance, personnel, strategy, research capabilities, organizational and business matters; determine whether request for proposal process should be undertaken.
Annually (December meeting)	Review draft warrant for Town Meeting for preview of any articles regarding capital reserve or other trust funds. The Trustees’ review is advisory only as the Trustees do not hold decision-making authority over the language of the warrant articles.
Annually (January meeting)	Discuss Trustee position expiring in March – determine whether incumbent is running; identify and recruit, as necessary.
Annually (mid-June meeting)	Review and adopt Investment Policy; Investment Policy filed annually with the NH Office of Attorney General – Charitable Trusts Division
Annually (meeting following March Town Meeting)	Trustees elect Chairman/Bookkeeper
Annually (May-June)	Annual Trustee Workshops hosted by New Hampshire Office of Attorney General – Charitable Trusts Division

Annually (August meeting)	Review annual reports to be filed no later than September 1 with the NH Attorney General's Office – Charitable Trusts Division: MS-9, Report of Trust Funds, and MS-10, Report of Common Trust Investments. Town staff prepares the MS-9 and works with investment adviser to generate the MS-10.
Annually ( December)	Prepare Annual Town Narrative Report and Financials
Annually (September)	Discuss Annual Expense Request
Monthly	Review various investments in the portfolio.

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### ***Public Information and Right-to-Know Laws***

The Trustees, as a public body, are required to have open meetings under the law. As such, Trustee meetings are open to anyone, not just local residents. Meeting attendees may take notes, tape record or video, and take photographs; however, the Right-to-Know Law does not grant anyone the right to speak at the meeting. The Right-to-Know Law assures a right to attend, but does not guarantee a right to participate. Of course, public input may be invited a/o encouraged by the Trustees, at their discretion.

Trustee meetings must be noticed to the public at least twenty-four hours before the meeting (not counting Sundays and holidays). Meeting minutes must be kept of all public meetings and must be available within six days from the meeting.

### ***Board Terms and Election***

The makeup of the Board of Trustees of Trust Funds is determined by RSA 31:22. There shall be three Trustees, unless Town Meeting votes to expand the Board to five Trustees. One Trustee shall be elected by a ballot each annual Town Meeting for a term of three years. Residents interested in serving as Trustees file with the Town Clerk's Office a month or so before Town Meeting so their name will appear on the Town Meeting ballot. Off-term vacancies shall be filled by the Selectmen.

The Board of Trustees of Trust Funds shall elect a chair at their first meeting following Town Meeting; generally, this position has been filled by the most senior Trustee.

A secretary will also be elected but does not necessary have to be an elected Trustee. The Secretary shall keep formal and accurate minutes of all meetings. All minutes are to be filed with the Town Clerk no later than 72 hours following a public meeting.

The Trustees shall also appoint one of its members as Bookkeeper. The Bookkeeper is responsible with the assistance of the Secretary to maintain all trust and capital reserve fund records, keeping accurate accounts of all transactions, reconciling accounts on a monthly basis, making deposits and retaining the deposit slip and check books. All checks will be required to have a minimum of two signatories. The Secretary and Bookkeeper may receive compensation for their work.

Under RSA 31:22, as amended by Senate Bill 216, The Trustees of Trust Funds may recommend to the Board of Selectmen that up to two persons may serve as alternate members of the Trustees. Such alternate members would be appointed by the Board of Selectmen for a term of one year.

### ***Town Staff Responsibilities***

The Town Administrative provides the Town staff support to the Board of Trustees of Trust Funds. Representative duties of Town staff include:

- Archive Trustee records with Town records
- Post and reconcile all financial activity to the Town's accounting records.
- Prepare annual financial audit schedules and act as point person for annual audit of trust fund financial records.
- Prepare MS-9, Report of Trust Funds; review MS-10, Report of Common Trust Investments (prepared by Investment Manager); prepare both forms for Trustee signatures; subsequent mailing and distribution.
- Prepare monthly MS-9 schedules to identify the market values month-by-month so that any gains or losses are allocated to an individual fund on a rolling basis (vs. lump sum allocation at year-end, regardless of timing of additions to or withdrawals from funds.)
- Prepare transaction request information for all contributions and disbursements.
- Record and publish meeting minutes.
- Schedule and notice meetings.
- Interfaces with the auditor and advises the Trustees of the external auditors comments and concerns.

## **Internal Control Policies and Procedures**

### **Requirements:**

The purpose of this policy is to document the requirements for the Board of Trustees of Trust Funds (“Trustees”) in maintaining internal control to prevent any misappropriation of funds to any trust, capital reserve or other non-capital reserve funds entrusted to their control.

### **Fiduciary Responsibilities:**

#### **Duty of Loyalty**

Trustees shall always act in the best interest of the trusts held in their custody. Unless the trust instrument specifies otherwise, no one shall override the Trustees’ decision making power in the administration of these funds.

#### **Duty of Care**

Trustees shall take the due diligence necessary to monitor the management and investment of the trust funds. They shall ensure that decisions made are in the trusts’ best interests.

#### **Duty to Manage**

Trustees shall have the duty to manage and administer the trusts in accordance with the directives of the donor, to establish investment policies, to exercise due diligence, and to act within the scope of authority as stated in the New Hampshire Revised Statutes Annotated (“RSA”).

### **Classification of Trust Funds:**

For ease of discussion, trust funds in the Town of Hudson are classified as follows:

#### **Capital Reserve Funds:**

Funds established by the legislative body through approval of warrant articles for the purpose of setting aside monies for the maintenance and operation of the Town and future projects.

**Trust Funds:**

All other funds established for public purpose. These include, but are not limited to:

- Public Trusts – Funds established by the legislative body through approval of warrant articles for the maintenance and operation of the Town.
- Private Trusts - Funds established by wills, letters, or cash gifts for using private funds for any public purpose that is not foreign to the Town’s institution or incompatible with the objects of its organization.
- Land Trusts – Lands donated to the Town for conservation or public use.

**Non-Capital Reserves:**

Funds established by the legislative body through approval of warrant articles for the maintenance and operation, and any other distinctly stated specific public purposes

**Trustee Records**

The Trustees shall maintain a record of all trust, capital reserve, non-capital reserve funds, and other investments in a record, which shall be open for the inspection of all persons in the Town. (RSA 31:34).

The Trustees shall also maintain a record which documents the Trust’s fund origin and specific provisions applicable to the trust, capital reserve and non-capital reserve funds so they can be administered in accordance with their original intent, unless properly amended.

The Chairman/Bookkeeper and/or Secretary to the Trustees are responsible for maintaining the books and records for the Trustees.

The checking and other deposit accounts reconciliations shall be maintained on file by the Trustee bookkeeper for a period of at least three (3) years.

The Trustee minutes of meetings, brokerage reports and bank statements shall be archived for permanent retention.

**Investment Policies Procedures**

The Trustees shall formally adopt investment policies for all trust funds, capital reserve and non-capital reserve funds in their custody. See RSA 32:25 (trust funds) and RSA 35:9 (capital

reserve funds). The investment policies shall be reviewed and confirmed at least annually. Copies of the investment policies shall be filed with the Office of the Attorney General, the Charitable Trust Unit.

The Trustees shall be responsible for the preparation of the investment policies and conduct a formal vote of their approval.

The Chairman/Bookkeeper shall coordinate the execution of the investment policies with the organizations which the trust funds and/or capital reserve funds are being managed.

### **Time Deposit Accounts**

The Trustees may maintain a bank/credit union savings account or time savings account in the name of the Trustees which will act as a central depository for all cash associated with each trust, capital reserve or non-capital reserve fund in their possession.

Any such trust, capital reserve and non-capital reserve funds may only be invested in a federal or state chartered bank or credit union authorized to engage in banking in New Hampshire.

Time deposit accounts shall be interest bearing, list each trust, capital reserve and non-capital reserve fund separately and assign a specific sub-account identifier to every account.

All funds held in a time deposit account shall be subject to the requirements of RSA 31:25. (See Appendix)

### **Checking Account (Demand Account)**

The Trustees shall maintain a checking account in the name of the Trustees of Trust Funds, which may be a non-interest bearing checking account and subject to the restrictions of the Investment Policy. The checking account is to be used principally to disperse authorized funds from the Deposit Accounts or other similar accounts. The balance of the checking account should be maintained at a minimal amount in accordance with the Investment Policy.

The checking account may allow three trustee signatories. Two trustee signatures are required on all checks rendered.

Physical custody of the checkbook will reside with the assigned bookkeeper who does not exercise signatory authority on the checking account except in those cases where one of the two required signatories are not available and time is of the essence. The bookkeeper shall bring the checkbook to each Trustee meeting.

### **Time Deposit and Checking (Demand) Account Registers and Reconciliations**

The Chairman/Bookkeeper shall be responsible for establishing time and checking (demand) account electronic or manual registers which will accurately record all cash receipts, cash and check deposits, and all withdrawals, transfers and accrued interest. The established registers shall be in sufficient detail to enable an independent auditor to ascertain the source, payee, purpose and amount of each transaction within those accounts.

The Chairman/Bookkeeper shall receive the time and checking (demand) accounts monthly bank statements. The bookkeeper shall authorize the Secretary to promptly reconcile all monthly bank statements. The Secretary shall provide copies of the previous month's account activity register and each reconciliation summary to the Trustees, after review by the Chairman/Bookkeeper, at the next Trustee's meeting.

### **Investment Account**

The Trustees may elect to manage and investment privately donated funds in accordance with the prudent investor rule under RSA 564-B: 9-901 and RSA 564-B: 9-906 without regard to the investment limitations of RSA 31-25 and RSA 31-25-a. If the prudent investor rule is chosen the Trustees are then required to notify the New Hampshire attorney general in writing , and to hire the trust department of a bank or brokerage firm to provide investment advice and assistance under RSA 31-38-a, III.

### **Engagement of Professional Assistance**

The Trustees may, at their discretion, hire or employ the trust department or departments of a bank or banks or a brokerage firm to assist in the management and investment of the trust fund resources or to provide bookkeeping services in connection therewith or to do both. They may also place securities in the nominee name of a trust department or department or a brokerage firm to facilitate transfers for such securities. In employing such trust departments, portfolio management department or investment advisers, the Trustees may enter into contracts or agreements delegating the management of such trust to those departments subject to investment guidelines adopted by the Trustees under applicable statues and subject tot a lease quarterly review and approval of such management by the Trustees. Such fees for professional services may be paid from the return on investments in the portfolio, once approved by Town vote, however such approval may be rescinded after a period of five years as provided in RSA 35:9-a-II.

## **Audit and Publication of Reports**

The accounts of the Trustees shall be audited annually by the auditor of the Town, the securities shall be exhibited to the auditor, and he/she shall certify the facts found by his/her audit and list of all securities held. The Trustees shall submit to the auditor a detailed statement of the securities held by them and the particular trust to which they belong, and exhibit a statement of all receipts and expenditure with proper verifications. The legislative body of the Town may authorize the printing of the reports of the Trustees and of the auditor in a summary form rather than in full detail in the Town Annual Report. In a year in which the Town accepts gifts, legacies and devises for any trust created, the Trustees and the auditor shall print the names of the donators and the value of such gifts, legacies and devises at the time of donation in the annual town report. Annually, the Trustees shall review, sign and submit such reports as are required by State statute and the Attorney General's Office.

## **Transfer of Funds**

### Receipts

All monies received shall be deposited in the time savings account using a banking institution provided deposit slip. The original copy of the deposit receipt shall be filed in the time savings account file to provide an audit trail.

The Chairman/Bookkeeper shall then prepare and transmit either in person or by electronic device to the banking institution holding the time savings account a Transaction Worksheet which identifies the account or sub-account to which each deposit or element thereof must be applied. The Transaction Worksheet is to be retained for the record as part of the time savings account file.

### Disbursements

The Trustees shall ensure that statutory requirements are met prior to releasing any funds. In accordance with RSA 31:22, each request for disbursement of funds shall be formalized with a signed written voucher which identifies the trust, capital reserve or non-capital reserve from which the funds are requested, the purpose of the request, the name and authority of the individual(s) making the request and the date the funds will be required. Provision of this data will enable the Trustees to meet their fiduciary responsibility to verify the appropriateness of all such requests.

Upon verification of the request for payment, the Chairman/Bookkeeper shall draft a check payable to the receiving entity. The two authorized trustee signatories shall sign the check. The Bookkeeper shall then deliver or mail the check to the entity entitled to the money.

### Transfer of Funds

When it is necessary to transfer funds between the Time Deposit and Checking (Demand) accounts or between sub-accounts within the Time Deposits, the following procedures may be used:

The Chairman/Bookkeeper shall prepare and transmit (electronically or otherwise) to the banking institutions holding the time deposit account and the checking (demand) account, a Transaction Worksheet which defines the transfer account and the accounts from which and to which monies are to be transferred.

### **Stock Accounts**

The Trustees shall require that all stock and mutual fund accounts be held in the name of the Trustees of Trust Funds, Town of Hudson, New Hampshire 03051 as well as, the name of the trust fund from which monies have been used to purchase the stock or mutual fund. These stocks and mutual funds are to be managed in accordance with the provisions of the Investment Policy filed yearly with the State Attorney General's Office, Charitable Trust Unit per RSA 32:25 (trust funds).

The Trustees may engage a bank, trust company brokerage firm, portfolio management department or investment adviser to assist in the management of such trust funds (RSA 31:38-a).

A monthly portfolio on brokerage statement for each such trust account shall be mailed to the Trustees and the Secretary and or Bookkeeper shall be responsible for maintaining, updating and reconciling a master file for all such investments.

The year-end IRS Form 1099 summaries for each stock and mutual fund shall be in this trust stock and mutual fund master file.

The Trustees shall review this file, at least annually, to measure stock and mutual fund performance and determine the best investment strategy for the next fiscal year.

The Trustees shall request that all stock and mutual fund certificates be retained electronically by the brokerage firm or financial services company responsible for the stock or mutual fund to ensure the certificate's protection, minimize administrative tasks and ensure their immediate availability for sale or redemption.

In the event the Trustees have in their possession original stock or mutual fund certificates, every effort should be made to transfer their custody to the brokerage or financial services firm responsible for the stock or mutual fund. Pending, completion of any such action, all certificates in the possession of the Trustees shall be placed under the protection of a safe

deposit box and any other fireproof and tamper proof safekeeping device, by the Secretary and/or Bookkeeper assuming responsibility for this oversight.

### **Minutes of Trustee Meetings**

All Trustee meetings shall be conducted in accordance with the provisions of RSA 91-A, the Right to Know Law. Trustees shall document their meeting, including, but not limited to, names of the Trustees in attendance, other persons appearing and a brief description of the subject matter discussed and final decisions and all motions and votes.

Meetings are to be posted 24 hours in advance and will be open to the general public, unless declared as a non-public meeting in accordance with RSA 91-A. Non-public meetings are discouraged, but if required will be subject to the restrictions contained in RSA 91-A.

Meeting minutes shall be open to public inspection within 72 hours (3 days) of the public meeting.

Once approved, meeting minutes are to be posted for public record on the Trustee of Trust Funds web site, which is part of the Town of Hudson Home Page.

### **Commingling of Accounts**

Capital Reserve and Non-Capital Reserve funds shall be kept in a separate account and may not be intermingled with other funds. See RSA 35:9. A sub-account within the time deposit accounts is an acceptable separation for capital reserve and non-capital reserve funds.

Common trust funds may be used for the purpose of facilitation investments, providing diversification and obtaining reasonable income.

### **Accounts Receivable**

The Trustees should monitor Town activities, and new articles relative to potential incoming trust, capital reserves or non-capital reserve funds, as well as, legislative body approved expenditures or increase to existing funds. Trustees should ensure that these funds are turned over to the Trustees as follows:

For Trust, capital reserve and non-capital reserve funds established or increased using surplus town or school funds, payments are due to the trustees within ten (10) days of the establishment or approval to increase.

For Trust, capital reserve and non-capital reserve funds established or increased through the raising of taxes; payments are due to the Trustees by the end of the fiscal year in which they were approved.

The Chairman of the Trustees/Bookkeeper shall work closely with the Board of Selectmen to recommend the acceptance or rejection of prospective trust funds so that the Trustees are not encumbered by unacceptable trust funds.

### **Petty Cash**

The Trustees shall not maintain a petty cash account.

### **Trustee Expenses**

The yearly operating expenses of the Trustees shall be charged as incidental Town charges (See RSA 31:24).

The Chairman/Bookkeeper will be responsible for the preparation of the yearly budget and supporting the Trustee's budget at any public budget review.

Trustees incurring incidental expenses specifically related to their duties, as Trustees shall provide documentation, on Town published forms, of the expenses to the Trustees for approval at the next scheduled meeting. Upon approval of the expenses by a majority vote, the Trustee shall be reimbursed by the Town as incidental charges, per RSA 31:24.

### **Reports**

At each meeting of the Trustees, the Chairman/Bookkeeper shall:

    Apprise the Trustees of any trust, capital reserve and non-capital reserve funds which have been opened or closed since the last Trustee's meeting.

    Apprise the Trustees of all transactions in the trust, capital and non-capital reserve funds since the last meeting.

    Provide a transaction report detailing time deposit accounts, as well as, a list of funds on deposit within the time deposit accounts and their current balances.

    Provide a listing of all existing brokerage accounts showing the number of stocks and mutual funds on record for each individual trust and the current market value of the stocks and mutual funds, as well as, the portfolio value.

The Secretary to the Trustees and Chairman/Bookkeeper shall be responsible for preparing the annual MS-9 and MS-10 reports for the Trustees. The Trustees shall approve and sign the MS-9 and MS-10 reports in time to meet the annual filing deadline.

A copy of reports required of the Town and of the auditor shall be filed annually with the New Hampshire Attorney General, per RSA 31:38.

**Responsibilities**

The Chairman of the Trustees/Bookkeeper is responsible for monitoring and enforcing this Internal Control Policy.

Trustee shall report any violation or suspected violation of the this Internal Control Policy to the Chairman of the Trustees of Trust Funds.

**Fidelity Bond**

The Trustees shall acknowledge and accept the fiduciary responsibilities of their elected position. The Town shall provide for coverage of the Trustees under a Fidelity Bond, and appropriate errors and omissions policies as are deemed prudent and necessary to protect the Town’s financial interests.

**Sanctions**

Failure to follow these internal controls policies will result in an oral warning. Further violations of these written internal control policies are cause for removal as a Trustee, Secretary, Administrative Assistant and any coordinator.

**Amendment**

This policy may be amended at any time by a majority vote of the Trustees.

**Adoption**

Adopted by the Trustees of Trust Funds, Town of Hudson, New Hampshire

\_\_\_\_\_  
Leonard Lathrop, Chairman and Bookkeeper

\_\_\_\_\_  
Edmond Duchesne, Trustee

\_\_\_\_\_  
Harry A. Schibanoff, Trustee

Date: \_\_\_\_\_

**Investment Policy  
Trustees of Trust Funds  
Hudson, New Hampshire**

1. **PURPOSE:** This investment policy shall apply to all funds held by the Hudson Trustees of the Trust Funds, except where prohibited by law and / or a trust document, including but not limited to :
  - General Trust Funds
  - Cemetery Trust Funds
  - Capital Reserve Trust Funds
  
2. **OBJECTIVES:**
  - To ensure that the safety of the trust funds principal is maintained.
  - To provide for a level of income sufficient to support the purposes for which the funds were established.
  - To ensure the proper and safe management of the funds entrusted to the Trustees of the Trust Funds per RSA 31:27.
  
3. **AUTHORITY:** The Trustees of the Trust Funds of the Town of Hudson have the sole discretion and authority to accept, deposit, invest, and disperse any funds delivered into their care as annotated in RSA 31:25D. Where a trust document requires action or gives direction to the Trustees, they shall to the best of their ability, carry out the intended purpose of the request.
  
4. **RESPONSIBILITIES:** In the management of the Trust Funds, the Trustees may, from time to time seek advice and / or counsel from banking or investment professionals in accordance with the provisions set forth in RSA 31:38a. The Trustees, at their discretion, may delegate to an investment manager the responsibility of buying and selling individual securities, but may set limitations and restrictions as to the dollar volume of the transactions within a particular time frame.
  
5. **APPROVED INVESTMENTS:** Funds under the control of the Trustees of Trust Funds may be invested in the following types of instruments:
  - Passbook savings, checking accounts, or municipal money market accounts: temporary holding accounts for trust fund monies pending their disbursement or transfer to appropriate investment instruments.
  - Certificates of deposit: May be obtained only from banks licensed to operate in the State of New Hampshire, and must be secured through FDIC, NSLIC, or CUNA.
  - Bonds, notes or other obligations of the U.S. Government: U.S. government agencies, state agencies, municipalities, private corporations or other agencies as noted in RSA 31:25D. The quality of these bonds, as rated by at least two major rating firms shall be no less than investment grade.

- Investments as approved by the State of New Hampshire Banking Commissioner, RSA 386:57: Such investments shall have a Morning Star rating of at least four stars.
6. GENERAL CONSTRAINTS: All funds shall be subject to the following constraints:
- Funds that are established with the Board of Selectmen of other Town Official body as agents to expend must be available on demand. Longer term investment of such funds may be made with the consent of the agent(s) responsible to expend those funds.
  - Trust funds and capital reserve funds, held by the Trustees, may be invested in the instruments listed up to the maximum percentages shown:

<u>Investment Instrument</u>	<u>Trust Funds</u>	<u>Capital Reserves</u>
Certificates of Deposit (FDIC insured)	50%	40%
U.S. Government Bonds or Notes	30%	40%
Checking Accounts	10%	50%
Savings Accounts	10%	50%
Money Market Accounts	40%	50%
Corporate Bonds	50%	50%
Corporate Equities	60%	60%

- All requests for disbursements of Trust Funds must be submitted on an "Application For Payment From Trust" form along with all other pertinent supporting documentation as may now be or will then be required by the Trustees as they deem appropriate and which may include but are not limited to expense reports, receipts and approved Warrant Articles.
  - Expenditures of non-cemetery Trust Funds in excess of \$250.00 require the signatures of at least two Trustees.
7. OTHER CONSTRAINTS: The following constraints shall apply to the approved investment instruments:
- Certificates of Deposit: Amounts invested may not exceed \$250,000 per financial institution.
  - Bonds, notes or other obligations of the U.S. Government, U.S. Government Agencies, State Agencies, Municipalities, Private Corporations or other Agencies as noted in RSA 31:25D shall be limited to maturities of 10 years or less for any bond or note.
  - Passbook and checking accounts:
    - a. Balances up to \$25.00 per fund – no time limit.
    - b. Balances greater than \$25.00 per fund – 60 day time limit EXCEPTIONS: Foster Fund and Arvila Hamblett Fund. The Trustees may hold up to \$1,000.00 per fund from these Trusts in a checking account without a time limit.
  - Stocks, non-governmental bonds, Mutual Funds: The Trustees shall establish performance goals for each investment, monitor the progress of the instrument,

and adjust the amounts invested as conditions change. These funds should grow at a rate equal to or greater than the Standard and Poor's 500 stock index.

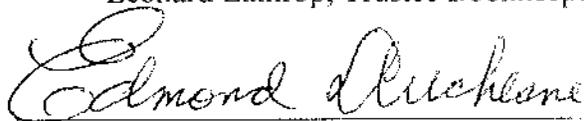
- Investment decisions on funds taken under management shall be made via consensus of no less than two Trustees. The Bookkeeper may, from time to time, collect said funds and deposit them into a liquid, interest-bearing checking or savings account until such consensus can be acquired but in no event for a period longer than that as stated under the "Passbook and Checking Accounts" paragraph above.
- 8. **REVIEWS:** The performance of the investment portfolio shall be reviewed by the Trustees at least quarterly to determine whether the performance goals outlined above are being met and to make adjustments accordingly.
- 9. **PERFORMANCE INVESTMENTS:** made only through an outside Investment Manager require monthly reports.
- 10. **ANNUAL REVIEW:** At least annually this Investment Policy shall be reviewed by the Trustees and confirmed or amended as they deem necessary. (RSA 31:25D).

Approved by the Hudson Trustees of Trust Funds:

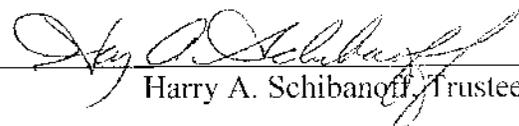
August 27, 2015



Leonard Lathrop, Trustee Bookkeeper



Edmond Duchesne, Trustee



Harry A. Schibanoff, Trustee

Record of Amendments:

Original November 25, 1997  
Amended April 28, 1998  
Amended January 29, 2002  
Amended October 28, 2003  
Amended December 28, 2004  
Amended May 15, 2006  
Amended September 24, 2009  
Amended August 26, 2010  
Amended May 23, 2013  
Amended October 23, 2014  
Amended August 27, 2015

## **New Hampshire RSA's Listed in the Manual**

**RSA Section** (Policy Page Reference)

**Section 31:34, Trust Funds** (12)

**Section 31:25, Powers and Duties of Town – Trust Funds** (13, 14, 16)

**Section 35:9 , Districts, (sic) and Water Departments** (14,17)

**Section 564-B:9-901, Uniform Prudent Investor Act** (14)

**Section 564-B:9-906, Uniform Prudent Investor Act** (14)

**Section 31:25-a, Powers and Duties of Towns – Trust Funds** (14)

**Section 31:22, Powers and Duties of Towns – Trust Funds** (9, 15)

**Section 31:38-a, Powers and Duties of Towns – Trust Funds** (14, 16)

**Section 31:24, Powers and Duties of Towns – Trust Funds** (17, 18)

**Section 31:38, Powers and Duties of Towns – Trust Funds** (18)

**Section 31:25** (13, 14, 16)

**Section 32:25** (12, 14)

**Section 35:9** (12)

**TITLE III**  
**TOWNS, CITIES, VILLAGE DISTRICTS, AND**  
**UNINCORPORATED PLACES**

**CHAPTER 31**  
**POWERS AND DUTIES OF TOWNS**

**Trust Funds**

Section 31:34

**31:34 Records.** – The trustees shall keep a record of all trusts in a record book, which shall be open to the inspection of all persons in their town.

**Source.** 1915, 162:3. PL 42:25. RL 51:27.

# TITLE III

## TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

### CHAPTER 31

#### POWERS AND DUTIES OF TOWNS

##### Trust Funds

###### Section 31:25

**31:25 Custody; Investment.** – The trustees shall have the custody of all trust funds held by their town. Any person who directly or indirectly receives any such trust funds for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the town depositing or investing such funds. 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. The funds shall be invested only in deposits in any federally or state-chartered bank or association authorized to engage in a banking business in this state, or in deposits in any credit union in this state, or in state, county, town, city, school district, water and sewer district bonds and the notes of towns or cities in this state; and such stocks and bonds as are legal for investment by any bank or association chartered by this state to engage in a banking business; and in participation units in the public deposit investment pool established pursuant to RSA 383:22; or in obligations with principal and interest fully guaranteed 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. Deposits in a federally or state-chartered bank or association or credit union shall be made in the name of the town which holds the same as a trust, and it shall appear upon the books thereof as a trust fund. Shares of mutual funds are also permitted if they are registered with the Securities and Exchange Commission, qualified for sale in the state of New Hampshire in accordance with the New Hampshire uniform securities act of the New Hampshire secretary of state's office, and which have in their prospectus a stated investment policy which is consistent with the investment policy adopted by the trustees of trust funds in accordance with this chapter, and when so invested, the trustees shall not be liable for the loss thereof. The trustees may retain investments as received from donors, until the maturity thereof. The trustees shall formally adopt an investment policy for all investments made by them or by their agents for any trust funds in their custody in conformance with the provisions of applicable statutes. Such investment policy shall be reviewed and confirmed at least annually. A copy of the investment policy shall be filed with the attorney general.

**Source.** 1915, 162:3. 1917, 75:1; 171:1. PL 42:22. 1929, 100:1. 1933, 46:1. 1939, 72:11. 1941, 21:1. RL 51:23. RSA 31:25. 1969, 447:1. 1992, 24:2, II, eff. April 3, 1992. 1996, 209:4, eff. Aug. 9, 1996. 1997, 181:1, eff. Aug. 16, 1997. 2001, 54:1, eff. Jan. 1, 2002. 2007, 164:1, eff. Aug. 17, 2007.

# TITLE III

## TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

### CHAPTER 35

#### CAPITAL RESERVE FUNDS OF COUNTIES, TOWNS, DISTRICTS, AND WATER DEPARTMENTS

##### Section 35:9

**35:9 Investment.** – Each capital reserve fund shall be maintained separately on the books of the town. The assets of such funds may be pooled in order to invest in a broader range of investments to maximize growth and mitigate risk. Said capital reserve funds shall be invested only in deposits in any federally or state-chartered bank or association authorized to engage in a banking business in this state, or in bonds or notes of this state, in such stocks and bonds as are legal for investment by banks and associations chartered by this state to engage in a banking business, or in participation units in the public deposit investment pool established pursuant to RSA 383:22, or in obligations with principal and interest fully guaranteed 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. When so invested the trustees hereinafter named shall not be liable for the loss thereof. Any interest earned or capital gains realized on the moneys so invested shall accrue to and become a part of the individual funds on a pro rata basis. Deposits in federally or state-chartered banks and associations shall be made in the name of the town, district, or county which holds the same as a reserve, and it shall appear upon the books thereof that the same is a capital reserve fund. Any person who directly or indirectly receives any such capital reserve funds for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, 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, school district, village district, or county depositing or investing such funds. 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. The trustees shall formally adopt an investment policy for all investments made by them or by their agents for any trust funds in their custody in conformance with the provisions of applicable statutes. The trustees shall review and confirm the investment policy at least annually. A copy of the investment policy shall be filed with the attorney general.

**Source.** 1943, 160:7. RSA 35:9. 1961, 136:8. 1991, 268:7; 383:4. 1995, 20:7, eff. June 11, 1995. 1996, 209:9, eff. Aug. 9, 1996. 2001, 54:6, eff. Jan. 1, 2002. 2007, 164:3, eff. Aug. 17, 2007. 2010, 52:1, eff. July 17, 2010.

# TITLE LVI

## PROBATE COURTS AND DECEDENTS' ESTATES

### CHAPTER 564-B

#### UNIFORM TRUST CODE

#### ARTICLE 9

#### UNIFORM PRUDENT INVESTOR ACT

##### Section 564-B:9-906

**564-B:9-906 Language Invoking Standard of Article.** – The following terms or comparable language in the provisions of a trust, unless otherwise limited or modified, authorizes any investment or strategy permitted under this article: "investments permissible by law for investment of trust funds," "legal investments," "authorized investments," "using the judgment and care under the circumstances then prevailing that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital," "prudent man rule," "prudent trustee rule," "prudent person rule," and "prudent investor rule."

**Source.** 2004, 130:1, eff. Oct. 1, 2004.

# TITLE LVI

## PROBATE COURTS AND DECEDENTS' ESTATES

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**Source.** 2004, 130:1, eff. Oct. 1, 2004.

# TITLE III

## TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

### CHAPTER 31

#### POWERS AND DUTIES OF TOWNS

#### Trust Funds

##### Section 31:25-a

**31:25-a Retention of Nonlegal Securities.** – Any security which at the time of its purchase under RSA 31:25 constituted a legal investment for any bank or association chartered by this state to engage in a banking business or for trustees of trust funds under the laws and conditions then existing may be retained notwithstanding the fact that, because of changes in the law relating to legal investments or because of conditions arising subsequent to the purchase of such security, its purchase might not then be legal; provided, however, that no such security that is not a prudent investment under the circumstances existing at the time of its retention and thereafter may be retained by the trustees; and provided further, that the aggregate total of the market value of all securities retained under this section shall not exceed 20 percent of the total market value of all the investments held by the trustees.

**Source.** 1983, 118:1, eff. May 25, 1983. 1997, 181:2, eff. Aug. 16, 1997. 2001, 54:2, eff. Jan. 1, 2002.

# TITLE III

## TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

### CHAPTER 31

#### POWERS AND DUTIES OF TOWNS

#### Trust Funds

##### Section 31:22

**31:22 Trustees.** – All such trusts shall be administered by a board of 3 trustees, unless a town at an annual or special town meeting votes that such trusts shall be administered by a board of 5 trustees. In towns with a board of 3 trustees, one trustee shall be elected by a ballot at each annual town meeting for a term of 3 years. In towns with a board of 5 trustees the 2 additional trustees shall be appointed initially by the selectmen, one for one year and one for 2 years. Thereafter all trustees shall be elected by ballot at the annual town meeting to replace those whose terms expire. The term of each trustee shall be 3 years. Vacancies shall be filled by the selectmen for the remainder of the term. In cities said trustees shall be chosen and hold their office for such term as shall be provided for by city ordinance. Trustees shall organize by electing one of their number bookkeeper, who shall keep the records and books for the trustees, and shall require a voucher before making any disbursement of funds from said trusts.

**Source.** 1915, 162:2. PL 42:21. RL 51:22. 1943, 70:1. 1945, 68:1. 1953, 21:1. RSA 31:22. 1979, 141:1, eff. June 5, 1979.

# TITLE III

## TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

### CHAPTER 31

#### POWERS AND DUTIES OF TOWNS

#### Trust Funds

##### Section 31:38-a

##### **31:38-a Professional Banking and Brokerage Assistance. –**

I. The provisions of RSA 31:19 through 31:38 as amended shall remain in full force and effect. This section is intended only to provide help to trustees covered by this subdivision by enabling them to have professional banking and brokerage assistance in the performance of their duties as trustees.

II. "Bank" as used in this section means a savings bank, national bank or trust company in this state, any building and loan association or cooperative bank, incorporated and doing business under the laws of this state or any federal savings and loan association located and doing business in this state.

II-a. "Brokerage firm" in this section means a firm registered under the securities law effecting transactions in securities for the accounts of others.

II-b. "Portfolio management department" in this section means the department of a brokerage firm responsible for investment management of client accounts.

II-c. "Investment advisor" in this section means a qualified investment advisory firm registered with the appropriate regulatory authorities. Such firm may or may not be associated with a brokerage firm as defined in paragraph II-a.

III. Any trustee or trustees of trust funds authorized by this chapter may hire or employ the trust department or departments of a bank or banks or a brokerage firm to assist in the management and investment of trust fund resources or to provide bookkeeping services in connection therewith or to do both. They may also place securities in the nominee name of a trust department or departments or a brokerage firm to facilitate transfers for such securities. Trust fund records maintained by any bank or brokerage firm must be available at all times for examination by local auditors, by independent accountants or auditors retained by a municipality, or by the auditors of the department of revenue administration; and such records shall be municipal records and property. In employing such trust departments, portfolio management departments, or investment advisors, the trustees may enter into contracts or agreements delegating the management of such trust funds to those departments subject to investment guidelines adopted by the trustees under applicable statutes and subject to at least quarterly review and approval of such management by the trustees.

IV. Any expenses incurred pursuant to paragraph III of this section by a trustee or trustees of trust funds authorized by this chapter shall be charges against the trust funds involved and shall be identified and reported in the annual report of the trustee or trustees as expenditures out of trust funds made pursuant to RSA 31:38-a, III.

**Source.** 1977, 214:1. 1983, 107:1, eff. July 23, 1983; 264:4, eff. Aug. 17, 1983. 1996, 209:5-7, eff. Aug. 9, 1996.

**TITLE III**  
**TOWNS, CITIES, VILLAGE DISTRICTS, AND**  
**UNINCORPORATED PLACES**

**CHAPTER 31**  
**POWERS AND DUTIES OF TOWNS**

**Trust Funds**

Section 31:24

**31:24 Trustees; Expenses.** – The expenses of trustees or the trustee provided for in RSA 31:23 shall be charged as incidental town charges.

**Source.** 1915, 162:5. PL 42:27. 1941, 43:3. RL 51:29. 1945, 85:3. RSA 31:24. 1973, 544:8. 1979, 376:17, eff. Aug. 22, 1979.

**TITLE III**  
**TOWNS, CITIES, VILLAGE DISTRICTS, AND**  
**UNINCORPORATED PLACES**

**CHAPTER 31**  
**POWERS AND DUTIES OF TOWNS**

**Trust Funds**

Section 31:38

**31:38 Reports.** – A copy of the reports required of the town and city trustees and of the auditor thereof shall be filed annually with the attorney general.

**Source.** 1951, 227:1, par. 31-d, eff. Aug. 29, 1951.

# TITLE III

## TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

### CHAPTER 32

#### MUNICIPAL BUDGET LAW

#### Biennial Budgets

##### Section 32:25

**32:25 Biennial Budget; Authorization.** – Any city, town, unincorporated town, unorganized place, school district, village district, or county may budget receipts and expenditures, raise and appropriate revenues, and assess taxes on a biennial budget basis consisting of one distinct 24-month fiscal year or 2 distinct 12-month fiscal years. The governing body may allow for the carry over of funds from the first fiscal year of the biennium to the second.

**Source.** 1998, 54:1, eff. April 1, 1998. 2006, 148:1, eff. July 21, 2006.

# TITLE III

## TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

### CHAPTER 35

#### CAPITAL RESERVE FUNDS OF COUNTIES, TOWNS, DISTRICTS, AND WATER DEPARTMENTS

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**Source.** 1943, 160:7. RSA 35:9. 1961, 136:8. 1991, 268:7; 383:4. 1995, 20:7, eff. June 11, 1995. 1996, 209:9, eff. Aug. 9, 1996. 2001, 54:6, eff. Jan. 1, 2002. 2007, 164:3, eff. Aug. 17, 2007. 2010, 52:1, eff. July 17, 2010.

## **Summary Fund Listing**

### **Town of Hudson**

#### **Trustees of Trust Funds**

The table under the website tab “Summary Fund Listing” provides summary information on the many individual funds under the custody of the Trustees.

Original documentation behind some of the older funds may have some historic value so therefore they have been archived by Town Hall.

Original documentation for newer funds is on file with the Secretary of the Trustees of Trust Funds located in Town Hall.