

Town of Hudson, NH

Investment Policy – Trustees of Trust Funds



Section: Trustees of Trust Funds

Subject: Investment Policy

Policy Number: 1	Revision Number: 12
Approved By: Trustees of Trust Funds	Revision Date: June 17, 2021
Origination Date: 11/25/97	Review Frequency: Annually

1. PURPOSE: This investment policy shall apply to all funds held by the Hudson Trustees of Trust Funds (Trustees), except where prohibited by law and/or a trust document, including but not limited to:
 - General Trust Funds
 - Cemetery Trust Funds
 - Capital Reserve Funds

2. OBJECTIVES:
 - To ensure that the safety of the Trust funds and Capital Reserve 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 per RSA 31:27.

3. AUTHORITY: The Trustees 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 or Capital Reserve 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 and Capital Reserves, 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. Targets and Ranges for Investments – Balanced Investment Objective:

Equity:	46% Strategic Target	40-60% Strategic Range
Fixed Income:	52.75% Strategic Target	20-55% Strategic Range
Cash (MM):	1.25% Strategic Target	0-20% Strategic Range

5. APPROVED INVESTMENTS: Funds under the control of the Trustees may be invested in the following types of instruments:

- Passbook savings, checking accounts, or municipal money market accounts: temporary holding accounts for Trust or Capital Reserve 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 insured through FDIC, NSLIC, or CUNA. Amounts in excess of federal deposit insurance should be collateralized.
- 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: Such investments shall have a Morning Star rating of at least three stars.
- All fixed income security purchases shall either be individual issues with a minimum rating of investment grade (Baa – Moody’s, BBB – Standard & Poor’s), generally maturing within 10 years; or fixed income mutual funds or ETFs, with at least 80% in investment grade rated bonds as listed in the prospectus.

6. GENERAL CONSTRAINTS: All funds shall be subject to the following constraints:

- Funds that are established with the Board of Selectmen or other Town Officials 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%

- Equity returns should be evaluated vs. the following blended benchmark:

U.S. Large-cap	49%	S&P Large-cap Index
U.S. Mid-cap	14%	S&P 400 Mid-cap Index
U.S. Small-cap	7%	Russell 2000 Small-cap In.
Int. Developed Market	15%	MSCI EAFE Index
Int. Emerging Market	15%	MSCI EM Index (net)

In addition, Fixed Income returns should be evaluated vs. the following benchmark:

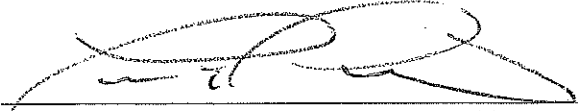
Intermediate-Term Bond	100%	Bloomberg/Barclays US Intermediate Govt./Credit
------------------------	------	---

- All requests for disbursements of Trust or Capital Reserve Funds must be submitted on an "Application For Payment From Capital Reserve or Trust" (exhibit A) 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.

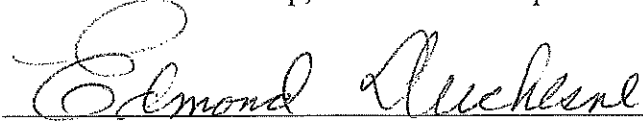
7. OTHER CONSTRAINTS: The following constraints shall apply to the approved investment instruments:
- Certificates of Deposit: Amounts invested may not exceed \$250,000 per financial institution unless collateralized for uninsured amounts.
 - Bonds, notes or other obligations of the U.S. Government, 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 limitEXCEPTIONS: 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.
 - 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.
 - To seek reimbursement from Capital Reserve Funds as defined by the Town as assets with an individual cost of \$5,000 or more unless closing the Capital Reserve Fund.
8. REVIEWS: The performance of the investment portfolio shall be reviewed by the Trustees at least twice per year 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:

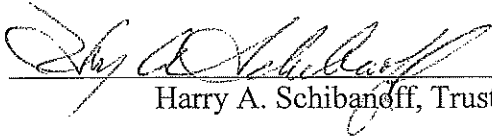
June 17, 2021



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
Amended June 22, 2017
Amended May 24, 2018
Amended June 17, 2021



TOWN OF HUDSON

Trustees of Trust Funds

12 School Street • Hudson, New Hampshire 03051 • Tel: 603-886-6014 • Fax: 603-598-6481

APPLICATION FOR PAYMENT FROM CAPITAL RESERVE OR TRUST

(All requests for payment must be submitted using this form.)

Submitted by: _____
 (Selectman, School District Unit 81, Cemetery Trustees, Sewer Utility Committee, Other)

Date request submitted: _____ Date payment required: _____

Printed name of person submitting request: _____

Title of person submitting request: _____

Deliver payment to: _____

Signature of person submitting request: _____

Signature of Finance Director: _____

Submitted pursuant to:

- _____ Action as agent to expend.
- _____ Warrant article approved at town/school district annual or special meeting.
- _____ This request is for only a portion of the amount authorized by the article
- _____ This request is for the total amount authorized by the article in question or represents the final payment in a series.
- _____ Trustees of Trust Funds, as agents to expend.

Amount of distribution requested: _____
 (Attach copy of invoice/documentation for services and/or perpetual care maintenance and lots covered by Trust Fund.)

Name of fund from which payment is requested: _____

Date and warrant article number which authorizes this request: _____

Or
 Date and minutes of meeting by boards and trustees authorizing withdrawal: _____
 (Enter the date of the meeting and attach a copy of approved minutes documenting authorization.)

NOTE: All payments will be made by check unless special arrangements have been made in advance with the Trustees of Trust Funds. Allow 5 to 12 business days for delivery of payment.

TITLE III

TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

CHAPTER 31

POWERS AND DUTIES OF TOWNS

Trust Funds

Section 31:27

31:27 Collective Investments. – Notwithstanding any statute or rule of law to the contrary, town and city trustees of trust funds may establish, maintain and operate one or more common trust funds, in which may be combined money and property belonging to the various trusts in their care, for the purpose of facilitating investments, providing diversification and obtaining reasonable income; provided however, that said common trust funds shall be limited to the investments authorized in RSA 31:25; provided further, that not more than \$10,000, or more than 10 percent of the fund whichever is greater, of any town or city common trust funds shall be invested under RSA 31:25 in the obligations of any one corporation or organization, excepting deposits in any federally or state-chartered bank or association authorized to engage in a banking business in this state, in credit unions in this state, or in obligations of the United States and of the state of New Hampshire and its subdivisions; or in participation units in the public deposit investment pool established pursuant to RSA 383:22, or in shares of open ended mutual funds selected by the trustees for investment under RSA 31:25, and provided further, that the participating contributory interests of said trusts are properly evidenced by appropriate bookkeeping entries showing on an annual basis the capital contribution of and the profits and income allocable to each trust.

Source. 1951, 227:1, par. 31-a. RSA 31:27. 1959, 253:1. 1969, 447:3. 1992, 24:2, IV, eff. April 3, 1992. 1997, 181:3, eff. Aug. 16, 1997. 2001, 54:4, eff. Jan. 1, 2002.

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

**CHAPTER 31
POWERS AND DUTIES OF TOWNS**

Trust Funds

Section 31:25-d

31:25-d Application of Prudent Investor Rule. –

The trustees of trust funds may manage and invest such funds in accordance with the prudent investor rule under RSA 564-B:9-901-RSA 564-B:9-906 without regard to the investment limitations of RSA 31:25 and RSA 31:25-a, provided, however, the trustees of trust funds:

- I. Notify the attorney general in writing of their decision to invest according to the prudent investor rule; and
- II. Hire or employ the trust department of a bank or a brokerage firm to provide investment advice and assistance under RSA 31:38-a, III.

Source. 2008, 264:1, eff. Aug. 25, 2008.

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.