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TOWN OF
BROOKLINE, NEW HAMPSHIRE
SELECTBOARD

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INVESTMENT POLICY

It is the policy of the Town of Brookline to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Town and conforming to all laws governing the investment of public funds.

This investment policy applies to activities of the government with regard to investing the financial assets of all accounting funds maintained.

Safety
Safety of principal is the foremost investment objective. Each investment transaction shall seek to first ensure that capital losses are avoided.

Liquidity
The Town Treasurer, as authorized by state statues, will invest excess funds in obligations of the US Government, in the public deposit investment pool established pursuant to RSA 383:22, in savings bank deposits of banks incorporated under the laws of the State of New Hampshire or in any bank on the State Treasurer's approved list as long as perfected collateral is obtained in each case.

Liquidity shall be assured through practices ensuring that the next disbursement date and payroll date are covered through maturing investments or marketable US Treasury issues.

The Town will participate in the New Hampshire Public Deposit Investment Pool established in accordance with NH RSA 383:22-24 when liquidity is of prime importance.

Yield
Yield of the portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account safety and liquidity needs first.

Term
Investments for all operating funds shall be made in maturities of twelve months or less.

Rates
The Treasurer will seek to obtain 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.

Responsibility
The Treasurer is designated as investment officer and is responsible for investment decisions and activities, under the direction of the Selectboard. The Treasurer shall act in accordance with any written procedures and internal controls. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the actions of subordinate officials.

All participants in the investment process will seek to act responsibly as custodians of the public trust. They will avoid any transaction that might impair public confidence.

The standard of prudence to be used by investment officials will be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investments will be made with judgment and care which persons of prudence, discretion and intelligence exercising in the management of their own affairs, not for speculation, but for investment, considering primarily safety and then liquidity of capital.

Officers and employees involved in the investment process will 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 will disclose to the Selectboard any material financial interests in financial institutions that conduct business within the town and they will further disclose any large personal financial investment positions that could be related to the performance of the town portfolio.

Insurance
To protect against potential fraud and embezzlement, investment officials will be bonded to protect the public against possible embezzlement and malfeasance. Safekeeping procedures shall be reviewed by the independent auditor.

Internal Controls
The Selectboard will be responsible for establishing and maintaining an internal control structure designated to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure designed to provide assurance recognizes that (1)the cost of a control should not exceed the benefits likely to be derived; and (2)the valuation of costs and benefits requires estimates and judgments by management.

The internal controls will address the following points:

a. Control of collusion. Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
b. Separation of transaction authority from accounting and recordkeeping. By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
c. Custodial safekeeping. Securities purchased from any bank, including appropriate collateral, will be placed with an independent third party for custodial duties.
d. Avoidance of physical securities. Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increase with physically delivered securities.
e. Clear delegation of authority to subordinate staff. Should the investment officer delegate any of his authority to another person in the town a written record of this authority should be in place.

Diversification
The investments shall be diversified by:

- Investing in securities with varying maturities
- Continuously investing a portion of the portfolio in readily available funds including NHPDIP, money market funds or overnight repurchase agreements to ensure appropriate liquidity is maintained in order to meet ongoing obligations.

Repurchase Agreements
REPOs shall be consistent with the GFOA Recommended Practices of Repurchase Agreements.

Collateralization
As recommended by GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, savings and now accounts, money market accounts and non-negotiable certificates of deposits. Surety bonds are also considered acceptable collateral. These collateral agreements or surety bonds should be in place *prior* to placement of funds with any institution.

Exemption
Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirement of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

Trustees
The Trustees of Trust Funds will invest Capital Reserve Funds and Non-Capital Reserve Funds in accordance with New Hampshire law. The statue authorizes investments only by deposit in some savings banks or in the savings department of a national bank or trust company, or in shares of a cooperative bank, building and loan association, or federal savings and loan association, in this state, in such stock and bonds as are legal for investment by New Hampshire savings banks, or in participation units in the public deposit investment pool established pursuant to RSA 383:22, and when so invested in good faith the trustees shall not be liable for the loss thereon.

Direct investments shall be made in maturities of twelve (12) months or less.

Review
This policy will be reviewed annually by Selectboard.

Adopted 5/4/2009
Renewed 4/18/2011
Amended and Renewed 9/17/12
Amended and Renewed 9/3/13
Renewed 3/30/15
Renewed 3/28/16