



TOWN COUNCIL – AGENDA REQUEST FORM

THIS FORM WILL BECOME PART OF THE BACKGROUND INFORMATION USED BY THE COUNCIL AND PUBLIC

Please submit Agenda Request Form, **including back up information**, 8 days prior to the requested meeting date. **Public Hearing requests must be submitted 20 days prior to requested meeting date to meet publication deadlines** (exceptions may be authorized by the Town Manager, Chairman/Vice Chair).

MEETING INFORMATION

Date Submitted: July 12, 2018
Submitted by: Finance Director Paul T. Micali
Department: Finance
Speakers:

Date of Meeting: July 19, 2018
Time Required: 15 minutes
Background Info. Supplied: Yes: No:

CATEGORY OF BUSINESS (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Appointment:	<input type="checkbox"/>	Recognition/Resignation/Retirement:	<input type="checkbox"/>
Public Hearing:	<input type="checkbox"/>	Old Business:	<input type="checkbox"/>
New Business:	<input checked="" type="checkbox"/>	Consent Agenda:	<input type="checkbox"/>
Nonpublic:	<input type="checkbox"/>	Other:	<input type="checkbox"/>

TITLE OF ITEM

Investment Policy

DESCRIPTION OF ITEM

The Town Council to review and consider the approval of the Town's Investment Policy, for the investment of public funds held by the Town Treasurer, in accordance with RSA 35:9 and RSA 41:29 for FY 2018-19.

REFERENCE (IF KNOWN)

RSA:	35:9 & 41:29	Warrant Article:	
Charter Article:		Town Meeting:	
Other:		N/A	

EQUIPMENT REQUIRED (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Projector:	<input type="checkbox"/>	Grant Requirements:	<input type="checkbox"/>
Easel:	<input type="checkbox"/>	Joint Meeting:	<input type="checkbox"/>
Special Seating:	<input type="checkbox"/>	Other:	<input type="checkbox"/>
Laptop:	<input type="checkbox"/>	None:	<input type="checkbox"/>

CONTACT INFORMATION

Name:	Paul T. Micali	Address	8 Baboosic Lake Road
Phone Number	424-7075	Email Address	pmicali@merrimacknh.gov

APPROVAL

Town Manager:	Yes <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Chair/Vice Chair:	Yes <input type="checkbox"/> No: <input type="checkbox"/>
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To: Town Manager, Eileen Cabanel
From: Finance Director/Assistant Town Manager Paul T. Micali
Subject: Investment Policy
Date: July 12, 2018

As parts of the Town's Annual audit our auditors (Plodzik & Sanderson) noted that the Town's investment policy has to be reaffirmed in the current fiscal year on accordance with State statute which requires annual review and adoption. They recommended that this review and Council approval be done in compliance with State statute.

RSA 35:9 and 41:29 require the Town Council to annually reconsider its policy for the investment of public funds held by the Town Treasurer. In my opinion, the investment policy that was adopted by the Town Council last year is still a viable document. The creditworthiness ratios incorporated therein reflect input from the State Banking Commissioner, the FDIC, and a national bank rating agency. Therefore, your formal renewal of our current investment policy, as presented on the attachment, is respectfully requested.

Please be advised that all monies that are presently held by the Town Treasurer are invested in strict compliance with this investment policy and are earning interest at the most attractive rates available. Furthermore, these investments are fully collateralized. For added safety, investments of the Town Treasurer are diversified and extremely liquid, i.e. they consist of deposits in the New Hampshire Public Deposit Investment Pool and in several New Hampshire banks that may be withdrawn at any time without penalty.

Town of Merrimack
INVESTMENT POLICY

This investment policy applies to all public funds held by the Town Treasurer in accordance with RSA 41:29 and to capital reserve funds held by the Trustees of Trust Funds in accordance with RSA 35:9.

Deposits and investments shall be made only in obligations of the United States, in the New Hampshire Public Deposit Investment Pool, and in New Hampshire banks that are FDIC-insured. The following restrictions shall apply to deposits and investments in banks.

No more than \$2,000,000 shall be deposited or invested, without perfected collateral, in any one bank.

Unsecured deposits and investments of more than \$100,000 in banks that do not meet at least six of the following creditworthiness ratios are prohibited.

Unsecured deposits and investments of more than \$1,000,000 may be made only in banks that meet at least seven of the following creditworthiness ratios.

<u>Cash and Securities</u>	
Deposits	25% minimum
<u>Capital</u>	
Deposits	5% minimum
<u>Capital</u>	
Loans	7% minimum
<u>Capital</u>	
Assets	5% minimum
<u>Loans</u>	
Deposits	80% maximum
<u>Net Charge-Offs</u>	
Loans	.75% maximum
<u>Net Income</u>	
Assets	.70% minimum
<u>Net Income</u>	
Capital	13% minimum

Capital + Allowance for Loan Losses

Average Assets + Allowance For Loan Losses 6% minimum*

* Subject to change per FDIC Part 235 minimum equity standards.

Adopted by Board of Selectmen on June 22, 2006.

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 383-B:3-301(e) 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. 2015, 272:42, eff. Oct. 1, 2015.

TITLE III

TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

CHAPTER 41

CHOICE AND DUTIES OF TOWN OFFICERS

Town Treasurer

Section 41:29

41:29 Duties of Elected and Appointed Town Treasurers. –

- I. The town treasurer shall have custody of all moneys belonging to the town, and shall pay out the same only as follows:
- (a) Upon orders of the selectmen in a public meeting or by a noncontemporaneously signed manifest signed by a majority of the board; or,
 - (b) In the case of a conservation fund established pursuant to RSA 36-A:5, upon the order of the conservation commission; or
 - (c) In the case of a heritage fund established pursuant to RSA 674:44-d upon the order of the heritage commission; or
 - (d) In the case of fees held pursuant to RSA 673:16, II, upon the order of the local land use board or its designated agent; or
 - (e) In the case of a recreation revolving fund established pursuant to RSA 35-B:2, upon the order of the recreation or park commission; or
 - (f) In the case of fees deposited by the town clerk pursuant to RSA 41:25, upon the invoice of the town clerk, or other board or body designated by the town to expend such a fund.
- II. The treasurer shall deposit all such moneys in participation units in the public deposit investment pool established pursuant to RSA 383:22 or in federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, except that funds may be deposited in federally insured banks outside the state if such banks pledge and deliver to a third party custodial bank or the federal reserve bank collateral security for such deposits of the following types:
- (a) United States government obligations;
 - (b) United States government agency obligations; or
 - (c) Obligations of the state of New Hampshire in value at least equal to the amount of the deposit in each case.
- III. The town treasurer shall keep in suitable books provided for the purpose a fair and correct account of all sums received into and paid from town treasury, and of all notes given by the town, with the particulars thereof. At the close of each fiscal year, the treasurer shall make a report to the town and to the department of revenue administration, giving a particular account of all his or her financial transactions during the year and account balances at year end. The treasurer shall furnish to the selectmen statements from the treasurer's books, and submit the books and vouchers to them and to the town auditors for examination, whenever so requested.
- IV. Whenever the town treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditure, the town treasurer shall invest the same in accordance with the investment policy adopted by the selectmen under RSA 41:9, VII. The treasurer may invest in the public deposit investment pool established pursuant to RSA 383:22, or in deposits, including money market accounts, or certificates of deposit, or repurchase agreements, and all other types of interest bearing accounts, of federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, or in obligations fully guaranteed as to principal and interest 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.
- V. (a) The treasurer shall insure that prior to acceptance of any moneys for deposit or investment, including repurchase agreements, the federally insured bank shall 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. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 383-B:3-301(e) shall be eligible to be pledged as collateral.
- (b) As an alternative to the option of collateralization for excess funds provided in subparagraph (a), the town treasurer may also invest public funds in interest-bearing deposits which meet all of the following conditions:
- (1) The funds are initially invested through a federally insured bank chartered under the laws of New Hampshire or the federal government with a branch within the state, selected by the treasurer.
 - (2) The selected bank arranges for the redeposit of funds which exceed the federal deposit insurance limitation of the selected bank in deposits in one or more federally insured financial institutions located in the United States, for the account of the treasurer.

- (3) The full amount of principal and any accrued interest of each such deposit is covered by federal deposit insurance.
- (4) The selected bank acts as custodian with respect to each such deposit for the account of the treasurer.
- (5) On the same date that the funds are redeposited by the selected bank, the selected bank receives an amount of deposits from customers of other federally insured financial institutions equal to or greater than the amount of the funds initially invested through the selected bank by the treasurer.
- VI. The treasurer may delegate deposit, investment, recordkeeping, or reconciliation functions to other town officials or employees provided such delegation is in writing and includes written procedures acceptable to the selectmen, or in the case of a town operating under RSA 37, to the town manager, and is agreeable to all parties involved. However 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 eliminate the responsibility of the treasurer to comply with all statutory duties required by law.
- VII. The treasurer shall ensure that all moneys remitted shall be deposited at least on a weekly basis, or daily whenever funds remitted from all departments collectively totals \$1,500 or more. Such deposit function may be delegated pursuant to paragraph VI. However, failure to ensure that funds are being deposited on a timely basis as required by this paragraph shall be cause for immediate removal from office pursuant to RSA 41:26-d. In any municipality where there is either no bank or other depository institution within the municipality the treasurer shall make deposits consisting of funds remitted from all departments and collectively totaling \$1,500 or more on a weekly basis or more frequently as directed by the board of selectpersons in the investment policy adopted pursuant to RSA 41:9, VII.

Source. 1869, 26:2-4. GL 40:8. 1883, 111:1. PS 43:20. PL 47:24. 1931, 177:3. 1939, 170:2. RL 59:24. RSA 41:29. 1959, 197:3. 1971, 158:1. 1973, 490:1. 1977, 139:1. 1987, 318:3. 1991, 268:8; 377:6; 383:9. 1992, 64:3. 1993, 161:2. 1996, 209:10. 1997, 208:8. 1998, 40:2. 2003, 100:2. 2007, 35:6; 246:3, 4. 2008, 120:25; 174:5. 2009, 14:1. 2010, 7:3, eff. July 3, 2010. 2013, 97:3, eff. Aug. 19, 2013; 124:1, eff. Aug. 24, 2013. 2015, 272:43, eff. Oct. 1, 2015.