



Town of Merrimack, NH
Trustees of Trust Funds
Investment Policy
Adopted by Trustees of Trust
Funds on August 18, 2023

Purpose

This Investment Policy shall guide the Trustees of Trust Funds and any financial advisor utilized by the Trustees.

Capital Reserve Funds

The Trustees have Capital Reserve Funds under their supervision from the Town of Merrimack, the Merrimack School District and the Merrimack Village District. In accordance with RSA 35:9-a II as amended, the Town authorized (November 6, 2014) the Trustees to charge Capital Reserve Fund management fees against the funds. The School District and Merrimack Village District passed similar warrants at their annual meetings.

Reserve Funds

Capital and other reserve funds appropriated pursuant to the provisions of Chapters 34 and 35 RSA shall be invested to maintain principal and provide liquidity, due to the expendable nature and short term time horizon of the funds. The Trustees are aware that meeting these objectives may restrict the level of yield attainable.

Capital reserve funds shall be kept in a separate account or sub-account and shall be invested only in:

Deposits in any federally or state chartered bank or association

authorized to engage in a banking business in the United States;

1. Participation units in the public deposit investment pool established pursuant to RSA 383:22; and
2. Obligations with principal and interest fully guaranteed by the United States government or a federal agency of the United States government.

Permanent Funds

A. Non-expendable (endowment type) funds raised from private sources pursuant to RSA 31:19, 31:20 and 31:21, such as privately donated gifts, legacies, and devises made to the town and accepted by it, for the establishment, maintenance, and care of libraries, reading rooms, schools, and other educational facilities, parks, cemeteries, and burial lots, the planting and care of shade and ornamental trees upon their highways, and other public places, and for any other public purpose not foreign to or incompatible with the objectives of the Town of Merrimack shall be invested under the following guidelines:

Investment Strategy. These funds shall be called Common Funds as they are invested in common for diversity and prudent management.

Common Fund-Principal

The "Common Fund- Principal" account shall be invested with an emphasis on income, as bequests have generally stipulated that the income shall be used for specific purposes. The Trustees, from time to time may set a yield goal consistent with market condones and prudent investment. Currently that goal is 2.5%-4%.

Common Fund-Income

Unexpended accumulated income shall be combined for re-investment in a "Common Fund-Income" account. The Common Fund-Income account shall be invested on a total return basis, that is, the aggregate return from capital appreciation and dividend and interest income. The specific investment objective is to meet or exceed the long-term rate of inflation (as measured by the CPI) by 3.0%. The goal of the Fund's combined Equity and Other component is to meet or exceed the S&P 500 Index total return over a full market cycle. The Trustees may look at full market cycle as "trough to trough" or "peak to peak." The goal of the Fund's Fixed Income component is to meet or exceed the return of the Barclays

Intermediate Government/Credit Bond Fund Index over a full market cycle.

Asset Allocation Guidelines.

The portfolio will be invested in accordance with the Maximum and Minimum Ranges for each asset category as described below. The total portfolio is expected to be diversified with respect to asset classes:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	35.0%	80.0%
Other*	0.0%	10.0%
Fixed Income	15.0%	45.0%
Cash Equivalents	0.0%	20.0%

*Other assets may include real estate investment trusts (REIT) and commodities within the guidelines provided by this Policy.

Risk.

The portfolio shall display an overall level of risk which is consistent with the risk associated with their generally accepted benchmarks. No single holding may exceed 10% of the portfolio, excluding ETF's and mutual funds which provide internal diversification.

Time Horizon.

The Common funds have a perpetual time horizon. Every effort will be made to forecast future cash needs for the next 12-18 months and communicate this in a timely manner to the Investment Advisor.

Constraints.

The Trustees shall comply with the provisions of RSA 31:25. Exchange Traded Funds may be used as the investment vehicle in order to provide prudent diversification of investments for a relatively small pool of assets.

Professional Investment Assistance

The Trustees may retain a professional Investment Advisor pursuant to the provisions of RSA 31:38 to assist the trustees in the prudent management and investment of trust fund assets and to provide

ancillary recordkeeping services.

The investment manager shall supply the Trustees with performance reports on a periodic basis, no less than semiannually. The investment performance of the total portfolio will be measured against commonly accepted performance benchmarks.


The investment advisor shall be reviewed at least annually concerning performance, personnel, investment strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact its ability to achieve the desired investment results.

Conflict of Interest

Any Trustee who may personally benefit from actions of the Trustees of Trust Funds shall advise the body of such potential personal benefit. The remaining Trustees shall determine if such situation is a conflict of interest and shall take such related action as they deem appropriate. The disclosure and any related action, or non-action shall be noted in the minutes.

Investment Policy Review. The trustees will review this investment policy statement on an annual basis to assure the continued relevance of these guidelines and objectives.

Adopted this 18th day of August, 2023.


Chris Christensen, Trustee


Elizabeth Petrides Trustee


William Wilkes, Trustee

N/A
Alternate