



Town of Chester Treasurer's Investment Policy

SECTION 1. PURPOSE

The Treasurer's Investment Policy of the Town of Chester shall be to manage the Town's working capital via cash management and asset investment to preserve the principal and the amount and regularity of income from interest.

SECTION 2. GENERAL AUTHORITY

The investment program shall be operated in conformance with federal, state, and other legal requirements.

SECTION 3. SCOPE

This investment policy applies to all financial assets received and in the custody of the Town Treasurer and any activity or transactions involving these assets. These funds include the following:

- General Fund
- Special Revenue Funds
- Revolving Funds
- Fair Share Contributions
- Any new funds created by the Town in accordance with law or bylaw.

SECTION 4. GENERAL OBJECTIVES

The primary objective, in order, of investment activities shall be safety, liquidity and yield.

- 4.1 SAFETY.** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital.
- 4.2 LIQUIDITY.** Funds invested in other than general checking shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
- 4.3 YIELD.** Return on investment is of secondary importance compared to safety and liquidity needs. Yield shall be controlled by contact with bank representatives to get current rates.
- 4.4 LOCAL CONSIDERATIONS.** Because banks will aggressively seek to be the bank of deposit for the Town's revenues, the Town's investment officials are in a position to



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negotiate competitive interest rates and should do so. Bank selection should be based on *Safety, Convenience, Service* and *Yield*.

SECTION 5. STANDARDS OF CARE

5.1 PRUDENCE. The standard of prudence to be used by the Treasurer shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Treasurers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person" standard states that "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

5.2 ETHICS AND CONFLICTS OF INTEREST. Treasurers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Treasurers and employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Treasurers and employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Town of Chester.

5.3 DELEGATION OF AUTHORITY. In accordance with NH RSA 41:29, the authority to manage and responsibility for the operation of the investment program is granted to the Treasurer, who shall set in accordance with established written procedures and internal controls the operation of the investment program consistent with this investment policy.

SECTION 6. CONTROLS - REPORTS

Internal controls of this policy shall not require any new or additional reports beyond those currently in use.



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SECTION 7. COLLATERALIZATION

Full collateralization will be required by all banks. A letter of agreement will be kept on file with other of the Town's legal documents.

SECTION 8. APPROVAL OF INVESTMENT POLICY

This investment policy shall be formally approved by the governing body of the Town of Chester, NH and shall be reviewed annually.

Adopted by vote of the Board of Selectmen on this date, the 15th day of June, 2023.

Charles Myette

Charles F. Myette, Chairman

Steven M. Couture

Steven M. Couture, Vice Chairman

Stephen Landau

Stephen O. Landau, Selectman

Dana Theokas

Dana Theokas, Selectwoman

Richard S. Trask

Richard S. Trask, Selectman

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