

Town of Westmoreland, New Hampshire
Trustees of the Trust Funds
Investment Policy for Capital Reserve Funds
2022

GENERAL

The Capital Reserve Funds shall be invested according to the Prudent Man Rule. In other words, the trustees must manage these funds as if they were managing their own affairs. How? By making prudent investments. RSA31:25-b states that, “a prudent investment is one in which a prudent man would purchase for his own investment having primarily in view the preservation of the principal and the amount and regularity of the income to be derived therefrom.”

INVESTMENT OBJECTIVE

Since Capital Reserve Funds are public money expended for a public purpose, the overarching goal is the preservation and safety of the principal. To satisfy the school’s need for a new roof or the town’s need to replace the road grader, the funds must be there. This requires that the Capital Reserve Funds be invested in instruments that protect the principal. Another consideration is liquidity. Trustees cannot put all of the CRF’s in long-term instruments. Therefore, trustees will give due consideration to timing investments in such a manner that funds will always be available when needed. When the school needs to repair a leaky roof or when the town needs to rebuild a washed-out road, the money must be readily available. Keeping in mind the adage that the prudent man is risk averse, the trustees plan to earn a modest income but never at the expense of the principal.

INVESTMENTS

Trustees will invest the Capital Reserves in instruments that are guaranteed by the federal government or in the New Hampshire Public Deposit Investment Pool. Trustees will take care that investments remain within FDIC limits and reserve the right to invest in other legal, safe, and prudent instruments not mentioned here.

PERFORMANCE

While performance is always an investment consideration, it is not the overriding one with CRF’s: safety of capital is. Trustees will take into account the rate of return when building the Capital Reserves Portfolio.

MEETINGS

The trustees will review the CRF portfolio on a quarterly basis and make adjustments to the objectives, investments, and performance as needed. Trustees will review this Investment Policy annually and keep the state informed of any changes to it.