

# Finance Committee Meeting

Tuesday, January 18, 2022 at 6:00 PM  
Virtual Meeting

BROADCAST ON ZOOM AND THE GROTON CHANNEL  
PURSUANT TO GOVERNOR'S EXECUTIVE ORDER  
CONCERNING THE OPEN MEETING LAW  
WEBINAR ID: 89298252203

## MINUTES APPROVED 2/15/22

**FinCom Members Present:** Bud Robertson, Chair; Colby Doody, Vice Chair; David Manugian, Clerk; Scott Whitefield, Jamie McDonald, Gary Green

**FinCom Appointment Committee:** Becky Pine, Jason Kauppi, Bud Robertson

**Also Present:** Patricia Dufresne, Town Accountant; Mark Haddad, Town Manager; Hannah Moller, Tax Collector/Treasurer;

6:00 P.M. Chairmen Bud Robertson & Jason Kauppi called their respective meetings to order.

### Interviews with FinCom Candidates for Vacant Seat (joint with FinCom Appointment Committee)

Mr. Robertson requested that each candidate briefly describe their background and interest in the vacant seat.

**Corey Brock** explained he would be an asset to the Town of Groton with his background and his interest in town government. He discussed being a 20-year veteran in property management and residential real estate from Groton to the Boston Area, managing a portfolio for 50 clients and himself. Management, brokerage, and development rely heavily on financing and keeping budgets flowing. Mr. Green questioned whether the applicant is aware of the time and work that must be dedicated to the Finance Committee. Mr. Brock explained that he had reached out to Mr. Haddad prior to the interview to ensure that he could guarantee a commitment. Mr. Brock has paid special interest in the school budget due to his three young daughters enrolled in the school system and the affordable housing which runs parallel with his career. As a taxpayer, he understands the intricacies of funding decisions and would like to ensure that budgets are being managed with the best intentions, especially after viewing the school budget percentage. Mr. Manugian questioned if Mr. Brock can collaborate and compromise. Mr. Brock replied yes, and these are both essential when working in development which includes presenting in front of Planning Boards and other town departments. He added that he would expect there is compromise in every aspect when it comes to Finance Committee decisions. Ms. Pine questioned if the applicant is familiar with the open meeting law. Mr. Brock replied that he is inexperienced with the open meeting law.

**Krzysztof Jezak** moved to Groton in 2010. He earned his master's degree in Mathematics however has never worked in the finance field. He would like the opportunity to give back to the Town of Groton and provide a different perspective. Mr. Manugian requested an example of a project that required

collaboration. Mr. Jezak discussed working with engineers that have involved a specific vision and by working together they compromised and found the best solution to move forward. Mr. Green questioned what recent item or discussion that was voted upon where the applicant would have taken a different route. Mr. Jezak mentioned renovating the school and the water tax. Ms. Pine questioned if Mr. Jezak was familiar with the open meeting law. Mr. Jezak replied he was willing to learn. Mr. Robertson stated that there is a lot of time required throughout the fall and winter months for the Finance Committee. Mr. Jezak commented that he was available to attend any meeting when necessary.

**Jack Petropoulos** is a recently retired software project manager who analyzed the cost and benefits of any product initiative to determine the best way to spend the next available dollar. He explained that this rule applies to the Finance Committee where tax dollars need to be invested for the maximum benefit for the taxpayers. He has been involved with the Town of Groton for many years, being on the Select Board, chair of the Fire Station Building Committee, Municipal Budget Sustainability, School Budget Sustainability, the chair of the Lost Lake Advisory Committee, and the Zoning Board of Appeals. He discussed analyzing the municipal spending growth compared to the school system and within a year he was able to flip those amounts. He not only focused on the numbers, but considered the policies as well. He has given guidance to the FinCom and worked alongside Mr. Robertson aiding in designing quarterly spending reports. Mr. Petropoulos focused his initiative on nonprofits to increase their pilots and was very successful with Groton School. He did not only generate revenue for the Town of Groton but also looked at other opportunities to generate revenue and performed analysis for commercial revenue. He discussed an Article in the Groton Herald regarding the sale at the four corners where many people believed that there would be a boost in revenue which did not occur. Mr. Green questioned the applicant's interest in the Finance Committee. Mr. Petropoulos replied that he is fascinated by not knowing if something is the right thing and then having the ability to process the information to determine a solution. He explained that everything is measurable. He also stated that he enjoyed calculating the sustainability for the fire station. Mr. Kauppi requested that the applicant address his ability to work in collaboration and asked if he were familiar with the open meeting law. Mr. Petropoulos explained that he is well aware of the open meeting law and has actually been in violation and suffered the appropriate lashes. He stated as an elected official you are asked to represent a constituency, whereas a committee forms the best ideas by working together.

**Matthew Pisani** has been a resident in Groton since 1997. He would like to have the opportunity to give back to the Town of Groton. His own children have experienced and graduated from the public school system. He has been active in the Boy Scouts, Cub Scouts and the On-Call Fire Department. Mr. Pisani discussed seeing the failure of the fishing industry which was wiped out with no sound business plan in place. Being a self-employed general contractor he gained the knowledge of managing a budget. Then working with the UPS as an Account Manager with a \$25 Million account base it became an eye opener, and he learned profitably is the key to success. Currently as an Operation Manager, collaboration has played a vital role and compromise is not always easy. He described working for a smaller business; there is the ability to change cost, manage expectations, and make a profit. Mr. Pisani stated that he has no direct contact with the open meeting law however is aware of the violations from experience with the On-Call Fire Department. He went on to say as a taxpayer you see the burden of paying taxes and you understand it is a necessity however, there needs to be economic profitability while thinking outside of the box. After attending the Town Meetings, he is very knowledgeable on the budgets and the new challenges affected by the elementary school and the Deluxe property. People want to reside in Groton for the small-town feel, however that impacts

the public works, fire services, EMS, and the infrastructure. The older generations are feeling the pressure of being pushed out of Town. Ms. Pine commented that there would be a conflict of interest with the applicant being part of the On-Call Fire Department. Mr. Haddad explained that Mr. Pisani would be required to recuse himself from any discussions related to the Fire Department Budget. Mr. Green stated the Finance Committee focuses on the entire Municipal Operating Budget and questioned if there he had any particular area of interest. Mr. Pisani replied that he has viewed the Fire Department and other department's ability to control their spending without affecting their services and truly commends that.

**Michael Sulprizio** moved to Groton less than a year ago to gain the small town feel for his two young children that attend the elementary school. He believes the best way to learn things is to become involved and would like to be given the opportunity to give back to the Town of Groton with his municipal finance background. Mr. Sulprizio graduated with a bachelor's degree in political science and a master's degree in public affairs. He started his career at the State House working for an elected official on the budget process and has served on many nonprofit boards. He currently serves on the Capital Advisory Committee here in Town. Mr. Sulprizio worked 10 years for the city of Boston for the Community Center as a Deputy Commissioner in Finance and was responsible for a \$30 Million operating budget and a 5 year capital plan. He then changed departments where he continued managing the operating and capital budget for Property Management. Today, Mr. Sulprizio is employed by the Town of Salem overseeing the Sewer and Water Enterprise and is responsible for the general fund and operating budget. He expressed that he enjoys his career. Mr. Sulprizio was intrigued by the Town Manager's Y23 presentation and his approach. Ms. Pine questioned if the applicant is bound by the open meeting law in his current employment. Mr. Sulprizio replied yes and knows the importance of abiding by the open meeting law and adheres to the protocols on zoom as well. Mr. Robertson questioned what Mr. Sulprizio's main focus is and if he has time to be on the committee. Mr. Sulprizio explained that he currently is working on Salem's capital budget formulation and the operating budget for the Department of Public Works. He stated that he would not pursue anything that he could not guarantee committing to and has been involved with multiple committees prior to moving to Groton. Mr. Kauppi asked whether he had watched the Town Manager's budget presentation, and if he had any comments on this. Mr. Sulprizio replied that he enjoyed watching the presentation and explained how the City of Boston dealt with the cannabis industry and agreed with Mr. Haddad's projections and his conservative approach. Mr. Sulprizio believes this is a wise position for budget purposes.

B. Pine directed a question to all the applicants on how a committee can best evaluate and prioritize spending of a limited budget. Mr. Brock stated it depends on the existing budget and the importance of understanding the whole operation. He suggested performing a cost benefit analysis to best serve the taxpayers. Mr. Jezak replied that he would identify the areas of need and then based on the criteria, prioritize each project. Mr. Petropoulos stated that he would request a 5 year plan from each department. Then question how the need is measured, assess the benefits and also question the cost of not providing the funding. Mr. Pisani replied there should be faith in the department heads, and then there should be collaboration along with the calculation of the return on investment. Mr. Sulprizio commented that department heads will always request extra staffing, however their diligence needs to be warranted. Not only does the salary needed to be taken into consideration but the health and retirement benefit costs as well. Mr. Sulprizio would personally request justification for a new position and question if there is an increase of responsibilities that require the additional employee. He would

also review when the department's last employee was hired and if the responsibilities could be offset by a part time employee.

Mr. Robertson requested that all board members state their number one and two prospective candidates for the vacant seat.

Mr. Manugian abstained as he was not present to hear all of the candidate interviews.

Mr. Green replied Michael Sulprizio is his number one choice and Matt Pisani is his second choice.

Mr. Whitefield stated that Michael Sulprizio is his number one choice and Jack Petropoulos is his second choice.

Ms. McDonald replied that Michael Sulprizio is her first choice and Matt Pisani is her second choice.

Mr. Doody stated that Jack Petropoulos is his first choice and Matt Pisani is his second choice.

Mr. Robertson thanked all the candidates for their participation and interest in serving. The Finance Committee Appointment Committee will meet tomorrow at 10:00 am to vote to fill the vacancy. The FinCom Appointment Committee adjourned at this time (7:15 pm).

#### **FY23 Operating & Capital Budget**

Mr. Robertson stated that the meeting for FY23 Operating & Capital Budget is scheduled for January 29, 2022. Mr. Manugian questioned if there are any changes to the revenue estimates. Mr. Haddad replied no, but there may be an increase necessary in the 10% estimate for health insurance.

#### **Financial Management Policy Updates – Investment Policy**

Hannah Moller stated she advising only minimal changes to the Financial Management Policies and reviewed the adjustments with the FinCom.

***Mr. Manugian moved to amend the Investment Policy and change the language on page 4 section G from shall to may. This was seconded by Mr. Whitefield. The motion passed by a unanimous vote. (Yes: RB, DM, SW, JM, GG, CD) The vote. (6-0-0)***

***Mr. Manugian motioned to amend the Long-Term Fund Investment Policy and change the language in the 1st line, 4<sup>th</sup> paragraph of section D, from shall to may. Also, the recipient under section E was changed from Financial Director to Town Accountant. This was seconded by Mr. Whitefield. The motion passed by a unanimous vote. (Yes: RB, DM, SW, JM, GG, CD) The vote. (6-0-0)***

***Mr. Manugian motioned to amend the OPEB Trust and change the language on page 4, section G, 1<sup>st</sup> line of 2<sup>nd</sup> paragraph from shall to may. This was seconded by Mr. Whitefield. The motion passed by a unanimous vote. (Yes: RB, DM, SW, JM, GG, CD) The vote. (6-0-0)***

#### **Conservation Commission Funding**

Mr. Manugian explained that the Conservation Commission's target fund balance is 2% of the line-item operating budget for the Town of Groton as suggested in the Financial Policies. The ConsCom is interested in increasing that target amount. Nikolis Gualco, Peter Morrison, Bruce Easom, and Olin Lathrop from the Conservation Commission were present for the discussion. Mr. Morrison explained

that there is an agreement with the Select Board to keep a minimum balance of \$750,000 and a maximum of \$1 Million. That agreement has continued for many years and when the Conservation Committee purchases land the balance decreases. The prices of properties are significantly increasing and the Committee is running into situations where there are not adequate funds available even if pooled with other groups to purchase the properties that they are interested in. Mr. Robertson pointed out that the 2% referenced in the policy document actually reads "at least 2%" so there is room for future inflation. The number to him seems satisfactory. Mr. Easom would agree if property values were also constrained by proposition 2.5 and the fact that they are not means restricting to a restrained budget is unrealistic. Mr. Robertson reiterated that there is no upper limit to the number in the policy. Mr. Morrison stated that 2% is a minimum, however as soon as land is purchased the balance decreases. Mr. Lathrop stated that the requirements of \$750,000- \$1,000,000 Million limit does not make sense and the ConsCom would be required to request more funds for desirable purchases. He was pleased to hear that the 2% was not a maximum and explained that some of the larger properties that the Commission would like to acquire are Chapter 61 and there is not enough time to present at Town Meeting and they need to act quickly. The ConsCom primarily is funded through application for CPA Funds and they purchase and preserve open land. Mr. Whitefield stated he does not comprehend why the ConsCom needs to be addressed in this policy. The stabilization funds have policy-driven target balances because they are reserves that protect the solvency of the Town, the Conservation Fund is quite different. The Town should maintain a conservation fund and leave the balance up to the process that has been established outside of these policies.

Ms. McDonald questioned why there is a limit and why it is not flexible. She then questioned the land that the Conservation Committee missed out on purchasing in the last 5 years. Mr. Lathrop stated there were two significant properties that were passed on recently, including Hayes Wood and a farm on Martins Pond Road.

Mr. Morrison agreed that the 2% is not a limit but is a guideline. The \$750,000-\$1,000,000 is also a guideline and an agreement made with the Select Board.

Mr. Haddad explained when reviewing financial policies, the Department of Revenue likes to see a target number and wants to ensure that number is met. The 2% is written as a goal and the Town is committed to meeting that percentage. O. Lathrop questioned if that is applied when the money is being provided by CPA Funds. Mr. Haddad replied it does not matter where the money is coming from.

Mr. Whitefield suggested removing the 2%. Mr. Haddad stated removing that number would eliminate the goal and then the Town would be questioned why the amount is not a priority, in the end it would hurt the Town's bond rating.

Mr. Green said that it is irrelevant that the ConsCom has made an agreement with the Select Board. He discussed the funds that the ConsCom receives from the CPC and their complete authority over how the money is spent. He understands that the Finance Policy includes a target and it is important for the Finance Committee to have guideposts for all the reserve funds. It is also within their responsibilities to question if the amount requested is reasonable and why it is necessary. Mr. Green expressed that he would personally request more insight on properties that the ConsCom wants to acquire and how they approach purchasing the properties. He was unaware that the Commission was unsuccessful in purchasing significant properties.

Mr. Morrison explained that the Commission would like to have more transparency however some properties are purchased at auction for example. There was not enough time to have extended meetings and the ConsCom needs to have the ability to make rapid decisions.

Mr. Lathrop stated that the number should not be a fixed amount and should be an annual amount. He then commented he was satisfied if the ConsCom can rebuild the balance once it has been depleted.

The FinCom questioned whether the target balance of at least 2% (as stated in the Financial Policies) was acceptable going forward. The ConsCom could not make a final decision without a proper quorum and stated that their next meeting is scheduled for Tuesday, January 25th.

***Mr. Manugian moved to keep the language unchanged in the Financial Policy for the Conservation Commission Funding, seconded by Ms. McDonald. The motion passed by a unanimous vote. (Yes: BR, DM, SW, JM, GG, CD) The Vote (6-0-0).***

#### **Report of Capital Planning Committee**

Mr. Manugian briefly summarized the process of the Capital Planning Committee. The Committee first met with Mr. Haddad in September to discuss their role in development. Mr. Haddad then provided the Committee with a draft plan and meetings were set up with the Department Heads to discuss the plan for FY23. The recommendations for the final FY23 Capital Plan were made in December. There were numerous questions the Committee took into consideration. How does the Committee decide on an asset? Is the Town going electric? Does the Town reuse its assets? If the budget were to be larger or smaller what would be added or decreased? Mr. Manugian briefly highlighted the capital planning projects as the Communication Towers (\$10.082 Million) which is expected to be funded by grants, The Whitney Wells Treatment Plant (1.044M) and the Whitney Pond Well (\$.7M) that both would be funded by the ratepayers. He also stated that the Police Chief emphasized the importance of rotating cruisers due to their constant use as frontline vehicles.

Mr. Haddad commented that assets may move up if funding becomes available through grants. He agreed that the Capital Planning Committee provided a great process.

Mr. Green commented that there was a significant amount of time consumed on capital planning and questioned how the Finance Committee would become aware of those plans or discussions. Mr. Haddad suggested that the Capital Planning Committee schedule a subsequent meeting with the Finance Committee after the Capital Budget Meeting on Saturday, January, 29<sup>th</sup>.

#### **Reserve Fund Transfer Request Cable Equipment**

Mr. Colman explained that request for public meeting cable coverage has increased during the last couple of years, and has resulted in increased wear and tear on the cable equipment. Mr. Haddad listed the following departments that requested broadcasting and recording: the Board of Health, the Conservation Commission, the Planning Board, and the Select Board. The demand of these services requires an additional camera switcher. P. Dufresne asked if the total number (after this purchase) would be two static camera switchers and one portable. Mr. Coleman replied yes.

***Mr. Manugian moved to support the \$10,000 transfer of Reserve Funds to the Town Manager's expense budget, for the purchase one camera switcher. This was seconded by Mr. Whitefield. The motion passed by a unanimous vote. (Yes: BR, DM, SW, JM, GG, CD) The vote. (6-0-0)***

**Other Business:**

Minutes of 12/13/2021

***Mr. Manugian moved to approve the meeting minutes from December 13, 2021 as drafted, seconded by Mr. Whitefield. The motion passed by a unanimous vote. (Yes: BR, DM, SW, JM, GG, CD) The vote. (6-0-0)***

**FinCom meeting schedule February/March**

The Finance Committee agreed that the next scheduled meeting would be held on February 8, 2022 at 6:00 P.M. to discuss the capital budget and review the January 29, 2022 meeting.

Mr. Robertson formally adjourned the meeting at 8:05 P.M.

Respectfully submitted,

Kristine Fox, Per diem Minute Taker

## **Report of the Capital Planning Advisory Committee to the Finance Committee**

January 18, 2022

### **Process**

On September 27<sup>th</sup> the CPAC met with the Town Manager to discuss the process and CPAC's role in the development of the FY23 FY27 capital plan.

On October 27<sup>th</sup> the Town Manager gave the Committee a draft of the proposed capital plan.

On November 1<sup>st</sup> CPAC went over the formulation of the plan and discussed setting up meetings with department heads to discuss each plan section for FY23.

On November 15<sup>th</sup> CPAC met with the fire department, police department, and country club manager.

On November 22<sup>nd</sup> CPAC met with the public works department and water and sewer departments. At that meeting CPAC also determined the final review process.

On December 6<sup>th</sup> CPAC met and recommended the final FY23 capital plan.

### **Questions and Concerns**

The Committee was fortunate to have a full contingent as it went through the review process.

Some of the considerations that were discussed include:

- How does the Town decide when an asset is needed/ to be replaced? Why would a project move forward or backward in the plan?
- How does the Town consider grants?
- Is the Town considering electric options over gas/ diesel?
- Does the Town reuse assets?
- If the capital budget increased what would be added?
- If the capital budget decreased what would be removed?

### **Project Highlights**

Some of the highlights in the FY23 plan includes the communications tower (\$1.044M), Whitney Wells treatment plant (\$10.082M), Whitney Pond well #3 (\$0.7M), and Nod Road sewer pump station (\$0.5M). The communications tower is expected to be funded through grants and the water and sewer projects will be funded through the ratepayers.

The town manager and police chief emphasized the importance of keeping the police cruisers (two for \$204k) rotating through because they are front line vehicles constantly in use. Also of note is that there are multiple assets in out years that the Town is seeking to fund through grants. If the Town gets the grant in advance of the year the asset is in the program it will purchase it anyway.

The Committee appreciated the preparedness of the town manager and all of the department heads and thanks them for all of their work in this program.



TOWN OF GROTON  
TRUST FUNDS  
INVESTMENT POLICY STATEMENT

The primary purpose of this Investment Policy Statement (the “IPS”) is to provide a clear understanding regarding the Town of Groton’s (the “Town”) Trust Fund’s investment objectives, performance goals, risk tolerance, and investment guidelines established for the long-term Prudent Investor funds.

A. Scope

This IPS applies to all funds that are separately designated as Trust Funds. These funds can be invested as a pooled investment portfolio unless otherwise stated. Any additional contributions of these types of funds will also be maintained in the same manner.

B. Authority

The funds shall be invested pursuant to Massachusetts General Laws 203C (The Massachusetts Prudent Investor Act) unless otherwise stipulated.

C. Diversification

The following asset classes can be included in the Trust Funds in order to construct a diversified investment portfolio that is both prudent and appropriate given the Trust Fund’s target rate of return, investment objective, and risk tolerance. The investment parameters and asset allocation definitions that will govern the Investment Manager of the diversified portfolio are included in the addendums to this IPS.

**Equities**

The primary objective of the Trust Funds equity allocation is to provide long-term total returns that are, at a minimum, consistent with appropriate broad market indexes through full market cycles.

The Investment Manager of the diversified portfolio can purchase and manage the equity allocation using individual equities, such as domestic common stocks, preferred stocks, and/or American-Depositary Receipts (ADRs).

The Investment Manager can also utilize other investment vehicles such as, mutual funds, exchange traded funds, closed-end funds, etc. Total equity exposure is able to include, both domestic and international equities, both developed and emerging countries and geographic regions, as well as large-, mid-, and small-market capitalization weighted companies. Direct holdings of common stock, preferred stock, and/or ADRs in any one company should not exceed 5% of the market value of the invested portfolio.

Investing directly in real estate, private placements, letter stock, or initial public offerings is strictly prohibited. The Investment Manager of the diversified portfolio shall not engage directly in margin transactions, short sales, or any other leveraged or inverse investment vehicles. Mutual funds, exchange-traded funds, and closed-end funds, however, may engage in margin, leverage, and/or short sales. Investing directly in unit-investment trusts (UITs) and business development companies (BDCs) are strictly prohibited.

### **Fixed Income**

The primary objectives of the Trust Funds fixed income allocation are to preserve capital and generate a reasonable level of cash flow. The secondary objective is to provide price returns that exhibit lower correlation to the broad global equity markets in order to reduce the overall risk of the portfolio.

The Investment Manager of the diversified portfolio can purchase and manage the fixed income allocation using individual bonds that are United States Dollar denominated only. Issuer selection can include domestic corporate bonds and any obligations of the United States Government and/or its agencies.

The Investment Manager can also utilize other investment vehicles such as, mutual funds, exchange traded funds, closed-end funds, etc. Total fixed income exposure is able to include, both domestic and international bonds, both developed and emerging countries and geographic regions. Direct holdings of individual corporate bonds in any one company should not exceed 5% of the market value of the invested portfolio; however, this is not applicable to the United States Government and/or its agencies. Lower-quality investments may only be held through diversified vehicles, such as mutual funds or exchange-traded funds.

Investing directly in real estate, mortgages, collateral or non-collateral loans, private placements, fixed income or interest rate futures, or any other specialized fixed income ventures is strictly prohibited. Investing directly in unit-investment trusts (UITs) and business development companies (BDCs) are strictly prohibited.

### **Alternative Investments**

The primary objective of the Trust Fund's alternative allocation is to provide long-term capital appreciation that is less correlated to broad global equity and fixed income indexes.

The Investment Manager of the diversified portfolio can only purchase those strategies that are deemed to be alternative through daily-liquid diversified investment vehicles such as, mutual funds, exchange-traded funds, closed-end funds, etc. The only exception to the daily liquidity rule is private equity exposure and investment strategies. Private equity vehicles may also hold private debt as part of a diversified strategy.

Investing directly in unit-investment trusts (UITs) and business development companies (BDCs) are strictly prohibited.

### **Cash and Cash Equivalents**

Cash will be maintained to provide periodic cash distributions, if and when necessary. Cash will not normally be held as a strategic investment asset, although the Investment Manager may seek to allow cash to build to the maximum level in times of market uncertainty.

## D. Specific Risks

### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Investment Manager will manage credit risk several ways. There will be no limit to the amount of United States Treasury and United States Government Agency obligations.

In regards to fixed-income investments, the Investment Manager will only purchase investment grade securities. Lower-quality investments may only be held through diversified vehicles, such as mutual funds or exchange-traded funds. Investments in fixed income securities will be made primarily for income and capital preservation.

### **Custodial Risk**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The Town will review the financial institution's financial statements and the background of the sales representative. The intent of this qualification is to limit the Town's exposure to only those institutions with a proven financial strength, Capital adequacy of the firm, and overall affirmative reputation.

Further, all securities not held directly by the Town, will be held in the Town of Groton's name and tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The Investment Manager will minimize Concentration of Credit Risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. As stated above, securities of a single corporate issuer (with the exception of the United States Government and its Agencies) will not exceed 5% of the portfolio value.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Investment Manager will manage interest rate risk by managing duration, as a measure of interest rate sensitivity, in the funds.

### **Foreign Currency Risk**

Foreign currency risk is the risk that changes in foreign monetary exchange rates will adversely affect the fair value of an investment or a deposit.

The Investment Manager will, as much as feasible, mitigate foreign currency risk.

### **E. Standards of Care**

The standard of prudence to be used by the Treasurer and/or other authorized person, shall be the "Prudent Person" standard and shall be applied in the context of managing an overall portfolio. The Treasurer and/or other authorized person, acting in accordance with written procedures and this IPS, and exercising reasonable due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided the purchases and sale of securities is carried out in accordance with the terms of this IPS.

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.

### **F. Ethics**

The Treasurer and/or all other authorized persons shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair ability to make impartial investment decisions. The Treasurer and/or all other authorized persons shall disclose to the Town any material financial interest in financial institutions that do business with the Town. They shall also disclose any large personal financial investment positions or loans that could be related to the performance of the Town's investments.

### **G. Relationship with Financial Institutions**

Financial institutions should be selected first and foremost with regard to their financial soundness and stability. Brokers should be recognized, reputable dealers. All cash and securities shall be held in either a bank that is allowable for the deposit of public funds, provided funds on deposit are insured by the Federal Deposit Insurance Corporation (FDIC), or in an Investment Brokerage Account that is insured by the Securities Investor Protection Corporation (SIPC). If a banking institution is selected as manager, the Town will subscribe to Veribanc®, a recognized bank rating service.

The Treasurer and/or all other authorized persons may require any brokerage houses and broker/dealers, wishing to do business with the Town, to supply the following information to the Treasurer and/or all other authorized persons:

- Annual financial statements
- If acting as a Registered Investment Adviser, Form ADV Part II report
- Errors & Omissions insurance amounting to, at a minimum, the total fair market value of the Trust Funds Portfolio.
- A statement that the Advisor has read the Town's IPS and will comply with it on an annual basis
- Annual review all advisors through [www.finra.org](http://www.finra.org): Broker Check

#### H. Reporting Requirements

On a Semi-Annual basis, a report containing the following information will be prepared by the Treasurer and/or other authorized persons and distributed to the Town, as appropriate. The Semi-Annual report will include the following information, as a minimum requirement:

- A listing of the individual accounts and individual securities held at the end of the reporting period.
- A listing of the short-term investment portfolio by security type and maturity to ensure compliance with the diversification and maturity guidelines established in the "Diversification" section of this IPS.
- A summary of the income earned on a monthly basis and year-to-date basis shall be reported.
- The Treasurer shall include in the report a brief statement of general market and economic conditions and other factors that may affect the Town's cash position.
- The report should demonstrate the degree of compliance with the tenets set forth in the IPS.

#### I. Performance Measurement and Evaluation

- The individual and custom benchmarks that will be monitored for performance reporting and analysis of the fund's portfolio are stated and described in the addendums to this IPS.
- It is expected that the respective asset classes of the fund's diversified portfolio will outperform their respective benchmarks, net of fees and expenses, on a long term (market cycle) basis.

#### J. Supervision

- The Treasurer will meet with the investment manager(s) as frequently as semi-annually to monitor the performance of the funds and the investment manager(s) compliance with these guidelines. The Treasurer will receive and review portfolio management reports semi-annually.
- The Treasurer will review this Investment Policy Statement at least once a year to ensure that it remains appropriate and complete.
- The Treasurer has the option to review the management of funds to consider going out to bid periodically.

#### K. Legal References

- Massachusetts General Law Chapter 203C, Section 1 through 11

TOWN OF GROTON  
GENERAL FUNDS & LONG-TERM FUNDS  
INVESTMENT POLICY STATEMENT

The primary purpose of this Investment Policy Statement (IPS) is to provide a clear understanding regarding the Town of Groton (the "Town") Long Term Funds and General Fund objectives, goals, risk tolerance, and investment guidelines established for the investment of town funds.

I. The Investment of General Funds, Special Revenue Funds, Enterprise Funds, and Capital Projects Funds

A. Scope

This section of the IPS applies only to short term operating funds such as general funds, special revenue funds, enterprise funds, bond proceeds and capital project funds. A separate Contributory Retirement Board, either local or county, is responsible for the investment of the pension funds.

B. Investment Instruments

Note: Public investments in Massachusetts are not protected through provisions in State law.

The Treasurer may invest in the following instruments:

- Massachusetts State pooled fund: Unlimited amounts (Pool is liquid) The Massachusetts Municipal Depository Trust (MMDT), an investment pool for state, local, county and other independent governmental authorities, is under the auspices of the State Treasurer. It invests in Bankers Acceptances, Commercial Paper of high quality, Bank Certificates of Deposit, Repurchase agreements (Repos), and U. S. Treasury Obligations. It has Federal Deposit Insurance Corporation (F.D.I.C.) pass-through insurance on the CD's up to the standard limits and takes delivery on the Repos and Treasuries. Under Government Accounting Standards Board Regulation (GASB III), it is not considered an uncollateralized product.
- U. S. Treasuries that will be held to maturity: Unlimited amounts (Up to one-year maturity from date of purchase)
- U.S. Agency obligations that will be held to maturity. Unlimited amounts (Up to one-year maturity from date of purchase)
- Bank accounts or Certificates of Deposit ("CDs") (Up to three years' maturities from the date of purchase) which are fully collateralized through a third-party agreement: Unlimited Amounts
- Bank accounts and CDs (Up to three years' maturities from the date of purchase) insured by F.D.I.C. up to the coverage limit. All bank accounts and CDs in one institution are considered in the aggregate for the insurance coverage limit. In some cases, Banking Institutions carry additional insurance, Depository Insurance Fund (D.I.F.): Contact banking representative for amounts of coverage.
- Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at Banks that do not fit the above categories. These investments are subject to the following limitations: No more than 5% of an institution's assets and no more than 25% of a municipality's cash may be comprised of unsecured bank deposits. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the town in the near future. For example, these payments may be for such items as debt service payment or regional school assessments. Their credit worthiness will be tracked by Veribanc, or other bank credit worthiness reporting systems. They

Trust Funds may be co-mingled and invested in any instruments allowed by the Commonwealth of Massachusetts list of Legal Investments Legal issued by the Banking Commissioner each July. Each trust fund must be accounted for separately. Chapter 44 Section 54 sets forth that Treasurers may invest in instruments that are legal for savings banks. This list of investments is included in the Commonwealth of Massachusetts List of Legal Investments, Chapter 167 Section 15A.

### III. General Provisions

#### A. Objective

Massachusetts General Laws, Chapter 44, section 55B requires the Town's Treasurer to invest all public funds except those required to be kept uninvested for purposes of immediate distribution.

This section also requires that invested funds are to be placed at the highest possible rate of interest reasonably available, considering the acceptable levels of safety, liquidity and yield. Therefore, these guidelines are intended to further the objective of securing the highest reasonable return available that is consistent with safety of principal while meeting the daily cash requirements for the operation of the town's business.

- Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to preserve capital through the mitigation of credit risk and interest rate risk. These risks shall be mitigated by the diversification and prudent selection of investment instruments, and choice of depository. Credit risk is the risk of loss due to the failure of the security issuer or backer. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates.
- Liquidity is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the treasurer shall attempt to carry out investment activities in a manner that provides for meeting unusual or unexpected cash demands without requiring the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases.
- Yield is the third, and last, objective. Investments shall be undertaken to achieve a fair market average rate of return, taking into account safety and liquidity constraints as well as all legal requirements.

#### B. Risk Tolerance

- Credit Risk

"Credit risk" is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Town will manage credit risk several ways. There will be no limit to the amount of United States Treasury and United States Government Agency obligations. In regard to other investments, the Town will only purchase investment grade securities with a high concentration in securities rated A or better. The Town may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund. The Town may place funds in banking institutions as stated in Section C of this IPS.

I \_\_\_\_\_, Treasurer of the Town of Groton have reviewed this IPS and will manage the Town's funds under my control in accordance with this IPS.

\_\_\_\_\_  
Treasurer's Signature

\_\_\_\_\_  
Treasurer's Printed Name

\_\_\_\_\_  
Date



- Custodial Risk

The “custodial credit risk” for deposits is the risk that, in the event of the failure of a depository financial institution, a municipality will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a municipality will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The Town will review the financial institution’s financial statements and the background of the Advisor. The intent of this qualification is to limit the Town’s exposure to only those institutions with a proven financial strength, Capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the Town, will be held in the Town’s name and tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

Commented [HM1]: This could be changed to Select Board??

- Concentration of Credit Risk

“Concentration of credit risk” is the risk of loss attributed to the magnitude of a government’s investment in a single issuer.

The Town will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

- Interest Rate Risk

“Interest rate risk” is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Town will manage interest rate risk by managing duration in the account.

- Foreign Currency Risk

“Foreign currency risk” is the risk that changes in foreign monetary exchange rates will adversely affect the fair value of an investment or a deposit.

The Town will limit investment in any instrument exposed to foreign currency risk.

### C. Ethics

The Treasurer (and Assistant Treasurer) shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair ability to make impartial investment decisions. Said individuals shall disclose to the Finance Director any material financial interest in financial institutions that do business with the Town. They shall also disclose any large personal financial investment positions or loans that could be related to the performance of the Town’s investments.

#### D. Relationship with Financial Institutions

Financial institutions should be selected first and foremost about their financial soundness and stability. The Town may subscribe to the Veribanc Rating Service to evaluate the banking institutions with which it chooses to establish relationships. Brokers should be recognized, reputable dealers and members of the Financial Industry Regulatory Authority (FINRA).

In instances where the Town does not purchase the Veribanc Rating Service, the Treasurer should request the banking institution's Veribanc rating from all the banking institutions that are working with the Town on a quarterly basis.

When using the Veribanc Rating Service the Treasurer may invest in such banks that show a green rating in a quarter. If a rating is yellow the Treasurer should contact the appropriate banking institution and request in writing an explanation of the change in rating and the expected time table for it to be changed to green. If for a second quarter such rating is not green, the Treasurer should consider removing all funds that are not collateralized, or carries some form of depositor's insurance. If a rating moves to red, all money should be immediately collateralized or covered by some form of depositor's insurance or be removed from the banking institution.

The Treasurer may require any brokerage houses and broker/dealers wishing to do business with the municipality to supply the following information to the Treasurer on an annual basis:

Commented [HM2]: Previously shall

- Annual Financial statements
- If acting as a Registered Investment Advisor, copy of their most recent Form ADV Part II report
- Errors & Omissions insurance amounting to, at a minimum, the total fair market value of the Trust Fund Portfolio
- A statement that the Advisor has read the municipality's IPS and will comply with it on an annual basis
- Annual review all advisors through [www.finra.org](http://www.finra.org): Broker Check

#### E. Reporting Requirements

On a semi-annual basis, a report containing the following information will be prepared by the Treasurer and distributed to the Town Accountant, as appropriate. The semi-annual report will include the following information, as a minimum requirement:

Commented [HM3]: Previous Financial Director

- A listing of the individual accounts and individual securities held at the end of the reporting period.
- A listing of the short-term investment portfolio by security type and maturity to ensure compliance with the diversification and maturity guidelines established in the "Diversification" section of this IPS.
- A summary of the income earned monthly and year-to-date basis shall be reported.
- The Treasurer shall include in the report a brief statement of general market and economic conditions and other factors that may affect the town's cash position.
- The report should demonstrate the degree of compliance with the tenets set forth in the IPS.

will be diversified as much as possible. CDs will be purchased for no more than three years and will be reviewed frequently.

- Money Market Mutual Funds that are registered with the Securities and Exchange Commission that have received the highest possible rating from at least one nationally recognized statistical rating organization and as otherwise referenced in the Massachusetts General Law Chapter 44 Section 55.

#### C. Diversification

Diversification should be interpreted in two ways: in terms of maturity as well as instrument type and issuer. The diversification concept should include prohibition against over concentration of maturities, as well as concentration in a specific institution. Except for U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or agencies, and State pools (MMDT), no more than 25% of the Town's investments shall be invested in a single financial institution.

#### D. Authorization

The Treasurer has authority to invest town funds, subject to the statutes of the Commonwealth Massachusetts General Law Chapter 44 Section 55, 55A, & 55B.

#### E. Restrictions

Chapter 44, Section 55 set forth several restrictions that the Treasurer must be aware of when making investment selections.

- A Treasurer shall not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of such bank or trust company, or banking company, unless satisfactory security is given to it by such bank or trust company, or banking company for such excess.
- The treasurer shall not make a deposit in any bank, trust company or banking company with which he is, or for any time during the three years immediately preceding the date of any such deposit was, associated as an officer or employee.
- All securities shall have a maturity from date of purchase of one year or less, with the exception of bank certificates of deposits that have a three-year limit from the date of purchase.
- Purchases under an agreement with a trust company, national bank or Banking Company to repurchase at not less than original purchase price of said securities on a fixed date shall not exceed ninety days.

#### F. Legal References

Massachusetts General Law Chapter 44, Section 55  
Massachusetts General Law Chapter 44, Section 55A  
Massachusetts General Law Chapter 44; Section 55B

## II. The Investment of Long-Term Funds

### A. Scope

This section of the IPS applies only to funds that are designated as long term, i.e., trust funds, stabilization funds, cemetery perpetual care, Town preservation act and other funds the town may have set aside for long term use.

All accounts will be maintained separately receiving their proportionate interest and any realized and unrealized gains or losses. The account may be established as a pooled investment portfolio unless otherwise stated. Any additional accounts will be maintained in this same manner.

### B. Authority

Massachusetts General Law Chapter 44, section 54 pertains to the investment of Trust Funds, Chapter 40 Section 5B pertains to the investment of Stabilization Funds and, Chapter 44B section 7 pertains to the investments of Town Preservation Funds. All trust funds shall fall under the control of the town's Treasurer unless otherwise provided or directed by the donor.

If the trust fund results from a gift, grant or bequest from a private donor, and the private donor specifies how the trust shall be invested; the trust fund shall be invested in accordance with the terms of the gift, grant or bequest. If there is a conflict between such donor terms and this Section II, the donor terms shall govern, subject to the general principles of prudence set forth in the Policy.

### C. Investment Instruments

M.G.L. Chapter 44 section 54 states that money should be deposited into savings bank, trust companies incorporated under the laws of the Commonwealth, banking companies incorporated under the laws of the Commonwealth which are members of the Federal Deposit Insurance Corporation, or national banks, or invested in participation units in a combined investment fund under section thirty-eight A of chapter twenty-nine, or in a paid-up shares and accounts of and in co-operative banks, or in shares of savings and loan associations or in share or savings deposits of federal savings and loan associations doing business in the commonwealth.

Additionally, the Town may invest such funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the commonwealth; provided, that not more than fifteen percent (15%) of any such trust funds shall be invested in bank stocks and insurance company stocks, nor shall more than one and one-half percent (1 ½%) of such funds be invested in the stock of any one bank or insurance company.

The Treasurer may invest in the following instruments:

- U. S. Treasuries that maybe sold prior to maturity: Unlimited amounts (With no limit to the length of maturity from date of purchase)
- U.S. Agency obligations that maybe sold prior to maturity. Unlimited amounts (With no limit to the length of maturity from date of purchase)

- Bank accounts or Certificates of Deposit (“CDs”) Unlimited amounts (With no limit to the length of maturity from date of purchase), which is fully collateralized through a third-party agreement.
- Bank accounts and CDs (With no limit to the length of maturity from date of purchase) fully insured by F.D.I.C. and in some cases also Depository Insurance Fund of Massachusetts (D.I.F.): All bank accounts and CDs in one institution are considered in the aggregate to receive the insurance coverage limit.
- Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at Banks that do not fit the above categories. These investments are subject to the following limitations: These investments will be limited to no more than 5% of an institution's assets and no more than 25% of a municipality's cash. This percentage may be increase for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the Town in the near future. These payments maybe for such items as debt service payment or regional school assessments. Their credit worthiness will be tracked by Veribanc, or other bank credit worthiness reporting systems. They will be diversified as much as possible. CDs will be purchased with no limit to the length of maturity from the date of purchase and will be reviewed frequently.
- Common and preferred stock that are listed in the List of Legal Investments.
- Investment Funds that are listed in the List of Legal Investments.
- All other items not separately identified here that are listed in the List of Legal Investments.

#### D. Standards of Care

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. The Treasurer acting in accordance with written procedures and this IPS, and exercising reasonable due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided the purchases and sale of securities is carried out in accordance with the terms of this IPS and the associated Massachusetts General Laws.

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.

In addition, this section would also apply to M.G.L. Chapter 44 Section 55A which refers to the liability of the Treasurer for losses due to bankruptcy.

#### E. Diversification

Diversification should be interpreted in two ways: in terms of maturity as well as instrument type and issuer. The diversification concept should include prohibition against over concentration of maturities, as well as concentration in a specific institution, except for U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or agencies.

#### F. Legal References

Massachusetts General Law Chapter 40, Section 5B  
 Massachusetts General Law Chapter 44, Section 54  
 Massachusetts General Law Chapter 44, Section 55A  
 Massachusetts General Law Chapter 44, Section 55B  
 Massachusetts General Law Chapter 44B, Section 7

REQUEST FOR TRANSFER FROM THE RESERVE FUND  
(To be submitted in triplicate)

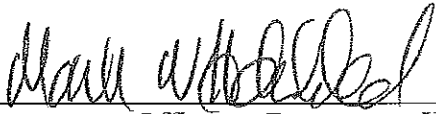
Date: 12/13/2021

Finance Committee  
Town of Groton

Ladies & Gentlemen:

A request is hereby made for the following transfer from the Reserve Fund in accordance with Chapter 40, Section 6, of the Massachusetts General Laws:

1. Amount requested:           \$10,000
2. To be transferred to:       Town Manager General Expenses
3. Present balance in said appropriation:   \$1,025.17
4. The amount requested will be used for (give specific purpose):  
    Camera Switcher for Meeting Coverage at Town Hall (see attached for additional info)
5. This expenditure is extraordinary and /or unforeseen for the following reasons:  
    Additional Departmental Meeting Coverage was requested in June

  
\_\_\_\_\_  
Officer or Department Head

Action of Finance Committee

Date of Meeting \_\_\_\_\_ Number Present and Voting \_\_\_\_\_

Transfer voted in the sum of \$ \_\_\_\_\_

\_\_\_\_\_  
Finance Committee Chair

Transfer NOT approved \_\_\_\_\_

\_\_\_\_\_  
Finance Committee Chair

Request must be made and transfer voted before any  
expenditure in excess of appropriation is incurred.

Dear Finance Committee,

The Groton Channel currently has two camera switchers, called TriCasters, which allow us to control and record multiple camera inputs. One has been dedicated to the 2nd floor meeting room at Town Hall to run meeting coverage, while the other was exclusively for remote location use. This past June we added coverage of the Board of Health and the second unit was then needed in the 1st floor meeting room. However, we still need to utilize this second unit for Town Meetings, sports, and other event coverage. With only one device available, we now face scheduling conflicts with the equipment. The removal and transportation of this unit on a frequent basis also opens up the possibility of incurring damage that would then halt our ability to provide any multi-camera services. This is why we are asking the Town to fund a new unit that can live permanently at the Town Hall for the sole purpose of meeting coverage.

Thank you for your time and consideration.

Ashley Doucette  
Program Director - The Groton Channel