

Investment Policy

I. Policy Statement and Scope

This document will govern the investment activities of the Butterfield Library (the Library). It is the policy of the Library to invest public and endowment funds in a manner which will provide the highest return with the maximum security while meeting cash flow demands. All investments will conform to all applicable laws and regulations governing the investment of public funds.

II. Investment Objectives

The primary objectives, in priority order, of the Library's financial investments for **public funds** are:

- Safety of Principal – Safety of principal is the foremost objective of the investment program. All investments shall be undertaken in a manner that seeks first to preserve capital and second to fulfill other investment objectives.
- Liquidity – The Library's investment portfolio will remain sufficiently liquid to enable the Library to meet all operating requirements which might be reasonably anticipated.
- Return on Investments (Yield) – The Library's investments should generate the highest available return without sacrificing the first two objectives outlined above.

The primary objectives of the Library's financial investments for **endowment funds** are:

Growth & Income- These investments seek current income but also seek income and capital growth over time. These investments are willing to forego a portion of current income in order to seek potential future growth. Our risk tolerance is conservative. The assets will seek a maximum growth and income consistent with a conservative degree of risk. We can accept a lower potential return in exchange for lower risk.

III. Delegation of Authority

It is the policy of the Library to utilize professional management services for the investment of its Endowment Fund. The management and performance of these managers will be monitored by the Treasurer. The Treasurer shall be responsible for the implementation of the investment program and the establishment of investment procedures consistent with this Policy. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Board of Trustees.

In order to hire professional management services, the Library will pay annual fees for these services. These fees must be kept at a minimum in order to maximize the rate of return.

IV. Authorized and Suitable Investments

The following investments are deemed to be suitable for inclusion in the Library's investment program. The Library is authorized to invest Library funds in only those investments specifically delineated below.

Public Funds

- U.S. Treasury Bills and Notes for which the full faith and credit of the U.S. Government is pledged for the repayment of principal and interest. Bills are short term (one year or less) obligations issued and sold at a discount. Notes have fixed coupon rates with original maturities of between one and five years.
- Demand deposit accounts (such as checking or money market accounts) established with local financial institutions.
- Certificates of Deposit (CDs) issued by local financial institutions.

Endowment Fund

- Financial Instruments which fit the class and description called for in the investment objectives for endowment funds.

V. Maturity of Investments

To the extent possible and prudent, the Library will attempt to match its investment maturities with anticipated cash flow requirements. Special attention should be placed on the endowment fund for future capital funding requirements as called for in the Facilities Committee's long range maintenance/replacement plan.

VI. Reporting

The Treasurer shall provide to the Library's Board of Trustees quarterly investment reports which clearly provide the following information regarding the investment portfolio: types of investment, depository institutions, principal balances, rates of return and maturities.

VII. Endowment Fund Policy

The Investment Policy should adhere to the guidance provided in the Endowment Policy for those specific assets in the Library's endowment fund.

VIII. Investment Policy Adoption

The Library's Investment Policy shall be adopted by resolution of the Library's Board of Trustees. The Policy shall be reviewed no less than annually by the Board of Trustees and any modifications made thereto must be approved by the Library's Board of Trustees.

Adopted:

Julia L. Butterfield Memorial Library Policy Manual Investment Policy

Date: 10/15/2014