



## GLENCOE PUBLIC LIBRARY

### **INVESTMENT POLICY**

It is the policy of the Glencoe Public Library (Library) to invest public funds in a manner which provides a reasonable return based on current market conditions, while not incurring unreasonable risk. In addition, and consistent with the Illinois Sustainable Investment Act, material, relevant, and decision-useful sustainability factors have been or are regularly considered by the Library, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors include but are not limited to: (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided under the Illinois Sustainable Investing Act.

#### **Scope**

This Investment Policy (Policy) applies to the investment activities of all funds of the Library. The Illinois Compiled Statutes will take precedence except where this Policy is more restrictive, in which case this Policy will take precedence.

#### **Prudence**

The standard of prudence to be used by the investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio.

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.

Investment officials of the Library acting in accordance with this 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 appropriate action is taken to control adverse developments.

#### **Investment Objectives**

The primary objectives, in order of priority, shall be:

- **Legality:** The investment activities of the Library will conform to federal, state, and local legal requirements.
- **Safety:** The preservation of capital and protection of investment principle shall be the primary concern of the investment officials in selecting depositories or investments.
- **Liquidity:** The investment portfolio shall maintain sufficient liquidity to meet operating requirements.
- **Return on Investment:** The investment officials shall seek to obtain a reasonable rate of return throughout budgetary and economic cycles, taking into account risk constraints, cash flow, and legal restrictions or investments.

- The portfolio should be reviewed periodically not less than one year as to its effectiveness in meeting the Library's need for safety, liquidity, rate of return, diversification, and its general performance.

### **Delegation of Authority**

Management and administrative responsibility for the investment program is hereby delegated to the Library's Executive Director who shall be responsible for all transactions undertaken. The Treasurer of the Board working in conjunction with members of the Finance Committee of the Library Board of Trustees shall be responsible for overseeing the investment activities of the Executive Director.

The Executive Director is responsible for establishing written procedures for the operation of the investment program, including reference to safekeeping, wire transfers, banking service contracts, and collateral/depository agreements.

### **Ethics and Conflicts of Interest**

Officers 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. Such officers and employees shall disclose to the Executive Director any material financial interests in financial institutions that conduct business with the Library.

### **Authorized Financial Institutions**

The Executive Director shall only utilize the services of financial institutions approved by the Library Board of Trustees.

### **Authorized and Suitable Investments**

The Library may invest in any of the types of securities allowed by the Public Funds Investment Act (30 ILCS 235/). Investments shall be made that reflect the cash flow needs of the fund for which investments are being made.

### **Collateralization**

Funds on deposit (checking accounts, money market accounts, certificates of deposit, etc.) in excess of FDIC insurance limits must be secured by some form of collateral, witnessed by a written agreement, and held in the name of the Library at an independent third-party institution.

### **Diversification**

The Library shall diversify its investments to the best of its ability based on the nature of the funds invested and the cash flow needs of those funds.

### **Maximum Maturities**

The Library's Investment Policy attempts to match its investments with anticipated cash flow requirements. For investment purchases made after the adoption date of this Policy, maturities are generally not to exceed two years from the settlement date.

With regard to the investment of reserve funds, it might be beneficial for a security's maturity to exceed two years. In order for a security's maturity to exceed two years, both the Executive Director and Treasurer of the Library Board or the Executive Director and members of the Finance Committee must agree in writing to the longer maturity. In no event should an investment maturity exceed five years.

**Operational Procedures/Internal Control**

The investments shall be reviewed each month, noting when the investments are maturing and what the cash needs are within each fund established by the Library. The Treasurer and/or members of the Finance Committee and Executive Director shall discuss the cash needs within the respective funds and project investment or reinvestment in accordance with this Policy. The recommendations will be presented to the Library Board of Trustees. No monies from any library accounts are to be transferred to any accounts other than those accounts belonging to the Library. Bank confirmations are to be received on all investment transactions and all transfers between funds.

The Executive Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Library are protected from loss, theft, or misuse.

**Performance Standards**

The portfolio should obtain a competitive rate of return during a market/economic environment of stable interest rates. Portfolio performance should be compared to a benchmark of similar maturity, liquidity, and credit quality as the portfolio.

**Reporting**

The monthly financial report(s) as prepared by the Library's accounting service will be reviewed by the Executive Director monthly with any recommendation for change being brought to the Library Board of Trustees. An annual report shall also be provided to the Library Board of Trustees in a format suitable for review by the general public.

**Investment Policy Adoption**

The Investment Policy shall be adopted by the Library Board of Trustees. The Policy shall be reviewed by the Executive Director over a three-year cycle, with any recommendations for change being brought to the Library Board of Trustees.

Adopted	October 20, 1999
Reviewed	July 11, 2018
Revised	January 17, 2006; October 21, 2015; April 15, 2020; April 19, 2023