

HIGHLAND PARK PUBLIC LIBRARY

Investment Policy

Policy and Intent

It is the policy of the Highland Park Public Library to invest public funds, in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds.

All investments shall conform to Federal and State statutes and related legal requirements, including conformance with the Public Funds Investment Act, 30 ILCS 235/1 et seq. In the event of any conflict between applicable statutes and this Investment Policy, applicable statutes control.

The requirements of applicable statutes, including the Public Funds Investment Act, apply to all Library investment advisors.

All Library investment advisors shall be provided a copy of this Investment Policy and all contracts with investment advisors shall include an acknowledgement that all investments will conform to this Investment Policy.

Scope

This policy includes all public funds under the control of the Board of Trustees of the Highland Park Public Library,

Prudence

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.

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

Objectives

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

- Legality - conformance with federal, state and other legal requirements
- Safety - preservation of capital and protection of investment principal
- Liquidity - maintenance of sufficient liquidity to meet operating requirements
- Yield - attainment of market rates of return

The portfolio should be reviewed periodically by the Executive Director as to its effectiveness in meeting the Library's needs for safety, liquidity, rate of return, diversification and its general performance.

Delegation of Authority

The Board of Trustees may employ one or more investment advisors possessing superior capabilities in the management of assets of governmental bodies. The Board of Trustees shall require the investment advisor(s) selected and working on behalf of the Library to meet the following conditions:

1. To take actions in the exercise of its discretion which in its best professional judgement are in the best interests of the Library and in accordance with this Policy.
2. To execute all investment transactions on behalf of the Library at the best net price, utilizing such approved brokers and dealers as it deems appropriate to obtain the best execution capabilities and/or valuable information with respect to the economy, at the lowest cost to the Library.
3. Such additional responsibilities as are set forth in such investment advisor's written contract with the Library.

The Library's investment advisors shall establish and maintain internal controls, in writing, for the operation of the Library's investment program as set forth in this Policy.

Until the Board of Trustees appoints one or more investment advisors, management responsibility for the investment program set forth in this Policy is delegated to the Executive Director and/or the Board Treasurer as Chief Investment Officers of the Library who shall act in accordance with established written procedures and internal controls.

Ethics and Conflicts of Interest

Trustees and employees shall refrain from personal business activity that could, or could appear to, conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

Authorized and Suitable Investments

- 1) Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, that are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- 2) Bonds, notes, debentures or other similar obligations of the United States of America, or its agencies. For purposes of this Policy, the term "agencies of the United States of America" includes federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks, or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 and the federal home loan banks and the Federal Home Loan Mortgage Corporation; and any other agency created by Act of Congress;
- 3) Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 511 *et seq.*), provided, however, that such investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation, have total equity of at least \$20,000,000 and have been in existence for at least five years;

- 4) Money market mutual funds registered under the Investment Company Act of 1940 (15 U.S.C.A. 80a-1et seq.), provided that the portfolio of the money market mutual fund is limited to obligations described in Section 2(a)(1) and (2) of the Public Funds Investment Act (30 ILCS 235/2(a)(1) AND (2).
- 5) The Public Treasurer's Investment Pool created under Section 17 of the State Treasurer Act (15 ILCS 505/17) or in a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company, or use the services of such an entity to hold and invest or advise regarding the investment of any public funds.

Safekeeping and Custody

Securities which are held by an independent third party custodian must be evidenced by a written custodial agreement and written confirmation documents. The Executive Director shall maintain copies of these documents.

Collateralization

All public funds on deposit must be protected by deposit insurance (e.g., FDIC) or pledged collateral. The amount of collateral will not be less than 110% of the amount of public funds secured. Collateral shall be held by an independent third party depository approved by the Library Board and evidenced by a written collateral agreement. The pledged collateral shall be of the type authorized by the Public Funds Investment Act, 30 ILCS 235/11 *et seq.* (see, e.g., 30 ILCS 235/6(d))

Diversification

The Library shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions, and/or length of maturity.

Maximum Maturities

Consistent with its investment objectives, the Highland Park Public Library shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Highland Park Public Library will not directly invest monies from the General Fund in securities maturing more than one year from the date of purchase.

However, reserve funds (for example, the Local Library Working Cash Fund) may be invested in securities exceeding one year.

Performance Standards

This investment portfolio will be managed in accordance with the parameters specified within this policy. Portfolio performance should be compared to benchmarks with similar maturity, liquidity and credit quality as the portfolio.

Reporting

The Executive Director shall prepare an investment report at least monthly. The report should be provided to the Board of Trustees and available on request. The report should be in a format suitable for review by the general public. An annual report should also be provided to the Board.

Internal Controls

A system of internal controls shall be established by the Chief Investment Officers of the Library or by an investment advisor, if appointed. They shall be presented to the Board of Library Trustees for review, revision if necessary, and approval prior to implementation.

Adopted November 9, 1999

Revised March 11, 2008

Revised July 9, 2019