



INVESTMENT POLICY

PURPOSE & SCOPE

The purpose of this policy statement is to outline the responsibilities, general objectives, and specific guidelines for management of public funds by the Galena Public Library District. Its scope is all public funds of the library.

RESPONSIBILITIES

All investment policies and procedures of the Galena Public Library will be in accordance with Illinois Law. The authority of the Board of Trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act [30 ILCS 235/1 *et seq.*] and the investments permitted are described therein. Administration and execution of these policies are the responsibility of the Treasurer who is hereby designated as the Chief Investment Officer of the library acting under the authority of the Board of Trustees. The Chief Investment Officer, and by designation, the Library Director, is responsible for establishing internal controls and written procedures for the operation of the investment procedure.

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 judgment 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 the investment advisor's written contract with the library.

The library's investment advisors shall be responsible for establishing internal controls in written procedures 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 Chief Investment Officer and/or the Library Director.

PRUDENCE

Investments shall be made with the judgment and care under the 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 preservation of their capital as well as the probable income to be derived. This “prudent person” standard shall be used by all investment officers of the library and shall be followed in making and managing investments for the library.

AUTHORIZED AND SUITABLE INVESTMENTS

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.

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 Bank Act [205 ILCS 5/1 et seq.] provided, however, that such investments may be made only in banks which are insured by the Federal Insurance Corporation.

Any investment advisors, money managers, and financial institutions shall be considered and authorized only by the action of the Board of Trustees upon the recommendation of the Chief Investment Officer. The Chief Investment Officer will maintain a list of financial contacts and institutions authorized to provide investment services.

INVESTMENT GUIDELINES

The primary objective in the investment of library funds is to ensure the safety of principal, while managing liquidity to pay financial obligations, and providing the highest investment return using authorized instruments.

Safety of Principal

The safety of principal is the foremost objective of the investment program. To attain this objective, diversification and internal controls, as defined in the policy, are required to ensure that the library prudently manages market, interest rate, and credit risk.

Liquidity

The investment portfolio shall remain sufficiently liquid to enable the library to meet all operating requirements which might be reasonably projected.

Return on Investment

The investment portfolio shall be designed to obtain the highest available return, taking into account the library's investment risk constraints and cash flow needs and the library's desire to

promote fiscal responsibility. The rate of return achieved on the library's portfolio will be measured against relevant industry benchmarks at regular intervals to determine the effectiveness of investment decisions in meeting investment goals.

Periodic Review of Investment Portfolio

The Board of Trustees shall review investment safety, liquidity, rate of return, diversification, and general performance.

DIVERSIFICATION

The investment portfolio shall be diversified to eliminate the risk of loss resulting from concentration of assets with a specific maturity date. The library shall invest the majority of its funds in authorized investments of less than one (1) year maturity. No investment shall exceed two (2) years maturity.

COLLATERALIZATION

Collateral securities guaranteed by the full faith and credit of the United States of America shall be required for deposits in excess of \$100,000 per institution. The percentage of collateralization shall be in conformance with all State statutes governing the investment of public funds.

INTERNAL CONTROLS

The library's Chief Investment Officer, in conjunction with the Library Director, shall establish a system of internal controls, which shall be documented in writing, reviewed by the auditor, and filed with the Board of Trustees for review and approval. The controls shall be designed to prevent losses of public funds arising from fund, employee error, misrepresentation by third parties, or imprudent actions by the employees of the entity.

ETHICS & CONFLICT OF INTEREST

Authorized investment officers of the library and employees in policy-making positions shall refrain from personal business activity that could conflict, or give the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Such individuals shall disclose to the library any material financial interest in financial institutions which conduct business with the library, and shall further disclose any personal financial investment positions that could be related to the performance of the investment portfolio. In addition, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

No person acting as Treasurer or financial officer for the library, or who is employed in any similar capacity by or for the library, may do any of the following:

1. Have an interest, directly or indirectly, in any investments in which the library is authorized to invest;
2. Have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments;
3. Receive, in any manner, compensation of any kind from any investments in which the library is authorized to invest.

REPORTING

Financial reports shall be presented to the Board of Trustees by the Library Director or Chief Investment Officer on a monthly basis. This report shall include the following:

1. Type of investment
2. Liquidity
3. Rate of Return
4. Location of Investment
5. Impact of any material change in investment policy adopted

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