

Madison Library Investment Policy

I. Policy Statement and Scope

This document will govern the investment activities of the Madison Library. It is the policy of the Library to invest funds in a manner that will maximize the security of the principal while satisfying cash flow demands using approved methods that will provide the highest possible return. All investments will conform to applicable laws and regulations governing the investment of funds held by local governing bodies, specifically libraries, under RSA 202 and RSA 31:25.

This investment policy applies to funds held by the Library. It does not apply to the funds held by the Madison Trustees of the Trust Funds for the benefit of the Library or those held by the Friend of Madison Library.

II. Investment Objectives

The primary objectives of the Library's financial investments are, in order:

1. **Preservation of Capital:** The preservation of capital is the foremost objective of the investment program. At no time should the safety of the portfolio's principal be impaired or jeopardized. All investments shall be undertaken in a manner that first seeks to preserve capital and secondly attempts to fulfill other investment objectives.
2. **Liquidity:** The Library's investment portfolio is to remain sufficiently liquid to enable the Library to meet those operating requirements that might be reasonably anticipated.
3. **Return on Investments (Yield):** The Library's investments should generate the highest available return without sacrificing the first two objectives.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence might exercise in the management of their own affairs.

II. Authorized and Suitable Investments

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

- 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;
- Bonds, notes and other obligations issued by any federal agency instrumentality;
- NHDIP funds;
- Bonds or other obligations of the State of new Hampshire;
- Demand deposit accounts (such as checking account) established with local financial institutions and properly insured through the Federal Deposit Insurance Corporation (FDIC);

- Certificates of Deposit (CDs) issued by local financial institutions and properly insured by the FDIC;
- Publicly traded mutual funds;
- Publicly traded stocks;
- CDs and short and medium term annuities of prime insurance companies licensed to operate in the State of N.H.

IV. Custody and Safekeeping

Securities will be held by an independent third party custodian designated by the Treasurer and approved by the Board of trustees.

V. Internal Control

The Treasurer is responsible for establishing and maintaining internal control to insure that the assets of the Library are protected from loss, theft or misuse.

VI. Maturity of Investments

No investment shall have a maturity date of more than seven years from its issue date of purchase by the Library, unless an investment is matched to a specific obligation of the Library.

VII. Diversification of Investments

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 achieved by the type of investment, number of institutions and length of maturity.

The following guidelines will be used in administering the Library's investment policy whenever the portfolio reaches \$50,000.00 or more:

- The Library's total (100%) portfolio may be invested in securities guaranteed by the United States, CDs, savings or deposit accounts, and annuities of prime insurance companies licensed to operate in N.H.
- No more than 25% of the portfolio may be invested in no-load money market mutual funds consisting exclusively of governmental securities.
- No more than 10% of the portfolio may be invested in bonds and other obligations of the State of N.H.
- No more than 10% of the portfolio may be invested in securities issued by any federal government agency or instrumentality.
- No more than 25% of the total portfolio may be invested in mutual funds.

VIII. Deposit requirements

All deposits shall be collateralized pursuant to NH RSA 386:57. Any eligible financial institution that has offices within the State of NH may become a public depository of the Library funds.

IX. Delegation of Authority

Management responsibility for the Library's investment program is delegated to the Trustee Treasurer who is considered the Library's chief financial office. In the absence of the Treasurer, the Chairman of the Board or other individual authorized by the Board may act in his/her stead. 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 Treasurer.

X. Ethics and Conflicts of Interest

Those involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the Library investment program, or that could impair their ability to make impartial decisions.

XI. Liability

When investments are made in accordance with this policy, no Library staff member or Trustee with the investment authority shall be held liable for a loss resulting from default or insolvency of a depository of Library funds.

XII. Reporting

Each month the Treasurer will report to the Trustees the status of the portfolio.

Approved: February 20, 2008 by the Board of Trustees

Reviewed: November 17, 2010