

Schiller Park Public Library

Investment Policy

Purpose:

It is the policy of the Schiller Park Public Library (the “Library”) to invest public funds in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds. The purpose of this policy statement is to outline the responsibilities, general objectives, and specific guidelines for management of public funds by the Library.

Scope:

This Policy applies to investments of the Board of Library Trustees of the Schiller Park Public Library (the “Board”). The authority of the Board 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. Financial assets or funds of the Library shall be administered by the Board Treasurer (the “Treasurer”) in accordance with this Policy. In the Treasurer’s absence, the Board may designate the Executive Director, Assistant Director, or Board President to administer this Policy. For the purpose of this Policy, “financial assets” are those assets available for investment over and above the current short-term cash needs for the Library.

Prudent Person Standard:

All Library investment activities shall use a “prudent person” standard of care. This standard shall be applied in the context of managing an overall portfolio and specifies that 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 officers, acting in accordance with this Policy and the written procedures of the Library, and exercising due diligence, shall be relieved of personal responsibility for a security’s credit risk or market price/value changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Objective:

In selecting financial institutions and investment instruments to be used, the following general objectives should be considered in the priority listed:

- Legality - Conformance with all federal, state, and other legal requirements

- Safety - Preservation of capital, protection of investment principal, and including diversification appropriate to the nature and amount of the funds
- Liquidity - Maintenance of sufficient liquidity to meet operating requirements
- Yield - Attainment of highest return consistent with risk constraints and cash flow needs
- Simplicity of management - the time required by Library administrative staff to manage investments shall be kept to a minimum

Material, relevant, and decision-useful sustainability factors shall be 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.

Authority:

The Treasurer and officers of the Board are authorized to execute the proper documentation required of the banks, savings and loan associations, credit unions, or other institutions to effectuate this Policy.

Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall refrain from personal business activities that might conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions, that could give the appearance of impropriety, or that could conflict with other Board policies.

Internal Control:

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting
- Custodial safekeeping

- Written confirmation of telephone transactions for investments and wire transfers

Legality and Safety:

All investments shall comply with all federal and state statutes and other legal requirements.

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in individual investments and the overall portfolio. The objective will be to mitigate credit risk, interest rate risk, and custodial risk.

a. Credit Risk

The Library will minimize credit risk (the risk of loss due to the failure of the security issuer or backer) by:

- Limiting investments to the types of securities permitted under Illinois Public Funds Investment Act, 30 ILCS 235/1 et seq.
- Approving by Resolution the investment advisors, money managers, broker/dealers, financial institutions, and public depositories deemed appropriate for use under applicable law.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

b. Interest Rate Risk

The Library will minimize interest rate risk (the risk that the market value of securities in the portfolio will fall due to changes in market interest rates) by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

c. Custodial Risk

The Library will minimize custodial risk (the risk that in the event of a financial institution or custodian's failure, the Library deposits or investments would not be returned to it) by:

- Maintaining a list of public depositories, financial institutions, investment advisors, money managers, and broker/dealers authorized to provide deposit, custodial, and investment services.
- Obtaining from all public depositories, financial institutions, investment advisors, money managers, and broker/dealers authorized to provide deposit, custodial, and investment

services audited financial statements demonstrating compliance with applicable capital adequacy guidelines as available and appropriate.

- Ensuring that funds on deposit in excess of FDIC limits are secured by some form of collateral, witnessed by a written agreement.

- Keeping authorized investments with a third-party custodian in an account in the Library's name and documented by a safekeeping or custody agreement approved by the Board. Original certificates of deposit will be held by the originating bank and documented by a safekeeping receipt or a copy of the original certificate.

Performance Standards:

The investment portfolio will be managed in accordance with the parameters specified within this Policy. The portfolio should obtain a comparable rate of return during a market/economic environment of stable interest rates. Portfolio performance should be compared to benchmarks with similar maturity, liquidity, and credit quality as the portfolio.

Reporting:

Monthly financial reports shall be prepared by Library administration and submitted to the Board for review and acceptance. The content of the monthly financial reports may be revised from time to time by Board directive based on the nature of the Library investments. At least quarterly, the reports shall include information regarding securities in the investment portfolio by class or type, book value, income earned, and market value as of the report date.

Review:

This Policy shall be reviewed as needed but at least every three years to assess the Policy's effectiveness and compliance with applicable law.

Adopted by the Board of Library Trustees of the Schiller Park Public Library on May 9, 2024.