

## **Investment Policy**

### **Purpose**

This policy is designed to assure sound fiscal management by providing parameters to guide the investment of gift funds under the control of the Walter E. Olson Memorial Library Board of Trustees (“the Board”).

### **Scope**

This investment policy applies to all gifted financial assets under the control of the OML Board of Trustees. Gift funds shall remain separate and distinct from any other source of revenue received by the Board.

### **Prudence**

All Board investment activities use a “prudent person” standard of care. This standard is 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.

Trustees and their designees, acting in accordance with this Policy and the written procedures of the Board, 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**

The objective of this policy is to conduct investment of gift funds in a manner which will obtain a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The following guidelines are used to meet the general investment objectives:

- 1) Legality and Safety:
  - a) Safety of principal is the foremost objective of the investment program. Investments are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
  - b) Investments are made only in securities guaranteed by the U.S. government, or in FDIC insured institutions including Savings Association Insurance Fund (SAIF) or the FDIC.
  - c) Authorized investments include and will primarily consist of: Certificates of Deposit, Treasury Bills, Money Market accounts, and other securities guaranteed by the U.S. government, and any other investments that satisfy the investment objectives of the Board.
- 2) Liquidity: In general, investments are managed to meet liquidity needs for the current month plus one month (based on forecasted needs) and any reasonably-anticipated special needs.
- 3) Risk Limitation: The Board minimizes risk of financial loss 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, and investing operating funds primarily in shorter-term securities.

- a) Yield/return on investment: Every allowable effort is made to maximize return on investments made. All available funds are placed in investments or kept in interest-bearing deposit accounts.
- b) Simplicity of management: The time required to manage investments is kept to a minimum.

### **Delegation of Authority**

Authority to manage the OML investment program is derived from the following:

- Wisconsin §43.58
- The By-Laws of the Walter E. Olson Memorial Library Board of Trustees.

Management and administration responsibility for the investment program is delegated to the Treasurer and the Finance Committee, with the authorization of the Board.

The Board maintains a treasurer's bond equal to a minimum of 50% of the total gift funds in the previous fiscal year.

Investment agreements shall require the signature of the Treasurer and an additional signature by a designated Board member.

### **Ethics & Conflict of Interest**

Board Members 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, or that could give the appearance of impropriety.

Board members shall disclose any material financial interests in financial institutions that conduct business with the Board and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Board, particularly with regard to the time of purchases and sales.

Trustees with economic conflicts of interest will abstain from voting on investment matters.

### **Authorized Financial Dealers & Institutions**

The Treasurer or their designee will maintain a list of financial institutions authorized to provide investment services to the Board. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the Board invests.

The Board will select financial institutions (e.g. Wisconsin Funds, banks, savings and loan, credit unions, and other non-banks) and will annually review the selection of depositories. The Board will take into consideration security, size, location, financial condition, service, fees, competitiveness, and the community relations involvement of

the financial institution when choosing depositories. The Board shall authorize investment of funds in such institutions.

### **Authorized & Suitable Investments**

Authorized investments include and will primarily consist of: Certificates of Deposit, Treasury Bills, Money Market accounts, other securities guaranteed by the U.S. government or in FDIC-insured institutions, and any other investments that satisfy the investment objectives of the Board.

### **Diversification**

The OML Board of Trustees will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the Board's total investment will be invested in a single security type.

### **Maximum Maturities**

To the extent possible, the Board will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Board will not directly invest in securities maturing more than three years from the date of purchase.

Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

### **Internal Control**

The Board will undergo an annual professional audit through its municipal fiscal agent.

### **Performance Standards**

In order to design an investment portfolio that meets the objectives of this policy, the 6 Month Treasury Bill return rate should be used as guideline to compare for an average return.

### **Reporting & Review**

The Treasurer or their designee shall provide to the Board monthly investment reports which will provide a clear picture of the status of the current investment portfolio.

This policy shall be reviewed by the Board at the Annual Meeting.

Approved: April 17, 2024