

## Investment Policy

### **Introduction**

This statement of investment policy is presented to the Board of Directors of the Finger Lakes Library System (FLLS) on April 16, 2025, to provide for the creation of, and guidelines for the management of, various funds held by the organization. These policies supersede any and all prior actions regarding investment policies. For the purposes of managing investment risk and to optimize investment returns within acceptable risk parameters, the following will be held as separate investment pools.

1. TTC Money Market (aka Sweep Account)
2. Board Designated Fund
3. LPL Restricted Funds
4. LPL Restricted Money Market Fund

### **Procedures**

1. The following procedures will be followed to ensure the investment policy statement is consistent with the mission of the Finger Lakes Library System and accurately reflects current financial conditions:
  - A. The Finance Committee shall review this investment policy annually.
  - B. The Finance Committee will recommend any changes in this policy to the Board of Directors.
2. The following procedures will be used to determine the dollar amounts to be placed in the each of the various funds.
  - A. The Executive Director or their designee will recommend the dollar amounts to be held in the Sweep Account and Board Designated Fund.
  - B. The Finance Committee will recommend the dollar amounts to be held in the LPL Restricted and Money Market Funds.

### **Delegation of Authority**

The Finance Committee is a fiduciary, and is responsible for directing and monitoring the investment management of the various fund assets on behalf of FLLS. As such, the Finance Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to Investment Management Consultant, Investment Manager, Custodian, and additional specialists. It is anticipated that the services of a registered investment manager may be sought to manage portions of the Long-term Reserve and/or Endowment Funds. The following procedure shall be followed to engage a new or replace a current investment manager:

1. The Treasurer and the Finance Committee will recommend the hiring or replacing of an investment manager to the Board of Directors.

2. The Treasurer and the Finance Committee will nominate prospective candidates and send a Request for Proposal to each candidate.
3. The Treasurer and the Finance Committee will review proposals and interview candidates to determine appropriate investment manager(s).
4. The Finance Committee will make the hiring recommendation to the Board of Directors, who shall have final approval.

### **Sweep Account**

**Purpose:** The purpose of the Sweep Account is to provide sufficient cash to meet the day-to-day financial obligations of FLLS in a timely manner.

**Investment Objectives:** The investment objectives of the Sweep Account are:

- Preservation of Capital;
- Liquidity; and
- To optimize the investment return within the constraints above.

### ***Investment Guidelines***

**Allowable Investments:** The Executive Director and Treasurer, if authorized by the Board of Directors, will invest the recommended amount of funds in the Sweep Account as follows:

1. Interest bearing Savings Account
2. Certificates of Deposit at insured commercial banking organizations;
3. Money market funds;
4. Interest bearing checking accounts;
5. Direct obligations of the U.S. Government, its agencies and instrumentalities.

**Maturity:** The maturities on investments for the Sweep Account shall be 12 months or less.

**Reporting:** The Executive Director or their designee shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors;

1. Schedule of investments;
2. Interest income year to date

### **Board Designated Fund**

**Purpose:** The purpose of the Board Designated Fund is to meet the expenses occurring as a result of unanticipated activities and to improve the return on the funds held for expenditure for up to five years.

**Investment Objectives:** The investment objectives of the Board Designated Fund are:

- Preservation of capital;
- Liquidity; and
- To optimize the investment return within the constraints above.

## ***Investment Guidelines***

**Allowable Investments:** The Executive Director and Treasurer if authorized by the Board of Directors will invest the Board Designated Fund as follows:

1. Interest bearing savings account
2. Certificates of Deposit at insured commercial banking institutions;
3. Money market funds that invest in government backed securities;
4. Interest bearing checking accounts;
5. Direct obligations of the U.S. Government, its agencies and instrumentalities. (i.e. Treasury Bills, Treasury Notes, Treasury Bonds, Treasury Inflation-Protected Securities (TIPS), and Floating Rate Notes (FRNs).
6. Mutual funds that invest in direct obligations of the U.S. Government, its agencies and instrumentalities.

**Maturity:** The Board Designated fund shall have a weighted average maturity of three years or less. The maximum maturity shall be 5 years.

**Reporting:** The Executive Director or their designee shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors:

1. Schedule of Investments, which includes schedule of performance since purchase or last 5 years;
2. Interest Income year to date;
3. Current yield.

## **LPL Restricted Fund and Money Market Fund**

**Purpose:** The purpose of the LPL Restricted and Money Market Funds is to provide secure long-term funding for the mission of FLLS. The assets of the LPL Restricted and Money Market Funds shall be managed in such a way as to facilitate FLLS's goals and objectives as outlined by the Board of Directors. Expenditure of the principal is board designated unless otherwise designated by the donor(s) in part or in whole. Also, at the discretion of the Board of Directors, up to 100% of the yearly total return may be utilized for program and agency expenses unless restricted for specific purposes by the donor(s).

**Investment Objectives:** In order to meet its needs, the investment strategy of the LPL Restricted and Money Market Funds is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the primary objective in the investment management of the LPL Restricted and Money Market Funds shall be:

- Long-term growth of capital – To emphasize the Long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
- Preservation of purchasing power – To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and Trust assets. Risk control is an important element in the investment of Trust assets.

## ***Investment Guidelines***

### **General Principles:**

1. Investments shall be made solely in the interest of FLLS and the LPL Restricted and Money Market Funds.
2. The assets shall be invested with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting in like capacity and familiar with such matters would use in the investment of a like fund.
3. Investment of these funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. FLLS may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Cash is to be employed productively at all times by investment in Short-term cash equivalents to provide safety, liquidity and return.

**Specific Investment Goals:** Over the investment time horizon established it is the goal of LPL Restricted and Money Market Funds' assets to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index. The goal of the investment manager shall be to meet or exceed the market index selected and agreed upon by the Finance Committee that most closely corresponds to the general principles stated above.

**Diversification:** Investment management of the assets of the LPL Restricted and Money Market Funds shall be in accordance with the following asset allocation guidelines:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Fixed Income	30%	70%
Cash Equivalents	0%	20%

*Presented to the Board of Trustees 04/16/2025*