Investment Policy

Adopted by the Cedar Mill Community Library Association Board of Directors June 17, 1997; revised June 19, 2018; revised August 21, 2018; revised June 15, 2021

Purpose
This policy establishes investment objectives, policies, guidelines and eligible securities related to all assets held by Cedar Mill Community Library Association primarily for investment purposes.

Responsibilities of the Board
The Board shall ensure that its fiduciary responsibilities concerning the management of Cedar Mill Community Library's funds are fulfilled through an appropriate investment structure and investment instruments. The objective is to ensure continued viability of the organization by getting reasonable return on investments without undue risk of principal.

Responsibilities of the Treasurer/Finance Committee
The Finance Committee shall be made up of the Treasurer, President of the Board, Executive Director, Business Manager, and one volunteer from the Board. The Committee is responsible for adherence to procedures in determining how assets are invested. They are responsible for developing/proposing recommendations to the Board with regard to management of library funds.

The Committee shall:

- propose recommendations with regard to management of all institutional funds
- recommend selection of asset classes for long-term and short-term investments
- monitor performance of investments and those responsible for management of institutional funds
- recommend retention or dismissal of outside investment professionals

Policy
The Cedar Mill Community Library Association seeks to manage its investments to earn the best possible rate of return with minimal risk, while maintaining appropriate liquidity.

Investments
Cash to handle operating expenses (0-1 year) will be kept in a liquid money market fund which allows easy transfers to the checking account. Interest rates, fees and minimum balances should be monitored to obtain the best possible return.

Cash for longer term needs (2-5 years) may be invested in one or more of the following investments: Savings Accounts, Certificates of Deposit, Money Market Funds, T-Bills, or highly rated Mutual Funds.

Account balances at individual banks may exceed FDIC or FSLIC limits due to operational budget needs. No more than 25% of assets may be invested in non-insured accounts.

Opening new accounts and closing old accounts and transfers between accounts must be approved by the Finance Committee and reported to the Board at the next meeting.

Guidelines for Investing
The investment goal for the total return is to achieve a return of 2-5% after inflation. The following guidelines for investment vehicles ~~is~~ *are* allowable:

Money Market Funds and CDs (safe and liquid assets): Allowable range: Minimum 80%; Maximum 100% of total assets

Fixed Income (Bonds)*:* Allowable range: Minimum 0%; Maximum 20% of total assets
Bond investments will consist solely of taxable, fixed income securities that have an investment-grade rating (BBB or higher by S&P and Baa or higher by Moody's) that has a liquid secondary market.

No more than 5% of the fixed income portfolio will be invested in corporate bonds of the same issuer. The average maturity of the fixed income portfolio should exceed 2 years.

Equities (individual stocks and mutual funds): Allowable range: Minimum 0%; Maximum 15% of total assets
This component shall consist of high-quality equities traded on the New York, NASDAQ, or American Stock exchanges in the form of index mutual funds or ETF's with Morningstar Ratings of 3 stars or better.

Prohibited investments include: IPOs, restricted securities, private placements, derivatives, options, futures, margined transactions, or other high risk entities.