

Boulder Public Library District Investment Policy

I. Purpose

This policy defines how the Boulder Public Library District (the “District”) effectively invests its capital in accordance with Colorado Revised Statutes and to meet resolution objectives enacted by the Board of Trustees.

II. Objectives

A. Investments by the District are permissible according to CRS 24-75-601.1. The following investments are permitted:

1. U.S. Treasury Obligations (maximum maturity of 60 months)
2. Federal Instrumentality Securities (maximum maturity of 60 months)
3. FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
4. Corporate Bonds (maximum maturity of 36 months)
5. Prime Commercial Paper (maximum maturity of 9 months)
6. Eligible Bankers Acceptances
7. Repurchase Agreements
8. General Obligations and Revenue Obligations
9. Local Government Investment Pools
10. Money Market Mutual Funds

B. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

1. **Credit Risk:** The District will minimize credit risk, the risk of loss due to the failure of the security issuer by:
 - a. Limiting investments to the safest types of securities.
 - b. Pre-qualifying the financial institutions, broker/dealers, and advisors with which the District does business.
 - c. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
2. **Interest Rate Risk:** The District will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:
 - a. Structuring the investment portfolio so that securities mature sufficiently close to cash requirements for ongoing operations, thereby minimizing the potential need to sell securities on the open market prior to maturity.
 - b. Investing operating funds primarily in short- to intermediate-term securities, approved local government investment pools, approved money market mutual funds and repurchase agreements.
3. **Liquidity of Funds:** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be anticipated. To ensure that

adequate funds are available to pay the District's projected financial obligations, investments will be purchased, or deposits made that match the anticipated cash disbursements of the District.

Since all cash demands cannot be anticipated, the portfolio shall consist of securities with active secondary or resale markets so that the potential for a realized loss, if an early liquidation of a security is necessary, will be minimized. The District may identify a core of stable funds through cash flow analysis that is available for investing in longer-term securities. Although the market value of these longer-term securities may fluctuate significantly, the fluctuation will not affect the liquidity of the portfolio since they can be held to maturity in all but extreme circumstances.

4. **Yield**: The investment portfolio shall earn a competitive market rate of return on available funds throughout budgetary and economic cycles. In meeting this objective, investment management personnel will consider the District's investment risk constraints, pursuant to law and policy, and cash flow needs.

III. Delegation of Authority

All investments will be in accordance with C.R.S. 24-75-601. The Boulder Public Library District Board of Trustees (the "Board of Trustees") grants the Library Director authority for conducting investment transactions. The Library Director may designate the Finance Manager or other people to assist them in performing investment management functions.

The Library Director shall establish written administrative procedures for the operation of the District's investment program consistent with this policy. The Library Director may engage the services of outside professionals, subject to the availability of budgeted funds and approval of the Board of Trustees. Such services may include engagement of financial advisors in conjunction with debt issuance, portfolio management, special legal presentation, third party custodial services, and independent rate services.

The Board of Trustees will periodically review the compliance of the cash and investment management practices of the District with this Investment Policy. The Board of Trustees may elect to appoint **a subcommittee** to monitor the District investments' compliance with this policy.

IV. Prudence

The standard of prudence to be used for managing the District's assets, pursuant to Colorado law, is the "prudent investor" rule, which states that a prudent investor "shall exercise the judgment and care, under circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of the property of another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of their capital." (CRS 15-1-304, Standard of Investments.)

The District's overall investment program shall be designed and managed to a degree of professionalism that is worthy of the public trust. The District recognizes that no investment is riskless and that the investment activities of the District are a matter of public record. Accordingly, the District recognizes that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the District.

The District seeks active, rather than passive, management of its portfolio assets. Assets may be sold at a loss only if the Board of Trustees believes that the sale of the security is in the best long-term interest of the District. The Director and other authorized persons acting in accordance with written procedures while exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes.

V. Ethics and Conflicts of Interest

The Board of Trustees and employees of the District involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair or create the appearance of an impairment of their ability to make impartial investment decisions (CRS 24-18-101, et seq, Code of Ethics).

VI. Eligible Investments and Transactions

All investments shall be made in accordance with applicable law, including, without limitation, C.R.S. Section 11-10.5-101, et seq. Public Deposit Protection Act; C.R.S. Section 11-60-101, et seq. U.S. Agency Obligations; and C.R.S. Section 30-10-708, et seq. Treasurer - Deposit of Funds in Banks and Savings and Loan Associations, which further cites C.R.S. Section 11-47-101, et seq. Savings and Loan Association Public Deposit Protection Act; C.R.S. Section 24-75-601, et seq. Funds - Legal Investments; C.R.S. Section 24-75-603, et seq. Depositories; and C.R.S. Section 24-75-701, et seq. Investment Funds – Local Government Pooling. Any revisions or extensions of these sections of the C.R.S. will be assumed to be part of this policy immediately upon being enacted.

VII. Policy Revisions

This policy shall be reviewed at least once each calendar year and may be amended as conditions warrant. Appendices to this policy may be updated by the Library Director as necessary, provided the changes in no way affect the substance or intent of this policy.