

**Lyons Regional Library**  
**INVESTMENT POLICY**

The investment policy applies to all monies and other financial resources available for deposit and investment by the Lyons Regional Library District (“the Library”) on its own behalf. The Library will invest funds in a manner that will prioritize the security of the principal while satisfying cash flow demands using approved methods that will provide the highest prudent return.

1. OBJECTIVES

The primary objective of the Library’s investment activities are, in priority order:

- To conform with all applicable legal requirements, primarily Colorado Revised Statutes (C.R.S.) § 24-75-601 (legality).
- To adequately safeguard principal (safety).
- To provide sufficient liquidity to meet all operating requirements (liquidity).
- To obtain a reasonable rate of return (yield).

2. DELEGATION OF AUTHORITY

Fiduciary responsibility for all public monies held for the Library resides with the Lyons Regional Library District Board of Trustees through the Board’s Finance Committee. This Committee shall be responsible for the implementation of the investment program, applying procedures consistent with this policy. As it sees fit, the Committee may name an Investment Officer, to be approved by the Board of Trustees.

3. PRUDENCE

All participants in the investment process shall seek to act responsibly and transparently as fiduciary custodians of the Library funds and shall avoid any transaction that might impair public confidence in the Library.

Investments shall be made with prudence, diligence, skill, judgement, and care in accordance with currently prevailing knowledge and best principles. Speculation is never appropriate. Funds shall be invested considering the safety of the principal as well as potential income and appreciation.

All participants 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 their ability to make impartial investment decisions. Each Officer and Director of the Board must immediately notify the Board Secretary if a conflict of interest or the appearance of a conflict arises. The Officer or Director must then recuse herself or himself on the associated matter or take other appropriate action to resolve the conflict or apparent conflict

#### 4. INTERNAL CONTROLS

The Finance Committee or Investment Officer is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition. Transactions are executed in accordance with Board authorization, recorded properly, and managed in compliance with applicable laws and regulations. Monies held in SEC Registered money market funds must comply with § 24-75-601 C.R.S. Monies held in state pools must comply with § 24-75-701 C.R.S. Other controls may be adopted to prevent loss of public funds due to fraud, errors, misrepresentation, unanticipated market changes, or imprudent actions.

#### 5. PORTFOLIO DIVERSIFICATION

All investments will be categorized as either short-term (with maturities of less than one year, or with highly liquid markets) or long-term (with longer maturities, unless readily marketable). Duration should be chosen by the Finance Committee to meet the objectives for cash flow as set forth in the Strategic Plan and Budget.

All investments will be made in accordance with the Colorado Revised Statutes, which include the following: § 30-10-708 C.R.S. Deposit of funds in banks and savings and loan associations; § 11-10.5-101 C.R.S., et. seq. Public Deposit Protection Act; § 24-75-601 C.R.S. et. seq. Funds - Legal Investments; § 24-75-603 C.R.S., Depositories; and § 24-75-702 C.R.S., Local Governments - authority to pool surplus funds. Revisions or extensions to these sections of the statutes will be considered part of this Investment Policy immediately upon the effective date following enactment.

The Library shall diversify its short-term investment vehicles so that, whenever possible, no more than 65 percent of the total portfolio is in one investment type should the portfolio exceed \$2,000,000. When the portfolio is less than \$2,000,000, diversification may not be necessary or possible.

Short-term investment maturities for all funds shall be scheduled to coincide with projected cash flow needs. No long-term investments shall have maturities of more than five years without approval by the Board of Trustees.

Instrument restrictions and diversification requirements for the long-term portfolio shall be the same as for the short-term portfolio. Maturity scheduling shall be timed according to the anticipated need.

#### 6. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Library shall work from the State listing of Banking Institutions approved as depositories for its public funds which are qualified under § 24-75-603 C.R.S., are federally insured and which collateralize deposits over \$100,000 according to the Public Deposit Protection Act. The Library shall maintain cash balances with these approved depositories that are adequate to cover

anticipated draws as well as any required compensating balances under bank service agreements, and such other deposits as the Finance Committee or Investment Officer deems prudent.

Separate from the banking institutions approved as depositories, the Library shall maintain a listing of Financial Institutions that are approved by the Finance Committee or Investment Officer for investment purposes. The Finance Committee or Investment Officer shall demonstrate due diligence regarding the condition and the regulatory history of each Financial Institution, including state pools, prior to its approval. The due diligence shall include a review of all information that would be required on the NASD Form U4 for Broker Dealers or the SEC Form ADV Parts 1 and 2 for Investment Advisors.

Prior to approval of any Financial Institution, other than institutions approved as depositories, the Finance Committee or Investment Officer shall confirm with the institution or with Library counsel that the institution will be liable for its noncompliance, if any, with § 24-75-601.5 C.R.S.

#### 7. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by the depository and/or third party bank or trust company subject to the security and custodial agreements under § 24-75-601 C.R.S. The custodian shall issue a safekeeping receipt listing the specific instrument, rate, maturity, and other pertinent information.

Deposit-type securities (such as certificates of deposit) shall be collateralized as required by PDPA for any amount exceeding FDIC coverage. Other investments requiring collateral including repurchase agreements will be secured by the actual security held in safekeeping by the third party custodian.

Money market instruments such as SEC registered money market mutual funds qualified under § 24-75-601 C.R.S. and state pools under § 24-75-701 C.R.S. shall be collateralized as required by law.

#### 8. REPORTING REQUIREMENTS

The Finance Committee or Investment Officer shall maintain, and make available to the Board of Trustees, monthly reporting of current investments, targets and performance for management purposes, including any notes or narrative necessary for clarification.

Approved and Adopted by Lyons Regional Library Board of Trustees: October 19, 2021