Investment Policy

Purpose

The Board of Trustees of Marion Public Library (the "Library") adopts this Investment Policy to make sure the Library invests its money in line with the law and in a way that protects the public trust.

Scope

This policy applies to all money and financial resources available for deposit and investment by the Library, on its own behalf or on behalf of any other person or entity. That includes operating funds, reserve funds, grants, gifts, and any other financial assets in the Library's custody or control.

Objectives

The Library's investment goals, in order of priority, are:

1. Legal compliance
2. Safety of principal
3. Liquidity sufficient to meet the Library's cash needs
4. A reasonable yield, consistent with the first three goals

Safety and availability of money come before return.

Authority

The Library is a municipal public library. Education Law §259(1)(a) requires the Library to deposit and secure its money as General Municipal Law §10 provides, and allows the Library to invest that money as General Municipal Law §11 provides. This policy also contains the elements General Municipal Law §39 requires of an investment policy. The Board reviews it each year as that section requires.

The Board keeps final responsibility for the investment program.

Delegation of Responsibility

Until the Board appoints a Board Treasurer, the Library's Investment Officers are the Board President and a designee the Board appoints by motion. The Board may change the designee at any time by motion, and notifies each bank in writing. If the President cannot act, the Vice President serves in the President's place. When the Board appoints a Board Treasurer, the Board names the Board Treasuer as the Investment Officer by resolution and ends the authority of the President and designee on the date it takes effect. The Board delegates day-to-day responsibility for the investment program to the Board President and an Investment Officer the Board President appoints to review and oversee the program. Both present the investment report at each Board meeting. This designation will be transferred to the library's Treasurer as the Library's chief fiscal officer once the position

is created and an individual is appointed (General Municipal Law §11(2)(a) and Education Law §259(1)(a)).

The Board President must:

- Follow this policy and develop written procedures that match it
- Keep internal controls in place
- Keep complete records
- Confirm that the Library's deposits are secured as this policy requires
- Report to the Board on the Library's investments

Prudence Standard

The Board President invests with the prudence, diligence, skill, and care a prudent person acting in a like capacity would use under the circumstances. The Library does not invest for speculative purposes.

Cash Flow and Liquidity

The Board President considers the Library's expected receipts and payments before investing. Each investment must mature when the Library expects to need the money. The Board President may base this forecast on past patterns and the approved annual budget.

Designation of Depositories

At its annual organizational meeting, the Board designates by resolution the banks or trust companies that may hold Library money and the most the Library may keep at each. The Board may change a designation or an amount at any time by another resolution (General Municipal Law §10(2)(a)(i)).

Authorized depositories:

Depository	Maximum amount authorized
Lyons National Bank	$250,000

A depository must be located in New York State and authorized to do business here.

Permitted Investments

The Library may temporarily invest money it does not need right away in only these investments (General Municipal Law §11):

1. Special time deposit accounts, or certificates of deposit, in a bank or trust company authorized to do business in New York State
2. Certificates of deposit placed through a deposit placement program that meets General Municipal Law §§10 and 11
3. Obligations of the United States of America
4. Obligations guaranteed by the United States of America as to principal and interest
5. Obligations of the State of New York

Each investment must be payable when the Library needs the money.

The Library does not invest in any of the following:

- Mutual funds or money market mutual funds
- Corporate stocks or bonds
- Credit union deposits

- Any other investment this policy does not list

Authority to Reinvest

The Investment Officers may renew or reinvest a maturing investment without a new Board vote if the new investment is a permitted investment at a designated bank, the principal and interest stay in the same reserve fund, the minimum liquid amount stays in place, and the bank's deposit limit is not exceeded.

The Investment Officers must get a Board motion to take money out of an investment, move money from one reserve fund to another, open an investment at a bank the Board has not designated, or invest for longer than the maximum term in this policy. Each motion states the amount, the fund, and the reason.

Diversification

The Board President spreads the Library's money among the following based on appropriate practices:

- Maturity dates

The Library invests in 30-, 60-, and 90-day certificates of deposit, so part of its money matures regularly. The Board sets the percentage for each term by motion, and the percentages must add up to 100 percent. The Board President and the Investment Officer may roll a maturing certificate of deposit into another one as needed, consistent with this policy and the Library's liquidity needs. Additional diversifications compliant with law will be added once a Treasurer position is established.

Laddered Investments

The Library spreads its invested reserve money among 30-, 60-, and 90-day certificates of deposit. The Board sets the target percentages for each term by motion, and they must add up to 100 percent. The longest term is 90 days unless the Board changes it by motion. If the Library does not expect to need the money soon, the Investment Officers may choose the term with the best rate. They check the early withdrawal penalty before opening a CD and may not open one if the penalty could reduce the principal.

Reserve Funds and Interest

The Library may invest money from more than one reserve fund together. The Library keeps records that show each reserve fund's share of every investment. It credits the interest to each reserve fund in proportion to that share. The Library adds renewed interest to the reserve fund that earned it and does not move interest to another reserve fund without a Board motion.

Securing Deposits and Investments

A bank must secure any Library deposit above the amount covered by federal deposit insurance (General Municipal Law §10(3)). The Library should open its accounts as municipal collateralized accounts.

A bank may secure a deposit with one of the following:

- A pledge of eligible securities with a market value at least equal to the deposit

- A pledge of a share of a pool of eligible securities with a market value at least equal to the deposit
- An eligible surety bond for 100 percent of the deposit
- An eligible letter of credit for 140 percent of the deposit
- An irrevocable letter of credit from a Federal Home Loan Bank for 100 percent of the deposit

Before the Library opens an account or an investment, the Board President gets the bank's written confirmation of how it secures the Library's deposits.

Security and Custodial Agreements

When a bank secures Library deposits by pledging securities, the Library must have a written security agreement and a written custodial agreement with the bank (General Municipal Law §10(3)). The agreements must provide that:

- The bank holds the pledged securities separate from its own assets
- The Library has a legal claim to the securities if the bank defaults
- The bank values the securities on a regular schedule and replaces any that stop qualifying
- The bank controls the substitution and release of securities

The Board's attorney should review these agreements before the Library signs them.

Authorized Financial Institutions

The Board President keeps a list of the banks and trust companies the Board has designated. Each one must be authorized to do business in New York State and be financially sound.

Internal Controls and Reporting

The Board President must:

- Keep a record of every investment, showing the investment, where it is held, and the date and amount of any sale or redemption
- Record each investment at cost
- Record interest earned separately
- Reconcile investment statements to the Library's records each month
- Report to the Board at least monthly.

The Board reviews investment activity as part of its regular financial oversight.

The Board must approve by motion any withdrawal of money from an investment and any transfer of money between funds. The motion states the amount, the fund, and the reason. The Board does not need a permissive referendum to do this. A Board motion is enough (Education Law §259(1)(a); supported by OSC Opinion 2002-7).

Interest and Reserve Funds

The Library may invest money from more than one reserve fund together, as long as it keeps the separate identity of each reserve fund's money. The Library credits the interest from an investment to each reserve fund in proportion to its share of the investment, and applies the interest back to the investment account for that reserve fund (General Municipal Law §11(6)). The Library does not move interest to a different reserve fund without a Board motion.

Conflicts of Interest

An Investment Officer must not take part in an investment decision if they, a family member, or a business they are connected to has a personal interest in the bank or firm involved. An Investment Officer must not accept gifts from a bank or firm that does business with the Library. An Investment Officer with a conflict tells the Board, and the Board names someone else for that transaction.

Review

The Board reviews this policy each year at its annual organizational meeting (General Municipal Law §39). The Board amends the policy by resolution.

Approved by the Marion Public Library Board of Trustees on October 20, 2026.