

INVESTMENT POLICY - ARNPRIOR PUBLIC LIBRARY

PURPOSE / RATIONALE

This policy is established to ensure that funds which the Library generates by way of cash flows, surpluses, trust funds, bequests, reserves or any other source, are invested to provide optimal returns after due consideration of yield, term and security. Two main goals of this investment are to preserve purchasing power of assets through time, and to provide a level of liquidity to provide the flexibility to adjust to changing market conditions and to provide adequate cash flow to permit the Library to carry out its mandate.

SCOPE / LIMITS

This policy includes, but is not limited to trusts, endowments, donations, reserve funds, funds received from a municipality set aside specifically for the library, and any other excess Library cash balances that are either on deposit or invested.

OBJECTIVES

The investment of all assets, including excess cash balances must satisfy the following investment objectives:

- A level of liquidity to provide the flexibility to adjust to changing market conditions
- Maturity terms that ensure sufficient cash is available to meet the obligations of the library
- Protecting the portfolio from loss due to market fluctuation and/or poor diversification
- Investment yields that maximize returns to ensure continued growth without the capital erosion by inflation
- Investments that minimize financial risk
- Terms of references agreed with donors are respected

RESPONSIBILITIES

Responsibility for investment of the trusts, reserve fund and any other cash or assets that are deemed excess to the daily operations of the library rests with the Finance Committee as delegated by the Board. The responsibilities of the Finance Committee with respect to the investment management include:

- Reviewing at least annually the performance of investments
- Reviewing annually this policy including a reassessment of the return expectations, risk tolerance and recommending changes to the Board
- Reporting annually to the Board.

ELIGIBLE INVESTMENT GUIDELINES

- Guaranteed Income Certificates (GICs) with maturity less than 3 years.

CONFLICT OF INTEREST

A conflict of interest is defined as any event or circumstance that impairs the ability of any member of the Board or designate, or any employee or consultant to render unbiased and objective advice regarding any investment decision of the portfolio. In such cases, the conflict must be fully disclosed on a timely basis and the member shall withdraw from the meeting during the discussion and voting on the investment decision.