



AVON
FREE PUBLIC LIBRARY

Investment Policy

Purpose:

The Avon Free Public Library (the "Library") is on a solid financial footing thanks to the substantial support of the Town of Avon and its tax-paying citizens. Augmenting those resources, and critical to the success of the Library's mission, are financial assets ("Investment funds") under the control of the Library's Board of Directors (the "Board"). This policy provides guidelines for the management and investment of those Investment funds.

Key Definitions:

Investment funds include deposits, stocks, bonds, monies, and other assets owned by the Library and held at financial institutions. Investment funds may be unrestricted or restricted in purpose, and may be titled directly to the Library, a subdivision of the Library, or to a specific purpose.

Prudent person standard means that investments will be made with the judgment and care which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

Scope:

This policy applies solely to the Board and its Financial Operations Committee (the "FinOps Committee").

Roles and Responsibilities:

The FinOps Committee is responsible for managing all funds under the Board's control. While final investment authority rests with the Board, it falls to the FinOps Committee to develop and execute the investment strategy.

- 1. FinOps Committee Appointment and Terms:** The FinOps Committee will consist of at least three (3), but no more than six (6) Board members including the President and the Treasurer, who will serve as Chairperson. FinOps Committee members will serve terms coinciding with their Board terms. Should a FinOps Committee member resign, the President, in consultation with the Treasurer, will appoint a replacement at the Board

meeting following the effective date of the resignation when the size of the FinOps Committee falls below three (3) members.

2. **Meetings:** The FinOps Committee will meet at least two (2) times a year at a time and place called by the Chairperson. It may meet more frequently on an as-needed basis.
3. **Reporting:** The FinOps Committee will provide a year-end report on all Investment funds at the Board's annual meeting, and quarterly reports thereafter.
4. **Investment Choices:** The investment strategy should meet four objectives: low credit risk, acceptable return, high liquidity, and preservation of capital. All such investments will be subject to the prudent person standard.
5. **Restrictions:** The FinOps Committee is not permitted to appropriate, encumber, or expend any interest, dividends, or principal of the Investment funds without authorization from the Board.
6. **Conflict of Interest:** No FinOps Committee member and no Board member shall have any conflict of interest with respect to any investment of the Library that could improperly create or otherwise give rise to, either directly or indirectly, a financial or other tangible benefit to such member. For additional details, please see the [Conflict of Interest](#) Policy.
7. **Authorization:** Any proposed transactions involving low risk investment decisions (e.g., cash, certificates of deposit, money market funds, U.S. Treasury obligations) shall be approved by a majority vote of the FinOps Committee and recorded in the minutes of the next Board meeting subsequent to the transaction. All other proposed investment transactions involving higher degrees of risk that could materially change the profile, safety, liquidity, returns or deployment of the Investment funds shall be approved by a majority of the Board at a Board meeting.
8. **Unacceptable Investments:** Certain classes of investments are inconsistent with item 4, Investment Choices, above. The following investments are prohibited:
 - a. Any securities issued by companies that knowingly discriminate against persons with disabilities, women or minorities;
 - b. Letter stock;
 - c. Options, except in mutual funds;
 - d. Commodity or futures trading, except in mutual funds where the trading objective is to preserve principal;
 - e. Short selling;
 - f. Margin transactions;
 - g. Foreign bonds and stocks, unless the bonds are dollar denominated;
 - h. Private placements and
 - i. Cryptocurrencies.

Should the Library receive a gift including one or more of these types of assets, the investment vehicle should be sold as soon as possible and the funds placed in the Operating Account or one of the Investment Accounts as appropriate. For additional details, please see the [Gifts Policy](#).

Applicable State and Federal Laws:

In making investment decisions, making its investment recommendations to the Board, or performing other responsibilities, the FinOps Committee shall comply with all applicable laws of the United States and the State of Connecticut, rules and regulations that govern the receipt, management, use and accounting of the Investment funds.

Location:

This policy is available on the Avon Free Public Library website:
<https://www.avonctlibrary.info/policies/>

A copy is maintained in the Library's Administration Office.

Adopted: June 19, 2007

Revised: April 21, 2020

Revised: September 19, 2023