

**Purpose**

This Policy sets forth the investment guidelines for the prudent management of all surplus funds of the Belvedere Tiburon Library Agency (BTLA). This policy does not apply to the investment of the Library's pension funds.

**Objectives**

Surplus funds, including available reserve funds not required for expenditures within the next six months, shall be invested to the fullest extent possible in accordance with sound treasury management principles, State of California Government Code Sections 53600 et. seq. and this Policy. When investing, reinvesting, acquiring, selling and managing BTLA funds, objectives for selecting investments in order of priority, are:

1. Safety. The primary objective shall be to safeguard the principal of the funds.
2. Liquidity. The secondary objective shall be to meet the liquidity needs of the BTLA. It is important that the portfolio contain investments that provide flexibility and may easily be sold with minimal risk of loss of principal or interest.
3. Yield. Investments should achieve a reasonable rate of return on the portfolio, consistent with the prior two objectives.
4. Diversification. The Library shall diversify its portfolio to avoid incurring unreasonable market risks and remain consistent with Objectives 1 -3.

**Prudence**

BTLA Trustees, the BTLA Treasurer, the Library Director, and any persons authorized to make investment decisions on behalf of the BTLA, are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, acquiring, selling and managing BTLA funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and to maintain the liquidity needs of the BTLA (Government Code Section 53600.3). The Prudent Investor Standard shall be applied in managing an overall portfolio. Investment officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for a particular security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control developments.

**Delegation of Authority**

Authority to manage the BTLA's investment program is derived from approval of the BTLA Board. Management responsibility for the BTLA's investments is delegated to the Library Director, Administrative Services Supervisor, and Treasurer. No person may engage in an investment transaction except as provided under the terms of this Investment Policy statement and procedures established by the BTLA Board. The Finance Committee will be responsible for reviewing and monitoring the Library's investment activities on at least a biannual basis.

## Investment Guidelines

Investments are to be made in securities or instruments as permitted by the Government Code and subject to the Limitations of this Investment Policy.

1. Eligible securities for investment shall include the following:
  - a. U.S. Treasury Securities. United States Treasury notes, bonds, strips, bills or certificates of indebtedness, or obligations for which the full faith and credit of the U.S. Government are pledged for the timely payment of principal and interest.
  - b. Certificates of Deposit. Certificates of deposit, insured by the FDIC, issued by a nationally or state-chartered bank or savings association, or federal association.
  - c. State Local Agency Investment Fund (LAIF). The BTLA may invest all or a portion of its investments, up to the State-mandated maximum, in LAIF pursuant to California Government Section 16429.1.
  - d. Money Market Funds. Shares of beneficial interest issued by diversified management companies as authorized by California Government Code Section 53635(j).
  - e. Shares of beneficial interest in a joint powers authority pool organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in Section 53601 subdivisions (a) to (o) inclusive, and meets the following criteria: 1) the adviser is registered with the Securities and Exchange Commission; 2) the adviser has not less than five years of experience investing in the securities and obligations authorized in said subdivisions; and (3) the adviser has assets under management in excess of \$500 million.
2. Diversity and Maturity Guidelines:
  - a. U.S. Treasury Securities Up to 100% of investments with a maximum maturity of 5 years.
  - b. Certificates of Deposit Up to 80% of investments with a maximum maturity of 2 years.
  - c. Money Market Funds Up to 80% of investments.
  - d. Joint Powers Authority Pool Up to 80% of investments.
  - e. State Local Agency Investment Fund (LAIF) Up to 100% of investments.

## Reporting

Within thirty (30) days following the end of each quarter, Staff shall render a report to the BTLA Board, which shall include the following information: type of investment account, current market value, and interest rate for all securities and investments of the BTLA. For investments placed in LAIF, a bank, or savings and loan association, the most recent statements received by the BTLA from the institution will suffice in lieu of the requirements listed above.