

Merrimack Public Library
Board of Trustees
Investment Policy

The Trustees of the Merrimack Public Library manage moneys that the library receives relative to RSA 202-A: 4-c, RSA 202-A:11, and RSA 202-A:23 as well as proceeds from various library fund raisers. This policy governs the investment of those funds and will be reviewed and approved annually.

Acting as fiduciaries, the Library Trustees will invest in a prudent and conservative manner. No investments or investment changes will be made without a recorded vote of the Board.

General Investment Guidelines

1. Conservation of the principal will be the primary goal of any investment. Income generation and principal growth are secondary investment goals.
2. Appropriate investment instruments would usually be:
 - i. Cash
 - ii. Money Market Funds
 - iii. Certificates of Deposit
 - iv. Short Term Bonds/Treasury Notes
 - v. Short Term Bond Funds
3. Bonds and Bond Funds should be invested in Investment Grade Bonds of the U.S. Government and agencies, U.S. based corporations, and mortgage and asset backed securities.
4. Since bond fund values decrease as interest rates increase, it is usually not appropriate to hold bond funds in a period of rising interest rates. It should be noted that while the value of individual bonds remains fixed if held to maturity, bond funds fluctuate in value as interest rates vary.
5. Investment in high yield/“junk bonds” is not appropriate.
6. Individual stocks are not appropriate investments.

Trust Fund Investments

1. These funds may be invested for periods longer than one year.
2. Interest up to 10% of the principal may be retained in any fiscal year as a protection against investment losses.
3. The only appropriate investment instruments for trust fund principal are:
 - a. Money Market Funds
 - b. Certificates of Deposit
 - c. Bonds/Treasury Notes
4. Bond Funds and Stock Mutual funds may be considered for the investment of any growth above the principal of a Trust Fund.

Specific Project Investments

Occasionally, trustees may save funds for a specific project. These funds may be invested using the following guidelines:

1. These funds may be invested for periods longer than one year.
2. These funds will not be held as cash except for short-term transitions between investments and in anticipation of imminent spending.
3. Up to 30 % of the total may be invested in Money Market Funds and Certificates of Deposit. (This percentage may be increased during times of market uncertainty for short periods to minimize market risk.)
4. Up to 75% of the total may be invested in Bonds, which mature within the time period the trustees expect to spend the funds, and/or in Bond Funds. Staggered maturity dates are desirable to assure liquidity.
5. Up to 75% of the total may be invested in Stock Funds, which meet the following guidelines:
 - a. Stock funds with low volatility should be utilized.
 - b. Funds that track a broad market index are preferred.
 - c. Up to 40% of the monies invested in Stock Funds may be invested in “actively managed” stock funds with reasonable fees.

Adopted: 2/19/04

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Reviewed & approved: 6/16/06

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Reviewed & approved: 7/14/15