

INVESTMENT POLICY

~~To Comply with Act 20 PA 1943, as amended by Act 196 PA 1997~~

~~Approved 9/7/05~~

PURPOSE:

It is the policy of Presque Isle District Library to invest its public funds in a manner, which will provide the highest investment return with the ~~greatest~~ [maximum] security while meeting the day-to-day cash flow needs of the Library and complying with all state and/or local statutes governing the investment of public funds.

SCOPE:

This investment policy applies to all financial assets of the Presque Isle District Library. These assets are accounted for in the various funds of the Presque Isle District Library, which may include the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, internal service funds, trust and agency funds and any new fund established by the Presque Isle District Library Board of Trustees, unless specifically exempted by law or policy.

OBJECTIVES:

The primary objectives, in priority order, of the Presque Isle District Library's investment activities shall be:

Safety – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

Diversification – Investments will be diversified by security type and institution in order that potential losses on individual securities ~~can be kept to a minimum~~ [to not exceed the income generated from the remainder of the portfolio].

Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Return on Investment – The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

DELEGATION OF AUTHORITY TO MAKE INVESTMENTS:

Authority to manage the investment program of the Presque Isle District Library is derived from established policy and delegation of the Board of Trustees and will be carried out in accordance with all applicable Federal, State and Local laws. Management responsibility is hereby delegated to the Director of Presque Isle District Library who shall establish written procedures for the operation of the investment program consistent with this investment policy. These procedures shall include explicit delegation of authority to person responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of the policy and the procedures established by the Director. The Director or other authorized official designated by the Board of Trustees under the supervision of the Board of Trustees shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

AUTHORIZED INVESTMENTS:

[The Presque Isle District Library is limited to investments authorized by Public Act 20 of 1943, as amended, and may invest in the following:]

- Certificates of Deposit and Other Evidences of Deposit at Financial Institutions
 - Issued by local financial Institutions, and
 - Properly insured through the FDIC or suitable collateralization
- Bonds, Notes and other obligations issued by any U.S.
 - Federal Government Agency, or
 - Instrumentality
- Demand Deposit Accounts
 - Such as checking accounts
 - Established with local financial institutions, and
 - Properly insured through the FDIC or suitable collateralization.
- Money market mutual funds
 - Regulated by the Securities and Exchange Commission
 - Whose portfolios consist only of dollar-denominated securities.
- Other investments as approved by the Board of Trustees and according to laws governing the State of Michigan.

SAFEKEEPING AND CUSTODY:

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Presque Isle District Library shall be on a delivery-versus-payment basis. Securities may be held by a third party custodian designated by the Director, under the direction or approval of the Board of Trustees, evidenced by safekeeping receipts.

PRUDENCE:

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

Investments shall be made with good judgment and care, under circumstances then prevailing, 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 probable income to be derived.

ETHICS AND CONFLICTS OF INTEREST:

- Board members and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions.
- Employees, Board members, and others acting as investment officials shall disclose any material interests in financial institutions or organizations with which they conduct business.
 - They shall further disclose any personal financial or investment positions that could be related to the performance of the investment portfolio.
 - They shall also refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the Presque Isle District Library.

Approved September 7, 2005

Revised July 11, 2018