

Mid-Michigan Library League

Investment Policy

PURPOSE:

It is the policy of the Mid-Michigan Library League to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state statutes and local ordinances governing the investment of public funds.

SCOPE:

This investment policy applies to all transactions involving the financial assets and related activity of the Mid-Michigan Library League except for its employee pension funds and its employee deferred compensation funds, which are organized and administered separately. The following funds are accounted for in the annual financial report and fall under the scope of the policy:

- General fund
- Any new fund created by the governing body, unless specifically exempted by the governing body.

OBJECTIVES:

Funds of the Mid-Michigan Library League will be invested in accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended, and in accordance with the following objectives in order of priority.

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 – The investments shall be diversified by specific maturity dates, individual financial institution(s) or a specific class of securities in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity – The investment portfolio will remain sufficiently liquid to meet all operating requirements, which might be reasonably anticipated.

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

DELEGATION OF AUTHORITY:

Authority to manage the investment program is derived from MCL 397.182. Management responsibility for the investment program is hereby delegated to the Board Treasurer. The Treasurer may establish procedures and internal controls for the operation of the investment program, consistent with the investment policy. No person may engage in investment transactions except as provided under the terms of this policy. The Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

AUTHORIZED INSTRUMENTS:

In accordance with Public Act 20 of the Public Acts of 1943, as amended, the surplus funds of the Mid-Michigan Library League may be invested as follows:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- c) Commercial paper rated at the time of purchase within the highest classification established by not less than two (2) standard rating services and that matures not more than 270 days after the date of purchase.
- d) Repurchase agreements consisting of instruments listed in subdivision a) above. Repurchase agreements shall be negotiated only with dealers or financial institutions with whom the Mid-Michigan Library League has negotiated a Master Repurchase Agreement. Repurchase Agreements must be signed with the bank or dealer and must contain provision comparable to those outlined in the Public Security Association's model Master Repurchase Agreement.
- e) Banker's acceptances of United States banks.
- f) Mutual funds registered under the investment company act of 1940, whose intention is to maintain a \$1.00 per share net asset value, and with authority to purchase only investment vehicles that are legal for direct investment by the public entity.
- g) Bank Pooled Funds, investment pools organized under the Surplus Investment Pool Act, 1982 PA 367, 129.111 to 129.118.
- h) Other Pooled Funds, investment pools through inter-local agreement under the urban cooperation act of 1967, 1967 (EX Sess) PA 7, MCL 124.501 to 124.512.

SAFEKEEPING and CUSTODY:

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Mid-Michigan Library League shall be on a cash (or delivery vs. payment) basis. Securities may be held by a third party custodian designated by the treasurer and evidenced by safekeeping receipts as determined by Director.

PRUDENCE:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of the property of others not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.

EFFECTIVE DATE:

This policy became effective on November 18, 2005, the day following adoption by the Board of Trustees of the Mid-Michigan Library League.

CERTIFICATION

I hereby certify that I received the Investment Policy of the Mid-Michigan Library League, have personally read the Investment Policy, and agree to comply with the terms of the Investment Policy regarding the investment of the Mid-Michigan Library League funds. Any investment not conforming with the Investment Policy will be disclosed promptly. We also pledge to exercise due diligence in informing you of all foreseeable risks associated with financial transactions conducted with our firm.

Institution

Address

Authorized Official and Title

Signature

Date