



## **Investment Policy**

-Approved Jan. 12 2004 to comply with Act 20 PA 1943, as amended

### **Purpose**

It is the policy of Manchester District Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the Manchester District Library and comply with all state statutes governing the investments of public funds.

### **Scope**

This investment policy applies to all financial assets of the Manchester District Library. These assets are accounted for in the various funds of the Manchester District Library and 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 funds established by the Manchester District Library.

### **Objectives—safety, diversification, liquidity and return on investment**

The primary objectives, in priority order, of the Manchester District Library investment activities shall be:

1. **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.
2. **Diversification:** The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
3. **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated, payroll, accounts payable and any debt service.

4. **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 is derived from the following: MCL 397.182 and by Resolution of the Manchester District Library (see attached). Management responsibility for the investment program is hereby delegated to the Library Treasurer, who shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

### **Authorized Investments**

The Manchester District Library is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

- (a) Certificates of deposits, savings accounts, deposit accounts, or depository receipts of a financial institution. The financial institution must be:
  1. -a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government, and
  2. -that maintains a principal office or branch office located in the State of Michigan under the laws of this state or the United States.
- (b) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (c) Commercial paper rated at the time of purchase within the two highest classifications by at least two standard rating services and which matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements of the United States government or an agency or instrumentality of the United States government.
- (e) Banker's acceptances of United States banks.
- (f) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.

- (g) Mutual Funds composed of investment vehicles which are legal in the State of Michigan for direct investment by local units of government.
- (h) Investment Pools organized under the surplus funds investment pool act 1982 P.A. 367, MCL 129.111 to 129.118.

### **Safekeeping and Custody**

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Manchester District Library 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 the Treasurer.

### **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 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.

Investment officers acting in accordance with written procedures and exercising diligence shall be relieved of personal responsibility for an individual security's performance provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **Reports**

The Treasurer will report on current status of and any changes made in the Library's investments at the Library Board's regular meetings.

**ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY AND AGREEMENT TO COMPLY**

I have read and fully understand Act 20 PA 1943, as amended, and the investment policy of the Manchester District Library.

Any investment advice or recommendation given by \_\_\_\_\_, representing \_\_\_\_\_, to the \_\_\_\_\_ shall comply with the requirements of Act 20 PA 1943, as amended, and the Investment Policy of the Manchester District Library. Any existing investment not conforming with the statute or the policy will be disclosed promptly.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_