

## Investment Policy

### Policy Statement

It is the policy of Van Buren 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 Van Buren District Library and to comply with all state statutes governing the investment of public funds.

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### Regulations

#### 1. Scope of Policy

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

#### 2. Investment Objectives

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

##### A. Safety

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

##### B. 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.

##### C. Liquidity

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

##### D. Return on Investment

The investment portfolio shall be designed with the objective of obtaining a market average rate of return during budgetary and economic cycles while taking into account investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to safety and liquidity objectives.

#### 3. Delegation of Authority to Make Investments

Groups are encouraged to designate one or more individuals to speak on their behalf to avoid cumulative comments. However, there is no requirement to make such designation. Authority to manage the investment program is derived from MCL 397.182. Management responsibility for the investment program is hereby delegated to the Director, subject to the overall review of the Investment Committee, who shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures shall include references to: safekeeping, delivery vs. payment, investment accounting,

## Investment Policy

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 Director. The Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

4. List of Authorized Investments

The Van Buren District Library is limited to the following investments authorized by Public Act 20 of 1943, as amended:

- A. Investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982 (MCL 129.111-129.118).
- B. Investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985 (MCL 129.141-129.150).
- C. Bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States.
- D. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution as defined in MCLA 129.9 1(4) provided that the financial institution is eligible to be a depository of funds belonging to the State under a law or rule of the State of Michigan or the United States.
- E. Repurchase agreements consisting of instruments listed in c., above.

5. Statement Concerning Safekeeping and Custody

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Van Buren District Library shall be on a cash basis. Securities may be held by a third party custodian designated by the Director and evidenced by safekeeping receipts as determined by the Director.

6. Standard of Prudence

The Director shall make such investments and only such investments as a prudent person would make in dealing with the property of another, having in view the preservation of the principal and the amount and the regularity of the income to be derived.

7. Statement of Ethics

The Director and any Library Board members and staff involved in the investment of funds shall refrain from personal business activity that could conflict with the proper execution and management of Van Buren District Library investments, or that could impair their ability to make impartial investment decisions.

8. Investment Activity Report

The Director shall provide an annual report to the Library Board concerning the investment of Van Buren District Library funds.

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Approved: June 23, 1998  
Van Buren District Library Board of Trustees