

Investment Policy

It is the intent of this policy:

- 1) to elect and authorize an investment officer to invest the funds of Bacon Library in hereby specified investment instruments,
- 2) to establish the scope and objectives of investments of Bacon Library.

The Bacon Memorial District Library Board authorizes its Investment Officer, the Treasurer, or the Treasurer's designee, to invest surplus funds of Bacon Library in a prudent, secure fashion in order to maintain necessary liquidity and to maximize interest earnings benefiting the library and the community's taxpayers.

The Bacon Memorial District Library Board states that the following investment objectives, in priority order, will be applied in the management of the library's funds:

- 1) Safety - The primary objective of the library's investment activities is the preservation of capital and protection of the investment principal;
- 2) Liquidity - The investment portfolio will remain sufficiently liquid to allow the library to meet reasonably anticipated operating requirements;
- 3) Yield - The investment officer or designee shall use the "prudent person" standard in managing the library's portfolio in order to maximize yields on funds.

The Treasurer or designated deputy is authorized and directed to invest Bacon Library's surplus funds in accordance with Act 20 of the Public Acts of 1943 as amended by Enrolled Senate Bill 664 (See Appendix 6.11) in any or all of the following:

- 1) Bonds, securities and other obligations of the United States or an agency or instrument of the United States;
- 2) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution which is well-capitalized, FDIC insured, state or nationally chartered, and compliant with Subsection 2 of Bill 664.
- 3) Commercial paper rated prime at the time of purchase within the two highest classifications established by not less than two standard rating services and which will mature not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time;
- 4) United States government or federal obligation repurchase agreements;
- 5) Banker's acceptances of United States banks;

- 6) Obligations of this state and any of its political subdivisions that at the time of purchase are rated as investment grade by at least one standard rating service;
- 7) Mutual funds composed of vehicles which are legal for direct investment by local units of government in Michigan including securities whose intention is to maintain a net asset value of \$1.00 per share and securities whose net asset value per share may fluctuate on a periodic basis.
- 8) Investment pools organized under the surplus funds investment pool act.

This policy will be filed with any financial intermediary before the intermediary is authorized to purchase or trade library funds. The intermediary must acknowledge receipt of the policy and agree to comply with its terms in writing.

Records of bank accounts and copies of certificates of deposit are kept in a file cabinet in the Library Director's office. Originals of certificates are left in the custody of the financial institution whenever that is normal operating procedure; otherwise investment certificates, and also documents which are evidence of investment in non-certificated instruments are kept in a safety deposit box in the library's designated depository bank.

The Investment Officer or designee will prepare a written report for the Library Board concerning the investment of the funds annually within two months of the end of each fiscal year.