

LOUTIT DISTRICT LIBRARY
Investment Policy

1. Statement of Purpose

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

2. Scope of Policy

This investment policy applies to all financial assets of Loutit District Library. These assets are accounted for in the various funds of the Library and include the general fund, debt service fund, maintenance fund, and any new fund established by the Library.

3. Investment Program Objectives

In priority order, the primary objectives of Loutit District Library's investment program are:

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 principal.

Diversification: Investments shall be diversified by institution to ensure preservation of principal.

Liquidity: Investments shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Return on Investment: Investments shall be made with the objective of obtaining the highest rate of return currently available.

4. Delegation of Authority to Make Investments

Authority to manage the investment program is derived from MCL 41.76 and from the Loutit District Library Board of Trustees bank designation resolutions. Management responsibility for the investment program is hereby delegated to the Library Director, who shall operate the investment program consistent with this investment policy. The Library Director shall be responsible for all investment transactions undertaken and shall establish procedures to regulate the investment transactions of subordinate officials. No library employee may engage in an investment transaction except as provided under the terms of this policy and the investment procedures established by the Library Director

5. Authorized Investment Instruments

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

- a. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution. The financial institution must be: 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 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 or 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 rating services and that matures not more than 270 days after the date of purchase.
 - d. Mutual funds registered under the Federal Investment Company Act of 1940, composed of the investment vehicles described above that intends to maintain a net asset value of \$1 per share.
 - e. Obligations described above if purchased through an inter-local agreement under the Urban Cooperation Act of 1967.
 - f. Investment pools organized under the Surplus Funds Investment Pool Act (Public Act 367 of 1982).
 - g. Investment pools organized under the Local Government Investment Pool Act (Public Act 121 of 1985).

6. Safekeeping and Custody

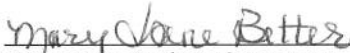
All investment transactions entered into by Loutit District Library shall be on a cash basis. Securities may be held by a third party custodian approved by the Board of Trustees and evidenced by safekeeping receipts as determined by the Library Director.

7. Standard of 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.

The Investment Policy previously adopted on April 14, 1999 is hereby repealed.

Adopted by the Loutit District Library Board of Trustees on April 13, 2010



Mary Jane Belter, Secretary