



## INVESTMENT POLICY

### 1. STATEMENT OF PURPOSE

It is the policy of Woodlands Library Cooperative 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 Woodlands Library Cooperative and to comply with all state statutes governing the investment of public funds.

### 2. SCOPE OF POLICY

This investment policy applies to all transactions involving the financial assets and related activity of the Woodlands Library Cooperative. These assets are accounted for in the various funds of the Woodlands Library Cooperative and include the following:

- General fund
- Restricted funds
- Special revenue funds
- Debt service funds
- Capital project funds
- Enterprise funds
- Internal service funds
- Trust and agency funds
- Any new fund established by the Governing Board of the Woodlands Library Cooperative

### 3. INVESTMENT OBJECTIVES

Funds of the Woodlands Library Cooperative will be invested in accordance with Michigan Public Act 20 of 1943, as amended, and in accordance with the following, in priority order:

- 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 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.
- 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 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.

#### 4. DELEGATION OF AUTHORITY TO MAKE INVESTMENTS

Authority to manage the investment program is derived from MCL 397.182 and by resolution of the Woodlands Library Cooperative's Governing Board. Management responsibility for the investment program is hereby delegated to the Woodlands Library Cooperative Director, who shall establish written procedures and internal controls for the operation of the investment program consistent with this policy. Procedures shall 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 Investment Policy and the procedures established by the Woodlands Library Cooperative. The Cooperative's Director shall be responsible for transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

#### 5. LIST OF AUTHORIZED INVESTMENTS

The Woodlands Library Cooperative is limited to the following investments authorized by Act 20 of 1943, as amended:

- 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 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 Woodlands Library Cooperative has negotiated a Master Repurchase Agreement. Repurchase Agreements must be signed with the bank or dealer and must contain provisions comparable to those outlined in the Public Security Association's model Master Repurchase Agreement.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds registered under the investment company act of 1940, maintain a \$1.00 per share net asset value, and with authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.

#### 6. STATEMENT CONCERNING SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Woodlands Library Cooperative 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.

7. 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.

8. STATEMENT OF ETHICS

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

9. INVESTMENT ACTIVITY REPORT

The Director shall provide an annual report to the Governing Board concerning the investment of Cooperative's funds.

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