

CHESTERFIELD TOWNSHIP LIBRARY

INVESTMENT POLICY

To Comply With Act 20 PA 1943, as amended

PURPOSE

It is the policy of the Chesterfield Township Library Board of Trustees 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 library and comply with all state statutes governing the investment of public funds.

SCOPE

This investment policy applies to all financial assets of the library. These assets are accounted for in the various funds of the library and include the general fund and any new funds established by the library.

OBJECTIVES

The primary objectives of the library's investment activities shall be:

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

AUTHORITY

Management responsibility for the investment program is hereby delegated to the Chesterfield Township Treasurer, per Public Act 164 of 1887. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Township Treasurer and the Library Treasurer. The Township Treasurer and the Library Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

INVESTMENTS

Public Act 20 of 1943, as amended, provides that the Library Board of Trustees may authorize the Township Treasurer and the Library Treasurer to invest surplus funds belonging to the library in investment holding as specified in the aforesaid statute and stated in Exhibit "A" attached hereto.

SAFEKEEPING

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

PRUDENCE

Investments shall be made with judgement 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.

RESOLVE

BE IT RESOLVED THAT:

1. The financial institutions listed in Exhibit "B" attached hereto are hereby designated as depositories for use by the Township Treasurer and the Library Treasurer and, further, the variable interest rate on accounts of deposits provided by the said institution is hereby approved.
2. The Township Treasurer and Library Treasurer are hereby authorized to invest surplus funds in investment holding as specified in section (1) of Public Act 20 of 1943, as amended, and stated in Exhibit "A" attached hereto; and 3. The Library Treasurer shall annually provide a written report to the Library Board of Trustees concerning the investment of library funds.

AYES: Kitamura, Parks, Thelda Miller, Michael Miller

NAYS: None

EXHIBIT "A"

- A. In bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States. This subdivision shall include securities issued or guaranteed by the government national mortgage association.
- B. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2) of Act 44, Public Acts of 1997, as amended.
- C. In commercial paper rated at the time of purchase within the three highest classifications established by not less than 2 standard rating services and which matures 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.
- D. In United States government or federal agency obligation repurchase agreements.
- E. In bankers' acceptance of United States banks.
- F. In mutual funds composed of investment vehicles which are legal for direct investment by local unit of government in this state. Investments in mutual funds shall be limited to securities whose intention is to maintain a new value of \$1.00 per share.

EXHIBIT "B"

FINANCIAL INSTITUTIONS AS DEPOSITORIES OF LIBRARY FUNDS:

Citizens State Bank
Comerica Bank
First Federal of Michigan
First of America
First of Michigan
First State Bank
Great Lakes National Bank
Huntington Banks
Michigan National Bank
NBD Bank
Old Kent Bank
People State Bank
Standard Federal Bank

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ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY AND AGREEMENT TO COMPLY

I have read and fully understand Public Act 20 of 1943, as amended, and the Investment Policy of the Chesterfield Township Library.

Any investment advice or recommendations given by Comerica Bank to the Chesterfield Township Treasurer or the Chesterfield Township Library Treasurer shall comply with the requirements of Public Act 20 of 1943, as amended, and the Investment Policy of the Chesterfield Township Library. Any existing investment not conforming to the stature of the policy will be disclosed promptly.