

OSCODA COUNTY DISTRICT LIBRARY INVESTMENT POLICY

(Surplus Funds Subject to Michigan Public Act 20 of 1943)

I. Statement of Purpose

It is the policy of Oscoda County District Library (“OCDL”) 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 OCDL, and complying with all state statutes governing the investment of public funds.

II. Scope of the Policy

This investment policy applies to all financial assets of OCDL that are not employee retirement funds. These funds include the general fund, special revenue funds, debt service funds, capital project funds, trust and agency funds and any new fund established by OCDL subject to the above limitation.

III. Investment Objectives

In priority order, the primary objective of OCDL investment activities under this policy statement 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 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 rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

IV. Delegation of Authority to Make Investments

Authority to manage the investment program is derived from MCL 41.76 and OCDL Board resolutions designating depositories. Management responsibility for the investment program is hereby delegated to the OCDL Director (“Director”), who shall establish written procedures and internal controls for operating the investment program consistent with this investment policy. Procedures should 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 policy and the procedures established by OCDL. The Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

V. Authorized Investment Instruments

OCDL is limited to investments authorized by Michigan Public Act 20 of 1943 (1943 PA 20), 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:
 - i. Be a state or nationally chartered bank or a state or nationally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States Government, and
 - ii. Maintain 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 standard rating services and that matures not more than 270 days after the date of purchase.
- d. Repurchase agreements of the United States or an agency or instrumentality of the United States.
- e. Bankers' acceptances of United States banks.
- f. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the federal Investment Company Act of 1940, composed of the investment vehicles described above.
- h. Obligations described above if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the Surplus Funds Investment Pool Act (1982 PA 367, MCL 129.111 to 129.118).
- j. Investment pools organized under the Local Government Investment Pool Act (1985 PA 121, MCL 129.141 to 129.150).

VI. Safekeeping and Custody

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by OCDL shall be on a cash (or delivery vs. payment) basis. Securities may be held by a third party custodian designated by the Director and evidenced by safekeeping receipts as determined by the Director.

VII. Standard of Prudence

Investments shall be made with judgment and care, under the 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.