

Morrison-Talbott Library Investment of Public Funds Policy

[A copy of this Policy shall be available to the public at the Library's administrative offices.]

Purpose and Scope

The purpose of this policy statement is to outline the responsibilities, general objectives, and specific guidelines for management of public funds by the Morrison-Talbott Library. Its scope is all public funds of the Library.

Responsibilities

All investment policies and procedures of the Morrison-Talbott Library will be in accordance with Illinois Law. The authority of the Library Board of Trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act [30 ILCS 235/1 *et seq.*] and the investments permitted are described therein. Administration and execution of these policies are the responsibility of the Treasurer who is hereby designated as the "chief investment officer" of the Library acting under the authority of the Library Board of Trustees. Investments, fund balances, and the status of such accounts will be reported at each regularly scheduled meeting of the Library Board.

Delegation of Authority

Management and administrative responsibility for the investment program is hereby delegated to the Chief Investment Officer. The Chief Investment Officer, and by designation, the Library Director, are responsible for establishing internal controls and written procedures for the operation of the investment program.

"Prudent Person" Standard

All Library investment activities shall use a "prudent person" standard of care. This standard shall be applied in the context of managing an overall portfolio and specifies that 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. Investment officers, acting in accordance with this Policy and the written procedures of the Library, and exercising due diligence, shall be relieved of personal responsibility for a security's credit risk or market price/value changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Objectives

In selecting financial institutions and investment instruments to be used, the following general objectives should be considered in the priority listed:

- Legality (conforming with all legal requirements)

- Safety (preserving capital and including diversification appropriate to the nature and amount of the funds)
- Liquidity (maintaining sufficient liquidity to meet current obligations and those reasonably to be anticipated)
- Yield (attaining a market rate of return on investments)
- Simplicity of management

Guidelines

The following guidelines should be used to meet the general investment objectives:

1. Legality and Safety:

a. Investments will be made only in securities guaranteed by the U.S. government, or in FDIC-insured institutions including SAIF of the FDIC. Deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC coverage (unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding custody and safekeeping of collateral). Any credit union accounts would not exceed insured amounts and otherwise would be in complete compliance with the legal requirements for such accounts and institutions.

b. Authorized investments include and will primarily consist of: Certificates of Deposit, Treasury Bills and other securities guaranteed by the U.S. Government, participation in the State of Illinois Public Treasurer's Investment Pool, and any other investments allowed under State law that satisfy the investment objectives of the library district.

2. Liquidity:

In general, investments should be managed to meet liquidity needs for the current month plus one month (based on forecasted needs) and any reasonably anticipated special needs.

3. Yield - Return on investment:

Within the constraints on Illinois law, considerations of safety, and this investment policy, every effort should be made to maximize return on investments made. All available funds will be placed in investments or kept in interest-bearing deposit accounts.

4. Simplicity of management:

The time required by library administrative staff to manage investments shall be kept to a minimum.

Reporting

Investments, fund balances, and the status of such accounts will be reported at each regularly scheduled meeting of the Library Board and at least quarterly include information regarding

securities in the portfolio by class or type, book value, income earned, and market value as of the report date. At least annually, the Chief Investment Officer shall review this Policy for any needed modifications and report to the Board on the investment portfolio, its effectiveness in meeting the Library's need for safety, liquidity, rate of return, diversification, and general performance. These reports will be available to the general public upon request.

Internal Controls

In addition to these guidelines, the Chief Investment Officer shall establish a system of internal controls and written operational procedures designed to prevent loss, theft, or misuse of funds.

Authorized Financial Dealers and Institutions

Any investment advisors, money managers and financial institutions shall be considered and authorized only by the action of the Board of Library Trustees upon the recommendation of the Chief Investment Officer. The Chief Investment Officer will maintain a list of financial dealers and institutions authorized to provide investment services.

Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that might conflict with the proper execution and management of this investment program, or that could impair their ability to make impartial decisions, or that could give the appearance of impropriety.