

INVESTMENT POLICY

General Policy: It is the policy of the Library to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library in conforming to all state and local statutes governing the investment of public funds.

Scope: This policy includes all funds governed by the Library Board of Trustees.

Prudence: The standard of prudence to be used by investment officials shall be the "prudent person" standard. 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.

Objective: The primary objective, in order of priority, shall be:

- Legality - conformance with federal, state and other legal requirements.
- Safety - preservation of capital and protection of investment principal.
- Liquidity- Maintenance of sufficient liquidity to meet operating requirements.
- Yield - Attainment of market rates return.
- Simplicity of Management - The time required by library administrative staff to manage investments shall be kept to a minimum.

The portfolio should be reviewed periodically as to its effectiveness in meeting the Library's need for safety, liquidity, rate of return, diversification and its general performance.

Delegation of Authority: Management and administrative responsibility for the investment program is hereby delegated to the Treasurer of the Library Board of Trustees and by designation the Library Administrator.

Ethics and Conflicts of Interest: Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

Authorized Financial Dealers and Institutions: Any investment advisors, money managers and financial institutions shall be considered and authorized only by the action of Library Board of Trustees upon the recommendation of the Treasurer. The Treasurer will maintain a list of financial dealers and institutions authorized to provide investment services.

Authorized and Suitable Investments: Investments may be made in any type of security allowed for by Illinois statutes regarding the investment of public funds.

Collateralization: Funds on deposit (checking accounts, certificates of deposit, etc.) in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent-third party institution in the name of the Library.

Safekeeping and Custody: All security transactions, including collateral for repurchase agreements, entered into by the Library shall be conducted in a manner that ensures safety. The Library is required to keep receipts and a written record of all transactions.

Diversification: The Library shall diversify its investments to the best of its ability based on the nature of the funds invested and the cash flow needs of those funds.

Maximum Maturities: To the extent possible the Library shall attempt to match its investments with anticipated cash flow requirements. Therefore, the Treasurer shall establish a maximum maturity limit for securities, unless they are matched to a specific cash flow or if the investments' maturity are made to coincide as nearly as practicable with the expected use of the funds.

Operational Procedures/Internal Control: The investments are perused each month noting when the investments are maturing and what the cash needs are within each fund established by

the Library. The Treasurer and Library Administrator shall discuss the cash needs within the respective funds and project investment or reinvestment in accordance to the highest rates and terms available at that time. The recommendations will be presented to the Library Board of Trustees at a regular board meeting for approval. The Library Administrator executes the trades as approved by the Board of Trustees. No monies from any Library accounts are to be transferred into any accounts other than those accounts belonging to the Library. Bank confirmations are to be received on all investments transactions and all transfers between funds.

Performance Standards: This investment portfolio will be managed in accordance with the parameters specified within this policy.

Reporting: The Treasurer shall prepare an investment report at least monthly. The report should be provided to the Library Board of Trustees and be available on request. The report should be in a format suitable for review by the general public. An annual report should also be provided to the Board. The report shall include information regarding securities in the portfolio by class or type, book value, income earned and market value as of the report date.

Investment Policy Adoption: The investment policy shall be adopted by the Library Board of Trustees. The policy shall be reviewed on an annual or as needed basis. Modifications made to the policy must be approved by the Library Board of Trustees..