

HELEN M. PLUM MEMORIAL LIBRARY

B-4 Investment Policy

Adopted by the Library Board of Trustees March 10, 2015.

Section 100. General Policy: It is the policy of the Helen M. Plum Memorial Public Library District (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: 205 ILCS 5/ (Illinois Banking Act) and 30 ILCS 235/ (Public Funds Investment Act).

Section 101. Scope: This policy includes all funds governed by the Board of Library Trustees.

Section 102. 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.

Section 103. 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 of return.

The portfolio should be reviewed annually or at the discretion of the Director or the Board of Trustees as to its effectiveness in meeting the Library's need for safety, liquidity, rate of return, diversification and its general performance.

Section 104. Delegation of Authority: Management and administrative responsibility for the investment program is hereby delegated to the Library Director, in coordination with the Treasurer of the Board of Library Trustees.

Section 105. 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.

Section 106. Authorized Financial Dealers and Institutions: With assistance of staff, the Treasurer shall maintain a list of financial institutions authorized as depositors for funds and to provide investment services. Authorized financial dealers and institutions are defined as those that are members of the FDIC system with asset size of five hundred million dollars (\$500,000,000.00) or greater and a capital ratio of ten percent (10%) or greater. In addition, funds shall not be maintained in any financial institution that is not willing or capable of posting required collateral or purchasing private insurance for funds in excess of FDIC insurable limits. The financial institution must furnish copies of the latest two (2) statements of resources and liabilities that it is required to furnish to the commissioner of banks and real estate, or to

the comptroller of currency. (Ord. 12-O-16, 4-3-2012) Should it become necessary to use an investment advisor or money manager, the Board of Trustees shall establish a policy regarding their selection.

Section 107. Authorized and Suitable Investments: Investments may be made in any type of security allowed for by the Illinois Public Funds Investment Act (30 ICLS 235/).

Section 108. 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 Security Agreement and held at an independent-third party institution/custodian in the name of the Library.

Section 109. Safe keeping and Custody: All security transactions, including collateral for repurchase agreements, entered into by the Library shall be conducted in a manner that ensures safety. All investment securities shall be held at an independent third-party institution/custodian in the name of the Library. The Library is required to keep receipts and a written record of all transactions. The Library will provide written release of any investment from collateral.

Section 110. 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.

Section 111. Maximum Maturities: To the extent possible the Library shall attempt to match its investments with anticipated cash flow requirements. Unless specifically authorized by the Board of Trustees no single investment will have a maturity exceeding 3 years, 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.

Section 112. Operational Procedures/Internal Control: Investments are left to the discretion of the Library Director, and monthly reports on investments are to be submitted to 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.

Section 113. Performance Standards: This investment portfolio will be managed in accordance with the parameters specified within this policy.

Section 114. Reporting: The Library Director, with assistance of staff, shall prepare an investment report at least monthly for the Treasurers' review. The report should be provided to the Board of Library 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.

Section 115. Investment Policy Adoption: The investment policy shall be adopted by the Board of Library Trustees. The policy shall be reviewed on an annual or as needed basis. Modifications made to the policy must be approved by the Board of Library Trustees.