

Investment Policy -

Policy Statement

The Mount Clemens Public Library (MTC) invests its funds in a manner that will provide the highest investment return with the maximum security, and comply with all state statutes governing the investment of public funds¹ while meeting the daily cash flow needs of the library.

Regulations

1. This investment policy applies to all financial assets of MTC. These assets are accounted for in various funds of the library that include the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, internal service funds, trust and agency funds, Endowment Fund or any new fund established by the library. while meeting the daily cash flow needs of the library. Regulations
2. In priority order, the primary objectives of MTC's investment activities 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 favorable rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.
3. Authority to manage the investment program is derived from state law² and management responsibility for the investment program is delegated to the MTC finance and audit committee.
4. The treasurer shall be responsible for all transactions undertaken. No person may engage in an investment transaction except as provided under the terms of this policy and the Investment guidelines established by the finance and audit committee. and

¹ 1 P.A. of 1968 et seq. Michigan Uniform Budgeting and Accounting Act, and P.A. 34 of 2001 et seq. the Revised Municipal Finance Act

² MCL 41.76

management responsibility for the investment program is delegated to the MTC finance and audit committee.

5. As authorized and limited by state law³ MTC may invest in the following:
 - a. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a given financial institution.
 - i. Be a state or nationally chartered bank, savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government.
 - 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 rating services and with maturity 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 rating service.
 - g. Mutual funds registered under federal law⁴ composed of the investment vehicles described above. Mutual funds with a net asset value per share that may fluctuate on a periodic basis are authorized.
 - h. Obligations described above if purchased through an interlocal agreement under state law ⁵(e.g. the MBIA Michigan CLASS program).
 - i. Investment pools organized under state law⁶ (e.g. the Kent County Investment pool)
6. Investments shall be made in a value not to exceed the current FDIC/NCUA coverage limit in principal in a single institution with the exception of checking/sweep account, a Certificate of Deposit Account Registry Service® account or the investment management account.
7. Every effort will be made to maintain a deposit relationship with a few local depositories not to exceed the current FDIC/NCUA coverage limit in principal in a single institution.

³ Public Act 20 of 1943, as amended

⁴ Investment Company Act of 1940

⁵ Urban Cooperation Act of 1967

⁶ Surplus Funds Investment Pool Act, Public Act 367 of 1982

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