

INVESTMENT POLICY

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It is the policy of the Harvey Public Library District 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 and conforming to all state and local statutes governing the investment of public funds.

PURPOSE

The purpose of this policy is to outline the responsibilities, general objectives, and specific guidelines for management of public funds by the Harvey Public Library District (the "Library District").

SCOPE

This policy includes all funds of the Library District governed by the Board of Trustees, including without limitation, any bond accounts and related project funds, debt service funds, and debt service reserve funds.

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 funds, not for speculation, but for investment, considering the probable safety of their capital, as well as the profitable income to be derived. Investment officers, acting in accordance with this policy and the written procedures of the Library District, 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.

RESPONSIBILITIES

All investment policies and procedures of the Library District will be in accordance with Illinois law. The authority of the Board of Trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act, and the investments permitted are described therein. Administration and execution of these policies are the responsibility of the Treasurer who is hereby designated "chief investment officer" of the Library District acting under the authority of the Library Board of Trustees.

DELEGATION OF AUTHORITY

Management and administrative responsibility for the investment program is hereby delegated to the Treasurer or his/her designee. The Treasurer, and by designation, the Library Director, is responsible for

establishing internal controls and written procedures for the operation of the investment program and designed to prevent loss, theft, or misuse of funds.

OBJECTIVES

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

1. *Legality* – conformance with federal, state and other legal requirements.
2. *Safety* – preservation of capital, including diversification appropriate to the nature and amount of the funds and protection of investment principal.
3. *Liquidity* – maintenance of sufficient liquidity to meet current obligations and operating requirements and those reasonably to be reasonably anticipated.
4. *Return on Investment* – the investment portfolio shall be designated with the objective of obtaining a positive market rate of return on investments throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.
5. *Simplicity of Management* – the Treasurer, Library Director, and other designated administrative staff must be able to manage Library District investments effectively and efficiently within the time constraints imposed by other responsibilities and limitations imposed by their respective levels of financial expertise. The Treasurer and by delegation, the Library Director shall review the portfolio periodically as to its effectiveness in meeting the Library District's need for safety, liquidity, rate of return, diversification, and performance.

ETHICS AND CONFLICT 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 investment decisions.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Board Treasurer shall maintain a list of financial institutions authorized as depositories for funds and to provide investment services.

The Board of Trustees may approve contracting the services of an investment advisor or money manager.

AUTHORIZED AND SUITABLE INVESTMENTS

Authorized investments include and will primarily consist of: Certificates of Deposit, Treasury Bills, Bonds, Notes, and other securities guaranteed by the U.S. Government, participation in the State of Illinois Public Treasurer's Investment Pool or any other local government pool approved by the Illinois Department of Insurance, and any other investments allowed under Illinois state law that satisfy the

investment objectives of the Library District provided any such investment is specifically approved and authorized in advance by the Board of Trustees at a duly constituted public meeting.

COLLATERALIZATION

Funds on deposit (checking accounts, Certificates of Deposit, etc.) in excess of FDIC limits must be secured by some form of collateral or private insurance, witnessed by a written agreement and held at an independent-third party institution in the name of the Harvey Public Library District.

SAFE KEEPING AND CUSTODY

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

DIVERSIFICATION

The Harvey Public Library District 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.

REPORTING

Investments, fund balances, and the status of such accounts will be reported at each regularly scheduled meeting of the Library Board of Trustees 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 Treasurer, or his/her designee, shall review this Policy for any needed modifications and report to the Board of Trustees on the investment portfolio, its effectiveness in meeting the Library District's need for safety, liquidity, rate of return, diversification and general performance.

CONFLICT WITH OTHER POLICIES, RULES, OR LAWS

Any policy, rule or law of the District or parts thereof in conflict with this Policy is hereby repealed to the extent of such conflict.

INVESTMENT POLICY ADOPTION

The Board of Trustees shall adopt an Investment Policy. The Policy shall be reviewed on a bi-annual or as needed basis. The Board of Trustees, by the majority vote of a quorum of the members of the Board present at the time, must approve any modifications made to this Policy at a duly constituted public meeting, provided written notice of the proposed modifications shall be provided to all members of the Board prior to the meeting at which such action is proposed to be taken.