

Investment Policy for the Saint Ignace Public Library

1. PURPOSE:

The purpose of this policy is to set forth the investment objectives and parameters for the management of public funds of the St. Ignace Public Library. This investment policy is designed to safeguard funds on behalf of the Library, to assure the availability of operating and capital funds when needed, and provide an investment return competitive with comparable funds and financial market indices.

2. SCOPE:

In accordance with the Investment of Surplus Funds of Political Subdivisions Act, 1943 PA 20, ("Act 20"), this investment policy applies to all financial assets held or controlled by the Board on behalf of the Library. These assets are accounted for in the various funds of the Library and include general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds, internal service funds, trust and agency funds and any new fund established by the Library. This investment policy does not apply to any financial asset or money that is otherwise subject to a public act or bond authorizing ordinance or resolution that permits investment in fewer than all the investment options listed in this policy or imposes one or more conditions upon an investment listed in this policy.

3. OBJECTIVES:

Funds of the Library will be invested in accordance with Act 20, as amended, and in accordance with the following objectives in order of priority:

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 and preservation of investment in the overall portfolio.

B. Diversification - The investments shall be diversified by specific maturity dates, individual financial institution(s) or a specific class of securities 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 will remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated.

D. Return on Investment - The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

4. AUTHORITY; DELEGATION OF AUTHORITY.

Authority to manage the investment program is derived from state law, including Act 20, as amended, and City, Village and Township Libraries Act, 1877 PA 164;. Management responsibility for the investment program is hereby delegated to the Library Board, which shall establish procedures and internal controls for the operation of the investment program, consistent with the Investment Policy. No person may engage in investment transactions except as provided under the terms of this Policy and the procedures established by the Library Board. The Library Board shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. The Library Board, may hire consultants, including a bookkeeper, to assist with Library investments.

5. AUTHORIZED INSTRUMENTS:

In accordance with Public Act 20 of the Public Act of 1943, the Library Board authorizes the Investment Officer to invest the surplus funds of the St. Ignace Public Library may be as follows:

A. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

B. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.

In addition, the Library Board by resolution may authorize its investment officer to invest the funds of the Library in certificates of deposit or depository accounts in accordance with all of the following conditions:

1. Certificates of deposit in accordance with all of the following conditions:

- a. The funds are initially invested through a financial institution that is not ineligible to be a depository of surplus funds belonging to this state under section 6 of 1855 PA 105, MCL 21.146.
- b. The financial institution arranges for the investment of the funds in certificates of deposit in one or more insured depository institutions, as defined in 12 USC 1813, or one or more insured credit unions, as defined in 12 USC 1752, for the account of the public corporation.
- c. The full amount of the principal and any accrued interest of each certificate of deposit is insured by an agency of the United States.
- d. The financial institution acts as custodian for the public corporation with respect to each certificate of deposit.
- e. At the same time that the funds of the public corporation are deposited and the certificate or certificates of deposit are issued, the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially invested by the public corporation through the financial institution.

2. Deposit accounts of a financial institution that meet all of the following conditions:

- a. The funds are initially deposited in a financial institution that is not ineligible to be a depository of surplus funds belonging to this state under section 6 of 1855 PA 105, MCL 21.146.
- b. The financial institution arranges for the deposit of the funds in deposit accounts in one (1) or more insured depository institutions, as defined in 12 USC 1813, or one (1) or more insured credit unions, as defined in 12 USC 1752, for the account of the public corporation.
- c. The full amount of the principal and any accrued interest of each deposit account is insured by an agency of the United States.
- d. The financial institution acts as custodian for the public corporation with respect to each deposit account.
- e. On the same date that the funds of the Library are deposited under subdivision b) above, the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially deposited by the Library in the financial institution.

C. Commercial paper rated at the time of purchase within the two (2) highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

D. Repurchase agreements consisting of instruments listed in subdivision A above. Repurchase agreements must be executed by the bank or dealer, and shall be negotiated only with dealers or financial institutions with whom the St. Ignace Public Library has negotiated a master repurchase agreement approved by the Library's legal counsel.

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 (1) standard rating service.

G. Mutual funds registered under the Investment Company Act of 1940, Title 1 of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. The authorization to invest in mutual funds is limited to investments maintaining a net asset value of \$1.00 per share. However, a mutual fund is not disqualified as permissible investment solely by reason of the following:

1. The purchase of securities on a when-issued or delayed delivery basis.
2. The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
3. The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.

H. Obligations described in 5A through 5G above if purchased through an interlocal agreement under state law (Urban Cooperation Act of 1967) e.g. the MBIA Michigan CLASS program.

I. Investment pools organized under the Local Government Investment Pool Act, 1985 PA 121 and the Surplus Funds Investment Pool Act, 1982 PA 367.

6. **SAFEKEEPING and CUSTODY:**

All security transactions, including collateral for repurchase agreements and financial institutions deposits, entered into by the St. Ignace Public Library shall be on a cash (or delivery vs. payment) basis.

Securities may be held by a third-party custodian designated by the Finance Committee with board approval and evidenced by safekeeping receipts as determined by the same.

7. PRUDENCE:

Investments shall be made with judgement 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.

8. EFFECTIVE DATE:

This policy became effective on June 10, 2026, the day following adoption by the Board of Trustees of the St. Ignace Public Library.

9. REPORTS:

The investment officer may elect to have certificates and other evidence of investments held by a financial institution and sufficient documentation and acknowledgement of investments held on behalf of the Library, provided that such documentation is provided on a quarterly basis. The investment officer shall provide a quarterly report to the governing body concerning the investment of funds.

10. POLICY CONSIDERATIONS:

A. Any investment held at the time of the implementation of this policy that meets the requirements of MCL 129.91 but does not meet the guidelines of this policy, shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

B. Amendments. This policy shall be reviewed from time to time. The Board must adopt any changes to this policy.

11. CONFLICT

The Finance Committee with board approval shall comply with all statutes related to public fund investments. Any provision of this policy in conflict with state law, as amended from time to time is void.

CERTIFICATION

I hereby certify that I received the Investment Policy of the Saint Ignace Public Library, have personally read the policy and agree to comply with the terms of the Policy. Any investment not conforming with the Policy will be disclosed promptly. I also pledge to exercise due diligence in informing the Board of all foreseeable risks associated with the financial transactions conducted.

-Approved by the Board of Trustees June 9, 2026