

Bloomfield Township Public Library

INVESTMENT AND DEPOSITORY DESIGNATION RESOLUTION

1. Statement of Purpose

WHEREAS, the Board of Bloomfield Township Public Library, Oakland County, in exercising its fiduciary responsibilities, desires to safeguard the funds of the library that may be invested from time to time, and

WHEREAS, Public Act 77 of 1989, MCL 41.77, requires that the library board designate the banks or depositories for the money belonging to the library, including the time for which the deposits shall be made and all details for carrying into effect the authority given in this act, and

WHEREAS, Public Act 167 of 1997, MCL 129.91, et seq., requires library boards, in consultation with the library Director, to adopt an investment policy, now

2. Scope of Policy

THEREFORE BE IT RESOLVED, That this policy is applicable to all public funds belonging to Bloomfield Township Public Library and in the custody of the library Director.

3. Delegation of Authority to Make Investments

BE IT FURTHER RESOLVED, That the Bloomfield Township Public Library Director is authorized to manage funds belonging to the library by depositing funds in approved financial institutions and administering investments in conformance with MCL 41.77 and the policies as set forth in this resolution.

BE IT FURTHER RESOLVED, An investment firm shall advise the Board of Library Trustees regarding investment and invest such funds as determined by the Board of Trustees.

4. Approved Depositories

BE IT FURTHER RESOLVED, That the library will maintain a list of financial institutions, which are authorized to provide investment and depository services by the Finance Committee and approved by the Board of Trustees.

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5. Safekeeping and Custody of Deposits and Investments

BE IT FURTHER RESOLVED, That the Director shall recommend financial institutions for approval for the safekeeping of library funds based on an evaluation of the performance and solvency of the institution, as well as past performance in exercising due care and prudence in managing the custody of library funds held in trust, if applicable. The Director shall periodically evaluate approved and potential financial depositories and shall make recommendations as to appropriate changes in approved depositories when warranted.

BE IT FURTHER RESOLVED, The Director may elect to have certificates and other evidence of investments held by a financial institution, provided that the financial institution presents to the library Director sufficient documentation and acknowledgment of the investment instruments held on behalf of the library.

To satisfy safekeeping and custody qualifications, financial institutions must document a minimum capital requirement of at least \$10,000,000 and at least five years of operation. All financial institutions shall be pre-qualified by supplying the following:

- Audited financial statements,
- Proof of NASD certification or FDIC insurance,
- Proof of state registration and
- Certification of having read, understood and agreement to comply with the Bloomfield Township Public Library investment policy.

The Director shall annually examine the financial condition and registrations of qualified financial institutions by obtaining annual updates of the information listed above.

6. Authorized Investment Instruments

BE IT FURTHER RESOLVED, That when the Director's analysis of the library's cash flow requirements reveals that surplus funds will not be required to meet current expenditures for a specific length of time, the Director is authorized to make prudent investments for a length of time that will provide a reasonable return on investment, yet ensure that such funds will be available when needed and will not be exposed to undue risk.

The Director is authorized to invest library funds only in the following instruments:

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a) In bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States. This subdivision shall include securities issued or guaranteed by the Governmental National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Federal Home Loan Banks;

b) In certificates of deposit, savings accounts, investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union meets all criteria as a depository of public funds contained in state law

c) In mutual funds registered under the Federal Investment Company Act of 1940, composed of the investment vehicles described above that are AAA rated by Standard & Poor's, have maturities of five years or less, are readily marketable, and have significant trading volume within a continuous market. Mutual funds may also include securities whose net asset value per share may fluctuate on a periodic basis.

7. Investment Objectives

BE IT FURTHER RESOLVED, That the objectives of this policy are foremost, to maintain safety of principal of library funds; secondarily, to maintain a diversified investment portfolio; maintain adequate liquidity, and achieve a market rate of return on relatively safe investment instruments.

To accomplish these objectives, decisions and actions involving the library's investment portfolio shall meet the following criteria:

Safety: Safety of principal is the foremost objective of Bloomfield Township Public Library's investment practices. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio. The Director shall minimize credit risk by investing only in the safer types of securities, pre-qualifying financial institutions, intermediaries, and advisers with whom the library will do business; and diversifying the investment portfolio so that the impact on the investment portfolio resulting from losses on individual securities will be minimized.

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Diversification: The investments shall be diversified by avoiding over concentration in securities from a specific issuer or business sector, excluding U.S. Treasury securities. Investments shall have varying maturities. Investment instrument selection shall avoid high credit risks and shall include use of readily available funds, such as local government investment pools or mutual funds to maintain sufficient liquidity.

Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Securities shall have maturity date concurrent with cash flow needs. Securities with active secondary or resale markets, as well as money market mutual funds offering same-day liquidity for short-term funds shall also be used to ensure liquidity. The Director shall minimize interest rate risk by avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term-securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

Return on Investment: The investment portfolio shall be designed to attain a market average rate of return during budgetary and economic cycles while taking into account investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to safety and liquidity objectives. The core of investments is limited to relatively low-risk securities, and a fair rate of return relative to risk is assumed.

8. Standard of Prudence

BE IT FURTHER RESOLVED, That the Director shall make such investments and only such investments as a prudent person would make in dealing with the property of another, having in view the preservation of the principal and the amount and regularity of the income to be derived.

The standard of prudence to be used shall be the “prudent investor” standard and shall be applied in context of managing an overall portfolio.

9. Statement of Ethics

BE IT FURTHER RESOLVED, That the library Director shall refrain from personal business activity that could conflict with the proper execution and management of library investments, or that could impair the library Director’s ability to make impartial investment decisions.

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10. Internal Controls

BE IT FURTHER RESOLVED, That the library shall establish a system of internal controls, which is designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers. Required elements of the system of internal controls shall include: 1) The timely reconciliation of all bank accounts is within 30 days of the end of the monthly cycle, 2) details of delivery versus payment procedures include the payment is made either before or at the same time as the delivery of the securities, and 3) a third party audit is conducted annually.

11. Investment Activity Report

BE IT FURTHER RESOLVED, That the library Director shall annually provide a written report to the library Board concerning the investment of library funds.

BE IT FURTHER RESOLVED, That the library shall comply with all applicable statutory standards for investment of public funds as they now exist or as they may be subsequently amended. Any provisions of this resolution that conflicts with applicable statutory requirements and standards is void.

NOW, THEREFORE BE IT RESOLVED, That on this 15 day of September, 1998, the Bloomfield Township Public Library Board of Trustees hereby approves this Investment Policy And Depository Resolution and authorizes that it take effect on September 30, 1998.

Approved by the Library Board of Trustees, September 15, 1998

Revised by the Library Board of Trustees, February 20, 2001

Revised by the Library Board of Trustees, August 17, 2004

Revised by the Library Board of Trustees, August 16, 2005

Revised by the Library Board of Trustees, June 20, 2006

Revised by the Library Board of Trustees, December 18, 2007

Updated LaSalle Bank name changed to Bank of America, May 20, 2008

Updated National City Bank name changed to PNC Bank, June 7, 2010

Approved by the Library Board of Trustees, July 20, 2010

Approved by the Library Board September 18, 2012

Updated Fidelity Bank was bought out by Huntington Bank and Citizen's Bank name changed to First Merit Bank, May 20, 2014

Approved by the Library Board of Trustees, June 16, 2015

Approved by the Library Board of Trustees, October 19, 2021