



INVESTMENT POLICY

Section 100. General Policy: It is the policy of the 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 District in conforming to all state and local statutes governing the investment of public funds.

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 periodically as to its effectiveness in meeting the Library District’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 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 of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose

to the Board of Library Trustees any material financial interests in financial institutions that conduct business with the Library District, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the Library District's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the Library District particularly with regard to the timing of purchases and sales.

Section 106. Authorized Financial Dealers and Institutions: The Treasurer shall maintain a list of financial institutions authorized as depositories for funds and to provide investment services. Any financial institution selected by the Library District shall provide normal banking services, including but not limited to checking accounts, wire transfers, purchase and sale of U.S. Treasurer securities and safekeeping services.

The maintenance of Library District funds in any financial institution shall conform to federal and state legal requirements. In addition, the Library District will not maintain funds in excess of the FDIC insurable limit in any institution unwilling or incapable of posting required collateral for funds in excess of the FDIC insurable limits.

To qualify as a depository, a financial institution must furnish the Treasurer or the Treasurer's Agent with copies of the latest two statements of condition that it is required to furnish to the Director of Financial Institutions or to the Comptroller of Currency as the case may be.

At the beginning of each fiscal year a copy of the Library District's Investment Policy will be sent to each financial institution (other than Illinois Funds) in which the Library District has funds on deposit. The Investment Policy shall be accompanied by a letter of acknowledgment that is to be signed by an official of the financial institution and returned to the Library District. A list of authorized signers and / or people any two of whom are authorized to direct investment on behalf of the Library District will be on file at each depository institution.

Fees for banking services shall be mutually agreed to by an authorized representative of the depository bank and the Treasurer on an annual basis. Fees for services shall be substantiated by a monthly account analysis and shall be reimbursed by means of compensating balances.

Should it become necessary to use an investment advisor or money manager, the Treasurer shall recommend for board approval a policy regarding their selection.

Section 107. Authorized and Suitable Investments: Investments may be made in any type of security allowed for by Illinois statutes regarding the investment of public funds.

Section 108. Collateralization: Funds on deposit at an FDIC insured institution (checking accounts, certificates of deposit, etc.) in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent

third party institution in the name of the Library District. To accomplish this, the securities can be held at the following locations:

- A Federal Reserve Bank or its branch office
- At another custodial facility – generally a trust department through book-entry at the Federal Reserve, unless physical securities are involved
- By an escrow agent of the pledging institution

Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trustee agreement, escrow agreement or custody agreement.

Substitution or exchange of securities held in safekeeping can be done without prior or written notice of the Library District provided the market value of the replacement securities are equal to or greater than the market value of the securities being replaced. The Library District will be notified in writing of all substitutions.

Eligible collateral instruments and collateral ratios (market value divided by deposit) are as follows:

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| • U.S. Government Securities | 100% |
| • Obligations of Federal Agencies | 100% |
| • Obligations of Federal Instrumentalities | 100% |
| • Obligations of the State of Illinois | 100% |

Section 110. Diversification: The 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.

Section 111. Maximum Maturities: To the extent possible the Library District shall attempt to match its investments with anticipated cash flow requirements. Therefore, the Treasurer shall establish a maximum maturity limit for securities, unless they are matched to a specific cash flow or if the investments' maturities are made to coincide as nearly as practicable with the expected use of the funds.

Section 112. Operational Procedures / Internal Control: The investments are examined each month noting when the investments are maturing and what the cash needs are within each fund established by the Library District. The Treasurer and the Library Director shall discuss the cash needs within the respective funds and project investment or reinvestment in accordance to the highest rates and terms available at that time. The recommendations will be presented to the Board of Library Trustees at a regular board meeting for approval.

The following individuals are authorized to purchase and sell investments, authorize wire transfers, authorize the release of pledged collateral, and to execute any documents required under this policy (two signatures required): Treasurer, President, Vice President, Secretary, Library Director. Documents include wire transfer agreements, depository agreements, safekeeping agreements, custody agreements.

The Library Director executes the trades as approved by the Board of Library Trustees. No monies from any Library District accounts are to be transferred into any accounts other than those accounts belonging to the Library District. Bank confirmations are to be received on all investment transactions and all transfers between funds.

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

Section 114. Reporting: The Treasurer shall submit to the Board of Library Trustees monthly an investment report that shall describe the portfolio in terms of investment securities, maturities, and cost by fund, and earning of the current period and year to date. The report shall indicate any areas of policy concern and planned revision of investment strategies.

The Treasurer shall submit to the Board of Library Trustees an annual report on the investment program and activity. The report should be in a format suitable for review by the general public. The report shall include a review of the year's overall performance as well as a projection of what may be anticipated in the future.

Section 115. Indemnification: Investment officers and employees of the Library District acting in accordance with this Investment Policy and written procedures as have been or may be established and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market changes.

Section 116. Captions and Headings: The captions and headings used herein are for convenience of reference only and do not define or limit the contents.

Section 117. 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.

Adopted by the Board of Library Trustees of the Geneva Public Library District on November 18, 1999.

Revised:	11/13/2001
Revised:	10/26/2002
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