Scope: This investment policy applies to all financial assets of the Charlevoix Public Library. These funds are accounted for in the annual financial report and include all funds unless specifically exempted by the Board of Trustees.

Objectives: The objectives of the Charlevoix Public Library investment policy are a) safety, b) liquidity, and c) rate of return. Safety is the highest priority since the Library wishes to safeguard against the loss of principal of all public funds. Liquidity must be considered due to the cyclical nature of tax revenues and irregular spending patterns common in a library setting. Maximizing return within the constraints of safety, liquidity, and risk-free investments is a major objective. Idle funds should be invested as they become available to maximize the return.

Depositories: The Library Board of Trustees shall designate the depository or depositories for library funds.

Responsibility and Reporting: The Investment Officer shall be designated by the Board of Trustees. The responsibility for investments of the Library rests with the Investment Officer under the guidance of the Library Board of Trustees. The Investment Officer will be responsible to decide which investments to purchase. The Library Director will report investment activities to the board at least annually.

The Library Director will establish internal controls for depositing library monies and carrying out investment decisions and activities consistent with this policy. No person may engage in investment transactions except as provided under the terms of this policy and procedures established by the library board of trustees.

Authorized Investments: The Charlevoix Public Library is permitted to invest funds in instruments allowed by the State of Michigan Statutes and that meet the criteria of this policy. Examples of such investments, assuming they are fully secured, are:

1) Interest-bearing savings and checking accounts
2) Negotiable certificates of deposit
3) Non-negotiable certificates of deposit
4) Repurchase agreements
5) U.S. Treasury bills
6) Bankers acceptance of United States Banks
7) Federal agency instruments
8) Money market funds/investment pools in accordance with PA 20 and its amendments. Money market funds must maintain a net asset value of $1.00 per share. Investment pools must be organized under the Surplus Funds Investment Pool Act of 1982 or the Local Investment Pool Act of 1985.
9) Commercial Paper with the following ratings:

<table>
<thead>
<tr>
<th>S &amp; P</th>
<th>Moody's</th>
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<tbody>
<tr>
<td>Highest quality</td>
<td>A-1</td>
</tr>
<tr>
<td>High quality</td>
<td>A-2</td>
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</tbody>
</table>

These instruments provide the Library with sufficient latitude to select and meet the investment objectives.

Safekeeping: Investment securities purchased by the Library shall be held in third-party safekeeping by an institution designated as primary agent. The Library Director, with the approval of the Library Board, will execute a third-party safekeeping agreement with a third party, if necessary. The agreement will include the responsibilities of each party, provisions for delivery vs. payment, procedures in case of wire failure or other mishaps, including liability. Not included in the third-party safekeeping agreement are certificates of deposit, mutual funds, direct purchase of commercial paper, or bankers’ acceptances.

Prudence: The standard of prudence to be applied by the investment official(s) shall be the “prudent person rule.” Investments shall be made with judgment and care, considering prevailing circumstances, which persons of prudence, discretion, and intelligence exercise in the management of their own investments, weighing the probable safety of capital as well as the probable revenue to be derived.

Ethics & Conflicts of Interest: The investment officer and all other persons involved in investment activities of the Charlevoix Public Library shall refrain from personal business activity that could conflict with the investment program, or could impair their ability to make impartial investment decisions. These persons will disclose to the Board of Directors any material financial interests in financial institutions that could be related to performance of the library’s portfolio.

Internal Controls: The Library Director will have investments reviewed annually by the library’s designated audit firm. This review will check for appropriate internal controls, compliance with policies and procedures and prevent any loss of public funds due to fraud, error, misrepresentation or illegal action.