

<p style="text-align:center">MIDLOTHIAN PUBLIC LIBRARY INVESTMENT OF PUBLIC FUNDS POLICY</p>
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I. PURPOSE

The purpose of this policy statement is to outline the responsibilities, general objectives and specific guidelines for management of public funds by the Midlothian Public Library.

II. RESPONSIBILITIES

All investment policies and the procedures of the Midlothian Public Library will be in accordance with Illinois law. The authority of the Board of Library 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 as the Chief Investment Officer of the Library acting under the authority of the Board of Library Trustees.

III. DELEGATION OF AUTHORITY

Management and administrative responsibility for the investment program is hereby delegated to the Chief Investment Officer. The Chief Investment Officer, and by designation, the Library Director, are responsible for establishing internal controls and written procedures for the operation of the investment program.

IV. "PRUDENT PERSON" STANDARD

All Library investment activities shall use a "prudent person" standard of care. This standard shall be applied in the context of managing an overall portfolio and specifies that 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. Investment officers, acting in accordance with this Policy and the written procedures of the Library, 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.

V. OBJECTIVES

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

- A. Legality (conforming with all legal requirements)
- B. Safety (preserving capital and including diversification appropriate to the nature and amount of the funds)

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- C. Liquidity (maintaining sufficient liquidity to meet current obligations and those reasonably to be anticipated)
- D. Yield (attaining a market rate of return on investments)
- E. Simplicity of management

VI. TYPES OF INVESTMENTS

Midlothian Public Library follows the provisions of 30 ILCS 235, the Public Funds Investment Act, for all of its investments. These investments may include:

- A. Bonds, notes, certificates of indebtedness, treasury bills or other securities.
- B. Bonds, notes debentures or other similar obligations of the United States of America or its agencies.
- C. Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act.
- D. Short-term obligations of corporations organized in the United States with assets exceeding \$500,000.
- E. Money market mutual funds registered under the Investment Company Act of 1940. Investments may be made only in banks which are insured by the F.D.I.C.
- F. Any public agency may also invest any public funds in the Illinois Funds, created under Section 17 of the State Treasurer's Act.
- G. Illinois Trust local government investment pool.

VII. GUIDELINES

The following guidelines should be used to meet the general investment objectives:

- A. Legality and Safety:
 - 1. Investments will be made only in securities guaranteed by the U.S. Government, or in FDIC insured institutions including SAIF of the FDIC. Deposit account in banks or savings institutions will not exceed the amount insured by FDIC coverage [unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding and safekeeping of collateral].

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2. Authorized investments include and will primarily consist of Certificates of Deposit, Treasury Bills and other securities guaranteed by the U.S. Government, participation in the State of Illinois Public Treasurer's Investment Pool (Illinois Funds), Illinois Trust local government investment pool, and any other investments allowed under State Law that satisfy the investment objectives of the library.
- B. Liquidity: In general, investment should be managed to meet liquidity needs for the current month plus one month (based on forecasted needs) and any reasonably anticipated needs.
- C. Yield: Within the constraints on Illinois Law, considerations of safety, and this Investment Policy, every effort should be made to maximize return on investments made. All available funds will be placed in investments or kept in interest-bearing deposit accounts.
- D. Simplicity of Management: The time required by library administrative staff to manage investments shall be kept to a minimum.

VIII. SUSTAINABILITY:

A. Pursuant to 40 ILCS 5/1-113.6 and 1-113.17, the Library shall include material, relevant, and decision-useful sustainability factors that will be considered by the Board, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. These factors consist of but are not limited to:

1. Corporate governance and leadership factors
2. Environmental factors
3. Social capital factors
4. Human capital factors
5. Business model and innovation factors

B. In addition, the Library's efforts will include the following:

1. Periodic evaluation of sustainability factors to ensure the factors are relevant to the Library's investment portfolio and the evolving marketplace;
2. Periodic monitoring of investment managers to encourage implementation of the aforementioned factors.

IX. DIVERSIFICATION:

The Library shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by investment type, number of institutions invested in, and or length of maturity.

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Security	Maximum % of Portfolio
U.S. Treasury Obligations (Full Faith and Credit)	100%
U.S. Agency Obligations	90%
Bank Certificates of Deposit	75%
Local Government Investment Pools (LGIP)*	75%
Money Market Mutual Funds*	75%
State and Local Government Bonds	10%

*No more than 50% of the investment portfolio may be invested in any one Money Market Fund or LGIP, unless the intent is to promptly reinvest the excess amount.

X. MAXIMUM MATURITIES

To the extent possible, the Library shall structure the maturities of its investments so that it can meet, when due, its anticipated cash flow requirements. For securities purchases made after the adoption date of this investment policy, maturities are generally not to exceed the following, measured from the settlement date:

- Operating Reserve: Maximum maturity not to exceed two years.
- Special Reserve: Maximum maturity not to exceed five years.

For callable securities, the final maturity date, rather than the call date, is to be used to measure its maturity.

XI. BANKING

- A. **Checking:** An account at the First Midwest Bank is used for paying the bills and the payroll. These checks require two signatures of the Board President, Secretary, Treasurer or Library Director. Monies are transferred on a semi-monthly basis from the money market account to the checking account to cover the payroll and the bills.
- B. **Money Market:** A collateralized account at First Midwest Bank is set up as a Real Estate Fund. The property taxes owed to the Library are automatically deposited to this account by the Cook County Clerk's Office. This account is FDIC insured up to \$250,000. Monies beyond FDIC are part of a Third Party Custodian Agreement (Collateralized Municipal Deposits) with the Bank of New York Mellon for added security. The monthly accounts payable and payrolls are transferred from this account to First Midwest Bank Checking Account for payment. At the end of each fiscal year, the board transfers the unexpended balances of the proceeds received from the public library taxes into Special Reserve Fund and the Reserve Fund per the guidelines below.
- C. **Other revenues** are deposited to the Checking Account by the Business Manager upon receipt, under the supervision of the Director.

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D. Illinois Funds Accounts:

1. Special Reserve Fund (Building Fund) Account: This account was established to be used for the purposes authorized by 75 ILCS 5/58 or for emergency expenditures for the repair of the Library's buildings or equipment. A Special Reserve Fund Plan, on file in the Library Director's office, governs the use of monies in the Special Reserve Fund.
2. Reserve Fund Account: This account was established with the goal of maintaining the six to twelve months' operating reserve that is generally recommended for libraries.
3. E-Pay Account: This account is for electronic credit card payments made to the Library at point of sale. The Illinois Treasurer requires the target balance be at least \$1,000. Illinois National bank will automatically transfer funds in excess of this target to the Illinois Funds account.
4. Real Estate Taxes Account: This account was formerly set up to receive automatic deposits of property taxes from the Cook County Clerk's Office. It is currently not used but is held open for potential future use.

XII. REPORTING

Investments, fund balances and the status of such accounts will be reported at each regularly scheduled meeting of the Library Board and at least quarterly shall 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 Finance Committee shall review this policy for any needed modifications and report to the Board on any areas of policy concern and planned revision of investment strategies.

XIII. INTERNAL CONTROLS

In addition to these guidelines, the Chief Investment Officer shall establish a system of internal controls and written operational procedures designed to prevent loss, theft or misuse of funds.

XIV. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Any investment advisors, money managers and financial institutions shall be considered and authorized only by the action of the Board of Library Trustees upon the recommendation of the Chief Investment Officer. The Chief Investment Officer will maintain a list of financial dealers and institutions authorized to provide investment services.

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XV. CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business that might conflict with the proper execution and management of this investment program, or that could impair their ability to make impartial decisions, or that could give the appearance of impropriety.

Adopted 11/1999, Reviewed 8/2012, 4/2016, Revised 4/2017, 9/2017, Reviewed 4/2018, 4/2019, Revised 9/2020, 11/2021, 9/2022, 12/2022, Reviewed 9/2023