



OPERATING POLICY

INVESTMENT AND CASH MANAGEMENT

Scope & Purpose

This policy applies to all funds of the "Library". The purpose of the Investment and Cash Management Policy (Policy) is to provide a clear and concise statement of objectives by the Board of Trustees of the Library as to management of Library funds.

Objectives

1. **Safety of principle:** The Library shall maintain funds in a financial institution only if that institution is a member of the FDIC system. No funds shall be invested in any financial institution in excess of the amount covered by any applicable insurance plan.
2. **Liquidity:** The investment portfolio shall remain sufficiently flexible to enable the Library Director to meet all operating requirements, which may be reasonably anticipated in any fund.
3. **Maximum rate of return:** The investment portfolio shall be designed to maximize returns consistent with risk limitations identified herein and prudent investment principles.

Compliance

The Policy shall at all times comply with all applicable laws and statutes, By-laws and Resolutions of the Board.

Authorized Officers and Employees

The Board shall designate those officers and employees as having the authority and responsibility for implementing the Policy.

Financial Institutions

The Board shall approve all financial institutions on an annual basis.

Investment Selection

Except for operating expenses, the Board may invest in any of the following types of investment instruments:

1. Interest bearing savings accounts, interest bearing certificates of deposit, interest bearing time deposits, interest bearing money market instruments or any other investment constituting direct obligations of any bank that is insured by the Federal Deposit Insurance Corporation (FDIC).
2. Direct obligations of the federal government and any agencies thereof with maturities of one year or less.
3. Illinois Funds
4. Any other instruments deemed appropriate by the Board.

Documentation

The Library Director shall develop appropriate procedures for the legal and financial review and approval of all documents entered into to implement the Policy.

Reporting

The Library Director shall report periodically to the Board as to the state of the various funds of the investment portfolio.



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Indemnification

The Board assumes certain risks when its members and/or its employees implement the Policy. Accordingly, each such individual must use discretion and prudence in fulfilling his or her responsibility. The individual who has performed his or her duties responsibly should not be held personally liable for any loss. Individuals acting in accordance with the Policy shall be relieved of personal responsibility for unforeseen fluctuations in the value of the portfolio of investments resulting from, but not limited to, changes in credit standings or market conditions, provided that such deviations are reported in a timely fashion and appropriate actions taken to control adverse developments.

Ratification

The Board shall periodically ratify all investment and cash management transactions performed in accordance with the Policy.

Procedures

1. Procedures defined herein are not all inclusive, therefore the Library Director is authorized to develop additional procedures where deemed appropriate to implement the Policy.
2. For the investment of new dollars or for the roll-overs of maturing certificates of deposit, the Library Director shall consult with the Treasurer or the Chairman of the Finance Committee with a recommendation as to what instruments and where the investment should be placed.
3. Such recommendations shall include a comparison of applicable rates at various financial institutions, one of which should be a Village financial institution.