

Category: 200
Number: 215
Adopted: February 19, 2002

Subject: **INVESTMENT POLICY**

1. PURPOSE: The intent and purpose of this Policy is to:
 - 1.1 Formulate a written County Policy for making investment decisions in compliance with State law;
 - 1.2 Formally designate the Gratiot County Treasurer as the County's authorized Investment Officer;
 - 1.3 Define the approved types of investments and maturities the County Board of Commissioners desires to authorize the County Treasurer to invest in;
2. AUTHORITY: The Gratiot County Board of Commissioners.
3. APPLICATION: This investment policy applies to Gratiot County's general investments managed by the County Treasurer.
4. RESPONSIBILITY: The Gratiot County Treasurer is responsible for the implementation of this policy.
5. DEFINITION(S): None
6. POLICY:
 - 6.1.1 It is the policy of Gratiot County to invest in public funds in a manner which will ensure the preservation of principal while providing the highest investment rate of return with maximum security, meeting the daily cash flow requirements of the County and conforming to all state statutes governing the investment of public funds.
 - 6.2 Objectives
 - 6.2.1 The primary objectives of this Policy, in compliance with Act 20 of Public Act of 1943, as amended by P.A. 196 of 1997, in priority order, of the County's investment activities shall be:
 - 6.2.1.1 *Safety*: Safety of principal is the foremost objective County funds. Investments shall be undertaken in a manner ensure the preservation of principal in the overall portfolio.

6.2.1.2 *Diversification:* The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. With the exception of U.S. Treasury securities and authorized investment pools no more than 60% of the total investment portfolio will be invested in a single security type or with a single financial institution.

6.2.1.3 *Liquidity:* The investment portfolio shall remain sufficiently liquid to enable the County Treasurer to meet all operating requirements which might be reasonably anticipated.

6.2.1.4 *Market Rate of Return:* The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

6.3 Delegation of Authority to Invest

6.3.1 Management responsibility for the overall investment program is hereby delegated exclusively to the County Treasurer, as required by state statute.

6.4 Authorized Investments

6.4.1 The County Treasurer is authorized to invest in the following types of securities authorized by Public Act 20 of 1943, as amended by Public Act 196 of 1997:

6.4.1.1 Bonds, securities and other obligations of the United States or any agency or instrumentality of the United States.

6.4.1.2 Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution.

6.4.1.3 Commercial paper rated at the time of purchase at the highest classification established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.

6.4.1.4 Repurchase agreements consisting of instruments in Section 6.4.1.1 above.

6.4.1.5 Bankers' acceptances of United States banks.

6.4.1.6 Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than (l) standard rating service.

- 6.4.1.7 Obligations described in Sections 6.4.1.1 through 6.4.1.6 above, if purchased through an interlocal agreement under the urban cooperation act of 1967. 1967 (ExSess) PA 7, MCL 124.501 to 124.512.
- 6.4.1.8 Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
- 6.4.1.9 Investment pools organized under the local government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.
- 6.4.1.10 Mutual Funds registered under Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-3 and 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. The Mutual Fund must be limited to securities whose intention is to maintain a net asset value of \$1.00 per share.

6.5 Safekeeping and Custody

- 6.5.1 It shall be the responsibility of the County Treasurer to determine which securities will be held by a third party custodian. Securities held in safekeeping by a third party custodian shall be evidenced by a safekeeping receipt.

6.6 Prudence

- 6.6.1 The standard of prudence to be used by the County Treasurer shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio.
- 6.6.2 Investments shall be made with judgment and care, under circumstances then prevailing, which person 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.

6.7 Reporting

- 6.7.1 The County Treasurer shall provide an annual investment report to the Board of Commissioners which provides a clear picture of the status and types of investments of the current investment portfolio. This report shall be prepared in a manner which will allow the Board of Commissioners to ascertain whether investment activities during the reporting period have conformed to this investment policy.

6.8 Authorized Financial Institutions

6.8.1 The County Treasurer shall annually present a banking resolution for consideration by the County Board of Commissioners. This resolution shall contain a list of all financial institutions authorized for the deposit of public monies and investments.

7. ADMINISTRATIVE PROCEDURES:

7.1 As funds become available from time to time for deposit or investment, the County Treasurer shall determine, consistent with the objectives of this Policy and other applicable Board policies, whether such funds shall be deposited in demand deposits or deposited or invested in authorized investments.

7.2 The County Treasurer shall seek to obtain quotations for the purpose of selecting each authorized investment.

7.3 The County Treasurer shall, whenever possible, accept the quotation providing the County with the greatest return on its investment.

7.4 However, the County Treasurer's foremost responsibility is to comply with the Section 6.2 objectives of safety, diversification, liquidity and market rate of return.

8. ADMINISTRATOR/LEGAL COUNSEL REVIEW: The Administrator has determined that this policy as submitted to the Board of Commissioners contains the necessary substance in order to carry out the purpose of the policy. The County Civil Counsel has determined that this policy as submitted contains content that appears to be legal activities of the Gratiot County Board of Commissioners.

Approved as to Substance:

Approved as to Legal Content:

Gratiot County Administrator

Gratiot County Civil Counsel