

COUNTY OF CLINTON

At a regular meeting of the Board of Commissioners of the County of Clinton, Michigan, held on the 30th day of June, 1998, at 9:00 a.m., Eastern Standard Time, in the Courthouse in St. Johns, Michigan, there were:

PRESENT: John Arehart, Sara Clark Pierson, Richard Hawks, Larry Martin and Mary Rademacher

ABSENT: Lois Bracey and Clifford Flood

The following resolution was offered by Commissioner Pierson and supported by Commissioner Martin.

1998-33 RESOLUTION AUTHORIZING INVESTMENT OF COUNTY FUNDS AND APPROVING COUNTY INVESTMENT POLICY

WHEREAS, pursuant to the provisions of Act No. 20 of the Public Acts of Michigan of 1943, as amended, ("Act 20") the Board of Commissioners of the County of Clinton authorize the County Treasurer to invest County funds in certain investments; and

WHEREAS, this Board wishes to authorize such investments as are permitted by Act 20; and

WHEREAS, section 5 of Act 20 requires this Board of Commissioners in conjunction with the County Treasurer to adopt an investment policy which complies with the provisions of Act 20; and

WHEREAS, the County Treasurer has submitted a proposed Investment Policy which complies with provisions of Act 20;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF CLINTON as follows:

1. The County Treasurer is authorized to invest funds of the County of Clinton in investments authorized by Act 20.

APPENDIX 1

INVESTMENT POLICY FOR THE COUNTY OF CLINTON

As Required by Public Act 20 of 1943, As Amended

I. POLICY

It is the policy of the Clinton County to invest public funds in a manner which will ensure the preservation of capital while providing the highest investment return with maximum security, meeting the daily cash flow demands of the County and conforming to all state statutes governing the investment of public funds.

II. SCOPE

This investment policy applies to all financial assets of the County held by the County Treasurer. These funds are accounted for in the County Treasurer's Annual Financial Report.

III. OBJECTIVE

The primary objectives, in priority order, of the County Treasurer's investment activities shall be:

A. Safety: Safety of principal is the foremost objective of the investment program of the County of Clinton. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

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

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

IV. DIVERSIFICATION

The County Treasurer shall diversify his/her investments 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.

V. DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from MCL 48.40, and the requisite Depository and Investment Resolution for Clinton County (MCL 129.12). Management responsibility for the investment program is hereby delegated to the Clinton County Treasurer. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures and internal controls established by the Clinton County Treasurer and the Investment Committee. In the absence of the Treasurer, the Assistant Treasurer shall perform investment duties.

VI. AUTHORIZED INVESTMENTS

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

- A.** Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- B.** Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution.
- C.** Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- D.** Repurchase agreements consisting of instruments in subdivision 6.1.
- E.** Bankers' acceptances of United States banks.
- F.** 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 1 standard rating service.
- G.** Money market mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan pursuant to Public Act 20 of 1943 as amended. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
- H.** Obligations described in subdivisions 6.1 through 6.6 if purchased through an interlocal agreement under the urban cooperation act of 1967. 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- I.** Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.

VII. SAFEKEEPING AND CUSTODY

It shall be the responsibility of the County Treasurer to determine which securities a third party custodian will hold. Securities held in safekeeping by a third party custodian shall be designated by the Treasurer and evidenced by safekeeping receipts as determined by the Treasurer.

VIII. PRUDENCE

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. 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.

IX. REPORTING

The County Treasurer shall compile a quarterly report for the Finance Chairperson. This report shall include the type of investment, date of maturity, amount of investment and rate of interest. The County Treasurer shall provide at least an annual 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 that will allow the Board of Commissioners to ascertain whether investment activities during the reporting period have conformed to the investment policy.

X. INVESTMENT CONTROLS AND PROCEDURES

The County Treasurer in conjunction with the Investment Committee of the Board of Commissioners shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, cash purchase or delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts.

The Clinton County Board of Commissioners shall establish an Investment Committee that shall include no less than the Finance Chair and the County Treasurer. Said Investment Committee shall, from time to time, review investments, controls and procedures, and may make investment recommendations as they relate to future financial obligations of the County.

XI. POLICY REVIEW

The Investment Policy shall be reviewed no less than once every two years, corresponding with the November election of the Board of Commissioners and the County Treasurer. Said review shall be conducted to ensure consistency with the overall objectives of preservation of PRINCIPAL, LIQUIDITY AND RETURN, and its relevance to current law, financial and economic trends, and to meet the needs of Clinton County.

APPENDIX 2

**ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY
AND AGREEMENT TO COMPLY**

I hereby certify that I have read and fully understand Act 20 PA 1943, as amended, and the Investment Policy of the County of Clinton.

Any investment advice or recommendation on investments given by _____, representing _____, to the Clinton County Treasurer shall comply with the requirements of Act 20 PA 1943, as amended, and the Investment Policy of the County of Clinton. Any existing investment not conforming to the statute or the policy will be disclosed promptly to the Clinton County Treasurer.

By: _____

Title: _____

Date: _____