

CLINTON COUNTY BOARD OF COMMISSIONERS



Administrator
Ryan L. Wood
Clerk of the Board
Diane Zuker

COURTHOUSE
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ST. JOHNS, MICHIGAN 48879-1571
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Chairperson
Larry Martin
Vice-Chairperson
Robert Showers

Members
John Arehart
David Pohl
Mary L. Rademacher
Claude A. Vail
Virginia Zeeb

COUNTY OF CLINTON

At a regular meeting of the Board of Commissioners of the County of Clinton, Michigan, held on the 28th day of November, 2006, at 9:00 a.m., Eastern Standard Time, in the Courthouse in St. Johns, Michigan, there were:

PRESENT: David Pohl, Larry E. Martin, John W. Arehart, Mary L. Rademacher, Robert E. Showers, Virginia L. Zeeb and Claude A. Vail.

ABSENT: None

The following resolution was offered by Commissioner Showers and supported by Commissioner Arehart.

RESOLUTION 2006-31 **AMENDING RESOLUTION 1998-33 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.

2. The Investment Policy attached hereto as Appendix 1 is approved and shall take effect on November 28, 2006.

3. Before executing an order to purchase or trade the funds of the County of Clinton, a financial intermediary, broker or dealer shall be provided with a copy of the County's Investment Policy and shall acknowledge receipt of the Investment Policy and agree to comply with the terms of the Investment Policy regarding the buying and/or selling of securities by executing the form attached as Appendix 2.

4. The County Treasurer is authorized to rely on the continuing effect of this resolution until and unless it is specifically amended or rescinded by a future resolution of the Board of Commissioners.

5. This resolution shall take effect on November 28, 2006.

A vote on the foregoing resolution was taken and was as follows:

YEAS: Showers, Zeeb, Vail, Pohl, Rademacher, Arehart and Martin

NAYES: None

ABSTAIN: None

STATE OF MICHIGAN)
)ss.
COUNTY OF CLINTON)

CERTIFICATION

The undersigned, being the duly qualified and acting Clerk of the County of Clinton, hereby certifies that the foregoing is a true and complete copy of a resolution duly adopted by the Clinton County Board of Commissioners at its regular meeting held on the 30th day of June, at which meeting a quorum was present and remained throughout and that an original thereof is on file in the records of the County. I further certify that the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with Act No. 287, Public Acts of Michigan, 1976, as amended, and that minutes of such meeting were kept and will be or have been made available as required thereby.

DATED: November 28, 2006

Diane Zuker, County Clerk

APPENDIX 1

INVESTMENT POLICY FOR THE COUNTY OF CLINTON

As Required by Public Act 20 of 1943, As Amended

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.

SCOPE

This investment policy applies to all financial assets of the County held by the County Treasurer, excluding the investment of Post Retirement Healthcare funds.

PRUDENCE

The standard of prudence to be applied by the County Treasurer shall be the "Prudent Person" rule which states; "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." The "Prudent Person" rule shall be applied in the context of managing the overall portfolio. The County Treasurer acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

OBJECTIVE

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

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. The objective will be to mitigate both credit risk and interest rate risk.

Credit Risk: The County will minimize credit risk, the risk of loss due to the failure of the security, issuer or backer by:

Limiting investments to the safest types of securities

Pre-qualifying and continually monitoring financial institutions with which the County will do business

Diversifying the portfolio so that potential losses on individual securities would be minimized

Maintaining credit ratings when available on all holdings

Interest Rate Risk: The County will minimize the risk that the market value of the securities in the portfolio will fall due to changes in general interest rates by structuring the portfolio to meet the cash requirements of ongoing operations, thereby mitigating the need to liquidate securities at a loss prior to maturity.

Concentration Risk: The County will minimize the risk in placing a large portion of the portfolio with a single security issuer by limiting the exposure to 25% of the total portfolio, excluding investments in U.S. Government securities.

Custodial Credit Risk: The County will minimize custodial credit risk by using only financial institutions meeting a pre-qualification evaluation and holding securities in the County's name.

Foreign Currency Risk: The County will only invest in US dollar denominated securities.

Liquidity: The investment portfolio shall remain sufficiently liquid to enable the County Treasurer to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

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. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

DIVERSIFICATION

The County Treasurer shall diversify his/her investments by security type and institution. It is the policy of Clinton County to diversify its investment portfolio. Assets held in the common cash fund and other investment funds shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, individual financial institution, or a specific class of securities. In addition, portfolio maturities shall be staggered to avoid undue concentrations of assets in a specific maturity sector. Diversification strategies shall be determined and revised by the County Treasurer, from time to time, to meet diversification objectives (to reduce overall portfolio risks while attaining market average rates of return). At no time shall the deposits and investments in any institution exceed 25% of the total portfolio, excluding investments in U.S. Government securities.

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 in conjunction with the Investment Committee of the Board of Commissioners. No person may engage in an investment transaction except as provided under the terms of this

policy and the procedures established by the Clinton County Treasurer and the Investment Committee. In the absence of the Treasurer, the Chief Deputy Treasurer shall perform investment duties.

AUTHORIZED INVESTMENTS

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

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

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

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.

Repurchase agreements consisting of instruments in subdivision 6.1.

Bankers' acceptances of United States banks.

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.

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.

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.

Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.

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.

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, rate of interest and credit rating when applicable. 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 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: _____