

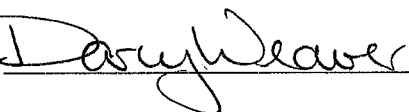
EXECUTIVE DOCUMENT SUMMARY

Department: <u>Treasurer</u> Contact Person: <u>Darcy Weaver</u> Telephone No.: <u>(231) 256-9838</u>	Submittal Dates <input checked="" type="checkbox"/> Executive Board Session 12/07/2021
Source Selection Method	VENDOR: _____ Address/ Phone: _____
<input type="checkbox"/> Select One <input type="checkbox"/> Other: _____ Account Number (Funds to come from): _____	

Budgeted Amount: _____	Contracted Amount: _____
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Document Description	
<input type="checkbox"/> Select One	<input checked="" type="checkbox"/> Other <u>Update Investment Policy</u>

<input type="checkbox"/> Request to Waive Board Policy on Bid Requirements	<p>The Treasurer's office is proposing an update to the Leelanau County Board Policy for Investments that was approved on May 21, 2013. The minor changes are necessary to reflect the priorities when investing public funds and to update the formatting to be consistent with other board policies.</p> <p>The changes have been reviewed by Corporate Counsel.</p> <p><i>Suggested Recommendation:</i> I move to recommend that the Leelanau County Board of Commissioners approve the Board Policy on Investments as presented.</p>
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Department Head Approval:  Date: 12/01/2021

**LEELANAU COUNTY
BOARD POLICY**

GENERAL SUBJECT: Financial & Investment Policies Policy No. **7.04**
(County Treasurer)

SPECIFIC SUBJECT: Investment Policy Adopted: 05/21/2013

APPLIES TO: All Leelanau County Employees and Elected Officials

PURPOSE: To Comply with Michigan Compiled Laws 129.91 *et seq*, being 1943 Public Act 20, as amended

1.0 PURPOSE:

It is the policy of Leelanau County to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the County and comply with all state statutes governing the investment of public funds.

2.0 SCOPE:

This investment policy applies to all transactions involving the financial assets and related activity of the County except for its employee pension funds and its employee deferred compensation funds, which are organized and administered separately. These assets are accounted for in the various funds of the County and include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds (unless bond ordinances and resolutions are more restrictive), Enterprise Funds, Internal Service Funds, Special Assessment Funds, Trust and Agency Funds and any new fund established by the County, unless specifically exempted by the governing body.

3.0 OBJECTIVES:

Funds of the County will be invested in accordance with MCL 129.91 *et seq*, being Michigan Public Act 20 of the Public Acts of 1943, as amended. The primary objectives, in priority, of the County's investment activities shall be:

3.1 Safety – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

3.2 Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

3.3 Return on Investment – The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

3.4 Diversification – The investments will be diversified by specific maturity, dates, individual financial institution(s) or a specific class of securities in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Moved down [1]: Diversification – The investments will be diversified by specific maturity, dates, individual financial institution(s) or a specific class of securities in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.¶

Deleted: Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

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Deleted: Return on Investment – The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

4.0 DELEGATION OF AUTHORITY:

Authority to manage the investment program is derived from MCL 48.40 requiring the County Treasurer to be the custodian of the County's funds. Management responsibility for the investment program is hereby delegated to the Leelanau County Treasurer who shall establish procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except under the terms of this policy and the procedures established by the Leelanau County Treasurer. The Leelanau County Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

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5.0 AUTHORIZED INSTRUMENTS:

The Leelanau County Treasurer is limited to investments authorized by MCL 129.91 *et seq*, being 1943 Public Act 20, as amended, and may invest in the following:

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- (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, or depository receipts of a financial institution, but only lithe financial institution, are eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standards rating services and that matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in (a) above. Repurchase agreements shall be negotiated with dealers or financial institutions with whom the County has negotiated a Master Repurchase Agreement. Repurchase Agreements must be signed with the bank or dealer and must contain provisions comparable to those outlined in the Public Security Association's model Master Repurchase Agreement.
- (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 investment grade by not less than 1 standard rating service.

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- (g) Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 - (i) The purchase of securities on a when-issued or delayed delivery basis.
 - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.

(h) Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

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(i) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.

(j) The investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

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(k) The County Board of Commissioners, by resolution, may also authorize entering into written agreements with other public corporations to pool or coordinate the funds to be invested under this section with the funds of other public corporations. Agreements allowed under this subsection shall include all of the requirements and adhere to the provisions of MCL 129.91(4), as amended, including:

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- (i) The types of investments permitted to be purchased with pooled funds.
- (ii) The rights of members of the pool to withdraw funds from the pooled investments without penalty.
- (iii) The duration of the agreement and the requirement that the agreement shall not commence until at least 60 days after the public corporations entering the agreement give written notice to an existing local government investment pool which is organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150, in those counties where such a pool is operating and accepting deposits on or before September 29, 2006.

(l) In addition to the certificates of deposit investments authorized under subsection (a), the County Board of Commissioners, by resolution, may authorize the County Treasurer to invest the funds of the County in certificates of deposit in accordance with all of the following conditions:

- (i) The funds are initially invested through a financial institution that is not ineligible to be a depository of surplus funds belonging to this state under Section 6 of 1855 PA 105, MCL 21.146.
- (ii) The financial institution arranges for the investment of the funds in certificates of deposit in 1 or more insured depository institutions, as defined in 12 USC 1813, or 1 or more insured credit unions, as defined in 12 USC 1752, for the account of the County.
- (iii) The full amount of the principal and any accrued interest of each certificate of deposit is insured by an agency of the United States.
- (iv) The financial institution acts as custodian for the County with respect to each certificate of deposit.
- (v) At the same time that the funds of the County are deposited, and the certificate or certificates of deposit are issued, the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially invested by the County through the financial institution.

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(m) In addition to the deposit accounts investments authorized under subsection (a), the Board of Commissioners, by resolution, may authorize the County Treasurer to invest the funds of the County in deposit accounts that meet all of the following conditions:

- (i) The funds are initially deposited in a financial institution that is not ineligible to be a depository of surplus funds belonging to this state under Section 6 of 1855 PA 105, MCL 21.146.
- (ii) The financial institution arranges for the deposit of the funds in deposit accounts in 1 or more insured depository institutions, as defined in 12 USC 1813, or 1 or more insured credit unions, as defined in 12 USC 1752, for the account of the County.
- (iii) The full amount of the principal and any accrued interest of each deposit account is insured by an agency of the United States.
- (iv) The financial institution acts as custodian for the County with respect to each deposit account.
- (v) On the same date that the funds of the County are deposited under subdivision (b), the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit

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unions equal to or greater than the amount of the funds initially deposited by the County in the financial institution.

- (n) Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investment under this section 5.0, subsections (a) through (j) above.

The terms used in this Section 5.0 shall be defined as provided pursuant to MCL 129.91 *et seq*, as amended.

6.0 SAFEKEEPING and CUSTODY:

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the County Treasurer may be on a cash basis or a delivery verses payment basis as determined by the County Treasurer. Securities may be held by a third party custodian designated by the County Treasurer and evidenced by safekeeping receipts as determined by the County Treasurer.

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7.0 PRUDENCE:

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.

8.0 REPORTS:

Within 120 days of the end of the fiscal year, the County Treasurer shall prepare an annual written report to the governing body concerning the investments of the funds.

9.0 EFFECTIVE DATE:

This policy shall become effective on May 21, 2013.

APPENDIX 2

ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY AND AGREEMENT TO COMPLY

I hereby certify that I have received the Investment Policy of Leelanau County, have personally read the Investment Policy, and agree to comply with the terms of the Investment Policy regarding the investment of the County funds. Any investment not conforming with your investment policy will be disclosed promptly.

Institution

Address

Authorized Official & Title

Signature

Date