

Approved: April 12, 2022
Resolution No. 22-42

A. POLICY

It is the policy of Ogemaw 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 state statutes governing the investment of public funds.

B. PRINCIPLES

1. Statutory References: Public Act 20 of 1943, as amended, requires the County to have a written investment policy which, at a minimum, includes the purpose, scope and objectives of the policy, including safety, diversification and return on investment.
2. Scope: This investment policy applies to all financial assets of the County. These assets are accounted for in the various funds of the County and include the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, internal service funds, custodial funds and any new fund established by the County.
3. Objectives: The primary objectives, in priority order of the County's investment activities shall be safety, diversification, liquidity, return on investment.
 - a. *Safety*: Safety of principal is the foremost objective of the investment policy. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.
 - b. *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.
 - c. *Liquidity*: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
 - d. *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. Delegation of Authority: Upon adoption of this Statement of Policy and Principles, the Ogemaw County Board of Commissioners delegates to the County Treasurer the management responsibility for the investment program as required by state statute.
5. Safekeeping and Custody: All security transactions, including collateral for Repurchase Agreements and financial institution deposits, entered into by the County Treasurer shall be on a cash (or delivery vs. payment) basis. Securities may be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts as determined by the Treasurer.
6. Standards of Care: Prudence, ethics and conflicts of interest shall be applied in managing the overall portfolio.
 - a. *Prudence*: The standard of prudence to be used by the Treasurer shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The “prudent person” standard states “Investments shall be made with judgement 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.”
 - b. *Ethics and Conflict of Interest*: The Treasurer and other employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.
7. Reporting Methods: The Treasurer shall prepare an investment report annually for the Board of Commissioners as required by state statute.
8. Authorized Instruments: In accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended, the surplus funds of Ogemaw County may be invested as follows:
 - 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, but only if the financial institution is 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 highest classification established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Repurchase Agreements consisting of instruments listed in subdivisions 8 a. above. Repurchase Agreements shall be negotiated only with dealers or financial institutions with whom the County Treasurer 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 as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the Investment Company Act of 1940, with authority to purchase only investment vehicles that are legal for direct investment by the public corporation.
- h. Investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982, MCL 129.111 to 129.118.
- i. Investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985, MCL 129.141 to 129.150.
- j. Obligations described in Section 1(1)(a) through Section 1(1)(g) of the Investment of Surplus Funds of Political Subdivisions Act (MCL 129.91) if purchased through an inter-local agreement under the Urban Cooperation Act of 1967, Act 7 of 1967 (Ex. Sess.) as amended (MCL 124.501 to 124.5120).

History: 2022, Resolution 22-42, Effective April 22, 2022; -- Amended 2022, Resolution 22-55, Effective April 28, 2022