

MENOMINEE COUNTY BOARD OF COMMISSIONERS

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Menominee, MI 49858*

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COUNTY OF MENOMINEE RESOLUTION 2015-03 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 Menominee County may 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 the provision of Act 20.

NOW, THEREFORE BE IT RESOLVED that the Menominee County Board of Commissioners hereby authorizes that:

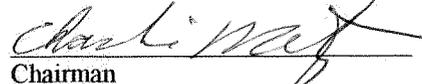
1. The investment policy attached hereto is approved.
2. The Menominee County Treasurer is authorized to invest funds of Menominee County pursuant to the Investment Policy.
3. Before executing an order to purchase or trade funds of Menominee County, the financial intermediary, broker, or dealer shall be provided with a copy of the Investment Policy and shall acknowledge receipt of the Policy and agree to comply with the terms of the Policy regarding buying or selling of securities by signing the attached form.
4. The Menominee County Treasurer shall provide **quarterly** a written report to the Menominee County Board of Commissioners concerning the investment of the funds.
5. The Menominee County Treasurer is authorized to rely on the continuing effect of this resolution until and unless it is specifically amended or rescinded by future resolution of the Menominee County Board of Commissioners.
6. This resolution supersedes all previous resolutions, parts of resolutions, and Menominee County Board Policy inconsistent with this resolution or with State law, and this resolution shall take effect immediately.



Marc Kleiman
Menominee County Clerk

1-5-15

Date



Chairman
Menominee County Board of Commissioners

Ray Williams Bernie Lang James Furlong Larry Schei William Cech

Charlie Meintz Gerald Piche Jan Hafeman John Nelson

MENOMINEE COUNTY INVESTMENT POLICY
To Comply With Act 20 PA 1943, as amended

BOARD OF COMMISSIONERS OF THE COUNTY OF MENOMINEE

SUBJECT: INVESTMENTS

ADOPTED BY THE BOARD OF COMMISSIONERS ON: 1-5-15

Purpose

It is the policy of the Menominee County Board of Commissioners 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 complying with all state statutes governing the investment of public funds.

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, debt service funds, and any other funds established by the County through the County Treasurer.

Objectives

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

___ Deposits and Investment Risk--deposits and investments shall have sufficient safety and diversity to assure that the County's exposure to credit risk and interest rate risk is low. Deposit and investment risk definitions are included later in this policy.

___ 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.

___ 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.

___ Liquidity--the investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

___ 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.

Delegation

The Menominee County Treasurer is designated as the investment officer of Menominee County and is responsible for carrying out investment decisions and activities.

Authorized Investments

The investment of surplus funds shall be as follows:

___ In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

___ In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution.

___ In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase.

___ In United States government or federal agency obligation repurchase agreements consisting of bonds, securities, and other obligations of the United States.

___ In bankers' acceptances of United States banks.

___ In 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.

The board approves the following financial institutions as depositories of County funds:

- mbank
- Stephenson National Bank
- Nicolet National Bank
- First National Bank & Trust
- Menominee County Credit Union
- Tri County Credit Union
- Peninsula Federal Credit Union
- Morgan Stanley
- MBS Multi-Bank Securities Inc.

Also any other qualified institutions recommended by the County Treasurer.

Objectives: safety, liquidity, and return on investment

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

Safety

The protection of investment 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 by diversifying holdings and maturities to mitigate both credit risk and interest rate risk.

Credit Risk

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

- _ Limiting investments to the safest types of securities.
- _ Pre-qualifying 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 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 requirement of ongoing operations, thereby mitigating the need to liquidate securities at a loss prior to maturity. In addition, investments past three years in maturity will be made to coincide as nearly as practicable with the expected use of the funds.

Concentration Risk

The County will minimize the risk in placing a large portion of the portfolio with single security issuer by limiting the exposure to 5% of the total portfolio at time of purchase. This requirement does not apply to investments issued by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments.

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 meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring mature concurrent with cash needs to meet anticipated demands.

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

Safekeeping, Custody, And Prudence

The investment officer shall recommend financial institutions for approval for the safekeeping of County funds based on an evaluation of the performance and solvency of the institution, as well as past performance in exercising due care and prudence in managing the custody of County funds held in trust, if applicable. The investment officer shall periodically evaluate approved and potential financial depositories and shall make recommendations as to appropriate changes in approved depositories when warranted.

In determining safekeeping and custody qualifications, financial institutions document a minimum capital requirement of at least \$10,000,000 and at least five years of operation. All financial institutions and brokers/dealers shall be prequalified by supplying the following:

- Audited financial statements
- Proof of NASD certification or FDIC insurance
- Proof of state registration
- Certification of having read, understood and agreement to comply with the Menominee County investment policy.

“Financial institution” means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

The investment officer shall annually examine the financial condition and registrations of qualified financial institutions and brokers/dealers by obtaining annual updates of the information listed above.

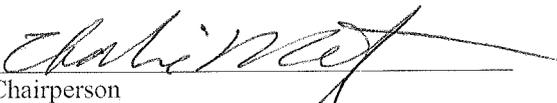
The investment officer shall make such investments and only such investments as a prudent person would make in dealing with the property of another, having in view the preservation of the principal and the amount and regularity of the income to be derived. The standard of prudence to be used shall be the "fiduciary" standard and shall be applied in context of managing an overall portfolio.

All security transactions shall be held by the Menominee County Treasurer and evidenced by a safekeeping receipt.

The investment officer shall produce quarterly reports for the Board of Commissioners, listing by fund each investment within the fund.

The report should disclose the amount of investment, the institution, maturity date, and interest rate and 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.

A summary of all investments shall be shown at the end of each report, listed by institution and type of investment. A yearly report for the fiscal year will be provided to the board.



Chairperson



Clerk