

INVESTMENT POLICY FOR THE VILLAGE OF CHESANING

To comply with Public Act 20 of 1943

Purpose:

It is the policy of the Village of Chesaning 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 Village of Chesaning and comply with all state statutes governing the investment of public funds.

Scope:

This investment policy applies to all financial assets of the Village of Chesaning. These assets are accounted for in the various funds of the Village of Chesaning and include the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, internal service funds, trust and agency funds and any new fund established by the Chesaning Village Council.

Objectives:

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

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 of Authority to Make Investments:

Authority to manage the investment program is derived from the following: Village Treasurer per MCL 64.9. Management responsibility for the investment program is hereby delegated to the Village Treasurer per MCL 64.9, who shall establish procedures consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Village Treasurer. The Village Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

List of authorized investments:

- US Treasury Bills
- US Treasury Notes
- US Treasury Bonds
- Certificate of Deposit (no secondary market)
- Savings Deposit Receipt
- Savings Account

Investment Grade Bonds**Municipal Securities**

Mutual Funds - composed of investment vehicles which are legal in the State of Michigan for direct investment by local units of government. For further clarification this authorization is limited to securities whose intention is to maintain a net asset value of \$1.00

Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Village of Chesaning 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.

Authorized Contacts:

In the event that the Treasurer is unable to carry on their duties, the Village President and/or Village Clerk are authorized to handle all village monies and investments until the Treasurer is fit or another Treasurer can be chosen. Village Clerk to keep third party custodian informed of who the three officers are on a yearly basis.

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.

Investment Policy adopted on this 7th day of February, 2012.

Investment Policy amended on this 7th day of August, 2012.