

TOWNSHIP OF SCIO
INVESTMENT POLICY ADOPTED NOVEMBER 25, 2025

I hereby certify that the Investment Policy
was adopted by the Board of Scio Township at its Regular
Meeting held on November 25, 2025, at the Township Hall,
827 North Zeeb Road, Ann Arbor, Michigan.



Jessica M. Flintoft, Township of Scio Clerk

SCIO TOWNSHIP INVESTMENT POLICY ADOPTED NOVEMBER 25, 2025

1. Purpose

It is the policy of Scio Township (The "Township") to invest public funds in a manner which will provide a beneficial investment rate of return with maximum security while meeting the daily cash flow demands of the Township and conforming to all state statutes and local ordinances governing the investment of public funds.

Funds of the Township shall be invested in accordance with PA 20 of the Public Acts of 1943, as amended, and PA 367 of 1982, these policies and any written administrative procedures.

This investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal and investment management of the Township's funds. It replaces any previous investment policy or investment procedures of the Township.

2. Scope

This investment policy applies to all transactions involving the financial assets and related activity of the Township except for its employee pension funds and other post employee benefit funds for which Michigan Employee Retirement System (MERS) is the Fiduciary agent. Additionally, its employee 457 deferred compensations plan funds are administered by MERS. These funds are accounted for in the annual financial report and include the following funds:

- a. General Fund
- b. Special Revenue Funds
- c. Capital Project Funds
- d. Enterprise Funds (Water and Sewer Funds)
- e. Debit Services Funds
- f. Special Assessment Funds
- g. Trust and Agency Funds
- h. Any new fund created by the governing body, unless specifically exempted by the governing body.

The investment income shall be allocated proportionally to the contributing funds.

3. Objective

Funds of the Township will be invested in accordance with Public Act 20 of 1943 as amended and in accordance with the following objectives, procedures and policies.

- a. Safety – Safety of principal is the foremost objective of the investment program of Scio Township. Investments shall be undertaken in a manner that seeks to insure the preservation of

capital in the overall portfolio. To minimize credit risk all securities shall be in the name of Scio Township.

- b. Liquidity – The investment portfolio will remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated. The maturity dates of investments may be determined by the Treasurer’s analysis of the Township’s cash requirements. Sufficient funds will be maintained in accounts to meet current obligations.
- c. Return on Investments – The investment portfolio shall be designed with the objective of obtaining a beneficial rate of return throughout budgetary and economics cycles accounting for the investment risk constraints and cash flow characteristics of the portfolio.
- d. Maintain the Public’s Trust – All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investments officials shall recognize that the investment portfolio is subject to public review and evaluations. In addition, the overall investment program shall be designed and managed with a degree of professionalism worthy of the public trust. The Treasurer shall also avoid any transaction that might knowingly impair public confidence in Scio Township’s ability to govern effectively.

4. Prudence

Investment 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 the capital as well as income derived.

5. Ethics and Conflicts of Interest

The Treasurer shall refrain from personal business activity that could conflict with proper execution of the Township’s investment program or that could impair or create the appearance of an impairment of their ability to make impartial investment decisions.

6. Delegation of Authority

In accordance with MCL 41.76, the Township Treasurer is the investment officer. As such, the Treasurer is vested with the responsibility for managing the Township’s investments program and for implementing the Investment Policy. No person may engage in an investment transaction except as expressly provided by the Treasurer under the terms of this Investment Policy.

7. Authorized Instruments

Investments are authorized under Public Act 20 of 1943, as amended, Investment of Surplus Funds of Political Subdivisions, and Act 40 of 1932, and as amended, Depositories for Public Moneys. Any revisions or extensions of these statues will be assumed to be part of this Investment Policy immediately upon being enacted. The Investment Policy further restricts the investment of Township funds to the following types of securities and transactions:

- a. U.S. Treasury Obligations which include bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States which may include Treasury bills, Treasury Notes and Treasury Bonds (Does not include Collateralized Mortgage Obligations)

- b. Certificate of deposits including CDARs and ICS accounts, 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. Michigan Municipal Securities or any of its subdivisions that are rated at least an "A" or the equivalent at the time of purchase by at least one nationally recognized statistics rating organization. A political subdivision would include State of Michigan agencies, counties, cities, villages, and townships. The Township has invested in municipal bonds from various school districts and county bond issues; not more than 50% of the portfolio may be invested in municipal securities, with no more than 5% held in any one issuer other than the State of Michigan at the time of purchase.
- d. Commercial paper rated at the time of the purchase with 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. They must be rated within the highest classification established by not less than two nationally recognized statistical rating organizations (Moody's, Standard & Poor's, Fitch)
- e. Mutual funds registered under the Investment Company Act of 1940, that maintain in \$1.00 per share net asset value, and with authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- f. Investment pools organized under PA 367 of 1982, MCL 129.111 to 129.118, the Surplus Fund Investment Pool Act, that are "no-load"; have a constant net asset value per share of \$1.00; and limit assets of the fund to securities authorized in MCL 129.91 as legal investments for municipalities.
- g. Eligible Banker's Acceptances with maturities not exceeding 180 days from the date of trade settlement issued by FDIC insured state or national banks with combined capital surplus of at least \$250 million. Banker's acceptances shall be rated at least A-1 or the equivalent at the time of purchase by at least two Nationally Recognized Statistical Rating Organizations (NRSROs). If the issuing bank has a senior long-term debt outstanding, it must be rated, at the time of purchase at least AA-or the equivalent by each NRSRO that rates banks
- h. Joint Interlocal Investment Ventures organized under Act 7 of 1967, MCL 124.501 to 124.512, Urban Cooperation Act of 1967 (Ex Sess.), that are "no-load"; have a constant value per share of \$1.00 limit assets of the fund to securities authorized by MCL 129.91 as legal investments; and have a maximum state maturity and weighted average of maturity in accordance with Rule 2a-7 on the Investment Company Act of 1940.

8. Safekeeping

All securities purchased by Scio Township shall be property designated as an asset of the Township and held in safekeeping. No withdrawal of such securities, in whole or in part shall be made from safekeeping except by the Treasurer or Deputy Treasurer as authorized herein.

All investments shall be evidenced by a safekeeping receipt, or a customer confirmation issued to the Township by the custodian institution stating that the securities are held in the Federal Reserve System in

a customer account for the custodian bank which will name the Township as "customer". Sufficient evidence to title shall be consistent with modern banking, investment and commercial practices.

9. Diversification

The intent of the Township Treasurer shall be to diversify the investments within the portfolio to avoid incurring unreasonable risk inherent in over-investing in specific instruments individual financial institutions or maturities. The asset allocation in the portfolio should be flexible depending on the outlook for the economy, the securities markets and the Township's anticipated cash flow needs.

10. Selection of Broker/Dealers

Per Section 129.96 of Public Act 20 of 1943, before executing an order to purchase or trade the funds of the Township, a financial intermediary, broker, or dealer shall be provided with a copy of the Township's investment policy. The dealer or broker shall provide the following information:

- a. Audited Financial Statements
- b. Proof of NASD certification or FDIC Insurance
- c. Proof of State Registration
- d. Certification of having read, understood and agreement to comply with Scio Township's Investment Policy

11. Qualified Institutions

The Township Treasurer shall maintain a list of financial institutions which are approved for investment purposes. Banks shall provide, at minimum, their quarterly and annual financial statements. The Township Treasurer shall conduct a periodical evaluation of each bank's credit worthiness to determine whether it should be on the qualified institution list.

Priority may be given to local banks and banks with branches within the Township.

12. Reporting

In accordance with Public Act 20 of 1943, the Treasurer shall submit to the Township Board a report of the Township's investment activities at least quarterly.