

AMENDED - JUNE 11, 2019

Scio Township Investment and Depository Resolutions

WHEREAS, the Board of Scio Township, Washtenaw County, in exercising its fiduciary responsibilities desires to safeguard the funds of the Township that may be invested from time to time, and

WHEREAS, Public Act 20 of 1948, MCL 129.91 sets forth the authorized investments in which a political subdivision may invest, and

WHEREAS, Public Act 77 of 1989, MCL 41.77 requires that the Township Board designate the banks or depositories for the money belonging to the Township, including the time for which the deposits shall be made and all details for carrying into effect the authority given in this act, and

WHEREAS, Public Act 196 of 1997, MCL 129.91, *et seq.*, requires the Township Board, in consultation with the Township Treasurer, to adopt an investment policy, now

THEREFORE BE IT RESOLVED that this policy is applicable to all public funds belonging to Scio Township and in the custody of the Township Treasurer.

BE IT FURTHER RESOLVED that the Scio Township Treasurer is authorized to manage funds belonging to the township, including depositing funds in approved financial institutions and administration of investments in conformance with MCL 41.77 and policies as set forth in this resolution.

BE IT FURTHER RESOLVED that the Board approves the following financial institutions as depositories of Township funds:

Ann Arbor State Bank

Bank of Ann Arbor

Chemical Bank

Comerica Bank/Comerica Securities, Inc.

Flagstar Bank

Michigan Class- Governmental Pool Investment Fund administered by Public Trust Advisors LLC

Northstar Bank

Old National Bank

TCF Bank

The State Bank

BE IT FURTHER RESOLVED that the Treasurer shall recommend financial institutions for approval for the safekeeping of Township 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 Township funds held in trust, if applicable. The Treasurer 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 pre-qualified 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 Scio Township investment policy.

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

BE IT FURTHER RESOLVED that when the Treasurer's analysis of the Township's cash flow requirements reveal that surplus funds will not be required to meet current expenditures for a specific length of time, the Treasurer is authorized to make prudent investments for a length of time that will provide a reasonable return on investment yet ensure that such funds will be available when needed and will not be exposed to undue risk. The Treasurer is authorized to invest township funds in the following instruments:

- (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 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.

(d) Bankers' acceptances of United States banks.

(e) 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.

(f) Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 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 either 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.

Investments in mutual funds shall be limited to securities whose intention is to maintain a net asset value of \$1.00 per share.

(g) Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, Public Act 7 of 1967, (*Ex Sess*), MCL 124.501, *et seq.*

(h) Investment pools organized under the Surplus Funds Investment Pool Act, Public Act 367 of 1982, MCL 129.111, *et seq.*

(i) The investment pools organized under the Local Government Investment Pool Act, Public Act 121 of 1985, MCL 129.141, *et seq.*

BE IT FURTHER RESOLVED that the objectives of this policy are to:

- maintain safety of principal of township funds;
- maintain a diversified investment portfolio;
- maintain adequate liquidity; and
- to achieve a market rate of return on relatively safe investment instruments.

To accomplish these objectives, decisions and actions involving the Township's investment portfolio shall meet the following criteria:

Safety: Safety of principal is the foremost objective of Scio Township's investment practices. Investments shall be undertaken in a manner that seeks to the preservation of capital in the overall investment portfolio. The Treasurer shall minimize credit risk by investing only in the safer types of securities, pre-qualifying financial institutions, brokers/dealers, intermediaries, and advisers with whom the township will do business; and diversifying the investment portfolio so that the impact on the investment portfolio resulting from losses on individual securities will be minimized.

Diversification: The investments shall be diversified by avoiding over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities). Investments shall have varying maturities. Investment instrument selection shall avoid high credit risks and shall include use of readily available funds such as local government investment pools or mutual funds to maintain sufficient liquidity.

Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Securities shall have maturity dates concurrent with cash flow needs. Securities with active secondary or resale markets, as well as money market mutual funds offering same-day liquidity for short-term funds shall also be used to ensure liquidity. The Treasurer shall minimize interest rate risk by avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term-securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio; or to meet liquidity needs.

Return on Investment: The investment portfolio shall be designed to attain a market average rate of return during budgetary and economic cycles while taking into account investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to safety and liquidity objectives. The core of investments is limited to relatively low risk securities, and a fair rate of return relative to risk is assumed.

BE IT FURTHER RESOLVED that the Treasurer 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 the context of managing an overall portfolio.

BE IT FURTHER RESOLVED that the Treasurer may elect to have certificates and other evidence of investments held by a financial institution, provided that the financial institution presents to the Township Treasurer sufficient documentation and acknowledgment of the investment instruments held on behalf of the Township.

BE IT FURTHER RESOLVED that the Treasurer shall refrain from personal business activity that could conflict with the proper execution and management of township investments, or that could impair the Treasurer's ability to make impartial investment decisions.

BE IT FURTHER RESOLVED that the Treasurer shall provide on a quarterly basis a written report to the Township Board concerning the investment of Township funds.

BE IT FURTHER RESOLVED that the Township shall comply with all applicable statutory standards for investment of public funds as they now exist or as they may be subsequently amended. Any provision of this resolution that conflicts with applicable statutory requirements and standards is void.

UPON motion by Trustee Martin, support by Trustee Read, it was RESOLVED that the Scio Township Board of Trustees adopts the foregoing Scio Township Investment and Depository Resolutions this 11th day of June, 2019.

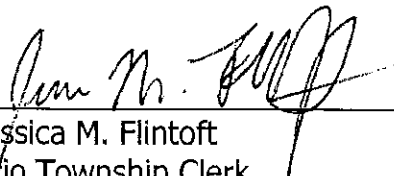
Upon a roll call vote, the following voted:

YEAS: Read, Palmer, Knowles, Knol, Martin, Flintoft

NAYS: None

ABSENT: Green

The RESOLUTION was declared adopted.



Jessica M. Flintoft
Scio Township Clerk

Amended June 11, 2019