

INVESTMENT POLICY FOR THE COUNTY OF ALPENA
AS REQUIRED BY PUBLIC ACT 20 OF 1943, AS AMENDED

Adopted January 27, 1998: Resolution 98-1
Amended, February 25, 2022

1.0 PURPOSE

It is the policy of the County of Alpena to invest County funds in a manner which will ensure the preservation of capital while providing the highest investment return with maximum security, meeting the daily cash flow demands of the County and conforming to all state statutes governing the investment of public funds.

2.0 SCOPE

This investment policy applies to all financial assets of the County held by the County Treasurer. These assets are accounted for in the various funds of the County and include the general fund, special revenue funds, debt service funds and capital project funds (unless bond ordinances and resolutions are more restrictive), enterprise funds, internal service funds, trust and agency funds (excluding deferred compensation funds), fiduciary funds and any new fund established by the County. These funds are accounted for in the County Treasurer's Annual Financial Report. Except for cash in certain restricted and special accounts, the County Treasurer may pool cash of various funds to maximize investment earnings.

3.0 OBJECTIVE

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

3.1 Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

3.2 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.

3.3 Liquidity: The investment portfolio shall remain sufficiently liquid to enable the County Treasurer to meet all operating requirements which might be reasonably anticipated.

3.4 Return on Investments: The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

INVESTMENT POLICY FOR THE COUNTY OF ALPENA
AS REQUIRED BY PUBLIC ACT 20 OF 1943, AS AMENDED

Adopted January 27, 1998: Resolution 98-1
Amended, February 25, 2022

4.0 DELEGATION OF AUTHORITY OF MAKE INVESTMENTS

Authority to manage the investment program is derived from the following: Alpena County Board of Commissioners' most current resolution designating depositories and MCL 48.40 requiring the County Treasurer to be the custodian of the County's funds. Management responsibility for the investment program is hereby delegated to the Alpena County Treasurer who has developed a system of internal investment controls and a segregation of responsibilities of investment functions in order to assure an adequate system of internal control over the investment function. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Alpena County Treasurer. The Alpena County Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

5.0 AUTHORIZED INVESTMENTS APPROVED BY ALPENA COUNTY

The Alpena County Treasurer is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

- 5.1 Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- 5.2 Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution. Authorized depositories shall be designated by the Alpena County Board of Commissioners at the Board's organizational meeting after each regular election of commissioners.
- 5.3 Commercial paper with a rating of not less than A1 from Moody's and P1 from Standard & Poors and that matures not more than 270 days after the date of purchase. Not more than 50% of any fund shall be invested in commercial paper at any time.
- 5.4 Banker's acceptances of United States banks.
- 5.5 Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than (I) one standard rating service.
- 5.6 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 the authority to purchase only investment vehicles that are legal for direct investment by the County. This authorization is limited to securities whose intention is to maintain a

INVESTMENT POLICY FOR THE COUNTY OF ALPENA
AS REQUIRED BY PUBLIC ACT 20 OF 1943, AS AMENDED

Adopted January 27, 1998: Resolution 98-1
Amended, February 25, 2022

net asset value of \$1.00 per share.

5.7 Investment pools through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex-Sess) PA 7, MCL 124.501 to 124.512.

5.8 Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.11 to 129.118.

5.9 The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

6.0 AUTHORIZED INVESTMENTS NOT APPROVED BY ALPENA COUNTY

6.1 Repurchase agreements consisting of investments of bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

6.2 Mutual Funds that maintain investment instruments whose net asset value per share may fluctuate on a periodic basis.

7.0 SAFEKEEPING AND CUSTODY

All security transactions and financial institution deposits entered into by the Alpena County Treasurer may be on a cash basis or a delivery vs payment basis as determined by the County Treasurer. Securities may be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts as determined by the Treasurer.

8.0 QUALIFIED INSTITUTIONS AND DEALERS

The County shall transact business only with banks, savings and loans, credit unions and registered investment security dealers. Only those banks, credit unions or savings and loan institutions 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 will be considered for investments and/or depository purposes. The purchase by the County of any investment other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State as a broker-dealer (who is a member of the National Association of Securities Dealers) or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank, a National or State Chartered Bank or a Federal or State Association. The County Treasurer shall require an institution or dealer to do the following:

INVESTMENT POLICY FOR THE COUNTY OF ALPENA
AS REQUIRED BY PUBLIC ACT 20 OF 1943, AS AMENDED

Adopted January 27, 1998: Resolution 98-1
Amended, February 25, 2022

8.1 Acknowledge receipt of the investment policy.

8.2 Agree to comply with the terms of the investment policy regarding the buying or selling of securities.

9.0 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.

10.0 REPORTING

The County Treasurer shall provide at least an annual report to the Board of Commissioners which provides a clear picture of the status and types of investments of the current investment portfolio. This report shall be prepared in a manner which will allow the Board of Commissioners to ascertain whether investment activities during the reporting period have conformed to the investment policy.

11.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Board of Commissioners any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment position that could be related to the performance of the County of Alpena. Employees and officers shall subordinate their personal investment transactions to those of the County of Alpena, particularly with regard to the time of purchases and sales.