



Alpena County Treasurer's Office

Kimberly Ludlow
Treasurer

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MEMO

Alpena County Board of Commissioners

February 22, 2022

I am requesting the Alpena Co. Board of Commissioners amend section 8 of the Investment Policy for the County of Alpena adopted by resolution in 1998. Per the conversation at the January 3rd 2022 Organizational meeting, I would like to see Credit Unions added to the Qualified Institutions per PA Act 40 of 1932, Depositories for Public Moneys 129.11 thru 129.16.

Sincerely,

Kimberly Ludlow
Alpena County Treasurer

DEPOSITORIES FOR PUBLIC MONEYS
Act 40 of 1932 (1st Ex. Sess.)

AN ACT to provide for the designation of depositories for public moneys; to prescribe the effect thereof on the liability for such deposits; to suspend the requirement of surety bonds from depositories of public moneys; and to repeal all acts and parts of acts inconsistent with the provisions of this act.

History: 1932, 1st Ex. Sess., Act 40, Imd. Eff. May 14, 1932.

The People of the State of Michigan enact:

129.11 Public money; definition.

Sec. 1. Except as otherwise provided by law, money collected or received by an officer of a local public entity in this state, pursuant to any provision of law authorizing the officer to collect or receive the money, is public money for the purposes of this act. An officer of a local public entity authorized to deposit public money collected or received by the local public entity shall as soon as practicable deposit the public money collected or received in 1 or more financial institutions designated under this act. This section does not prevent a county treasurer from keeping on hand a reasonable amount of money necessary to conduct the affairs of his or her office.

History: 1932, 1st Ex. Sess., Act 40, Imd. Eff. May 14, 1932;—CL 1948, 129.11;—Am. 2018, Act 462, Eff. Mar. 29, 2019.

129.12 Resolution providing for designation and deposit of public money; financial institution requirements; limitation on acceptable assets; conduct of proceedings; designation of depositories; deposit of funds; liability.

Sec. 2. (1) The governing body of a local public entity shall adopt a resolution designating 1 or more financial institutions or types of financial institutions that meet the requirements under subsection (2) as depositories of public money of the local public entity, including, but not limited to, tax money, in the proportion and manner as may be provided in the resolution. Before adopting a resolution under this subsection, the governing body of the local public entity shall consider any recommendation submitted by the treasurer of the local public entity under subsection (3). The designation of a financial institution as a depository of public money under this subsection applies to a successor of the financial institution pursuant to any merger or acquisition.

(2) To be designated as a depository of public money by a local public entity under subsection (1), a financial institution must meet either of the following:

(a) The financial institution maintains a principal office or branch office located in this state under the laws of this state or the United States.

(b) The financial institution does not maintain a principal office or branch office located in this state and all of the following apply:

(i) The local public entity has a geographic boundary bordering another state.

(ii) The financial institution maintains a principal office or branch office in the bordering state under the laws of this state or the United States.

(iii) There is no principal office or branch office of a financial institution that maintains a principal office or branch office in the local public entity.

(3) A treasurer of a local public entity may recommend to the governing body of that local public entity 1 or more financial institutions that meet the requirements of subsection (2) for designation as a depository of public money, using a procurement process that is consistent with best practices for procurement of banking services by that type of local public entity, including, but not limited to, the practices established by the Government Finance Officers Association or the Association of Public Treasurers of the United States and Canada.

(4) Assets acceptable for pledging to secure deposits of public funds are limited to any of the following:

(a) Assets considered acceptable to the state treasurer under section 3 of 1855 PA 105, MCL 21.143, to secure deposits of state surplus funds.

(b) Any of the following:

(i) Securities issued by the Federal Home Loan Mortgage Corporation.

(ii) Securities issued by the Federal National Mortgage Association.

(iii) Securities issued by the Government National Mortgage Association.

(c) Other securities considered acceptable to the depositor of public funds and the financial institution.

(5) All proceedings in connection with the deposit of public money must be conducted and governed under this act and under applicable law not in conflict with this act. Upon designation of 1 or more financial

institutions or types of financial institutions under subsection (1), a treasurer of a local public entity shall deposit all public money collected or received in the designated financial institution or institutions in the proportion and manner as may be provided by the resolution.

(6) If a deposit is made in a designated financial institution in accordance with the resolution adopted under subsection (1), the treasurer of the local public entity and the sureties on the treasurer's bonds are not liable for a loss occasioned or sustained by the failure or default of the designated financial institution. This exemption from liability applies even if applicable law provides for the furnishing of a bond by a financial institution. The treasurer of a local public entity and the sureties on the treasurer's bonds are liable for all money not deposited as provided under this act.

History: 1932, 1st Ex. Sess., Act 40, Imd. Eff. May 14, 1932;—CL 1948, 129.12;—Am. 1979, Act 84, Imd. Eff. Aug. 1, 1979;—Am. 1997, Act 31, Imd. Eff. June 19, 1997;—Am. 1997, Act 33, Imd. Eff. June 19, 1997;—Am. 2018, Act 462, Eff. Mar. 29, 2019.

129.13 Repealed. 1997, Act 31, Imd. Eff. June 19, 1997.

Compiler's note: The repealed section pertained to prohibited security.

129.14 Deposit or investment of additional money; cash control ledger; limitation.

Sec. 4. (1) Notwithstanding section 2, additional money collected or received by a treasurer of a local public entity must not be deposited or invested in a financial institution that is not eligible to be a depository of surplus funds of this state under section 6 of 1855 PA 105, MCL 21.146.

(2) An officer of a local public entity responsible for depositing money belonging to the local public entity shall keep all accounts at a financial institution designated under this act upon the regular books or records of the officer so that each item of all accounts appear on the books or records and shall maintain a cash control ledger recording deposit and investment activity affecting the money, including, but not limited to, a record of the cash and investment equity of each fund of the local public entity. Money deposited with a treasurer under this act, including any surplus money, must be deposited in a financial institution designated by the local public entity under this act or be invested by the treasurer as investment officer for the local public entity in a manner that complies with 1943 PA 20, MCL 129.91 to 129.97a.

History: Add. 1979, Act 84, Imd. Eff. Aug. 1, 1979;—Am. 1997, Act 31, Imd. Eff. June 19, 1997;—Am. 1997, Act 33, Imd. Eff. June 19, 1997;—Am. 2018, Act 462, Eff. Mar. 29, 2019.

129.15 Repealed. 2018, Act 462, Eff. Mar. 29, 2019.

Compiler's note: The repealed section pertained to definition of deposit.

129.16 Definitions.

Sec. 6. As used in this act:

(a) "Deposit" includes the purchase of or investment in shares of a credit union.

(b) "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.

(c) "Governing body" means a council, commission, board, or other official body that has legislative powers over a local public entity.

(d) "Local public entity" means a county, city, village, township, school district, district, authority, municipal corporation, or any other political subdivision organized under the laws of this state.

History: Add. 1997, Act 31, Imd. Eff. June 19, 1997;—Add. 1997, Act 33, Imd. Eff. June 19, 1997;—Am. 2018, Act 462, Eff. Mar. 29, 2019.

APPENDIX 1
INVESTMENT POLICY FOR THE COUNTY OF ALPENA
AS REQUIRED BY PUBLIC ACT 20 OF 1943, AS AMENDED

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.

4.0 DELEGATION OF AUTHORITY OF MAKE INVESTMENTS

Authority to manage the investment program is derived from the following: Alpena County Board of Commissioner's 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 (1) 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 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, and registered investment security dealers. Only those banks 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:

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 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.

APPENDIX 2

ACKNOWLEDGEMENT OF RECEIPT OF INVESTMENT POLICY AND AGREEMENT TO COMPLY

I have read and fully understand Act 20 PA 1943, as amended, and the Investment Policy of the County of Alpena.

Any investment advice or recommendation on investments given by _____, representing _____, to the Alpena County Treasurer shall comply with the requirements of Act 20 PA 1943, as amended, and the Investment Policy of the County of Alpena. Any existing investment not conforming with the statute or the policy will be disclosed promptly to the Alpena County Treasurer.

By: _____
Signature

Title: _____

Date: _____

ALPENA COUNTY BOARD OF COMMISSIONERS

BOARD ACTION #10

TO: County Clerk, County Treasurer
FROM: Alpena County Board of Commissioners
SUBJECT: Resolution #22-01, Act 20 of Public Acts of 1943 - Treasurer

BOARD ACTION:

RESOLUTION #22-01
Act 20 of the Public Acts of 1943
Treasurer

WHEREAS, Act 20 of the Public Acts of 1943, as amended, provides that the "... legislative or governing body of a county, city, village, township, or special assessment district, or an agency, board, or commission of a county, by resolutions, may authorize its Treasurer or other Chief Fiscal Officer to invest surplus funds belonging to and under the control of the political subdivision, special assessment district, or agency, board, or commission of a county per the Investment Policy for the County of Alpena as required by Public Act 20, of 1943 as amended.

WHEREAS, it is the intent of the County of Alpena to maximize its return on balances from time to time available in the various funds of the County of Alpena; and,

WHEREAS, it has been the past practice of the County of Alpena to have its Treasurer make immediate investment of available balances;

NOW, THEREFORE, BE IT RESOLVED, that the Treasurer be authorized and is hereby directed to invest the balances from time to time available in the various funds of the County of Alpena in accordance with Act 20 of the Public Act of 1943, as amended; and,

BE IT FURTHER RESOLVED, that all such investments heretofore made are hereby ratified and validated.

Moved by Commissioner Gilmet and supported by Commissioner Karschnick to adopt the above resolution. Roll call vote was taken: AYES: Commissioners Gilmet, Karschnick, Fournier, Thomson, Osbourne, Kozlowski and Adrian. NAYS: None. Excused: Commissioner Peterson. Motion carried.

ALPENA COUNTY BOARD OF COMMISSIONERS

BOARD ACTION #09

TO: County Clerk, County Treasurer
FROM: Alpena County Board of Commissioners
SUBJECT: 2022 County Depositories

BOARD ACTION:

Moved by Commissioner Thomson and supported by Commissioner Fournier that the County depositories for 2022 be Huntington National Bank, PNC Financial Services Group, Nicolet Bank, Flagstar Bank, and PFM Asset Management LLC-GovMic and that these depositories be authorized to accept deposits or withdrawals made by Treasurer Ludlow or her designated deputies in the case of investments, certificates of deposit, or savings accounts, also to accept deposits and withdrawals on demand accounts (checking) by Treasurer Ludlow or her designated deputies and Clerk Friedrichs or her designated deputies (two signatures required). Roll call vote was taken: AYES: Commissioners Gilmet, Karschnick, Fournier, Thomson, Osbourne, Kozlowski and Adrian. NAYS: None. Excused: Commissioner Peterson. NAYS: None. Motion carried.

This action was XX APPROVED DISAPPROVED

BY: Ayes: 7 Nays: 0 Excused: 1 Absent: 0 Abstaining: 0

Alpena County Board Chairman's Signature: 

Alpena County Board Vice-Chairman's Signature: _____

Date of the Board Meeting: January 03, 2022



Alcona County Treasurer's Office

Kimberly Ludlow
Treasurer

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Alcona, Michigan – 49707-2456
Telephone: (989)354-9534
Fax: (989)354-9645

Alcona County Depositories As of January 3, 2022

Huntington National Bank
PNC Financial Services, Group
Nicolet National Bank
Flagstar Bank
PFM Asset Management LLC - GovMic

Kimberly Ludlow
Alcona County Treasurer

APPENDIX 2

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I have read and fully understand Act 20 PA 1943, as amended, and the Investment Policy of the County of Alpena.

Any investment advice or recommendation on investments given by _____, representing _____, to the Alpena County Treasurer shall comply with the requirements of Act 20 PA 1943, as amended, and the Investment Policy of the County of Alpena. Any existing investment not conforming with the statute or the policy will be disclosed promptly to the Alpena County Treasurer.

By: _____
Signature

Title: _____

Date: _____