

VILLAGE OF ROSCOMMON

RESOLUTION AUTHORIZING INVESTMENT OF VILLAGE FUNDS
AND APPROVING VILLAGE INVESTMENT POLICY

WHEREAS, pursuant to the provisions of Act No. 20 of the Public Acts of Michigan of 1943, as amended, ("Act 20") the Roscommon Village Council may authorize the Village Treasurer to invest Village funds in certain investments; and

WHEREAS, this Council wishes to authorize such investments as permitted by Act 20; and

WHEREAS, Act 20 requires this Council, in conjunctions with the Village Treasurer, to adopt an investment policy with complies with the provisions of Act 20; and

WHEREAS, the Village Treasurer has submitted a proposed Investment Policy that complies with the provisions of Act 20,

NOW THEREFORE, BE IT RESOLVED

1. The Village Treasurer is authorized to invest funds of the Village in investments authorized by Act 20.
2. The Investment Policy attached hereto as Appendix 1 is approved and shall take effect on June 1, 1998.
3. Before executing an order to purchase or trade the funds of the Village of Roscommon, a financial intermediary, broker or dealer shall be provided with a copy of the Village's Investment Policy and shall acknowledge receipt of the Investment Policy regarding the buying or selling of securities by executing the form attached as Appendix 2.

Moved by: Krauss

Supported by: Becker

AYES: Becker, Maki, Kominek, Duggar, Krauss

NAYS: none

Resolution adopted.

VILLAGE OF ROSCOMMON
INVESTMENT POLICY

PURPOSE:

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

SCOPE:

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

OBJECTIVES:

The primary objectives, in priority order, of the Villages 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 investment 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 the 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 Treasurer per MCL 64.9, who shall establish written procedures and internal controls for the operation of the investment program 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 Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

AUTHORIZED & SUITABLE INVESTMENTS:

The Treasurer is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:
See attached list and also refer to procedure manual.

SAFEKEEPING AND CUSTODY:

All security transactions, including collateral for repurchase agreements and financial deposits, entered into by the Treasurer 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.

PRUDENCE:

Investments shall be made with judgement 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.

REPORTING:

The Treasurer shall provide at least an annual report to the Roscommon Village Council, 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 Roscommon Village Council to ascertain whether investment activities during the reporting period have conformed to the investment policy.

Description of Investments which comply with the requirements of Public Act 20 of 1943, as amended (MCL 129.91).

US Treasury Bills--obligations of the United States Government sold at a discount from par with a specific maturity date up to a maximum maturity of one year. Available in minimum denominations of \$10,000 and increments of \$5,000 thereafter, interest is discounted and calculated using actual number of days on a 360 day year.

US Treasury Notes--obligations of the United States Government bearing interest payable at six month intervals until maturity. Maturities are from one to ten years. Denominations, after a minimum of \$5,000, are in \$1,000 multiples.

US Treasury Bonds--similar to notes except original maturities are ten years and longer. Interest is generally payable on February and August 15 or May and November 15, comparable to US Treasury Notes.

US Treasury STRIPS--Separate Trading of Registered Interest and Principal of Securities

TINTS--Treasury Interest Securities

PRINS or STRIP Ps--Treasury Principal Securities

CUBES--Coupons Under Book Entry System.

US Government Agency Obligations

Certificate of Deposit--CD-- is a receipt of funds deposited in a financial institution for a specified period at a specified rate of interest. A negotiable receipt may be in bearer or registered form and can be traded in the secondary market. A non-negotiable receipt is always registered and has no secondary market. Denominations can be any agreed amount, and interest is normally calculated using actual number of days on a 360 day year. However, each financial institution's calculations vary, and the investor should ask to avoid misunderstanding.

Savings Deposit Receipt--a non-negotiable receipt evidencing a deposit with interest to be paid at a stated rate. Maturity may be fixed, but normally is subject to presentation by the depositor for payment. The amounts may be small or large but Federal Regulations will regulate the interest rate to be paid. This instrument is somewhat outdated due to popularity of regular passbook and statement savings accounts with daily interest.

Savings Account--a deposit evidenced by a passbook or monthly statement. Entries are made for each deposit and withdrawal and interest is paid in accordance with the policy of the financial institution. It is often used to accumulate small amounts of funds until a larger, higher yielding investment can be made.

Description of Investments which comply with the requirements of Public Act 20 of 1943, as amended (MCL 129.91). (continued)

Commercial Paper--Short term unsecured debt obligation issued by a bank holding company, finance company, utility or industrial company to raise short term cash.

Repurchase Agreement--is not a security but a contractual arrangement between a financial institution or dealer and an investor. The agreement normally can run for one to thirty days, but some can go longer. The investor puts up his funds for a certain number of days at a stated yield. In return he takes title to a given block of securities as collateral. At maturity the securities are returned and the funds repaid plus interest. Usual amounts are \$500,000 or more, but some repurchase agreements can be smaller. Interest is calculated the same as certificates of deposit.

Extreme caution should be exercised to obtain an undivided interest in the securities under repurchase agreement. Furthermore, if the securities are held for you in safekeeping, they should be held in a customer-segregated safekeeping account, preferably by a third party.

The securities under repurchase agreement should also be "Marked-to-Market", meaning that the value of the securities should be maintained during the entire life of the agreement at levels equal to or greater than the amount advanced for the agreement.

Bankers' Acceptance--a negotiable time draft or bill of exchange drawn on and accepted by a commercial bank. Acceptance of the draft irrevocably obligates the bank to pay the bearer the face amount of the draft at maturity. Bankers' acceptances are usually created to finance the import and export of goods, the shipment of goods within the United States and the storage of readily marketable staple commodities. Bankers' acceptances are sold at a discount from par similar to US Treasury Bills, and, since an acceptance is tied to a specific loan transaction, the amount and maturity of the acceptance are fixed.

Investment Pools--Those investment pools organized under the authority of the urban cooperation act of 1967, 1967 (Ex Sess) PA 7 (MCL 124.501 to 124.512), the surplus funds investment pool act, 1982 PA 367 (129.111 to 129.118) and the local government investment pool act, 1985 PA 121, (MCL 129.141 to 129.150). Those pools are managed by contractual agreement contained in the interlocal agreement, banks and a county treasurer, respectively. All of the pools are limited to investments described in section 1 (1) (a) through (g).



~ Working For a Brighter Future ~

Village of Roscommon

214 South Main Street • P.O. Box 236 • Roscommon, Michigan 48653
Telephone (517) 275-5743 • Fax (517) 275-5998

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 Village of Roscommon.

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

BY: _____

TITLE: _____

DATE: _____



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The following resolution was offered at a regular business meeting held by the Roscommon Village Council on March 26, 1998:


Resolution 98-3-3a

Moved by Krauss, and seconded by Becker,

To resolve to adopt a resolution authorizing investment of Village funds and approving Village investment policy.

AYES: Becker, Maki, Kominek, Duggar, Krauss
NAYS: none

Resolution adopted.


Mary D. Krauss
Village Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Village Council of the Village of Roscommon, County of Roscommon, State of Michigan, at a regular meeting held on March 26, 1998, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meeting Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.


Mary D. Krauss
Village Clerk

Village of Roscommon

**Roscommon County
Michigan**

Depository Designation Resolution

March 24, 2009

WHEREAS, the Village Council, Roscommon County, in exercising its fiduciary responsibilities desires to safeguard the funds of the village that may be invested from time to time, and

WHEREAS, Public Act 77 of 1989, MCL 41.77 requires that the village council designate the depositories for money belonging to the village,

WHEREAS, Public Act 196 of 1997, MCL 129.91 et seq. requires village councils, in consultation with the village treasurer, to adopt an investment policy, now

THEREFORE, be it resolved that the attached investment policy is hereby adopted.

BE IT RESOLVED, that the council approves the following financial institutions as depositories of village monies:

Chemical Bank

J.P. Morgan-Chase Bank

Michigan Class/MBIA Municipal Investors Service Corporation

NCACU

Northwestern Bank

BE IT FURTHER RESOLVED, that the treasurer may continue to use these institutions and the subsequent successor if any experience name changes due to acquisition or merger.

Adopted: March 24, 2009