

Memo

To: Northfield Township Board of Trustees

From: Lenore Zelenock, Treasurer

RE: Investment and Depository Resolution

Date: July 19, 2017

I requesting an update to our Investment and Depository Policy.

I am requesting to remove First National Bank of Omaha as the Northfield Township Area Library has decided not to use this bank.

I am requesting to add Ann Arbor State Bank and Old National. The plan is to invest the sewer funds in CDs at Ann Arbor State Bank and Old National and to invest in CDARS through Ann Arbor State Bank.

These funds were previous invested in a CD at 1st National Bank. The total amount to be invested is approximately \$1,178,674.

RESOLUTION NO. 17- 570
A RESOLUTION OF THE NORTHFIELD TOWNSHIP BOARD OF TRUSTEES
ESTABLISHING A POLICY ON TOWNSHIP INVESTMENT AND DEPOSITORY
DESIGNATIONS

WHEREAS, The Board of Trustees of Northfield 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 77 of 1989, MCL 41.77, requires that the Township Board of Trustees 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 Township Boards, in consultation with the Township Treasurer, to adopt an investment policy;

NOW, THEREFORE, BE IT RESOLVED BY THE NORTHFIELD TOWNSHIP BOARD OF TRUSTEES, That the following Resolution represents the Township's policy on Township investment and depository designations.

Section 1: Policy

This policy is applicable to all public funds belonging to Northfield Township and in the custody of the Township Treasurer, except for the employee pension funds and the employee deferred compensation funds.

The Board of Trustees approves the following financial institutions as depositories and investments of Township funds:

- Morgan Stanley/Graystone Consulting
- First National
- CDARS
- Michigan CLASS
- Ann Arbor State Bank
- Old National Bank

The Northfield Township Treasurer may invest Township funds in certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank but only if the bank, savings and loan association, or credit union meets all of the criteria as a depository of public funds contained in state law. The standard of prudence to be used shall be the "fiduciary" standard and shall be applied in the context of managing an overall portfolio.

The prior approval of the Township Board of Trustees shall be required for the Treasurer to invest in any other lawful investment instruments. The Township Board of Trustees' standard of prudence shall be the "fiduciary" standard, which shall be applied in the context of managing an overall portfolio. The Township Board of Trustees may authorize the Treasurer to invest in the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States that matures not more than 24 months after the date of purchase.
- (b) Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- (c) Repurchase agreements consisting of instruments listed in subdivision (a).
- (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 one 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-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 any 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.
- (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.

Decisions and actions involving the Township's investment portfolio shall meet the following criteria:

Safety: Safety of principle is the foremost objective of Northfield Township's investment practices.

Diversification: The investments shall be diversified by avoiding over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities and insured certificates of deposit).

Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Return on Investment: Return on investment is of secondary importance compared to safety and liquidity objectives. Investments shall be selected to obtain a market average rate of return. The core of investments is limited to relatively low risk securities.

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, on a quarterly basis, sufficient documentation and acknowledgment of the investment instruments held on behalf of the Township.

The Township Treasurer shall provide a written report to the Township Board of Trustees, on a quarterly basis, concerning the investment of Township funds.

All financial institutions with which the Township conducts business shall certify that they have received the Township's Investment Policy, have read and fully understand the Investment Policy, and will comply with Public Act 20 of 1943, as amended, and the Investment Policy.

Section 2: Miscellaneous

The Township will comply with all applicable statutes related to public fund investments. If any portion of this Resolution shall be held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of any other portion of this Resolution.

All prior Investment Policy Resolutions, or parts of Resolutions inconsistent with this Resolution, are hereby repealed and replaced with this Resolution.

PASSED AND Resolved by the Northfield Township Board of Trustees, Northfield, Michigan, on this _____ day of _____, 2017.

Marlene Chockley, Supervisor

ATTEST:

Kathleen Manley, Clerk