

INVESTMENT POLICY FOR THE VILLAGE OF VERMONTVILLE

To comply with Public Act 20 of 1943

Purpose:

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

Scope:

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

Objectives:

The primary objectives, in priority order, of the Village of Vermontville's 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 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.

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

Return on 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 Village Treasurer per MCL 64.9, who shall establish 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 Village Treasurer. The Village Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities or subordinate officials.

List of authorized investments:

- US Treasury Bills
- US Treasury Notes
- US Treasury Bonds
- Certificate of Deposit (no secondary market)
- Savings Deposit Receipt
- Savings Account

Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Village of Vermontville 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.

Authorized Contacts:

In the event that the Treasurer is unable to carry on their duties, the Village President and/or Village Clerk are authorized to handle all village monies and investments until the Treasurer is fit or another Treasurer can be chosen. Village Clerk to keep third party custodian informed of who the three officers are on a yearly basis.

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.

Investment Policy accepted on _____ day of _____, 20____. Motion to approve _____ seconded by _____.

Ayes _____

Nays _____

Shirley Harmon-Village Clerk

Beverly Sue Villanueva-Village President