

**GENEVA TOWNSHIP
INVESTMENT POLICY RESOLUTION
SEPTEMBER 8, 1998**

WHEREAS, the Board of Geneva Township, Van Buren 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 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 townships boards, in consultation with the township treasurer, to adopt an investment policy, now

THEREFORE BE IT RESOLVED, That this policy is applicable to all public funds belonging to Geneva Township and in the custody of the township treasurer.

BE IT RESOLVED, that the Board approves the following financial institutions as depositories of Geneva Township funds:

West Michigan Savings Bank, 257 West Monroe, Bangor, MI 49013
Pinnacle Bank, 101 West Monroe, Bangor, MI 49013.

BE IT FURTHER RESOLVED, That the township will comply with all applicable statutes related to public fund investments. Any provisions of this resolution in conflict with applicable statutes is void.

NOW THEREFORE BE IT RESOLVED, That the Geneva Township Board adopts the following Investment Policy and that said Investment Policy shall continue to have effect until expressly rescinded or modified.

**GENEVA TOWNSHIP INVESTMENT POLICY
SEPTEMBER 8, 1998**

Purpose

It is the policy of Geneva Township to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow requirements of the Township and complying with all state statutes governing the investments of public funds.

Scope

This investment policy applies to all public funds belonging to Geneva Township and in the custody of the township treasurer.

Objectives

The foremost objective of this policy is to maintain safety of principal of township funds. Secondary objectives include maintaining a diversified investment portfolio, maintaining adequate liquidity, and achieving a good rate of return on investment instruments.

Safety

Safety of principal is the primary objective of Geneva Township's investment practices. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The treasurer shall minimize credit risk by investing only in the safest types of investments and by pre-qualifying financial institutions, brokers/dealers, intermediaries and advisers with whom the township will do business.

Diversification

Township investments shall be diversified by avoiding over concentration in securities from a specific issuer or business sector, excluding U.S. Treasury securities. Investments shall have varying maturities. Investment instrument selection shall exclude high credit risks and shall include use of readily available funds, such as local government investment pools or mutual funds to maintain sufficient liquidity.

Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Securities shall have maturity dates concurrent with cash flow needs. Money market mutual funds offering same-day liquidity for short term funds shall also be used to ensure liquidity. The treasurer shall minimize interest rate risk by avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not

normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

Return on Investment

The investment portfolio shall be designed to attain a market average rate of return during budgetary and economic cycles while taking into account investment risk constraints and liquidity needs. Return on Investments is of secondary importance as compared to safety and liquidity objectives. The core of investments is limited to relatively low risk securities and a fair rate of return relative to risk is assumed.

Delegation of Board to Make Investments

Authority to manage the investment program is derived from MCL 41.76 and Geneva Township banking transactions and bank designation resolutions. Management responsibility for the investment program is here delegated to the treasurer per MCL 41.76, who is authorized to manage funds belonging to the township including depositing funds in approved financial institutions and administering investments in conformance with MCL 41.77 and the policies as set forth in this resolution.

Authorized Investments Instruments

When the treasurer's analysis of the township's cash flow requirements reveal that surplus funds will not be required to meet current expenditures for a specific length of time, the treasurer is authorized to make prudent investments for a length of time that will provide a reasonable return on investment, yet ensure that such funds will be available when needed and will not be exposed to undue risk. The treasurer is authorized to invest township funds in the following instruments:

- 1) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union meet all criteria as a depository of public funds contained in state law.
2. Pooled funds as authorized by state law and whose assets shall be invested and reinvested solely in permitted securities and deposits. Investments in pooled funds shall be limited to those whose intention is to maintain a net asset value of \$1 per share. (Investment pools organized under surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118. Investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.)
3. Mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. Investments in mutual funds shall be limited to securities whose intention is to maintain a net asset value of \$1 per share. (Mutual funds registered under the investment company act of 1940, Title 1 of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64 with authority to purchase only investment vehicles that are legal for direct investment by a public corporation.)

The Township Board may, at its discretion and upon the recommendation of the township treasurer, authorize the township treasurer to invest in the following instruments. However, the township treasurer is required to obtain prior approval from the Township Board prior to acquiring or increasing the amount of township funds in the following instruments:

1. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States in which principal and interest is fully guaranteed by the United States. The subdivision shall include securities issued or guaranteed by the government national mortgage association.
2. Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than two standard rating services and that matures not more than 270 days after the purchase. Not more than 50% of any fund may be invested in commercial paper at a time.
3. United States government or federal agency obligation repurchase agreements that are collateralized with individual interest in securities that are held by Geneva Township or a third party on behalf of Geneva Township. The market value of all collateralized securities must be greater than or equal to the investment.
4. Bankers' acceptances of United States banks.

Safekeeping and Custody

The treasurer shall recommend financial institutions for approval for the safekeeping of township funds based on an evaluation of the performance and solvency of the institution, as well as past performance in exercising due

care and prudence in managing the custody of township funds held in trust, if applicable. The treasurer shall periodically evaluate approved and potential financial depositories and shall make recommendations as to appropriate changes in approved depositories when warranted.

The treasurer may elect to have certificates or other evidence instruments held by a financial institution provided that the financial institution presents to the township treasurer sufficient documentation and acknowledgment of the investment instruments held on behalf of the township.

Standards of Prudence

The treasurer shall make such investments and other such investments as a prudent person would make in dealing with property of another, having in view the preservation of the principal and the amount and regularity of the income to be derived. The standard of prudence to be used shall be the "fiduciary" standard and shall be applied in context of managing an overall portfolio.

Investment Policy and Resolution adopted this 8th day of September, 1998.

Nancy Ann Whaley, Supervisor
Bridgette Gumpert, Clerk
M. Jeffery Primmer, Treasurer
Robert Trowbridge, Trustee
Norman Funk, Trustee