

**KOCHVILLE TOWNSHIP, SAGINAW COUNTY, MICHIGAN**

**RESOLUTION NO. 17-03**

**This resolution replaces resolution no. 13-003**

**A RESOLUTION ESTABLISHING AN INVESTMENT AND DEPOSITORY POLICY  
FOR KOCHVILLE TOWNSHIP**

**WHEREAS**, the Township Board in exercising its fiduciary responsibilities desires to safeguard the Funds of Kochville Township that may be invested from time to time; and

**WHEREAS**, Public Act 77 of 1989, codified at MCL & 41.77, requires the Townships 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 pursuant to Public Act 77 of 1989; and

**WHEREAS**, Public Act 196 of 1997, codified at MCL & 129.91 et seq., requires the Township Board, 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 the Township and in the custody of the Township Treasurer.

**BE IT FURTHER RESOLVED**, that the Township Treasurer is authorized to manage Funds belonging to the Township, including depositing Funds in approved Financial Institutions and administration of investments in conformance with MCL & 41.77, and policies as set forth in this Resolution.

**BE IT FURTHER RESOLVED**, that the Township Board Approves the Following Financial Institutions as depositories of Township Funds:

Independent Bank	Chemical Bank	Copoco Community Credit Union
Family First	First State Bank	Flagstar Bank
Frankenmuth Credit Union	Isabella Bank	Wildfire Credit Union
Wolverine Bank		

**BE IT FURTHER RESOLVED**, that the Township Treasurer shall recommend Financial Institutions for approval for the safekeeping of the 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 Township Treasurer shall periodically evaluate approved and potential financial depositories and shall make recommendations as to appropriate changes in approved depositories when warranted.

In determining safekeeping and custody qualifications, Financial Institutions document a minimum capital requirement of at least \$10,000,000.00, and at least five years of operation. All Financial Institutions and brokers/dealers shall be pre-qualified by supplying the following:

- Audited financial statements
- Proof of NASD certification or FDIC insurance
- Proof of state registration
- Certification that the Financial Institution has read, understands and agrees to comply with Public Act 20 of 1943, as amended
- Certification that the Financial Institution will provide to Kochville Township information required to demonstrate GASB 40 compliance, if required by the Township
- Certification that the Financial Institution has read, understands, and agrees to comply with this Investment Policy

The Township Treasurer shall every 3 years examine the financial condition and registrations of qualified institutions and brokers/dealers by obtaining annual updates of the information listed above.

**BE IT FURTHER RESOLVED**, that when the Township 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 Township 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 Township Treasurer is authorized to invest Township Funds pursuant to Public Act 20 of 1943, as amended, codified at MCL & 129.91, in the following instruments:

- a. Bonds, securities, and other obligations of the United States of America or an agency or instrumentality of the United States of America.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a Financial Institution, but only if the Financial Institution is eligible to be a depository of Funds belonging to the State of Michigan under a law or rule of the State of Michigan or the United States of America.
- c. Commercial paper rated at the time of purchase within the two (2) highest classifications established by not less than two (2) standard rating services and that matures not more than two hundred seventy-days (270) after the date of purchase
- d. Repurchase agreements consisting of instruments listed under item a
- e. Bankers' acceptance of United States of America banks
- f. Obligations of the State of Michigan or any of its political subdivision that at the time of purchase are rated as investment grade by not less than one (1) standard rating service
- g. 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 authority to purchase only investment vehicles that are legal for direct investment by Public Corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:

- The purchase of securities on a when-issued or delayed delivery basis
  - 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
  - The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes
- h. Obligations described in items (a) through (g) if purchased through an inter local agreement under the Urban Cooperation Act of 1967, Public Act 7 of 1967 (ex Sess), codified at MCL & 129.111, et seq.
  - i. Investment pools organized under the Local Government Investment Pool Act, Public Act 121 of 1985, codified at MCL & 129.111, et seq.
  - j. The investment pools organized under the Local Government Investment Pool Act, Public Act 121 of 1985, codified at MCL & 129.414, et seq.
  - k. Investments in mutual funds shall include securities whose net asset value per share may fluctuate on a periodic basis or shall be limited to securities whose intention is to maintain a net asset value of One Dollar and 00/100 (\$1.00) per share at the sole option of the Township Treasurer based on what type of investment is best for the Township at the time the investment was made.

**BE IT FURTHER RESOLVED**, that the objective of this policy is to:

- Maintain safety of principal of Township Funds;
- Maintain a diversified investment portfolio;
- Maintain adequate liquidity; and
- Achieve a market rate of return on relatively safe investment instruments.

To accomplish these objectives, decision, and actions involving the Township's investment portfolio shall meet the following criteria:

**Safety:** Safety of principal is the foremost objective of the Township's investment practices. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio. The Township Treasurer shall minimize credit risk by investing only in the safer types of securities, pre-qualifying Financial Institutions, brokers/dealers, intermediaries, and advisers with whom the Township will do business; and diversifying the investment portfolio so that the impact on the investment portfolio resulting from losses on individual securities will be minimized.

**Diversification:** The 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 avoid high credit risks and shall include use of readily available Funds such as local government investment pools or mutual funds to maintain sufficient liquidity.

**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 of secondary importance 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.

**BE IT FURTHER RESOLVED**, that the Township Treasurer shall make such investments and only such investments as a prudent person would make in dealing with the property of another, having in view the preservation of the principal and the amount regularity of the income to be derived.

The standard of prudence to be used shall be the “fiduciary” standard and shall be applied in contest of managing an overall portfolio.

**BE IT FURTHER RESOLVED**, that the Township Treasurer may elect to have certificates and other evident of investments held by a Financial Institution, provided that the Financial Institution presents to the Township Treasurer sufficient documentation and acknowledgement of the investment instruments held on behalf of the Township.

**BE IT FURTHER RESOLVED**, that the Township Treasurer shall refrain from personal business activity that could conflict with the proper execution and management of Township investments, or that could impair the Township Treasurer’s ability to make impartial investment decisions.

**BE IT FURTHER RESOLVED**, that the Township Treasurer shall annually provide a written report to the Township Board concerning the investment of Township Funds.

**BE IT FURTHER RESOLVED**, that the Township shall comply with all applicable statutory standards for investment of public Funds as they now exist or as they may be subsequently amended. Any provision of this resolution that conflicts with applicable statutory requirements and standard is void.

**BE IT FURTHER RESOLVED**, that the following terms shall have the following meanings:

- Financial Institution. “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 of America government and that maintains the principal office or brand office located in the State of Michigan under the laws of the State of Michigan or the United States of America.
- Funds. “Funds” means the money of a Public Corporation, the investment of which is not otherwise subject to a public act of the State of Michigan or bond authorizing ordinance or resolution of a Public Corporation that permits investment in a fewer that all of the investment options listed in subsection 1 of Public Act 20 of 1943, as amended, codified at 129.91(1) or imposed one (1) or more conditions upon an investment in an options listed in subsection 1 of Public Act 20 of 1943, as amended, codified at 129.91(1).
- Public Corporation. “Public Corporation” means a county, city, village, township, port district, drainage district, special assessment district, or metropolitan district of the

State of Michigan, or a board commission, or another authority or agency created by or under an act of legislature of the State of Michigan.

- Township. "Township" means Kochville Township, Saginaw County, Michigan
- Township Board. "Township Board" means the Township Board of Kochville Township, Saginaw County, Michigan constituted as provided in section 80 or the Revised Statutes of 1946.
- Township Treasurer. "Township Treasurer" means that Treasurer of Kochville Township elected under chapter XVI of Public Act 116 of 1954, or appointed by the Township Board to fill a vacancy of Township Treasurer if one has occurred prior to the expiration of the Township Treasurer's term.

The forgoing resolution was offered by board member Clerk Machata and supported by board member Supervisor Loiacano

Upon roll call vote, the following voted:

"Aye" Supervisor Loiacano, Clerk Machata, Treasurer Brewster, Trustee Ferrell and Trustee Thon

"Nay" - None

"Abstained" - None

The forgoing Resolution was duly adopted at a regular meeting of the Kochville Township Board held on the 27<sup>th</sup> day of February 2017.

  
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James Loiacano  
Supervisor of Kochville Township

  
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Kevin Machata  
Clerk of Kochville Township

#### CERTIFICATE

I, Kevin Machata, Clerk of Kochville Township, do hereby certify the foregoing to be a true copy of a resolution adopted by the Kochville Township Board at its meeting held on February 27, 2017

  
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Kevin Machata  
Clerk of Kochville Township