

NORWOOD TOWNSHIP

INVESTMENT POLICY

A POLICY TO COMPLY WITH PUBLIC ACT 20 OF 1943, AS AMENDED.

1. **Purpose.** It is the policy of Norwood Township 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 Norwood Township as well as complying with all state and federal statutes governing the investment of public funds.
2. **Scope.** This Investment Policy (Policy) applies to all financial assets of Norwood Township (Township). These assets are accounted for in the various funds of the Township and include the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, internal service funds, trust and agency funds, Township revolving funds, and any new fund established by Norwood Township.
3. **Objectives.** The Township's objectives in following this Policy is to ensure the safety of all monies accounted for and received by the Township as well as ensuring proper liquidity, diversification to assist in such protection, and return on investment. These principles are specifically outlined as follows:
 - A. **Safety.** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
 - B. **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.
 - C. **Liquidity.** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that are required as a matter of law and which may be reasonably anticipated.
 - D. **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.
4. **Delegation of authority to make investments.** Authority to manage the investment program is granted to the Township Treasurer as provided under MCL 41.76 with management responsibility also given and granted to the Township Treasurer under MCL 41.76 as provided in the Resolution attached to

this Policy and subject to oversight by the Township Board. The Township Treasurer shall establish written procedures and internal controls for the operation of the investment program consistent with this Investment Policy and subject to the approval of the Township Board for any such procedures. Such internal procedures shall reference procedures specific to the safekeeping of funds, the delivery of funds versus the payment of funds, investment accounting, repurchase agreements, wire transfer agreements, collaborative/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 Township Treasurer as ratified and supervised by the Township Board. The Township Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of any individuals who work for or are subordinate to the Treasurer for the purpose of carrying out the Township's financial business.

5. **List of authorized investments.** Norwood Township is limited to investments authorized by Public Act 20 of 1943, as amended. The type of funds which can be invested in are those specifically authorized under MCL 129.91(1). These funds are as follows:
 - 1) Interest-bearing savings and checking accounts
 - 2) Negotiable certificates of deposit
 - 3) Non-negotiable certificates of deposit
 - 4) Repurchase agreements
 - 5) U.S. Treasury bills
 - 6) Bankers acceptance of United States Banks
 - 7) Federal agency instruments
 - 8) Money market funds/investment pools in accordance with PA 20 and its amendments. Money market funds must maintain a net asset value of \$1.00 per share. Investment pools must be organized under the Surplus Funds Investment Pool Act of 1982 or the Local Investment Pool Act of 1985.
6. **Safekeeping and custody.** All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by Norwood Township shall be on a delivery versus 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.
7. **Prudence.** Investments shall be made with judgment 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.

Date of Adoption by the Norwood Township Board: _____