

<b>WCHO</b>		<i>Policy and Procedure</i>	
		<i>Investment Policy</i>	
Department: FINANCE Author:		Local Policy Number (if used)	
Revision Date	Approval Date 10-20-09	Implementation Date 10-21-09	
<b>Archive Information</b>			
Date:	10-20-09		
Reason:	To govern the investments of public funds.		

**I. PURPOSE**

To govern the investment of public funds as required by Public Act 20 of 1943, as amended, in a manner which shall meet the daily cash flow requirements of the Washtenaw Community Health Organization (WCHO) while providing a high degree of safety, sufficient liquidity, and a rate of return commensurate with the investment risk constraints and cash flow characteristics of the portfolio.

**II. POLICY**

The WCHO shall authorize the Washtenaw County Treasurer to invest WCHO funds consistent with the “Washtenaw County Investment of County Funds Policy” approved by Washtenaw County board Resolution 98-0108 of June 30, 1998.

**III. APPLICATION**

This policy governs all funds of the Washtenaw Community Health Organization including but not limited to Medicaid, Department of Community Health, Grants, First and third Party revenues.

**IV. DEFINITIONS**

**V. STANDARDS**

**VI. EXHIBITS**

- A. Form: Acknowledgement of Receipt of Investment Policy and Agreement to Comply
- B. Washtenaw County Policy, General Operations, Investment of County Funds

## VII. REFERENCES

Reference:	Check if applies:	Standard Numbers:
42 CFR Parts 400 et al. (Balanced Budget Act)	X	
45 CFR Parts 160 & 164 (HIPPA)		
42 CFR Part 2 (Substance Abuse)		
Michigan Mental Health Code Act 258 of 1974		
JCAHO- Behavioral Health Standards		
MDCH Medicaid Contract		
MDCH Substance Abuse Contract		
Michigan Medicaid Provider Manual		
Public Act 20 of 1943 as amended	X	
Generally Accepted Accounting Principles	X	

**EXHIBIT A**

ACKNOWLEDGEMENT OF RECEIPT OF THE WCHO INVESTMENT POLICY AND  
AGREEMENT TO COMPLY

I, \_\_\_\_\_, as Treasurer of Washtenaw County, do hereby  
acknowledge receipt of the Washtenaw Community Health Organization's Investment Policy.

I further agree to comply with the requirements of Public Act 20 of 1943, as amended, and the  
Investment Policy of the Washtenaw Community Health Organization. Any investment not  
conforming with the statute or the policy will be disclosed promptly to the WCHO Executive  
Director and its Board.

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
Type or Print Name and Title

\_\_\_\_\_  
Date

**EXHIBIT B**

	<b>WASHTENAW COUNTY POLICY</b>	<b>GENERAL OPERATIONS - VOLUME I</b>			
<b>TITLE: Investment of County Funds</b>	<b>RESOLUTION NUMBER</b>  98-0108	<b>SUPERCEDE:</b>  91-0178	<b>EFFECTIVE DATE</b>  6/30/98	<b>PAGE OF</b>  1 of 6	

**I. APPLICATION**

This policy shall govern the investment of public funds as required by Public Act 20 of 1943, as amended, in a manner which shall meet the daily cash flow requirements of the county while providing a high degree of safety, and shall conform to all state statutes governing the investment of public funds.

**II. INTENT:**

The intent of the Board of Commissioners is to provide a consistent policy that applies to all financial assets of the County. These funds are accounted for in the Comprehensive Annual Financial Report.

**III. GENERAL POLICIES**

**A. OBJECTIVE**

The primary objectives, in priority order, of the County Treasurer's investment activities shall be:

**Safety:** Safety of principal is the foremost objective in the investment of County funds. Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. To attain this objective, diversification is required 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 be sufficiently liquid to enable the County Treasurer to meet all operating requirements which might be reasonably anticipated.

**Return on Investments:** The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

	<b>WASHTENAW COUNTY POLICY</b>	<b>GENERAL OPERATIONS - VOLUME 1</b>			
<b>TITLE:</b> <b>Investment of County Funds</b>	<b>RESOLUTION NUMBER</b> 98-0108	<b>SUPERCEDE:</b> 91-0178	<b>EFFECTIVE D A T E</b> 6/30/98	<b>PAGE OF</b> 2 of 6	

- B. DIVERSIFICATION**  
The County Treasurer shall diversify his/her investments by security type and institution.
- C. DELEGATION OF AUTHORITY**  
Management responsibility for the investment policy is hereby delegated to the County Treasurer as required by state statute, MCLA 48.40, who shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the investment activities of the Treasurer's staff.
- D. ETHICS AND CONFLICTS OF INTEREST**  
Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the County Administrator any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of Washtenaw County, particularly with regard to the time of purchases and sales,.
- E. AUTHORIZED INVESTMENTS**  
The County Treasurer is authorized to invest in all securities authorized by Public Act 20 of 1943, as amended and attached hereto, with the exception of mutual funds having a fluctuating per share value.
- F. COLLATERALIZATION:** The State of Michigan does not require collateralization.

	<b>WASHTENAW COUNTY POLICY</b>	<b>GENERAL OPERATIONS - VOLUME I</b>			
<b>TITLE:</b> <b>Investment of County Funds</b>	<b>RESOLUTION NUMBER</b> 98-0108	<b>SUPERCEDE:</b> 91-0178	<b>EFFECTIVE</b> 6130198	<b>PAGE OF</b> 3 of 6	

**G. SAFEKEEPING AND CUSTODY**

With the exception of U.S. Treasury securities, negotiable instruments transactions having a value greater than Security Protection Investor Corp. (SPIC) or other applicable insurance, will be settled on a Delivery-vsPayment basis. A Trust (Safekeeping) Receipt and proof of the applicable insurance will be required. Non-negotiable, non-collateralized Certificates of Deposit, as is the law in the State of Michigan shall be evidenced by a Safekeeping Receipt from the issuing bank.

**H. PRUDENCE**

The standard of prudence to be used by the County Treasurer shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. 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.

**I. INTERNAL CONTROL**

The County shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

**J. REPORTING**

The County Treasurer shall provide at least an annual report to the Board of Commissioners which provides a clear picture of the status and types of investments of the current investment portfolio. This report shall be prepared in a manner which will allow the Board of Commissioners to ascertain whether investment activities during the reporting period have conformed to the investment policy.

**K. ACKNOWLEDGEMENT OF RECEIPT**

The acknowledgement of receipt of investment policy shall comply with the requirements of Act 20 PA 1943, as amended, and the Investment Policy of the County of Washtenaw. Any existing investment not conforming with the statute or the policy will be disclosed promptly to the Washtenaw County Treasurer.

	<b>WASHTENAW COUNTY POLICY</b>	<b>GENERAL OPERATIONS- VOLUME I</b>			
<b>TITLE:</b> <b>Investment of County Funds</b>	<b>RESOLUTION NUMBER</b> 98-0108	<b>SUPERCEDE:</b> 91-0178	<b>EFFECTIVE</b> 6130/98	<b>PAGE OF</b> 4 of 6	

**ACKNOWLEDGEMENT OF RECEIPT OF INVESTMENT POLICY  
AND AGREEMENT TO COMPLY**

I HAVE READ AND FULLY UNDERSTAND Act 20 PA 1943, as amended, and the Investment Policy of the County of Washtenaw.

Any investment advice or recommendation on investments given by

\_\_\_\_\_ representing \_\_\_\_\_

to the Washtenaw County Treasurer shall comply with the requirements of Act 20 PA 1943, as amended, and the Investment Policy of the County of Washtenaw. Any existing investment not conforming with the statute or the policy will be disclosed promptly to the Washtenaw County Treasurer.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**STATE OF MICHIGAN  
89TH LEGISLATURE  
REGULAR SESSION OF 1997**

Introduced by Senators Bullard, Emmons, □unaskiss, Stale, Carl and Shugars  
**ENROLLED SENATE BILL No. 664**

AN ACT to amend 1943 PA 20, entitled An act relative to the investment of surplus funds of political subdivisions of the state; and to validate certain investments," by amending the title and sections 1 and 3 (MCL 129.91 and 129.93), the title as amended by 1988 PA 285 and section 1 as amended by 1997 PA 44, and by adding sections 5 and 6; and to repeal acts and parts of acts.

The People of the State of Michigan enact:  
TITLE

An act relative to the investment of funds of public corporations of the state; and to validate certain investments. Sec. 1. (1) Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in 1 or more of the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
  - (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2).
  - (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
  - (d) Repurchase agreements consisting of instruments listed in subdivision (a).
  - (e) Bankers' acceptances of United States banks.
  - (f) 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 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 a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either 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.
  - (h) Obligations described in subdivisions (a) through (g) if purchased through an Interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
  - (i) Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
  - (j) The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.
- (2) A public corporation that invests its funds under subsection (1) shall not deposit

or invest the funds in a financial institution that is not eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.

(3) Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investment under subsection (1).

(4) As used in this section, "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 government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

(5) As used in this act:

(a) "Governing body" means the legislative body, council, commission, board, or other body having legislative powers of a public corporation.

(b) "Funds" means the money of a public corporation, the investment of which is not otherwise subject to a public act of this state or bond authorizing ordinance or resolution of a public corporation that permits investment in fewer than all of the investment options listed in subsection (1) or imposes 1 or more conditions upon an investment in an option listed in subsection (1).

(c) "Investment officer" means the treasurer or other person designated by statute or charter of a public corporation to act as the investment officer. In the absence of a statutory or charter designation, the governing body of a public corporation shall designate the investment officer.

(d) "Public corporation" means a county, city, village, township, port district, drainage district, special assessment district, or metropolitan district of this state, or a board, commission, or another authority or agency created by or under an act of the legislature of this state.

Sec. 3. Investments made before the effective date of the amendatory act that repealed section 2 of the surplus funds, sinking funds, or insurance funds of a political subdivision of this state in bonds and other obligations of the United States or its instrumentalities or certificates of deposit or depository receipts of a bank that is a member of the federal deposit insurance corporation as provided under section 1 and former section 2 of this act are hereby ratified and validated.

Sec. 5. (1) Not more than 180 days after the end of a public corporation's first fiscal year that ends after the effective date of the amendatory act that repealed section 2, a governing body, in consultation with the investment officer, shall adopt an investment policy that, at a minimum, includes all of the following:

(a) A statement of the purpose, scope, and objectives of the policy, including safety, diversification, liquidity, and return on investment:

(b) A delegation of authority to make investments.

(c) A list of authorized investment instruments. If the policy authorizes an investment in mutual funds, it shall indicate whether the authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share or also includes securities whose net asset value per share may fluctuate on a periodic basis.

(d) A statement concerning safekeeping, custody, and prudence.

(2) A governing body that as of the effective date of the amendatory act that repealed section 2 has adopted an investment policy that Substantially complies with the minimum requirethents under subsection (1) is not in violation of this section as long as that policy remains in effect.

Sec. 6. (1) Subject to subsection (2), before executing an order to purchase or trade the funds of a public corporation, a financial intermediary, broker, or dealer shall be provided with a copy of the public corporation's investment policy and shall do both of the following:

(a) Acknowledge receipt of the investment policy.

(b) Agree to comply with the terms of the investment policy regarding the buying or selling of securities.

(2) A public corporation is subject to subsection (1) beginning on the date that the investment policy of a public corporation takes effect or 180 days after the end of the public corporation's first fiscal year ending after the effective date of the amendatory act that repealed section 2, whichever is earlier.

(3) The investment officer annually shall provide a written report to the governing body concerning the investment of the funds.

Enacting section 1. Section 2 of 1943 PA 20, MCL 129.92, is

repealed. This act is ordered to take immediate effect.

[signed by] Secretary of the Senate.

[signed by] Clerk of the House of Representatives.

Approved \_\_\_\_\_

\_\_\_\_\_  
Governor.