Village of Northport

Investment Policy and Depositor Designation

Purpose

It is the policy of the Village of Northport (village) 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 and comply with all state statutes governing the investment of public funds.

Scope

This investment policy applies to all financial assets of the village. These assets are accounted for in the various funds of the village 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 village.

Objectives

The primary objectives, in priority order, of the village'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 Village of Northport Resolution ____ Depositor Designation.

Management responsibility for the investment program is hereby delegated to the Village Treasurer, who shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy, and the Village Clerk. 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 Treasurer. The Treasurer shall be responsible for all transactions and shall establish a system of controls to regulate the activities of subordinate officials.

The Treasurer is limited to investments authorized by Public Act 20 of 1943, as amended, and may invest in the following:

a. Bonds, securities and other obligations of the United States or an agency or instrumentality of the United States;

b. Commercial paper rated at the time of purchase within the two highest classifications established by not less that two standard rating services and that matures not more than 270 days after the date of purchase;

c. Repurchase agreements consisting of instruments listed in subdivision a.;

d. Bankers' acceptances of United States banks;

e. 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 one standard rating service.

f. 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 any 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.

g. Obligation described in subdivisions a. through g. if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, PA7 of 1967, Ex.Sess., (MCL 124.501 to 124.512).

h. Investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982 (MCL 129.111 to 129.150).

Safekeeping and Custody

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

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 of investment, considering the probable safety of their capital as well as the probable income to be derived.