

South Huron Valley Utility Authority Investment Policy  
as Required by Public Act 20 of 1943, as amended

1.0 PURPOSE

It is the policy of South Huron Valley Utility Authority to invest public funds in a manner which will ensure the preservation of principal while providing the highest investment return with maximum security, meeting the daily cash flow requirements of the Authority and conforming to all state statutes governing the investment of public funds.

2.0 SCOPE

This investment policy applies to all financial assets of the Authority held by the Authority treasurer. These funds are accounted for in the Authority treasurer's Annual Financial Report.

3.0 OBJECTIVE

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

- 3.1 Safety: Safety of principal is the foremost objective in the investment of Authority 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.
- 3.2 Liquidity: The investment portfolio shall remain sufficiently liquid to enable the Authority treasurer to meet all operating requirements which might be reasonably anticipated.
- 3.3 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.

4.0 DIVERSIFICATION

The Authority treasurer shall diversify his/her investments by security type and institution. With the exception of U.S. Treasury securities and authorized investment pools, no more than 60% of the total investment portfolio will be invested in a single security type or with a single financial institution.

5.0 DELEGATION OF AUTHORITY

Management responsibility for the investment policy is hereby delegated to the Authority treasurer as required by state statute.

## 6.0 AUTHORIZED INVESTMENTS

The Authority treasurer is authorized to invest in the following types of securities authorized by Public Act 20 of 1943, as amended:

- 6.1 Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- 6.2 Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution.
- 6.3 Commercial paper rated at the time of purchase at the highest classification established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- 6.4 Repurchase agreements consisting of instruments in subdivision 6.1.
- 6.5 Bankers' acceptances of United States banks.
- 6.6 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.
- 6.7 Obligations described in subdivisions 6.1 through 6.6 if purchased through an interlocal agreement under the urban cooperation act of 1967. 1967 act, 1985 PA 121, MCL 129.141 to 129.150. (ExSess) PA 7, MCL 124.501 to 124.512.
- 6.8 Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- 6.9 Investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

## 7.0 SAFEKEEPING AND CUSTODY

It shall be the responsibility of the Authority treasurer to determine which securities will be held by a third party custodian. Securities held in safekeeping by a third party custodian shall be evidenced by a safekeeping receipt.

## 8.0 PRUDENCE

The standard of prudence to be used by the Authority 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.

## 9.0 REPORTING

The Authority treasurer shall provide at least a quarterly report to the South Huron Valley Utility Authority Board pursuant to Public Act 213 of 2007 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 South Huron Valley Utility Board to ascertain whether investment activities during the reporting period have been conformed to the investment policy.