

INVESTMENT POLICY
VILLAGE OF NASHVILLE
6-11-1998

PURPOSE

It is the policy of the Village of Nashville 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 of Nashville and comply with all state statutes governing the investment of public funds.

SCOPE

This investment policy applies to all financial assets of the Village of Nashville. These assets are accounted for in the various funds of the Village of Nashville and include the general fund, special revenue fund, debt service funds, capital project funds, enterprise funds, internal service funds, trust and agency funds and any new fund established by the Village of Nashville.

OBJECTIVES - safety, diversification, liquidity and return on investment

The primary objectives, in priority order, of the Village of Nashville'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 the following: State statute MCL 64.9 and Village Charter section XIV 74.2. Management responsibility for the investment program is hereby delegated to the Village Treasurer per MCL 64.9, who shall establish written

procedures and internal controls for the operation of the investment program consistent with this investment policy. 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 Village Treasurer. The Village Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

LIST OF AUTHORIZED INVESTMENTS

The Village of Nashville is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following: Bonds, Securities, and other obligations of the United States or an agency or instrumentality of the United States; Certificates of Deposit, savings accounts, or deposit accounts of a financial institution, but only if the financial institution is located in the State of Michigan.

SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Village of Nashville shall be on a cash 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 for investment, considering the probable safety of their capital as well as the probable income to be derived.