




# ADMINISTRATIVE DIRECTIVE

<b>DIRECTIVE NO:</b> 2026-03	<b>ISSUE DATE:</b>
<b>ISSUED BY:</b> D. McClary	<b>SIGNATURE:</b> 
<b>VILLAGE COUNCIL APPROVAL DATE:</b> 04/27/1998	
<b>REVISION DATES:</b> 00/00/2026	
<b>RESCINDS/REPLACES:</b>	
<b>CATEGORY:</b> FINANCIAL MANAGEMENT	
<b>SUBJECT:</b> Investment Policy	

## LEGAL AUTHORITY CITATION

This administrative directive is issued by the Village Manager pursuant to the following legal authority:

- Village Charter – Sec. 3.12 – Duties of administrative officers; performing such duties as are provided for such officers by state law, this Charter, the village ordinances, and the administrative directives of the Village Manager
- Michigan Public Act 20 of 1943, as amended
- Village Council Resolution adopted on \_\_\_\_\_.

## PURPOSE

The purpose of this policy is to comply with Section 5 of Michigan Public Act 20 of 1943, as amended, by adopting an investment policy for the Village of Lake Orion. It is the policy of the Village of Lake Orion to invest public funds in a manner which will ensure the preservation of principal while providing for diversification of investments, the highest investment return with maximum security, adequate daily cash flow requirements, and conformance with all state statutes governing the investment of public funds.

## POLICY

### **Section 1. Scope.**

This investment policy applies to all financial assets of the Village held by the Village. These funds are accounted for in the Village of Lake Orion’s Annual Audited Financial Report.

## **Section 2. Objectives.**

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

1. Safety. Safety of principal is the foremost objective in the investment of Village 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.
2. Liquidity. The investment portfolio shall remain sufficiently liquid to enable the Village Clerk/Treasurer to meet all operating requirements which might be reasonably anticipated.
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.

## **Section 3. 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.

## **Section 4. Delegation of Authority.**

Management responsibility for the investment policy is hereby delegated to the Village Clerk/Treasurer as required by state statute. The Clerk/Treasurer will obtain a signed "Acknowledgment of Receipt of Investment Policy and Agreement to Comply" from each institution prior to investing Village funds. See Section 9 below for the required form.

## **Section 5. Authorized Investments.**

The Village Clerk/Treasurer is authorized to invest in the following types of securities authorized by Public Act 20 of 1943, as amended:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution.
3. Commercial paper rated at the time of purchase at the highest classification established by not less than two (2) standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments in subdivision 5.1 above.
5. Bankers' acceptances of United States banks.

6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one (1) standard rating service.
7. Obligations described in subdivisions 5.1 through 5.6 above if purchased through an interlocal agreement under the Michigan Urban Cooperation Act, Public Act 7 of 1967 (Ex. Sess.), MCL 124.501 to 124.512.
8. Investment pools organized under the Michigan Surplus Funds Investment Pool Act, Public Act 367 of 1982, MCL 129.111 to 129.118.
9. Investment pools organized under the Michigan Local Government Investment Pool Act, Public Act 121 of 1985, MCL 129.141 to 129.150.

#### **Section 6. Safekeeping and Custody.**

It shall be the responsibility of the Village Clerk/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.

#### **Section 7. Prudence.**

The standard of prudence to be used by the Village Clerk/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.

#### **Section 8. Reporting.**

The Village Clerk/Treasurer shall provide at least an annual report to the Village Council 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 Village Council to ascertain whether investment activities during the reporting period have conformed to the investment policy.

#### **Section 9. Acknowledgment of Receipt of Investment Policy and Agreement to Comply Form.**

The Clerk/Treasurer will obtain a signed “Acknowledgment of Receipt of Investment Policy and Agreement to Comply” from each institution prior to investing Village funds. The form to be used shall be in substantially the following format:

ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY AND AGREEMENT TO COMPLY

I have read and fully understand Michigan Public Act 20 of 1943, as amended, and the Investment Policy of the Village of Lake Orion.

Any investment advice or recommendation on investments given by \_\_\_\_\_ representing \_\_\_\_\_ to the Village of Lake Orion Clerk/Treasurer shall comply with the requirements of Public Act 20 of 1943, as amended, and the Investment Policy of the Village of Lake Orion. Any existing investment not conforming with the statute or the policy will be disclosed promptly to the Village of Lake Orion Clerk/Treasurer.

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

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

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