

# Investments



Michigan Association of  
County Treasurers (MACT)  
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Gary Leininger, Hillsdale County

Catherine McClary, Washtenaw County



# Investments

## Increased Banking Complexity

The Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) became federal law in 2010 following the Great Recession. This law provides the most significant changes to financial regulation in the United States since the banking reforms that followed the Great Depression.



# Investments

PA 20 of 1943 as amended

[http://www.legislature.mi.gov/\(S\(kse0ypxtqjwnzrbb152pp3dv\)\)/documents/mcl/pdf/mcl-act-20-of-1943.pdf](http://www.legislature.mi.gov/(S(kse0ypxtqjwnzrbb152pp3dv))/documents/mcl/pdf/mcl-act-20-of-1943.pdf)

Report to Board of Commissioners

<http://www.ewashtenaw.org/government/treasurer/14-monthly-treasurers-report-12.pdf>



# Investments

## PA 20 of 1943 as amended INVESTMENT OF SURPLUS FUNDS OF POLITICAL SUBDIVISIONS

### Act 20 of 1943

AN ACT relative to the investment of funds of public corporations of the state; and to validate certain investments.

**History:** 1943, Act 20, Imd. Eff. Mar. 13, 1943 ;-- Am. 1988, Act 285, Imd. Eff. Aug. 1, 1988 ;-- Am. 1997, Act 196, Imd. Eff. Dec. 30, 1997

Section 129.91	Investment of funds of public corporation; eligible depository; secured deposits; funds limitation on acceptable assets; pooling or coordinating funds; written agreements; investment in certificate of deposit; conditions; "financial institution" defined; additional definitions.
Section 129.92	Repealed. 1997, Act 196, Imd. Eff. Dec. 30, 1997.
Section 129.93	Existing investments ratified and validated.
Section 129.94	Funds accumulated under eligible deferred compensation plan; deposit; investment; existing investments ratified and validated.
Section 129.95	Investment policy; adoption by governing body.
Section 129.96	Execution of order to purchase or trade funds of public corporation; providing copy of investment policy; public corporation subject to subsection (1); report.
Section 129.97	Long-term or perpetual trust fund; investment of assets; resolution authorizing investment officer same authority as investment fiduciary under MCL 38.1132 to 38.1140m; conditions.
Section 129.97a	Investment of assets of special revenue fund by investment officer; resolution granting authority; annual special revenue fund report.



# Investments

## Money Market Mutual Funds

SEC changes upcoming

- Changes adopted 2014, take place next year
- Requires Floating NAV for Prime Funds
- Creates Redemption Fees
- Creates “Gates” – temporary suspension of redemptions
- Will exempt “government funds”



# Investments

## Municipal Bonds – MCL 129.91 (1) (f)

### BID FORM

\$1,200,000  
GULL LAKE COMMUNITY SCHOOLS  
Counties of Kalamazoo, Barry and Calhoun  
State of Michigan  
2015 School Building and Site Bonds, Series B  
(General Obligation - Unlimited Tax)

Mr. Jeffrey Brown, Secretary  
Board of Education  
Gull Lake Community Schools  
11775 ED Avenue  
Richland, Michigan 49083-9669

Dear Mr. Brown

Reference is made to your *OFFICIAL NOTICE OF SALE* of \$1,200,000, Gull Lake Community Schools, Counties of Kalamazoo, Barry and Calhoun, State of Michigan, 2015 School Building and Site Bonds, Series B, (General Obligation - Unlimited Tax), which was published in *THE BOND BUYER*.

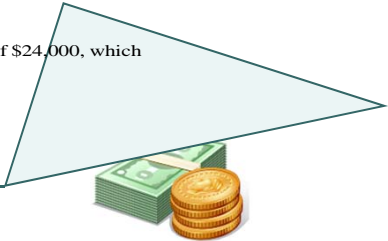
For your legally issued Bonds, as described in said notice, we will pay you par and accrued interest from date of issue to date of delivery to us, plus a premium of \$ \_\_\_\_\_ or less a discount of \$ \_\_\_\_\_ for Bonds maturing and bearing interest as follows:

2016	%	2019	%
2017	%	2020	%
2018	%	2021	%

This bid is for all or none of the Bonds.

Attached hereto is (Cashier's)(Certified) Check No. \_\_\_\_\_ of the \_\_\_\_\_ in the amount of \$24,000, which is our good faith deposit and which is submitted under the terms set forth in the *OFFICIAL NOTICE OF SALE*.

By: \_\_\_\_\_  
Respectfully submitted,  
Authorized Representative



# Investments

## Commercial Paper

- MCL 129.91 (1) (c)
- Rated within the 2 highest classifications (A1, P1, F1 or A2, P2, F2)
- By not less than 1 standard rating services
- Matures not more than 270 days



# Investments

## Commercial Paper

- Securities Exchange Act of 1933 as amended – not registered
- Investment Company Act of 1940 as amended – entity is exempt from registration
- Qualified Institutional Buyer – high net worth or large portfolio of securities
- PA 20, MCL 129.96 (1) . . . Broker . . . Shall do both of the following: (b) agree to comply with the terms of the investment policy . . .





# Investments

PA 20, MCL 129.97a

PA 314 of 1965, MCL 38.1132-1141 (Public Employee Retirement System Investment Act)

[http://www.legislature.mi.gov/\(S\(25xqmxylq10stluph2cno1q\)\)/documents/mcl/pdf/mcl-act-314-of-1965.pdf](http://www.legislature.mi.gov/(S(25xqmxylq10stluph2cno1q))/documents/mcl/pdf/mcl-act-314-of-1965.pdf)

- Parks and Recreation Authority
- Special Revenue Fund
- Payments for Park Operations and Maintenance
- Approval of governing board



# Investments

## Internal Advances & Self Funding

MCL 211.87

### Delinquent Tax Revolving Funds

- Bond issuance is expensive.
- There are fees for Bond Counsel, Financial Advisors, Ratings, Publication, Printing, etc.,
- The County can reduce costs to borrow for the tax payers.
- Money can be advanced from the Delinquent Tax Revolving Fund. Money revolves back into the Fund as the advance is repaid with interest.



# Investments

## Senate Bill 303

- Amends the Cemetery Act – PA 215 of 1937
- Should amend PA 20 for consolidation and uniformity of all public fund investing
- Sitting in Committee on Regulatory Reform
- Discuss at Closed Meeting Wednesday



# Investments

Questions?

Catherine McClary, 734-222-6600  
or [McClaryC@eWashtenaw.org](mailto:McClaryC@eWashtenaw.org)

Gary Leininger, 517-437-4700 or  
[Treas@co.hillsdale.mi.us](mailto:Treas@co.hillsdale.mi.us)

