



The impetus for reviewing our investment policy (below) is a certificate of deposit (CD) maturing recently. The Board President suggested that we bring this renewal before the Board, as has been done several times in recent years. The Director's opinion is that the Investment Policy (1998) allows the Director to manage CDs according to the parameters laid out in the policy, and that the timing of interest rate quotes could make it difficult to bring CD renewals to a full Board vote every time they are due. While not required to do so in this policy, the Director does intend to consult with the Finance Committee before renewing a CD, as he did on the one before us in this packet.

Two of the three Finance Committee members agreed with the Director's opinion and felt no changes were needed to the policy at this time. The third committee member was not reached by the time of the packet release.

The Committee seeks either an affirmation of the Director's opinion of the Investment Policy or recommendations for amendments to the policy.



Purpose

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

Scope

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

Objectives

The primary objectives, in priority order, of the BDLS'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

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director. The Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The BDLS is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following: Certificates of Deposit.

Safekeeping and Custody

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