

Charter Township of Comstock

Investment Procedures

Section 1: PURPOSE

The purpose of this document is to establish procedures for the operation of the investment program of the Charter Township of Comstock consistent with the written Investment Policy.

Section 2: CASH REVIEW

The Treasurer or his/her delegate (hereafter referred to as Investment Officer) must review the cash balances and investment portfolio daily, or as needed. Items to be reviewed should include:

- a) Balances, by fund if so deposited, at primary bank.
- b) Balances, by fund if so deposited, at other banks.
- c) Maturing investments.
- d) Bond sales and other large, periodic receipts.
- e) Bond and coupon payments (debt service) and other large periodic cash disbursements.

Section 3: INVESTMENT SELECTION

The Investment Officer determines how much of the cash balance is available for investment and selects the area of the yield curve that most closely matches the required maturity date. In determining the maturity date, the Investment Officer should consider liquidity, cash flow and expected expenditures. A review of some of the following sources should be made to determine whether the investments should be placed to match projected expenditures or shorter, or to take advantage of current and expected interest rate environments:

- a) Wall Street Journal or similar daily business publication.
- b) Input from approved broker/dealers.
- c) Input from depository banks.
- d) Publications on general trends of economic statistics.
- e) Input from data services (Telerate, Bloomberg, Reuters, etc.)

Section 4: PURCHASING AN INVESTMENT

The Investment Officer shall establish with whom the jurisdiction is going to transact business. The following factors should be used in evaluating a financial institution:

- a) Financial condition, strength and capability to fulfill commitments.
- b) Overall reputation with other dealers and investors.
- c) Regulatory status of the broker/dealer (providers).
- d) Background and expertise of the individual representative.

- e) The use of a nationally recognized financial institution rating organization (Lace, Sheshunoff, Thompson Bankwatch, etc.).

If choosing an external pool or fund as the preferred investment vehicle, the following should be available for inspection prior to purchase and at any reasonable time thereafter:

- a) A written investment policy, if a government-run investment pool.
- b) A prospectus for money-market funds, mutual funds or bank-managed funds.
- c) A schedule of the types of reports and the frequency of distribution.
- d) A clear description of how interest rates are calculated.
- e) A schedule of when and how income is distributed.
- f) Are the pool or fund types of investments restricted to your own legal and policy limits?
- g) Are the pool or fund investments restricted to your own maturity limits?

Before concluding any transaction, the Investment Officer should validate the following:

- a) The security selected for purchase meets all criteria, including portfolio diversification, collateralization (if appropriate) and maturity. If the security has any imbedded options such as call provisions or coupon adjustments, these should also be reviewed.
- b) Yield calculations should be verified.
- c) Total purchase cost (including accrued interest) does not exceed funds available for investment.
- d) Advise the provider that their offering has been selected for purchase.

After consummation of the transaction, and prior to settlement date, the Investment Officer and the provider should exchange and review the following information to ensure prompt, and uninterrupted settlement:

- a) Name of third-party safekeeping agent.
- b) ABA number of safekeeping agent.
- c) Safekeeping account number.
- d) Reconfirm amount of transaction.
- e) Reconfirm settlement date.
- f) Acquire CUSIP number of security, if applicable.

Section 5: SETTLEMENT & FOLLOW-THROUGH

The Investment Officer should forward to the safekeeping agent a report of the investment transaction. The report may be verbal, but a written form should be sent and acknowledged. When applicable, the following should be verified:

- a) Provision of receipt or disbursement of funds.
- b) Internal transfer or wiring of funds.
- c) Validation of written "safekeeping receipt".
- d) Notification of discrepancy prior to acceptance or rejection of the transaction.

- e) Immediate notification if a fail has occurred: by provider if they are responsible, by safekeeping agent if they are responsible.