

Clark County, Wisconsin
Title: Investment Policy

Title: Investment Policy	Effective Date: April 1, 2019
	Adoption/Revision Date: March 19, 2019
Custodian: County Treasurer	Approving Body: Clark County Board of Supervisors

1. Authority

- a. Wis. Stat. 34, 59.02, 59.03, 59.62, and 66.0603
- b. Clark County Boards, Committees, and Commissions Ordinance, Section 7

2. References

- a. Adopting Resolution/Ordinance/Motion: Resolution 12-3-19
- b. Other Resolution/Ordinance/Motion: n/a

3. Purpose

- a. To establish processes and guidelines to enhance opportunities for prudent and systematic investments of county funds while ensuring such funds are safeguarded. The fundamental principles governing the investment of county's funds are safety, liquidity, and yield.
 - i. Safety means investing funds in such a manner to ensure the preservation of capital.
 - ii. Liquidity means investments shall remain sufficiently liquid to meet all the operating requirements that may be reasonably anticipated by county.
 - iii. Yield means investments shall be designed to attain a market rate of return through the budgetary and economic cycles.

4. Scope

- a. This policy applies to the investment of all county funds, excluding the investment of employees' current and future retirement or other post-employment benefit funds. Except for cash in designated funds, Clark County will consolidate cash and reserve balances to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. Unless otherwise stated or acted upon, investment returns shall generally accrue to the general fund except when legal and/or program requirements dictate otherwise.

5. Policy Overview

- a. This policy defines the principles to consider in investing Clark County's funds.
- b. This policy defines the steps needed to identify banks for investing funds.
- c. This policy defines the steps the managing bank must take to invest county funds.

6. Definitions

- a. The terms below shall have the following meanings:
 - i. Committee means Clark County Finance and Unjust Committee.
 - ii. Managing bank means the bank that shall have the responsibility for maintaining the operating and contingency accounts.
 - iii. Participating bank means a banking institution that shall be eligible to bid and deposit county funds for investment purposes.
 - iv. Federal funds rate means the single federal funds rate set or, if the rate is expressed in a range, the highest rate of a set range as established by the Federal Reserve Bank Board of Governors effective the first day of the month.
 - v. 182-day treasury discount rate means the quoted 182-day treasury discounted rate as per the Wall Street Journal or www.ustreasury.gov as regularly reported. This rate shall be set on the first business day of each month indexed by the published bid of the last auction of the prior month.

7. Standard of Care

- a. Prudence
 - i. The standard of prudence shall be used to manage the county’s overall investment portfolio. County investment officers or delegates shall act in accordance with this policy and, in exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.
 - ii. The “prudent person” standard states that, “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.”
- b. Ethics and Conflicts of Interest
 - i. Investment officers, employees, and delegates involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment officers, employees, and delegates shall disclose any material interests in financial institutions with which they conduct business within this jurisdiction and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Investment officers, employees, and delegates shall subordinate their personal investment transactions to those of the county, particularly with regard to the time of purchases and sales.
- c. Safekeeping
 - i. Securities shall be held by independent third-party custodians selected by the county as evidenced by receipts in the county’s name.
 - ii. The county shall conduct an independent review by an external auditor at least annually. This audit shall review internal controls to assure compliance with this policy.
- d. Delegation of Authority
 - i. Authority to manage the investment program is granted to the County Treasurer and he/she is hereby considered the Investment Officer pursuant to Wis. Stat. 59.62.
 - ii. County Treasurer shall ensure this policy is fully complied with. The county’s investment program shall be overseen by the Committee.
 - iii. County may contract with one or more investment managers or advisors with authority to make investment commitments consistent with the formal investment policy and applicable state statutes. It should be noted that the County may hold individual investment advisors or managers to higher standards of prudence or due diligence than those strictly required by law or county policy.

8. Suitable and Authorized Investments

- a. County Treasurer shall maintain a list of financial institutions (including participating banks) and depositories who may provide investment services to the county.
 - i. See Attachment A – List of Participating Banks for a list of banks that may be eligible for fund investments. Such list is subject to change at the discretion of County Treasurer subject to the terms of this policy.
- b. Managing bank shall manage county investment funds as set forth in this policy and as directed by county pursuant to terms approved by the Committee.

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- c. The investments set forth below are permitted by this policy. Any other investment options shall be approved by the Committee prior to utilization.
 - i. Certificates of deposit and other evidences of deposit at financial institutions;
 - ii. Certificate of Deposits purchased through the Certificate of Deposit Account Registry Service (CDARS);
 - iii. Securities issued or guaranteed as to principal and interest by the U.S. Treasury or agencies of the federal government;
 - iv. Repurchase agreements or public funds agreement with participating banks; and/or
 - v. Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation.
- d. Investments shall be diversified with the following factors taken into consideration:
 - i. Limiting investments to avoid over-concentration in securities from a specific issuer or business sector, not including the U.S. Treasury securities;
 - ii. Limiting investment in securities that have higher credit risk; and
 - iii. Investing in securities with varying maturity dates.

9. Selection of Participating Banks

- a. This section applies to the investment of funds in participating banks through repurchasing agreements or public funds agreements.
- b. County shall utilize a closed bid process to select participating banks to invest county funds. The bid process shall commence every six (6) months or at different intervals as determined by the committee.
- c. In order for a participating bank to bid for the investment of funds, such bank shall meet and maintain all the following requirements as verified by managing bank and County:
 - i. Maintain a minimum of 8% tier one capital assets ratio at all times as reported quarterly on the bank's call report;
 - ii. Be FDIC insured and in good standing with all banking regulators;
 - iii. Funds are secured by a surety bond with a surety company rated "A" or higher;
 - iv. Funds shall be deposited in open ended accounts in insured deposit accounts;
 - v. Enter into repurchasing agreement or public funds agreement with county;
 - vi. Setup a functional system for wire transfers with managing bank;
 - vii. Ability to fully comply with the terms of this policy;
 - viii. Wire fees or ACH fees shall be the responsibility of the bank and the county shall have no obligation to pay such fees or any other costs of handling or maintenance of any bank account; and
 - ix. Bank shall have a banking office in Clark County or within two (2) miles of the Clark County jurisdictional line.
- d. Bids submitted by the participating banks shall be stated on a county provided bid form and contain the following information and subject to the following conditions (see Attachment B – Participating Bank Bid Form):
 - i. Bids shall indicate the bank name, bank location, amount of funds to invest, and interest rate;
 - ii. Bids shall include an interest rate no less than the 182-day treasury discount rate plus 0 basis points;
 - iii. Bids shall not exceed 100% of the bank's tier one equity capital of the previous year end;
 - iv. Bids shall be for the investment of funds in increments of \$500,000;
 - v. Bids shall be for six (6) months in duration or at an interval as determined by the committee;

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- vi. Banks shall have no authority to transfer or invest county funds unless explicitly authorized by county and in investment types permitted by law;
 - vii. Banks shall provide a copy of their Board of Director's authorizing resolution allowing the bank to enter into agreements with county and managing bank;
 - viii. County shall not be assessed any penalties for early withdrawal of any kind; and
 - ix. County does not guarantee the availability of any funds at any time for any period of time. The county's funds are liquid and the account activity can be highly volatile.
- e. The following steps shall be taken as part of the bid process subject to the following conditions:
- i. The bid cycle shall bind the participating bank from April 1 to September 30 or October 1 to March 31 or at different intervals as determined by the Committee;
 - ii. County Treasurer shall contact interested banks and publish notice for bids if deemed appropriate and necessary;
 - iii. Bids shall be received by 4:30 PM on the 20th day of the month preceding the commencement date for each period (ie March 20 and September 20) unless such day falls on a weekend or holiday with the bids then becoming due the next business day;
 - iv. Bids shall be sealed in an envelope and clearly marked "Sealed Bid for Investment of County Funds";
 - v. Bids shall be sent to the Clark County Treasurer at 517 Court Street, Room 302, Neillsville, WI 54456;
 - vi. Bids shall be opened publicly by the County Treasurer at or around the next business day following the bid submittal due date;
 - vii. County Treasurer shall communicate details of the opened bids to the managing bank within five (5) business days of bid opening;
 - viii. County Treasurer shall report details of opened bids to committee; and
 - ix. Managing bank shall be responsible for contacting the banks of the bids received; identifying the order of priority for deposit and withdrawal; and entering into repurchase agreements on the county's behalf.
- f. Upon opening and awarding bids, the managing bank shall be responsible for handling of county investment funds according to the following investment process unless directed otherwise by county:
- i. Funds shall be invested in the bank with the highest interest rate up to the maximum bid amount.
 - ii. Funds shall be invested in banks by descending order by interest rate up to the maximum bid amount for each bank until all available funds are invested or the maximum bid amounts are filled for the participating bank investments.
 - iii. If, after investing county funds in participating bank investments, excess funds exist, funds shall be invested in local government investment pools (LGIP) or another investment option as determined by the county. Funds shall be invested by descending order based on interest rate.
 - iv. Funds shall be withdrawn in reverse order with funds removed from LGIP or other investment option then to the participating bank investments.
 - v. Fund shall be invested in increments of \$500,000 in participating banks in the order stated above if the contingency account's collected balance exceeds \$4,000,000.
 - vi. If the contingency account's collected balance is less than \$2,000,000 or more than \$4,000,000, funds from the participating banks shall be transferred in the order stated above in increments of \$500,000 to establish a target balance of \$3,000,000.

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- vii. Managing bank shall maintain records of all investment deposits, withdrawals, and repurchase agreements with such records sent to county on the same business day;
- g. The county reserves the right to accept or reject any or all bids for any reason and waive any technicalities in a bid that is in the best interests of the county.
- h. The county shall enter into an agreement with the managing bank to manage the county’s funds.

10. Performance Standards and Reporting

- a. The committee may establish a performance benchmark for the expected return on county’s investments. Such benchmark may consist of the average return on the three-month U.S. Treasury bills, the state investment pool, or the average Federal Funds rate.
 - i. These indices are considered benchmarks for lower risk investments and shall comprise a minimum standard for the county’s investment portfolio rate of return.
- b. The county’s investment program shall seek to augment returns above this minimum threshold consistent with risk limitations as identified in this policy.
- c. Investment officer shall prepare and present an investment report to the committee at least quarterly, including the current investment inventory with the type of investment, purchase date, maturity date, interest rate, interest yield rate, term held, and principal amount. The report shall include the quarter’s total investment return and compare the return with budgetary expectations and historical returns.

11. Attachments

- a. Attachment A – List of Participating Banks
- b. Attachment B – Participating Bank Bid Form

Revision History		
Adoption/Revision Date	Overview of Adoption/Revision	Adoption/Revision Reference
	New policy; historically, Clark County’s investment process has been included as part of the county’s agreement with the managing bank	

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Attachment A

List of Participating Banks

1. Citizens State Bank of Loyal
2. Advantage Community Bank
3. Forward Financial Bank
4. BMO Harris Bank
5. Nicolet National Bank
6. Northwestern Bank
7. Associated Bank
8. Pioneer Bank
9. Unity Bank
10. AbbyBank
11. Partners Bank
12. Time Federal Savings Bank

Attachment B
Participating Bank Bid Form

Name of Bank: _____

Bank Location: _____

Maximum Bid Amount (increments of \$500,000): _____

Interest Rate: _____.____ above the 182 day U.S. Treasury discount rate plus 0 basis points

By signing and submitting this bid, the bank hereby agrees and certifies to the following:

1. The individual signor below is authorized to bind the bank to the terms of this bid.
2. The bank is authorized to submit such bid and enter into agreements to effectuate the county's investments as evidenced by attached authorizing resolution.
3. The bid shall be effective for a period of six (6) months.
4. The bank agrees to enter into a repurchasing agreement with the county and/or managing bank if the bid is awarded.
5. The bank meets and will maintain all of the following during the term of the investment period: maintains a minimum of 8% tier one capital assets ratio; is FDIC insured and in good standing with all banking regulators; and has funds secured by a surety bond with surety company rated "A" or higher.
6. The bank will not assess any fees (ie transfer or withdrawal fees) to the county or managing bank.
7. The bid amount does not exceed 100% of the bank's tier one equity capital.
8. The bank has no authority to transfer or invest county funds unless authorized.
9. The county cannot guarantee the investment of funds at any given amount or time.

Clark County reserves the right to accept or reject any or all bids for any reason and waive any technicalities in a bid that is in the best interests of the county.

Signature: _____ **Date:** _____

Name: _____ **Title:** _____

Submitted bids shall be sealed in an envelope and marked "Sealed Bid for Investment of County Funds" and delivered to Clark County Treasurer, 517 Court Street, Room 302, Neillsville, WI 54456 by the due date. A separate bid form must be submitted for each bid type.

Contact the County Treasurer with any questions at 715-743-5156.