

# INVESTMENT POLICY

## 1. PURPOSE

It is the policy of the Allen Park Housing Commission to invest its funds in a manner that will provide the highest investment return with the maximum security, while meeting the daily cash flow needs of the Allen Park Housing Commission and complying with all state statutes governing the investment of public funds.

## 2. SCOPE

This investment policy applies to all financial assets of Allen Park Housing Commission. These assets are accounted for in the various funds of the Allen Park Housing Commission 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 fund establish by the Allen Park Housing Commission.

## 3. INVESTMENT OBJECTIVES

In priority order, the primary objectives of the Allen Park Housing Commission investment activities shall be:

***SAFETY:*** Safety is achieved through adherence to the list of permitted investment which are backed by the full faith and credit of, or a guarantee of the principal and interest by, the U.S. Government, a Government agency or issued by the Government-sponsored agency, coupled with an appropriate maturity date.

***YIELD:*** The Allen Park Housing Commission should strive to achieve the highest yield consistent with the other factors of the investment policy. Tax-exempt securities are not appropriate for investment by the Public Housing Authority because it would not benefit from the tax advantage.

***LIQUIDITY:*** All investments must be capable of being liquidated on one day's notice. Therefore, no investments may be made which impose a longer notice period for redemption or which are not readily marketable.

***MATURITY:*** Investments should be scheduled to mature when the funds are needed. Sale of securities prior to maturity should be avoided due to the inherent risk. Investments shall be limited to securities maturing in periods of up to one year, or such lesser period that coincides with expected disbursements by the Public Housing Authority, but not beyond the current financing cycle. The maximum time a Public Housing Authority may invest securities is three (3) years for the investment of operating reserves.

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## 4. COLLATERALIZATION OF DEPOSITS

The Allen Park Housing Commission shall require all depositories to continuously and fully (100%) secure all deposits whether regular, savings, or time that are in excess of \$100,000 insured amount. This may be accomplished by the pledging or setting aside collateral of identifiable U.S. Government securities as prescribed by HUD in the following:

- a) U.S Treasury Bills;
- b) U.S. Treasury Notes & Bonds;
- c) Obligations of Federal Government Agencies;
- d) Securities of Government Sponsored Agencies;
- e) Insured Money Market Deposit Accounts;
- f) Municipal Depository Fund;
- g) Super NOW Accounts;
- h) Certificates of Deposit;
- i) Repurchase Agreements;
- j) Sweep Accounts;
- k) Separate Trading of Registered Interest & Principal of Securities (STRIPS); and
- l) Mutual Funds that meet the HUD criteria.

## 5. DELEGATION OF AUTHORITY TO MAKE INVESTMENTS

Management responsibility is hereby delegated to the Executive Director, who shall establish written procedures and internal controls for operating the investment program consistent with the investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts.

*The Allen Park Housing Commission is limited to investments authorized by PA 20 of 1942, as amended.*

*Note: All Deposits must be covered by a General Depository Agreement executed with each financial institution, (HUD form 51999).*