



BALDWIN COUNTY COMMISSION

POLICY #8.21	
Subject	Banking and Investment Policy
Date Adopted	March 15, 2016 April 1, 2025
Agenda Item	BG5TBD
Obsolete Versions	N/A March 15, 2016

POLICY STATEMENT

Policy Statement This policy is adopted ~~by the County Commission to direct~~ guide the financial ~~affairs~~ management of the ~~Baldwin County~~.

~~This policy Commission, encompassing both the investment of public funds and the oversight of banking practices. It applies to all funds or financial resources which are vested under the responsibility of the Baldwin County Commission ONLY. These policies do not govern funds that are. Funds managed independently or not under separate County entities and those not under the privy of the Baldwin County Commission Commission's purview are exempt from these policies.~~

BANKING POLICIES

~~It is the policy of the Baldwin County Commission to appoint depositories for the safekeeping of public funds under its discretion and control.~~

Banking Policies

Designation of Depositories

Financial ~~Institutions which are a~~ "institutions that qualify as "Qualified Public ~~Depository~~" ~~Depositories~~" (QPD) ~~in~~ under the Security for Alabama Funds Enhancement (SAFE) Program, as defined in Title 41, Chapter 14A, Code of Alabama 1975, and have a physical ~~presences~~ presence in Baldwin County, are designated as eligible depositories for funds under the discretion and control of the ~~Baldwin County~~ Commission.

Banking Services

Banking services ~~covers~~ include the essential day-to-day services ~~that the County~~ requires required to conduct financial operations. ~~This includes but not limited to: bank accounts, such as:~~

- Accounts for deposits and withdrawals, ~~sweep~~

- Sweep accounts, ~~on-line~~
- Online banking, ~~direct~~
- Direct deposit for payroll,
- Provision of timely bank statements, ~~local accessibility to institution, etc.~~

Banking services will be ~~re-~~evaluated periodically, at least once every three years. ~~The~~This evaluation will ~~consider physical accessibility to all locations, capabilities to provide services that reduces County staff time on banking related tasks, consider institutions focus on the institution's ability and willingness to reduce administrative overhead, resolve problems, in addition to the rate of issues promptly, and offer competitive interest on accounts rates and service fees for services (if any applicable).~~

Banking ~~Services~~services do not include ~~funds available for the investment and of funds or short- or long-term borrowing.~~

Investment Policies

Objectives

Certificates of Deposit

~~Certificate of Deposits (CD) are purchased with funds available for investment and will be RFP on an ongoing basis among financial institutions that are a QPD in the Safe Program and make a written request to participate in the quoting process.~~

INVESTMENT POLICIES

~~It is the policy of the Baldwin County Commission to invest public funds in a manner which will obtain a maximum rate of return while meeting the cash flow demands of expenditures approved through the budgetary process. Also, this policy is intended to ensure adherence to all State and local statutes governing the investment of funds. This policy sets forth the investment program for the Baldwin County Commission and the guidelines to be followed in achieving its objective.~~

Designation of The Commission's investment policy focuses on three key objectives:

1. Protection of Principal: Ensuring funds are invested securely in compliance with state and local laws.
2. Proper Cash Flow: Managing liquidity based on cash needs, with provisions for early liquidation if necessary.

3. Optimal Returns: Maximizing yield within the constraints of safety and liquidity requirements.

Investment Management and Procedures

The ~~authority to manage~~ County Clerk/Treasurer is authorized and responsible for managing the investment program ~~is as~~ derived from ~~State statute~~ state statutes, local law, and these policies. The Clerk/Treasurer oversees daily investment policies. Management responsibility for the operations, assigns staff as needed, and establishes an annual investment program strategy based on the County's financial position and fiscal plan. This strategy is hereby delegated to the County Clerk/Treasurer reviewed monthly to ensure adjustments for changing cash flow needs or market conditions.

Ethics and Conflict of Interest

The County Clerk/Treasurer and other County employees that may be Staff involved in the investment function shall refrain from personal activity that could conflict with the proper management of the investment program, or that could impair their ability to make impartial investment decisions. The County Clerk/Treasurer or other County employees involved in the investment program shall process must disclose to the County Commission any material financial interest interests in financial relevant institutions that conduct business with the County and shall further disclose any large personal investment positions that could be related to the performance of Baldwin County. The County Clerk/Treasurer and any other employee of the county that is involved in the decision process of the investment program and shall comply with the Code of Alabama, 1975, Title 36, Chapter 25. All individuals involved in the decision-making process shall file a Statement of Economic Interest with The Alabama Ethics Commission.

Objectives

The objectives of the Baldwin County Commission's investment policy are as follows: protection of the principal, proper cash flow, and optimal rate of return on investment vehicles. The County's Investment Portfolio shall be maintained, keeping all three of these objectives in

~~mind. All investment purchase decisions shall take into considerations these three objectives in each and every decision.~~

~~1.—The Protection of Principal shall be the top objective in the County's investment program. Protection of principal shall be controlled by investing in those investments that are only authorized by State and local law, which constitute some of the safest type of securities available in the market place. Most importantly, market risk on principal due to maturity dates and interest rates must be the primary focus in determining the investment portfolio diversification.~~

~~2.—Proper Cash Flow shall be based upon the cash needs as projected through cash management analysis and monitoring. An investment may be liquidated prior to maturity to meet unanticipated cash needs and to re-deploy resources into other investment vehicles expected to outperform the current holdings.~~

~~3.—Optimal Returns on investments is the third objective once principal safeguards and projected cash needs are established. The investment portfolio shall contain those investments only authorized by State and local law. Such authorized investments shall be purchased with the highest yield available within the constraints outlined in Objective 1 and 2 outlined above.~~

Investment Strategies

~~The Baldwin County Commission generally invests funds with the intent to hold to maturity. Investment portfolios shall consist of investments that are based on State and local law and are consistent with the objectives outlined above. Funds designated for immediate expenditure shall be passively invested to allow for liquidity in order to pay for upcoming obligations. Funds that are available for obligations that are not immediate should be invested on a structured laddered basis dependent on market conditions. The County's investment program shall utilize investment strategies based upon the unique characteristics of certain fund types and individual funds (i.e. operational, special, capital, debt)~~

Due Professional Care

~~Investments shall be made with professional judgment and due care that would be exhibited by a person of prudence, discretion and intelligence under the same prevailing circumstances. Investment portfolios should be based upon income production and not speculation.~~

~~The investment portfolio will be structured primarily for holding investments to maturity, with provisions for liquidity where immediate expenditures are anticipated. The program will utilize strategies tailored to the nature of specific funds, whether operational, special, or capital.~~

Certificates of Deposit (CDs)

CDs are purchased with funds available for investment and are subject to an RFP (Request for Proposal) process. This process involves qualified public depositories under the SAFE Program that have expressed interest in participating. CDs must specifically comply with Alabama Code § 41-14A-3.

Authorized Investments

~~The Baldwin County Commission's authority~~All investments must adhere to invest County funds is granted under the authorized instruments as outlined by the Code of Alabama, 1975,.
Specifically, this includes compliance with Title 11, Chapter 81, Section 19, and Title 11, Chapter 81, Section 21, which provide the legal framework for municipal investments in the state.

Additionally, investments must comply with the stipulations of Alabama Code § 41-14-30, which governs the deposit and investment of public funds in qualified public depositories. This includes the use of the Certificate of Deposit Account Registry Service (CDARS).

Maximum Maturities

No investment shall ~~be purchased with exceed a~~ maturity ~~greater than of~~ three ~~(3)~~ years without ~~direct~~ prior approval ~~offrom~~ the ~~Baldwin County~~ Commission.

PROCEDURAL REQUIREMENT

~~The County Clerk/Treasurer is responsible for overseeing the daily operations in relation to the management of the County's investment portfolio. The County Clerk/Treasurer may assign staff members to assist in managing the overall program. After the passage of each annual fiscal year budget, the County Clerk/Treasurer will establish an overall annual investment strategy based upon the County's current financial position and the established fiscal plan for the upcoming year. The County Clerk/Treasurer, on a monthly basis, will review the status of the investment program and its portfolio and determine whether changes are required in its overall annual plan due unanticipated changes in immediate or near future cash needs.~~

FORMS/ATTACHMENTS/EXHIBITS

Forms/Attachments/Exhibits

N/A