ANNE ARUNDEL COUNTY
MARYLAND

Office of the County Executive
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ANNE ARUNDEL COUNTY GOVERNMENT RELATIONS OFFICE

Legislative and Fiscal Summary of Administration Legislation

To: Members, Anne Arundel County Council

From: Ethan Hunt, Director of Government Affairs /s/

Date: July 6, 2026

Subject: Resolution No. 20-26 – RESOLUTION approving a revised Self Insurance Fund Investment Policy for Anne Arundel County, Maryland

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This summary was prepared by the Anne Arundel County Government Relations Office for use by members of the Anne Arundel County Council during consideration of Resolution No. 20-26.

Summary

This Resolution, introduced at the request of the Administration on behalf of the Office of Finance, adopts the revised Self Insurance Fund Investment Policy ("Policy") for Anne Arundel County. Anne Arundel County Code §3-21-110 provides that the Controller is responsible for the fiscal management of the County's Self-Insurance Fund and that investment of Self-Insurance Fund reserve shall be governed by an investment policy approved by Resolution of the County Council.

The County Council approved the Self-Insurance Fund Investment Policy dated July 1, 2014 via Resolution No. 31-14. The Controller has prepared a revised Self-Insurance Fund Investment Policy, to supersede and replace the Self-Insurance Fund Policy dated July 1, 2014.

The Policy provides that it is the policy of the County to invest Self Insurance Fund reserves (the "Fund") in a manner which will provide the highest investment return with the maximum safety, while meeting actuarial funding goals and conforming to all state and local statutes governing the investments. The Policy applies to all funds held by or for the benefit of the Fund. The Policy follows the "prudent person" rule, which states, "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."

The primary objectives, in priority order, of the activities for the Fund shall be sufficient

Note: This Legislative and Fiscal Summary provides a synopsis of the legislation as introduced. It does not address subsequent amendments to the legislation.

liquidity to enable the County to meet all operating obligations of the Fund and provide a reasonable reserve to meet cash needs, and to meet actuarial funding goals throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Liquidity needs will not be compromised in order to earn higher rates of return on investments. Competitive purchasing practices will be used except when impractical. The Policy authorizes the Controller to invest, redeem, sell, exchange or reinvest all unexpended or surplus monies in any fund or account which they have custody, consistent with Md. Code Ann. Local Govt. Art. §17-101 and Anne Arundel County Charter §513. The Policy provides that written procedures shall be established for operation of the County's investment programs, delineates what those procedures should entail, and requires they include explicit delegation of authority to persons responsible for investment transactions. The Policy requires that officers and employees involved in the investment process refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. The Policy provides that the Controller or their designee maintain a list of financial institutions authorized to provide investment services. In addition, a list shall also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services to the County for this Fund. The Policy states that the County is empowered to invest the Fund's assets in the following types of securities:

1. U.S. Government Treasury Securities;
2. U.S. Government Agency & Instrumentalities Securities;
3. Repurchase Agreements ("Repo");
4. Money Market Mutual Funds;
5. Maryland Local Government Investment Pool ("MLGIP") (§§ 17-301, et seq. of the Local Government Article of the State Code);
6. Supranational Sovereign Issues;
7. Commercial Paper;
8. Domestic Corporate Bonds;
9. Mutual Funds;
10. Exchange Traded Funds;
11. Tax Exempt and Taxable Municipal Securities;
12. Mortgage-Backed Securities;
13. Asset Backed Securities;
14. Foreign Sovereign Debt;
15. Certificates of Deposit ("CD"); and
16. Any other investment vehicles allowed by §6-222 of the State Finance and Procurement Article of the State Code.

The Policy provides that the County is prohibited from borrowing funds for the express purpose of investing those funds. It requires the County diversify its investments by security type and institution to ensure reduction of overall portfolio risk. The Policy provides that the Self-Insurance Funds can be invested with maturities up to 5 years. It also provides that collateralization will be required on two types of investments: certificates of deposit and repurchase agreements ("repo") and sets the collateral level. The Policy provides that acceptable forms of collateral are Direct Federal Obligations; Direct Federal Agency and Instrumentality Obligations -Fixed Rate MortgageBacked Securities; and letters of credit issued by the Federal

Home Loan Bank if the letter of credit meets the conditions under the guidelines issued by the State Treasurer's office. It also provides that collateral will always be held by an independent third party in an account at the Federal Reserve. Additionally, a monthly statement will be provided by the custodial agent listing the collateral and its market value. The Policy provides that all security transactions entered into by the County shall be conducted on a delivery-versus-payment (DVP) basis and that securities will be held by a third-party custodian designated by the Controller. The Policy requires the Controller establish a system of internal controls designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and investment officers of the County and that a review of the internal controls of the investment operation be part of the annual financial audit. The Policy provides that the investment portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates and that the Controller present investment reports to the Self Insurance Committee no less than quarterly. Finally, the Policy shall be reviewed annually by the Controller and any modifications must be approved by the County Council.

Purpose

The purpose of this resolution is to adopt the revised Self Insurance Fund Investment Policy for Anne Arundel County.

Fiscal Impact

Please see the Fiscal Note prepared by the Budget Office for an explanation of the fiscal impacts of this resolution.

Additional Information

The Government Relations Office is available to answer any additional questions regarding this Resolution. Specific questions should be directed to Beth Zimmerman, Office of Finance, or Lori Blair Klasmeier, Office of Law. Thank you.

cc: Honorable Steuart Pittman, County Executive
Christine Anderson, Chief Administrative Officer
Jenny Proebstle, Chief of Staff
Gregory Swain, County Attorney
Chris Trumbauer, Budget Officer
Billie Penley, Controller