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. 21-26 – RESOLUTION approving adoption of the revised 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. 21-26.

Summary

This Resolution, introduced at the request of the Administration on behalf of the Office of Finance, adopts the updated Investment Policy to align with the State of Maryland's Investment Policy for Local Governments. Legislation is necessary as Md. Code Ann. Loc. Govt. Art. §17-205 requires that the governing body of each local government adopt by resolution a local investment policy that meets certain requirements of State law, and Anne Arundel County Charter §1014 provides that whenever state or law confers a duty on the County by language that refers to "the local governing body", any action required of the County shall be taken by the County Executive and then referred to the County Council for confirmation.

The County Council approved the adoption of the Investment Policy for Anne Arundel County dated January 25, 1996 with Resolution No. 3-96, and adopted revised versions via Resolutions No. 21-97, 38-00, and 26-14. The Controller has recommended, and the County Executive has approved and adopted a revised version of the County's Investment Policy, which is dated June 23, 2026. Anne Arundel County has received approval from the State of Maryland Treasurer's Office on the updated policy, which will be implemented by the Investment Manager in the daily cash reconciliation and investments held by Anne Arundel County. Updating this policy ensures transparency of tax payer dollars.

The policy states that it is the County's policy to invest public money in a manner which will provide the highest investment return with the maximum safety while meeting the daily cash flow requirements of the County and conforming to all State and local statutes governing the investment of public funds. The policy applies to all money held by or for the benefit of the local jurisdiction excluding pension and deferred compensation assets when held by a third party custodian and/or money manager (trustee), self-insurance and solid waste assurance funds if the Council has approved an investment policy for those funds, and other post-employment benefit funds if the County Council has approved a specific investment policy for those funds. The primary objectives, in priority order, of the County's investment activities shall be protecting the safety of the principal to ensure preservation of capital in the overall portfolio, maintaining sufficient liquidity to enable the County to meet all operating obligations and provide a reasonable reserve of cash or cash equivalents to meet cash needs, and attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. The policy delegates authority to the Controller, pursuant to Md. Code Ann. §17-101 and Anne Arundel County Charter §513, authorizing them to invest, redeem, sell, exchange or reinvest all unexpended or surplus moneys in any fund or account which the Controller has custody. The Policy further provides that written procedures shall be established for operation of the County's investment programs and shall include:

- explicit delegation of authority to persons responsible for investment transactions;
- reference to PSA (Public Securities Association) repurchase agreements, wire transfer agreements, collateral/depository agreements, banking service agreements, and custodial agreements;
- specific exposure limits for security types; ratings sources and requirements; and maturity requirements; and
- provide that the Controller shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Policy further provides that investments of County funds by the Anne Arundel County Board of Education, the Public Library Association of Annapolis and Anne Arundel County, and other entities must comply with this investment policy. Officers and employees involved in the investment process shall 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, and shall disclose to the Controller any material financial interests in financial institutions that conduct business within the County, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the County's portfolio. In addition, the policy requires the Controller or their designee maintain a list of financial institutions authorized to provide investment services as well as a list of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services to the County. The Policy provides that the County is authorized by state law to invest in the following types of securities:

1. U.S. Government Treasury Securities (direct federal obligations);
2. U.S. Government Agency Securities;
3. U.S. Government Instrumentalities (federal agency obligations);
4. Repurchase Agreements (with signed Master PSA Repurchase Agreement);
5. Certificates of Deposit;
6. Maryland Local Government Investment Pool (§§ 17-301, et seq. of the Local Government Article of the State Code);
7. Money Market Mutual Funds;
8. Commercial Paper;

9. Any other investment vehicles allowed by State Finance and Procurement Article Section 6-222.

The Policy further provides that County is also empowered by statute to invest bond proceeds, based on the advice of contracted legal counsel and financial advisor in bonds, notes or other obligations issued by or on behalf of this or any other state or any agency, department, county, municipal or public corporation, special district, authority, or political subdivision thereof, or in any fund or trust that invests only in securities of the type described. It additionally provides that the Anne Arundel County Board of Education, the Public Library Association of Annapolis, and other entities shall be limited to investments of County funds in Certificates of Deposits, Investment Sweeps; Maryland Local Government Investment Pool (§§ 17-301, et seq. of the Local Government Article of the State Code); and Money Market Mutual Funds with an AAA rating. The Policy prohibits the County from borrowing funds for the express purpose of investing those funds. The Policy states that the County will diversify its investments by security type and institution to ensure reduction of overall portfolio risk and to the extent possible will attempt to match its investments with anticipated cash flow requirements. The Policy requires that collateralization will be required on two types of investments: certificates of deposit and repurchase agreements ("repo") and sets the collateral level and guidelines. Acceptable collateral includes Direct Federal Obligations; Direct Federal Agency and Instrumentality Obligations -Fixed Rate Mortgage Backed 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. The Policy states that all security transactions entered into by the County shall be conducted on a delivery-versus-payment ("DVP") basis and 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 money 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. Finally, it provides that the portfolio should obtain a market average rate of return during a market/economic environment of stable interest rate, that the Investment Analyst shall provide the Controller reports at least quarterly, and that 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 an updated Investment Policy to align with the State of Maryland's Investment Policy for Local Governments. The County's Investment Policy was last updated in 2014.

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