



Financial Services Audit Committee Communication

Date: October 25, 2024
To: Great Lakes Water Authority Audit Committee
From: Gerri Williams, Treasury Manager
Re: Qualified Financial Institution Review

Background: One of the ways that a public entity manages risk is to actively monitor and evaluate each financial institution and broker/dealer for credit worthiness with whom it may conduct business for managing public funds. This approach is in alignment with the Great Lakes Water Authority (GLWA) Investment Policy and Michigan Public Act 20. As stated in section 9 of the GLWA Investment Policy, the Treasury Manager shall maintain a listing of Qualified Institutions that provide banking and investment services to GLWA. This list shall be reviewed and approved periodically by the GLWA Audit Committee.

Analysis: GLWA has maintained consistent relationships with the institutions listed on the Qualified list since 2016. The Treasury Manager conducts a quarterly review of each institution. The latest review was conducted based on information as of June 30, 2024.

For Broker/Dealers, the following documents were reviewed:

- Audited financial statements
- Financial Industry Regulatory Authority (FINRA) registration
- Federal Deposit Insurance Corporation (FDIC) insurance coverage
- Bank ratings service provider reports

For Financial Institutions, the following documents were reviewed:

- Audited financial statements
- FDIC insurance coverage
- Bank ratings service provider reports

For the Local Government Investment Pools, the following documents were reviewed:

- Information Statement which explains the investment objectives of the investment pool
- Audited financial statements for investment pool
- Audited financial statements for investment advisor
- Credit rating

PFM Asset Management LLC (PFM) a division of U.S. Bancorp LLC., the Investment Advisor for GLWA, annually provides a list of their approved broker/dealers. PFM evaluated this list for credit

worthiness. Reliance on the investment advisor's analysis of qualified institutions is provided for in the GLWA investment policy.

Based upon the analysis described above, the financial institutions utilized by the GLWA meet the criteria established by the GLWA investment policy. Given the proprietary nature of the resources utilized, the supporting analysis is filed with the Office of the General Counsel.

Proposed Action: Receive and file this report.