

ORDINANCE NO. 99-00-5

ORDINANCE ADOPTING AN INVESTMENT OF FUNDS POLICY

WHEREAS, the General Assembly of the State of Illinois has adopted, and the Governor has signed into law, Public Act 90-688, effective as of July 31, 1998, and

WHEREAS, the Public Act requires that all Units of Local Government in the State of Illinois, including the Crete Park District, adopt and implement an investment of funds policy which complies with the provisions of said Act; and

WHEREAS, it is in the best interest of the residents of the Park District that such an investment policy be adopted.

NOW, THEREFORE, be it and it is hereby ordained by the Board of Park Commissioners of the Crete Park District, Will County, Illinois, as follows:

Section 1. The Investment Policy for the Crete Park District which is attached hereto is hereby adopted.

Section 2. Any previously adopted investment policy which conflicts with this policy is hereby repealed.

Section 3. This ordinance shall be in force as of the date of its adoption, and the Investment Policy shall take effect on January 1, 2000.

ADOPTED THIS 15th DAY OF DECEMBER, 1999

APPROVED:

Terry Lorenz
PRESIDENT

ATTEST:

Theresa Hale
SECRETARY

AYES VOTE:

4

NAYS VOTE:

0

ABSENT VOTE:

1

INVESTMENT POLICY FOR CRETE PARK DISTRICT

General Objectives:

The primary objectives of investment activities, in priority order, shall be safety, liquidity, and yield.

Safety of Principal:

The safety of principal is the foremost objective of the Park District's Investment Policy. All investments shall be undertaken in a manner that seeks to insure the preservation of the principal. To achieve this objective, the Park District shall invest primarily in institutions designated as Federally Insured, Licensed Institutions Permitted to Hold Public Funds. Additionally, diversification is required to insure that all investments in such institutions remain fully insured by the FDIC or secured by adequate collateral. The Chief Investment Officer shall seek to achieve diversification in the portfolio by reasonably distributing investments within authorized investment categories among financial institutions approved by the Board of Park Commissioners.

Liquidity of Funds:

The investment portfolio shall remain sufficiently liquid to enable the Park District to meet all of its reasonably anticipated operating requirements, thereby avoiding the need to sell securities on the open market or redeeming time deposits prior to maturity.

Return on Investment (Yield):

The investment portfolio shall be designed to obtain the highest available return, consistent with the principles of Safety of Principal, Liquidity of Funds, and other investment risk constraints, as set forth in this Investment Policy.

Authorized Investments:

The Park District shall deposit its funds only in:

(1) bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;

(2) bonds notes, debentures, or other similar obligations of the United States of America or its agencies;

(3) interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any financial institution as defined by the Illinois Banking Act (201 ILCS 5/1 et seq.), provided such a bank is FDIC insured;

(4) short term obligations of corporations (commercial paper) organized in the United States with assets exceeding \$500 million if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature no later than 180 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations;

(5) money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in paragraph (1) or (2) of this subsection and to the agreements to repurchase such obligations;

(6) an Illinois Public Treasurer's Investment Pool created and administered by the State Treasurer of Illinois; and

(7) other securities, as authorized by the Illinois Public Funds Investment Act (30 ILCS 235/1 et seq.), provided, however, that the Chief Investment Officer determines, in writing, that such investments are consistent with the Park District's investment risk constraints, as set forth in this Investment Policy.

Prudent Person Rule:

All 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, and shall be applied in the context of managing the entire portfolio. All deviations from expectations shall be reported in a timely fashion and appropriate actions shall be taken to control adverse developments.

Investment Guidelines:

It shall be the policy of the Park District to:

- (1) Maintain 100% of available funds in income-generating instruments whenever feasible.
- (2) Place such investments through local financial institutions whenever comparable opportunities arise.

Diversification of Funds:

It is the policy of the District to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities. Concentration in short term corporation obligations will not exceed 50% of the limit contained in Illinois law. Diversification strategies shall be determined and revised periodically by the Chief Investment Officer and approved by the Treasurer.

Collateral Requirements:

- (1) It is the policy of the District to require that funds on deposit in excess of FDIC insurable limits be secured by some form of collateral to protect public deposits in a single financial institution if it were to default due to poor management or economic factors.
- (2) Eligible collateral instruments are as follows:
 - a. U.S. Government Securities
 - b. Obligations of Federal Agencies
 - c. Obligations of Federal Instrumentalities
 - d. Obligations of the State of Illinois
 - e. General Obligation Bonds of the District
 - f. General Obligation Municipal Bonds rated "A1" or better
 - g. Any other collateral identified in Illinois law as acceptable for use
- (3) The District reserves the right to accept or reject any individual security including those of a type named above.
- (4) The amount of collateral provided will not be less than 105% of the fair market value of the net amount of public funds secured.
- (5) Pledged security shall be held in safekeeping by an independent third party custodian (depository) or by the Federal Reserve Bank of Chicago.
- (6) The Chief Investment Officer shall monitor the adequacy of collateralization monthly, and shall require monthly reports with market values of pledged securities from all applicable financial institutions.

Internal Controls:

The Chief Investment Officer shall be responsible for establishing and maintaining a system of internal controls as set forth below. Such a system shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment personnel of the Park District. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require judgements by management.

The internal controls shall include the following minimum requirements:

- (1) The Park District Accounting Supervisor shall reconcile all investment activity through the general ledger monthly;
- (2) Outside auditors shall confirm the ending balance of all investments each year;
- (3) The Director shall be notified of all investments; and
- (4) The Treasurer of the Board of Park Commissioners shall receive a quarterly report of all investments, which reports shall contain the following:
 - a. full description of each holding, including the institution, principal amount, interest rate, and purchase and maturity dates of each security;
 - b. any deviations from the standards established in this Investment Policy; and
 - c. the total amount of funds invested, including the checking account balances; as of the report date.

Chief Investment Officer:

The Chief Investment Officer for the Park District for each fiscal year shall be the Treasurer of the Park District.

Periodic Review:

The Chief Investment Officer shall, at reasonable intervals, perform periodic review of the investment portfolio, its effectiveness in meeting the Park District's needs for safety, liquidity, rate of return, and diversification, and its general performance.

Quarterly Reports:

The Chief Investment Officer shall produce quarterly written reports of investment activities and distribute these reports to the governing body of the Park District, and its Chief Executive Officer. The report shall include information as provided by the foregoing Section "Internal Controls".

Selection of Investment Advisors:

The Chief Investment Officer is authorized to consult with investment advisors representing institutions permitted to hold public funds. No investment advisors shall be retained for compensation without approval of the Board of Park Commissioners.

Ethics and Conflicts of Interest:

All board members, staff, and employees in policy making positions shall refrain from personal business activity that may conflict with proper execution of the investment program, or which could in any way impair their ability to make impartial investment decisions. Such individuals shall disclose to the Chief Executive Officer of the Park District any financial interests in financial institutions that are used by the Park District. They shall further disclose any personal investments that are in any way related to the proposed investments of the Park District. They shall strive to avoid even the appearance of impropriety.