

RESOLUTION ADOPTING  
INVESTMENT POLICY  
RESOLUTION NO. 99-12

WHEREAS:

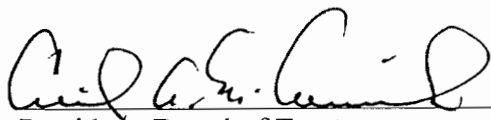
- A. The Village of Tolono Board of Trustees is charged with enacting policies and laws providing for tax revenues, investment of revenues, and the provision of services in the Village of Tolono, hereinafter "Village"; and
- B. Pursuant to Senate Bill 155/Public Act 90-688 the Village is required to adopt a written investment policy; and
- C. The Village, after consideration of all matters pursuant to a duly held public meeting, has determined that the attached investment policy is appropriate and necessary for the Village.

NOW THEREFORE, BE IT HEREBY RESOLVED that the attached document entitled "Village of Tolono Investment Policy" bearing the same date as this resolution is hereby adopted by the Village of Tolono Board of Trustees as the official investment policy of the Village consistent with Senate Bill 155/Public Act 90-688 and/or other applicable law.

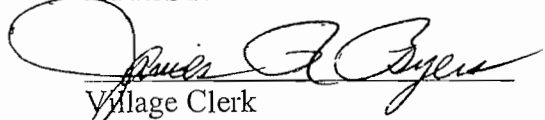
**PASSED, APPROVED, ADOPTED AND OTHERWISE RESOLVED** by the President of said Board of Trustees said 16<sup>th</sup> day of November, 1999 and effective this date.

**RECORDED** by the Village Clerk this 16<sup>th</sup> day of NOVEMBER, 1999.

APPROVED:

  
\_\_\_\_\_  
President, Board of Trustees

ATTEST:

  
\_\_\_\_\_  
Village Clerk

Effective this date and published in pamphlet form in accordance with Illinois Law.

## VILLAGE OF TOLONO INVESTMENT POLICY

### 1.01 Policy

It is the policy of the Village of Tolono hereinafter "Village" to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

### 1.02 Scope

This policy includes all funds governed by the Board of Trustees.

### 1.03 Prudence

Investments shall be made with judgement 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 standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.

### 1.04 Objective

The primary objective, in order of priority, shall be:

- Legality - conformance with federal, state and other legal requirements
- Safety - preservation of capital and protection of investment principal
- Liquidity - maintenance of sufficient liquidity to meet operating requirements
- Yield - attainment of market rates of return

The portfolio should be reviewed periodically as to its effectiveness in meeting the entity's needs for safety, liquidity, rate of return, diversification and its general performance.

### 1.05 Delegation of Authority

Management and administrative responsibility for the investment program is hereby delegated to the Treasurer who, under the delegation of the Board of Trustees, shall establish written procedures for the operation of the investment program.

### 1.06 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

### 1.07 Authorized Financial Dealers and Institutions

The Treasurer will maintain a list of financial institutions authorized to provide investment services.

In addition, a list will also be maintained of approved security brokers/dealers selected by credit worthiness.

### 1.08 Authorized and Suitable Investments

Investments may be made in any type of security allowed for in Illinois statutes regarding the investment of public funds.

Investments shall be made that reflect the cash flow needs of the fund type being invested.

### 1.09 Collateralization

Funds on deposit (checking accounts, certificates of deposit, etc.) in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent - third party institution in the name of the municipality.

### 1.10 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the Village shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by an independent third party custodian designated by the Treasurer and evidenced by safekeeping receipts and a written custodial agreement.

### 1.11 Diversification

The entity shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, and length of maturity.

### 1.12 Maximum Maturities

To the extent possible, the Village shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than 1 years from the date of purchase. Reserve funds may be invested in securities exceeding 2 years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

### 1.13 Internal Control

The Treasurer is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting
- Custodial safekeeping
- Written confirmation of telephone transactions for investments and wire transfers

### 1.14 Performance Standards

This investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a comparable rate of return during a market/economic environment of stable interest rates. Portfolio performance should be compared to benchmarks with similar maturity, liquidity and credit quality as the portfolio. The benchmark approved for these purposes by the Village shall be

U.S. Treasury Notes

1.15 Reporting

The Treasurer shall prepare an investment report at least monthly. The report should be provided to the Board of Trustees and available on request. The report should be in a format suitable for review by the general public. An annual report should also be provided to the Board.

1.16 Marking to Market

A statement of the market value of the portfolio shall be issued to the Board of Trustees quarterly.

1.17 Investment Policy Adoption

The investment policy shall be adopted by the Board of Trustees. The policy shall be reviewed on an annual basis by the Treasurer and any modifications made thereto must be approved by the Board of Trustees.

Adopted and effective by resolution this 16<sup>th</sup> day of NOVEMBER, 1999.