

**RESOLUTION NO. 2017-09-19**

**RESOLUTION APPROVING INVESTMENT POLICY FOR  
THE VILLAGE OF PECATONICA, ILLINOIS**

WHEREAS, subject to express limitations, municipalities are authorized to invest public funds; and

WHEREAS, the corporate authorities of the Village of Pecatonica have determined it prudent to adopt an investment policy (i) in furtherance of the continued safekeeping of public funds and (ii) to make sure those village officials charged with acting within the statutory investment limitations as prescribed by various provisions of the Illinois Compiled Statutes are given adequate direction to meet their fiduciary obligation; and

WHEREAS, that as a result the Village authorities have adopted a written Investment Policy, a true and accurate copy of which is attached hereto as Exhibit "A" and incorporated herein by reference, for the Village of Pecatonica which shall remain in full force and effect unless and until duly amended or repealed.

NOW, THEREFORE, BE IT RESOLVED by the Village President and the Board of Trustees of the Village of Pecatonica, Illinois, that the Investment Policy, a true and accurate copy of which is attached hereto as Exhibit "A", is incorporated herein by reference, and effective immediately shall serve as the Investment Policy of the Village of Pecatonica.

RESOLVED this \_\_\_\_\_ day of \_\_\_\_\_, 2017 by the Board of Trustees of the Village of Pecatonica at a regularly scheduled meeting of the Board of Trustees.

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2017 by the Village President of the Village of Pecatonica.

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

ABSTAIN/ABSENT: \_\_\_\_\_

APPROVED:

\_\_\_\_\_  
WILLIAM SMULL, VILLAGE PRESIDENT  
Village of Pecatonica, Illinois

ATTEST:

\_\_\_\_\_  
GWENN SHIRLEY, VILLAGE CLERK  
Village of Pecatonica, Illinois

# INVESTMENT POLICY

## Pecatonica, Illinois

### 1.01 Policy

It is the policy of the Village of Pecatonica, Illinois 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. Investment shall favor local institutions and community reinvestment to the extent allowed by the prudent person rule and shall be done in a manner most convenient to the Village of Pecatonica Treasurer or the designee(s) of the Board of Trustees.

### 1.02 Scope

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

### 1.3 Prudence

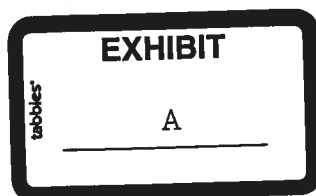
Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

The 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.

### 1.4 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.

1.5 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. When there is a vacancy in the office of Treasurer, management and administrative responsibility for the investment program shall be delegated to the person(s) designated by the Board of Trustees.

1.6 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.

1.7 Authorized Financial Dealers and Institutions

The Treasurer or the Board's designee 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 of Pecatonica, shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by an independent third party custodian designated by the Treasurer or the Board of Trustees 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 of Pecatonica shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village of Pecatonica will not directly invest in securities maturing more than five (5) years from the date of purchase.

Reserve funds may be invested in securities exceeding five (5) 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 or the Board's designee(s) 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. Benchmark shall be 30-day Treasury Bills.

1.15 Reporting

The Treasurer or the Board's designee shall prepare an investment report at least quarterly. 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 or the Board's designee and any modifications made thereto must be approved by the Board of Trustees by resolution.

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
WILLIAM SMULL, Village President  
Village of Pecatonica, Illinois

ATTEST:

\_\_\_\_\_  
GWEN SHIRLEY, Village Clerk  
Village of Pecatonica, Illinois