

ORDINANCE NO. 481

VILLAGE OF BELLEVUE, ILLINOIS

ORDINANCE ADOPTING INVESTMENT POLICY

WHEREAS, Public Act 90-688 has amended the Public Funds Investment Act (30 ILCS 235/1, et seq.) (the "Act") to require all municipalities to adopt a written investment policy prior to January 1, 2000; and

WHEREAS, the Village Board of Trustees has reviewed the investment policy attached hereto and made a part hereof (the "Policy") and has determined that the Policy reflects the objectives and procedures that the Village Board wishes to follow in the investment of public funds; and

WHEREAS, the Village Board wishes to adopt the Policy as the investment policy of the Village in compliance with Section 2.5 of the Act;

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF BELLEVUE, PEORIA COUNTY, ILLINOIS, AS FOLLOWS:

Section 1: Adoption of Policy. The Policy is hereby adopted as the investment policy of the Village in compliance with Section 2.5 of the Act.

Section 2: Compliance with Policy. The Treasurer and all other officials and employees of the Village shall follow the Policy in dealing with the investment of public funds under the control of the Village.

Section 3: Effective Date. This Ordinance shall be effective from the date of its passage and publication as provided by law.

PASSED AND APPROVED THIS 13th DAY OF December, 1999.

AYES: 6

NAYS: 0

ABSENT: 0

VILLAGE OF BELLEVUE, ILLINOIS

By: Ralph E. Wilson
Ralph E. Wilson, President

Attest: Carol S. Howard
Carol S. Howard, Clerk

INVESTMENT POLICY

1.01 Policy

It is the policy of the Village of Bellevue, 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 Village 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 objectives, 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 Village'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 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.

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 Village 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 (entity) will not directly invest in securities maturing more than three (3) years from the date of purchase. Reserve funds may be invested in securities exceeding three (3) 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. (Entity will have to insert their benchmark, i.e., 90 day T-bill, Illinois Funds, etc.)

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 of Trustees.

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.