

## RESOLUTION NO: R23-166-02

### A RESOLUTION ADOPTING AN INVESTMENT POLICY FOR VILLAGE OF TIMBERLANE

**Whereas**, on June 15<sup>th</sup>, 2023 a vote was held to establish the Village of Timberlane Investment Policy:  
and,

**Whereas**, a majority of the board of the Village of Timberlane voted in favor of the Investment Policy:  
and,

**Whereas**, a majority of the board of the Village of Timberlane agrees that it is prudent for any public unit to have an Investment Policy in place for the purpose of safeguarding funds, equitably distributing the investments, and maximizing income of the governmental unit. The following Investment Policy is hereby adopted by the Village of Timberlane in accordance with the provisions of the **Illinois Public Funds Investment Act (30 ILCS 235)** and shall be effective upon approval of the Board of Trustees.

#### 1.0 Policy

It is the policy of the Village of Timberlane 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 laws governing the investment of public funds. No investment of public funds shall be required which would cause any obligations to be “arbitrage bonds” within the meaning of *Section 148 of the Internal Revenue Code of 1986*.

#### 2.0 Scope

This policy applies to the investment activities of all funds under the jurisdiction of the Village of Timberlane. This Investment Policy will also apply to any new funds or temporary funds placed under the jurisdiction of the Village of Timberlane. Cash balances in funds may be consolidated to maximize investment earnings. Investment income will be allocated to the various funds based upon their respective participation and in accordance with generally accepted accounting principles. The Illinois State Statutes will take precedence *except where this Policy is more restrictive* wherein this Policy will take precedence.

#### 3.0 Prudence

The standard of prudence to be used shall be the “*prudent person*” standard and shall be applied in the context of managing an overall portfolio. 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.

In maintaining its investment portfolio, the Treasurer shall avoid any transactions that might impair public confidence in the Village of Timberlane.

Investments made in accordance with this Investment Policy shall relieve any individual of personal responsibility for a change in a securities credit risk or market price, provided that deviations from expectations are reported in a timely fashion and the liquidity and sale of securities are carried out in accordance with the terms of this Investment Policy.

The above standards are established as standards for professional responsibility and shall be applied in the context of managing the portfolio.

#### 4.0 Local Consideration

Investments in an institution having a physical location in the Village of Timberlane may be made at a rate which is not the highest in the market as such investments promote economic development in the Village of Timberlane.

#### 5.0 Objectives

The purpose of this Investment Policy is to establish cash management and investment guidelines for the stewardship of public funds under the jurisdiction of the Village of Timberlane. The primary objectives, in order of priority, of investment activities shall be *legality, safety, liquidity, and yield*.

- a) **Legality.** All investments must be allowed by the *Illinois Public Funds Investment Act (30 ILCS 235)* or other statute.
- b) **Safety.** All investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. The objective is to mitigate credit risk and interest rate risk. Diversification is required to eliminate the risk of loss resulting from concentration in a specific maturity, issuer, or class of securities. Interest rate risk is minimized by structuring investments so that securities mature to meet cash requirements for ongoing operations without selling or cashing in securities on the open market prior to maturity.
- c) **Liquidity.** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Since all possible cash demands cannot be anticipated, consideration should be given to investment in securities with active secondary or resale markets. A portion of the investment portfolio may be placed in money market and mutual funds or local government investment pools that offer same day liquidity for short-term funds.
- d) **Yield.** The investment portfolio shall be designed with the objective to attain a market average or better rate of return throughout budgetary and economic cycles, taking into account investment risk constraints, liquidity obligations and legal restriction on investment. *Return on investment* is of secondary importance compared to *Safety* and *Liquidity* of investments. The core of the investment portfolio is limited to relatively low risk securities.



## **6.0 Responsibility**

Management and administrative responsibility for the investment of funds is under the control of the Treasurer of the Village of Timberlane, who may establish further written procedures for the operation of investment activities consistent with this Investment Policy. Such procedures may include delegation of authority to persons responsible for investment transactions. The Treasurer shall be responsible for all transactions and shall establish a system of controls to regulate the activities of all subordinates who are directly involved in the assistance of investment activities.

## **7.0 Performance Standards**

The Treasurer should establish a periodic review of the investment portfolio to determine its effectiveness in meeting the needs for Safety, Liquidity, and rate of return, diversification and general performance.

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 investment portfolio, in times of stable interest rates, shall be measured against the interest rate paid on a money market account at the financial institution that is the largest depository.

The use of US Treasury bills, average Fed fund rate, *Illinois Funds, the program of Illinois Treasurer and other public funds investment pools* can be used to determine whether market average yield benchmarks are being achieved.

## **8.0 Ethics and Conflicts of Interests**

The Treasurer 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.* The Treasurer and investment officials *shall disclose* to the Board of Trustees any material financial interest in financial institutions that conduct business with the Village, and they *shall further disclose* any personal financial investment positions that could be related to the performance of the investment portfolio. *The Corrupt Practices Act of Illinois Compiled Statutes shall apply in the case of this policy.*

## **9.0 Investment Guidelines**

To assist in attaining the stated objectives (Section 5), the following guidelines shall be observed:

- (a) Investments shall be undertaken in a manner that seeks to insure preservation of capital in the overall portfolio. To avoid unreasonable risks diversification of investments is required.

- (b) The portfolio should remain sufficiently liquid to meet operating requirements that may be reasonably anticipated.

## **10.0 Authorized Investments**

The Village of Timberlane shall invest in instruments authorized under the Illinois Public Funds Investment Act 30 ILCS 235 and include:

- (a) Notes, bonds, certificates of indebtedness, treasury bills, or other securities that are guaranteed by the full faith and credit of the United States of America as to principal and interest:
- (b) Bonds, notes, debentures, or other similar obligations of agencies and instrumentality of the United States of America as originally issued by the agencies and instrumentality.
- (c) Interest bearing savings accounts, interest bearing certificates of deposit, or interest-bearing time deposits of a bank, savings bank, or credit union, or any other investment constituting direct obligations of any bank that is insured by the Federal Deposit Insurance Corporation of the National Credit Union Administration.
- (d) Money market mutual funds registered under the Investment Company Act of 1940 and rated at the highest classification of at least one nationally recognized rating service, provided that the portfolio is limited to obligations described in (a) and (b) above.
- (e) Interest bearing bonds of any county, township, municipality, municipal corporation, or school district rated at the time of purchase within the four highest general classifications of at least one nationally recognized rating service.
- (f) The Illinois Funds pool of the Illinois State Treasurer
- (g) The Illinois Public Reserves Investment Management Trust (iPrime) pool of PMA Financial Network
- (h) The Illinois Institutional Investors Trust (IIIT) pool of PFM Asset Management
- (i) The Illinois Metropolitan Investment Fund (IMET) Convenience Fund

## **11.0 Authorized Financial Dealers and Institutions**

The Village of Timberlane Board of Trustees will have the sole responsibility to select which financial Funds, banks, credit unions and other non-banks) institutions will be depositories for the Village of Timberlane. Any financial institution, upon meeting the requirements of the Illinois Compiled Statutes and of this Investment Policy, may request to become a depository for the Village of Timberlane funds. The Village of Timberlane will take into consideration security, size, location, financial condition, service, fees, competitiveness, and the community relations involvement of the financial institution when choosing depositories.

The Treasurer reserves the right to maintain a list of financial institutions approved by the Board of Trustees to provide investment services. In the future, a list shall be maintained of approved security brokers/dealers selected according to their creditworthiness, and their financial significance in Boone County, which shall be measured in terms of the location of the broker/dealer's corporate office, the number of full-time employees, the size of its payroll, or the extent that the broker/dealer has an economic presence in Boone County. The list may include



“primary” dealers or regional dealers who qualify under Securities and Exchange Commission Rules.

**12.0 Collateralization**

At all times in order to meet the objective of *Safety of Capital (Section 5.b)*, the Treasurer will require deposits in excess of the Federally insured amount to be collateralized to the extent of **One Hundred and Ten Percent (110%)** and evidenced by an approved written agreement.

**13.0 Internal Control**

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Village are protected from loss of funds arising from fraud, employee error, theft, misuse, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

**14.0 Periodic Review**

The Board of Trustees may periodically review this policy whenever necessary.

**15.0 Reporting**

The Treasurer shall report all investments within the treasurer’s report on a 30-day basis which shall be available to the Timberlane Board of Trustees no later than 60 days after the close of the applicable month. The report shall include information regarding securities in the portfolio by class or type, book value, income earned, and market value.

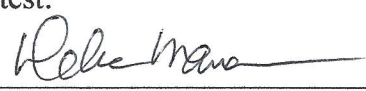
**BE IT FURTHER RESOLVED**, that this resolution shall be enforced under the provisions set forth by the State of Illinois. Passed and approved by the Village Board of Timberlane, Illinois, on this 15<sup>th</sup> day of June 2023.

Ayes 5

Nays 0

Absent 1

  
\_\_\_\_\_  
Stephen M. Rapp, President, Village of Timberlane

Attest:  
  
\_\_\_\_\_  
Debra Marner, Clerk, Village of Timberlane