

Village of McLean

Ordinance#

22-12-05

Amendments Relating to Investment of Village Funds

Adopted by the Village Board
Of the
Village of McLean

Published in pamphlet form by authority of the Village of McLean, McLean

County, Illinois this 8th day of December, 2022.

ORDINANCE NO. 22-12-05

AN ORDINANCE AMENDING THE VILLAGE OF MCLEAN MUNICIPAL CODE SAID MUNICIPAL CODE BEING ORDINANCE NO. 96-5-6A OF THE VILLAGE OF MCLEAN TO PROVIDE AMENDMENTS RELATING TO INVESTMENT OF VILLAGE FUNDS

BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF MCLEAN:

SECTION 1: A new Chapter 39, is hereby added to the Village Code of the Village of McLean which is as follows:

CHAPTER 39 INVESTMENT POLICY OF THE VILLAGE OF MCLEAN

§ 39.01 Policy:

It is the policy of the 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 Village and conforming to all state and local statutes governing the investment of public funds.

§ 39.02 Scope:

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

§ 39.03 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.

§ 39.04 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 Village's needs for safety, liquidity, rate of return, diversification, and its general performance.

§ 39.05 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.

§ 39.06 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.

§ 39.07 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.

§ 39.08 Authorized Suitable Investments:

Investments shall be made only in the following types of investments:

- (1) In 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) In bonds, notes, debentures or other similar obligations of the United States of America, its agencies, and its instrumentalities;
- (3) In interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;
- (4) In 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 agreements to repurchase such obligations;

(5) In interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the Village or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the four highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions; and

(6) In a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act or in a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advise regarding the investment of any public funds.

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

§39.09 Collateralization:

Funds on deposit (checking accounts, certificates of deposit, etc.) in excess of FDIC limits must be secured by some form of collateral or insurance and witnessed by a written agreement or proof of insurance.

§ 39.10 Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the Treasurer, shall be conducted on a deliver-verses-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.

§ 39.11 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.

§ 39.12 Maximum Maturities:

To the extent possible, the Treasurer shall attempt to match its investments

with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer will not directly invest in securities maturing more than three years from the date of purchase.

Reserve funds may be invested in securities not exceeding three years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

§ 39.13 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, 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

§ 39.14 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 rate. Portfolio performances should be compared to benchmarks with similar maturity liquidity and credit quality as the portfolio. (The Treasurer will have to insert their benchmark, i.e., 90 day T-bill, Illinois Funds, etc.)

§ 39.15 Reporting:

The Treasurer 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.

§ 39.16 Marking to Market:

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

§ 39.17 Investment Policy Review:

This Policy shall be reviewed on an annual basis by the Treasurer and any modifications made thereto must be approved by the Board of Trustees.

SECTION 2: This Ordinance shall take effect 10 days after publication thereof as provided by law.

SECTION 3: Ordinance No.96-5-6A of the Village of McLean, as amended by this Ordinance, shall remain in full force and effect and all previous amendments to Ordinance No. 96-5-6A shall remain in force and effect except as modified by this Ordinance.

PASSED in due form on a roll call vote by the Board of Trustees of the Village of McLean at a duly held meeting on the 5th day of December, 2022.

APPROVED:



President of the Board of Trustees of the
Village of McLean

ATTEST:

Sharon C. Leipold
Village Clerk

AYES: 4 - Hammed voted
NAYS: _____
ABSENT: 3

STATE OF ILLINOIS)

) SS

COUNTY OF MCLEAN)

PUBLICATION CERTIFICATE

I, the undersigned Village Clerk, certify that I am the duly elected and acting Village Clerk of the Village of McLean, McLean County, Illinois.

I further certify that on **Monday, December 5, 2022**, the Board of Trustees of such municipality passed and approved **Ordinance No. 22-12-05**, entitled:

Amendments Relating to Investment of Village Funds

Board of Trustees of the Village of McLean previously adopted a Resolution that authorized all Village Ordinances to be published in pamphlet form.

The pamphlet form of Ordinance No. **22-12-05**, including the Ordinance and a cover sheet thereof, was prepared, and a copy of such Ordinance was posted in the municipal building, commencing on 8th of December, **2022** and continuing for at least ten days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the Village Clerk.

Dated at McLean, Illinois, this 18th day of **December, 2022**.


Village Clerk

(SEAL)