

ORDINANCE NO. 2021- 03 - 02

AN ORDINANCE ESTABLISHING AN INVESTMENT POLICY
FOR THE VILLAGE OF PRINCEVILLE

WHEREAS, the Illinois Public Funds Investment Act (30 ILCS 235/ 1, *et seq.*) provides that each local governmental unit, including the Village of Princeville, shall establish an investment policy for handling, investing, and managing public funds held by that governmental unit; and

WHEREAS, the Village Board finds that it is in the best interests of the Village to establish an investment policy for handling, investing, and managing Village funds as provided herein;

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Princeville, Peoria County, Illinois, that:

SECTION 1. Title 3 of the Village of Princeville Municipal Code is hereby amended by the addition thereto of a new Chapter 3.16, which shall read as follows:

Chapter 3.16

INVESTMENT POLICY

Sections:

3.16.010	<i>Policy.</i>
3.16.020	<i>Scope.</i>
3.16.030	<i>Standard of Care.</i>
3.16.040	<i>Objective.</i>
3.16.050	<i>Delegation of Authority.</i>
3.16.060	<i>Investment Instruments.</i>
3.16.070	<i>Collateralization.</i>
3.16.080	<i>Authorized Financial Institutions, Advisors, and Managers.</i>
3.16.090	<i>Diversification.</i>
3.16.100	<i>Safekeeping of Securities.</i>
3.16.110	<i>Ethics and Conflicts of Interest.</i>
3.16.120	<i>Internal Controls.</i>
3.16.130	<i>Indemnification.</i>
3.16.140	<i>Performance Standards.</i>
3.16.150	<i>Reporting.</i>
3.16.160	<i>Amendment and Review.</i>

3.16.010 Policy.

It is the policy of the Village of Princeville 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 statutes governing the investment of public funds.

3.16.020 Scope.

This investment policy applies to all general operating funds of the Village. These funds include all current operating funds and any other funds which may be created from time to time, and does not include specified funds regulated by other provisions of state or federal law.

3.16.030 Standard of Care.

The standard of prudence to be used by investment officials shall be the "prudent person" standard, and this standard 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.

3.16.040 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.

3.16.050 Delegation of Authority.

The establishment of an investment policy is the responsibility of the Village President and the Board of Trustees of the Village of Princeville. Management and administrative responsibility for the investment program is hereby delegated to the Village Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate investment and financial activities and subordinate officials. The system of controls shall be written and shall include procedures which explicitly set forth the delegation of authority to responsible persons for specific financial transactions and which are designed to prevent losses of funds that might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees or officials. The Treasurer may from time to time amend the written procedures in a manner not inconsistent

with this policy or state statutes. No person may engage in any investment transaction except as provided for under the terms of this policy.

3.16.060 Investment Instruments.

Investments shall be made that reflect the cash flow needs of the specific fund type being invested. The investment of Village funds may only be made in the following instruments:

A. Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued by the United States of America, its agencies and allowable instrumentalities;

B. 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 (investments may be made only in those savings banks or savings and loan associations, the shares or investment certificates of which are insured by the Federal Deposit Insurance Corporation);

C. Certificates of deposit with federally insured institutions that are collateralized or insured at levels acceptable to the Village in excess of the one hundred thousand dollars provided by the Federal Deposit Insurance Corporation coverage limit;

D. The Illinois Public Treasurer's Investment Pool; and

E. Any other instrument specifically authorized under the Illinois Public Funds Investment Act.

3.16.070 Collateralization.

Village funds on deposit in excess of FDIC insurable limits must be secured by some form of collateral to protect public deposits in a single financial institution if the institution were to default. Collateral must be placed in safekeeping at or before the time when the Village buys an investment in a manner clearly demonstrating that the purchase of the investment is predicated on the securing of the collateral. Third party safekeeping is required for all collateral and shall be documented by an approved written agreement between the Village and a financial institution which complies with all state and federal (including FDIC) regulations.

3.16.080 Authorized Financial Institutions, Advisors, and Managers.

The Treasurer shall maintain a list of financial institutions authorized to provide investment services for the Village and to handle Village funds. Additionally, as necessary, the Treasurer shall maintain a list of financial advisors and money managers. In order to be placed on these lists, the financial institution, financial advisor, or money manager must be approved based upon credit worthiness, meeting state and federal laws and regulations, and ability to provide necessary services or investment types for the Village.

3.16.090 Diversification.

The Village's investments shall be diversified within the practical considerations which reflect the types of funds being invested, the amount of funds, the purpose of the funds, and the cash flow needs of the funds. Diversification shall include the type of investment, length of maturity, and number of institutions holding the Village's investments.

3.16.100 Safekeeping of Securities.

Third party safekeeping is required for all securities and financial instruments. Safekeeping shall be documented by an approved written agreement between the Village and a financial institution which complies with all state and federal (including FDIC) regulations. The written agreement may be in the form of a safekeeping agreement, trust agreement, escrow agreement, or custody agreement. Original certificates of deposit may be held by the originating bank or financial institution with a safekeeping receipt providing the necessary and acceptable documentation.

3.16.110 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 Village's investment program, or that could impair their ability to make impartial decisions. No elected official, council member, or employee of the Village or a member of the immediate family of such a person shall act as banker, broker, or investment advisor for the Village, or receive any compensation either directly or indirectly as a result of any investment made by the Village, or have any interest in any investment made by the Village.

3.16.120 Internal Controls.

The Treasurer is responsible for establishing and maintaining an internal control structure, which includes written policies, 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.

Accordingly, the Treasurer shall establish a process which includes an annual independent review by an external auditor to assure compliance with the established policies and procedures. Additionally, the internal control structure shall consider control of collusion, separation of transaction authority from accounting and bookkeeping, custodial safekeeping, clear delegation of authority to subordinate staff members, and written confirmation of transactions for investments and wire transfers. Furthermore, when practicable, monies received will be invested within five business days in an interest-bearing account.

3.16.130 Indemnification.

Investment officers and employees of the Village, including the Village Treasurer, acting in accordance with this policy and such written operational policies as may be established by the Village Board, and who otherwise exercise due diligence and act with reasonable prudence in accordance with Section 3.16.030, shall be relieved of personal liability for an individual security's credit risk or market changes.

3.16.140 Performance Standards.

The investment portfolio will be managed in accordance with the parameters specified within the policy. The portfolio should obtain a market average rate of return during a market and economic conditions of stable interest rates. In general, the Treasurer will strive to earn an average rate of return consistent with the U.S. Treasury Bill rate of return for a given period of time for the average weighted maturity of the Village's investments.

3.16.150 Reporting.

The Treasurer shall prepare an investment report at least quarterly, including a succinct management summary to provide a clear picture of the status of the current investment portfolio. This management summary will be prepared in a manner, which will allow the Village Board and its agents to ascertain whether investment activities during the reporting period have conformed to this investment policy and in a format suitable for review by the general public. The report should be provided to the President and Village Board of Trustees. The report will include the following:

- A. A list of individual securities held at the end of the reporting period;*
- B. Listing of investments by maturity date, and*
- C. The percentage of the total portfolio broken down by defined maturity periods.*

3.16.160 Amendment and Review.

This policy shall be reviewed on an annual basis by the Treasurer, the Village President, and the Board of Trustees, and the Village Board must approve any modifications made hereto.

SECTION 2. The Village Treasurer shall prepare written policies for internal controls and managing Village funds and investments as provided in new Chapter 3.16 of the Village of Princeville Municipal Code.

SECTION 3. This Ordinance is hereby ordered to be published in pamphlet form by the Village Clerk and said Clerk is ordered to keep at least three (3) copies hereof available for public inspection in the future and in accordance with the Illinois Municipal Code.

SECTION 4. This Ordinance is in addition to all other ordinances on the subject and shall be construed therewith except as to that part in direct conflict with another ordinance, and in the event of such conflict, the provisions hereof shall govern.

SECTION 5. This Ordinance shall be in full force and effect from and after its passage, and publication as required by law.

PASSED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF PRINCEVILLE,
PEORIA COUNTY, ILLINOIS, IN REGULAR AND PUBLIC SESSION THIS 16 DAY OF
March, 2021.

AYES: Ehne, Delbridge, Hughes, Peterson, Gilroy, Wilson

NAYES: Ø

ABSENT: Ø

APPROVED THIS 16 DAY OF March, 2021.

Jeff Troutman

Jeff Troutman, President
Village of Princeville, Illinois

ATTEST:

Sarah Cordis
Sarah Cordis, Clerk
Village of Princeville, Illinois



CERTIFICATE OF PUBLICATION

I, Sarah Cordis, and the undersigned, do hereby certify that I am the duly qualified and Village Clerk of the Village of Princeville, a municipal corporation of and in the County of Peoria, Illinois, that the foregoing Ordinance No. 2021- 03 - 02 is a true and accurate copy of the Ordinance passed by the Village Board and President of the Village of Princeville on the meeting date set forth therein, and that Ordinance No. 2021- 03 - 02 was published by me in pamphlet form this 16 day of March, 2021, by making three (3) copies thereof available on that date at the Village Hall for the Village of Princeville for public inspection.

Sarah Cordis
Sarah Cordis, Village Clerk