

VILLAGE OF CHAPIN  
ORDINANCE NO. 99-5

AN ORDINANCE PROVIDING FOR AN INVESTMENT POLICY  
FOR THE  
VILLAGE OF CHAPIN, MORGAN COUNTY, ILLINOIS

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ADOPTED BY THE  
PRESIDENT AND BOARD OF TRUSTEES  
OF THE  
VILLAGE OF CHAPIN, MORGAN COUNTY, ILLINOIS  
THIS 3 DAY OF November, 1999

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE PROVIDING FOR AN  
INVESTMENT POLICY FOR THE VILLAGE OF  
CHAPIN, MORGAN COUNTY, ILLINOIS**

**BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF CHAPIN, MORGAN COUNTY, ILLINOIS, in accordance with Senate Bill 1555/p.a. 90-688, amending the Public Funds Investment Act, to adopt a policy governing investment activities, this Investment Policy is hereby adopted by the Board of Trustees.**

**1.01 Policy**

It is the policy of the Village of Chapin 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.

**1.02 Scope**

This policy includes all public funds of the Village of Chapin.

**1.03 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.

**1.04 Objective**

The primary objectives, in order of priority, shall be:

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| <u>Legality</u>  | - conformance with federal, state, and other legal requirements      |
| <u>Safety</u>    | - preservation of capital and protection of investment principal     |
| <u>Liquidity</u> | - maintenance of sufficient liquidity to meet operating requirements |
| <u>Yield</u>     | - 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.

**1.05 Delegation of Authority**

Management and administrative responsibility for the investment program is hereby delegated to the Treasurer, who 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 shall maintain a list of financial institutions authorized to provide investment services. In addition, a list shall 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 Chapin 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 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 Chapin shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village of Chapin will not directly invest in securities maturing more than two (2) years from the date of purchase.

Reserve funds may be invested in securities exceeding two (2) 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.

- A. Control of collusion
- B. Separation of transaction authority from accounting
- C. Custodial safekeeping
- D. 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 contain 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 maintained by the Illinois Public Treasurer's Investment Pool (IPTIP).

### **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 upon 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 Investment Policy Adoption and Modification**

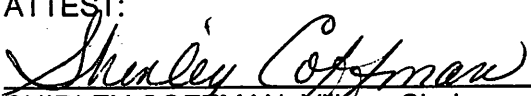
The investment policy shall be adopted by the Board of Trustees. The policy shall be reviewed on an annual basis by the Treasurer and any modifications made thereto must be approved by the Board of Trustees.

This Ordinance shall be in full force and effect from and after passage and approval as required by law.

PASSED AND APPROVED by the President and Board of Trustees of the Village of Chapin, Illinois, at a regular Board of Trustees meeting this 3 day of November, 1999.

  
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JERRY BEAMS, Village President

(SEAL)

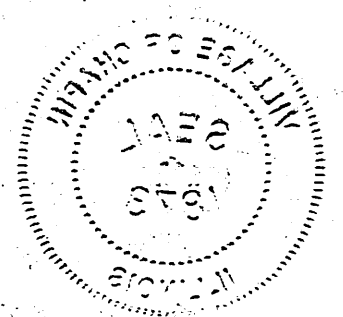
ATTEST:  
  
\_\_\_\_\_  
SHIRLEY COFFMAN, Village Clerk

AYES: 5

NAYES: 0

ABSENT: 1

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STATE OF ILLINOIS        )  
                                  ) SS.  
COUNTY OF MORGAN        )

**CERTIFICATE**

I, SHIRLEY COFFMAN, certify that I am the duly appointed and acting Village Clerk of the Village of Chapin, Morgan County, Illinois.


I further certify that on the 3 day of November, 1999, the corporate authorities of said Village passed and approved Ordinance No. 99-5 entitled:

**AN ORDINANCE PROVIDING FOR AN  
INVESTMENT POLICY FOR THE VILLAGE OF  
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which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. 99-5, including the Ordinance and a cover sheet thereof, was prepared, and a copy of such Ordinance was posted in the Village Hall commencing on 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 Chapin, this 3 day of November, A.D., 1999.

  
SHIRLEY COFFMAN, Village Clerk

(SEAL)