

Investment Ordinance

Ordinance No. _____

WHEREAS the _____ Public Library is authorized by 50 ILCS 340/1 *et seq.* and 30 ILCS 235/2 *et seq.* to deposit, withdraw, and maintain funds and investments in a variety of investment devices or funds, pursuant to the terms of its Investment of Public Funds Policy, and,

WHEREAS the _____ Public Library has reviewed the applicable provisions of the statutes and the goals, objectives, and guidelines for its investment of public funds.

NOW, THEREFORE, BE IT ORDAINED by the Board of Library Trustees of the _____ Public Library as follows:

Section 1. The following Investment of Public Funds Policy be and is hereby adopted for the _____ Public Library:

Purpose And Scope. The purpose of this policy statement is to outline the responsibilities, general objectives, and specific guidelines for management of public funds by the _____ Public Library. Its scope is all public funds of the Library.

Responsibilities. All investment policies and procedures of the _____ Public Library will be in accordance with Illinois Law. The authority of the Board of Library Trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act [30 ILCS 235/1 *et seq.*] and the investments permitted are described therein. Administration and execution of these policies are the responsibility of the Treasurer who is hereby designated as the "chief investment officer" of the Library acting under the authority of the Board of Library Trustees.

Delegation of Authority. Management and administrative responsibility for the investment program is hereby delegated to the Chief Investment Officer. The Chief Investment Officer, and by designation the Library Director, is responsible for establishing internal controls and written procedures for the operation of the investment program.

"Prudent Person" Standard. All Library investment activities shall use a "prudent person" standard of care. This standard shall be applied in the context of managing an overall portfolio and specifies that 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. Investment officers, acting in accordance with this Policy and the written procedures of the Library, and exercising due diligence, shall be relieved of personal responsibility for a security's credit risk or market price/value changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Objectives. In selecting financial institutions and investment instruments to be used, the following general objectives should be considered in the priority listed:

- Legality (conforming with all legal requirements)
- Safety (preserving capital and including diversification appropriate to the nature and amount of the funds)
- Liquidity (maintaining sufficient liquidity to meet current obligations and those reasonably to be anticipated)
- Yield (attaining a market rate of return on investments)
- Simplicity of management

Guidelines. The following guidelines should be used to meet the general investment objectives:

- 1) Legality and Safety
 - a) Investments will be made only in securities guaranteed by the U.S. government, or in FDIC-insured institutions including SAIF of the FDIC. Deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC coverage (unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding custody and safekeeping of collateral). Any credit union accounts would not exceed insured amounts and otherwise would be in complete compliance with the legal requirements for such accounts and institutions.
 - b) Authorized investments include and will primarily consist of: Certificates of Deposit, Treasury Bills and other securities guaranteed by the U.S. Government, participation in the State of Illinois Public Treasurer's Investment Pool, and any other investments allowed under State law that satisfy the investment objectives of the library district.
- 2) Liquidity
 - a) In general, investments should be managed to meet liquidity needs for the current month plus one month (based on forecasted needs) and any reasonably anticipated special needs.
- 3) Yield - Return on Investment:
 - a) Within the constraints on Illinois law, considerations of safety, and this investment policy, every effort should be made to maximize return on investments made. All available funds will be placed in investments or kept in interest bearing deposit accounts.
- 4) Simplicity of Management:
 - a) The time required by library administrative staff to manage investments shall be kept to a minimum.

Reporting. Investments, fund balances, and the status of such accounts will be reported at each regularly scheduled meeting of the Library Board and at least quarterly include information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date. At least annually, the Chief Investment Officer shall review this Policy for any needed modifications and report to the Board on the investment portfolio, its effectiveness in meeting the Library's need for safety, liquidity, rate of return, diversification, and general performance. These reports will be available to the general public upon request

Internal Controls. In addition to these guidelines, the Chief Investment Officer shall establish a system of internal controls and written operational procedures designed to prevent loss, theft, or misuse of funds.

Authorized Financial Dealers and Institutions. Any investment advisors, money managers, and financial institutions shall be considered and authorized only by the action of the Board of Library Trustees upon the recommendation of the Chief Investment Officer. The Chief Investment Officer will maintain a list of financial dealers and institutions authorized to provide investment services.

Conflicts of Interest. Officers and employees involved in the investment process shall refrain from personal business activities that might conflict with the proper execution and management of this investment program, that could impair their ability to make impartial decisions, or that could give the appearance of impropriety.

Section 2. The Board of Library Trustees of the _____ Public Library authorizes and directs its Treasurer, in accordance with the Library's Investment Policy, to utilize the following investment devices, as appropriate, for funds not immediately necessary for withdrawal, and the Treasurer shall make as part of his/her monthly and annual reports such investments which shall be in addition to the customary bank checking account utilized by the Library:

- (a) [select vehicles as appropriate from attached list]
- (b)
- (c)

Section 3. The Treasurer and officers of the Board of Library Trustees are authorized to execute the proper documentation required of the banks, savings and loan associations, credit unions, or other institutions to effectuate this investment policy.

Section 4. This ordinance supersedes all prior ordinances on the subject matter and shall take effect immediately upon enactment. A copy of this Ordinance shall be posted at the Library within 3 days after enactment and shall remain posted for 14 days and the Secretary shall maintain a certified copy of the Ordinance available for public inspection thereafter.

Passed by the Board of Library Trustees of the _____ Public Library, in public session assembled this ____ day of _____, 20__.

Board of Library Trustees of
_____ Public Library

Posted: _____

By: _____
President, Board of Library Trustees

ATTEST:

Secretary, Board of Library Trustees

INVESTMENT OF FUNDS

AUTHORIZED LIST OF INVESTMENT VEHICLES

1. Tax anticipation warrants of the government unit
2. General obligation bonds of the government unit
3. Bonds or other interest-bearing obligations of the United States or Illinois
4. Savings accounts and certificates of deposit of any state or national bank, provided such accounts and certificates are fully insured by the FDIC or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act
5. Treasury notes or other securities issued by agencies of the United States
6. Interest-bearing savings accounts, certificates of deposit, or time deposits of a state-or federally-chartered savings and loan associations not to exceed insured limits
7. Dividend-bearing share accounts, share certificate accounts, or class of share accounts of this state-or federally-chartered credit union whose principal office is in Illinois, and investments are in accounts which are insured by applicable law
8. Short-term corporate obligations organized in the United States with assets exceeding \$500,000,000 if:
 - a) such obligations are rated at the time of purchase within the three highest classifications established by at least two standard rating services and which mature not later than 180 days from the date of purchase;
 - b) such purchases do not exceed 10% of the corporation's outstanding obligations
9. The Illinois Public Treasurer's Investment Pool ("IPTIP") now known as "Illinois Funds"
10. Money market mutual funds registered under the Investment Company Act of 1940, provided a portfolio is limited to obligations specified in the statute and to agreements to repurchase such obligations
11. A fund managed, operated, and administered by a bank as defined by the Illinois Banking Act