

Investment Policy

Village of Deer Park, Illinois

1.01 Policy

It is the policy of the Village of Deer Park 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 funds governed by the Board of Trustees.

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 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.

1.05 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.

1.06 Ethics and Conflicts of Interest

Officers and employees involved 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 will maintain a list of financial institutions authorized to provide investment services.

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 Deer Park shall be conducted on a delivery-versus-payment 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 Village of Deer Park has elected to invest its funds in the Harris Bank. Most funds are money market accounts, while the Village of Deer Park has one Certificate of Deposit with the Harris Bank.

1.12 Maximum Maturities

To the extent possible, the Village of Deer Park shall attempt to match its

investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village of Deer Park will not directly invest in securities maturing more than five years from the date of purchase.

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:

- Control of collusion
- Separation of transaction authority from accounting
- Custodial safekeeping
- Written confirmation of telephone transactions for investments and wire transfers

1.14 Performance Standards

The 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 Village of Deer Park has money market accounts with Harris Bank that have rates comparable to the Illinois Fund's rates.

1.15 Reporting

The Treasurer shall prepare an investment report at least monthly. The report should be provided to the Board of Trustees and should be available upon request. The report should be in a format suitable for review by the general public. An annual report is also provided to the Board.

1.16 Investment Policy Adoption

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.