**LISLE TOWNSHIP, DUPAGE COUNTY, ILLINOIS**

**INVESTMENT POLICY**

**General Objectives:**

The primary objectives of investment activities, in priority order, shall be safety,

liquidity, and yield.

**Safety of Principal:**

The safety of principal is the foremost objective of the Township's Investment Policy. All investments shall be undertaken in a manner that seeks to insure the preservation of the principal. To achieve this objective, the Township shall invest primarily in institutions designated as Federally Insured, Licensed Institutions Permitted to Hold Public Funds. Additionally, diversification is required to insure that all investments in such institutions remain fully insured by the Federal Government. The Chief Investment Officer shall seek to achieve diversification in the portfolio by reasonably distributing investments within authorized investment categories among financial institutions.

**Liquidity of Funds:**

The investment portfolio shall remain sufficiently liquid to enable the Township to meet all of its reasonably anticipated operating requirements, thereby avoiding the need to sell securities on the open market or redeeming time deposits prior to maturity.

**Return on Investment (Yield):**

The investment portfolio shall be designed to obtain the highest available return, consistent with the principles of Safety of Principal, Liquidity of Funds, and other investment risk constraints, as set forth in this Investment Policy.

**Authorized Investments:**

The Township shall deposit its funds only in

(1) 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) bonds, notes, debentures, or other similar obligations of the United States of America or its agencies;

(3) 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 (201 **ILCS** 5/1 et seq.), provided such a bank is federally insured; or

(4) short term obligations of corporations organized in the United States with assets exceeding $500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature no later than 180 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation’s outstanding obligations and (iii) no more than one-third of the public agency’s funds may be invested in short term obligations of corporations; or

(5) 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 the agreements to repurchase such obligations; or

(6) an Illinois Public Treasurer’s Investment Pool created and administered by the State Treasurer of Illinois; or

(7) other securities, as authorized by the Illinois Public Funds Investment Act (30 **ILCS** 235/1 et seq.), provided, however, that the Chief Investment Officer determines, in writing, that such investments are consistent with the Township's investment risk constraints, as set forth in this Investment Policy.

**Prudent Person Rule:**

All 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, and shall be applied in the context of managing the entire portfolio. All deviations from expectations shall be reported in a timely fashion and appropriate actions shall be taken to control adverse developments.

**Investment Guidelines:**

It shall be the policy of the Township to:

(1) Maintain 100% of available funds in interest-bearing securities whenever feasible.

(2) Invest only in securities of the state or federal government or those which are guaranteed by the state or federal government, or secured by a means authorized by statute.

(3) Place such investments through local financial institutions whenever comparable opportunities arise.

(4) Not place in any single local financial institution more than 50% of invested funds.

**Diversification of Funds:**

In the event that the amount of funds invested in one of the securities described in the "Authorized Investment" section of this Policy exceeds the Federal Insurance limit, the excess funds shall be moved to another federally insured institution.

**Collateral Requirements:**

No collateral shall be required for investments in Federally Insured, Licensed Institutions Permitted to Hold Public Funds, provided that such investments shall not exceed the Federal Insurance limit. Such investments shall be collateralized by securities or mortgages in an amount equal to at least market value of that amount of funds deposited exceeding the insurance limitation provided by the Federal Deposit Insurance Corporation or the National Credit Union Administration or other approved share insurer. The Chief Investment Officer shall monitor the adequacy of collateralization monthly, and shall require monthly reports with market values of pledged securities from all applicable financial institutions.

**Internal Controls:**

The Chief Investment Officer shall be responsible for establishing and maintaining a system of internal controls, which shall be documented in writing and made available for public inspection along with this Investment Policy at the administrative offices of the Township. Such a system shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment personnel of the Township. The internal controls shall include the following minimum requirements: (1) the Township bookkeeper shall reconcile all investment activity through the general ledger monthly; (2) outside auditors shall confirm the ending balance of all investments each year; (3) the Township Supervisor shall purchase all investments; and (4) the Board of Town Trustees shall receive a quarterly report of all investments, which reports shall contain the following: (a) full description of each holding, including the purchase and maturity dates of each security; (b) credit ratings of each security, if applicable; (c) performance as compared to the established benchmark, including income earned and market value; (d) asset allocation; (e) any deviations from the standards established in this Investment Policy; and (f) the total amount of funds invested, including the checking account balances; as of the report date.

**Chief Investment Officer:**

The Chief Investment Officer for the Township for each fiscal year shall be the Township Supervisor.

**Performance Measures:**

The Chief Investment Officer shall, at reasonable intervals, assess the performance of the Township Investment Program in compliance with established industry reporting standards. Such reporting standards shall be in accordance with Generally Accepted Accounting Principles (GAAP).

**Periodic Review:**

The Chief Investment Officer shall, at reasonable intervals, perform periodic review of the investment portfolio, its effectiveness in meeting the Township's needs for safety, liquidity, rate of return, and diversification, and its general performance.

**Quarterly Reports:**

The Chief Investment Officer shall produce quarterly written reports of investment activities and distribute these reports to the Township Board, in accordance with the foregoing Section "Internal Controls."

**Selection of Investment Advisors:**

The Chief Investment Officer is authorized to consult with investment officers representing Federally Insured, Licensed Institutions Permitted to Hold Public Funds. No investment advisors shall be retained for compensation without approval of the Township Board.

**Ethics and Conflicts of Interest:**

All board members, staff, and employees in policy making positions shall refrain from personal business activity that may conflict with proper execution of the investment program, or which could in any way impair their ability to make impartial investment decisions. Such individuals shall disclose to the Township Supervisor any financial interests in financial institutions that are used by the Township. They shall further disclose any personal investments that are in any way related to the proposed investments of the Township. They shall strive to avoid even the appearance of impropriety.