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WHEATON PARK DISTRICT
ORDINANCE NO. 2015-03

An Ordinance Adopting Amendment to Investment Policy

WHEREAS, the Wheaton Park District ("Park District") is an Illinois park district organized and operating pursuant to the Illinois Park District Code, 70 ILCS 1205 1/1 *et seq.*; and

WHEREAS, on Wednesday, May 21 2014, the Wheaton Park District Board of Park Commissioners ("Park Board") adopted the Wheaton Park District Investment Policy in order to develop, implement and monitor guidelines for the prudent investment and management of the Park District's funds in accordance with the Public Funds Investment Act, 30 ILCS 235/0.01 *et seq.* ("Public Funds Investment Act"); and

WHEREAS, Section 2 of the Public Funds Investment Act sets forth authorized investments for public agencies; and

WHEREAS, the Board of Park Commissioners has determined that it is in the Park District's best interest to amend the Investment Policy to clarify and provide additional investment options for the Park District's funds in accordance with Section 2 of the Public Funds Investment Act and to further amend the Investment Policy to clarify and update certain sections; and

WHEREAS, the Park District's Executive Director has caused to be drafted for and on behalf of the Park District an amendment to the Investment Policy to clarify and authorize additional investment options for the Park District's funds in accordance with Section 2 of the Public Funds Investment Act and otherwise to amend the Investment Policy to clarify and update certain sections, which is attached to and incorporated in this Ordinance as Exhibit 1 ("Amendment to Investment Policy"), and have determined that it is in the best interests of the Park District that the Amendment to Investment Policy be approved at this time.

NOW, THEREFORE, IT IS HEREBY ORDAINED BY THE BOARD OF PARK COMMISSIONERS OF THE WHEATON PARK DISTRICT, DUPAGE COUNTY, ILLINOIS, AS FOLLOWS:

SECTION ONE: The Park Board hereby finds that all of the recitals contained in the preamble to this Ordinance are true and correct and does hereby incorporate them in this Ordinance as if said preambles were fully set forth within this Section One.

SECTION TWO: The Park Board hereby approves the Amendment to Investment Policy attached to and incorporated in this Ordinance as Exhibit 1, and authorizes the investment of its funds as authorized by the Amendment to Investment Policy.

SECTION THREE: Any and all policies, resolutions or ordinances of the Park District which may conflict with this Ordinance are hereby repealed.

SECTION FOUR: This Ordinance shall be in full force and effect from and after its passage as provided by law.

PASSED THIS 9th day of September, 2015 by roll call vote as follows:

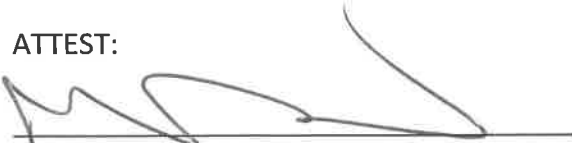
AYES:

NAYS:

ABSENT:



President, Board of Park Commissioners

ATTEST:


Secretary, Board of Park Commissioners

STATE OF ILLINOIS)
) SS.
COUNTY OF DUPAGE)

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Commissioners of the Wheaton Park District, DuPage County, Illinois, and as such I am the keeper of the records and files of the Board of Park Commissioners of said Park District.

I further certify that the foregoing is a full, true and complete copy of Ordinance No. 2015-03, titled, AN ORDINANCE ADOPTING AMENDMENT TO INVESTMENT POLICY, adopted at a duly called Regular Meeting of the Board of Park Commissioners of the Wheaton Park District, held at Wheaton, Illinois at 7:00 p.m. on the 9th day of September, 2015.

I do further certify that the deliberations of the Board on the adoption of said Ordinance were conducted openly, that the vote on the adoption of said Ordinance was taken openly, that said meeting was called and held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the Park District Code of the State of Illinois, as amended, and that the Board has complied with all the provisions of said Act and said Code and with all the procedural rules of the Board.

IN WITNESS WHEREOF I hereunto affix my official signature at Wheaton, Illinois, this 9th day of September, 2015



Michael J. Benard, Board Secretary
Wheaton Park District
DuPage County, Illinois

**EXHIBIT NO. 1
AMENDMENT TO INVESTMENT POLICY**

A. Scope of Investment Policy

This investment policy applies to the investment activities of all funds of the Wheaton Park District (the "District" or the "Park District"). All financial assets shall be administered in accordance with the provisions of this policy.

B. Responsibility for the Investment Program

The establishment of investment policies is the responsibility of the Board. Management and administrative responsibility for the investment program is hereby delegated to the Executive Director and the Finance Director/Treasurer of the District. No person, unless authorized by the Executive Director and the Finance Director/Treasurer, shall make investment transactions on behalf of the Park District.

The Executive Director and the Finance Director/Treasurer shall be responsible for: 1) all investment transactions undertaken; 2) establishing a system of internal controls and written procedures consistent with this policy (see Section F.2) to regulate the activities in the portfolio; and 3) amending the internal controls and the written procedures from time to time as approved by the Executive Director in a manner not inconsistent with this policy or with State law.

CB. Objectives of Investment Policy

The purpose of this policy is to establish investment guidelines for Park District officials who are responsible for the safekeeping of public funds. The Park District's funds must be invested in compliance with the requirements of the Public Funds Investment Act (30 ILCS 235/0.05 et seq.).

1. Generally

The District's investment portfolio shall be managed in a manner to avoid any transaction that might impair public confidence in the District. Investments shall be made with judgment and care, not for speculation but for investment, considering the probable safety of the principal first and as well as the probable income to be derived second.

2. Risk Management

Safety of principle is the foremost objective of the Investment Policy of the ~~Wheaton~~ Park District. Each transaction shall first ensure that principal losses, whether through defaults or erosion of value via fluctuations in market prices, are avoided. The objective will be to mitigate credit risk and interest rate risk.

Comment [ADM1]: Consider adding the following sections a and b.

a. Credit Risk

The Park District will minimize credit risk, or the risk of loss due to the failure of the security issuer or backer, by:

- i. Limiting investments to the safest types of securities;
- ii. Pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with whom the District will do business; and
- iii. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

b. Interest Rate Risk

The Park District will minimize the risk that the market value of securities in the portfolio will fall due to changes in the general interest rates by:

- i. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
- ii. Investing operating funds primarily in shorter-term securities, money-market mutual funds, or similar investment pools.

3. Liquidity

The District's investment portfolio shall remain sufficiently liquid to enable the District to meet present and anticipated cash flow requirements. This is

accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same day liquidity for short-term funds.

Comment [ADM2]: Consider adding.

~~4. The investment portfolio should be designed with the objectives of maximizing return while securing both safety and liquidity.~~

4. Return on Investment

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The cores of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

Comment [ADM3]: Consider adding section 4.

- a. A security with declining credit may be sold early to minimize loss of principal.
- b. A security swap that would improve the quality, yield, or target duration in the portfolio, may be executed, subject to restrictions applicable by law or contract.
- c. Liquidity needs of the portfolio require that the security be sold; provided the Finance Director shall report to the Executive Director prior to and immediately following said sale.

D. Standard of Care

1. Prudent Person Standard

The standard of care to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers shall at all times exercise due diligence and shall act in accordance with this Investment Policy and all applicable legal procedures. Investment officers shall promptly report any material change in an individual security credit risk or market price change. All sales of security shall be executed in accordance with the terms of this policy. The "prudent person" standard states 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 first the probable safety of their capital and second the probable income to be derived."

2. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that have the potential to conflict with the proper execution and management of the investment program, or that have the potential to impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Park District. All officers and employees involved in the investment process shall maintain strict compliance with the Park District's Ethics Ordinance (Ordinance No. _____).

C. Responsibility for the Investment Program

~~Responsibility for the investment program will be delegated to the Executive Director and the Finance Director/Treasurer of the District. No person, unless authorized by the Executive Director and the Finance Director/Treasurer, shall make investment transactions on behalf of the Wheaton Park District.~~

The Executive Director and the Finance Director/Treasurer shall be responsible for all investment transactions undertaken, and furthermore, shall establish a system of internal controls to regulate the activities in the portfolio. p

ED. Investment Selection

While striving to achieve the objectives of this investment policy, and in accordance with Section 2 of the Public Funds Investment Act and limited by the State statutes (30 ILCS 235/2) (from Ch. 85, par. 902), the Park District has approved the following for investment of public funds (for purposes of this policy, the term "public funds" shall mean current operating funds, special funds, interest and sinking funds and funds of any kind or character belonging to or in the custody of the Park District, provided that funds accruing from any sale of the Park District's bonds, notes, warrants or other securities may be further restricted):

- ~~1. Other local government general obligation bonds, as permitted by Illinois statutes, such investment must be registered in the name of the District or held under a custodial agreement at a bank.~~
- ~~2. Notes~~
- ~~3. Treasury Bills~~
- ~~4. Other securities which are guaranteed by the full faith and credit of the United States of America~~
- ~~5. Interest bearing savings and money market accounts~~
- ~~6. Interest bearing certificates of deposit~~
- ~~7. Interest bearing time deposits constituting direct obligations of any bank as defined by the Illinois Banking Act and insured by the Federal Deposit Insurance Corporation~~
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, its agencies, and its instrumentalities. The term "agencies of the United States of America" includes: (i) the federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks, or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and Acts amendatory thereto; (ii)

the federal home loan banks and the federal home loan mortgage corporation; and (iii) any other agency created by Act of Congress.

3. Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing times deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act.

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 not later than 270 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.

4. 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 1 or ~~and~~ 2 of this section of this investment policy.

5. ~~In addition to any other investments authorized under this Act, a municipality, park district, forest preserve district, conservation district, county, or other governmental unit may invest its public funds in interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the municipality, Ppark Ddistrict, forest preserve district, conservation district, county, or other governmental unit, or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.~~

6. Investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation. The Park District Any public agency may invest any public funds in short term discount obligations of the Federal National Mortgage Association or in shares or other forms of securities legally issuable by savings banks or savings and loan associations

incorporated under the laws of this State or any other state or under the laws of the United States. 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. Any such securities may be purchased at the offering or market price thereof at the time of such purchase. All such securities so purchased shall mature or be redeemable on a date or dates prior to the time when, in the judgment of- the District's Board of Park Commissioners (the "Board") ~~such governing authority~~, the public funds so invested will be required for expenditure by ~~such the Park District public agency or its governing authority~~. The expressed judgment of the Board ~~any such governing authority~~ as to the time when any public funds will be required for expenditure or be redeemable is final and conclusive. The District ~~Any public agency~~ may invest any public funds in dividend-bearing share accounts, share certificate accounts or class of share accounts of a credit union chartered under the laws of this State or the laws of the United States; provided, however, the principal office of any such credit union must be located within the State of Illinois. Investments may be made only in those credit unions the accounts of which are insured by applicable law.

- 1.7. ~~Any public agency may also invest any public funds in~~ Aa Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act. The Park District ~~Any public agency~~ may also invest any public funds in a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advise regarding the investment of any public funds.
8. ~~A public agency may~~ purchase or invest in repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986, as now or hereafter amended or succeeded, subject to the provisions of said Act and the regulations issued thereunder. The government securities, unless registered or inscribed in the name of the Park District ~~public agency~~, shall be purchased through banks or trust companies authorized to do business in the State of Illinois.

All investments must be denominated in U.S. dollars.

E. *Collateral*

The Park District may require that funds on deposit or placed in investments in excess of insured limits be secured by a form of collateral in accordance with applicable law. The District will accept any of the following assets as collateral:

1. U.S. Government Securities
2. Obligations of Federal Agencies
3. Obligations of the State of Illinois
4. General Obligation municipal bonds rated "A" or better issued by a governing body in the State of Illinois

The amount of collateral provided shall not be less than 110 percent of the fair market value of the net amount of District funds on deposit at each financial institution.

Pledged collateral shall be held by the Wheaton Park District, the Federal Reserve or kept in a safekeeping account by a third party and evidenced by a safekeeping agreement and receipt. Said collateral must be in the name of the Wheaton Park District.

F. *Safekeeping and Custody*

1. Qualifying Financial Institutions

a. Institution Security

With respect to bank accounts maintained at financial institutions, it shall be the policy that the Park District will not maintain funds on deposit in any financial institution that is not a member of the F.D.I.C.

All institutions in which the District makes investments must be designated as approved depositories by the District's Board of Park Commissioners.

~~G.~~ b. Location

The Wheaton Park District will maintain operating and investment accounts in financial institutions within the Wheaton Park District whenever possible.

c. Size

The Park District will not maintain deposits in any financial institution in which the District funds on deposit would exceed 75% of the institution's capital stock and surplus.

Comment [ADM4]: Consider adding section c.

d. Statement of Condition

All depository institutions shall provide a current statement of condition in compliance with Section 6 of the Public Funds Investment Act.

The Park District will maintain, for public and managerial inspection, current statements of condition for each financial institution named as depository. If, for any reason the information furnished is considered by the Finance Director/Treasurer to be insufficient, additional data may be requested. The refusal of any institution to provide such data upon request may serve as sufficient cause for the withdrawal of Park District funds.

2. K. Internal Controls

The investment manager is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Wheaton-Park District are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Comment [ADM5]: Should this be Finance Director/Treasurer?

Accordingly, the Finance Director/Treasurer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

a. Control of collusion;

- b. Separation of transaction authority from accounting and recordkeeping;
- c. Custodial safekeeping;
- d. Avoidance of physical-delivery securities;
- e. Clear delegation of authority to subordinate staff members;
- f. Written confirmation of telephone transactions for investments and wire transfers;
- g. Development of a wire transfer agreement with the lead bank or third party custodian; and
- h. Development of cyber security protocols with regards to investment transactions and reporting.

Compliance should be assured through the ~~Wheaton~~–Park District’s annual independent audit.

3. Delivery vs. Payment

Comment [ADM6]: Consider adding.

All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third party custodian as evidenced by safekeeping receipts.

G. Investment Parameters

1. Maturity

The maximum maturity of individual securities will be 3 years from the settlement date. The maximum weighted average maturity of the portfolio will not exceed 18 months.

~~I.~~ 2. Credit Quality

At the time of purchase, all issues with short-term ratings must be rated at least P-1, A-1 or F1 by one of the three rating agencies: Moody's, Standard & Poors or Fitch. All issues with long-term ratings must have at least one rating that is at least A2 by Moody's, or A by Standard & Poors or Fitch. For split rated securities, the lowest rating shall prevail.

Comment [ADM7]: Are these credit ratings still industry standard and do our current investments meet these ratings.

The Investment Manager shall notify the District if any security held in the portfolio is downgraded below the minimum rating set forth in this policy and shall advise the District as to a recommended course of action.

Comment [ADM8]: Who is this?

~~J.~~ 3. -Diversification

~~Single issuers are limited to 5% of the total market value of the portfolio. Obligations of the US Treasury, US Agencies, tri-party repurchase agreements and money market mutual funds are exempted from this diversification limit.~~

~~Investment in corporate debt obligations shall not exceed 50% of the total market value of the portfolio.~~

~~The Wheaton Park District's investment objective is to make productive use of reserves while limiting credit and interest rate risk. Therefore, the following limitations are in force:~~

- ~~1. No individual issuer shall account for more than 5% of the value of the portfolio (direct obligations of the US Treasury and money market funds are excepted.)~~
- ~~2. No advisor or fund manager having a mandate and discretion to invest in a variety of the allowable assets detailed in this policy shall allocate more than 35% of the value of the portfolio into a single asset class.~~
- ~~3. At least quarterly, outside advisors and fund managers must furnish a detailed list of holdings so that the District can be assured that the limitations established here have not been violated.~~

~~K. Internal Controls~~

~~The investment manager is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Wheaton Park District are protected from loss, theft or misuse. The internal control structure~~

~~shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.~~

~~Compliance should be assured through the Wheaton Park District annual independent audit.~~

H. Reporting

1. Methods

The Finance Director/Treasurer will prepare an investment schedule quarterly. This report should be provided to the Board. The report will indicate:

Comment [ADM9]: Or Investment Manager – either way, need to include this pursuant to the Act.

a. Listing of individual securities held at the end of the reporting period by fund;

b. Listing of investments by maturity date;

c. Interest rate of each investment;

d. Amortized book value of each investment;

e. Par value of each investment; and

f. A comparison of year to date earnings to the proposed budget.

2. Marking to Market

The market value of the portfolio shall be calculated at least annually.

I. Selection of Investment Advisors, Money Managers and Financial Institutions

To the extent that the Park District requires advice concerning its investments, the Park District's Finance Director/Treasurer and Executive Director may, from

time to time, recommend contracting with investment advisors or money managers. Any such investment advisor or money manager shall provide the Finance Director/Treasurer and Executive Director with audited financial statements, proof of state registration, certification of having read this Investment Policy, and references of previous clients. The Finance Director/Treasurer and Executive Director shall review the proposals of such individuals or firms, and shall make a recommendation to the Board concerning a contract.

No investment advisor, money manager or financial institution shall be retained except by contract approved by the Board.

J. Annual Review

The District's Finance Director/Treasurer and Executive Director shall review this policy on an annual basis, and make any recommendations for amendments to the Board. No amendment shall be effective unless approved by the Board.