

# **ROCKFORD TOWNSHIP INVESTMENT POLICY**

The following investment policy is hereby approved by the Rockford Township Supervisor and the Rockford Township Board of Trustees for the purpose of safeguarding funds, equitably distributing the investments made and maximizing the rate of return to Rockford Township.

## **1.0 SCOPE OF POLICY**

This Investment Policy applies to the investment activities of all funds under the jurisdiction of the Rockford Township. This Investment Policy will also apply to any new funds or temporary funds placed under the jurisdiction of the Rockford Township. The Illinois State Statutes will take precedence except where this Policy is more restrictive wherein this Policy will take precedence.

## **2.0 OBJECTIVES [30 ILCS 235/2.5(a)]**

The purpose of this Investment Policy is to establish cash management and investment guidelines for the stewardship of public funds under the jurisdiction of the Rockford Township. The specific objectives of this Policy will be as follows:

1. Safety – The security of monies, whether on hand or invested, shall be the primary concern of the Supervisor in selecting depositories or investments.
2. Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating requirements, which might be reasonably anticipated.
3. Return – The Supervisor shall seek to attain a market average or better rate of return throughout budgetary and economic cycles, taking into account risk, constraints, cash flow, and legal restriction on investments.

## **3.0 INVESTMENT GUIDELINES [30 ILCS 235/2.5(a)(3)]**

To assist in attaining the stated objectives, the following guidelines shall be observed:

1. Investments shall be made in a manner that seeks to insure the preservation of capital in the overall portfolio.
2. The portfolio should remain sufficiently liquid to meet operating requirements, which may be reasonably anticipated. Cash flows shall be reviewed at least quarterly.
3. To maximize earnings, all funds shall be deposited/invested within five business days at prevailing rates or better.
4. All investments shall be selected on the basis of competitive bids.

## **4.0 DIVERSIFICATION [30 ILCS 235/2.5(a)(4)]**

To avoid unreasonable risks, diversification of the investment portfolio shall be consistent with the objectives in the investment policy.

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## 5.0 RESPONSIBILITY [30 ILCS 235/2.5(a)(7)]

All investment of funds under the control of the Supervisor are the direct responsibility of the Supervisor. The Supervisor shall be responsible for all transactions and shall establish a system of controls for the Manager of Fiscal Operations who is involved in recording the investment activities.

## 6.0 PERFORMANCE MEASURES [refer to 30 ILCS 235/2.5(a)(8)]

The use of U S Treasury bills, average Fed Fund rate, Illinois Public Treasurers' Investment Pool (IPTIP), or other stable markets can be used to determine whether market average yield benchmarks are being achieved.

## 7.0 PERIODIC REVIEW [30 ILCS 235/2.5(a)(9)]

The Supervisor should establish annual independent review for internal controls, which assures compliance within this investment policy. This will be accomplished with external auditors.

## 8.0 REPORTING [30 ILCS 235/2.5(a)(10)]

The Manager of Fiscal Operations, as directed by the Supervisor shall record all investment transactions. A report will be generated monthly, listing all active investments, location of investments, maturity of investments, interest rate and other pertinent information deemed necessary. This report will be submitted monthly to the Town Board.

## 9.0 AUTHORIZED INVESTMENTS [30 ILCS 235/2.5(a)(1)]

Rockford Township shall invest in instruments as allowed by the Public Funds Investment Act, 3- ILCS 235/2. A summary of authorized investments follows:

- a.) Notes, bonds, certificates of indebtedness, treasury bills, or other securities, which are guaranteed by the full faith and credit of the United States of America.
- b.) Bonds, notes debentures, or other similar obligations of the United States of America or its agencies.
- c.) Interest bearing accounts, certificates of deposit or interest bearing time deposits or any other investment constituting direct obligations of any bank as defined by the Illinois Banking Act.
- d.) Money market mutual funds registered under the Investment Company Act of 1940.

## 10.0 FINANCIAL INSTITUTIONS [30 ILCS 235/2.5(a)(11)]

The Rockford Township Board will have the sole responsibility to select which financial IPTIP, banks, and savings and loan institutions will be depositories for Rockford Township, "(approved financial institutions)". Any financial institution, upon meeting the requirements of the Illinois Compiled Statutes and of this policy, may request to become a depository for Rockford Township. Rockford Township will take into consideration security, size, location, financial condition, service, fees, competitiveness, and the community relations involvement of the financial institution when choosing

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depositories. The Supervisor shall have authority on a daily basis to invest in the approved financial institutions following the investment policies set out herein.

## 11.0 COLLATERALIZATION [30 ILCS 235/2.5(a)(5)]

1. At all times in order to meet the objective of safety of capital, the Supervisor will require deposits in excess of the Federally insured amount to be collateralized to the extent of One Hundred and Ten Percent (110%) and evidenced by an approved written agreement.
2. Eligible collateral instruments and collateral rates (market value divided by deposit are as follows:
  - a) Negotiable obligations of the United States Government; =110%
  - b) Negotiable obligations of any agency or instrumentality of the United States Government backed by the full faith and credit of the United States Government; =110%
  - c) Negotiable obligations of the State of Illinois which are rated A or better by Moodys or Standard and Poors; =110%
  - d) Negotiable obligations of "Rockford Township" which are rated A or better by Moodys or Standard and Poors; =110%
3. Maturity of acceptable collateral shall not exceed 120 months.
4. The ratio of fair market value of collateral to the amount of funds secured shall be reviewed regularly and additional collateral will be requested when the ratio declines below the level required.
5. Safekeeping of Collateral.

Third party safekeeping is required for all collateral. To accomplish this, the securities will be held at a safekeeping depository as approved from time to time by the Supervisor.

Safekeeping will be documented by an approved written agreement. Substitution, exchange or release of securities held in safekeeping may be done only upon five (5) business days prior written notice to the Supervisor.

When collateral is extended, the Supervisor should receive a copy of the financial institutions board minutes, indicating the board of directors' approval.

## 12.0 PRUDENT PERSON STANDARD [30 ILCS 235/2.5(a)(2)]

Investments shall be made with judgement and care, under circumstances when 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 possible income to be derived.

In maintaining its investment portfolio, the Supervisor shall avoid any transaction that might impair public confidence in Rockford Township.

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The above standards are established as standards for professional responsibility and shall be applied in the context of managing the portfolio.

The Supervisor and Manager of Fiscal Operations acting in accordance with this Investment Policy and procedures as have been or may be established and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market changes.

## 13.0 INTERNAL CONTROLS [30 ILCS 235/2.5(a)(6)]

Only the Supervisor is authorized to establish financial accounts, and investments for Rockford Township. At all times either the Rockford Township Supervisor, singly or two, jointly, of two or more signatories as designated by the Supervisor should be authorized to sign on financial accounts of the office of the Supervisor. Authorized signatories are NOT permitted to reconcile bank accounts at any time.

## 14.0 ETHICS AND CONFLICT OF INTEREST [30 ILCS 235/2.5(a)(12)]

The Corrupt Practices Act of the Illinois Compiled Statutes shall apply in the case of this policy. In addition no person involved in the investment process shall make any investment decision base upon personal or political gain or consequence.


## 15.0 AMENDMENT

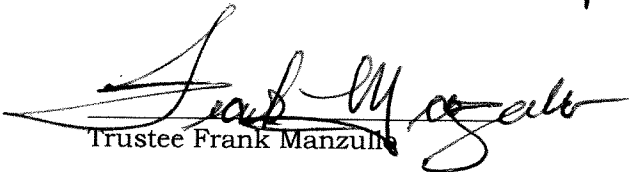
This policy may be reviewed from time to time and revised upon approval of the Rockford Township Supervisor and the Township Board.

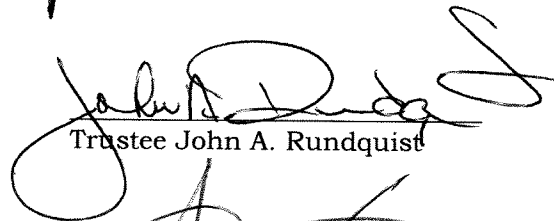
## 16.0 CAPTIONS AND HEADINGS

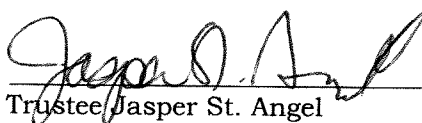
The captions and headings used herein are for convenience of reference only and do not define or limit the contents.

This policy is hereby approved and effective on this 16<sup>th</sup> day of June, 2009.

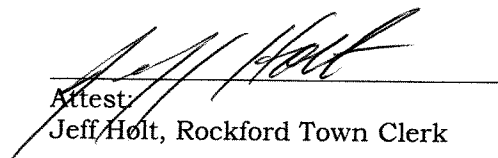
  
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Michael J. (Mickey) Goral  
Supervisor, Rockford Township

  
\_\_\_\_\_  
Trustee Frank Manzullo

  
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Trustee John A. Rundquist

  
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Trustee Jasper St. Angel

  
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Trustee Greg Tuite

  
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Attest:  
Jeff Holt, Rockford Town Clerk

10-14-09  
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Date