

**Champaign County Treasurer's
Investment Policy
Daniel J. Welch, County Treasurer
30 ILCS 235/2.5**

Revised April 2017

Scope

This investment policy applies to the activities of the Champaign County Treasurer with regard to investing financial assets of all funds described in the Illinois Compiled Statutes. This investment policy will also apply to any new funds or temporary funds placed under the jurisdiction of the Champaign County Treasurer.

Policy

It is the policy of the Champaign County Treasurer to structure investments that place the highest priority on the safety of principal while meeting the daily cash flow demands of Champaign County government and conforming to all State statutes governing the investment of public funds.

Prudence Standards

The standard used by the Champaign County Treasurer, and Chief Deputy Treasurer shall be the “prudent person” standard which means the following:

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 from the investment.

Investment Objectives

The investment objectives, in priority order, of the Champaign County Treasurer's investment activities shall be:

Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Liquidity: Implement an investment strategy that provides sufficient liquidity to meet all operating requirements which might be reasonably anticipated.

Yield: Invest public funds to maximize overall portfolio yield while minimizing risk.

Timeliness: All funds will be deposited within two working days at prevailing rates or better in accordance with Illinois State Statutes, and will be invested for a period of one day or longer, depending on the requirement for the disbursement of funds.

Delegation of Authority

Management responsibility for the investment program is hereby delegated to the Champaign County Treasurer who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the investment activities.

Investment Procedures

The Champaign County Treasurer shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Champaign County Treasurer.

Ethical Standards

The Champaign County Treasurer and the appointed Chief Deputy shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. They shall disclose any material financial interests in financial institutions that conduct business with Champaign County and they shall further disclose any personal investments related to the performance of the portfolio.

Authorized Financial Institutions

The Champaign County Treasurer will have the sole responsibility to select which financial institutions may be depositories for Champaign County funds. The Champaign County Board per ILCS 55 5/3–11002 and by Resolution will approve these financial institutions. The Champaign County Treasurer will take into consideration security, size, location, condition, service, fees and the community relations involvement of the financial institution when choosing a financial institution. Total investments and deposits shall not exceed 75-percent of an individual financial institutions capital stock and surplus.

At the request of the Champaign County Treasurer, authorized financial institutions shall provide their most recent financial statements or report of condition for review. No public deposit shall be made except in a “qualified public depository” as established by State Statute.

Permissible Investments

The Champaign County Treasurer may invest in any instrument authorized by Section 2 of the Public Funds Investment Act (30 ILCS 235/).

Other Investments

If either or both the Public Funds Investment Act or the Counties Code at 55 ILCS 5/3-11006 is amended and one or more investments are no longer permissible, the investment will automatically be removed as a Permissible Investment. Under this circumstance, any newly ineligible investments will be allowed to mature or can be sold immediately at the County Treasurer's discretion.

If either or both the Public Funds Investment Act or the Counties Code at 55 ILCS 5/3-11006 is amended to add new investments, the new investments will automatically be added as a Permissible Investment, but not recommended for use until approved by the County Treasurer.

Accepted Collateral Instruments

At all times the Champaign County Treasurer will require that deposits in excess of FDIC and FCUA insurable limits be fully collateralized at 105% using instruments as follows. Please note that any security including a floating, variable, inverse, structured, or step-up feature is unacceptable.

- Bonds, notes or other securities constituting direct and general obligations of the United States, the bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States, and bonds, notes or other securities of indebtedness constituting the obligation of a U.S. agency or instrumentality.
- Direct and general obligation bonds of the State of Illinois or of any other state of the United States rated AAA, AA or A by at least one Nationally Recognized Statistical Rating Organization.
- Revenue bonds of this State or any authority, board, commission or similar agency thereof rated AAA, AA or A by at least one Nationally Recognized Rating Organization.
- Letters of credit issued by the Federal Home Loan Bank of Chicago
- Direct and general obligation bonds of any city, town, county, school district or other taxing body of any state, the debt service

of which is payable from general ad valorem taxes rated AAA, AA or A by at least one Nationally Recognized Statistical Rating Organization.

- Revenue bonds of any city, county or school district of the State of Illinois rated AAA, AA or A by at least one Nationally Recognized Statistical Rating Organization.

Safekeeping of Collateral

Third-party safekeeping is required for all collateral. To accomplish this, a security can be held at the following locations:

1. A Federal Reserve Bank or branch office
2. A trust department of a commercial bank or with another financial institution that is not owned or controlled by the same institution or holding company

All collateral is subject to acceptance by the Champaign County Treasurer. The right of collateral substitution is granted.

Any financial institution pledging collateral shall supply a report at the end of each month, listing the description of the collateral pledged and its value.

Diversification

It is the policy of the Champaign County Treasurer to diversify the investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting from an over concentration in a specific issuer, maturity or class of security.

Maximum Maturities

To the extent possible, the Champaign County Treasurer will attempt to match its investments with anticipated cash flow requirements. The Treasurer will not directly invest in securities maturing more than 2 years from the date of purchase. However, from time to time, Champaign County

issues bonds for various projects. The proceeds from such bond issuances may be invested in securities exceeding 2 years of maturity if such investment is made to coincide as nearly as practicable with the expected use of the funds.

Reporting

Investment reports will be prepared as required by statute or more frequently as needed. The reports may include, but are not limited to a listing of individual securities held by the end of the reporting period, a listing of investments by maturity date and institution, and income earned on investments.

The Champaign County Treasurer will provide any additional reports requested by the Champaign County Board within thirty days.

Security Controls

Only the Champaign County Treasurer and the appointed Chief Deputy are authorized to purchase and sell investments, release and substitute pledged collateral, execute wires to and from Illinois Funds, and to execute any documents required under this policy.

Indemnification

Investment officers acting in accordance with written procedures of this investment policy, as well as the applicable local, state and federal laws and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

Performance Measurement

The investment policy is designed to obtain a market average rate of return, taking into account investment risk constraints and cash flow needs.

Market Yield (Benchmark)

The Champaign County Treasurer's investment strategy is conservative. The basis used by the Treasurer to determine whether market yields are being achieved shall be the current three-month U.S. Treasury Bill and/or the average Fed Funds rate. Since these indices are relatively risk-free benchmarks, they comprise a minimum standard for the portfolio's rate of return. The investment program shall seek to augment returns above this threshold, consistent with prudent investment principles and the risk limitations identified herein.

Outside Auditor

An external auditor will perform an independent review of investment records annually. This review will provide internal control by assuring compliance with established policies and procedures.

Investment Policy Adoption

The Public Funds Investment Act (30 ILCS 235/2.5) states that..."for purposes of the State or a County, the Investment Policy shall be adopted by the elected Treasurer and presented to the Chief Executive Officer and the Governing Body".

Review

The Investment Policy shall be reviewed annually by the Champaign County Treasurer and any modifications will be forwarded to the County Board Chairman.

Public

The Investment Policy shall be made available to the public at the Champaign County Treasurer's office, 1776 E. Washington St. (Brookens Administrative Center) Urbana, Illinois (30 ILCS 235/2.5). The Investment

Policy will also be posted on the County Treasurers page on the Champaign County website: www.co.champaign.il.us/treasurer

Adopted April 3, 2017 by Champaign County Treasurer Daniel J. Welch