

**VILLAGE OF OGDEN
CHAMPAIGN COUNTY, ILLINOIS**

ORDINANCE NO. 2022-0401

**AN ORDINANCE ADOPTING AN INVESTMENT POLICY
FOR THE VILLAGE OF OGDEN**

**Passed by the Board of Trustees
and Approved by the
President
of
Village of Ogden, Illinois on
April 7, 2022**

**Published in pamphlet form by authority of the President and Board of Trustees of
the Village of Ogden, Champaign County, Illinois, this 7th day of April, 2022**

VILLAGE OF OGDEN
CHAMPAIGN COUNTY, ILLINOIS

Ordinance No. 2022- 0407

April 7, 2022

AN ORDINANCE ADOPTING AN INVESTMENT POLICY
FOR THE VILLAGE OF OGDEN

WHEREAS, the Village of Ogden, Champaign County, State of Illinois (the "Village") is a duly organized and existing Village created under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the Illinois Municipal Code, and all laws amendatory thereof and supplementary thereto with full powers to enact ordinances for the benefit of the residents of the Village; and

WHEREAS, it is always prudent for a public unit of local government to have and Investment Policy in place for the purpose of safeguarding funds, equitably distributing the investments and maximizing income of the governmental unit; and

WHEREAS, pursuant to the Public Funds Investment Act, 30 ILCS 235/2.5 the Village Board of Trustees deems it appropriate and in the public interest to adopt the within ordinance adopting an Investment Policy as provided herein.

NOW, THEREFORE BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF OGDEN, CHAMPAIGN COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. Incorporation Clause. The President and Board of Trustees of the Village of Ogden, Illinois hereby find that all of the recitals hereinbefore stated as contained in the preambles of this Ordinance are full, true and correct and do hereby, by reference incorporate and make them part of this ordinance.

Section 2. Purpose. This Ordinance is to adopt an Investment Policy for the Village of Ogden.

Section 3. The Board of Trustees of the Village of Ogden hereby adopts the Investment Policy attached hereto and by reference incorporated herein. The policy shall be reviewed on an annual basis by the Village Treasurer and Board of Trustees and any modifications made thereto must be approved by the Board of Trustees.

Section 4. State Law Adopted. All applicable provisions of the Illinois Compiled Statutes, including the Illinois Municipal Code, as may be amended from time to time, relating to the purposes of this ordinance are hereby incorporated herein by reference.

Section 5. Headings. The headings for the articles, sections, paragraphs and subparagraphs of this Ordinance are inserted solely for the convenience of reference and of construction of any substantive provisions of this Ordinance.

Section 6. Severability. The provisions of this Ordinance are hereby declared to be severable and should any provisions, clause, sentence, paragraph, sub-paragraph, section, or part of this Ordinance be determined to be in conflict with any law, statute or regulation by a court of competent jurisdiction, said provision shall be excluded and deemed inoperative, unenforceable, and as though not provided for herein, and all other provisions shall remain unaffected, unimpaired, valid and in full force and effect. It is hereby declared to be the legislative intent of the Board of Trustees that this Ordinance would have been adopted had not such unconstitutional or invalid provision, clause, sentence, paragraph, sub-paragraph, section, or part thereof had not been included.

Section 7. Superseder and Publication. All code provisions, ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded. A full, true and complete copy of this Ordinance shall be published in pamphlet form as provided by the Illinois Municipal Code, as amended.

Section 8. Effective Date. This Ordinance shall be in full force and effect upon passage and approval, as provided by the Illinois Municipal Code, as amended.

AYE VOTES:

Trustee Cooper, Aekelin, Huan, Lewis and Smith

NAY VOTES:

Trustee Esposito

ABSTAIN:

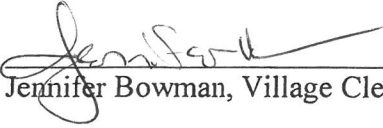
ABSENT:

SO PASSED, ADOPTED, APPROVED AND ENACTED IN AND AT THE VILLAGE OF OGDEN, COUNTY OF CHAMPAIGN, STATE OF ILLINOIS, THIS 7TH DAY OF APRIL, 2022.



Gabe Clements, Village President

ATTEST:


Jennifer Bowman, Village Clerk

(SEAL)

Recorded in the Municipal Records: April 7, 2022
Published in pamphlet form: April 7, 2022

INVESTMENT POLICY

Ogden, Illinois

1.01 Policy

It is the policy of the Village of Ogden, Illinois 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 Village 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 judgement 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 Village'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 Village 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 in 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 Village Treasurer will maintain a list of financial institutions authorized to provide investment services.

In addition, a list will also be maintained of approved security brokers/dealers selected by credit worthiness.

1.08 Authorized and Suitable Investment

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 in accordance with the law of the State of Illinois.

1.10 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the Village of Ogden, shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by an independent third-party custodian designated by the Village Treasurer and evidenced by safekeeping receipts and a written custodial agreement.

1.11 Diversification

The Village shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, and length of maturity.

1.12 Maximum Maturities

To the extent possible, the Village shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than two (2) years from the date of purchase.

Reserve funds may be invested in securities exceeding five (5) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

1.13 Internal Control

The Village Treasurer is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the Village 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

This 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 Ogden benchmarks shall be the Illinois Public Treasurer's Investment Pool a/k/a the Illinois funds established by the office of the Illinois State Treasurer.

1.15 Reporting

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

1.16 Marking to Market

A statement of the market value of the portfolio shall be issued to the Board of Trustees quarterly.

1.17 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 Village Treasurer and any modifications made thereto must be approved by the Board of Trustees.

GFOA POLICY STATEMENTS

The purpose of this investment policy is to aid the general membership of Government Finance Officers Association (GFOA) in the preparation of an investment policy. This policy is not intended to supplant an existing policy. Each entity should use this sample as a model to customize a policy to fit its needs and to comply with state and local laws, regulations, and other policies concerning the investment of public funds.

Sample Investment Policy

I. Scope

This policy applies to the investment of short-term operating funds. Longer-term funds, including investments of employees' investment retirement funds and proceeds from certain bond issues, are covered by a separate policy.

1. **Pooling of Funds** Except for cash in certain restricted and special funds, the Village will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

II. General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. **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. The objective will be to mitigate credit risk and interest rate risk.
 - a. **Credit Risk** The Village will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
 - o Limiting investments to the safest types of securities
 - o Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Village will do business
 - o Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

- b. **Interest Rate Risk** The Village will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
 - o 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
 - o Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.
2. **Liquidity** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. 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). A portion of the portfolio also may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.
3. **Yield** 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 core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:
 - o A security with declining credit may be sold early to minimize loss of principal.
 - o A security swap would improve the quality, yield, or target duration in the portfolio.
 - o Liquidity needs of the portfolio require that the security be sold.

III. Standards of Care

1. **Prudence** 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. Investment officers acting in accordance with written procedures and this investment policy 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 fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

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.

2. **Ethics and Conflicts of Interest** Officers and employees involved in 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. 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 Village.

3. **Delegation of Authority** Authority to manage the investment program is granted to the Village Treasurer. Responsibility for the operation of the investment program is hereby delegated to the Village Treasurer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Village Treasurer. The Village Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

IV. Safekeeping and Custody

1. **Authorized Financial Dealers and Institutions** A list will be maintained of financial institutions authorized to provide investment services. In addition, a list also will be maintained of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of state registration
- Completed broker/dealer questionnaire
- Certification of having read and understood and agreeing to comply with the Village's investment policy.

An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Village Treasurer. (See the GFOA Recommended Practice on "Governmental Relationships with Securities Dealers," in Appendix 3.)

From time to time, the Village Treasurer may choose to invest in instruments offered by

minority and community financial institutions. In such situations, a waiver to the criteria under Paragraph 1 may be granted. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with state or local law. These types of investment purchases should be approved by the appropriate legislative or governing body in advance.

2. **Internal Controls** The Village Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Village 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.

Accordingly, the Village 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:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

3. **Delivery vs. Payment** 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.

V. Suitable and Authorized Investments

1. Investment Types Consistent with the GFOA Policy Statement on State and Local Laws Concerning Investment Practices, the following investments will be permitted by this policy and are those defined by state and local law where applicable:
 - U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value;

- Certificates of deposit and other evidences of deposit at financial institutions, bankers' acceptances, and commercial paper, rated in the highest tier (e.g., A-1, P1, F-1, or D-1 or higher) by a nationally recognized rating agency;
- Investment-grade obligations of state, provincial and local governments and public authorities;
- Repurchase agreements whose underlying purchased securities consist of the foregoing;
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
- Local government investment pools, either state-administered or through joint powers statutes and other intergovernmental agreement legislation.

Investment in derivatives of the above instruments shall require authorization by the appropriate governing authority. (See the GFOA Recommended Practice on "Use of Derivatives by State and Local Governments," 1994.)

2. **Collateralization** Where allowed by state law and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on non-negotiable certificates of deposit. (See GFOA Recommended Practices, Appendix 3.)
3. **Repurchase Agreements** Repurchase agreements shall be consistent with GFOA Recommended Practices on Repurchase Agreements. (See GFOA Recommended Practices, Appendix 3.)

VI. Investment Parameters

1. **Diversification** The investments shall be diversified by:
 - limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
 - limiting investment in securities that have higher credit risks,
 - investing in securities with varying maturities, and
 - continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations. (See the GFOA Recommended Practice on "Diversification of Investments in a Portfolio" in Appendix 3.)
2. **Maximum Maturities** To the extent possible, the Village shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than five (5) years from the

date of purchase or in accordance with state and local statutes and ordinances. The Village shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the legislative body. (See the GFOA Recommended Practice on "Maturities of Investments in a Portfolio" in Appendix 3.)

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as LGIPs, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

VII. Reporting

1. **Methods** The investment officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the Village to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the investment officer, the legislative body, and any pool participants. The report will include the following:
 - Listing of individual securities held at the end of the reporting period.
 - Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity (in accordance with Governmental Accounting Standards Board (GASB) requirements).
 - Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
 - Listing of investment by maturity date.
 - Percentage of the total portfolio which each type of investment represents.
2. **Performance Standards** The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis.
3. **Marking to Market** The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-to-Market Practices

for State and Local Government Investment Portfolios and Investment Pools." (See GFOA Recommended Practices, Appendix 3.) In defining market value, considerations should be given to the GASB Statement 31 pronouncement.

VIII. Policy Considerations

1. **Exemption** Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.
2. **Amendments** This policy shall be reviewed on an annual basis. Any changes must be approved by the Village Treasurer and any other appropriate authority, as well as the individual(s) charged with maintaining internal controls.