

Ordinance No. 10-15

AN ORDINANCE ESTABLISHING AN INVESTMENT POLICY

BE IT ORDAINED BY THE SOUTH SANGAMON WATER COMMISSION, AS FOLLOWS:


SECTION 1: The attached Investment Policy is hereby adopted by the Commission.

SECTION 2: This Ordinance is effective immediately.

PASSED this 18 day of May, 2010


CHAIRMAN

ATTEST:


Clerk

AYES: McCord, PFEFFER

NAYS: -

PASSED: 5/18/10

APPROVED: 5/18/10

ABSENT: HALL

SOUTH SANGAMON WATER COMMISSION

INVESTMENT POLICY

PURPOSE AND INTENT

It is the intent of this investment policy to serve as both a curb and guide to aid in the administration of all funds established and existing under the South Sangamon Water Commission (Commission). It is the policy of this Commission to invest public funds in a manner which will provide for the greatest degree of safety of principal, liquidity of funds, and to conform and comply with all local ordinances, and state and federal laws. Return on investment will not be a predominant factor in the investment of public funds.

SCOPE

This policy applies to the investment of all funds governed by the Commission.

PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent person" standard, when applicable and when not prevented by law, and shall be applied in the context of managing an overall portfolio.

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.

Investment officers acting in accordance with written procedures and the 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 appropriate action is taken to control adverse developments.

OBJECTIVES

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

Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Legality: All investment activity shall conform to all federal, state other legal requirements.

Return on investment: The return on investment shall be subject to safety, liquidity and legality of all investments. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account customary investment risk constraints and liquidity.

DELEGATION OF AUTHORITY

Management and administration responsibility for the investment program is hereby delegated to the Treasurer or equivalent, who, under the direction of the Commissioners, shall establish written procedures for the operation of the investment program. Procedures should include references to: safekeeping, delivery versus payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts.

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.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The 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.

AUTHORIZED AND SUITABLE INVESTMENTS

Investments may be made in any type of security allowed for in Illinois statutes regarding the investment of public funds. These include, but may not necessarily be limited to:

- FDIC insured interest bearing savings accounts and certificates of deposits;
- United State of America Treasury Bills, Notes or Bonds;
- The Illinois Funds, an investment pool administered by the State of Illinois Treasurer's Office.

Investments shall be made that reflect the cash flow needs of the fund type being invested.

COLLATERALIZATION AND ALTERNATIVE INSURANCE

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. The amount of collateral provided will not be less than 110% of the fair market value of the net amount of public funds secured. Pledged collateral shall be held in safekeeping, by an independent third party depository, or the Federal Reserve Bank of Chicago, designated by the appropriate governing body and evidenced by a safekeeping agreement.

The Commission will accept any of the following assets as collateral:

- United State of America Treasury Bills, Notes or Bonds;
- Obligations of Federal Agencies;
- Obligations of the State of Illinois;
- General Obligations of Municipal Bonds "A" rated or better.

The Commission reserves the right request substitution of collateral at any time and for any reason.

SAFEKEEPING AND CUSTODY

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

DIVERSIFICATION

To the greatest extent possible and in conformance to this policy, it is the desire of the Commission to invest public funds in financial institutions located and doing business within the boundaries of Chatham and New Berlin, Illinois.

None the less, the entity 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.

MAXIMUM MATURITIES

To the extent possible, the Commission shall attempt to match investments with anticipated cash flow requirements.

Unless matched to a specific cash flow, the Commission will not directly invest in certificates of deposits, securities or other accounts maturing more than five (5) years from the date of purchase.

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

INTERNAL CONTROL

The Treasurer, under the direction of the Commission, is responsible for establishing and maintaining a written internal control structure designed to insure that the assets of the Commission 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 investment and wire transfers.

One of the required elements of the system of internal controls shall be the timely reconciliation of all Commission bank accounts. Bank reconciliations shall be performed on a monthly basis and shall be completed no later than fifteen (15) days after the end of the monthly cycle.

The internal controls should be reviewed by an independent certified public accountant in conjunction with the annual examination of the financial statements of the Commission.

PERFORMANCE STANDARDS

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a comparable rate of return during market/economic environment of stable interest rates. A comparable rate of return will be within a range of One hundred basis points (1.00%). Portfolio performance should be compared to benchmarks with similar maturity, liquidity and credit quality as the portfolio.

Such benchmarks will include comparable maturities of U.S. Treasury bills or notes and the Illinois Funds, an investment pool administered by the State of Illinois Treasurer's Office.

REPORTING

The Treasurer shall prepare an investment report at least monthly. The report should be provided directly to the Commission and available upon 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. The report shall provide at least the following information:

- Market Value as of the report date;
- Book Value;

- Principal and type of investments by instrument or fund;
- Annualized earnings;
- Annualized yield;
- Summary report of investments maintained in each institution.

For reporting purposes, all highly liquid debt instruments purchased with a maturity of three (3) months or less shall be considered cash equivalents.

MARKING TO MARKET

A statement of the market value of the portfolio shall be issued monthly along with and made a part of the monthly investment report.

EXEMPTIONS

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.

EXCEPTIONS

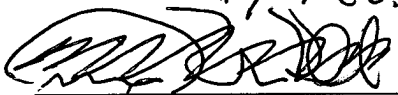
Any exception to this policy will be reported immediately to the Chairman and Clerk in writing and will be reported to the Commission at the next regularly scheduled Commission meeting.

AMENDMENT

The policy shall be reviewed on an annual basis by the Treasurer and any modifications made thereto must be approved by the Commission.

ADOPTION

This policy has been adopted by Ordinance No. 10- 15, this 18th, of May, 2010.

SORRY DEL.


Del M. McCord, Chairman

Attest:


Craig R. Hall, Clerk

ORDINANCE CERTIFICATE

STATE OF ILLINOIS)
) SS.
COUNTY OF SANGAMON)


I, the undersigned, do hereby certify that I am the duly qualified and acting Clerk of the South Sangamon Water Commission.

I do further certify that the ordinance attached hereto is a full, true, and exact copy of Ordinance No. 10-15, adopted by the Chairman and Board of Commissioners of said Commission on the 18th day of May, 2010, said Ordinance being entitled:

AN ORDINANCE ESTABLISHING AN INVESTMENT POLICY

I do further certify that prior to the making of this certificate, the said Ordinance was spread at length upon the permanent records of said Commission where it now appears and remains.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said Commission this 18th day of May, 2010.



Clerk