

RESOLUTION 14- 17

**RESOLUTION AUTHORIZING THE ADOPTION OF
AN INVESTMENT POLICY IN ACCORDANCE WITH THE
LOCAL GOVERNMENT INVESTMENT POLICY ACT**

WHEREAS, pursuant to Public Act 90-688, all local governments are required to have a written investment policy and

WHEREAS, the Board of Trustees of the Village of Barrington Hills (the "Village") desires to restate its investment policy in compliance with Public Act 90-688.

NOW, THEREFORE BE IT RESOLVED by the President and the Board of Trustees of the Village of Barrington Hills, Cook, Kane, Lake, and McHenry Counties, Illinois, as a home rule municipality, the following:

Section One The Village hereby adopts the following investment policy:

1.01 Policy. It is the policy of the Village 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 entity 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 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.

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 entity's needs for safety, liquidity, rate of return, diversification and its general performance.

1.05 Procedures for Short Term Investing.

- Cash held in various accounts to be used within twelve (12) months are to be held in sweep/checking/savings accounts
- Review offerings from authorized institutions for comparison of yield and credit worthiness to comply with minimum standards set forth in this document
- Compare yield to maturity of individual offerings to maximum allowable maturity to determine the cash flow needs and liquidity risk
- Upon fund transfer initiation a second Village representative reconcile transaction, verify pre and post transfer balances and any accrued interest applicable

1.06 Delegation of Authority. Management and administrative responsibility for the investment program is hereby delegated to the Treasurer who, under the delegation of the Board of Trustees, shall establish written procedures for the operation of the investment program.

1.07 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.

1.08 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 with a minimum rating would be A3, A-, A- or better.

| Moody's | | S&P | | Fitch | | rating description |
|-----------|------------|-----------|------------|------------|------------|--------------------|
| Long-term | Short-term | Long-term | Short-term | Long-term | Short-term | |
| Aaa | P-1 | AAA | A-1+ | AAA | F1+ | Prime |
| Aa1 | | AA+ | | AA+ | | High grade |
| Aa2 | | AA | | AA | | High grade |
| Aa3 | | AA- | AA- | High grade | | |
| A1 | | A+ | A-1 | A+ | F1 | Upper medium grade |
| A2 | A | A | | | | |
| A3 | P-2 | A- | A-2 | A- | F2 | Upper medium grade |
| Baa1 | | BBB+ | | BBB+ | | |

1.09 Authorized and Suitable Investments. 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.

1.10 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.

1.11 Safekeeping and Custody. All security transactions, including collateral for repurchase agreements entered into by the Village, 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.

1.12 Diversification. 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.

1.13 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 one (1) year from the date of purchase.

Reserve funds may be invested in securities exceeding one (1) year but not to exceed five (5) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

1.14 Internal Control. The Treasurer is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the entity 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

1.15 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.

1.16 Reporting. The 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 of Trustees.

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

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

Section Two If any part or provision of this Resolution shall be held or deemed to be invalid, such invalidity shall not have the affect of rendering another part or provision of this Resolution invalid.

Section Three This Resolution shall be in full force and affect from and after its passage and approval as provided by law.

APPROVED THIS 26th day of August, 2014.

AYES: 6; NAYS: 0; ABSENT: 1



Village President

ATTEST:



Village Clerk