



HARRISBURG TOWNSHIP PARK DISTRICT INVESTMENT POLICY

It is the policy of the Harrisburg Township Park District to invest public funds in a manner which will provide a competitive investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state statutes governing the investment of public funds. This investment policy applies to the investment activities of all funds of the Harrisburg Township Park District. All financial assets shall be administered in accordance with the provisions of this policy.

This policy expresses the Harrisburg Township Park District's desire to satisfy the requirements of the Public Funds Investment Act (30 ILCS 235/1), the Sustainable Investing Act (Public Act 101-0473), and the Public Funds Investment Act's requirement to adopt a written investment policy (30 ILCS 235/2.5, aka P.A. 90-688).

I. DEFINITIONS

The following words shall have the following meanings when used in this Policy.

"District" means HARRISBURG TOWNSHIP PARK DISTRICT.

"Board" means the Board of Commissioners of the District.

"Employee" means any individual in the employ of the District.

"Policy" means this Investment Policy.

II. POLICY / PROCEDURES

A. Objective

The purpose of this policy is to establish investment guidelines for District officials who are responsible for the safekeeping of public funds. It is intended to assure the maximum security of the principal of the District investments, to comply with all legal requirements for the investment of District Funds, and to maintain sufficient liquidity to meet the cash flow demands of the District. The primary objectives of investment activities, in priority order, shall be safety, liquidity, and yield.

1. Safety of Principal - The safety of principal is the foremost objective of the District's Investment Policy. All investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

The District will minimize credit risk, or the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the safest types of securities;
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with whom the District will do business; and
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

The District will minimize the risk that the market value of securities in the portfolio will fail due to changes in the general interest rate by:

- 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; and
- Investing operating funds primarily in shorter-term securities, money-market mutual funds, or similar investment pools.

2. Liquidity of Fund - The investment portfolio shall remain sufficiently liquid to enable the District to meet all of its operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. Alternatively, a portion of the portfolio 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 cores of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:
 - A security with declining credit may be sold early to minimize loss of principal;
 - A security swap that would improve the quality, yield, or target duration in the portfolio, may be executed, subject to restrictions applicable by law or contract.
 - Liquidity needs of the portfolio require that the security be sold, provided the Treasurer shall report to the Executive Director prior to and immediately following said sale.

B. Responsibility for the Investment Program

The establishment of investment policies is the responsibility of the Board. Management and administrative responsibility for the investment program is hereby delegated to the Executive Director and/or the Treasurer of the District. No person, unless authorized by the Treasurer, shall make investment transactions on behalf of the District.

The Executive Director and/or Treasurer shall be responsible for: 1) all investment transactions undertaken; 2) establishing a system of internal controls and written

procedures consistent with this policy to regulate the activities in the portfolio; and 3) amending the internal controls and the written procedures from time to time as approved by the Executive Director in a manner not inconsistent with this policy or State law.

C. Standard of Care

Prudent Person - The standard of care 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 shall at all times exercise due diligence and shall act in accordance with this Investment Policy and all applicable legal procedures. Investment officers shall promptly report any material change in an individual security credit risk or market price change. All sales of security shall be executed in accordance with the terms of this policy. The “prudent person” standard states that, “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 first the probable safety of their capital and second the probable income to be derived.”

D. Ethics and Conflicts of Interest

Funds shall be invested to avoid actual conflicts and the appearance of conflicts of interest between the Board, District staff, or any investment advisors engaged by the District, and the institutions or accounts used for the investments. 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.

E. Financial Institutions

It shall be the policy of the District to select financial institutions on the following basis:

- Institution Security – The District will not maintain funds in any financial institution that is not a member of the FDIC system. Furthermore, the District will not maintain funds in any financial institution not willing to post, or not capable of posting, required collateral for funds in excess of the Federal Deposit Insurance Corporation (FDIC) insurable limits.
- Location – The District shall encourage investment in financial institutions within the District’s boundaries whenever possible. However, the Board may approve qualified depositories regardless of location.
- Statement of Condition – All depository institutions shall provide a current statement of condition in compliance with Section 6 of the Public Funds Investment Act. The District will maintain, for public and managerial inspection, current statements of condition for each financial institution named as a depository. If, for any reason the information furnished is considered by the Treasurer to be insufficient, additional data may be requested. The refusal of any institution to provide such data upon request may serve as sufficient cause for the withdrawal of District funds.

F. Internal Controls

The Executive Director and/or Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District 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 control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.

Accordingly, the Executive Director and/or Treasurer shall establish a process for review 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 record keeping;
- Custodial safekeeping;
- Avoidance of physical delivery securities;
- Clear delegation of authority to subordinate staff members;
- Written confirmation of telephone transactions for investments and wire transfers;
- Dual authorization of wire transfers
- Development of a wire transfer agreement with the lead bank or third party custodian; and

G. Pooling of Funds

Except for cash in certain restricted and special funds, the District may consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the proper funds based on their respective participation and in accordance with generally accepted accounting principles.

H. Investment Selection

While striving to achieve the objectives of this investment policy and limited by the State statutes, the District has approved the following for investment of public funds:

- U.S. Government Bonds
- U.S. Government Notes
- Treasury Bills
- Other securities which are guaranteed by the full faith and credit of the United States of America
- FDIC insured interest bearing savings or money market accounts
- FDIC insured interest bearing certificates of deposit
- FDIC insured interest bearing time deposits constituting direct obligations of any bank as defined by the Illinois Banking Act
- Local government investment pools

Funds shall be diversified in several accounts from time to time to meet the objective of security of principal and liquidity. Any other investments not disclosed in the above listed, including the use of derivatives, is prohibited.

I. Sustainability Goals

The District shall include material, relevant, and decision-useful sustainability factors that will be considered by the Board, within the bounds of the financial and fiduciary prudence in evaluating investment decisions. These factors consist of but are not limited to:

- Corporate governance and leadership factors
- Environmental factors
- Social capital factors
- Human capital factors
- Business model and innovation factors

In addition, the District's efforts will include the following:

- Periodic evaluation of sustainability factors to ensure the factors are relevant to the District's investment portfolio and the evolving marketplace
- Periodic monitoring of investment managers to encourage implementation of the aforementioned factors

J. Collateral

The District may require that funds on deposit in excess of the insured limits be secured by collateral. The District will accept any of the following assets as collateral:

- U.S. Government Securities
- Obligations of Federal Agencies
- Obligations of the State of Illinois
- General Obligation municipal bonds rated "A" or better issued by a governing body in the State of Illinois

The amount of collateral provided shall not be less than 110% of the fair market value of the net amount of District funds on deposit at each financial institution. Pledged collateral shall be held by the District

K. Diversification

To avoid unreasonable risks, investments shall be diversified by:

- Limiting investments to avoid overconcentration of 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 or money market funds to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

L. Reporting

The Treasurer/Executive Director shall compile quarterly written reports of investment activities including information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date.

M. Performance and Policy Review

The performance of the investment (based upon the return of the investment) shall be reviewed on an annual basis by comparing the performance with the performance of other similar investment accounts and/or institutions. Said review shall include a determination of whether the portfolio is effective in meeting the District's need for safety of principal, liquidity, and return on investment. The review shall also include a determination of

appropriate diversification and general performance. This policy and procedures shall also be reviewed annually.

N. Advisors

The Treasurer/Executive Director may engage investment advisors, money managers and/or financial institutions at their discretion, and only after approval of the Board. All such advisors, managers and/or institutions shall be given a copy of the Investment Policy and shall be required to comply with this policy.

O. Conflicts of Interest

Funds shall be invested to avoid actual conflicts and the appearance of conflicts of interest between the Board, District staff, or any investment advisors engaged by the District, and the institutions or accounts used for the investments.

P. Compliance with Public Funds Investment Act and Sustainable Investing Act

This Investment Policy is specifically written with the intention of complying with the Illinois Public Funds Investment Act (30 ILCS 235/1, et seq.) and the Illinois Sustainable Investing Act (Public Act 101-0473). It has been written to incorporate requirements of the Acts, and shall be interpreted to comply with the Acts. If it is found that any provisions of this policy conflict with the Acts, the Acts shall be interpreted to control.

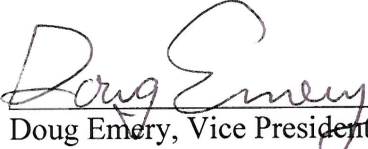
III. AMENDMENTS

This Policy may be amended by the District at any time. If the Policy is amended, the District shall file a written copy of the Policy, as amended, with the Board and shall also advise all District employees of the existence of the amended Policy. A copy of the amended Policy will be made available to District employees.

IV. EFFECTIVE DATE

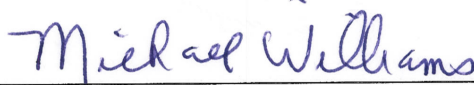
This Policy becomes effective JUNE 19, 2020.


Richard Rumsey, President


Doug Emery, Vice President

ATTEST:

6/19/2020
Date Signed


Michael Williams, Secretary / Treasurer