

FULTON COUNTY INVESTMENT POLICY

POLICY:

It is the policy of the Fulton County Treasurer 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 County and conforming to all State and Local statutes governing the investment of public funds.

SCOPE:

This investment policy applies to all financial assets under the jurisdiction of the County Treasurer. These funds are provided in the County's Comprehensive Annual Financial Report and include:

General Funds
Special Revenue Funds
Capital Project Funds
Enterprise Funds
Trust & Agency Funds
Retirement/Pension Funds
Any New Funds Created by the County Board.

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.

OBJECTIVES:

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

- 1) **SAFETY:** Safety of principal is the foremost objective of the investment program. Investments of the County shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- 2) **LIQUIDITY:** The County's investment portfolio will remain sufficiently liquid to enable the County to meet all operating requirements which might be reasonably anticipated.
- 3) **RETURN ON INVESTMENT:** The County's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and the cash flow characteristics of the portfolio.

DELEGATION OF AUTHORITY:

The County Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Procedures of the office should include reference to safekeeping, PSA repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the County Treasurer.

ETHICS AND CONFLICTS OF INTEREST:

Officers and employees involved in the investment process 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.

AUTHORIZED FINANCIAL INSTITUTIONS:

The County Treasurer will have the sole responsibility to select which financial institutions will be depositories for County funds. The County Treasurer will take into consideration security, size, location, financial condition, and service fees when choosing a financial institution. A current audited financial statement is required to be on file for each financial institution in which the County invests. An annual review of the financial condition will be conducted by the Treasurer.

AUTHORIZED & SUITABLE INVESTMENTS:

The County Treasurer may invest the County's funds in any investment as authorized in 30 ILCS 235/2, and Acts amended thereto.

Except as provided herein, investments may only be made in banks, savings banks, savings and loan associations, or credit unions that are insured by the Federal Deposit Insurance Corporation or other approved share insurer.

The County may also invest public funds in AAAM rated Local Government Investment Pools ("LGIPs") registered in the State of Illinois, including, but not limited to the Illinois Trust.

COLLATERALIZATION:

Collateralization of securities or letters of credit will be required on all deposits, certificates of deposit and repurchase agreements in excess of FDIC limits. In order to anticipate market changes and provide a level of security for all funds, the collateralization of securities and letters of credit levels will not be less than 105% of fair market value of the net amount of public funds secured. All deposits and repurchase agreements shall be secured by instruments acceptable to the Treasurer and in accordance with the federal, state, and Government Finance Officers Association (GFOA) requirements.

SAFEKEEPING & CUSTODY:

To protect against potential fraud, embezzlement, or losses caused by collapse of individual securities dealers, all investment securities purchased by the County, including collateral on repurchase agreements, 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 primary agent shall issue a safekeeping receipt to the County listing the specific instrument, rate, maturity, and other pertinent information. The bank will provide the County a copy of the Board minutes that approved the collateralization. The right of collateral substitution is granted only if an updated safekeeping receipt and a copy of the Board minutes approving such substitution is provided to the County. All securities transactions conducted by the custodian on behalf of the County are to be on a delivery versus payment (DVP) only basis. Investment officials shall be bonded to protect the County against loss due to possible embezzlement and malfeasance.

DIVERSIFICATION

The investments shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed.

MATURITIES

To the extent possible, the Treasurer will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer will not directly invest in securities maturing more than five (5) years from the date of purchase, defined as the settlement date. However, the Treasurer may collateralize its repurchase agreements using longer-dated investments.

Reserve or Capital Improvement Project funds may be invested in securities not to exceed five (5) years, from the date of settlement, if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

INTERNAL CONTROL:

The Treasurer is subject to annual independent review of its internal controls by an independent accounting firm. This review will provide internal control by assuring compliance with policies and procedures.

PERFORMANCE STANDARDS:

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the County's investment risk constraints and cash flow needs.

Market Yield (Benchmark): The County's investment strategy is passive. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be the six month U.S. Treasury Bill and the average Fed Funds rate.

REPORTING:

The Treasurer is charged with the responsibility of including a market report on investment activity and returns in the County's Financial Report.

INVESTMENT POLICY ADOPTION:

The County's investment policy shall be placed on file with the Fulton County Clerk and the Fulton County Board. The policy shall be reviewed annually by the investment officer and any modifications made thereto must be placed on file with the County Board.

In the event any state or federal legislation or regulation should further restrict instruments or institutions authorized by this policy, such restrictions shall be deemed to be immediately incorporated in this policy.

This policy supersedes all prior investment policies.



FULTON COUNTY TREASURER

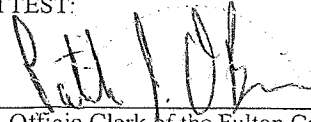
11 MAY, 2021

Placed on file with the Fulton County Board this the 11th day of May, AD, 2021.



Chairman of the Fulton County Board

ATTEST:



Ex-Officio Clerk of the Fulton County Board