

County of Adams

Office of County Treasurer

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ADAMS COUNTY INVESTMENT POLICY

Revised June 24, 2020

WHEREAS, Section 2.5(b) of the Public Funds Investment Act (30 ILCS 235/2.5(b)) requires the Adams County Treasurer (the "Treasurer") to adopt a written investment policy and to present said policy to the Chairman of the Adams County Board (the "Chairman") and to the County Board;

THEREFORE, the Treasurer has adopted the following Investment Policy and has presented said policy to the Chairman and to the County Board:

INVESTMENT POLICY

Scope. This investment policy applies to all County funds that are in the custody of the Treasurer. This means that the Treasurer is the primary signer on the account and is authorized to initiate all financial transactions including deposits, transfers and withdrawals.

This investment policy does not cover County funds that are in the custody of other county officials. These officials shall be responsible for complying with Public Funds Investment Act including all collateralization requirements.

The following sections are required according to Section 2.5(a) of the Public Funds Investment Act (30 ILCS 235/2.5(a)).

1. **Authorized Investments.** County funds may be invested in the manners authorized under Section 2 of the Public Funds Investment Act (30 ILCS 235/2). Of those, County funds shall be primarily invested in the following:
 - a. in interest-bearing demand deposit (checking) accounts, savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;
 - b. in Treasury Bills which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
 - c. managed investment funds including the Illinois Metropolitan Investment Fund ("IMET"), and the Public Treasurers' Investment Pool ("Illinois Funds") created under Section 17 of the State Treasurer Act (15 ILCS 505/17).
2. **Prudent- Investor Rule.** In all actions and dealings with County funds, the Treasurer will make decisions and investments in accordance with the "prudent-investor" rule, defined as "[t]he principle that a fiduciary must invest in only those securities

or portfolios of securities that a reasonable person would buy.” Black’s Law Dictionary (8th ed. 2004).

3. **Investment Guidelines.** The Treasurer shall use the following investment guidelines in priority order:
 - a. **Safety:** Safety of principal is the foremost objective. Investments shall ensure the preservation of capital.
 - b. **Liquidity:** Investments shall provide sufficient liquidity to meet all of the anticipated cash flow demands.
 - 1) Default investments are in either interest-bearing demand deposit (checking), savings or money market bank accounts. Most County funds are considered as “needed for immediate disbursement.”
 - 2) Funds that are not needed for immediate disbursement may be invested in interest-bearing certificates of deposit or in treasury bills. These investments routinely have terms of up to one year but may have longer maturities depending on the expected use of the funds.
 - 3) The County does not hold or maintain funds that may be invested for long terms, such as retirement funds.
 - c. **Yield:** Investments shall maximize overall portfolio yield subject to protection of principal and liquidity requirements.
 - d. **Timeliness.** When funds are not needed for immediate disbursement, they shall be invested within 2 working days at prevailing rates or better.
(Reference: 30 ILCS 225/1)
4. **Diversification.** The investments of the fund should be sufficiently diversified to maintain liquidity and ensure preservation of principal. Due to the nature of most County funds, investment diversification is limited.
5. **Collateral Requirements.** Each bank shall pledge collateral in the total amount of 100% to 110% of the total County deposits that are over the FDIC insurable limits.
 - a. Each bank may pledge collateral in securities that are specified in Section 6(d) of the Public Funds Investment Act (30 ILCS 236/6(d)). The values of each pledged collateral item shall be on its current market value.
 - b. All pledged collateral shall be held in a third-party custodial bank, either:
 - 1) a Federal Reserve Bank or branch office; or
 - 2) a trust department of a commercial bank or with another financial institution that is not owned or controlled by the same institution or holding company.

6. **Chief Investment Officer.** The Treasurer is the Chief Investment Officer (CIO) unless the Treasurer otherwise designates a CIO. The CIO is responsible for establishing the internal controls and procedures for the operation of the investment program.
7. **Internal Controls.** The CIO has established the following procedures:
 - a. Only the CIO chooses, purchases and sells investments. Investments may be transferred only between designated financial institutions.
 - b. The CIO provides details of each investment action in writing to the County Treasurer staff who records all investments in the county financial records.
 - c. The Chief Deputy Treasurer shall act as a trusted person who, at their sole discretion, may confirm any investment action with a financial institution.
8. **Performance Measures.**
 - a. Funds that are needed for immediate disbursement are in bank checking, savings and money market accounts and are dependent on interest rates offered at local banks.
 - b. The minimum standard for investments that are not needed for immediate disbursement shall be the yield of the current 4-week U.S. Treasury Bill at the time of the investment.
9. **Periodic Review.** The Treasurer shall review and, if necessary, update the investment policy annually, or after a material change to the Public Funds Investment Act, or after a new treasurer has assumed the duties of the office, or upon request of the County Board.
10. **Reporting Requirement.** The CIO will provide reports that show at a minimum; investment holdings of the fund, rate of return of investments, change in balance and a distribution of investments.
11. **Selection of Financial Institutions, money managers and investment advisors.**
 - a. The Treasurer has the sole responsibility to select financial institutions, money managers and investment advisors as depositories for county funds in the custody of the Treasurer.
 - 1) The Treasurer will consider security, size, location, condition, service, interest rates, fees and the community relations involvement of the financial institution when choosing a financial institution.
 - 2) No financial institution shall receive public funds unless it has complied with the requirements established pursuant to Section 6 of the Public Funds Investment Act or is otherwise exempt from compliance as authorized by Section 6.5 of that Act.

- 3) The amount of all such deposits not collateralized or insured by an agency of the federal government shall not exceed 75% of the capital stock and surplus of such bank.
 - b. The County Board, when requested by the county treasurer, shall designate one or more banks, savings and loan associations, savings banks, or credit unions in which the funds and other public moneys in the custody of the county treasurer (55 ILCS 5/3-10009(a)).
12. **Ethics and Conflict of Interest.** The Treasurer will refrain from personal business activities that conflict with any investment decisions.
 - a. The Treasurer shall disclose any material financial interests in financial institutions that conduct business with Adams County. Material financial interests includes ownership interests in these institutions but excludes the possession of standard checking, savings, time deposits or brokerage accounts for personal funds at these institutions.
 - b. The Treasurer shall not:
 - 1) have any interest, directly or indirectly, in any investments in which the County is authorized to invest;
 - 2) have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments;
 - 3) receive, in any manner, compensation of any kind from any investments in which the agency is authorized to invest.

This Investment Policy is hereby adopted and effective this 24th day of June, 2020.



F. Bryden Cory
Adams County Treasurer

DESIGNATED BANKS

Designated banks and credit unions include:

- First Bankers Trust Company ¹
- First Investment Services ²
- Homebank
- State Street Bank
- Mercantile Bank
- First Mid Bank & Trust
- Farmers State Bank of Camp Point
- Great Rivers Bank
- North Adams State Bank
- Peoples Prosperity Bank
- Quincy Municipal Credit Union
- The Farmers Bank of Liberty
- Town and Country Bank
- Bank of Springfield
- Brown County State Bank
- Central State Bank

1. First Bankers Trust Company is the primary depository.
2. First Investment Services provides brokerage services to purchase Treasury bills and other investments that are not available through other designated financial institutions.

The County has accounts at other designated institutions for specific purposes, such as for real estate tax collection, or for other agencies that have fiduciary agreements with Adams County.