



DIVISION	POLICY NUMBER
VIII Budget & Financial Services	8.01.05 (1)
CATEGORY	DATE
8.01.05 Investment Policy	Adopted 12/99 Revised 12/05, 11/12, 3/15, 2/19

8.01.05 INVESTMENT POLICY – INVESTMENT OF FUNDS

A. Scope

This investment procedure applies to all funds of Joliet Junior College, Illinois Community College District 525. These funds are accounted for in the College’s annual financial report and includes all current funds, and any other funds that may be created from time to time. All transactions involving the funds and related activity of any funds shall be administered in accordance with the provisions of this procedure and the canons of the “prudent person rule.” The “prudent person” standard is herewith understood to mean the following:

Investments shall be made with judgment and care, under circumstance 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.

B. Objectives

1. Safety of Principal
 Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. To attain this objective only appropriate investment instruments will be purchased and insurance or collateral may be required to ensure the return of principal.

2. Liquidity
 The College’s investment portfolio shall be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due.

3. Return on Investments
 The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the risk constraints, the cash flow characteristics of the portfolio and legal restrictions for return on investments.

4. Maintaining the Public Trust
 The investment officers shall seek to act responsibly as custodians of the public trust and shall avoid any transactions that might impair public confidence in the College, the Board of Trustees, or the School Treasurer.



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C. Investment Instruments

The Treasurer of the Joliet Junior College district can deposit funds within any financial institution within the confines of the Joliet Junior College district as long as that financial institution conforms to, complies with, and is within the statutory limits as to what they can handle as applies to public funds. Investment of funds with financial institutions outside the Joliet Junior College District 525 requires board approval. The selection for deposits will be made on the basis of the highest interest rate bid.

Joliet Junior College may invest in investments as authorized by the Illinois Public Funds Investment Act (30 ILCS 235/1 et seq.), section 110 ILCS 805/3-47 of the Illinois Public Community College Act, Local Debt Reform Act, and Acts amendatory thereto. The College has chosen to limit its allowable investments to those instruments listed below:

1. Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued by the United States of America, its agencies and allowable instrumentality's;
2. Interest bearing savings accounts, interest bearing certificates of deposit or interest bearing time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;
3. Certificates of deposit with federally insured institutions that are collateralized or insured in excess of any coverage provided by the Federal Deposit Insurance Corporation;
4. Collateralized repurchase agreements which conform to the requirements stated in paragraph 2(g) or 2(h) of the Illinois Public Funds Investment Act;
5. Illinois School District Liquid Asset Fund;
6. The Illinois Public Treasurer's Investment Pool;
7. Investment products that are considered as derivatives are specifically excluded from approved investments.
8. General Obligation Bonds rated at the time of purchase within the four highest general classifications established by a rating service nationally recognized in rating bonds of states and political subdivisions thereof.



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D. Safekeeping of Securities

1. Safekeeping is required for all securities. To accomplish this, the securities can be held at the following locations:
 - a. At the financial institution;
 - b. At another custodial facility – generally in a trust or safekeeping department through book-entry at the Federal Reserve unless physical securities are involved; or
2. A safekeeping receipt will be maintained by the college as documentation.

E. Collateralization

Financial institutions must collateralize all deposits in excess of coverage provided by the Federal Deposit Insurance Corporation to 100% of market value.

Acceptable collateral will include the following:

1. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
2. Bonds issued by Joliet Junior College; and
3. Obligations of United States Government Agencies.

All investments requiring collateral in accordance with the above section, shall be witnessed by a written agreement and held at an independent – third party institution in the name of the college.

The only exception to this collateralization policy is limited to funds invested for capital construction projects, which the college Treasurer will be authorized to determine appropriate collateralization levels based on cash flow needs necessary for the college to complete construction projects.



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F. Safekeeping of Collateral

The securities must be held at one or more of the following locations:

1. At a Federal Reserve Bank or its branch office;
2. At another custodial facility in a trust or safekeeping department through book-entry at the Federal Reserve.
3. By an escrow agent of the pledging institution; or
4. By the trust department of the issuing bank.

G. Qualified Financial Institutions and Intermediaries

1. Depositories – Demand deposits
 - a. Any financial institution selected by the College shall provide normal banking services, including, but not limited to: checking accounts, wire transfers and safekeeping services.
 - b. The College will not maintain funds in any financial institution that is not a member of the FDIC system. In addition, the College will not maintain funds in any institution neither willing nor capable of posting required collateral for funds or purchasing private insurance in excess of FDIC insurable limits.
 - c. To qualify as a depository, a financial institution must furnish the Treasurer with copies of the latest two statements of condition, which it is required to furnish to the Comptroller of Currency as the case may be. While acting as a depository, a financial institution must continue to furnish such statements to the Treasurer annually.
 - d. Fees for banking services shall be mutually agreed to by an authorized representative of the depository bank and the Treasurer.
2. Certificates of Deposit

Any financial institution selected to be eligible for the College’s competitive certificate of deposit purchase program must meet the following requirements:

 - a. Shall provide wire transfer and certificate of deposit in safekeeping services



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- b. Shall be a member of FDIC system and shall be willing and capable of posting required collateral or private insurance for funds in excess of FDIC insurable limits.
- c. Shall have met the minimum financial criteria as established by the College.

H. Management of Program

1. The following individuals are authorized to purchase and sell investments, authorize wire transfers, authorize the release of pledged collateral, and to execute any documents required under this procedure.
 - a. Treasurer
 - b. Controller
 - c. Assistant Controller

These documents include:

- a. Wire Transfer Agreement
 - b. Depository Agreement
 - c. Safekeeping Agreement
 - d. Custody Agreement
2. Management responsibility for the investment program is hereby delegated to the Treasurer, Controller and Assistant Controller, who shall establish a system of internal controls and written operational procedures designed to prevent losses of funds that might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the entity. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions; check signing, check reconciliation, deposits, bond payments, report preparation and wire transfers. No person may engage in any investment transaction except as provided for under the terms of this policy. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates.



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3. The wording of agreements necessary to fulfill the investment responsibilities is the responsibility of the Treasurer who shall periodically review them for their consistency with College policy and State law and who shall be assisted in this function by the Controller, or Assistant Controller, College legal counsel and auditors. These agreements include, but not limited to:
 - a. Depository Agreement
 - b. Safekeeping Agreement
 - c. Custody Agreement
4. The Treasurer may use financial intermediaries, brokers, and/or financial institutions to solicit bids for securities and certificates of deposit. The intermediaries shall be approved by the Board of Trustees.
5. All wire transfers made by the Treasurer shall require a secondary authorization by the Controller or Assistant Controller.

I. Performance

The Treasurer will seek to earn a rate of return appropriate for the type of investments being managed given the portfolio objectives defined in Section B of this document for all funds. In general, the Treasurer will strive to earn an average rate of return equal to or greater than the U. S. Treasury Bill rate for a given period of time for the College’s average weighted maturity.

J. 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 of the investment program, or which could impair their ability to make impartial investment decisions.



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- K. Indemnification
 Investment officers and employees of the District acting in accordance with this Investment Procedure and written operational procedures as have been or may be establish and exercising due diligence shall be relieved of personal liability for an individual security’s credit risk or market changes.

- L. Reporting
 The Treasurer shall submit to the Board of Trustees a monthly investment report, which shall include information regarding securities in the portfolio. The report shall indicate any areas of policy concern and planned revision of investment strategies.

- M. Amendment
 This policy shall be reviewed from time to time by the Treasurer with regards to the procedure’s effectiveness in meeting the College’s needs for safety, liquidity, and rate of return, diversification, and general performance. Any substantive changes will be reported to the Board of Trustees.