

SWAN Administrators' Council Financial Policies

SWAN COUNCIL POLICY INVESTMENT OF PUBLIC FUNDS

PURPOSE & SCOPE. The purpose of this policy statement is to outline the responsibilities, general objectives, and specific guidelines for management of SWAN funds by the SWAN Treasurer and Council. Its scope is all SWAN funds.

RESPONSIBILITIES. All investment policies and procedures of SWAN will be in accordance with Illinois Law. Administration and execution of these policies are the responsibility of the SWAN Treasurer and/or his/her designee.

DELEGATION OF AUTHORITY. Management and administrative responsibility for the investment program is hereby delegated to the Treasurer and/or her/his designee. The Treasurer and/or her his designee is responsible for establishing internal controls and written procedures for the operation of the investment program.

"PRUDENT PERSON" STANDARD. All Library investment activities shall use a prudent person[®] standard of care. This standard shall be applied in the context of managing an overall portfolio and specifies 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 the probable safety of their capital, as well as the probable income to be derived. Investment officers, acting in accordance with this Policy and the written procedures of SWAN, and exercising due diligence, shall be relieved of personal responsibility for a security's credit risk or market price/value changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

OBJECTIVES. In selecting financial institutions and investment instruments to be used, the following general objectives should be considered in the priority listed:

- Legality (conforming with all legal requirements)
- Safety (preserving capital and including diversification appropriate to the nature and amount of the funds)
- Liquidity (maintaining sufficient liquidity to meet current obligations and those reasonably to be anticipated)
- Yield (attaining a market rate of return on investments)

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GUIDELINES. The following guidelines should be used to meet the general investment objectives:

E) Legality and Safety:

1. Investments will be made only in securities guaranteed by the U.S. government, or in FDIC insured institutions including SAIF of the FDIC. Deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC coverage (unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding custody and safekeeping of collateral).
2. Authorized investments include and will primarily consist of Certificates of Deposit and participation in the Illinois Funds, a Public Treasurer's Investment Pool for the State of Illinois.

B) Liquidity:

In general, investments should be managed to meet liquidity needs for the current month plus one month, based on forecasted needs, and any reasonably anticipated special needs.

Yield-Return on investment:

Within the constraints on Illinois law, considerations of safety, and this investment policy, every effort should be made to maximize return on investments made. All available funds will be placed in investments or kept in interest bearing deposit accounts.

REPORTING. Investments, fund balances and the status of such accounts will be reported at each regularly scheduled meeting of the SWAN Council. At least annually, the Treasurer and her/his designee shall review this Policy for any needed modifications and report to the Council on the investment portfolio, its effectiveness in meeting the needs of SWAN for safety, liquidity, rate of return, diversification and general performance. These reports will be available to the SWAN Membership upon request.

INTERNAL CONTROLS. In addition to these guidelines, the Treasurer and/or his/her designee shall establish a system of internal controls and written operational designed to prevent loss, theft or misuse of funds.

AUTHORIZED FINANCIAL INSTITUTIONS. Any financial institution shall be considered and authorized only by the action of the SWAN Council upon the recommendation of the Treasurer. The Treasurer and/or her/his designee will maintain a list of financial institutions authorized to provide investment services.

CONFLICTS OF INTEREST. SWAN Council members, the SWAN Director and/or any SWAN employee involved in the investment process shall refrain from personal business activities that

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might conflict with the proper execution and management of this investment program, or that could impair their ability to make impartial decisions, or that could give the appearance of impropriety.