

METROPOLITAN AIRPORT AUTHORITY OF PEORIA
INVESTMENT POLICY

WHEREAS, Public Act 90-0688 (the “Act”) requires every unit of government in Illinois to adopt a written policy governing its investment activity, and

WHEREAS, the Board of Commissioners of the Metropolitan Airport Authority of Peoria (the “Authority”) desires to establish and investment policy for the Authority:

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN AIRPORT AUTHORITY, AS FOLLOWS:

A. The following policy is hereby adopted:

INVESTMENT POLICY

SECTION 1. Policy

It is the policy of the Authority 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 Authority and conforming to all state and local statutes governing the investment of public funds.

SECTION 2. Scope

This policy includes all funds governed by the Board of Commissioners.

SECTION 3. 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.

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio.

SECTION 4. Objective

The primary objective, in order of priority, shall be:

- Legality - conformance with federal, state and other legal requirements
- Safety - preservation of capital and protection of investment principal
- Liquidity - maintenance of sufficient liquidity to meet operating requirements
- Yield - attainment of market rates of return

The portfolio should be reviewed periodically as to its effectiveness in meeting the Authority’s needs for safety, liquidity, rate of return, diversification and its general performance.

SECTION 5. Delegation of Authority

Management and administrative responsibility for the investment program is hereby delegated to the Director of Finance & Administration who, under the delegation of the Board of Commissioners, shall establish written procedures for the operation of the investment program.

SECTION 6. 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 and management of the investment program, or that could impair their ability to make impartial decisions.

SECTION 7. Authorized Financial Dealers and Institutions

The Director of Finance & Administration will maintain a list of financial institutions authorized to provide investment services.

In addition, a list will also be maintained of approved security brokers/dealers selected by credit worthiness.

SECTION 8. Authorized and Suitable Investments

Investments may be made in any type of security allowed for in Illinois Statute regarding the investment of public records

Investments shall be made that reflect the cash flow needs of the fund type being invested.

SECTION 9. Collateralization

Funds on deposit (checking accounts, certificates of deposit etc.) in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent - third party institution in the name of the municipality.

SECTION 10. Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the Authority, shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by an independent third party custodian designated by the Director of Finance & Administration and evidenced by safekeeping receipts and a written custodial agreement.

SECTION 11. Diversification

The Authority shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow need of those funds. Diversification can be by type of investment, number of institutions in, and length of maturity.

SECTION 12. Maximum Maturities

To the extent possible, the Authority shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Authority will not directly invest in securities maturing more than ten (10) years from the date of purchase.

Reserve funds may be invested in securities exceeding ten (10) years if the maturity of such investments is made to coincide as nearly as practicable with expected use of the funds.

SECTION 13. Internal Control

The Director of Finance & Administration is responsible for the establishing and maintaining an internal control structure designed to insure that the assets of the Authority are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The internal controls shall address the following points.

- Control of collusion
- Separation of transaction authority from accounting
- Custodial safekeeping
- Written confirmation of telephone transactions for investments and wire transfers

SECTION 14. Performance Standards

This investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a comparable rate of return during a market/ economic environment of stable interest rates. Portfolio performance should be compared to benchmarks with similar maturity, liquidity and credit quality as the portfolio.

SECTION 15. Reporting

The Director of Finance & Administration shall prepare an investment report at least monthly. The report should be provided to the Board of Commissioners and available on request. The report should be in a format suitable for review by the general public. An annual report should also be provided to the Board.

SECTION 16. Marking to Market

- A. Statement of the market value of the portfolio shall be issued to the Board of Commissioners quarterly.

SECTION 17. Investment Policy Review

The policy shall be reviewed on an annual basis by the Director of Finance & Administration and any modifications made thereto must be approved by the Board of Commissioners.

