

Operational Services

Revenue and Investments

Revenue

The Director or designee is responsible for making all claims for State and federal special education funds on behalf of member districts as well as all claims for assessments and program tuition costs from member districts and any other revenues on the Cooperative's behalf.

Investments

The Director shall either appoint a Chief Investment Officer or serve as one. The Chief Investment Officer shall invest money that is not required for current operations, in accordance with this policy and State law.

The Chief Investment Officer and Director shall use the standard of prudence when making investment decisions. They shall use the judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of their capital as well as its probable income.

Investment Objectives

The objectives for the Cooperative's investment activities are:

1. Safety of Principal - Every investment is made with safety as the primary and over-riding concern. Each investment transaction shall ensure that capital loss, whether from credit or market risk, is avoided.
2. Liquidity - The investment portfolio shall provide sufficient liquidity to pay Cooperative obligations as they become due. In this regard, the maturity and marketability of investments shall be considered.
3. Rate of Return - The highest return on investments is sought, consistent with the preservation of principal and prudent investment principles.
4. Diversification - The investment portfolio is diversified as to materials and investments, as appropriate to the nature, purpose, and amount of the funds.

Authorized Investments

The Chief Investment Officer may invest Cooperative funds in any investment as authorized in 30 ILCS 235/2, and amendments thereto.

Except as provided herein, investments may be made only 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.

Collateralization of Deposits

Time deposits in excess of FDIC insurable limits shall be secured by collateral or private insurance to protect the public deposits in a single financial institution subject to the following conditions and requirements.

- A. Any investment instrument permitted by Sections 6(d) or 6(g) of the *Public Funds Investment Act*, 30 ILCS 235/6(d), 6(g), or by Sections 11 and 11.1 of the *Deposit of State Monies Act*, 15 ILCS 520/11 and 11.1, may be a collateral instrument.
- B. The collateral must be placed in safekeeping at or before the time the Cooperative purchases the investment so that it is evident that the purchase of the investment is contingent upon the securing of collateral.
- C. Third party safekeeping is required for all collateral. To accomplish this, securities shall be registered in the Cooperative's name and may either be held at a third party depository acting as custodian or placed in a collateral investment pool established by the State Treasurer as approved from time to time by the Chief Investment Officer.
- D. Collateralization and safekeeping will be documented by an approved written agreement between the Board and the governing board of the bank that complies with the FDIC regulations. This may be in the form of a safekeeping agreement.
- E. Substitution or exchange of securities held in safekeeping may be made in accordance with Section 6 of the *Public Funds Investment Act*. Only the Chief Investment Officer may approve the substitution or exchange of securities held in safekeeping for the Cooperative. The Chief Investment Officer shall only approve such substitution or exchange if the market value of the replacement securities is equal to or greater than the market value of the securities being replaced.
- F. Safekeeping practices should qualify for the Governmental Accounting Standards Board Statement No. 3 Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, Category I, the highest recognized safekeeping procedures.

Controls and Report

The Chief Investment Officer shall establish a system of internal controls and written operational procedures to prevent losses arising from fraud, employee error, misrepresentation by third parties, or imprudent employee action.

The Chief Investment Officer shall provide a monthly investment report as part of the financial report to the Board.

Ethics and Conflicts of Interest

The Board and Cooperative officials will avoid any investment transaction or practice that in appearance or fact might impair public confidence. Board members are bound by the Board policy 2:100, *Board Member Conflict of Interest*. No Cooperative employee having influence on the Cooperative's investment decisions shall:

1. Have any interest, directly or indirectly, in any investments in which the Cooperative is authorized to invest,
2. Have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments, or
3. Receive, in any manner, compensation of any kind from any investments in that the agency is authorized to invest.

LEGAL REF.: 30 ILCS 235/
105 ILCS 5/8-7, 5/10-22.44, 5/17-1, and 5/17-11.

CROSS REF.: 2:100 (Board Member Conflict of Interest), 4:10 (Fiscal and Business Management), 4:80 (Accounting and Audits)

ADOPTED: October 13, 2010