

## **DOWNERS GROVE PARK DISTRICT**

Date: March 4, 2021

### **REQUEST FOR PROPOSAL – DUE FRIDAY APRIL 16, 2021 – 4:00 p.m.**

The Downers Grove Park District is looking to invest at least \$1 to \$2 Millions of reserve funds in a separately managed portfolio with third party custodian. Expected services include:

- Management of funds in compliance with District Investment Policy (Attached) and State Statues
- Monthly reporting of investment portfolio (cost and market value)
- Quarterly performance reporting compared to established benchmark
- Meetings via phone, computer or face to face to discuss quarterly performance
- Identification of benchmark
- Term of a minimum of two years (based on performance)

As part of the RFP, please provide the following information:

- Background on Firm
- Professional resume of individuals managing the account
- Identification of independent custodian
- Sample of monthly and quarterly report
- Client list of publicly managed funds (local governments a plus)
- Fee structure (both direct and indirect)
- Has your firm, its principals or affiliates ever :
  - i. been part of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation for any similar federal, state or self-regulatory body or organization;
  - ii. been a party to any litigation concerning fiduciary responsibility to other investment related matters; or,
  - iii. submitted a claim to your errors and omissions, fiduciary, liability, and/or fidelity bond insurance carrier(s)?

If yes to any, please provide details.

Responses should be emailed to Erik Brown at [Ebrown@dgparks.org](mailto:Ebrown@dgparks.org) by Friday April 16, 2021 at 4:00 p.m. Questions should be directed to the same email, at least one week (Friday, April 12<sup>th</sup>) before the due date, so answers can be shared with known, perspective responders.

## Downers Grove Park District

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### Policy Statement

It is the policy of the Downers Grove Park District to invest public funds in a manner that will provide the highest investment return, with the maximum security, while meeting the daily cash flow demands of the District. The Finance Department will invest funds to the fullest extent possible, while attempting to obtain the highest yield, provided that all investments meet the criteria established for safety and liquidity. This will be overseen by the Director of Finance & Technology or another employee as assigned by the Executive Director of the Downers Grove Park District.

The investment policies and practices of the Downers Grove Park District are based upon Federal, State, and Local Laws, along with prudent money management.

All participants in the District's investment process shall act responsibly as custodians of the public trust. The program shall be designed & managed with a degree of professionalism that is worthy of the public trust.

### Scope

This policy applies to all funds of the Downers Grove Park District. These funds are accounted for in the Park District's annual financial report & include all current funds and any other funds that may be created from time to time, except for the Downers Grove Park District's Illinois Municipal Retirement Fund (IMRF). Exceptions to this policy may be made to the extent required by covenants made with respect to tax-exempt bonded indebtedness and allowed by State law.

All investments of the Downers Grove Park District must be made in compliance with Federal and State Law. Park District investments are governed by the Public Funds Investment Act, 30 ILCS 235/1, et seq.

### Objectives

The purpose of this Investment Policy is to establish cash management & investment guidelines of public funds under the custody or control of the Downers Grove Park District. The primary objectives, in order of priority, of the Park District's investment activities are as follows:

1. **Safety:** Safety of principal is the foremost objective of the investment program. The security of monies, whether on hand or invested, shall be the primary concern of the Executive Director and Finance Department in selecting depositories or investments. Investments of the District will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Requiring investments to be diversified by type, maturity and institution will also help manage risk of principal.
2. **Liquidity:** The Downers Grove Park District'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:** Park District Staff shall seek to attain a market average or better rate of return throughout budgetary and economic cycles, taking into account risk, constraints, cash flow, and legal restriction on investment.
4. **Time Frame:** All funds will be invested depending on the requirement for the disbursement of funds.
5. **Illinois Sustainable Investment Act.** The Park District shall include material, relevant, and decision-useful sustainability factors that will be considered by the Park District, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. These factors consist of but are not limited to:
  - a. Corporate governance and leadership factors;
  - b. Environmental factors;

**Downers Grove Park District**

- c. Social capital factors;
- d. Human capital factors;
- e. Business model and innovation factors.

In addition, efforts will include the following:

- i. Periodic evaluation of sustainability factors to ensure the factors are relevant to the Park District investment portfolio and the evolving marketplace;
- ii. Periodic monitoring of investment managers to encourage implementation of the aforementioned factors.

**Delegation of Authority**

Under the direction of the Board of Commissioners, management and administrative responsibility for the investment program is hereby granted to the Director of Finance & Technology or another employee as assigned by the Executive Director of the Downers Grove Park District. Establishment of written procedures for the operation of the investment program shall be updated & maintained accordingly. Procedures should include investment transactions, check reconciliation, deposits, bond payments, report preparation & wire transfers.

**Prudence**

The standard of care to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investments shall be made with judgment & 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 probable safety of their capital, as well as the probable income to be derived.

Investment officers, acting in accordance with written procedures and this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

**Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Further, no officer or agent involved in the investment process shall have any interest in, or receive any compensation from, any investments in which the District is authorized to invest, or the sellers, sponsors or managers of those investments.

**Internal Control**

The Executive Director & Finance Department, under the direction of the Board of Park Commissioners, are responsible for establishing and maintaining an internal control structure designed to insure that the assets of the entity are protected from loss of public funds due to fraud, error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees or officers of the Park District. The internal control structure shall be designed to provide reasonable assurance that these standards are met.

**Downers Grove Park District**

The District shall establish an annual process of independent review by an external auditor. This review will provide internal control, by assuring that policies and procedures are being complied with. Such review also may result in recommendations to change operating procedures to improve internal control.

**Reporting**

The Finance Department shall record all investment transactions. A report will be regularly provided (no less frequently than quarterly), or upon request, listing: all active investments, location of investments, maturity of investments, interest rate and/or other pertinent information deemed necessary.

**Authorized Financial Dealers and Institutions**

The Downers Grove Park District's Financial Staff will have the responsibility to select which financial institutions will be depositories for the Downers Grove Park District's funds. The District will take into consideration security, size, location, condition, service, fees and the community relation's involvement of the financial institution when choosing a financial institution. Upon the recommendation of the Financial Staff, the Board of Park Commissioners will designate authorized depositories for Park District funds.

**Authorized and Suitable Investments**

All investments of public funds shall be made in accordance with the Illinois Public Funds Investment Act and other applicable laws as amended from time to time.

**Collateralization**

It is the policy of the District to require that time deposits, in excess of FDIC insurable limits, be fully collateralized to protect public deposits in a single financial institution if it were to default. The collateral must be placed in safekeeping at or before the time the District deposits the money, so that it is evident that the purchase of the investment is protected on the securing of collateral.

The Park District shall require that funds on deposit in excess of insured limits be secured by collateral. The District will accept any of the following assets as collateral: (1) U.S. Government Securities; (2) Obligations of Federal Agencies; (3) Obligations of the State of Illinois; (4) General Obligation municipal bonds rated "A" or better issued by a governing body in the State of Illinois; (5) Letters of Credit issued by a Federal Home Loan Bank.

In order to accommodate market changes and provide a level of security for all monies, the collateralization level shall be at least 102% of the market value of principal, plus accrued interest, or as required by the terms of bond issues, municipal bond insurance policies, and/or other financing agreements which may pertain to the District's monies. Collateral will always be held by an independent third-party custodian in the Park District's name.

**Safekeeping and Custody**

To protect against potential fraud, embezzlement, or losses caused by collapse of individual securities dealers, all investment securities purchased by the Park District, shall be held by the District or in safekeeping by the District's custodian bank or a third party bank trust department. The primary agent shall issue a safekeeping receipt to the Park District listing the specific instrument, rate, maturity, and other pertinent information. The originating bank will hold original certificates of deposits. A safekeeping receipt will be acceptable documentation.

**Diversification**

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

**Maturities**

To the extent possible, the District shall attempt to match its investment maturities with anticipated cash flow requirements. Unless matched to a specific cash flow, the Park District will not directly invest in securities maturing more than 1 year from the date of purchase.

Reserve funds may be invested in securities exceeding 1 year, if the maturity of such investments are made to coincide as nearly as possible with the expected use of the funds.

**Performance Standards**

The Finance Department will seek to earn a rate of return appropriate for the type of investments being managed in accordance with the parameters specified within this policy. In general, the Finance Department will strive to earn an average rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

**Investment Policy Adoption**

The Investment Policy shall be adopted by the Board of Commissioners. The Finance Department shall regularly review the policy with any modifications made, and present these to the Executive Director and Board of Commissioners for final approval.

**Indemnification**

Investment officers and employees for the District acting in accordance with this Investment Policy and written procedures as have been or may be established by the Board of Commissioners, and exercise due diligence, shall be relieved of personal liability for an individual security's credit risk or market changes.