



Chicago Park District

Legislation Text

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AMENDMENT OF THE INVESTMENT POLICY OF THE CHICAGO PARK DISTRICT

To the Honorable Board of Commissioners of the Chicago Park District

I. Recommendation

It is recommended that the Board of Commissioners adopt two amendments to the Chicago Park District's (the "Park District") current Investment Policy (the "Investment Policy"). The amendments primarily affect two sections: Section 7: Authorized and Suitable Investments and Section 8: Diversification, regarding: (i) the current parameters in Section 7, sub-section iv of Park District's Investment Policy as to Commercial Paper (the "CP"); and sub-section ix to mirror recent language changes to the Illinois Public Funds Investment Act; and (ii) change in Section 8, sub-section iv as to the maturity date and the percentage of amount held in commercial paper to a specific dollar amount.

1. Section 7 - Authorized and Suitable Investments:

a. The following parameter of sub-section iv has been amended to (i) expand the maturity date from 180 days to not to exceed 270 days to allow for more flexibility to purchase CP. The language in Section 7.iv of the Investment Policy will read as follows:

(iv) Short-term obligations (commercial paper) of only U.S. Corporations with assets over \$500,000,000 provided that: (1) at time of purchase, are rated in the three highest classifications by at least two accredited rating agencies; (2) matures not more than 270 days after the date of purchase; and (3) these purchases do not exceed 5% of the corporation's outstanding obligations.

b. Recent language has been incorporated into the Illinois Public Funds Investment Act allowing public funds to be invested in interest bearing bonds in any state as well as in the State of Illinois. The language of Section 7.ix of the Investment Policy will be changed to the following to reflect recent changes to the Illinois Public Funds Investment Act:

(ix) In addition to any other investments authorized under this policy, the Park District may invest its public funds in interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under Federal law. The bonds shall be registered in the name of the Park District or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the four (4) highest general classifications established by a rating agency of nationally recognized expertise in rating bonds of states and their political subdivisions.

2. Section 8: Diversification:

As currently established, the Park District would have to invest commercial paper in all the portfolio accounts in equal amounts, with the same trade, settlement and maturity dates in order to stay in compliance. If the Park District deviates from equal investments in the same investment parameters, the Park District will then be out of compliance of the Investment Policy by concentration of percentage of CP held within a fund account vs. the balance of the portfolio. The language in Section 8.iv of the Investment Policy will be changed to reflect the following parameters:

(ix) The Park District or any fund manager or other entities shall at no time hold no more than \$15,000,000 of the commercial paper portfolio in any single issuers' name.

II. Explanation

The public funds held by the Park District are governed by the Illinois Public Funds Investment Act (30 ILCS 235/1 *et seq.*) and the Park District's Investment Policy adopted by the Board of Commissioners on September 13, 1994, as amended and approved on June 14, 2000 as further amended and approved on December 4, 2000, as further amended and approved on July 18, 2007 and as further amended and approved on August 14, 2013.

This amendment shall be effective as of the date of its adoption. The amendment will affect Sections 7.iv and ix and Section 8.iv of Park District's Investment Policy.