



# DuPage Water Commission

600 E. Butterfield Road, Elmhurst, IL 60126-4642  
(630) 834-0100 Fax: (630) 834-0120

## AGENDA

### **FINANCE COMMITTEE**

**THURSDAY, MAY 21, 2015  
6:00 P.M.**

**600 EAST BUTTERFIELD ROAD  
ELMHURST, IL 60126**

## COMMITTEE MEMBERS

P. Suess, Chair

R. Gans

J. Pruyn

D. Russo

J. Zay

- I. Roll Call
- II. Approval of Minutes for Regular Committee Meeting of April 16, 2015 Finance Committee of the DuPage Water Commission
- III. Approval of Reconciliations
- IV. Treasurer's Report – April 2015
- V. Financial Statements – April 2015
- VI. Ordinance No. O-4-15: An Ordinance Approving and Adopting an Annual Budget and Appropriation Ordinance for the Fiscal Year Commencing May 1, 2015 and Ending April 30, 2016
- VII. R-16-15: A Resolution Amending and Restating the Investment Policy of the DuPage Water Commission – First Reading
- VIII. Investment Review
- IX. Accounts Payable
- X. Discussion of the Treasurer's Search
- XI. Other
- XII. Adjournment

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**MINUTES OF A MEETING OF THE  
FINANCE COMMITTEE  
OF THE DUPAGE WATER COMMISSION  
HELD ON THURSDAY, APRIL 16, 2015  
600 EAST BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order at 6:09 P.M.

Committee members in attendance: P. Suess, R. Gans, J. Pruyn, and J. Zay (arrived at 6:11 P.M.)

Committee members absent: and D. Russo

Non-Committee members in attendance: none

Also in attendance: J. Spatz, T. McGhee, C. Peterson, D. Ellsworth, and a Representative from PFM

**Minutes**

Commissioner Pruyn moved to approve the Minutes of the Regular Committee Meeting of March 19, 2015 of the Finance Committee. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

**Approval of Reconciliations**

Treasurer Ellsworth stated that he had reviewed and approved the journal entries and bank reconciliations for the month of March.

Terry McGhee left the meeting at 6:10 P.M.

**Treasurer's Report – March 2015**

Treasurer Ellsworth stated that he had provided the Committee with a written summary of the March Treasurer's Report. Cash and Investments were \$97.4M and were up by \$7.0M from last month due to timing of collections.

Treasurer Ellsworth discussed the detailed investment schedules, individual account balances and market yield. Treasurer Ellsworth noted the purchase of \$1.2M in Supranational securities. He noted that the Commission asked PFM to discuss later in the meeting the investment.

Cash and investments increased by over \$27.5M over the past eleven months. Market yield on the portfolio was at 74 basis points, down slightly from the prior month. The

weighted-average maturity of the Commission's investments has increased to just under two years.

Treasurer Ellsworth noted that on the Statement of Cash Flows shows the breakdown of the \$27.5M increase year-to-date. He stated that all targeted reserve levels were met or exceeded targets.

Commissioner Gans asked Treasurer Ellsworth if the Commission's investments are actively managed. He noted that the Commission had hired PFM to actively manage the investments. Commissioner Pruyn asked about the increase in the Money Market accounts in March. Treasurer Ellsworth noted the higher than normal cash collections in the month and Danny Nelson from PFM noted that some Commercial Paper had matured in the month. It was mentioned that the Money Market balances were expected to decrease in April based upon the request for Board action that was to be discussed later in the meeting.

Later in the meeting, Danny Nelson, from PFM, reviewed with the Finance Committee what Supranational Bonds are and under what part of the Commission's investment policy PFM believed these types of investments are permissible. The Supranational Bonds are considered instrumentalities because there are U.S. representatives on the Board or U.S. is a shareholder and has been approved by an Act of Congress. More well-known Supranational entities are World Bank and IMF; however, the African Development bank is similar in structure and a "Aaa" rated investment. The debt is U.S. dollar denominated. The reason for expanding to these bonds was for slightly higher returns, the decline in Freddie Mac and Fannie May (traditional Agency) debt in the market and diversity in the portfolio. He described that this market is liquid and the bonds have been around for a while.

Commissioner Pruyn then discussed with Mr. Nelson whether the debt guaranteed by the U.S. and what types of collateralization support the notes. The discussion continued to detail out why the African Development Bonds were chosen and additional specifics regarding Supranational debt. Chairman Suess asked how much of this particular bond has been purchased by PFM for their clients. The response was approximately \$100M for clients nationwide.

Chairman Suess and Treasurer Ellsworth asked Commission staff to bring to the Finance Committee next month a draft version of the Investment Policy revising the language to limit the amount of Supranational Bonds as an approved instrumentality investment to no more than 5% of the total portfolio.

#### O-2-15

General Manager Spatz noted a couple of small changes that were made to the budget that was being presented as final in the Board meeting. The changes include revisions to revenue items from emergency connections and the description of an expense item.

**O-3-15**

General Manager Spatz discussed that this ordinance is required by the Commission's charter customer agreement even though the amount is zero in the current year. He stated that this amount does not strictly have to be for the payment of bonds as it has been, and would not likely be reinstated in the near term.

**Transfer of Funds**

General Manager Spatz detailed that the Commission would be getting a better rate of return if it funded the various reserve accounts to meet Fiscal Year 2015/2016 targets rather than waiting. The amount of funds transferred would be slightly over \$9M from the General Fund.

**Baker Tilly Contract**

General Manager Spatz stated the Commission continues to be satisfied with the services provided by Baker Tilly. The contract would hold prices unchanged for two years with an optional third year.

Commissioner Pruyn moved to recommend to the Board O-2-15, O-3-15, the Transfer of Funds, and the Baker Tilly contract in one motion. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

**Financial Statements – March 2015**

General Manager Spatz briefly reviewed the proposed format for the Revenue and Expense statements going forward. The statements would show both the seasonal and total budget compared to YTD activity.

Commissioner Pruyn asked General Manager Spatz if the Commission is moving all future rate increases to May 1<sup>st</sup> or the beginning of each fiscal year. General Manager Spatz stated that any future rate increases should be on May 1<sup>st</sup> of each year, as long as the City of Chicago maintains their current plan of not raising their rates until June 1<sup>st</sup> of each year. Chairman Zay then described how in the past the delay in water rate increases contributed to the problems the Commission experienced.

General Manager Spatz discussed one account that exceeded management budget in March, one that was to exceed the management budget in April and one that may go over budget in April. Account 60-661202, Meter Station electric, due to increased pumping of water to Schaumburg, additional costs for the new tank mixing stations and the cold winter. Account 60-641500, Worker's Compensation, was discussed in prior meetings due to the higher renewal costs for calendar 2015. Account 60-663100, Pipeline Repairs, may go over budget to the repairs needed to part of the 60 inch pipe in Lombard.

John Spatz left the meeting at 6:28 P.M.

Financial Administrator Peterson provided the Committee with a summary of the March Financial Statements. She noted that eleven months into the current fiscal year, revenues are exceeding expenses slightly ahead of budgeted seasonal expectations, even as water sales are below budget by approximately 1%. An offset is water purchases are approximately 3% below budgeted seasonal expectations.

Sales Tax collections were higher than prior year revenue amounts by approximately 6.6% in March. Cumulatively Sales Tax collections as of March 31, 2015, were approximately \$1.6M over the prior year.

Financial Administrator Peterson discussed balances and activity within the cash and investment accounts compared to targets and liabilities.

Financial Administrator Peterson noted that cash balances were up compared to prior year by nearly \$22M. Receivables were slightly higher compared to prior year due to higher water costs. Debt has declined by \$27M compared to prior year balances at March 31<sup>st</sup>.

Financial Administrator Peterson noted that there was no unusual activity or significant variances to discuss in the revenue and expense accounts.

Chairman Zay left the meeting at 6:49 P.M.

### **Draft Annual Appropriation Budget**

Financial Administrator noted that the Appropriation Budget is available for viewing and will be presented at the May 21, 2015 meeting.

### **Accounts Payable**

Financial Administrator Peterson presented the Accounts Payable to the committee members. The numbers below were to be presented in the General Meeting.

March 11, 2015 to April 7, 2015	\$8,460,080.14
<u>Estimated</u>	<u>\$ 989,565.00</u>
Total	\$9,449,645.14

### **Other**

### **Adjournment**

Commissioner Pruyn moved to adjourn the meeting at 6:56 P.M. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried.



# DuPage Water Commission

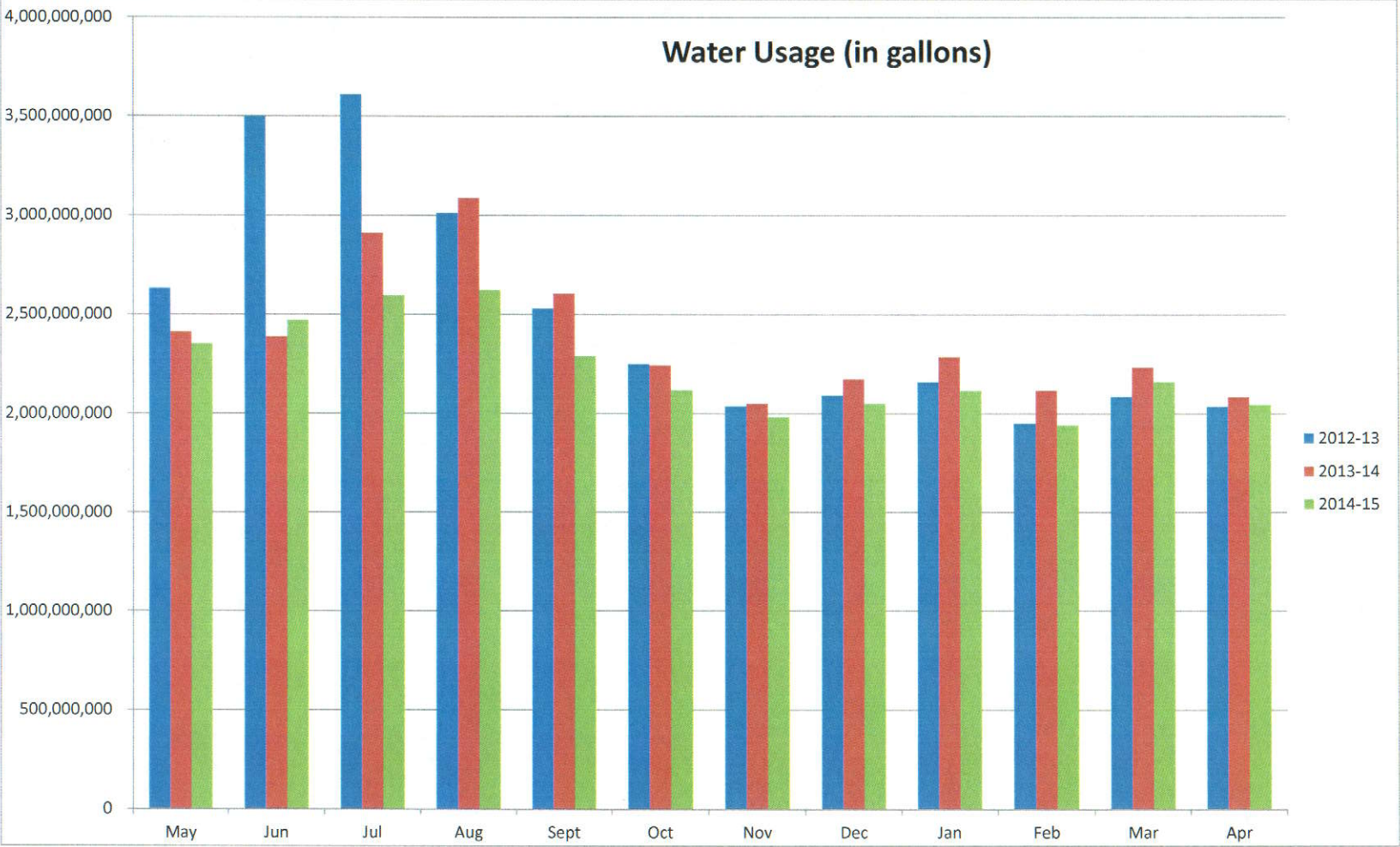
## MEMORANDUM

TO: John Spatz, General Manager  
FROM: Cheryl Peterson, Financial Administrator *cap* *JS*  
DATE: May 12, 2015  
SUBJECT: Financial Report – April 30, 2015

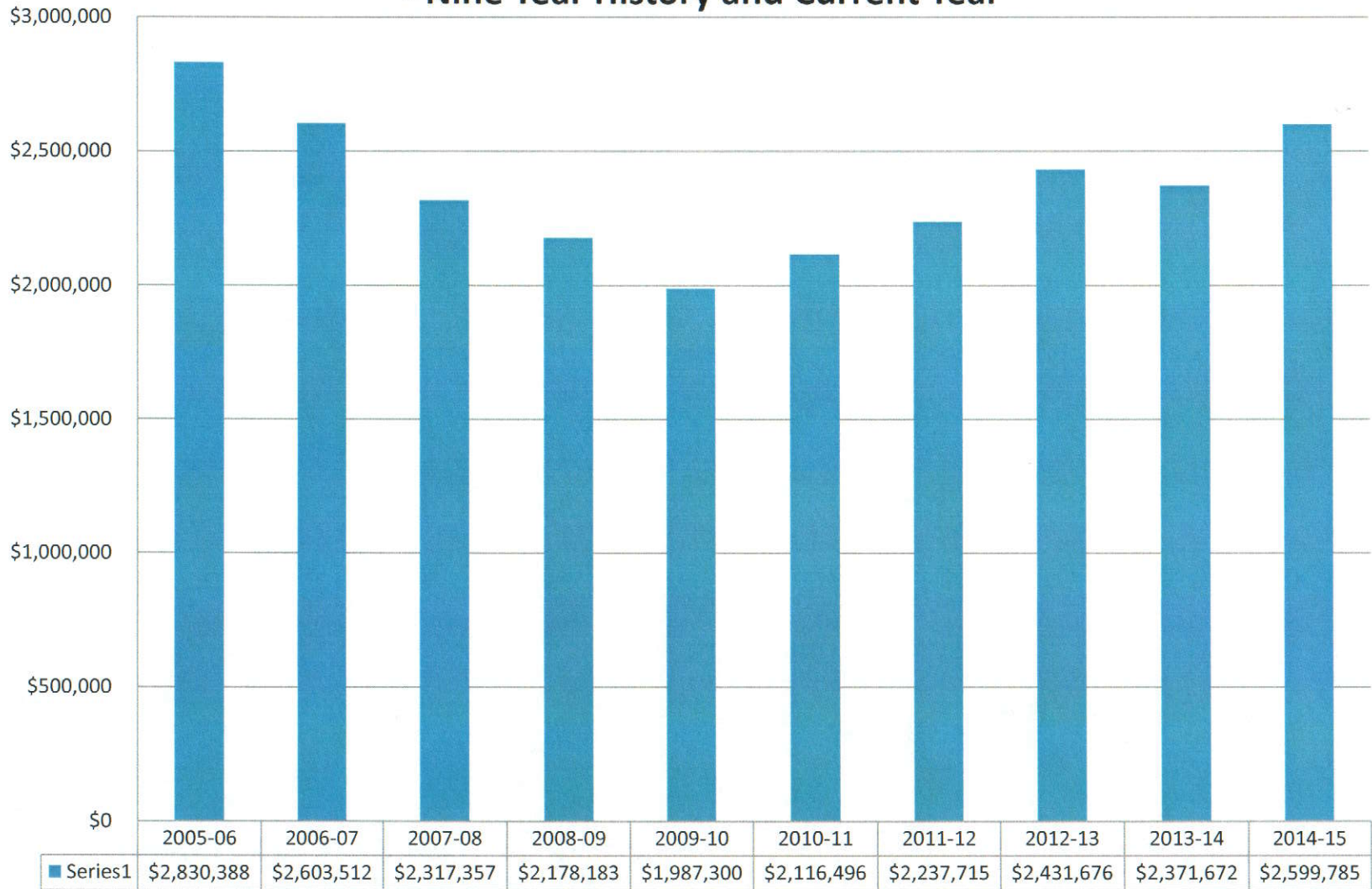
- Water sales to Commission customers for April 2015 were 39.5 million gallons (1.9%) less than April 2014, and decreased by 109.3 million gallons compared to March 2015. For the fiscal year water sales were down by a total of 1,881.4 million gallons or 6.8% compared to the prior fiscal year.
- Water sales to Commission customers for April were 63.3 million gallons (3.3%) higher than the budgeted anticipated/forecasted sales for the month. For the fiscal year water sales were 287.8 million gallons (1.1%) below the budgeted anticipated/forecasted sales.
- April sales tax collections (Jan) were \$2.6 million or 9.6% more than the same period last fiscal year. Cumulatively, sales tax collections ended the year approximately \$1.8 million (5.4%) over the prior year collections. Sales tax collections are \$3.8 million over budgeted collections for the fiscal year.
- For the month of April, water billings to customers for O&M costs were \$9.3 million and water purchases from the City of Chicago was \$7.8 million. Water billing receivables at April month end (\$12.6 million) remained unchanged compared to the prior month (\$12.6 million) primarily due to timing of collections.
- For the fiscal year ended April 30, 2015, \$154.9 million of revenue was realized compared to the budgeted amount of \$151.5 million. In addition, \$111.2 million of the \$116.4 million expenditure budget has been realized.
- The Operating Reserve, Capital Reserve and Long Term Water Capital Accounts had reached their respective 2014/2015 fiscal year end targeted levels. The O&M, General Account and the Sales Tax Subaccount have balances of \$17.1 million, \$1.0 million and \$2.1 million, respectively.
- Debt Balances declined by approximately \$1.1 million to \$12.0 million outstanding in the current month.

cc: Chairman and Commissioners

Water Usage (in gallons)

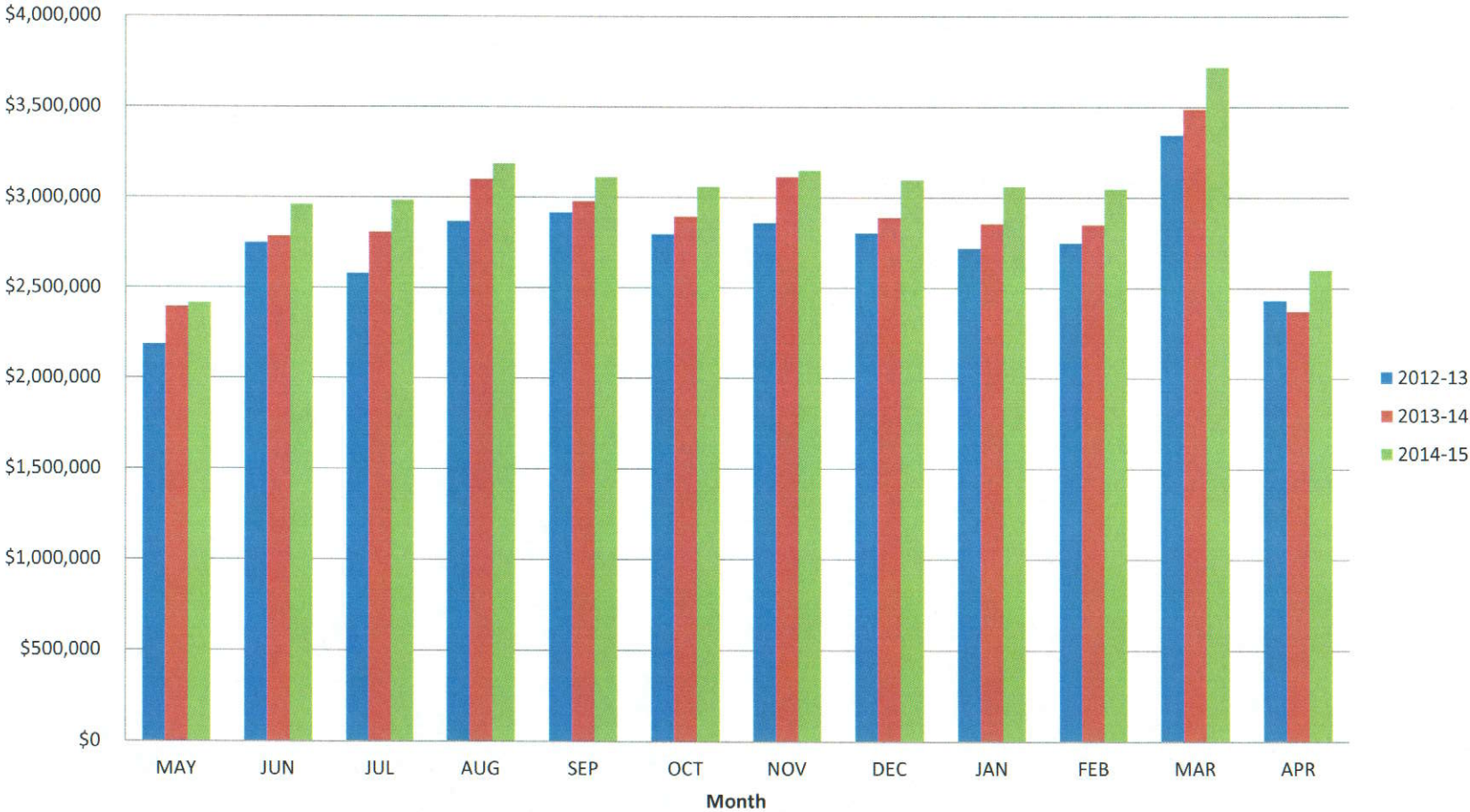


## DuPage Water Commission - Sales Tax Collections - Month of April - Nine Year History and Current Year





### Three Year Sales Tax Analysis



DuPage Water Commission

Summary of Specific Account Target and Summary of Net Assets

April 30, 2015

Revenue Bond Ordinance Accounts and Commission Policy Reserves	Account / Reserve		Year-End Specific	Status
	Assets Balance (1)	Offsetting Liabilities	Account Target	
Operations and Maintenance Account	\$ 17,071,213.83	\$ 9,071,739.83		Positive Net Assets
Revenue Bond Interest Account	\$ 11,920.29	\$ 9,762.89		Positive Net Assets
Revenue Bond Principal Account	\$ 1,181,000.00	\$ 1,175,500.00		Positive Net Assets
General Account	\$ 1,040,019.30	\$ -		Positive Net Assets
Sales Tax Subaccount	\$ 2,123,492.98	\$ 70,148.81		Positive Net Assets
Operating Reserve	\$ 41,031,559.82		\$ 37,152,341.00	Target Met
Capital Reserve	\$ 29,359,514.04		\$ 25,254,680.00	Target Met
L-T Water Capital Reserve	\$ 7,944,035.59		\$ 5,725,000.00	Target Met
	\$ 99,762,755.85	\$ 10,327,151.53	\$ 68,132,021.00	\$ 21,303,583.32

Total Net Assets - All Commission Accounts

Unrestricted	\$ 108,400,219.10
Principal & Interest Accounts	\$ 1,185,262.89
Invested in Capital Assets, net	\$ 339,747,100.77
Total	\$ 449,332,582.76

(1) Includes Interest Receivable



	Current Year Balance	Prior Year Balance	Variance Favorable / (Unfavorable)
<b>Fund: 01 - WATER FUND</b>			
<b>Assets</b>			
<b>Level1: 10 - CURRENT ASSETS</b>			
110 - CASH	3,727,870.91	2,209,834.94	1,518,035.97
120 - INVESTMENTS	95,847,023.29	67,689,885.83	28,157,137.46
131 - WATER SALES	12,627,353.74	12,120,989.98	506,363.76
132 - INTEREST RECEIVABLE	187,861.65	126,660.35	61,201.30
133 - SALES TAX RECEIVABLE	8,295,000.00	7,900,000.00	395,000.00
134 - OTHER RECEIVABLE	215,019.18	1,327.23	213,691.95
135 - WATER QUALITY LOAN - CURRENT	0.00	49,043.73	-49,043.73
150 - INVENTORY	158,129.00	167,080.00	-8,951.00
155 - PREPAIDS	338,457.22	345,956.95	-7,499.73
<b>Total Level1 10 - CURRENT ASSETS:</b>	<b>121,396,714.99</b>	<b>90,610,779.01</b>	<b>30,785,935.98</b>
<b>Level1: 17 - NONCURRENT ASSETS</b>			
170 - FIXED ASSETS	500,603,037.75	500,247,810.75	355,227.00
175 - LESS: ACCUMULATED DEPRECIATION	-150,143,669.51	-142,154,048.86	-7,989,620.65
180 - CONSTRUCTION IN PROGRESS	734,695.62	322,767.99	411,927.63
190 - LONG-TERM RECEIVABLES	539,481.08	539,481.08	0.00
<b>Total Level1 17 - NONCURRENT ASSETS:</b>	<b>351,733,544.94</b>	<b>358,956,010.96</b>	<b>-7,222,466.02</b>
<b>Total Assets:</b>	<b>473,130,259.93</b>	<b>449,566,789.97</b>	<b>23,563,469.96</b>
<b>Liability</b>			
<b>Level1: 21 - CURRENT LIABILITIES</b>			
210 - ACCOUNTS PAYABLE	8,089,036.75	7,327,769.35	-761,267.40
211 - OTHER CURRENT LIABILITIES	635,655.61	545,338.41	-90,317.20
220 - ACCOUNTS PAYBLE CAPITAL	9,318.78	8,746.13	-572.65
225 - ACCRUED PAYROLL LIABILITIES	118,091.68	83,967.09	-34,124.59
226 - ACCRUED VACATION	228,955.79	220,198.82	-8,756.97
232 - NOTES PAYABLE	0.00	7,000,000.00	7,000,000.00
234 - BONDS PAYABLE	11,056,250.00	14,094,250.00	3,038,000.00
244 - ACCRUED INTEREST	9,762.89	21,273.20	11,510.31
250 - CONTRACT RETENTION	5,957.96	5,957.96	0.00
251 - CUSTOMER DEPOSITS	64,190.85	65,090.85	900.00
270 - DEFERRED REVENUE	3,154,561.44	3,505,068.24	350,506.80
<b>Total Level1 21 - CURRENT LIABILITIES:</b>	<b>23,371,781.75</b>	<b>32,877,660.05</b>	<b>9,505,878.30</b>
<b>Level1: 25 - NONCURRENT LIABILITIES</b>			
282 - CAPITAL LEASE PAYABLE	3,239.90	12,558.68	9,318.78
283 - REVENUE BONDS	898,300.00	11,954,550.00	11,056,250.00
284 - UNAMORTIZED PREMIUM	-529,908.48	-1,019,054.64	-489,146.16
297 - OTHER POST EMPLOYMENT BENEFITS LIABILITY	54,264.00	52,362.00	-1,902.00
<b>Total Level1 25 - NONCURRENT LIABILITIES:</b>	<b>425,895.42</b>	<b>11,000,416.04</b>	<b>10,574,520.62</b>
<b>Total Liability:</b>	<b>23,797,677.17</b>	<b>43,878,076.09</b>	<b>20,080,398.92</b>
<b>Equity</b>			
<b>Level1: 30 - EQUITY</b>			
300 - EQUITY	405,688,713.88	369,462,532.58	36,226,181.30
<b>Total Level1 30 - EQUITY:</b>	<b>405,688,713.88</b>	<b>369,462,532.58</b>	<b>36,226,181.30</b>
<b>Total Beginning Equity:</b>	<b>405,688,713.88</b>	<b>369,462,532.58</b>	<b>36,226,181.30</b>

Board Balance Sheet

As Of 04/30/2015

	Current Year Balance	Prior Year Balance	Variance Favorable / (Unfavorable)
Total Revenue	154,862,273.13	141,166,053.11	13,696,220.02
Total Expense	111,218,404.25	104,939,871.81	-6,278,532.44
Revenues Over/(Under) Expenses	<u>43,643,868.88</u>	<u>36,226,181.30</u>	<u>7,417,687.58</u>
Total Equity and Current Surplus (Deficit):	449,332,582.76	405,688,713.88	43,643,868.88
Total Liabilities, Equity and Current Surplus (Deficit):	<u>473,130,259.93</u>	<u>449,566,789.97</u>	<u>23,563,469.96</u>



		April 2014-2015 Budget	April 2014-2015 Activity	2014-2015 Seasonal YTD Bud	2014-2015 YTD Activity	Seasonal Percent Used	2014-2015 Total Budget	Total Percent Used
<b>01 - WATER FUND</b>								
Revenue								
<b>510 - WATER SERVICE</b>								
						% of Year Completed: 100%		
01-511100	O&M PAYMENTS- GOVERNMENTAL	(9,105,145.60)	(8,974,639.44)	(107,125,283.50)	(105,685,158.33)	99 %	(107,125,283.50)	99 %
01-511200	O&M PAYMENTS- PRIVATE	(226,764.87)	(222,655.68)	(2,667,975.82)	(2,642,277.38)	99 %	(2,667,975.82)	99 %
01-512100	FIXED COST PAYMENTS- GOVT	(580,796.58)	(580,809.31)	(6,969,558.94)	(6,969,711.72)	100 %	(6,969,558.94)	100 %
01-512200	FIXED COST PAYMENTS-PRIVATE	(14,464.85)	(14,452.13)	(173,578.23)	(173,425.56)	100 %	(173,578.23)	100 %
01-513100	SUBSEQUENT CUSTOMER - GO	(27,091.67)	(26,197.68)	(325,100.00)	(314,372.16)	97 %	(325,100.00)	97 %
01-513200	SUBSEQUENT CUSTOMER - PRIVAT	(48,191.67)	(48,166.96)	(578,300.00)	(578,003.52)	100 %	(578,300.00)	100 %
01-514100	EMERGENCY WATER SERVICE- GOV	(1,473.83)	(92,434.68)	(17,686.00)	(433,045.06)	2,449 %	(17,686.00)	2,449 %
<b>510 - WATER SERVICE Totals:</b>		<b>(10,003,929.07)</b>	<b>(9,959,355.88)</b>	<b>(117,857,482.49)</b>	<b>(116,795,993.73)</b>	<b>99 %</b>	<b>(117,857,482.49)</b>	<b>99 %</b>
<b>520 - TAXES</b>								
						% of Year Completed: 100%		
01-530010	SALES TAXES - WATER REVENUE	0.00	0.00	(26,400,000.00)	(26,400,000.00)	100 %	(26,400,000.00)	100 %
01-530030	WATER FUND - GENERAL	(2,336,387.46)	(2,994,785.16)	(6,600,000.00)	(10,391,962.20)	157 %	(6,600,000.00)	157 %
<b>520 - TAXES Totals:</b>		<b>(2,336,387.46)</b>	<b>(2,994,785.16)</b>	<b>(33,000,000.00)</b>	<b>(36,791,962.20)</b>	<b>111 %</b>	<b>(33,000,000.00)</b>	<b>111 %</b>
<b>540 - OTHER INCOME</b>								
						% of Year Completed: 100%		
01-581000	INVESTMENT INCOME	(28,000.00)	(330,177.35)	(336,000.00)	(863,778.93)	257 %	(336,000.00)	257 %
01-590000	OTHER INCOME	0.00	(1,393.33)	0.00	(71,313.60)	0 %	0.00	0 %
01-590100	SALE OF EQUIPMENT	0.00	0.00	0.00	(5,474.67)	0 %	0.00	0 %
01-592000	CONTRIBUTIONS	(24,865.92)	0.00	(298,391.00)	(333,750.00)	112 %	(298,391.00)	112 %
<b>540 - OTHER INCOME Totals:</b>		<b>(52,865.92)</b>	<b>(331,570.68)</b>	<b>(634,391.00)</b>	<b>(1,274,317.20)</b>	<b>201 %</b>	<b>(634,391.00)</b>	<b>201 %</b>
<b>Revenue Totals:</b>		<b>(12,393,182.45)</b>	<b>(13,285,711.72)</b>	<b>(151,491,873.49)</b>	<b>(154,862,273.13)</b>	<b>102 %</b>	<b>(151,491,873.49)</b>	<b>102 %</b>

Expense		April 2014-2015 Budget	April 2014-2015 Activity	2014-2015 Seasonal YTD Bud	2014-2015 YTD Activity	Seasonal Percent Used	2014-2015 Total Budget	Total Percent Used
		% of Year Completed: 100%						
<b>610 - PERSONNEL SERVICES</b>								
01-60-611100	ADMIN SALARIES	99,670.81	104,674.73	1,233,549.56	1,204,495.06	98 %	1,233,549.56	98 %
01-60-611200	OPERATIONS SALARIES	132,668.09	107,354.57	1,490,652.93	1,398,624.71	94 %	1,490,652.93	94 %
01-60-611300	SUMMER INTERNS	0.00	660.00	20,000.00	19,823.25	99 %	20,000.00	99 %
01-60-611600	ADMIN OVERTIME	616.67	219.89	7,400.00	2,131.57	29 %	7,400.00	29 %
01-60-611700	OPERATIONS OVERTIME	8,085.30	23,780.68	119,252.23	162,307.79	136 %	119,252.23	136 %
01-60-612100	PENSION	27,560.21	25,895.11	330,722.46	306,020.19	93 %	330,722.46	93 %
01-60-612200	MEDICAL/LIFE BENEFITS	36,515.36	36,183.97	557,920.00	478,638.78	86 %	557,920.00	86 %
01-60-612300	FEDERAL PAYROLL TAXES	18,301.70	17,353.75	219,620.38	199,305.51	91 %	219,620.38	91 %
01-60-612800	STATE UNEMPLOYMENT	11,362.50	1,952.80	13,780.00	3,868.55	28 %	13,780.00	28 %
01-60-613100	TRAVEL	900.00	1,129.90	10,800.00	7,252.86	67 %	10,800.00	67 %
01-60-613200	TRAINING	3,775.00	6,247.00	45,300.00	18,710.50	41 %	45,300.00	41 %
01-60-613301	CONFERENCES	1,975.00	2,051.79	23,700.00	22,524.21	95 %	23,700.00	95 %
01-60-619100	OTHER PERSONNEL COSTS	2,025.00	423.00	24,300.00	9,071.71	37 %	24,300.00	37 %
<b>610 - PERSONNEL SERVICES Totals:</b>		<b>343,455.64</b>	<b>327,927.19</b>	<b>4,096,997.56</b>	<b>3,832,774.69</b>	<b>94 %</b>	<b>4,096,997.56</b>	<b>94 %</b>
<b>620 - CONTRACT SERVICES</b>								
		% of Year Completed: 100%						
01-60-621000	WATER CONSERVATION PROGRAM	1,666.67	0.00	20,000.00	14,671.62	73 %	20,000.00	73 %
01-60-623300	TRUST SERVICES & BANK CHARGE	5,083.33	5,277.95	61,000.00	53,209.54	87 %	61,000.00	87 %
01-60-625100	LEGAL SERVICES- GENERAL	10,000.00	3,744.84	120,000.00	26,054.87	22 %	120,000.00	22 %
01-60-625300	LEGAL SERVICES- SPECIAL	4,166.67	0.00	50,000.00	7,934.25	16 %	50,000.00	16 %
01-60-625800	LEGAL NOTICES	2,125.00	826.00	25,500.00	20,194.05	79 %	25,500.00	79 %
01-60-626000	AUDIT SERVICES	0.00	0.00	45,000.00	41,700.00	93 %	45,000.00	93 %
01-60-628000	CONSULTING SERVICES	17,916.67	24,710.00	215,000.00	115,414.25	54 %	215,000.00	54 %
01-60-629000	CONTRACTUAL SERVICES	28,605.01	11,429.17	343,260.08	271,306.31	79 %	343,260.08	79 %
<b>620 - CONTRACT SERVICES Totals:</b>		<b>69,563.35</b>	<b>45,987.96</b>	<b>879,760.08</b>	<b>550,484.89</b>	<b>63 %</b>	<b>879,760.08</b>	<b>63 %</b>
<b>640 - INSURANCE</b>								
		% of Year Completed: 100%						
01-60-641100	GENERAL LIABILITY INSURANCE	4,250.00	3,606.70	51,000.00	43,272.81	85 %	51,000.00	85 %
01-60-641200	PUBLIC OFFICIAL LIABILITY	1,850.00	1,588.05	22,200.00	19,058.04	86 %	22,200.00	86 %
01-60-641500	WORKER'S COMPENSATION	7,083.33	6,748.00	85,000.00	86,069.00	101 %	85,000.00	101 %
01-60-641600	EXCESS LIABILITY COVERAGE	2,916.67	2,585.08	35,000.00	31,036.46	89 %	35,000.00	89 %
01-60-642100	PROPERTY INSURANCE	31,250.00	29,477.16	375,000.00	354,223.94	94 %	375,000.00	94 %
01-60-642200	AUTOMOBILE INSURANCE	1,250.00	867.75	15,000.00	10,584.48	71 %	15,000.00	71 %
01-60-649100	SELF INSURANCE PROPERTY	4,166.67	0.00	50,000.00	0.00	0 %	50,000.00	0 %
<b>640 - INSURANCE Totals:</b>		<b>52,766.67</b>	<b>44,872.74</b>	<b>633,200.00</b>	<b>544,244.73</b>	<b>86 %</b>	<b>633,200.00</b>	<b>86 %</b>

		April 2014-2015 Budget	April 2014-2015 Activity	2014-2015 Seasonal YTD Bud	2014-2015 YTD Activity	Seasonal Percent Used	2014-2015 Total Budget	Total Percent Used
<b>650 - OPERATIONAL SUPPORT SRVS</b>								
							% of Year Completed: 100%	
01-60-651200	GENERATOR DIESEL FUEL	9,375.00	0.00	112,500.00	45,557.40	40 %	112,500.00	40 %
01-60-651300	NATURAL GAS	2,500.00	2,028.68	30,000.00	21,279.23	71 %	30,000.00	71 %
01-60-651401	TELEPHONE	3,074.33	1,677.46	36,892.00	19,147.95	52 %	36,892.00	52 %
01-60-651402	CELL PHONE & CORR. TELEMETRY	2,608.33	1,643.18	31,300.00	20,619.66	66 %	31,300.00	66 %
01-60-651403	RADIOS	780.00	0.00	9,360.00	8,892.00	95 %	9,360.00	95 %
01-60-651404	REPAIRS & EQUIPMENT	391.67	0.00	4,700.00	1,300.16	28 %	4,700.00	28 %
01-60-652100	OFFICE SUPPLIES	2,515.00	2,944.86	30,180.00	15,069.14	50 %	30,180.00	50 %
01-60-652200	BOOKS & PUBLICATIONS	282.33	0.00	3,388.00	3,243.40	96 %	3,388.00	96 %
01-60-653100	PRINTING- GENERAL	720.83	0.00	8,650.00	406.00	5 %	8,650.00	5 %
01-60-653200	POSTAGE & DELIVERY	650.00	709.81	7,800.00	3,921.43	50 %	7,800.00	50 %
01-60-654000	PROFESSIONAL DJES	1,590.00	140.00	19,080.00	13,265.45	70 %	19,080.00	70 %
01-60-655000	REPAIRS & MAINT- OFFICE EQUI	1,110.00	671.00	13,320.00	5,953.60	45 %	13,320.00	45 %
01-60-656000	REPAIRS & MAINT- BLDGS & GRN	15,628.33	38,302.16	187,540.00	181,209.32	97 %	187,540.00	97 %
01-60-658000	COMPUTER SOFTWARE	1,266.67	0.00	15,200.00	6,514.54	43 %	15,200.00	43 %
01-60-659000	COMPUTER/SOFTWARE MAINTENA	7,642.08	11,227.44	91,705.00	71,121.30	78 %	91,705.00	78 %
01-60-659100	OTHER ADMINISTRATIVE EXPENSE	1,241.67	523.87	14,900.00	1,470.91	10 %	14,900.00	10 %
<b>650 - OPERATIONAL SUPPORT SRVS Totals:</b>		<b>51,376.24</b>	<b>59,868.46</b>	<b>616,515.00</b>	<b>418,971.49</b>	<b>68 %</b>	<b>616,515.00</b>	<b>68 %</b>
<b>660 - WATER OPERATION</b>								
							% of Year Completed: 100%	
01-60-661101	WATER BILLING	7,770,455.68	7,800,505.20	95,179,049.42	92,805,463.84	98 %	95,179,049.42	98 %
01-60-661102	ELECTRICITY	102,480.00	56,593.77	1,400,000.00	1,044,038.41	75 %	1,400,000.00	75 %
01-60-661103	OPERATIONS & MAINTENANCE	38,000.00	37,662.40	456,000.00	364,243.61	80 %	456,000.00	80 %
01-60-661104	MAJOR MAINTENANCE	33,333.33	0.00	400,000.00	174,000.00	44 %	400,000.00	44 %
01-60-661201	PUMP STATION	166,666.67	132,698.83	2,000,000.00	1,561,425.83	78 %	2,000,000.00	78 %
01-60-661202	METER STATION, ROV, TANK SITE	9,750.00	11,716.71	117,000.00	134,027.83	115 %	117,000.00	115 %
01-60-661300	WATER CHEMICALS	2,225.00	0.00	26,700.00	8,619.17	32 %	26,700.00	32 %
01-60-661400	WATER TESTING	2,000.00	1,067.51	24,000.00	13,062.26	54 %	24,000.00	54 %
01-60-662100	PUMPING SERVICES	18,483.33	0.00	221,800.00	134,173.71	60 %	221,800.00	60 %
01-60-662300	METER TESTING & REPAIRS	2,975.00	20.57	35,700.00	8,872.29	25 %	35,700.00	25 %
01-60-662400	SCADA / INSTRUMENTATION	3,658.33	2,332.77	43,900.00	34,920.16	80 %	43,900.00	80 %
01-60-662500	EQUIPMENT RENTAL	975.00	0.00	11,700.00	751.00	6 %	11,700.00	6 %
01-60-662600	UNIFORMS	2,416.67	754.94	29,000.00	10,720.79	37 %	29,000.00	37 %
01-60-662700	SAFETY	5,805.00	2,138.44	69,660.00	45,372.71	65 %	69,660.00	65 %
01-60-663100	PIPELINE REPAIRS	37,500.00	302,814.92	450,000.00	531,875.76	118 %	450,000.00	118 %
01-60-663200	COR TESTING & MITIGATION	3,250.00	584.43	39,000.00	5,033.70	13 %	39,000.00	13 %
01-60-663300	REMOTE FACILITIES MAINTENANCE	16,366.67	19,632.86	196,400.00	80,999.85	41 %	196,400.00	41 %
01-60-663400	PLAN REVIEW- PIPELINE CONFLI	6,613.75	503.80	79,365.00	73,529.50	93 %	79,365.00	93 %
01-60-663700	PIPELINE SUPPLIES	6,987.50	4,376.73	83,850.00	80,013.16	95 %	83,850.00	95 %
01-60-664000	MACHINERY & EQUIP- NON CAP	1,437.50	0.00	17,250.00	5,835.00	34 %	17,250.00	34 %

		April 2014-2015 Budget	April 2014-2015 Activity	2014-2015 Seasonal YTD Bud	2014-2015 YTD Activity	Seasonal Percent Used	2014-2015 Total Budget	Total Percent Used
01-60-664100	REPAIRS & MAINT- VEHICLES	3,291.67	2,199.16	39,500.00	11,303.20	29 %	39,500.00	29 %
01-60-664200	FUEL- VEHICLES	3,333.33	1,564.38	40,000.00	19,719.48	49 %	40,000.00	49 %
01-60-664300	LICENSES- VEHICLES	154.13	0.00	1,850.00	1,216.00	66 %	1,850.00	66 %
660 - WATER OPERATION Totals:		8,238,158.56	8,377,167.42	100,961,724.42	97,149,217.26	96 %	100,961,724.42	96 %

**670 - BOND INTEREST**

% of Year Completed: 100%

01-60-672200	BOND INTEREST- REV BONDS	53,000.00	50,525.06	700,000.00	669,660.20	96 %	700,000.00	96 %
01-60-672300	NOTE INTEREST - DEBT CERT.	16,666.67	0.00	200,000.00	26,860.48	13 %	200,000.00	13 %
01-60-672400	INTEREST EXPENSE	125.00	70.52	1,500.00	1,115.06	74 %	1,500.00	74 %
670 - BOND INTEREST Totals:		69,791.67	50,595.58	901,500.00	697,635.74	77 %	901,500.00	77 %

**680 - LAND & LAND RIGHTS**

% of Year Completed: 100%

01-60-681000	LEASES	83.37	0.00	1,000.00	0.00	0 %	1,000.00	0 %
01-60-682000	PERMITS & FEES	1,020.83	0.00	12,250.00	5,505.78	45 %	12,250.00	45 %
680 - LAND & LAND RIGHTS Totals:		1,104.20	0.00	13,250.00	5,505.78	42 %	13,250.00	42 %

**685 - CAPITAL EQUIP / DEPREC**

% of Year Completed: 100%

01-60-685100	COMPUTERS	1,975.00	2,352.83	23,700.00	10,069.02	42 %	23,700.00	42 %
01-60-692000	DEPRECIATION- TRANS MAINS	380,416.67	378,977.25	4,565,000.00	4,547,727.06	100 %	4,565,000.00	100 %
01-60-693000	DEPRECIATION- BUILDINGS	216,666.67	215,203.31	2,600,000.00	2,576,346.20	99 %	2,600,000.00	99 %
01-60-694000	DEPRECIATION-PUMPING EQUIPME	75,833.33	62,410.54	910,000.00	748,926.62	82 %	910,000.00	82 %
01-60-695200	DEPRECIATION- OFFICE FURN &	8,250.00	6,975.02	99,000.00	84,982.73	86 %	99,000.00	86 %
01-60-696000	DEPRECIATION- VEHICLES	5,166.67	4,293.18	62,000.00	51,518.04	83 %	62,000.00	83 %
685 - CAPITAL EQUIP / DEPREC Totals:		688,308.34	670,212.13	8,259,700.00	8,019,569.67	97 %	8,259,700.00	97 %

**710 - CONSTRUCTION IN PROGRESS**



% of Year Completed: 100%



		April 2014-2015 Budget	April 2014-2015 Activity	2014-2015 Seasonal YTD Bud	2014-2015 YTD Activity	Seasonal Percent Used	2014-2015 Total Budget	Total Percent Used
01-60-711201	DPC YORK MS-CONSTR	24,865.92	0.00	298,391.00	333,750.00	112 %	298,391.00	112 %
01-60-721600	ROOF REPLACEMENT	83,333.33	0.00	1,000,000.00	0.00	0 %	1,000,000.00	0 %
01-60-721700	PUBLIC MTG ROOM HVAC REPLACE	10,833.33	45,868.00	130,000.00	45,868.00	35 %	130,000.00	35 %
01-60-721800	RESERVOIR HATCH REPLACEMENT	8,333.33	0.00	100,000.00	12,264.62	12 %	100,000.00	12 %
01-60-721900	EFFLUENT VAULT STAIRS REPLACEN	5,416.67	0.00	65,000.00	8,036.84	12 %	65,000.00	12 %
01-60-770101	TOB-7/11 COR PRVNT-CONST	0.00	214.24	0.00	214.24	0 %	0.00	0 %
01-60-770701	STANDPIPE PAINTING-CONSTR	159,166.67	315.60	1,910,000.00	15,189.83	1 %	1,910,000.00	1 %
01-60-770801	STANDPIPE MIXING SYSTEM-CONST	66,666.67	986.77	800,000.00	62,050.15	8 %	800,000.00	8 %
01-60-771000	VALVE REHAB & REPLACEMENT	25,000.00	0.00	300,000.00	0.00	0 %	300,000.00	0 %
01-60-771100	METER REPLACEMENT	6,250.00	53,548.60	75,000.00	54,379.23	73 %	75,000.00	73 %
01-60-771200	CONDITION ASSESSMENT	16,666.67	11,819.58	200,000.00	255,281.72	128 %	200,000.00	128 %
01-60-798000	CAPITALIZED FIXED ASSETS	(406,532.58)	(112,752.79)	(4,878,391.00)	(787,034.63)	16 %	(4,878,391.00)	16 %
710 - CONSTRUCTION IN PROGRESS Totals:		0.01	0.00	0.00	0.00	0 %	0.00	0 %
<b>Expense Totals:</b>		<b>9,514,524.68</b>	<b>9,576,631.48</b>	<b>116,362,647.06</b>	<b>111,218,404.25</b>	<b>96 %</b>	<b>116,362,647.06</b>	<b>96 %</b>
<b>01 - WATER FUND Totals:</b>		<b>(2,878,657.77)</b>	<b>(3,709,080.24)</b>	<b>(35,129,226.43)</b>	<b>(43,643,868.88)</b>	<b>124 %</b>	<b>(35,129,226.43)</b>	<b>124 %</b>

DATE: May 6, 2015

## REQUEST FOR BOARD ACTION

<b>AGENDA SECTION</b> Finance Committee	<b>ORIGINATING DEPARTMENT</b> Finance
<b>ITEM</b> Annual Budget and Appropriation Ordinance for the Fiscal Year Commencing May 1, 2015 and Ending April 30, 2016  Ordinance No. O-4-15	<b>APPROVAL</b>    
<p>Account No.: N/A</p> <p>Ordinance No. O-4-15 would approve and adopt the Combined Annual Budget and Appropriation Ordinance for the Fiscal Year Commencing May 1, 2015 and Ending April 30, 2016 as required by the Commission's By-Laws and the Illinois Municipal Budget Law (50 ILCS 330/1 <i>et seq.</i>).</p> <p>The ordinance is based on the fiscal year 2015-16 Management Budget plus a factor designed to allow the Board of Commissioners the ability to expend all funds available to it during the fiscal year even though the Management Budget does not contemplate so doing. Personnel costs have been appropriated at 105% of budget. All other operating expenditures and all construction expenditures were appropriated at 135% of budget with the exception of cost of water purchases and depreciation expense, which were appropriated at 125%. The fiscal year 2015-16 Management Budget still provides the criteria for management analysis.</p>	
<b>MOTION:</b> To adopt Ordinance No. O-4-15.	

## DUPAGE WATER COMMISSION

## ORDINANCE NO. O-4-15

ANNUAL BUDGET AND APPROPRIATION ORDINANCE FOR THE  
FISCAL YEAR COMMENCING MAY 1, 2015 AND ENDING APRIL 30, 2016

BE IT ORDAINED by the Board of Commissioners of the DuPage Water Commission, Counties of DuPage, Cook and Will, Illinois, as follows:

SECTION ONE: That the following sums are authorized by law and the same are hereby appropriated for the Water Fund, the Revenue Bond Construction Fund, the Corporate Fund and the Arbitrage Rebate Fund of the DuPage Water Commission, for the objects and purposes hereinafter specified during the fiscal year commencing May 1, 2015 and ending April 30, 2016 and that the sums of money hereinafter set forth are deemed necessary to defray all necessary expenses and liabilities of the DuPage Water Commission for said period:

Ordinance No. O-4-15  
 DU PAGE WATER COMMISSION  
 BUDGET AND APPROPRIATION ORDINANCE  
 MAY 1, 2015 TO APRIL 30, 2016

ACCT #	ACCOUNT TITLE	BUDGET/ APPROPRIATION AMOUNT
WATER FUND RESOURCES		
01-5000	OPERATIONS & MAINTENANCE PAYMENTS	124,754,329
01-5110	FIXED COST PAYMENTS	0
01-5120	SUBSEQUENT CUSTOMER RATE DIFFERENTIAL	903,400
01-5130	EMERGENCY WATER SERVICE	19,462
01-5300	SALES TAXES	34,742,000
01-5810	INTEREST INCOME FROM INVESTMENTS	357,500
01-5900	OTHER INCOME	0
	TOTAL WATER FUND REVENUES	<u>160,776,691</u>
WATER FUND EXPENDITURES		
01-2340	REVENUE BOND PRINCIPAL PAYMENTS	11,056,250
01-2310	DEBT CERTIFICATE PRINCIPAL PAYMENTS	0
01-2322	CAPITAL LEASE PRINCIPAL PAYMENTS	9,400
01-60-6110	SALARIES OF COMMISSION PERSONNEL	3,121,385
01-60-6120	PERSONNEL - PENSION, INSURANCE AND TAXES	1,272,535
01-60-6130	PERSONNEL - TRAINING, DEVELOPMENT AND TRAVEL	95,025
01-60-6190	OTHER PERSONNEL EXPENSES	27,615
01-60-6210	WATER CONSERVATION	33,750
01-60-6230	COST OF INVESTMENT FEES AND BANK CHARGES	91,800
01-60-6250	LEGAL SERVICES AND NOTICES	228,825
01-60-6260	AUDIT SERVICES	43,200
01-60-6280	CONSULTING SERVICES	338,175
01-60-6290	CONTRACTUAL SERVICES	504,360
01-60-6400	INSURANCE COVERAGES	890,730
01-60-6512	GENERATOR DIESEL FUEL	151,875
01-60-6513	GAS UTILITY EXPENSES	44,550
01-60-6514	COMMUNICATION SYSTEMS	94,905
01-60-6520	OFFICE SUPPLIES AND PUBLICATIONS	46,948
01-60-6530	PRINTING AND POSTAGE EXPENSES	20,588
01-60-6540	PROFESSIONAL DUES	29,295
01-60-6550	COST OF REPAIRS AND MAINT. OF OFFICE EQUIPMENT	11,232
01-60-6560	REPAIRS AND MAINTENANCE OF BUILDINGS	288,414

01-60-6580	COMPUTER SOFTWARE	16,470
01-60-6590	SOFTWARE MAINTENANCE	128,797
01-60-6591	OTHER ADMINISTRATIVE EXPENSES	20,115
01-60-6611	COST OF WATER PURCHASES	130,627,764
01-60-6612	ELECTRIC UTILITY EXPENSES	2,728,350
01-60-6613	PURCHASE OF WATER CHEMICALS	36,045
01-60-6614	COST OF WATER TESTING	33,413
01-60-6620	PUMP STATION OPERATIONS	526,763
01-60-6630	COST OF REPAIRS AND MAINTENANCE OF PIPELINES	1,119,623
01-60-6640	COST OF REPAIRS AND MAINT. OF VEHICLES & EQUIPMENT	132,300
01-60-6722	REVENUE BOND INTEREST PAYMENTS	783,000
01-60-6723	NOTE INTEREST - CERTIFICATES OF DEBT	0
01-60-6724	CAPITAL LEASE INTEREST PAYMENTS	1,350
01-60-6800	LAND AND RIGHT-OF-WAY ACQUISITION COSTS	20,858
01-60-6850	COST OF FURNITURE & EQUIPMENT PURCHASES	170,100
01-60-6860	COST OF MOTOR VEHICLES PURCHASES	0
01-60-6900	DEPRECIATION EXPENSES	10,295,000
01-60-7000	COMMISSION CAPITAL PROJECTS	9,617,292
01-60-7980	COST OF CAPITALIZED FIXED ASSETS	0
01-60-7990	CONTINGENCY	67,214,477
		<hr/>
	TOTAL WATER FUND EXPENDITURES	241,872,574
		<hr/>
	WATER FUND REVENUE OVER (UNDER) EXPENDITURES	(81,095,883)
	ESTIMATED AVAILABLE WATER FUND BALANCES 05/01/2015	81,095,883
	AVAILABLE WATER FUND BALANCES 04/30/2015	<hr/> <hr/> 0
		<hr/>
	ESTIMATED AVAILABLE WATER FUND BALANCES	05/01/15
		<hr/>
	Cash and Cash Equivalents	19,696,228
	Investments	71,194,597
	Accounts Payable	(9,794,942)
	TOTAL ESTIMATED AVAILABLE WATER FUND BALANCES	<hr/> <hr/> 81,095,883

Ordinance No. O-4-15

SECTION TWO: This Ordinance shall be in full force and effect from and after its adoption.

SECTION THREE: This Ordinance shall be available for public inspection at the office of the DuPage Water Commission.

AYES:

NAYS:

ABSENT:

ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2015

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Clerk

Board/Ordinances/2015/O-4-15.docx

(SEAL)

STATE OF ILLINOIS )  
                              ) SS  
COUNTY OF COOK )

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified Clerk of the DuPage Water Commission, Counties of DuPage, Cook, and Will, Illinois, and as such Clerk, I am the keeper of the official journal of proceedings, books, records, minutes, and files of the DuPage Water Commission and of the Board of Commissioners thereof.

I do further certify that the attached is a full, true and complete copy of Ordinance No. O-4-15: Annual Budget and Appropriation Ordinance for the Fiscal Year Commencing May 1, 2015 and Ending April 30, 2016.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the corporate seal of the DuPage Water Commission this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

(SEAL)

\_\_\_\_\_  
Carolyn Johnson  
Clerk

CERTIFICATION OF BUDGET/APPROPRIATION IN  
ACCORDANCE WITH CHAPTER 35 SECTION  
200/18-50 ILLINOIS COMPILED STATUES

The undersigned, being Clerk and Treasurer of the Taxing District below named, do hereby certify that attached hereto is a true and correct copy of the Budget/Appropriation of said District for its 2015/2016 fiscal year, adopted May 21, 2015.

We further certify that the estimate of revenues, by source, anticipated to be received by said Taxing District, either set forth in said document or attached hereto separately, is a true statement of said estimate.

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Carolyn Johnson  
Clerk  
DuPage Water Commission

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Douglas R. Ellsworth  
Treasurer  
DuPage Water Commission

(SEAL)



DATE: May 11, 2015

## REQUEST FOR BOARD ACTION

<b>AGENDA SECTION</b>	Finance Committee	<b>ORIGINATING DEPARTMENT</b>	General Manager's Office
<b>ITEM</b>	A Resolution Amending and Restating the Investment Policy of the DuPage Water Commission  Resolution No. R-16-15	<b>APPROVAL</b>	  
<p>The Commission's Investment Policy was last updated on December 18, 2014. The proposed resolution amends the Commission's Investment Policy (a) to specifically allow investment in supranational securities, subject to certain limitations, and (b) to make other minor changes consistent with Illinois statute.</p>			
<b>MOTION:</b> To adopt Resolution No. R-16-15.			

DUPAGE WATER COMMISSION

RESOLUTION NO. R-16-15

A RESOLUTION AMENDING AND RESTATING  
THE INVESTMENT POLICY OF THE DUPAGE WATER COMMISSION

WHEREAS, Resolution No. R-34-14 amended and restated the Investment Policy of the DuPage Water Commission on December 18, 2014 (the "Investment Policy"); and

WHEREAS, the Board of Commissioners of the DuPage Water Commission has determined that it is reasonable, necessary, and desirable, and in the best interest of the Commission, to further amend and update the Investment Policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the DuPage Water Commission as follows:

SECTION ONE: Recitals. The foregoing recitals are incorporated herein and made a part hereof as findings of the Board of Commissioners of the DuPage Water Commission.

SECTION TWO: Adoption. The Investment Policy of the DuPage Water Commission shall be and is hereby amended and restated so that said Investment Policy shall hereafter be and read as set forth in Exhibit 1 attached hereto and by this reference incorporated herein and made a part hereof.

SECTION THREE: Repealer. All resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, expressly repealed.

SECTION FOUR: Effective Date. This Resolution shall be in full force and effect from and after its adoption.

Resolution No. R-16-15

AYES:

NAYS:

ABSENT:

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Clerk

Board/Resolutions/R-16-15.docx

EXHIBIT 1

# **DuPage Water Commission**

**Investment Policy**

**May 21, 2015**

## **INVESTMENT POLICY**

This policy authorizes the Commission to invest funds in certain authorized classes of securities. All persons from the Commission involved in the investment of public funds are to comply with the provisions relating to the deposit and investment of public funds. The purpose of this Statement of Investment Policy and Guidelines (this "Policy") is to establish cash management and investment guidelines for the Commission. This Policy has been prepared in accordance with the Public Funds Investment Act (30 ILCS 235), Exhibit A.

### **1.0 POLICY**

The Commission is responsible for the management of daily receipt and investment of cash and related accounting operations. The Treasurer is the Chief Investment Officer of the Commission and investments may be directed by the Treasurer, General Manager, Office designees, or outside professional fund managers, in accordance with this Policy.

It is the policy of the Commission to invest all funds under the control in a manner that provides the highest investment return using authorized instruments while meeting the Commission's daily cash flow demands in conformance with this policy, its objectives, applicable ordinances and laws.

### **2.0 SCOPE OF POLICY:**

This Policy applies to all investments held within and made on behalf of the Commission.

### **3.0 OBJECTIVES:**

The primary objective in the investment of funds under control of the Commission is to ensure the safety of principal, while managing liquidity requirements of debt service and other financial obligations of the Commission, and providing the highest investment return using authorized investment instruments.

#### **3.1 Safety.**

The safety of principal is the foremost objective of the investment program. Commission investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To attain this objective, diversification is required to ensure that the Commission prudently manages market, interest rate and credit risk. Each investment purchase shall be limited to those defined as eligible under this Policy.

#### **3.2 Liquidity.**

The investment portfolio shall remain sufficiently liquid to enable the Commission to meet all operating requirements that might be reasonably anticipated. Unless otherwise authorized by the Board, all investments shall be fully payable as to principal and interest within five years from the date of purchase. The only exception will be in regards to investments within the Long-Term Water Capital Reserve Fund which may include investments that shall be fully payable as to principal and interest within ten years from the date of purchase due to the longstanding nature of the reserve fund; provided, however, that such investments shall have a maximum five-year weighted average maturity.

#### **3.3 Return on Investments.**

The investment portfolio shall be designed to obtain the highest available return, taking into account the Commission's investment risk constraints and cash flow needs. The Commission shall seek to obtain the highest available return using authorized investments.

#### **4.0 STANDARD OF CARE:**

To accomplish the objectives of the Commission, all authorized persons engaged in the investment process will perform their duties responsibly in accordance with the following standard:

“Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the Commission, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of investing funds of like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Commission.”

The standard of care to be used by the Commission shall be the “prudent investor” standard and shall be applied in the context of managing an overall portfolio. Those involved in investing shall: (i) act in accordance with written procedures and this Policy, (ii) exercise due diligence, (iii) prepare all reports in a timely fashion and (iv) exercise appropriate action to control adverse developments.

#### **5.0 OPERATIONAL GUIDELINES:**

##### **5.1 Particular Fund Investments:**

The Commission requires that any investments of a particular restricted account be credited to that account. Principal and interest shall be credited to the particular restricted account so invested. Any two of the following four officials, 1) General Manager, 2) Treasurer, 3) Finance Committee Chairman, and 4) Commission Chairman, may transfer ownership of any security purchased with monies of a particular restricted account to another restricted or unrestricted account of the Commission. The particular restricted account originally invested shall be credited with the amount of the principal and accrued interest up to the date of the transfer of ownership of such security from that particular restricted account to the other restricted/unrestricted account.

##### **5.2 Competitive Bidding:**

At least three (3) competitive bids are to be solicited on most investment transactions made by the Commission. Bids/quotes and markups or discounts need to be consistent with prevailing institutional trades at the time of each transaction and are to be compared to market quotations for the same type and maturity investment. In certain emergency circumstances, the Commission may solicit less than three (3) competitive bids. The guiding principle with choosing any bid for any investment transaction made by the Commission is the quality of the bid and the assurance that the bidder can complete the investment transaction.

##### **5.3 Selection of Investment Advisors and Money Managers:**

The services of investment advisors and money managers shall only be employed after the solicitation of at least three written quotations and, as required by the Commission's By-Laws, as amended, approved by the Board of Commissioners pursuant to the majority affirmative vote of all of the Commissioners, including the votes of at least 1/3 of the Commissioners appointed by the Chairman of the DuPage County Board and at least 40% of the Commissioners appointed by the groups of mayors as provided in the Water Commission Act of 1985, 70 ILCS 3720/0.001 et seq.

#### **6.0 ETHICS AND CONFLICT OF INTEREST:**

It is the policy of the Commission that no person acting on behalf of the investment function shall, in any manner, have any interest, either directly or indirectly in, or receive in any manner compensation from, any investments in which the Commission is authorized to invest; or have any interest, either directly or indirectly in, or receive, in any manner, compensation of any kind from, the

sellers, sponsors or managers of such investments. Officers and other staff 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.

## 7.0 AUTHORIZED INVESTMENTS:

The Board has authorized the following types of investments subject to the provisions of the Public Funds Investment Act (30 ILCS 235) and other applicable law:

The investment portfolio will be diversified to avoid incurring undue concentration in securities of one type or securities of one financial institution or maturities.

- a. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed as to the payment of principal and interest by the full faith and credit of the United States of America.

Maximum Aggregate Position                      No Limit

- b. Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies and its instrumentalities.

Maximum Aggregate Position                      No Limit, except for obligations classified as supranational securities, which shall be limited to a maximum aggregate position of 5% of total portfolio. For purposes of this Policy, "supranational securities" shall mean obligations issued by a multinational development institution, when the United States is, by virtue of legislation enacted by the United States Congress, a member thereof, including, but not limited to:

- International Bank for Reconstruction and Development (World Bank) (22 USC 286 *et seq.*);
- International Finance Corporation (22 USC 282 *et seq.*);
- Inter-American Development Bank (22 USC 283 *et seq.*);
- African Development Bank (22 USC 290i *et seq.*);
- Asian Development Bank (22 USC 285 *et seq.*);
- European Bank of Reconstruction and Development (22 USC 2901 *et seq.*)

- c. Interest-bearing savings accounts, certificates of deposit, time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the deposits of which are insured by the Federal Deposit Insurance Corporation. Any such investments made in excess of such deposit insurance shall be secured as provided in Section 10.0.

Maximum Aggregate Position    50% of total portfolio

- d. Short-term obligations of corporations (Commercial Paper) organized in the United States of America with assets exceeding \$500,000,000; obligations must be rated at the time of purchase A1/P1 or better by Standard & Poor's and Moody's, respectively, and must mature not later than 270 days from the date of purchase; the Board's investment in the short-term obligations of a single issuer shall not exceed 10% of that corporation's outstanding obligations.

Maximum Position with Single Issuer                      5% of total portfolio

Maximum Aggregate Position 33% of total portfolio

- e. Money market mutual funds registered under the Investment Company Act of 1940, as from time to time amended; the portfolio of any such money market fund must be limited to obligations specified in subsection [a] or [b] of this section and to agreements to repurchase such obligations. All underlying securities of the fund must mature within twelve months or less, and the fund must maintain a weighted average portfolio maturity of 90 days or less. Prospectuses must be on file, reviewed, and approved before investing.

Maximum Aggregate Position No Limit

- f. Shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of any state or of the United States of America, the shares or investment certificates of which are insured by the Federal Deposit Insurance Corporation. Any such investments made in excess of such deposit insurance shall be secured as provided in Section 10.0.

Maximum Aggregate Position 50% of total portfolio

- g. Dividend-bearing share accounts, share certificate accounts, or other such class of share accounts of a credit union chartered under the laws of the State of Illinois or of the United States of America, provided that deposits are insured by applicable law and that the credit union's principal office is located within the State of Illinois. Any such investments made in excess of such deposit insurance, shall be secured as provided in Section 10.0

Maximum Aggregate Position 25% of total portfolio

- h. Subject to the limitation of Section 12 of the Local Government Debt Reform Act, 30 ILCS 350/12, interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, or any other state, or of any political subdivision or agency of the State of Illinois or of any other state, if the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the Commission or held under a custodial agreement at a bank. The bonds shall be rated at least A- by Standard and Poor's or A3 by Moody's at the time of purchase.

Maximum Aggregate Position 25% of total portfolio

- i. Any other suitable investment instrument permitted by applicable state laws governing public investments subject to the reasonable exercise of prudence in making investments of public fund.

## 8.0 **BOND ORDINANCES:**

The provisions and restrictions of any bond ordinance(s) of the Commission regarding permitted investments must be observed during the time that any bonds of the Commission authorized by said ordinance(s) are outstanding.

## 9.0 **INVESTMENT RESTRICTIONS:**

The Commission will not utilize investment of leveraged transactions, financial forwards, futures, hedged investments, index amortizing notes, dual index notes, dc-leveraged bonds, range bonds, inverse floaters, and any other financial derivative. The Commission is not authorized, without the approval of



the Board, to (i) invest in financial agreements whose returns are linked to or derived from the performance of some underlying asset such as bonds, currencies or commodities products, or (ii) borrow against or otherwise obligate Commission investments. No investment maturity can be longer than 5 years except as otherwise authorized by the Board per Section 3.2.

#### **10.0 COLLATERALIZATION:**

In order to protect the Commission's deposits, depository institutions are to maintain collateral pledges on Commission certificates of deposit during the term of the deposit of at least 102% of marketable U.S. government or approved securities or surety bonds issued by top-rated insurers. Collateral is required as security for any amount in excess of the federal deposit insurance limit. The collateral required to secure Commission funds must be held in safekeeping and pursuant to collateral agreements which would prohibit release or substitution of pledged assets without proper written notification and authorization of the Treasurer or General Manager. However, substitutions may be made without prior approval from the Commission provided: security types are of the type allowed for collateralization in the Policy, the market value of the securities to be substituted is at least equal to the amount withdrawn; notification is given to the Treasurer or General Manager; and the custodian has not received any prior notification from the Treasurer or General Manager prohibiting substitution. Repurchase agreements must also be collateralized in an amount of 102% of market value of principal and accrued interest.

The final maturity of acceptable collateral pledged shall not exceed 60 months. Collateral pledged for repurchase agreements shall be marked to market at least weekly during the term of the agreement. Additional collateral will be required when the ratio falls below the level required.

#### **11.0 SAFEKEEPING AND CUSTODY:**

All securities and collateral will be held by a third party custodian designated by the Commission and evidenced by safekeeping receipts. Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement.

#### **12.0 DIVERSIFICATION:**

A variety of financial instruments and maturities, properly balanced, will help to ensure liquidity and reduce risk or interest rate volatility and loss of principal. Diversifying investments and maturities will avoid incurring unreasonable risks in the investment portfolio regarding specific security types, issuers or individual financial institutions.

#### **13.0 INTERNAL CONTROLS:**

The Commission, shall maintain a system of internal controls and written operational procedures that shall be documented. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by authorized investment officers.

In addition, the Commission has established a system of internal controls to ensure that staff positions and functional duties are adequately segregated for separation of duties between the investment and accounting operations.

These controls shall be tested and reviewed periodically by external auditors during the audit.

**14.0 PERFORMANCE EVALUATION:**

The Commission will utilize the following benchmarks as appropriate to determine whether market average yields are being achieved:

<b>Account</b>	<b>Benchmark</b>
General Account	BoA/Merrill Lynch 3-Month U.S. Treasury Bill Index
Sales Tax	BoA/Merrill Lynch 1 – 3 Year U.S. Treasury Index
Operating Reserve Fund	BoA/Merrill Lynch 1 – 5 Year U.S. Treasury Index
Capital Reserve Fund	BoA/Merrill Lynch 1 – 3 Year U.S. Treasury Index
Long-Term Water Capital Reserve Fund	BoA/Merrill Lynch 1 – 10 Year U.S. Treasury Index

For all other funds (i.e., the Interest and Principal accounts), the rate of return should equal or exceed the rate of return on Treasury securities of like maturities and like purchase dates.

**15.0 REPORTING:**

The Commission shall record all investment transactions. A written report will be generated monthly for internal purposes listing all active investments by class or type, maturity of investments, book value, interest rate, income earned, including the fair market value of all investments as of the report date and other pertinent information deemed necessary. This report will be submitted to the General Manager of the Commission for distribution to the Board no less than on a quarterly basis pursuant to the Public Funds Investment Act.

**16.0 POLICY ADOPTION AND AMENDMENT:**

This Policy shall be adopted by a resolution of the Board. This Policy may be reviewed from time to time and amended upon approval of the Board.

## Exhibit A

### FINANCE

#### (30 ILCS 235/) Public Funds Investment Act.

(30 ILCS 235/0.01) (from Ch. 85, par. 900)

Sec. 0.01. Short title. This Act may be cited as the Public Funds Investment Act.

(Source: P.A. 86-1324.)

(30 ILCS 235/1) (from Ch. 85, par. 901)

Sec. 1. The words "public funds", as used in this Act, mean current operating funds, special funds, interest and sinking funds, and funds of any kind or character belonging to or in the custody of any public agency.

The words "public agency", as used in this Act, mean the State of Illinois, the various counties, townships, cities, towns, villages, school districts, educational service regions, special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, the Illinois Bank Examiners' Education Foundation, the Chicago Park District, and all other political corporations or subdivisions of the State of Illinois, now or hereafter created, whether herein specifically mentioned or not. This Act does not apply to the Illinois Prepaid Tuition Trust Fund, private funds collected by the Illinois Conservation Foundation, or pension funds or retirement systems established under the Illinois Pension Code, except as otherwise provided in that Code.

The words "governmental unit", as used in this Act, have the same meaning as in the Local Government Debt Reform Act.

(Source: P.A. 98-297, eff. 1-1-14.)

(30 ILCS 235/2) (from Ch. 85, par. 902)

Sec. 2. Authorized investments.

(a) Any public agency may invest any public funds as follows:

(1) in bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;

(2) in bonds, notes, debentures, or other similar obligations of the United States of America, its agencies, and its instrumentalities;

(3) in interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;

(4) in short term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature not later than 270 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations; or

(5) in money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in paragraph (1) or (2) of this subsection and to agreements to repurchase such obligations.

(a-1) In addition to any other investments authorized under this Act, a municipality, park district, forest preserve district, conservation district, county, or other governmental unit 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 municipality, park district, forest preserve district, conservation district, county, or other governmental unit, or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.

(b) Investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation. Any public agency may invest any public funds in short term discount obligations of the Federal National Mortgage Association or in shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of this State or any other state or under the laws of the United States. Investments may be made only in those savings banks or savings and loan associations the shares, or investment certificates of which are insured by the Federal Deposit Insurance Corporation. Any such securities may be purchased at the offering or market price thereof at the time of such purchase. All such securities so purchased shall mature or be redeemable on a date or dates prior to the time when, in the judgment of such governing authority, the public funds so invested will be required for expenditure by such public agency or its governing authority. The expressed judgment of any such governing authority as to the time when any public funds will be required for expenditure or be redeemable is final and conclusive. Any public agency may invest any public funds in dividend-bearing share accounts, share certificate accounts or class of share accounts of a credit union chartered under the laws of this State or the laws of the United States; provided, however, the principal office of any such credit union must be located within the State of Illinois. Investments may be made only in those credit unions the accounts of which are insured by applicable law.

(c) For purposes of this Section, the term "agencies of the United States of America" includes: (i) the federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks, or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and Acts amendatory thereto; (ii) the federal home loan banks and the federal home loan mortgage corporation; and (iii) any other agency created by Act of Congress.

(d) Except for pecuniary interests permitted under subsection (f) of Section 3-14-4 of the Illinois Municipal Code or under Section 3.2 of the Public Officer Prohibited Practices Act, no person acting as treasurer or financial officer or who is employed in any similar capacity by or for a public agency may do any of the following:

(1) have any interest, directly or indirectly, in any investments in which the agency is authorized to invest.

(2) have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments.

(3) receive, in any manner, compensation of any kind from any investments in which the agency is authorized to invest.

(e) Any public agency may also invest any public funds in a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act. Any public agency may also invest any public funds in a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advise regarding the investment of any public funds.

(f) To the extent a public agency has custody of funds not owned by it or

another public agency and does not otherwise have authority to invest such funds, the public agency may invest such funds as if they were its own. Such funds must be released to the appropriate person at the earliest reasonable time, but in no case exceeding 31 days, after the private person becomes entitled to the receipt of them. All earnings accruing on any investments or deposits made pursuant to the provisions of this Act shall be credited to the public agency by or for which such investments or deposits were made, except as provided otherwise in Section 4.1 of the State Finance Act or the Local Governmental Tax Collection Act, and except where by specific statutory provisions such earnings are directed to be credited to and paid to a particular fund.

(g) A public agency may purchase or invest in repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986, as now or hereafter amended or succeeded, subject to the provisions of said Act and the regulations issued thereunder. The government securities, unless registered or inscribed in the name of the public agency, shall be purchased through banks or trust companies authorized to do business in the State of Illinois.

(h) Except for repurchase agreements of government securities which are subject to the Government Securities Act of 1986, as now or hereafter amended or succeeded, no public agency may purchase or invest in instruments which constitute repurchase agreements, and no financial institution may enter into such an agreement with or on behalf of any public agency unless the instrument and the transaction meet the following requirements:

(1) The securities, unless registered or inscribed in the name of the public agency, are purchased through banks or trust companies authorized to do business in the State of Illinois.

(2) An authorized public officer after ascertaining which firm will give the most favorable rate of interest, directs the custodial bank to "purchase" specified securities from a designated institution. The "custodial bank" is the bank or trust company, or agency of government, which acts for the public agency in connection with repurchase agreements involving the investment of funds by the public agency. The State Treasurer may act as custodial bank for public agencies executing repurchase agreements. To the extent the Treasurer acts in this capacity, he is hereby authorized to pass through to such public agencies any charges assessed by the Federal Reserve Bank.

(3) A custodial bank must be a member bank of the Federal Reserve System or maintain accounts with member banks. All transfers of book-entry securities must be accomplished on a Reserve Bank's computer records through a member bank of the Federal Reserve System. These securities must be credited to the public agency on the records of the custodial bank and the transaction must be confirmed in writing to the public agency by the custodial bank.

(4) Trading partners shall be limited to banks or trust companies authorized to do business in the State of Illinois or to registered primary reporting dealers.

(5) The security interest must be perfected.

(6) The public agency enters into a written master repurchase agreement which outlines the basic responsibilities and liabilities of both buyer and seller.

(7) Agreements shall be for periods of 330 days or less.

(8) The authorized public officer of the public agency informs the custodial bank in writing of the maturity details of the repurchase agreement.

(9) The custodial bank must take delivery of and maintain the securities in its custody for the account of the public agency and confirm the transaction in writing to the public agency. The Custodial Undertaking shall provide that the custodian takes possession of the securities exclusively for the public agency; that the securities

are free of any claims against the trading partner; and any claims by the custodian are subordinate to the public agency's claims to rights to those securities.

(10) The obligations purchased by a public agency may only be sold or presented for redemption or payment by the fiscal agent bank or trust company holding the obligations upon the written instruction of the public agency or officer authorized to make such investments.

(11) The custodial bank shall be liable to the public agency for any monetary loss suffered by the public agency due to the failure of the custodial bank to take and maintain possession of such securities.

(i) Notwithstanding the foregoing restrictions on investment in instruments constituting repurchase agreements the Illinois Housing Development Authority may invest in, and any financial institution with capital of at least \$250,000,000 may act as custodian for, instruments that constitute repurchase agreements, provided that the Illinois Housing Development Authority, in making each such investment, complies with the safety and soundness guidelines for engaging in repurchase transactions applicable to federally insured banks, savings banks, savings and loan associations or other depository institutions as set forth in the Federal Financial Institutions Examination Council Policy Statement Regarding Repurchase Agreements and any regulations issued, or which may be issued by the supervisory federal authority pertaining thereto and any amendments thereto; provided further that the securities shall be either (i) direct general obligations of, or obligations the payment of the principal of and/or interest on which are unconditionally guaranteed by, the United States of America or (ii) any obligations of any agency, corporation or subsidiary thereof controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States and provided further that the security interest must be perfected by either the Illinois Housing Development Authority, its custodian or its agent receiving possession of the securities either physically or transferred through a nationally recognized book entry system.

(j) In addition to all other investments authorized under this Section, a community college district may invest public funds in any mutual funds that invest primarily in corporate investment grade or global government short term bonds. Purchases of mutual funds that invest primarily in global government short term bonds shall be limited to funds with assets of at least \$100 million and that are rated at the time of purchase as one of the 10 highest classifications established by a recognized rating service. The investments shall be subject to approval by the local community college board of trustees. Each community college board of trustees shall develop a policy regarding the percentage of the college's investment portfolio that can be invested in such funds.

Nothing in this Section shall be construed to authorize an intergovernmental risk management entity to accept the deposit of public funds except for risk management purposes.

(Source: P.A. 97-129, eff. 7-14-11; 98-297, eff. 1-1-14; 98-390, eff. 8-16-13; 98-756, eff. 7-16-14.)

(30 ILCS 235/2.5)

Sec. 2.5. Investment policy.

(a) Investment of public funds by a public agency shall be governed by a written investment policy adopted by the public agency. The level of detail and complexity of the investment policy shall be appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio. The policy shall address safety of principal, liquidity of funds, and return on investment and shall require that the investment portfolio be structured in such manner as to provide

sufficient liquidity to pay obligations as they come due. In addition, the investment policy shall include or address the following:

- (1) a listing of authorized investments;
- (2) a rule, such as the "prudent person rule", establishing the standard of care that must be maintained by the persons investing the public funds;
- (3) investment guidelines that are appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (4) a policy regarding diversification of the investment portfolio that is appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (5) guidelines regarding collateral requirements, if any, for the deposit of public funds in a financial institution made pursuant to this Act, and, if applicable, guidelines for contractual arrangements for the custody and safekeeping of that collateral;
- (6) a policy regarding the establishment of a system of internal controls and written operational procedures designed to prevent losses of funds that might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the entity;
- (7) identification of the chief investment officer who is responsible for establishing the internal controls and written procedures for the operation of the investment program;
- (8) performance measures that are appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (9) a policy regarding appropriate periodic review of the investment portfolio, its effectiveness in meeting the public agency's needs for safety, liquidity, rate of return, and diversification, and its general performance;
- (10) a policy establishing at least quarterly written reports of investment activities by the public agency's chief financial officer for submission to the governing body and chief executive officer of the public agency. The reports shall include information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date;
- (11) a policy regarding the selection of investment advisors, money managers, and financial institutions; and
- (12) a policy regarding ethics and conflicts of interest.

(b) For purposes of the State or a county, the investment policy shall be adopted by the elected treasurer and presented to the chief executive officer and the governing body. For purposes of any other public agency, the investment policy shall be adopted by the governing body of the public agency.

(c) The investment policy shall be made available to the public at the main administrative office of the public agency.

(d) The written investment policy required under this Section shall be developed and implemented by January 1, 2000.

(Source: P.A. 90-688, eff. 7-31-98.)

(30 ILCS 235/2.10)

Sec. 2.10. Unit of local government; deposit at reduced rate of interest. The treasurer of a unit of local government may, in his or her discretion, deposit public moneys of that unit of local government in a financial institution pursuant to an agreement that provides for a reduced rate of interest, provided that the institution agrees to expend an amount of money equal to the amount of the reduction for senior centers.

(Source: P.A. 93-246, eff. 7-22-03.)

(30 ILCS 235/3) (from Ch. 85, par. 903)

Sec. 3. If any securities, purchased under authority of Section 2 hereof, are issuable to a designated payee or to the order of a designated payee, then the public agency shall be so designated, and further, if such securities are purchased with money taken from a particular fund of a public agency, the name of such fund shall be added to that of such public agency. If any such securities are registerable, either as to principal or interest, or both, then such securities shall be so registered in the name of the public agency, and in the name of the fund to which they are to be credited. (Source: Laws 1943, vol. 1, p. 951.)

(30 ILCS 235/4) (from Ch. 85, par. 904)

Sec. 4. All securities purchased under the authority of this Act shall be held for the benefit of the public agency which purchased them, and if purchased with money taken from a particular fund, such securities shall be credited to and deemed to be a part of such fund, and shall be held for the benefit thereof. All securities so purchased shall be deposited and held in a safe place by the person or persons having custody of the fund to which they are credited, and such person or persons are responsible upon his or their official bond or bonds for the safekeeping of all such securities. Any securities purchased by any such public agency under authority of this Act, may be sold at any time, at the then current market price thereof, by the governing authority of such public agency. Except as provided in Section 4.1 of "An Act in relation to State finance", all payments received as principal or interest, or otherwise, derived from any such securities shall be credited to the public agency and to the fund by or for which such securities were purchased.

(Source: P.A. 84-1378.)

(30 ILCS 235/5) (from Ch. 85, par. 905)

Sec. 5. This Act, without reference to any other statute, shall be deemed full and complete authority for the investment of public funds, as hereinabove provided, and shall be construed as an additional and alternative method therefor.

(Source: Laws 1943, vol. 1, p. 951.)

(30 ILCS 235/6) (from Ch. 85, par. 906)

Sec. 6. Report of financial institutions.

(a) No bank shall receive any public funds unless it has furnished the corporate authorities of a public agency submitting a deposit with copies of the last two sworn statements of resources and liabilities which the bank is required to furnish to the Commissioner of Banks and Real Estate or to the Comptroller of the Currency. Each bank designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Banks and Real Estate or to the Comptroller of the Currency; provided, that if such funds or moneys are deposited in a bank, the amount of all such deposits not collateralized or insured by an agency of the federal government shall not exceed 75% of the capital stock and surplus of such bank, and the corporate authorities of a public agency submitting a deposit shall not be discharged from responsibility for any funds or moneys deposited in any bank in excess of such limitation.

(b) No savings bank or savings and loan association shall receive public funds unless it has furnished the corporate authorities of a public agency



submitting a deposit with copies of the last 2 sworn statements of resources and liabilities which the savings bank or savings and loan association is required to furnish to the Commissioner of Banks and Real Estate or the Federal Deposit Insurance Corporation. Each savings bank or savings and loan association designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Banks and Real Estate or the Federal Deposit Insurance Corporation; provided, that if such funds or moneys are deposited in a savings bank or savings and loan association, the amount of all such deposits not collateralized or insured by an agency of the federal government shall not exceed 75% of the net worth of such savings bank or savings and loan association as defined by the Federal Deposit Insurance Corporation, and the corporate authorities of a public agency submitting a deposit shall not be discharged from responsibility for any funds or moneys deposited in any savings bank or savings and loan association in excess of such limitation.

(c) No credit union shall receive public funds unless it has furnished the corporate authorities of a public agency submitting a share deposit with copies of the last two reports of examination prepared by or submitted to the Illinois Department of Financial Institutions or the National Credit Union Administration. Each credit union designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all reports of examination prepared by or furnished to the Illinois Department of Financial Institutions or the National Credit Union Administration; provided that if such funds or moneys are invested in a credit union account, the amount of all such investments not collateralized or insured by an agency of the federal government or other approved share insurer shall not exceed 50% of the unimpaired capital and surplus of such credit union, which shall include shares, reserves and undivided earnings and the corporate authorities of a public agency making an investment shall not be discharged from responsibility for any funds or moneys invested in a credit union in excess of such limitation.

(d) Whenever a public agency deposits any public funds in a financial institution, the public agency may enter into an agreement with the financial institution requiring any funds not insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration or other approved share insurer to be collateralized by any of the following classes of securities, provided there has been no default in the payment of principal or interest thereon:

(1) Bonds, notes, or other securities constituting direct and general obligations of the United States, the bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States, and bonds, notes, or other securities or evidence of indebtedness constituting the obligation of a U.S. agency or instrumentality.

(2) Direct and general obligation bonds of the State of Illinois or of any other state of the United States.

(3) Revenue bonds of this State or any authority, board, commission, or similar agency thereof.

(4) Direct and general obligation bonds of any city, town, county, school district, or other taxing body of any state, the debt service of which is payable from general ad valorem taxes.

(5) Revenue bonds of any city, town, county, or school district of the State of Illinois.

(6) Obligations issued, assumed, or guaranteed by the International Finance Corporation, the principal of which is not amortized during the life of the obligation, but no such obligation shall be accepted at more than 90% of its market value.

(7) Illinois Affordable Housing Program Trust Fund Bonds or Notes as defined in and issued pursuant to the Illinois Housing

Development Act.

(8) In an amount equal to at least market value of that amount of funds deposited exceeding the insurance limitation provided by the Federal Deposit Insurance Corporation or the National Credit Union Administration or other approved share insurer: (i) securities, (ii) mortgages, (iii) letters of credit issued by a Federal Home Loan Bank, or (iv) loans covered by a State Guarantee under the Illinois Farm Development Act, if that guarantee has been assumed by the Illinois Finance Authority under Section 845-75 of the Illinois Finance Authority Act, and loans covered by a State Guarantee under Article 830 of the Illinois Finance Authority Act.

(9) Certificates of deposit or share certificates issued to the depository institution pledging them as security. The public agency may require security in the amount of 125% of the value of the public agency deposit. Such certificate of deposit or share certificate shall:

(i) be fully insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Share Insurance Fund or issued by a depository institution which is rated within the 3 highest classifications established by at least one of the 2 standard rating services;

(ii) be issued by a financial institution having assets of \$15,000,000 or more; and

(iii) be issued by either a savings and loan association having a capital to asset ratio of at least 2%, by a bank having a capital to asset ratio of at least 6% or by a credit union having a capital to asset ratio of at least 4%.

The depository institution shall effect the assignment of the certificate of deposit or share certificate to the public agency and shall agree that, in the event the issuer of the certificate fails to maintain the capital to asset ratio required by this Section, such certificate of deposit or share certificate shall be replaced by additional suitable security.

(e) The public agency may accept a system established by the State Treasurer to aggregate permissible securities received as collateral from financial institutions in a collateral pool to secure public deposits of the institutions that have pledged securities to the pool.

(f) The public agency may at any time declare any particular security ineligible to qualify as collateral when, in the public agency's judgment, it is deemed desirable to do so.

(g) Notwithstanding any other provision of this Section, as security a public agency may, at its discretion, accept a bond, executed by a company authorized to transact the kinds of business described in clause (g) of Section 4 of the Illinois Insurance Code, in an amount not less than the amount of the deposits required by this Section to be secured, payable to the public agency for the benefit of the People of the unit of government, in a form that is acceptable to the public agency.

(h) Paragraphs (a), (b), (c), (d), (e), (f), and (g) of this Section do not apply to the University of Illinois, Southern Illinois University, Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Western Illinois University, the Cooperative Computer Center and public community colleges.

(Source: P.A. 95-331, eff. 8-21-07.)

(30 ILCS 235/6.5)

(Text of Section from P.A. 98-703)

Sec. 6.5. Federally insured deposits at Illinois financial institutions.

(a) Notwithstanding any other provision of this Act or any other statute, whenever a public agency invests public funds in an interest-bearing savings

account, demand deposit account, interest-bearing certificate of deposit, or interest-bearing time deposit under Section 2 of this Act, the provisions of Section 6 of this Act and any other statutory requirements pertaining to the eligibility of a bank to receive or hold public deposits or to the pledging of collateral by a bank to secure public deposits do not apply to any bank receiving or holding all or part of the invested public funds if (i) the public agency initiates the investment at or through a bank located in Illinois and (ii) the invested public funds are at all time fully insured by an agency or instrumentality of the federal government.

(b) Nothing in this Section is intended to:

(1) prohibit a public agency from requiring the bank at or through which the investment of public funds is initiated to provide the public agency with the information otherwise required by subsections (a), (b), or (c) of Section 6 of this Act as a condition of investing the public funds at or through that bank; or

(2) permit a bank to receive or hold public deposits if that bank is prohibited from doing so by any rule, sanction, or order issued by a regulatory agency or by a court.

(c) For purposes of this Section, the term "bank" includes any person doing a banking business whether subject to the laws of this or any other jurisdiction.

(Source: P.A. 98-703, eff. 7-7-14.)

(Text of Section from P.A. 98-756)

Sec. 6.5. Federally insured deposits at Illinois financial institutions.

(a) Notwithstanding any other provision of this Act or any other statute, whenever a public agency invests public funds in an interest-bearing savings account, interest-bearing certificate of deposit, or interest-bearing time deposit under Section 2 of this Act, the provisions of Section 6 of this Act and any other statutory requirements pertaining to the eligibility of a bank to receive or hold public deposits or to the pledging of collateral by a bank to secure public deposits do not apply to any bank receiving or holding all or part of the invested public funds if (i) the public agency initiates the investment at or through a bank located in Illinois and (ii) the invested public funds are at all times fully insured by an agency or instrumentality of the federal government.

(b) Nothing in this Section is intended to:

(1) prohibit a public agency from requiring the bank at or through which the investment of public funds is initiated to provide the public agency with the information otherwise required by subsection (a), (b), or (c) of Section 6 of this Act as a condition of investing the public funds at or through that bank; or

(2) permit a bank to receive or hold public deposits if that bank is prohibited from doing so by any rule, sanction, or order issued by a regulatory agency or by a court.

(c) For purposes of this Section, the term "bank" includes any person doing a banking business whether subject to the laws of this or any other jurisdiction.

(Source: P.A. 98-756, eff. 7-16-14.)

(30 ILCS 235/7) (from Ch. 85, par. 907)

Sec. 7. When investing or depositing public funds, each custodian shall, to the extent permitted by this Act and by the lawful and reasonable performance of his custodial duties, invest or deposit such funds with or in minority-owned financial institutions within this State.

(Source: P.A. 84-754.)

(30 ILCS 235/8)

Sec. 8. Consideration of financial institution's commitment to its

community.

(a) In addition to any other requirements of this Act, a public agency is authorized to consider the financial institution's record and current level of financial commitment to its local community when deciding whether to deposit public funds in that financial institution. The public agency may consider factors including, but not necessarily limited to:

(1) for financial institutions subject to the federal Community Reinvestment Act of 1977, the current and historical ratings that the financial institution has received, to the extent that those ratings are publicly available, under the federal Community Reinvestment Act of 1977;

(2) any changes in ownership, management, policies, or practices of the financial institution that may affect the level of the financial institution's commitment to its community;

(3) the financial impact that the withdrawal or denial of deposits of public funds might have on the financial institution;

(4) the financial impact to the public agency as a result of withdrawing public funds or refusing to deposit additional public funds in the financial institution; and

(5) any additional burden on the resources of the public agency that might result from ceasing to maintain deposits of public funds at the financial institution under consideration.

(b) Nothing in this Section shall be construed as authorizing the public agency to conduct an examination or investigation of a financial institution or to receive information that is not publicly available and the disclosure of which is otherwise prohibited by law.

(Source: P.A. 93-251, eff. 7-1-04.)