CHAPTER 51: FUNDS AND BONDS

Flagg Creek Water Reclamation District - Funds and Bonds

CHAPTER 51: FUNDS AND BONDS

Section

51-1.01 Scope
51-1.02 Policy
51-1.03 Delegation of authority
51-1.04 Authorized financial dealers and institutions
51-1.05 Authorized and suitable investments
51-1.06 Collateralization
51-1.07 Internal controls and operational procedures
51-1.08 Reporting and review
51-1.09 Selection of investment advisors, money managers and financial institutions
51-1.10 Ethics and conflicts of interest
51-2.01 Funds and bonds table

' 51-1.01 SCOPE.

This policy applies to the investment of all funds of the District, Burr Ridge, Illinois. The District may consolidate the balances from all funds to maximize investment earnings and meet the liquidity requirements of the District subject to the primary objective of providing safety of principal. Investment income will be allocated to the various funds based on their respective participation of capital in the overall portfolio in accordance with generally accepted accounting principles.
(Ord. 720, passed 8-21-2015)

' 51-1.02 POLICY.

The policy of the District is to invest idle public funds in a manner to meet the daily cash flow demands of the District with the primary objectives, in priority order, being: a) safety of principal; b) liquidity; and c) return on investments:

(A) *Safety of principal.* Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate the following risks.

(1) *Credit risk.* The District will minimize credit risk, which is the risk of loss due to the failure of the investment issuer or guarantor, by limiting the portfolio to the types of investments listed in ' 51-1.05. Authorized and suitable investments described within this policy and diversifying the investment

portfolio to diminish the impact of potential losses from any one type of investment or from any one individual issuer must be considered when minimizing the District=s credit risk.

(2) *Custodial credit risk.* The District will minimize custodial credit risk for deposits, which is the risk that, in the event of the failure of a depository financial institution, the deposits or collateral securities that are in the possession of an outside party would be able to be recovered, as addressed in ' 51-1.06.

(B) *Liquidity.* The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. In addition, no security will be purchased that has a maturity that exceeds 36 months.

(C) *Return on investments.* The average three-month U.S. Treasury bill return will be utilized to evaluate the performance of the investment portfolio throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of the portfolio is limited to relatively low risk investments in anticipation of earning a fair return relative to the risk being assumed.
(Ord. 720, passed 8-21-2015)

' 51-1.03 DELEGATION OF AUTHORITY.

(A) Authority to manage the investment program is delegated to the District=s Treasurer, subject to the oversight of the Board of Trustees and the supervision of the Executive Director. The Treasurer and the Executive Director shall refrain from personal business activity that could impair their ability to make impartial decisions. The Treasurer and the Executive Director, acting in accordance with this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual investment=s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of investments are earned out in accordance with the terms of this policy.

(B) Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of its capital as well as the probable income to be derived.
(Ord. 720, passed 8-21-2015)

' 51-1.04 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS.

The Board of Trustees authorizes the placement of cash resources with those financial dealers and institutions established by the Board on an annual basis.
(Ord. 720, passed 8-21-2015)

' 51-1.05 AUTHORIZED AND SUITABLE INVESTMENTS.

(A) Non-interest bearing checking accounts constituting direct obligations of any bank as defined by the Illinois Banking Act;

(B) Money market mutual funds registered under the Investment Company Act of 1940, being 15 U.S.C. '' 80a-1 et seq., provided that the portfolio of any such money market mutual fund is limited to obligations described in divisions (D) or (E) below and to agreements to repurchase such obligations;

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

(D) Bonds, notes, certificate 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; and

(E) Bonds, notes, debentures or other similar obligations of the United States of America, its agencies and its instrumentalities.
(Ord. 720, passed 8-21-2015)

' 51-1.06 COLLATERALIZATION.

(A) Qualified public depositories (a federal reserve bank or branch office, a bank=s trust department or an escrow agent of the pledging institution) will furnish U.S. government issued instruments as collateral in the sum equal to 100% of the public deposit accounts that exceed federal deposit insurance corporation rules and regulations. The financial institution shall submit a copy of its collateralization report to the District=s Treasurer on a monthly basis.

(B) The ratio of fair market value of collateral to the amount of funds secured shall be reviewed at least monthly and additional collateral shall be requested when the ratio declines below the level required.

(C) Safekeeping of collateral shall be documented by a written agreement approved by the District. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement.
(Ord. 720, passed 8-21-2015)

' 51-1.07 INTERNAL CONTROLS AND OPERATIONAL PROCEDURES.

The Treasurer shall be responsible for all transactions and shall establish a system of controls of the activities of all subordinates who are directly involved in the assistance of such investment activities. Such system of controls shall be designed to prevent losses of funds that might arise from fraud, employee error and misrepresentation by third-parties or imprudent actions by District employees.

(Ord. 720, passed 8-21-2015)

' 51-1.08 REPORTING AND REVIEW.

(A) On a monthly basis, the Treasurer shall submit to the District=s Board of Trustees an investment report which shall describe the portfolio in terms of types of investment securities, lists of financial institutions used, book value, maturities, cost of fund, market value and earnings for the current period and year to date. On an annual basis, the Treasurer shall submit a comprehensive annual report on the investment program and activity, including a review of the overall performance for the year.

(B) Review of the portfolio shall be conducted against 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 portfolio. Further review of the portfolio shall be conducted to determine its effectiveness in meeting the public agency=s needs for safety, liquidity, rate of return and diversification and its general performance.
(Ord. 720, passed 8-21-2015)

' 51-1.09 SELECTION OF INVESTMENT ADVISORS, MONEY MANAGERS AND FINANCIAL INSTITUTIONS.

The Treasurer and the Executive Director shall determine the need for investment advisors, money managers and financial institutions and make recommendations therefor to the Board of Trustees. Approval of the Board of Trustees shall be required.
(Ord. 720, passed 8-21-2015)

' 51-1.10 ETHICS AND CONFLICTS OF INTEREST.

District Trustees, officers and employees involved in the investment process shall refrain from any personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Trustees, officers and employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. District Trustees, officers and employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District.
(Ord. 720, passed 8-21-2015)

Funds and Bonds

' 51-2.01 FUNDS AND BONDS TABLE.

The following table lists specific funds and bonds ordinances:

Ordinance Number	*Passage Date*	*Brief Description*
6	4-19-1928	Issuance of $300,000 sanitary sewer bonds of the District, DuPage and Cook Counties, and providing for levy of taxes to pay the same
46	11-14-1935	Providing for issuance of $225,000 refunding bonds of the District in DuPage and Cook Counties and providing for the levy of taxes to pay principal and interest on said bonds
152	2-12-1959	Agreement between V.&S. Construction Co., Inc. and the District in the matter of the issuance of special assessment bonds on account of special assessment number 5
276	10-8-1970	Providing for borrowing money and issuing bonds to the amount of $6,000,000 for the purpose of paying the cost of constructing necessary improvements to the existing sanitary sewer system of said District, such improvements consisting of constructing a water pollution control intercepting sewer and rehabilitating and improving the existing sewage treatment plant, and providing for the levy and collection of a direct annual tax for the payment of the principal and interest of said bonds
340	1-29-1973	Issue of $2,500,000 Sewerage Revenue Bonds, series 1973, for the purpose of defraying the cost of improving and extending its sanitary sewer system by the acquisition of the existing sanitary sewer system owned and operated by the Oak Brook Utility Company, constructing further improvements and extensions thereto, prescribing all details of said bonds and providing for the collection, segregation and distribution of the revenue of the sewerage system of said District for the purpose of paying the cost of the operation and maintenance thereof, providing an adequate Depreciation Fund therefor and paying the principal and interest of said Sewerage Revenue Bonds and establishing certain accounts of the Sewerage Fund of the District
522	1-22-1981	Transferring funds from the Sewer Construction Fund to the professional fees, Legal Fund
655	9-10-1987	Establishing the Fund for the sludge storage improvements to be expended for the sludge storage improvements and no other purpose
657	3-17-1988	Establishing the Fund for the improvements to be expended for the repairs to the spinning wheel lift station and no other purpose
726	1-25-2001	Declaring a serious risk to the District NPDES permit, authorizing transfer of all or portions of the District Public Benefit Fund to the General Fund and authorizing a Ano bid@ addition to an existing construction contract
759	7-24-2003	Authorizing creation of a new Appropriation Fund line item, transfer of funds from an existing fund line item and authorizing payment of the state=s NPDES permit charge
778	10-21-2004	Declaring necessity for expenditure of public funds, creation of an

Flagg Creek Water Reclamation District - Funds and Bonds

Ordinance Number	*Passage Date*	*Brief Description*
		appropriated fund category and authorizing transfer of heretofore appropriated funds declared to be surplus to such fund
811	9-27-2007	Water pollution control loan program ordinance authorizing application for and execution of a revolving fund loan agreement by the District
826	11-20-2008	Water pollution control loan program ordinance authorizing application for and execution of a revolving fund loan agreement by the District
841	6-30-2010	Water pollution control loan program ordinance authorizing application for and execution of a revolving fund loan agreement by the District
846	4-29-2011	Water pollution control loan program ordinance authorizing application for and execution of a revolving fund loan agreement by the District
862	12-14-2012; 10-23-2014	Water pollution control loan program ordinance authorizing application for and execution of a revolving fund loan agreement by the District
888	4-28-2017	Water pollution control loan program ordinance authorizing application for and execution of a revolving fund loan agreement by the District