ORIGINAL

ORDINANCE NO. CO-2014-15

AN ORDINANCE AMENDING ARTICLE XII (WORKING CAPITAL RESERVE FUND) OF THE VILLAGE OF MAYWOOD'S FISCAL AND INVESTMENT POLICY

WHEREAS, in accordance with the Public Funds Investment Act, 30 ILCS 235/2.5 (the "Investment Act"), the President and Board of Trustees of the Village of Maywood first adopted a Fiscal and Investment Policy ("Investment Policy") on February 7, 2005 with the passage of Maywood Ordinance No. CO-05-09, which has been amended from time to time; and

WHEREAS, on April 2, 2014, the President and Board of Trustees of the Village of Maywood with the passage of this Ordinance amended the Investment Policy to allow the Village twelve (12) months to repay a $120,400.00 draw on the Working Capital Reserve Fund that will be executed in April 2014 and also approved by passage of a Resolution the transfer of $120,400.00 from the Working Capital Reserve Fund to the General Fund for purposes of purchasing one (1) ambulance for use by the Fire Department ("2014 Second Draw"); and

WHEREAS, due to the lingering impact of the recession on the State of Illinois, the Village and its businesses and residents, the President and Board of Trustees of the Village of Maywood desire to amend to Article XII of the Investment Policy to implement a twelve (12) month repayment plan in regard to the 2014 Second Draw that will span calendar year 2014 and part of calendar year 2015. A copy of the amended version of the Investment Policy is attached hereto as **Exhibit "A"** and made a part hereof; and

WHEREAS, pursuant to the authority provided by its home rule powers as provided by Article VII, Sections 6 and 10(a) of the Illinois Constitution of 1970, the President and Board of Trustees of the Village of Maywood find and determine that it is in the best interests of the Village to amend Article XII of the Investment Policy, as set forth in the attached version of the Investment Policy (**Exhibit "A"**).

BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF MAYWOOD, COOK COUNTY, ILLINOIS, AS FOLLOWS:

SECTION 1: The findings set forth above are incorporated by reference into this Section 1 as if fully recited herein.

SECTION 2: The President and Board of Trustees of the Village of Maywood approve the following underlined amendments to Article XII of the Village's Fiscal and Investment Policy, as set forth below:

XII. WORKING CAPITAL RESERVE FUND

The Village shall establish a Working Capital Reserve Fund (the "**Fund**") for the purpose of enabling the Village to have in its treasury at all time sufficient money to meet demands thereon for ordinary and necessary expenditures for corporate purposes, and shall at all times maintain a balance of $2,000,000, except for time periods in which the Village has received moneys transferred from the Fund for the uses as stated herein and is waiting for the receipt of semi-annual property tax collections or other moneys to repay such funds as set forth below. Moneys in the Fund shall not be regarded as current assets available for Village purposes. The Village Board may appropriate moneys to the Fund up to the maximum amount allowable in the Fund, and the Fund may receive such appropriations and any other contributions.

Moneys in the Fund shall not be used by the Village Board in any manner other than to provide moneys with which to meet ordinary and necessary disbursements for salaries, operating expenses and other Village purposes and may be transferred in whole or in part to the general corporate fund or another fund of the Village and disbursed therefrom in anticipation of the collection of taxes lawfully levied for any or all purposes. Moneys so transferred to any other fund shall be deemed to be transferred in anticipation of the collection of that part of the taxes so levied or to be received and such taxes when collected shall be applied to the reimbursement of the Fund. Upon receipt by the Village of any taxes, in anticipation of the collection whereof, moneys of the Fund have been so transferred for disbursement, the Fund shall immediately be reimbursed therefrom until the full amount so transferred has been retransferred to the Fund. **Repayment Schedule for $997,787.70 Draw from the Working Capital Reserve Fund (Approved by the Village Board by Ordinance on September 20, 2011):** Payment of $200,905.00 on April 31, 2012, and monthly payments of $27,716.33 shall be due on May 31, 2012 and each consecutive month through and including April 30, 2013, and monthly payments of $38,691.39 shall be due on May 31, 2013 and each consecutive month through and including April 30, 2014.

Repayment Schedule for $266,500.00 Draw from the Working Capital Reserve Fund (Draw Approved by the Village Board by Ordinance on January 21, 2014): In order to repay the $266,500.00 Draw, the Village shall make twelve (12) consecutive monthly payments equal to one-twelfth ($1/12^{th}$) of $266,500.00 on the first day of each month with the initial monthly payment being made on or before June 1, 2014 and the final payment being made on or before June 1, 2015.

Repayment Schedule for $120,400.00 Draw from the Working Capital Reserve Fund (Draw Approved by the Village Board by Ordinance on April 2, 2014): In order to repay the $120,400.00 Draw, the Village shall make twelve (12) consecutive monthly payments equal to one-twelfth ($1/12^{th}$) of $120,400.00 on the first day of each month with the initial monthly payment being made on or before June 1, 2014 and the final payment being made on or before June 1, 2015.

Moneys, including interest earned from investment of the Fund, shall be transferred from the Fund to another fund of the Village only upon the authority of the Village Board which shall from time to time by separate resolution direct the Village Treasurer to make transfers of such sums as may be required for the purposes herein authorized. Moneys earned as interest from the investment of the Fund, or any portion thereof, may be transferred from the Fund to another fund of the Village without any requirement of repayment to the Fund, upon the authority of the Village Board by separate resolution directing the Village

Treasurer to make such transfer and stating the purpose therefor as one authorized under Illinois law. The investment of moneys on deposit in the Fund shall be governed by this Policy.

A copy of the amended version of the Fiscal and Investment Policy is attached hereto as **Exhibit "A"** and made a part hereof.

SECTION 3: All ordinances, or parts of ordinances, in conflict with the provisions of this Ordinance, to the extent of such conflict, are repealed.

SECTION 4: Each section, paragraph, clause and provision of this Ordinance is separable, and if any provision is held unconstitutional or invalid for any reason, such decision shall not affect the remainder of this Ordinance, nor any part thereof, other than that part affected by such decision.

SECTION 5: This Ordinance shall be in full force and effect from and after its adoption, approval and publication in pamphlet form as provided by law.

ADOPTED this 2nd day of April, 2014, pursuant to a roll call vote as follows:

AYES: Mayor E. Perkins, Trustee(s) A. Jaycox, A. Dorris, M. Rogers, M. Lightford and R. Rivers

NAYS: None

ABSTAIN: Trustee C. Ealey-Cross

ABSENT: None

APPROVED by the Village President on the 2nd day of April, 2014, and attested by the Village Clerk on the same day.

E. Deverne Perkins

VILLAGE PRESIDENT

VILLAGE OF MAYWOOD CORPORATE SEAL COOK COUNTY, ILLINOIS

ATTEST:

VILLAGE CLERK

Published by me in pamphlet form this 4nd day of April, 2014.

VILLAGE CLERK

<u>Exhibit "A"</u>

Fiscal and Investment Policy

(attached)

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CLERK'S CERTIFICATE

I, Viola Mims, Clerk of the Village of Maywood, in the County of Cook and State of Illinois, do hereby certify that the annexed and foregoing is a true and correct copy of that certain Ordinance now on file in my Office, entitled:

ORDINANCE NO. CO-2014-15

AN ORDINANCE AMENDING ARTICLE XII (WORKING CAPITAL RESERVE FUND) OF THE VILLAGE OF MAYWOOD'S FISCAL AND INVESTMENT POLICY

which Ordinance was passed by the Board of Trustees of the Village of Maywood at an Emergency Village Board Meeting on the 2nd day of April, 2014, at which meeting a quorum was present, and approved by the President of the Village of Maywood on the 2nd day of April, 2014.

I further certify that the vote on the question of the passage of said Ordinance by the Board of Trustees of the Village of Maywood was taken by Ayes and Nays and recorded in the minutes of the Board of Trustees of the Village of Maywood, and that the result of said vote was as follows, to-wit:

AYES: Mayor E. Perkins, Trustee(s) A. Jaycox, A. Dorris, M. Rogers, M. Lightford and R. Rivers

NAYS: None

ABSTAIN: Trustee C. Ealey-Cross

ABSENT: None

I do further certify that the original Ordinance, of which the foregoing is a true copy, is entrusted to my care for safekeeping, and that I am the lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Village of Maywood, this 2nd day of April, 2014.

VILLAGE OF MAYWOOD CORPORATE SEAL COOK COUNTY, ILLINOIS

Village Clerk

[SEAL]

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EXHIBIT "A"

VILLAGE OF MAYWOOD
Cook County, Illinois

FISCAL AND INVESTMENT POLICY

Initially Adopted February 7, 2005 per Ordinance No. CO-05-09

Amended September 20, 2011 per Ordinance No. CO-2011-16

Amended August 21, 2012 per Ordinance No. CO-2012-28

Amended January 21, 2014 per Ordinance No. CO-2014-05

Amended April 2, 2014 per Ordinance No. CO-2014-??

I. PURPOSE

This Fiscal and Investment Policy (the **"Policy"**) sets forth the investment objectives, goals and guidelines for the Village of Maywood (the **"Village"**) in order to provide for the greatest degree of safety of principal and liquidity of funds and to comply with Section 2.5 of the Public Funds Investment Act, 30 ILCS 235/2.5 (the "**Investment Act**"), other state and federal laws and local ordinances. This Policy applies to all financial assets of the Village and includes investment objectives, standard of care, diversification, safekeeping, institutional qualification, collateralization, reporting personnel qualifications and tax levy requirements.

II. OBJECTIVES

The objectives, in order of priority, of the Village's investment activities shall be:

1. **Safety.** Investments of the Village shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. This includes mitigation of credit risk and interest risk and diversification so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. **Liquidity.** The Village's investment portfolio shall remain sufficiently liquid to enable the Village to meet all operating requirements which might be reasonably anticipated. The portfolio will be structured so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands can not be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. A portion of the portfolio also may be placed in money market mutual funds or local government investment pools that offer same-day liquidity for short-term funds.

3. **Return on Investment.** The Village's investment portfolio shall be designed with the objective of achieving a rate of return during budgetary and economic periods commensurate

with the Village's risk constraints and liquidity requirements. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. Securities shall not be sold prior to maturity with the following exceptions:

a. A declining credit security may be sold early to minimize loss of principal.

b. A security swap would improve the quality, yield or target duration of the portfolio.

c. Liquidity needs of the portfolio require that the security be sold.

III. STANDARDS OF CARE

1. **Prudence.** The standard of prudence to be used by the Village Treasurer and Finance Director shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Each such Village Official acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy. 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 their capital as well as the probable income to be derived.

2. **Ethics and Conflicts of Interest.** Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the Village's investment program or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Village Treasurer and Finance Director any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the Village, particularly with regard to the time of purchases and sales.

3. **Delegation of Authority.** Both the Finance Director and the Village Treasurer (or their designee) shall serve as the investment officers of the Village. The Finance Director shall establish written procedures for the operation of the investment program consistent with this Policy. Procedures shall include reference to safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Village Treasurer, the Finance Director and approved by the Village Manager. The Village Treasurer and the Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. In the event of a disagreement with respect to an investment decision or transaction between the Village Treasurer and the Finance Director, the Finance Director's decision shall control, unless directed otherwise by the Village Board.

The Village Treasurer and Finance Director may seek advice on investments from other sources, e.g. local bankers, brokers, and other investment professionals as provided in this Policy. When selecting investment advisors the Village Treasurer and Finance Director should carefully review the credentials, procedures, and controls of the firms offering the services. All investment decisions must be based upon the objectives as prioritized herein.

IV. INVESTMENT INSTRUMENTS

The following investments are authorized under this Policy in accordance with the Investment Act:

1. Non-negotiable certificates of deposit and other collateralized evidence of deposits with qualified public depositories;

2. Obligations of the U.S. Government, its agencies and instrumentalities. However, this authorization shall specifically exclude Collateralized Mortgage Obligations (CMOs), Real Estate Mortgage Investment Conduits (REMICs), and other Principal Only (POs) and Interest Only (IOs) obligations that are secured with mortgages issued by any federal agency, instrumentality or private firm;

3. Prime bankers' acceptances purchased on the secondary market with ratings of A1/P1;

4. Repurchase agreements for securities listed above, provided the transaction is structured so that the Village obtains control over the underlying securities and a Master Repurchase Agreement has been signed with the bank or dealer;

5. State of Illinois Treasurer's Investment Pool;

6. Bonds of the State of Illinois and any local government in the State of Illinois, which bonds have at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency; and

7. Any other investments authorized by the Investment Act.

V. DIVERSIFICATION AND MATURITIES OF INVESTMENTS

1. **Diversification.** In order to reduce institutional risk on the Village's capital and to provide competitive bidding benefits, investments should be placed in various financial institutions. A diversification of investment instruments is encouraged to give the Village more flexibility and help minimize the impact of market fluctuations. Investment instruments not subject to credit risks (such as Treasury bills and certificates of deposit) need not be subjected to diversification requirements.

2. **Maturities.** To the extent possible, the Village will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than three (3) years from the date of purchase. A careful analysis of the Village's short, mid and long-term cash needs should be made when planning maturities. Reserve or capital improvement project funds may be investment in

securities not to exceed five (5) years, or less if subject to federal arbitrage rules with respect to the use of proceeds of tax-exempt bonds. The maturity of such investments is made to coincide as nearly as possible with the expected use of the funds.

VI. SAFEKEEPING AND CUSTODY

1. **Authorized Financial Institutions.** Qualified and licensed financial institutions shall be selected which qualify as depositories or custodians under Illinois law. In making these selections, the Village shall consider the financial stability and strength of the institution and the availability of financial data regarding the institution. For additional requirements, see the section herein entitled "Criteria for Financial Institutions."

If a competitive rate is offered by a local banking institution, the Village shall deposit their investment funds at the local institution. The Finance Director will maintain a list of the financial institutions authorized to provide investment services.

Any financial institution seeking to become authorized for investment transactions must submit their written confirmation of receipt of this Policy and certification of having read, understood and agreed to comply with this Policy. The Finance Director shall conduct an annual review of the financial condition of the authorized financial institutions.

Any financial institution selected shall provide normal banking services including, but not limited to, checking accounts, wire transfers, purchase and sale of investment securities and safekeeping services. Fees for banking services shall be mutually agreed to by an authorized representative of the depository bank and the Finance Director annually. Fees for services shall be substantiated by a monthly account analysis (and shall be reimbursed by means of compensating balances).

2. **Authorized Investment Advisors.** The Village Treasurer or Finance Director, with the consent and approval of the President and Board of Trustees of the Village (the "**Village Board**") may appoint investment advisors. The investment advisor shall be a fiduciary with respect to the security decisions and shall be one of the following:

   a. investment advisor registered under the federal Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1, *et seq.*) and the Illinois Securities Law of 1953;

   b. bank or trust company authorized to conduct a trust business in Illinois;

   c. life insurance company authorized to transact business in Illinois; or

   d. investment company as defined and registered under the Investment Company Act of 1940 (15 U.S.C. Section 80A-1, *et seq.*) and registered under the Illinois Securities Law of 1953.

The investment advisor shall be a person who:

   a. has the power to manage, acquire, or dispose of any security;

b. acknowledges in writing that he or she is a fiduciary with respect to the Village's securities; and

c. is either (i) registered as an investment advisor under the Investment Advisors Act of 1940 (15 U.S.C. 80b-1, *et seq.*); (ii) registered as an investment advisor under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisors Act of 1940; or (iv) an insurance company authorized to transact business in this Illinois.

All investment advice and services provided by an investment advisor so appointed shall be rendered pursuant to written contract between the investment advisor and Village and in accordance with this Policy. The contract shall include all of the following:

a. an acknowledgment in writing by the investment advisor that he or she is a fiduciary with respect to the Village's securities;

b. this Policy;

c. full disclosure of direct and indirect fees, commission, penalties, and any other compensation that may be received by the investment advisor, including reimbursement for expenses; and

d. a requirement that the investment advisor submit periodic written reports, on at least a quarterly basis, for regularly scheduled meetings of the Village Board. All returns on investments shall be reported as net returns after payment of all fees, commissions and any other compensation.

3. **Internal Controls.** The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Village are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits will require estimates and judgements by management. To protect against potential fraud, embezzlement, or losses caused by collapse of individual securities dealers, all investment securities purchase by the Village, including collateral on repurchase agreements, shall be held by the Village or in safekeeping by the Village's custodial bank or a third party bank trust department, acting as agent for the Village under the terms of a custody or trustee agreement executed by the bank or the Village. The primary agent shall issue a safekeeping receipt to the Village listing the specific instrument, rate, maturity, or other pertinent information. All securities transactions conducted by the custodian on behalf of the Village are to be on a delivery-versus payment (DVP) only basis. Investment officials shall be bonded to protect the Village against loss due to possible embezzlement and malfeasance.

VII. CRITERIA FOR QUALIFIED FINANCIAL INSTITUTIONS

The Investment Act establishes certain criteria be met for the placement of public funds in a bank, savings and loan association or credit union. The requirements are:

1. Investments may be made only in banks which are insured by the Banking Insurance Fund of the F.D.I.C.

2. No bank shall receive any public funds unless it has furnished the Village Board with copies of the last two (2) sworn statements of resources and liabilities which the bank is required to furnish to the Commissioner of Banks and Trust Companies or to the Comptroller of the Currency.

3. Investments may be made only in those savings and loan associations which are insured by the Savings Association Insurance Funds of the F.D.I.C.

4. No savings and loan association shall receive public funds unless it has furnished the corporate authorities of the Village with copies of the last two (2) sworn statements of resources and liabilities which the savings and loan association is required to furnish to the Commissioner of Savings and Loan Associations or the Federal Home Loan Bank.

5. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Finance Director with the following:

   a. Audited financial statements;

   b. Proof of National Association of Security Dealers certification;

   c. Trading resolution;

   d. Proof of state registration;

   e. Completed broker/dealer questionnaire;

   f. Certification of compliance with the Policy; and

   g. Depository contracts.

VIII. COLLATERALIZATION

Money on deposit at each savings institution which exceeds the $100,000 limit insured by the F.D.I.C. shall be collateralized at a minimum of one hundred ten percent (110%) by the institution at which these funds are held. Pledged collateral shall be held in safekeeping by an escrow agency of the pledging institution. The Village shall receive quarterly reports of the collateralization certificates on deposit at a third-party custodial bank by the savings institution. Collateralization will be provided through the following types of securities:

1. U.S. Government Securities

2. Federal Agency Obligations

3. Federal Instrumentality Obligations

4. State of Illinois Obligations of the State of Illinois

5. General Obligation bonds of Illinois municipalities rated "A" or better.

Because the Village's funds will be fully collateralized by the banking institution, no dollar limitation on the amount of the deposits and investments is required.

IX. INVESTMENT AND FINANCIAL PERFORMANCE REPORTING

1. **Investment Portfolio Reporting**.

   a. **Method.** The Village Board shall receive a monthly report from the Village Treasurer and the Finance Director on the state of the investment portfolio. In addition, a comprehensive annual investment report should be prepared. This report shall provide a review of the performance of the Village's investment portfolio for the year and include a projection of future performance based upon the prior year's results.

   b. **Performance.** The investment portfolio will be managed in accordance with the parameters specified within this Policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The portfolio should be compared to the market average rate on a regular basis.

2. **Balanced Budget.** The Village shall operate within a Balanced Budget (as defined herein) in each fiscal year. Not later than forty-five (45) days before the end of each fiscal year, the Finance Director must submit to the President and Board of Trustees the proposed Balanced Budget for the next fiscal year. "Balanced Budget" means, with respect to a Fiscal Year, a budget in each case approved by the Board of Trustees in which (i) the amount of projected revenues and the amount of projected expenses are equal, and (ii) any prior year encumbrance (e.g., an expense incurred in the immediately preceding fiscal year but not paid until the current fiscal year) is reflected in such budget as an expense which is offset by a corresponding prior year fund balance relating to such expense included in such budget.

3. **Financial Reports.** In addition to other financial reports required to be prepared for the Village Board, the Finance Director shall provide or cause to be provided to the Village Board these additional financial reports:

   a. within ninety (90) days after the end of each fiscal year, a copy of the statement of financial position of the Village as of the end of the most recently-completed fiscal year, and the related statements of activities and changes in net assets, functional expenses and cash flows of the Village for such fiscal year, setting forth in each case in comparative form the corresponding figures as of the end of and for the preceding fiscal year, all in reasonable detail and duly certified as correct by the Finance Director, together with a certificate of the Finance Director stating that to their knowledge no default or Event of Default on the Village's bonds has occurred, and is continuing or, if a default or Event of Default has occurred and is continuing, a statement setting forth the details of such default or Event of Default and the action which the Village proposes to take with respect to such default or Event of Default;

b. within one hundred eighty (180) days after the end of each fiscal year, a copy of the statement of financial position of the Village as of the end of such fiscal year, and the related statements of activities and changes in net assets, functional expenses and cash flows of the Village for such fiscal year, all in reasonable detail and stating in comparative form the figures as of the end of and for the previous fiscal year, audited or reviewed by the Village Auditor.

4. **Budget Monitoring.**

a. **Monthly.** The Finance Director shall prepare monthly and quarterly reports comparing the actual revenues and expenses with the budgeted revenues and expenses (a budget-to-actual cash flow statement). By the 21st day of each month, the Finance Director shall prepare a budget-to-actual report for such month for (1) all funds of the Village, taken together, (2) the Village's Water and Sewer Fund and (3) the Village's Garbage Fund. Prior to the second meeting of the Village Board during such month, the Finance Committee shall meet to review the monthly budget-to-actual cash flow statement with the Finance Director. At the second meeting of the Village Board during such month (or if no meeting is held, at the first meeting held by the Village Board during the next month) the Finance Director or Finance Committee shall report to the Village Board with respect to such monthly budget-to-actual cash flow statement and the proposed action, if any, to be taken by the Village with respect to the remainder of the then current fiscal year as a result of such monthly budget-to-actual cash flow statement.

b. **Quarterly.** By the 30th day of the month following the end of each fiscal quarter, the Finance Director shall submit to the Village Board a report showing the actual versus budgeted revenues and expenses for such fiscal quarter (a "quarterly budget-to-actual cash flow statement").

X. VILLAGE MANAGEMENT AND FINANCE DEPARTMENT

1. **Village Manager.** The Village shall at all times retain a Village Manager with the following qualifications: a Bachelor of Arts or Science degree and either (A) a Masters in Public Administration or Masters in Business Administration and not less than five (5) years' experience in management in government or (B) not less than seven (7) years' experience management in government.

2. **Finance Director.** The Village shall at all times retain a Finance Director with the following qualifications: either (A) a Bachelor of Arts or Science degree in finance or accounting or a related field and not less than seven (7) years' experience in governmental accounting or (B) a certified public accountant with not less than five (5) years experience and specialization in governmental accounting.

3. **Finance Department.** The Village shall at all times retain a Finance Department headed by a Finance Director having a capable staff to perform the following functions: budget, payroll, collections, payables, utility billing, reconciliation and general bookkeeping; provided that nothing in this section shall prohibit the Village from retaining a firm selected by the Village to provide the functions of a finance department if the quality and quantity of employees of such firm otherwise satisfy this paragraph.

4. **Vacancy in Position.** Notwithstanding the foregoing, the Village shall, upon the resignation or dismissal of the Village Manager or Finance Director, retain a person meeting the applicable requirements set forth above to fill such vacant position (including in the capacity of Acting Village Manager or Acting Finance Director, as appropriate) within ninety (90) days of the date such position is vacated.

XI. INDEMNIFICATION

The Village Treasurer and Finance Director, who are responsible for the investment program, assume a unique responsibility for not only realizing an acceptable rate of return on the monies invested, but also safeguarding the monies against loss. The very nature of this responsibility exposes the Village Treasurer and Finance Director to certain risks. The Village Treasurer and Finance Director, acting in accordance with this Policy, shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that deviations from expectation are reported in a timely fashion and appropriate action is taken to control adverse developments.

XII. WORKING CAPITAL RESERVE FUND

The Village shall establish a Working Capital Reserve Fund (the "**Fund**") for the purpose of enabling the Village to have in its treasury at all time sufficient money to meet demands thereon for ordinary and necessary expenditures for corporate purposes, and shall at all times maintain a balance of $2,000,000, except for time periods in which the Village has received moneys transferred from the Fund for the uses as stated herein and is waiting for the receipt of semi-annual property tax collections or other moneys to repay such funds as set forth below. Moneys in the Fund shall not be regarded as current assets available for Village purposes. The Village Board may appropriate moneys to the Fund up to the maximum amount allowable in the Fund, and the Fund may receive such appropriations and any other contributions.

Moneys in the Fund shall not be used by the Village Board in any manner other than to provide moneys with which to meet ordinary and necessary disbursements for salaries, operating expenses and other Village purposes and may be transferred in whole or in part to the general corporate fund or another fund of the Village and disbursed therefrom in anticipation of the collection of taxes lawfully levied for any or all purposes. Moneys so transferred to any other fund shall be deemed to be transferred in anticipation of the collection of that part of the taxes so levied or to be received and such taxes when collected shall be applied to the reimbursement of the Fund. Upon receipt by the Village of any taxes, in anticipation of the collection whereof, moneys of the Fund have been so transferred for disbursement, the Fund shall immediately be reimbursed therefrom until the full amount so transferred has been retransferred to the Fund.

Repayment Schedule for $997,787.70 Draw from the Working Capital Reserve Fund (Approved by the Village Board by Ordinance on September 20, 2011): Payment of $200,905.00 on April 31, 2012, and monthly payments of $27,716.33 shall be due on May 31, 2012 and each consecutive month through and including April 30, 2013, and monthly payments of $38,691.39 shall be due on May 31, 2013 and each consecutive month through and including April 30, 2014.

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Repayment Schedule for $120,400.00 Draw from the Working Capital Reserve Fund (Approved by the Village Board by Ordinance on April 2, 2014): In order to repay the $120,400.00 Draw, the Village shall make twelve (12) consecutive monthly payments equal to one-twelfth ($1/12^{th}$) of $120,400.00 with the initial monthly payment being made on or before June 1, 2014 and the final payment being made on or before June 1, 2015.

Moneys, including interest earned from investment of the Fund, shall be transferred from the Fund to another fund of the Village only upon the authority of the Village Board which shall from time to time by separate resolution direct the Village Treasurer to make transfers of such sums as may be required for the purposes herein authorized. Moneys earned as interest from the investment of the Fund, or any portion thereof, may be transferred from the Fund to another fund of the Village without any requirement of repayment to the Fund, upon the authority of the Village Board by separate resolution directing the Village Treasurer to make such transfer and stating the purpose therefor as one authorized under Illinois law. The investment of moneys on deposit in the Fund shall be governed by this Policy.

XIII. POLICY CONSIDERATIONS

1. **Exemption.** Any investment currently held that does not meet the guidelines of this Policy shall be exempted from the requirements of this Policy. At maturity or liquidation, such monies shall be reinvested only as provided by this Policy.

2. **Amendment.** This Policy shall be reviewed periodically. Any changes must be approved by the Village Treasurer, the Finance Director and the Village Board.