

City of Rock Falls

603 W. 10th Street
Rock Falls, IL 61071-2854

Mayor

William B. Wescott
815-380-5333

City Administrator
Robbin D. Blackert
815-564-1366



City Clerk

Eric Arduini
815-622-1104

City Treasurer
Kay Abner
815-622-1100

Rock Falls Finance / Insurance Committee Meeting
September 22nd, 2015
6:00 p.m.

Council Chambers
Municipal Complex
603 W. 10th Street
Rock Falls, Illinois

AGENDA

1. Call to Order @ 6:00 p.m. – Chairman Kuhlemier
2. Public Comment
3. Approve Minutes – Finance Committee meeting August 25th, 2015
4. New Business:
 - a. Updated Investment Policy
 - b. MICA Update
5. Municipal Investment Report
6. Committee Member Items
7. Adjournment

Posted September 18th, 2015 / Michelle Conklin / Deputy Clerk

Next Meeting Date October 27th, 2015

The City of Rock Falls is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with Disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in the meeting, or who have questions regarding the accessibility of the meeting or the facilities, are requested to contact Mark Searing, ADA Coordinator, at 1-815-622-1108; promptly to allow the City of Rock Falls to make reasonable accommodations within 48 hours of the scheduled meeting.



City of Rock Falls Finance / Insurance Committee Meeting Minutes

Date: 8-25-15

Time Meeting Started: 6:00

Time Meeting Ended: 6:02

| Members | | Also Attended | |
|-------------------------------|---|------------------------|---|
| Alderman Kuhlemier – Chairman | p | Mayor Wescott | p |
| Alderman Logan | p | Administrator Blackert | p |
| Alderman Watts | p | Clerk Arduini | p |
| | | Alderman Schuneman | p |
| | | Alderman Klecker | p |
| Also Attended | | | |
| | | | |

| Topic | Discussion | Plan of Action |
|--|---|--------------------------|
| 1. Call to Order @ 6:00 p.m. – Chairman Kuhlemier | Meeting was called to order | Meeting begins at 6:00pm |
| 2. Public Comment | none | No action |
| 3. Approve Minutes – Finance Committee meeting July 28th, 2015 | Minutes were reviewed by the committee | Minutes approved |
| 4. Municipal Investment Report | The municipal investment report was reviewed by the committee | Report accepted |
| 5. Adjournment | With nothing else for the good of the committee the meeting was adjourned | Meeting ends 6:02 |



Committee Chairman

CITY OF ROCK FALLS, ILLINOIS
INVESTMENT POLICY

1. Overall Policy. It is the policy of the City of Rock Falls ("City") to invest all funds under the City's control in a manner consistent with law, and to provide the highest appropriate investment return using authorized instruments with maximum safety of principal, while meeting the City's regular cash flow demands, and conforming to all relevant statutes governing the investment of public funds under the control of the City.

2. Investment Guidelines. The guidelines, rules and policies stated herein are intended to guide those persons responsible for investing City funds to accomplish ends in accordance with the following objectives:

A. Safety - The preservation of principal shall be the foremost objective of the City's investment programs. Investments by the City shall be undertaken in a manner which seeks to insure the preservation of capital in the City's portfolio. In furtherance of this objective, diversification as described below, is required to ensure that the City prudently manages the market, interest rate and credit risks of investment.

B. Liquidity - The City's funds shall be invested in such a manner to permit appropriate liquidity to enable the City to meet all required cash operating needs for the funds which may be reasonably anticipated.

C. Return on Investment - The funds shall be invested in a manner to obtain the highest available return, while conforming to the City's risk restraints, cash flow needs and relevant statutes. The rate of return shall be measured against relevant industry bench marks at regular intervals to determine the effectiveness of the investment decisions that have been made in meeting the goals as stated herein.

3. Periodic Review of Investment Portfolio - The City Council, acting by and through a duly appointed and designated committee of aldermen and City officers or employees shall conduct periodic reviews of the City's investment portfolio, its effectiveness in meeting this policy and these guidelines, and the general performance of the portfolio. The Finance Committee of the Council shall make such review not less frequently than semi-annually.

4. Prudence and standard of care of funds - Any person making investments on behalf of the City shall make investments with the judgment and care under the circumstances then prevailing which persons of reasonable prudence, discretion, and intelligence exercise in the conservative management of their own affairs, not for speculation, but for investment, considering the need for preservation of the capital as well as the income to be derived. This "prudent person" standard shall be used by all investment persons on behalf of the City, and shall be followed in making investments for the City and in managing those investments.

5. Ethics and conflicts of interest - Provisions of the Illinois Municipal Code shall be applicable to investments made hereunder, as well as the standards imposed by other

relevant statutes. Further, in the event the City shall utilize an investment professional, or utilize an employee of the City in the investment of City funds, then such investment professionals and/or employees shall refrain from personal business activity that could conflict, or give the appearance of conflict, with proper execution of the investment program, and shall refrain from personal business activity which could impair their ability to make impartial investment decisions. All such individuals shall disclose to the City any material financial interest in financial institutions which conduct business with the City and shall further disclose any personal financial investment positions that could be related to the performance of the City's investment portfolio. Failure to comply with this policy by a City employee shall be deemed cause for discipline of the employee, and failure to comply by an investment professional shall be deemed cause for disqualification of the individual and his or her employer from further contracts with the City, including termination of any then existing contract, in addition to any other remedies available by law.

Notwithstanding the above, nothing in this Policy shall be interpreted or construed to permit or condone conduct, interests in companies with whom the City is doing business or payments to any employee that would otherwise be in violation of any statute of the State of Illinois, including, but not limited to, the Public Officers Prohibited Practices Act or any successor or additional statute governing conflicts of interest by governmental employees.

6. Authorized Investments - As of the effective date of this policy, the list of authorized investments for the City shall include those as permitted by 30 ILCS 235/2, Public Funds Investment Act "Authorized Investments," subject to the limitations provided in that Act, including:

A. 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;

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

C. Interest bearing saving 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, subject to requirements for collateral security to the extent not insured by the Federal Deposit Insurance Corporation.

D. Any short term obligations of corporations organized in the United States with assets exceeding \$500,000,000.00 if (i) such obligations are rated at the time of purchase at one of the three (3) highest classifications established by at least two (2) standard rating services and which mature not later than 180 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations; but provided that no more than one-third of the City's funds may be invested in short term obligations of corporations;

E. Money market mutual funds registered under the Investment Company Act of 1940 (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 paragraph A or B above, and to agreements to repurchase such obligations.

F. Repurchase Agreements of government securities having the meaning set out in the Government Securities Act of 1986 (15 U.S.C. §78(a) et. seq.), subject to the provisions of said Act and the regulations issued thereunder, provided that the government securities, unless registered or inscribed in the name of the City, shall be purchased through banks or trust companies authorized to do business in the State of Illinois. Except for repurchase agreements of government securities which are subject to the Government Securities Act of 1986, the City shall not purchase or invest in instruments which constitute repurchase agreements unless the instrument and the transaction meet the requirements as set out in 30 ILCS 235/2(h).

G. Interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district, provided that the bonds shall be registered in the name of the city or held under a custodial agreement at a bank, and provided that the bonds shall be rated at the time of purchase within the four highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.

H. A public treasurer's investment pool created under Section 17 of the State Treasurer Act (15 ILCS 505/17).

I. Subject to other requirements of this policy and of applicable law, any fund managed, operated and administered by a bank, a subsidiary of a bank, or a subsidiary of a bank holding company.

7. Collateralization - Deposits shall only be made in banks or financial institutions having FDIC insurance. Deposits in amounts exceeding the maximum insured amount in effect from time to time as established by the FDIC (the "FDIC Coverage") must be secured by pledge of collateral. Such security may be by: (i) pledge of securities approved by the City having a market value equal to at least 110% of the amount of deposits in excess of the FDIC Coverage; or, (ii) by other collateral authorized by the Public Funds Investment Act (30 ILCS 235/1 et seq.). Collateral in the form of pledged securities shall be marked to market, and adjusted, if necessary, to the 110% level on at least a monthly basis. For repurchase agreements, direct treasury securities with a market value of at least equal to 110% of the value of the repurchase agreement shall be maintained at all times. Any repurchase agreement collateral shall be marked to market at the time of execution and daily thereafter. All collateral must be held by an independent third party safe keeping agent who shall acknowledge the security interest of the City. All collateral security agreements shall be evidenced by a written custodial agreement.

8. Diversification - The City's investment portfolio shall be diversified to limit the risk of loss resulting from concentration of assets in a specific category, specific issue or

specific class of securities, except for investments secured by the full faith and credit of the United States of America.

A. The following steps shall be taken to assure diversification:

(1) No more than - 50% of the funds of the City will be on deposit in any one institution, unless the funds in excess of FDIC Coverage are collateralized in accord with paragraph 7 hereof.

(2) The investment portfolio of the City at no time shall constitute more than 10% of any single financial institution's total deposits

(3) No investment shall have a maturity date more than 2 years from the date of the investment, except for those investments that are set aside for specific purposes wherein the funds will not be expended within that 2 year period as may be authorized by law, and then only upon the express approval of the City Council.

9. Internal Controls - The Mayor in consultation with the City Attorney and City Treasurer shall establish written internal controls, which shall be furnished to and approved by the City Council. The controls and records of investments shall be subject to audit by the City's external auditors, who shall also make recommendations for internal controls. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation or collusion by or with third parties, unanticipated changes in financial markets or imprudent actions by employees or other persons authorized by the City to make investments on behalf of the City.

10. Reports to the Council – The City Treasurer shall be the chief investment officer of the City, responsible for maintaining the internal control records and written procedures for the operation of the investment program. Written financial reports shall be presented at least as frequently as quarterly to the City Council and Mayor by the City Treasurer. The report shall contain the following:

A. Any circumstances resulting in a deviation from the standards established by this policy;

B. Impact of any material change in investment policy adopted during the quarter;

C. Average days to maturity of all investments;

D. A listing of all investments of the portfolio marked to market value, including, but not limited to, the information regarding the securities in the portfolio by class or type, by book value, income earned and market value as of the report date.

E. Information as available regarding the return on investment from other institutions or other forms of approved authorized investments than those then currently in effect for City funds.

11. Selection of Financial Institutions or Investment Advisors.

A. Authorized financial institutions. Qualified and licensed financial institutions shall be selected which qualify as depositories/custodians under Illinois Law. In making these selections, the City Council shall consider financial stability and strength of the institution, and availability of financial data regarding the institution. The City Council will from time to time establish and approve a list of financial institutions authorized to provide investment services.

B. Authorized investment advisors. The Mayor, with the advice and consent of the City Council, may appoint investment advisors. Each investment advisor shall be a fiduciary with respect to the security decisions and shall be one of the following:

(1) An investment advisor registered under the Federal Investment Advisors Act of 1940 (15 U.S.C. §80 (b) et. seq.) and the Illinois Securities Law of 1953;

(2) A bank or trust company authorized to conduct a trust business in Illinois;

(3) A life insurance company authorized to transact business in Illinois;

(4) An investment company as defined and registered under the Federal Investment Company Act of 1940 (15 U.S.C. §80(A-1) et seq.) and registered under the Illinois Securities Law of 1953.

C. Investment Advisor. The investment advisor shall be a person who:

(1) Has the power to manage, acquire or dispose of any security;

(2) has acknowledged in writing that he or she is a fiduciary with respect to the City of Rock Falls securities;

(3) meets at least one of the requirements of subparagraph B.

D. Disclosure. Each investment advisor appointed shall be required to disclose at the time of appointment all fees to be collected by the advisor, including indirect fees, charged for services to be performed or for securities or investments sold.

12. Transitional Policy - This policy shall apply to all investments entered into on or after the effective date of this policy. Until the expiration of investments made prior to

that date, such investments shall continue to be governed by the policies in effect at the time such investments were made. In the event of any amendment to statutes governing the investment of public funds, or in the event of changes in the financial markets such that the City's current investments no longer meet the guidelines that are applicable when this policy is in force, appropriate action shall be taken promptly by the City Treasurer, and such action reported to the Mayor and City Council within three (3) business days of such action.

This policy has been adopted and approved by the City Council of the city of Rock Falls, Illinois and is effective as of the ____day or _____, 2015.

City of Rock Falls



Date: September 18, 2015
To: Finance/Investment Committee
From: Michelle Conklin, Deputy Clerk
Re: Interest earned for the month of August 2015

Money Market Accounts

Interest Earned for August 2015 (See attached sheet):

Total Interest: **\$1,578.23**

August 2015 MMDA interest rates:

Illinois Bank & Trust - 0.299997%

Midland State Bank - 0.09397%

Sauk Valley Bank - 0.14717%

Custodial CD Interest Earned for August 2015
(See attached sheet):

August 2015: **\$1,588.45**

Checking Account - Interest Earned for August 2015:

Sauk Valley Bank \$390.93

Freedom Bank \$ 66.50

Money Market Account Reconciliation
8/31/2015

| | | | <u>Interest</u> | <u>Withdrawl</u> | <u>Addition</u> | <u>Total</u> |
|----------------------------|------------|----------------|-----------------|------------------|-----------------|----------------|
| Rock Falls Centennial Fund | 04-04 | \$3,218.44 | \$0.40 | | | \$3,218.84 |
| Toursim | 05-05 | \$922.90 | \$0.12 | * | \$0.00 | \$923.02 |
| Worker's Comp/Gen Liab | 08-08 | \$148,749.23 | \$31.83 | | | \$148,781.06 |
| General Fund | 10-01 | \$915,368.75 | \$125.77 | * | \$0.00 | \$915,494.52 |
| Fire Truck | 10-01 | \$13,123.62 | \$1.72 | | \$2,500.00 | \$15,625.34 |
| Police Fund | 10-06 | \$1,963.63 | \$0.25 | | | \$1,963.88 |
| Demolition Fund | 12-12 | \$44,731.87 | \$5.51 | | | \$44,737.38 |
| Industrial Development | 14-14 | \$19,979.37 | \$5.09 | | | \$19,984.46 |
| Employee Health Ins | 15-15 | \$171,177.68 | \$21.40 | * | \$0.00 | \$171,199.08 |
| Tax Increment Financing | 16-16 | \$5,664.71 | \$0.98 | | | \$5,665.69 |
| Oslad Grant | 19-19 | \$1,000.00 | \$0.00 | | | \$1,000.00 |
| ESDA | 18-18 | \$0.63 | \$0.00 | | | \$0.63 |
| Electric O & M | 20-20-1025 | \$1,840,797.62 | \$420.00 | * | \$0.00 | \$1,841,217.62 |
| Building Upgrades | 20-20-1025 | \$205,585.09 | \$25.84 | | \$5,000.00 | \$210,610.93 |
| Sewer | 30-30-1025 | \$2,162,467.20 | \$274.38 | * | \$0.00 | \$2,162,741.58 |
| Equipment | 30-30-1025 | \$716,476.91 | \$127.11 | | \$5,250.00 | \$721,854.02 |
| EPA Loan | 30-30-1025 | \$1,138,204.64 | \$154.96 | -\$105,806.47 | \$84,350.00 | \$1,116,903.13 |
| New WWTP | 38-38-1025 | \$521,631.49 | \$132.91 | | | \$521,764.40 |
| Water | 40-40-1025 | \$366,339.67 | \$47.83 | | | \$366,387.50 |
| Equipment | 40-40-1025 | \$454,644.13 | \$68.26 | | \$8,975.00 | \$463,687.39 |
| EPA Loan | 40-40-1025 | \$120,719.44 | \$18.44 | | \$5,000.00 | \$125,737.88 |
| Garbage | 50-50-1025 | \$48,776.22 | \$12.13 | | | \$48,788.35 |
| IMRF/Social Security | 60-60-1025 | \$112,197.00 | \$27.21 | | | \$112,224.21 |
| Motor Fuel Tax B & I | 61-61-1033 | \$51,336.76 | \$4.36 | | | \$51,341.12 |
| Motor Fuel Tax | 65-65-1025 | \$119,076.80 | \$30.34 | | | \$119,107.14 |
| Customer Utility Deposits | 75-75-1025 | \$205,524.10 | \$41.40 | * | \$0.00 | \$205,565.50 |
| | | \$9,389,677.90 | \$1,578.23 | -\$105,806.47 | \$111,075.00 | \$9,396,524.66 |

* Interest on Sauk Valley Bank Custodial Agreements (CD Interest not posted to MMDA until 09/01/2015)

Investment Reconciliation

August 2015

1 Year Custodial CD - Sauk Valley Bank - Due 11/13/2015

| | | | | |
|------------------------|----------|---------------------|-----------------|--------|
| GE Capital Retail Bank | Electric | \$250,000.00 | \$173.05 | 0.815% |
| One West Bank | Electric | \$152,000.00 | \$102.63 | 0.623% |
| CIT Bank | Electric | \$250,000.00 | \$168.80 | 0.795% |
| Bofl Federal Bank | Electric | <u>\$250,000.00</u> | <u>\$179.42</u> | 0.845% |
| | | \$902,000.00 | \$623.90 | |

1 Year Custodial CD - Sauk Valley Bank - Due 08/21/2015

| | | | | | |
|-----------------|----------|--------------------|----------------|----|--------|
| Bank United, NA | Sewer | \$150,000.00 | \$96.18 | 60 | 0.755% |
| | Electric | \$100,000.00 | \$64.13 | 40 | |
| Cbank | Electric | \$249,000.00 | \$127.95 | | 0.605% |
| Customers Bank | Electric | \$250,000.00 | \$147.78 | | 0.696% |
| Grandpoint Bank | General | \$100,000.00 | \$54.78 | 40 | 0.645% |
| | Emp Ins | \$100,000.00 | \$54.78 | 40 | |
| | CUD | <u>\$50,000.00</u> | <u>\$27.39</u> | 20 | |
| | | \$999,000.00 | \$572.99 | | |

6 Monthly Custodial CD - Sauk Valley Bank - Due 11/04/2015

| | | | | |
|-------|---------|-------------|---------|--------|
| mBank | Tourism | \$84,000.00 | \$38.88 | 0.545% |
|-------|---------|-------------|---------|--------|

1 Year Custodial CD - Sauk Valley Bank - Due 05/07/2016

| | | | | |
|-----------------------|---------|--------------|----------|--------|
| FirstBank Puerto Rico | Toursim | \$250,000.00 | \$149.69 | 0.705% |
|-----------------------|---------|--------------|----------|--------|

2 Year Custodial CD - Sauk Valley Bank - Due 05/08/2017

| | | | | |
|---------------------------------|---------|--------------|----------|--------|
| Hingham Institution for Savings | Toursim | \$250,000.00 | \$202.99 | 0.956% |
|---------------------------------|---------|--------------|----------|--------|

| <u>Fund</u> | <u>Acct. #</u> | <u>Amount</u> | <u>Monthly Interest</u> |
|----------------------------|----------------|--------------------|-------------------------|
| Tourism | 0505-1030 | \$584,000.00 | \$391.56 |
| General | 1001-1030 | \$100,000.00 | \$54.78 |
| Employee Group Health Ins. | 1515-1030 | \$100,000.00 | \$54.78 |
| Sewer | 3030-1030 | \$150,000.00 | \$96.18 |
| Electric | 2020-1030 | \$1,501,000.00 | \$963.76 |
| Customer Utility Deposits | 7575-1030 | <u>\$50,000.00</u> | <u>\$27.39</u> |
| | | \$2,485,000.00 | \$1,588.45 |