

AGENDA

FINANCE COMMITTEE MEETING

*City of Fairview Heights, IL
Municipal Complex – Conference Room A
Tuesday April 14th, 2015 – 7:00 P.M.*

CALL TO ORDER

1. APPROVAL OF THE MINUTES
 - 03/ 10 / 2015
2. PUBLIC COMMENTS
3. BILL LIST REVIEW
 - March
 - April 1st – 10th
4. FINANCE DIRECTOR REPORT
5. PROFESSIONAL SERVICES AGREEMENT
 - Investment Advisor

ADJOURN

Memo

To: Elected Officials
From: Scott Borrer - Director of Finance
CC: City Administrator, Directors
Date: April 10th, 2015
Re: Finance Committee Agenda Overview

BILL LIST

There will be two bill lists for consideration at the meeting. The traditional monthly list is attached to this packet. The non-reoccurring items of note this month include the following:

- One of the semi-annual payments to Caseyville Township for the Weinel Hills project is on page 10.
- Lincoln Trail TIF expenditures are on page 12, and include invoices related to the redevelopment standards and the streetscape.

In addition, on Monday we will distribute a partial list for the month of April. Since it is the last month of the fiscal year, reviewing it now will help reduce the potential of accounts exceeding budget limitations.

FINANCE DIRECTOR REPORT

- You will recall the City Clerk announced last week the MFT distribution for April was 42% lower than the same month last year. Please find attached a Circular Letter from IDOT which describes the reason as a one-time reduction.
- The monthly sales tax figure was received in time for this packet, so the monthly report memo is attached. On a cash basis, we finished the fiscal year with a 2.6% increase from last year.

PROFESSIONAL SERVICES AGREEMENT – INVESTMENT ADVISOR

In an attempt to increase revenue to the City from our investment portfolio, Treasurer Isaacson and I have undergone a Request for Qualifications (RFQ) process seeking professional investment advisor services. Following

a review of responses and interviews, Treasurer Isaacson has selected The Investor Group at The Bank of Edwardsville to represent the City.

For your consideration, please find attached an "Investment Management Account" contract between the two parties. City Attorney Hoerner has reviewed the document, and both parties have agreed on this final version. Tina Fromme - Vice President of The Investor Group – will be on hand to answer any questions from the committee.

As always, please give me a call if you have any questions.

Thanks,
Scott

A handwritten signature in black ink, consisting of the letters 'SFB' inside an oval shape.



Illinois Department of Transportation

2300 South Dirksen Parkway / Springfield, Illinois / 62764

April 2, 2015

CIRCULAR LETTER 2015-06

PA 99-0002 - MOTOR FUEL TAX ACCOUNT FUND SWEEP

COUNTY ENGINEERS/SUPERINTENDENT OF HIGHWAYS
MUNICIPAL ENGINEERS/DIRECTORS OF PUBLIC WORKS/MAYORS
CONSULTING ENGINEERS

Public Act 99-0002, passed by the General Assembly and signed by Governor Bruce Rauner in March 2015, included designated fund transfers in order to maintain the integrity of special funds and improve stability in the General Revenue Fund. One of these designated fund transfers was \$50 million from the Motor Fuel Tax (MFT) Account.

The Governor's Office of Management and Budget has notified the Department of their intentions to transfer this \$50 million from the March MFT revenues. The \$50 million will be transferred prior to the standard monthly deductions and prior to the standard distribution split between the Department of Transportation and the local public agencies.

This transfer will result in a substantial reduction in the monthly MFT distribution to the local public agencies set to take place in the next few days. After this March reduction, the monthly MFT distributions will return to their normal levels.

Please contact Mr. Thomas Winkelman, Acting Local Program Development Engineer, with any questions at (217) 782 - 0675 or Tom.Winkelman@illinois.gov.

Sincerely,

A handwritten signature in cursive script that reads "James K. Klein".

James K. Klein, P.E., S.E.
Acting Engineer of Local Roads and Streets

TW/

cc: Greg Smothers, Illinois Association of County Engineers
Brad Cole, Illinois Municipal League
Bryan Smith, Township Officials of Illinois
Darrell Maxheimer, Township Highway Commissioners of Illinois

Memo

To: Elected Officials
From: Scott Borrer, Director of Finance
CC: City Administrator, Directors
Date: April 10th, 2015
Re: Sales Tax Report

Please find attached the updated report for our 1% municipal portion of the state sales tax rate. The most recent figure of \$528,428.24 reflects retail activity in January, and is an increase of 15.3% compared to the same month last year.

This distribution completes the fiscal year cycle. On a cash basis, we completed the year 2.6% better than last year, which equates to \$191,667.22.

If you have any questions, please let me know.

Thanks,
Scott

A handwritten signature in black ink, appearing to be "SBB", enclosed within a hand-drawn oval.

**CITY OF FAIRVIEW HEIGHTS, IL
SALES TAX REPORT
State 1% Municipal Tax Portion**

DISTRIBUTION MONTH	MAY 2009 - APRIL 2010	MAY 2010 - APRIL 2011	MAY 2011 - APRIL 2012	MAY 2012 - APRIL 2013	MAY 2013 - APRIL 2014	MAY 2014 - APRIL 2015	% CHANGE	\$ CHANGE
MAY	\$ 576,295.80	\$ 619,328.06	\$ 619,211.17	\$ 629,863.98	\$ 601,011.50	\$ 584,713.94	-2.7%	\$ (16,297.56)
JUN	651,353.64	689,992.30	675,264.71	692,902.50	655,667.46	647,401.33	-1.3%	\$ (8,266.13)
JUL	555,298.81	569,542.81	594,120.05	578,187.49	574,119.26	578,345.95	0.7%	\$ 4,226.69
AUG	569,007.47	591,482.11	587,452.26	602,449.00	586,795.92	593,876.18	1.2%	\$ 7,080.26
SEP	609,365.77	648,045.41	654,058.72	663,854.82	610,055.28	579,381.42	-5.0%	\$ (30,673.86)
OCT	548,148.68	589,409.53	590,474.65	572,075.75	554,178.50	550,782.54	-0.6%	\$ (3,395.96)
NOV	569,471.83	592,675.72	593,273.35	620,158.32	574,589.49	579,500.49	0.9%	\$ 4,911.00
DEC	613,911.65	638,144.11	626,112.57	631,306.50	468,313.25	588,998.17	25.8%	\$ 120,684.92
JAN	577,341.43	596,410.80	572,082.72	576,698.91	589,088.14	580,475.99	-1.5%	\$ (8,612.15)
FEB	700,364.95	729,123.82	718,749.92	710,629.96	687,960.48	680,833.91	-1.0%	\$ (7,126.57)
MAR	1,058,742.73	1,092,964.09	1,057,805.62	1,049,090.01	969,659.49	1,028,593.77	6.1%	\$ 58,934.28
APR	497,665.30	485,716.35	496,524.53	532,313.55	458,225.94	528,428.24	15.3%	\$ 70,202.30
YTD TOTAL	\$ 7,526,968.06	\$ 7,842,835.11	\$ 7,785,130.27	\$ 7,859,530.79	\$ 7,329,664.71	\$ 7,521,331.93		\$ 191,667.22
YTD CHANGE	-0.4%	4.2%	-0.7%	1.0%	-6.7%	2.6%		
MONTHLY AVG	\$ 627,247.34	\$ 653,569.59	\$ 648,760.86	\$ 654,960.90	\$ 610,805.39	\$ 626,777.66		

INVESTMENT MANAGEMENT ACCOUNT

Account No.

PARTIES TO THE CONTRACT

This agreement made this ____ day of _____, _____, by and between _____ hereinafter called the "Depositor", and TheBANK of Edwardsville, a corporation of the State of Illinois, as agent hereinafter called "TheBANK".

DEPOSIT OF ASSETS

Whereas, said Depositor has deposited with TheBANK:
\$

which said money and securities are to be held by TheBANK, as agent for said Depositor, and are to be managed, invested and distributed in accordance with the terms of this agreement.

MANAGEMENT OF ASSETS

Now therefore, it is agreed by and between the parties as follows: TheBANK shall have the full power and authority to hold and manage all money and securities deposited by its Depositor with TheBANK and to invest and reinvest such monies as TheBANK at its discretion may consider prudent, except that such investments must be consistent with, and in compliance with, the Investment Policy set forth in Chapter 37, Article VI of the Revised Code of Ordinances of the City of Fairview Heights, Illinois (attached). TheBANK will use investments approved for governmental units as set forth in the most current issue of the Illinois Compiled Statutes (ILCS) including Securities Exchange Commission registered and AAA rated by Moody's and Standard & Poor's money market mutual funds consisting of U.S. Government Treasuries.

COLLECTION AND PAYMENT OF INCOME OR PRINCIPAL

TheBANK shall collect all dividends, interest and income arising from the money and securities so deposited with it, and shall pay over the same to the Depositor or as directed. In the absence of such direction, TheBANK shall reinvest the income. On the individual Depositor's order or on either individual Depositor's order if held jointly, TheBANK shall make such other disposition of the income or principal as either individual Depositor may direct.

CONTRIBUTIONS

Additional money or securities contributed to TheBANK, are to be held, managed, invested and distributed in all respects as a part of the original fund, and are subject to the terms of this agreement.

NOMINEE REGISTRATION AND REPORTING

TheBANK may hold securities of any type in nominee name or book-entry form. TheBANK shall make statements periodically of such account of said Depositor showing all income and principal received and

disbursed, and also showing the principal of the fund then held by TheBANK. TheBANK will furnish statements on a monthly basis. Delivery of the statement will be through the U.S. Postal Service or electronically through The Investor Group on-line system.

INSTRUCTIONS BY CLIENT

TheBANK may accept written, oral, telephone, facsimile, or electronic instructions from the Depositor and will act on those instructions which TheBANK believes to be genuine. TheBANK shall have no liability for carrying out instructions it believes to be originated by the Depositor. Requests to send account information to any individuals or entities other than as identified in this agreement must be delivered to TheBANK and signed by the individual Depositor or by either individual Depositor if held jointly. All other requests for information will be handled in accordance with TheBANK's Privacy Policy, a copy of which has been provided.

COST BASIS REPORTING

TheBANK is required to report adjusted cost basis on the sale of assets in taxable accounts on IRS Form 1099-B. TheBANK will use First In, First Out (FIFO) as the default method to calculate the adjusted cost basis. As an alternative, you may select the shares or lots you want to sell (Specific Identification) if you make that choice **before** the sell order is placed and notify us in **writing** via mail, fax or email.

CONTRACT TERMINATION

This agreement may be altered or amended by mutual agreement and may be terminated at any time by either of the parties by written notice to the other. TheBANK will deliver assets in the account only upon receipt of written instructions signed by the Depositor or all Depositors if held jointly.

BANK FEES

It is agreed that the Depositor shall pay TheBANK for its services as such agent, compensation in accordance with TheBANK's published fee schedule at the time services are rendered. TheBANK reserves the right to amend its Schedule of Fees at any time.

The proposed fee of 35 basis points to be used for a period of not less than 36 months from date of account funding.

Certain of the mutual funds which may be acquired for Depositor's account, may, assess management fees, that are internal to the fund. Some mutual funds may in addition, internally assess a distribution fee pursuant to section 12b-1 of the Investment Company Act of 1940, as amended, and/or an administrative fee or service fee. The bank may be eligible or may subsequently become eligible to share in such fees. Such fees are included in the calculation of operating expenses of a mutual fund, and the existence of such fees is disclosed in the prospectus for each mutual fund.

DISPUTE RESOLUTION

Any dispute arising in connection with this account should be referred to the Account Administrator, who will make every attempt to resolve the dispute as quickly as possible. In the event that the account administrator is unable to resolve the dispute to your satisfaction, he or she will consult with the Manager

of The Investor Group at TheBANK or in certain instances may need to obtain an opinion from legal counsel.

DISCLOSURE

The Federal Deposit Insurance Corporation does not insure the investments owned by Depositor in this portfolio unless they are obligations of TheBANK or another FDIC insured institution and specifically covered by FDIC Insurance. (Please see the FDIC issued guidelines for the types of bank deposits and the maximum amounts covered by FDIC insurance.) The investments that are not specifically covered through the FDIC program are not guaranteed by TheBANK and TheBANK does not insure the principal amount or performance of such investments. An investment not specifically covered by FDIC insurance is subject to investment risk, including possible loss of principal, which may cause the value of the investment to fluctuate, and when the investment is sold, the value may be lower than the amount originally invested.

INDEMNITY AGREEMENT

Depositor agrees to reimburse, indemnify and hold harmless TheBANK from and against any and all liability, loss, claim, damage or expense (except for instances of negligence or willful misconduct) resulting from the exercise by TheBANK of any authority granted to it under this agreement, or from claims of third parties, or from any taxes or other governmental charges, and any expenses related thereto, which may be imposed or assessed in respect to the account.

In witness whereof, the parties hereto have set their hands in duplicate hereof on the day and year first above here written.

THEBANK OF EDWARDSVILLE

Attest:

By: _____

By: _____

By: _____

Michele Isaacson
City of Fairview Heights
City Treasurer
isaacson@cofh.org
618/489-2055

By: _____

Gail D. Mitchell
City of Fairview Heights
Mayor
618/489-2010

ARTICLE VI – INVESTMENT POLICY

37-6-1 INVESTMENT POLICY. It is always prudent for any public unit to have an Investment Policy in place for the purpose of safe guarding funds, equitably distributing the investments and maximizing income of the governmental unit. The following policy is adopted for the City of Fairview Heights, Illinois.

37-6-2 SCOPE OF INVESTMENT POLICY. This Investment Policy applies to the investment activities of all funds under the jurisdiction of the City Treasurer. This Investment Policy will also apply to any new funds or temporary funds placed under the jurisdiction of the City Treasurer. The Illinois State Statutes will take precedence except where this policy is more restrictive wherein this policy will take precedence.

37-6-3 OBJECTIVES. The purpose of this Investment Policy of the City Treasurer is to establish cash management and investment guidelines for the stewardship of public funds under the jurisdiction of the City Treasurer. The specific objectives of this Investment Policy will be as follows:

- (A) Safety of principal.
- (B) Diversity of investments to avoid unreasonable risks.
- (C) The portfolio shall remain sufficiently liquid to meet all operating costs which may be reasonably anticipated.
- (D) The highest interest rate available will always be the objective of this policy combined with safety of principal, which is left to the discretion of the City Treasurer. ~~Collateralization shall be obtained for investments in amounts greater than~~ Federal Deposit Insurance Corporation (FDIC) limits within an institution.
- (E) In maintaining its investment portfolio, the City Treasurer shall avoid any transaction that might impair public confidence in the City.
- (F) The City Treasurer will give consideration to the financial institutions positive community involvement when consideration is given to the financial institution to be used as a depository.
- (G) All funds will be invested for a period of **one (1) day** or longer, depending on the requirement for the disbursement of funds.
- (H) All funds shall be deposited within **two (2) working days** at prevailing rates or better in accordance with Illinois State Statutes.

37-6-4 RESPONSIBILITY. All investment of funds under the control of the City Treasurer is the direct responsibility of the City Treasurer. The City 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.

37-6-5 **ACCOUNTING.** All investment transactions shall be recorded by the City Treasurer or the City Treasurer's staff. A report will be generated, at least monthly, listing all active investments. This report will be made available to the City Council and City Treasurer.

37-6-6 **FINANCIAL INSTITUTIONS.** The City Treasurer will have the responsibility to select which financial institutions will be depositories for City Treasurer funds.

The City Treasurer will take into consideration security, size, location, condition, service, fees and the community relations involvement of the financial institution when choosing a financial institution.

At no time will the City Treasurers' investments exceed **sixty-five percent (65%)** of the financial institutions Capital and surplus.

All financial institutions having any type of financial relationships; deposits, investments, loans, etc. are required to provide a complete and current "Call Report" required by their appropriate regulatory authority each calendar quarter within **thirty (30) days** of the "Call" request date.

37-6-7 **INVESTMENT VEHICLES.** The City Treasurer will use investments approved for governmental units as set forth in the most current issue of the Illinois Compiled Statutes (ILCS) including Securities Exchange Commission registered and AAA rated by Moody's and Standard & Poor's money market mutual funds consisting of U.S. Government Treasuries.

37-6-8 **COLLATERAL.** It shall be the policy of the City Treasurer that collateralization will be required for any investments within an institution which are not covered by the Federal Deposit Insurance Corporation (FDIC), Savings Association Insurance Fund (SAIF) or the National Credit Unions Administration (NCUA). At all times the City Treasurer will require that deposits in excess of **ten percent (10%)** of the capital and surplus of a financial institution will be collateralized. The City Treasurer may request collateral for any part of deposits in financial institutions when the City Treasurer determines it to be in the best interest of safeguarding the funds on deposit.

When collateral is required, **one hundred five percent (105%)** of the deposit will be required. Only the following collateral will be accepted:

- U.S. Government direct securities
- Obligations of Federal Agencies
- Obligations of Federal Instrumentalities
- Obligations of the State of Illinois
- Obligations of this City

Acceptable Collateral as identified in the Illinois Compiled Statutes for use by the Treasurer of the State of Illinois.

FISCAL AND FINANCE 37-6-9

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 possible income to be derived.

The above standard is established as the standard for professional responsibility and shall be applied in the context of managing the City Treasurer's portfolio.

37-6-9 **SECURITY CONTROLS.** The City Treasurer is authorized to establish financial accounts for the office of City Treasurer with the advice and consent of the City Council. At all times the City Treasurer and Mayor, jointly will be authorized to sign on financial accounts of the City. **Authorized signatories will NOT be permitted to reconcile bank accounts at any time. (See Chapter 3; Article VII)**

(Ord. No. 990-99; 12-21-99)

ACCOUNT INVESTMENT POLICY

Account Name City of Fairview Heights

Date Account Number

Type of Account

Which statement best describes the investment objective for the account? (check one)

			Cash	Fixed Income	Equities
<input type="checkbox"/>	Money Market:	A	0% - 100%	0%	0%
<input checked="" type="checkbox"/>	All Fixed Income:	B	0% - 100%	0% - 100%	0%
<input type="checkbox"/>	Income:	C	0% - 10%	60% - 80%	5% - 35%
<input type="checkbox"/>	Income & Growth:	D	0% - 10%	45% - 65%	30% - 50%
<input type="checkbox"/>	Balanced:	E	0% - 10%	35% - 55%	40% - 60%
<input type="checkbox"/>	Growth:	F	0% - 10%	25% - 45%	50% - 70%
<input type="checkbox"/>	Aggressive Growth:	G	0% - 10%	5% - 25%	70% - 90%
<input type="checkbox"/>	All Equity:	H	0% - 10%	0%	85% - 100%
<input type="checkbox"/>	Special Situation:	I	0% - 100%	0% - 100%	0% - 100%

Please list any specific goals or preferences: Strategy Code: Model #:

Describe any special investment requirements or restrictions:

Investments approved for governmental units as set forth in the most current issue of the Illinois Compiled Statutes (ILCS) including Securities Exchange Commission registered and AAA rated by Moody's and Standard & Poor's money market mutual funds consisting of U.S. Government Treasuries.

Optional Information:

Marginal Tax Rate

Short Term Capital Loss Carry Forward

Long Term Capital Loss Carry Forward

I hereby authorize TheBANK of Edwardsville to manage the account designated above in accordance with the guidelines set forth in this Investment Policy.

With regard to the ranges indicated for equities, fixed income, and cash as the Investment Objective of the Account, I acknowledge that those ranges may be impacted by market variables, the timing of asset sales and purchases, and Portfolio diversification considerations. The ranges so indicated in the foregoing policy are to be considered guidelines only and not fixed investment parameters.

Client

Date

Client

Date

Officer

Date