

Agenda
Meeting Date: October 14, 2019
Finance Committee

Time: 6:00 p.m.

Trustee Mengoni, Chairman
Trustee Flores
Trustee Sarro

- 1) Strategic Planning
- 2) Update Village investment policy
- 3) Other

September 25, 2019

Sue Scarpiniti
Finance Director/Treasurer
Village of North Riverside
2401 S. DesPlaines Avenue
North Riverside, IL 60546

RE: North Riverside Strategic Planning Process – Task 4

Dear Ms. Scarpiniti,

Overview

On September 16, 2019, the Village Board approved a proposal to initiate a Strategic Planning Process. Key elements of this proposal include:

- Creating a Vision Statement for the Village of North Riverside;
- Identifying a comprehensive list of key issues affecting the Village;
- Developing specific goals and objectives that directly relate to the Village's Vision; and
- Recommending specific strategies to implement the goals and objectives that have been identified.

This process is envisioned to encompass a timeframe of approximately seven (7) months and will involve the input from Department leaders, key Village Staff and the Elected Officials.

The following information and attached PowerPoint presentations provide the information to cover the planned discussion outlined in Task 4 of the approved work program.

First Step – What is a Strategic Plan?

Simply put, a strategic plan is the process which identifies the issues and strategies which are necessary to bringing success to a community. The process used to create a vision for the elected officials, staff and ultimately the community's stakeholders to rally around and outlines what you'll do to bring that vision to reality. (The attached power point identifies the key principals and steps involved in a strategic planning process).

Second Step – Create a Vision Statement

The Vision Statement (also referred to as a Mission Statement) should clearly define what the community wants to be. Even though this identifying step may appear to be routine, it is the most critical step in the planning process as it provides the foundation for the establishment of goals, strategic priorities and real action steps.

To assist the Board in understanding what a clearly defined vision statement resembles, I have provided examples used in other communities. Overall, I considered eleven communities within the Chicago Metro area which I felt adequately met our search criteria.

Some of these mission statements were developed as the result of the elected officials undertaking a formal strategic planning process while others had developed their community's vision as part of a recent Comprehensive Planning process. Village Staff requested that I search communities with similar characteristics to North Riverside, including but not limited to key socio economic factors, residential and retail/business composition, and government staffing and service levels. For your benefit, I am providing several examples below to help you begin the process of developing North Riverside's own Vision Statement.

Example 1

The vision statement of the plan states, "In the year 2014...residents are enjoying the revitalization of their town." The vision continues stating that the community will invest in its capital infrastructure and that an improved political climate in the Community will have arisen from the planning process and community involvement.

Example 2

Vision Statement: "Our shared vision is a community of excellence exemplified by its government working together with residents and businesses to create a distinctive sense of spirit and an outstanding quality of life."

Example 3

Vision Statement: Since our first Comprehensive Plan was created 20 years ago, the community continues to strive toward its theme of "Business Oriented, Citizen Friendly" and has achieved a balance between high-quality infill commercial growth and redevelopment, the preservation of key natural resources, and the enhancement of its existing strong residential neighborhoods.

Example 4

Mission & Values: "We Value Our Community, We Value Service to Our Citizens, We Value Our Commitment to Improvement and We Value Our Employees."

Example 5

Mission: "The mission of the Village is to provide the community with excellent local government services that meet the needs of its citizens and are delivered in a professional, responsive and responsible manner."

Example 6

Vision Statement: "The City shall be a model of excellence in local government; a safe, well-planned community with equal opportunity for all."

Example 7

Mission Statement: "To provide services that ensure a high quality of life for our residents and a dynamic environment for our business community through collaboration, innovation, and sound fiscal management."

Example 8

Mission Statement: "Preserve and Enhance the Quality of Life that We Enjoy in our Community."

Third Step – What is the Vision for the Village of North Riverside?

With the examples I have provided of actual vision and mission statements of some of your neighboring communities, the next step for the Village Board is to begin the discussion to create a Vision/Mission statement for North Riverside. To undertake this critical next step, each of you need to create something that fully addresses the following statements:

- What is our community today?
- What type of community do we envision for ourselves in the future?

Once the task of creating a Vision statement is established, the Community with the help of its Department Staff can begin to identify the steps and actions that will be needed to achieve the desired future as well as create a way to measure the Village's progress to ensure that it stays on the right path forward.

Next Step

As proposed in the approved work program, please accept the attached information and forward to the Village Board for its scheduled meeting of October 14, 2019. At this meeting, I will provide an overview of the strategic planning process and facilitate a discussion with the Board to begin the steps necessary to complete a Vision Statement for the Village of North Riverside.

cc: Guy Belmonte, Village Administrator

attachments

Board of Trustees of the Village of North Riverside

Statement of Investment Policy, Objectives and Guidelines

**Adopted by the Village of North Riverside Board of Trustees
on _____, _____, _____**

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It shall be the policy of the Village of North Riverside to provide for the investment of all public funds in manner that will yield the highest investment return with the maximum level of safety while meeting the Village's daily cash flow demands.

I. Scope

This investment policy shall apply to all financial assets of the Village of North Riverside, except for the assets of the Police and Firefighter's Pension Funds which are covered under separate investment policies administered by their respective pension boards.

1. Pooling of Funds

Except for cash in certain restricted and special funds, the Village of North Riverside will consolidate cash balances from all funds in order to maximum investment earnings. Investment income will be allocated to the various funds in proportion to their respective participation and in accordance with generally accepted accounting principles.

II. Investment Objectives

The primary objectives, in order of priority, of the Village of North Riverside's investment activities shall be safety, liquidity and yield.

1. Safety

Safety of principal is the foremost objective of the investment program. Investments of the Village of North Riverside shall be undertaken in a manner that seeks to ensure the preservation of capital and the mitigation of credit risk and interest rate risk in the overall portfolio.

a. Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. The Village of North Riverside will minimize credit risk by:

1. Limiting investments to the safest types of securities.
2. Pre-qualifying all financial institutions, brokers/dealers, intermediaries and advisors with which the Village of North Riverside will conduct business.
3. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

b. Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates.

The Village of North Riverside will mitigate interest rate risk by:

1. Structuring its investment portfolio so that securities mature concurrently to meet cash requirements of the Village's ongoing operations, thereby, eliminating the need to sell securities on the open market prior to maturity.
2. Investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools.

2. Liquidity

The investment portfolio shall remain sufficiently liquid to enable the Village to meet all operating requirements that may be reasonably anticipated. To accomplish this, the Village will structure its portfolio so securities mature concurrent with cash demands. The portfolio should consist largely of securities with active secondary or resale markets. A portion of the Village's investment portfolio may also be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

3. Yield

The Village's investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles while considering the Village's investment risk constraints and liquidity needs. Return on investments is of lesser importance when compared to the other general objectives of safety and liquidity. As such, investments in the Village's portfolio shall be limited to low risk securities with the intent of earning a fair and reasonable rate of return relative to the level of risk being assumed.

Securities shall not be sold prior to maturity with exception for the following:

1. Early sale of the security will minimize loss of principal resulting from unfavorable market conditions or increasing credit risk.
2. A security swap would improve the quality, yield or target duration in the overall portfolio.
3. Liquidity needs of the Village require that the security be sold.

III. Standards of Care

1. Prudence

All participants in the Village's investment process shall seek to act responsibly as custodians of public trust and in accordance with the "prudent person" standard. That is, investments shall be made with sound judgement 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. Investment officers shall consider the probable safety of capital as well as income to be derived of all investments in the Village's portfolio and shall avoid any transactions that might impair public confidence in the Village of North Riverside's ability to effectively govern.

Investment officers acting in accordance with this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that any deviations are reported in a timely manner and in accordance with the terms of this investment policy.

2. Delegation of Authority

The establishment of investment policies is the sole responsibility of the Village of North Riverside's Board of Trustees. Management and administrative responsibility are hereby delegated to the Village Treasurer, who under the direction of the Village Administrator shall establish written procedures and internal controls for the operation of the Village's investment program consistent with this investment policy. Procedures should include, but not be limited to, references to safekeeping and custody, delivery versus payment (DVP), collateral/depository agreements, wire transfer agreements, repurchase agreements and investment accounting.

~~No persons shall engage in an investment transaction except as provided under the terms of this policy and the written procedures established by the Village Treasurer. The Village Treasurer shall be responsible for all transactions undertaken and shall implement a system of controls to regulate the activities of other employees involved in the investment process.~~

Management of the Village's investments is the responsibility of the Village Treasurer. The Village Treasurer may appoint an investment advisor and/or an investment manager to assist in the management of the investment portfolio. The contract of the investment advisor/manager must be approved by the Village of North Riverside's Board of Trustees. The advisor/manager shall acknowledge, in writing, that he/she is a fiduciary with respect to the Village of North Riverside. Any such written agreement shall be attached to this policy. The investment advisor/manager will provide a comprehensive quarterly investment report to review market conditions, review the investment portfolio and update the investment strategy.

The Treasurer of the Pension Fund is responsible for ensuring that all investment transactions undertaken are consistent with the Fund's investment strategy.

3. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from conducting personal business activity that could either conflict with the proper execution and management of the Village of North Riverside's investment program or impair their ability to make impartial investment decisions. Investment officers and employees shall disclose any material interests in financial institutions with which they conduct business as well as any personal financial/investment positions that could be related to the performance of the Village's investment portfolio. Officers and employees shall, furthermore, refrain from undertaking any personal investment transactions with individuals with whom the Village of North Riverside conducts its investment activities.

The Village Treasurer and any other employees directly involved in the investment process shall be bonded to protect the public against possible embezzlement and malfeasance.

IV. Safekeeping and Custody

1. Authorized Financial Institutions

The Village Treasurer shall maintain a list of financial institutions authorized to provide investment services to the Village of North Riverside. A separate list shall also be maintained of approved security brokers/dealers selected by creditworthiness (e.g. minimum capital requirements of \$10,000,000 and at least five years of operation). This list will only include primary government securities dealers that report daily to the New York Federal Reserve Bank or regional dealers that qualify under Security and Exchange Commission (SEC) Rule 15C3-1 (uniform net capitalization rule) to conduct public business. The Village Board of Trustees must approve all depositories for Village funds.

All financial institutions and brokers/dealers who desire to become qualified for investment transactions must provide the Village Treasurer with the following information:

1. Audited financial statements
2. Proof of National Association of Security Dealers (NASD) certification
3. Proof of state registration
4. Certification of having read the Village's investment policy
5. Depository contracts

A current audited financial statement is required to be on file with the Village Treasurer for each financial institution and broker/dealer in which the Village invests funds.

2. Internal Controls

The Village Treasurer shall be responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of the Village of North Riverside are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that (1) the costs of controls implemented should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments to be made by management.

To ensure compliance with the above objectives, the Village Treasurer shall arrange for an annual review of the Village's internal control system by an independent auditor.

3. Delivery versus Payment

All trades, where applicable, must be executed by delivery versus payment (DVP), that is, the security must be physically delivered or confirmed via the Federal Reserve Bank or DTC system before the Village will release payment for the security. This will ensure that all securities are deposited in an eligible financial institution prior to the release of funds. All securities will be held by a third-party custodian as designated by the Village Treasurer and evidenced by safekeeping receipts.

V. Authorized Investments

1. Investment Types

The Village of North Riverside may invest in any type of security allowed for under Illinois Compiled Statutes 30 ILCS 235/1. Permitted investments include the following:

1. U.S. government obligations, U.S. government agency obligations and U.S. government instrumentality obligations which have a liquid market with a readily determinable market value and are guaranteed by the full faith and credit of the United States of America as to principal and interest.
2. Interest bearing savings accounts, certificates of deposits, time deposits or any other investment constituting direct obligations of any bank as defined by the Illinois banking Act and insured by the Federal Deposit Insurance Corporation (FDIC).
3. Short term ~~discount~~ obligations of corporations (~~commercial paper~~) organized in the United States with assets exceeding \$500 million if (a) such obligations are rated at the time of purchase with the 3 highest classifications established by at least two standard rating services and which mature not later than 180 days from the date of purchase, (b) no more than 25% of any fund is invested in such obligations at any time, and (c) such purchases do not exceed 10% of the corporation's outstanding obligations.
4. In addition to any other investments authorized under this Act, a municipality, or other governmental unit, may invest its public funds in in interest bearing bonds of any county, city, village, township, incorporated town, municipal corporation, park district, library district, or school district, of the state of Illinois or of any other state whether the interest is earned thereon, is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the municipality or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in the rating of bonds of states and their political subdivisions.
5. Short-term discount obligations of the Federal National Mortgage Association or in share or other forms of securities legally by savings and loans associations incorporated in the laws of this state or any other state or under the laws of the United States of America. Investments may be made only in those savings and loan associations

of which the shares or investment certificates are insured by the Federal Deposit Insurance Corporation (FDIC).

6. Illinois Funds Investment Pool
7. Local government investment pools either state-administered or through joint power statutes and other intergovernmental agreement legislation (e.g. Illinois Metropolitan Investment Fund (IMET)).

All investments shall be registered solely in the name of the municipality or held under a custodial agreement at a bank.

Investments in derivatives of the above instruments shall not be permitted.

2. Collateralization

The safety of public funds is the foremost objective in managing public funds. As such, it shall be the policy of the Village of North Riverside to require all funds on deposit in excess of Banking Insurance Fund and Savings Associations Insurance Fund limits to be secured by some form of collateral. The Village will accept any of the following assets as collateral:

1. U.S. Government Securities
2. Obligations of Federal Agencies
3. Obligations of Federal Instrumentalities
4. Obligations of the State of Illinois

The fair market value of collateral provided will not be less than 110% of the bank balance of deposits, including accrued interest. The ratio fair market value of collateral to the amount of funds secured will be reviewed quarterly and additional collateral will be requested when the ratio declines below the required level. Pledged collateral will be held in safekeeping by an independent third party acting as agent for the Village of North Riverside.

Written collateral agreements shall be executed by each depository and shall preclude the release of pledged assets without an authorized signature from the Village of North Riverside.

3. Repurchase Agreements

The Village may not purchase financial forward or futures, any leveraged investments, lending securities or reverse repurchase agreements. Repurchase agreements will only be purchased if specific securities are under the control of the Village.

VI. Other Investment Criteria

1. Diversification

The Village's investment portfolio shall be diversified by:

1. Limiting investments to avoid over concentration in securities from a specific issuer or business sector, excluding U.S. Treasury securities,

2. Limiting investment in securities that have higher credit risks,
3. Investing in securities with varying maturities, and
4. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (i.e. Illinois Funds) and money market mutual funds to ensure that appropriate liquidity is maintained to meet ongoing operating obligations.

2. Maximum Maturities

To the extent possible, the Village of North Riverside shall 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 five years from the date of purchase.

Reserve funds and other funds with longer-term cash flow requirements may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

Due to inherent difficulties in accurately forecasting cash flow requirements, a portion of the Village's portfolio should be continuously invested in readily investment instruments such as the Illinois Funds, money market funds and money market mutual funds to ensure that appropriate liquidity is maintained to meet ongoing obligations.

VII. Reporting

1. Methods

The Village Treasurer and/or the investment advisor/manager shall prepare a quarterly investment report that summarizes the current investment portfolio and the transactions that have occurred over the last quarter. This report will be prepared in a manner that will allow the Village of North Riverside to ascertain whether investment activities during the reporting period have conformed to this investment policy. The report will include the following:

1. Listing of individual securities held at the end of the reporting period.
2. Realized and unrealized gains or losses resulting from appreciation or depreciation of investments. This shall be computed by comparing the cost and market value of securities over one year in duration that are not intended to be held to maturity.
3. Average weighted yield to maturity of the portfolio as compared to applicable benchmarks.
4. Listing of investments by maturity date.
5. Percentage of the total portfolio each type of investment represents.
6. Comparison to performance benchmark.

2. Performance Standards/Benchmarks

The investment portfolio will be managed in accordance with the parameters specified within this investment policy. The portfolio shall obtain a market

average rate of return during a market/economic environment of stable interest rates. Portfolio performance should be compared to appropriate benchmarks on a regular basis.

The Village's investment strategy is passive. Given this strategy, the basis used by the Village Treasurer to determine whether market yields are being achieved shall be the three-month U.S. Treasury Bill, or a longer-term, more diversified, blended benchmark, as determined by the Village Treasurer.

3. Market Adjustments

A statement of the market value of the portfolio shall be issued to the Village at a minimum each quarter. This will ensure the review of the investment portfolio in terms of value and subsequent price volatility has been performed at a minimum. Reviews should consider all applicable GASB Statements of Interpretation as they relate to investments.

VIII. Policy Considerations

1. Exemption

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