



City of Villa Park
17855 Santiago Boulevard
Villa Park, California 92861
(714) 998-1500

INVESTMENT ADVISORY COMMITTEE

Regular Meeting

February 6, 2006

8:30 a.m.

The Investment Advisory Committee of the City of Villa Park welcomes you to this meeting. We encourage your participation. This agenda contains a brief description of each item to be considered.

If you wish to speak on an item contained on the agenda, please approach the podium at the time the item is being considered. Upon recognition by the Chair, state your name and address for the record prior to providing your comments. Speakers will be limited to a time period set by the presiding officer.

All supporting information is available for public review in the City Hall offices.

Please Note: In compliance with the Americans with Disabilities Act, the City of Villa Park will make every reasonable attempt to accommodate attendees or participants at this meeting who need special assistance beyond what is normally provided. Please contact the City Hall at (714) 998-1500 at least 48 hours prior to this meeting to inform us of particular needs and to determine if accommodation is feasible. Please advise us at the time of your call if special assistance is required to attend or participate in meetings on a regular basis.

ORDER OF BUSINESS

1. CALL TO ORDER

2. ROLL CALL

Vacant, Chair, Investment Advisory Committee
Dan Carlberg, Vice-Chair, Investment Advisory Committee
William Nelson, Resident Member
Joe Hagler, Resident Member - Alternate
Jim Rheins, Council Member, Chair City Council Finance Committee
Brad Reese, Council Member, City Council Finance Committee
Dennis Kuli, City Treasurer

3. PUBLIC COMMENT

4. CONSENT AGENDA

All matters listed under the "Consent Agenda" are considered to be routine and are enacted by one motion approving the Recommendation listed on the Agenda. Any member of the Committee may request an item be removed from the Consent Agenda for discussion or further explanation. Unless otherwise specified in the request to remove an item from the Consent Agenda, all items removed shall be considered immediately following action on the remaining items on the Consent Agenda.

- a) Consideration of Minutes – July 26, 2006
- b) Consideration of Minutes – October 26, 2006

RECOMMENDED ACTION: Approval

5. DISCUSSION ITEMS

- a) Report from City Manager on Accounting Position Status
- b) Report from City Manager on IAC Terms of Appointment
- c) Review and Discuss the City's Current Investment Activities
- d) Review and Discuss General Fund Reserve Policy
 - 1. Review Draft Policy
- e) Review OCIP/LAIF Caps for Investment Amount
 - 2. Review Draft Statement of Investment Policy
- f) F&M Bank Items
 - 1. Member Hagler
- g) FEMA Reimbursement Status

6. PUBLIC COMMENT

7. ADJOURNMENT

- a) Adjourn to April 26, 2007 at 8:30 AM

MINUTES OF THE CITY OF VILLA PARK
INVESTMENT ADVISORY COMMITTEE

The Investment Advisory Committee met at 8:30 a.m. on Wednesday, July 26, 2006 at the Villa Park Civic Building, 17855 Santiago Boulevard, Villa Park, California.

Members Present:

Jim Rheins, Resident Member, Chair
Dan Carlberg, Resident Member, Vice-Chair
Joe Hagler, Resident Member/Alternate
Richard Ulmer, Finance Committee Member
Robert Fauteux, Finance Committee Member

Staff Present:

Ken Domer, City Manager
Dennis Kuli, City Treasurer

Members Absent:

William Nelson, Resident Member

Prior to considering the minutes, Chair Rheins asked if everyone had turned in their Form 700 Conflict of Interest statements. Those present confirmed they had.

3. PUBLIC COMMENT:

There was no public comment

4. CONSENT CALENDAR:

Consideration of Minutes on April 26, 2006

It was moved by Resident Member Carlberg, seconded by Council Member Fauteux, and carried by the following roll call vote to approve the minutes of April 26, 2006.

AYES: Rheins, Carlberg, Fauteux, Ulmer

NOES: None

ABSENT: Nelson

5. ACTION ITEMS

Chair Rheins asked about the Cannon Wall failure and FEMA reimbursement. City Manager Domer responded that currently over \$68,000 had been reimbursed and gave an update on the appeal and the process including why the appeal is needed.

Council Member Ulmer expressed concern about no end date for the appeal and that the City needed support. He suggested enlisting the support of Congressman Ed Royce. He further stated that he was concerned if seeking such support would jeopardize the appeal. City Manager Domer stated that the Congressman's office had been informed of the issue and a letter seeking their support was forthcoming. CM Domer agreed that seeking the support would be a careful process and that the State Office of Emergency Services was working with the City to make sure the City was represented to FEMA.

There was various discussions on how to inquire regarding the reimbursement without causing FEMA to act ill towards the City's appeal.

Chair Rheins stated that the records showed a Certificate of Deposit at F&M Bank expiring on May 8. He asked whether a new CD was obtained. City Manager Domer stated that yes, two CDs were bought – a 3 month and 6 month. A general discussion on CD rates and CDs was held, including a review of the two CDs purchased. Additionally, City Manager Domer stated that \$300,000 was wired into the LAIF account.

6. DISCUSSION ITEMS

Chair Rheins moved onto the next item, Discussion items.

Council Member Fauteux questioned about the absence of an accounting person and the transferring of money between accounts. City Manager Domer responded with information on the recruitment and the lack of candidates and the current contracting with a temporary accounting firm. He stated that he and another staff member have been handling some of the accounting tasks and that he was monitoring very closely the need to transfer money between accounts. City Manager Domer further reviewed the need to reorganize staff and the hiring of a consultant to assist with looking at the City's needs.

Additional discussion was held on the accounting position and the use of Moreland & Associates and that the difference between a private and public sector accounting professional. A review of whether the position would be full time or part time occurred. City Manager Domer stated that it had become apparent that the City did not fully utilize its accounting software nor did the City follow some of the more up to date accounting practices given our reliance on one accountant over the years.

Chair Rheins thanked the City Manager for the information and asked if there was any additional overview from the City Manager. The City Manager responded with a quick overview of the relationship with F&M Bank and a discussion on when funds were received.

Treasurer Dennis Kuli brought up the LAIF accounts and the fact that the City was at the maximum percentage allowed per our policy.

Council Member Fauteux brought up the Orange County Investment Pool and moving funds from F&M Bank or LAIF to OCIP.

A discussion on the checking account and making sure there were funds to ensure payment of bills.

Council Member Fauteux discussed the County's oversight committee and the rates for OCIP. Treasurer Kuli discussed prior year's practice with the money market account and a general discussion on time to transfer funds between LAIF and OCIP.

Member Hagler questioned how the percentages were set for various funds and a general discussion ensued regarding this issue.

A Motion to adjourn the meeting was moved by Resident member Carlber and unanimously agreed upon.

The next scheduled meeting is on Wednesday, October 26, 2006 at 8:30 a.m.

MINUTES OF THE CITY OF VILLA PARK
INVESTMENT ADVISORY COMMITTEE

The Investment Advisory Committee met at 8:30 a.m. on Wednesday, October 26, 2006 at the Villa Park Civic Building, 17855 Santiago Boulevard, Villa Park, California.

Members Present:

Jim Rheins, Resident Member, Chair
Dan Carlberg, Resident Member, Vice-Chair
Joe Hagler, Resident Member/Alternate
Richard Ulmer, Finance Committee Member
Robert Fauteux, Finance Committee Member
William Nelson, Resident Member

Staff Present:

Ken Domer, City Manager
Dennis Kuli, City Treasurer

Members Absent:

3. PUBLIC COMMENT:

There was no public comment.

4. CONSENT CALENDAR:

Consideration of Minutes for July 26, 2006

The minutes were not available for this meeting.

5. ACTION ITEMS

No action items.

6. DISCUSSION ITEMS

Chair Rheins asked City Manager Domer for Discussion items.

a. Report from City Manager on Accounting Position Status.

City Manager Domer presented an update on the accounting position. CM Domer gave an update on a possible candidate who has worked with the City in an external auditing capacity for a part time position and discussed the advantages of a part time position given the City Council recently adopted staffing plan that set a specific amount for accounting services. A general discussion on using the services of Moreland and Associates and on status of any part time employee (contract or not) was held. Discussion included payment to CALPERS (retirement) for part time employees after 1000 hours and knowledge of software.

A general discussion of the City's software package and the need for knowledge of the software.

Council Member Ulmer discussed the need to review the reporting formats and the need to review in the future how the reports are generated. CM Domer responded that some of the reports presented are directly from the OC Treasurer or the State Treasurer. Member Carlberg stated that the year to date report is the closest they have had to a full report, but that it is still

not what the Committee should have. CM Domer reported that there are a lot of standardized reports that the software has and the City needs to review and put to work. Council Member Ulmer stated that the reports should be brought to a desired level within the next 6 to 12 months. CM Domer stated that the City is looking at completing a strategic financial plan update along with the annual budget process in order to identify revenues and see how revenues are trending.

Chair Rheins stated that the IAC committee could be a resource for such a strategic planning review but that that committee would need direction from the City Council.

b. Mid-Year Budget Review for January

CM Domer stated that it is his intent to conduct a mid year budget review hopefully during January as a means to adjust the budget to what should be a clearer and truer picture of the budget based on the fact that the FEMA reimbursement may be known and the June budget process was done during a staffing reorganization in which staffing costs were budgeted at the highest level representing the unknown outcome of the staffing reorganization.

c. Review and Discussion of the City's current investment activities.

Chair Rheins started the discussion and CM Domer reviewed the LAIF statements. A general discussion on the investment statements included Council Member's Fauteux's statements on the OCIP. CM Domer asked the IAC if the percentages for each investment should be re-looked at given the current limit to investing in the OCIP at 25%. Various scenarios were discussed to keep the OCIP as close to 25% as possible.

Member Hagler discussed the treasury bill showing on the investment reports. Member Carlberg questioned about the money market account and the low percentage rate. CM Domer stated that all money is initially deposited into the money market account and then re-distributed accordingly. Member Hagler asked about F&M Bank and how they are hired to work with the City's money. CM Domer stated they are just hired as custodians. Member Hagler discussed about having the IAC review this option and seeing how F&M Bank can do more with our money. Chair Rheins gave background on why the City switched from Wells Fargo to F&M Bank. General discussion ensued on this issue. Treasurer Kuli stated that there was an active effort previously in the City to make sure the money market was kept at a lower level. CM Domer asked the IAC for advice on the matter.

During this time the topic of OCIP/LAIF caps were discussed, as were issues surrounding the F&M money market account. Chair Rheins asked that Member Hagler work with F&M to bring back some information and recommendations for better managing the use of money. Member Hagler discussed several options that he has knowledge of that may be of benefit to the City. A general discussion was held regarding pulling together the information for the new accountant to actually begin.

d. Review and Discuss General Fund Reserve Policy

Treasurer Kuli discussed that research undertaken by him and the City Manager have shown that the words 'reserve' and 'balance' have been used interchangeably and with no real definition. CM Domer recapped a history of when the City Council came up with a General Fund Reserve. In 1987 this was the case, but by 1990 the reserve had been changed back into a fund balance available until 1995 when a new policy was implemented. It is recommended

that a new policy be established. Treasurer Kuli said that he wanted guidance for when you can dip into the reserve. He stated that no resolution for the current policy had been found. He stated that issues like the FEMA lack of reimbursement is a legitimate use of reserves. Council Member Fauteux stated that you do not set up a reserve without stating what you can use it for. Chair Rheins stated that on defining a reserve you do not want to tie your hands, but you need guidance.

A general discussion was held on the process for bringing forward a General Fund Reserve Policy. Chair Rheins stated that it should be a recommendation from the IAC to the Finance Committee to draft a policy for City Council consideration.

e. Review of OCIP/LAIF

Chair Rheins asked Council Member Fauteux for a run down on the OCIP. Council Member Fauteux gave a synopsis of the OCIP and reviewed issues associated with the California Joint Powers Insurance Authority and their interest in getting into the OCIP. Overall prognosis is that the OCIP is in good shape and that more and more jurisdictions are coming back into the pool. The amount in the pool is over 6.5 billion. Chair Rheins asked the City Manager to readjust the funds to maximize the City's investment in the OCIP. CM Domer asked the committee whether it was now time to revise the investment percentage amount. Discussion was held on the actual percentage amount and what would be wise. It was requested to the City Manager to revise the Statement of Investment Policy upwards to 33% or higher and submit it to the finance committee for recommendation to the City Council. A discussion was held on whether the total of all investments needed to be 100% - it was felt that the total could be over 100% to provide flexibility. CM Manager Domer stated it was his request to add a chart to the SIP to make the maximums more clear. Member Nelson asked about the total investment percentage and what is the best amount and if we should not make the percentage higher, such as 50%. It was generally felt that 33% was a good start and then in the next year, that amount could be higher.

f. F&M Money Market Account

Chair Rheins stated that this matter was well covered earlier in the meeting.

g. FEMA Reimbursement Status

City Manager Domer gave a recap on the FEMA reimbursement issue and restated what he informed the City Council. A letter from FEMA had been drafted but the City had not been provided any concrete information as of yet. CM Domer stated that he has the Governor's Office inquiring in addition to Congressman Royce's office and Senator Feinstein's office. He has also talked with the Office of Inspector General. CM Domer stated that he was at the Cannon wall yesterday and there was some damage from a new water leak from a neighbor upslope. The damage is minimal and will be repaired.

7. PUBLIC COMMENT

No public comment.

Chair Rheins asked for any last comments.

Council Member Ulmer stated that he had a reaction to the new Cannon Wall water leak and whether there was any action we could take with Serrano Water District to pursue large water bills.

No comments from other members.

A Motion to adjourn the meeting was moved by Council Member Fauteux and unanimously agreed upon.

The next scheduled meeting is on Thursday, January 25, 2007 at 8:30 a.m.

**CITY OF VILLA PARK
ADMINISTRATIVE POLICY**

Section X-XX General Fund Reserve Policy

Purpose

It is the desire of the City Council to establish and maintain a General Fund Reserve separate from General Fund balances for Financial Contingencies and Catastrophic Events.

Policy

The City of Villa Park shall maintain an unreserved balance of no less than 25% of its General Fund Revenues. In addition, the City shall strive to maintain an unreserved balance of no less than 25% of the average Capital Improvement Program expenditures over the seven year Capital Improvement Program. Together, these two unreserved balances shall be known as the General Fund Reserve.

The General Fund Reserve shall be a separate account number within the General Fund, 01-0000-2901 (Currently titled Emergency Cash Reserve).

Background

The City Council established a Reserve Fund in 1987 through the adoption of Resolution 87-938. The action directed that all monies not expended be transferred into a Reserve Fund. Over the years, the Reserve Fund, being made up of all fund balances available, became less of a reserve fund and more of an unreserved fund balance available designated simply by a line item in the budget. In 1995, the City Council set a minimum unrestricted General Fund reserve at \$500,000 to be adjusted annually based on the Consumer Price Index.

Procedure

A portion of fund balance is reserved as legally required by Generally Accepted Accounting Principles (GAAP) and are not available for appropriation due to legal obligations.

During the consideration of the annual operating budget, the City Manager shall identify the General Fund Balance Available (GFBA). The General Fund Balance Available shall be figured after drafting the City Manager's proposed budget and shall not included fund balance designations.

The City Manager shall compute twenty-five percent (25%) of the General Fund revenues. Said amount shall be highlighted within the budget document and appropriate budgetary resolution(s).

The City Manager shall compute the average proposed expenditures for the Seven Year Capital Improvement Program and set a reserve target of twenty-five percent (25%) of the average as a reserve balance. Said amount shall be highlighted within the budget document and appropriate budgetary resolution(s).

Together, these two reserves shall be designated as the General Fund Reserve and highlighted within the draft annual operating budget.

Upon consideration by the City Council, the General Fund Reserve level shall be set through the applicable budget resolution for the forthcoming fiscal year. The General Fund Reserve shall be reviewed annually.

If the amount of revenue available is not adequate to meet the General Fund Reserve, the available amount shall be approved by a four-fifths vote of the City Council.

Use of Funds

Use of funds within the General Fund Reserve are allowed to insulate General Fund programs and current service levels from large and unanticipated one-time expenditure requirements, a revenue reduction due to a change in state or federal legislation, impacts from adverse litigation or environmental occurrences/disasters, or similar unforeseen action and economic uncertainty. Additional use includes to temporarily insulate General Fund programs and current service levels from slower revenue growth that may occur during an economic recession provided that all efforts to address longer term service levels are addressed at the time.

SECTION V - INVESTMENTS

CITY OF VILLA PARK

STATEMENT OF INVESTMENT POLICY

ADOPTED
January 09, 1996

REVISED
April 23, 2002

APPROVED
June 25, 2006

EXHIBIT V-1

CITY OF VILLA PARK

STATEMENT OF INVESTMENT POLICY

1.0 General.

The City of Villa Park (hereinafter referred to as “the City”) shall invest its surplus funds under the “Prudent Man rule” and within the provisions set forth in the State of California Government Code Sections 53600 et seq. and Section 16429.1.

1.1 Prudent Man Rule.

The “Prudent Man rule” obligates a fiduciary to ensure that:

Investments shall be made with the exercise of that degree of 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.

1.2 Authorized Investments.

The State of California Government Code Section 53601 sets forth “Circumstances authorizing investments; authorized investments”, excerpted as follows:

§ 53601. Circumstances authorizing investments; authorized investments

The legislative body of a local agency having money in a sinking fund of, or surplus money in, its treasury not required for the immediate necessities of the local agency may invest such portion of the money as it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisors, consultants, or managers using the agency’s funds, by book entry, physical delivery, or by third party custodial agreement. The transfer of securities to the counterparty bank’s customer book entry account may be used for book entry delivery. For purposes of this section “counterparty” means the other party to the transaction.

A counterparty bank’s trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency:

- (a) Bonds issued by the City as stated and defined in § 53601 (a).
- (b) United States Treasury obligations as stated and defined in § 53601 (b).
- (c) Registered state warrants or treasury obligations of the State as stated and defined in § 53601 (c).
- (d) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority thereof, provided however, that such obligations are rated “A” or better by either Standard & Poor’s Rating Agency and/or Moody’s Investors Service.
- (e) Obligations issued by a federal agency or a United States government-sponsored enterprise as stated and defined in § 53601 (e).
- (f) Bankers acceptances as stated and defined in § 53601 (f), provided however, that such investments do not exceed 10% of the surplus monies of the City, nor shall any such investment be greater than 5% of the surplus of the City in any single Bankers acceptance.
- (g) Commercial paper as stated and defined in §53601 (g), with the proviso that “prime” quality is further defined as “A1” and “P1” by Standard & Poor’s Rating Agency and Moody’s Investors Service.
- (h) Negotiable certificates of deposit as stated and defined in § 53601 (h), provided however, that any singular investment in certificates of deposit shall be fully collateralized or insured, at all times by FDIC, such that the aggregate exposure of the City in certificates of deposit shall at all times be fully collateralized or insured by FDIC.

1.21 Financial Futures

The City shall not invest in financial futures as defined in § 53601.1

1.22 Derivative Securities

The City shall not invest in derivative securities, defined as repurchase and reverse repurchase agreements, notes, or bonds secured by a first priority interest in eligible securities, interest only and principal only strip instruments, swaps, or any other like security.

1.23 Other Securities

The City shall not invest in Medium Term Notes, “MTN”, issued by US corporations or depository institutions, or shares of licensed “diversified management companies”.

1.3 Additional Investments-Local Agency Investment Fund

Government Code Section 16429.1 further provides for investment in the Local Agency Investment Fund. The City may invest in the Local Agency

Investment Fund administered and managed by the State of California, as stated and defined in § 16429.1 provided however, that such investments shall not exceed 75% of the City's surplus monies.

1.4 Additional Investments-Orange County Treasury, County of Orange

California Government Code § 53684 allows local agencies to deposit excess funds into the Orange County Treasury for purposes of investment by the Orange County Treasurer ~~through the following § 53684 alternative procedure~~s for investment of excess funds~~;~~:

- (a) Unless otherwise provided by law, if the treasurer of any local agency, or other official responsible for the funds of the local agency, determines that the local agency has excess funds which are not required for immediate use, the treasurer or other official responsible for the funds of the local agency, determines that the local agency has excess funds which are not required for immediate use, the treasurer or other official may upon the adoption of a resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to this section and with the consent of the county treasurer, deposit the excess funds in the county treasury for the purpose of investment by the county treasurer pursuant to § 53601 or 53635.
- (b) The county treasurer shall, quarterly, apportion any interest or other increment derived for the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency and district.
- (c) In conjunction with the monthly report required to be prepared pursuant to subdivision (b) of § 53646, the county treasurer shall provide the information described in that subdivision to the treasurer or other official responsible for the funds of any local agency which has funds on deposit in the county treasury and that information shall, except as otherwise provided in paragraph (4) of subdivision (b) of § 53646, be included by the treasurer or other official in a monthly report to the legislative or governing body of the local agency.
- (d) The treasurer or other official responsible for the funds of the local agency may withdraw the funds of the local agency at any time but shall give the county treasurer 30 days written notice of his or her intent to withdraw the funds.
- (e) Any monies deposited in the county treasury for investment pursuant to this section are not subject to impoundment or seizure by any county official or agency while the funds are so deposited.
- (f) This section is not operative in any county until the board of supervisors of the county, by majority vote, adopts a resolution making this action operative in the county.
- (g) It is the intent of the Legislature in enacting this section to provide an alternative procedure to § 51301 for local agencies to deposit money in the county treasury for investment purposes. Nothing in this section shall, therefore, be construed as a limitation on the authority of a

county and a city to contract for the county treasurer to perform treasury functions for a city pursuant to §51301.

The City adopted Resolutions 92-2117, 2001-2556 and 2001-2561 authorizing the deposit and withdrawal of City of Villa Park monies with the Orange County Treasury in the County of Orange in accordance with the provisions of § 53684 of the California Government Code.

Those officers or their successors as named in Resolutions 2001-2556 and 2001-2561, 92-2117 shall be authorized to order the deposit or withdrawal of monies in the County Treasury. Withdrawal of monies shall be payable only to the City of Villa Park.

The City may invest in the Orange County Investment Pool-Money Market Fund administered and managed by the Orange County Treasurer in accordance with the provisions of § 53684 of the California Government Code, provided however, that such investment shall not exceed 25.33% of the City's surplus monies.

1.5 Investment Matrix

Per criteria listed in sections 1.2 to 1.4

<u>Investment Option</u>	<u>Maximum Percentage</u>
<u>City Bonds, US Treasury Obligations, State Warrants & Bonds</u>	<u>N/A</u>
<u>Commercial Paper</u>	<u>N/A</u>
<u>Certificate of Deposits</u>	<u>N/A</u>
<u>Bankers Acceptances (5% individual max.)</u>	<u>10%</u>
<u>Local Agency Investment Fund</u>	<u>75%</u>
<u>Orange County Investment Pool</u>	<u>33%</u>

2.0 Additional Criteria for Selection of Investment

The additional major criteria to be applied when selecting City investments, in order or priority, shall be:

- Safety (preservation of capital)
- Liquidity
- Yield

It is understood and accepted that investments in the Local Agency Investment Fund and the Orange County Investment Pool shall be deemed to meet requirements of the Safety, Liquidity, and Yield criteria prescribed in this section.

2.1 Safety

Credit risk is of primary concern. Therefore, all investments shall be in compliance with the provisions of this Investment Policy and shall reflect nominal exposure to unnecessary credit or repayment risk.

2.11 Insured or Collateralized

All investments, including but not limited to, certificates of deposit, savings account(s), checking account(s), bankers acceptances, money market accounts, shall be fully insured by the Federal Deposit Insurance Corporation or fully collateralized.

2.12 Analysis and Qualification

Potential investments shall be carefully analyzed and specific ratios shall be examined utilizing the method delineated in the City's Financial Procedure Manual prior to investment.

2.13 Counter parties

All investments shall be made with institutions located in the State of California.

2.14 Diversification

Excepting investments made pursuant to Government Code § 16429.1 and 53684, and obligations secured by the full faith and credit of the United States Government, no more than 50% of the surplus monies shall be invested in any one investment category.

2.2 Liquidity

Market or liquidity risk are of significant concern, therefore all investments shall be in compliance with the provisions of this Policy, thereby minimizing the City's exposure to significant interest rate fluctuations.

2.21 Maturity

Investment maturity dates shall be scheduled to meet anticipated cash needs of the City, thereby allowing for longer term investments and obtaining maximum yields. Notwithstanding, no monies shall be invested in any instrument with a maturity date greater than two (2) years unless such investment is fully matched or offset with a corresponding liability or obligation.

2.3 Yield

The City shall attempt to obtain the highest yield provided that the criteria for safety and liquidity have been met.

2.4 Duties of the Investment Advisory Committee

2.41 The City shall organize an Investment Advisory Committee charged with the responsibility to offer advice with respect to the City's investments and the investment portfolio strategy of the City.

2.42 The Investment Advisory Committee shall consist of two City Council members (the City Council Finance Committee) and three individuals from the City of Villa Park as nominated and accepted by the City Council. A chairman and vice-chairman shall be elected from the three individuals appointed by the City Council annually in January. City Council, at its discretion, may appoint an alternate member to serve in the absence of any one of the three members who will then possess all rights equivalent to that of the other members. In addition, the City Manager, Finance Manager, and City Treasurer are required to attend all meetings. The Finance Manager shall serve as secretary of the committee.

Any member of the City Council may make a nomination for appointment; however, all appointments must be approved by the entire City Council. A written resume of the qualifications of each resident candidate shall be submitted to the City Council before the appointment to the committee is made.

The appointment term of a qualified resident shall be for a period of two years, beginning January 1 and ending December 31. The term for one public member and the alternate member shall be off-set by one year to provide for a staggering of terms.

Members of the Investment Advisory Committee shall serve at the pleasure of the City Council. Members shall serve without compensation, conflict of interest, or liability. At any time, the City Council may require resident members to file Form 700 – Statement of Economic Interests (California Fair Political Practices Commission) with the City Clerk.

The Investment Advisory Committee shall meet quarterly to review the City's investment and portfolio strategy. The committee shall receive the City Treasurer's Monthly Reports reflecting each City investment by security or account description, par value invested, maturity, yield to maturity, current yield, and market value.

The Committee may make comments and recommendations concerning the current status of the City's investments to the City Council at any time.

Annually, the Committee will submit to the City Council a report of its activities and its recommendations concerning any updates or changes it deems necessary for inclusion in the City's Statement of Investment Policy. Changes may be recommended more immediately as the need arises.

3.0 Policy Administration

This policy shall be administered under the direction of the City Council with authority to invest surplus monies pursuant to this policy entrusted to either the City Manager or Treasurer, as stipulated by the City Council.

4.0 Amendment and Notice of Amendment

Any amendment to the City's Investment Policy shall require notice at least thirty (30) days prior to the City Council meeting where a public discussion will be held. Notification shall be evidenced by posting the proposed amendments at City Hall and by publishing an announcement of the proposed amendments in a local newspaper commonly read by the residents of the City.

Adopted January 9, 1996. Revised February 24, 1998, November 28, 2000, June 26, 2001, April 23, 2002, ~~and~~ February 28, 2006, and February 27, 2007.