

**BOARD OF TRUSTEES**  
**McHENRY COUNTY COLLEGE DISTRICT #528**

Tuesday, February 15, 2022  
6:00 p.m.



MCC Conference Center, A215  
8900 US Highway 14  
Crystal Lake, IL 60012

**COMMITTEE OF THE WHOLE MEETING**

**AGENDA**

1. Call to Order
2. Roll Call
3. Acceptance of Agenda
4. Acceptance of Minutes: Committee of the Whole, January 18, 2022
5. Open for Recognition of Public Comments
6. President's Report
7. [January Financial Statements: Mr. Bob Tenuta](#)
8. Presentations
  - A. Information Technology – Mr. Timothy Hopkins
9. [Policy 2.1.1: Investments, Discussion](#)
10. Future Agenda Items/Summary Comments by Board Members
11. Closed Session
  - A. 120/2(c) Exception #21, Review of Closed Session Minutes
  - B. Other matters as pertain to the exceptions of the Open Meetings Act
12. Acceptance of Closed Session Minutes of November 9, 2021 Committee of the Whole Meeting
13. Adjournment

A handwritten signature in black ink, which appears to read "Thomas E. Allen".

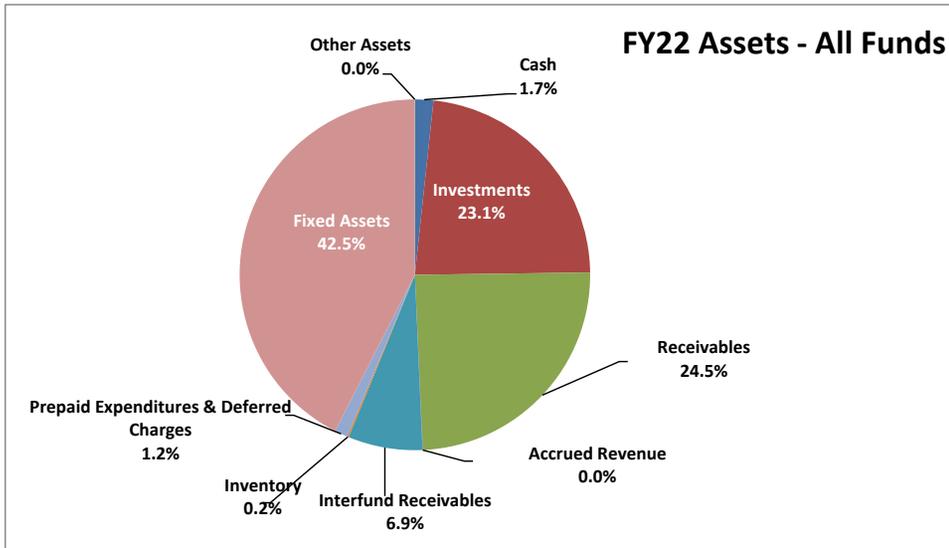
Thomas E. Allen  
Chair

All Funds Statement of Net Position (Balance Sheet)  
January 31, 2022

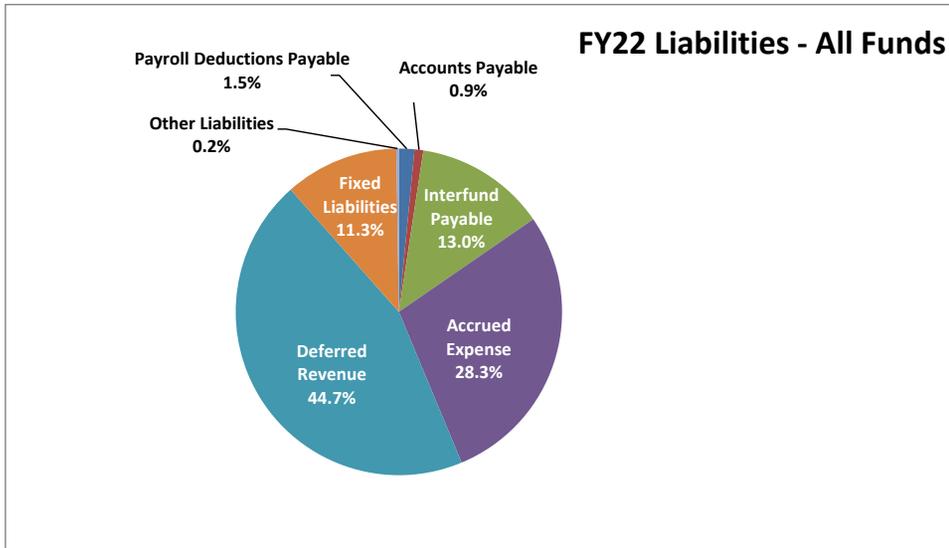
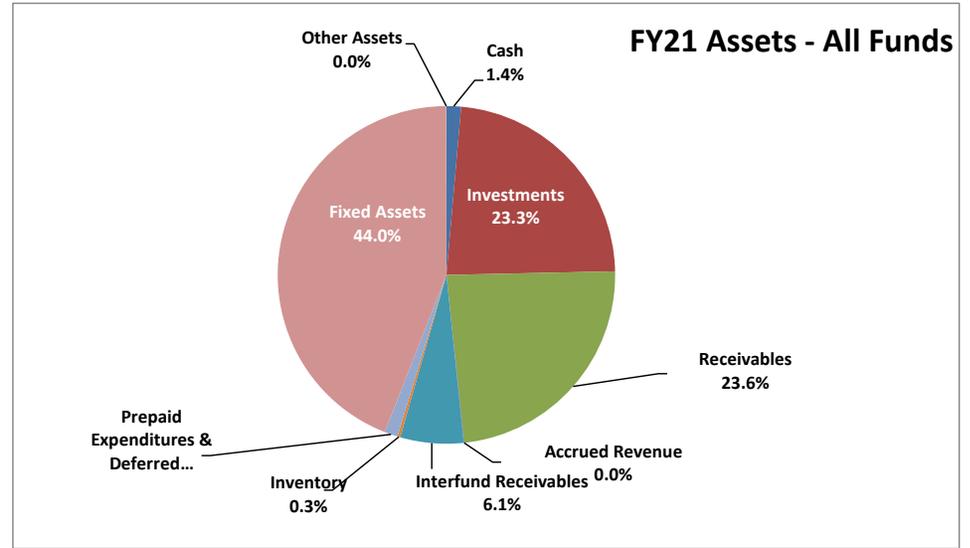
	01	02	03	04	05	06	07	08	09	10	11	12	17	
All Funds	Education Fund	Operations & Maintenance Fund	Operations & Maintenance (Restricted) Fund	Bond & Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	General Fixed Asset Fund	General Long-Debt Fund	Trust & Agency Fund	Audit Fund	Liability Protection & Settlement Fund	OPEB Fund	
<b>Assets</b>														
Cash	2,799,323	1,240,484.59	-	-	331,314.34	(0)	26,514	95,646	-	-	413,544	41,819	-	650,000
Investments	38,041,171	17,130,880	1,030,022	14,845,519	-	-	2,942,251	-	-	-	-	2,092,498	-	
Receivables	40,342,629	36,207,642	2,662,707	-	-	26,113	668,151	-	-	-	75,050	702,966	-	
Accrued Revenue	62,465	13,537	1,367	42,409	-	-	-	2,807	-	-	-	2,344	-	
Interfund Receivables	11,303,982	3,903,766	7,255,500	0	-	654,867	(510,150)	-	-	-	0	0	-	
Inventory	247,431	-	-	-	-	-	-	-	-	-	-	-	-	
Prepaid Expenditures & Deferred Charges	1,975,517	1,081,870	13,517	2,347	-	18,128	44,994	-	119,183	-	-	101,797	593,681	
Fixed Assets	69,962,465	-	-	-	-	-	-	69,962,465	-	-	-	-	-	
Other Assets	24,358	-	-	-	-	-	-	-	24,358	-	-	-	-	
<b>Total Assets</b>	<b>164,759,342</b>	<b>59,578,180</b>	<b>10,963,114</b>	<b>14,890,275</b>	<b>331,314</b>	<b>946,539</b>	<b>229,509</b>	<b>3,040,705</b>	<b>69,962,465</b>	<b>143,541</b>	<b>413,544</b>	<b>116,869</b>	<b>2,899,606</b>	<b>1,243,681</b>
<b>Liabilities</b>														
Payroll Deductions Payable	1,293,390	1,138,751	33,297	-	-	119,460	1,882	-	-	-	-	-	-	
Accounts Payable	737,009	711,653	-	-	-	16,551	8,805	-	-	-	-	-	-	
Interfund Payable	10,964,534	-	-	9,280,589	-	46,807	-	-	-	-	-	1,637,139	-	
Accrued Expense	23,885,271	503,445	-	-	-	-	-	-	-	-	-	-	23,381,826	
Deferred Revenue	37,749,908	28,727,305	2,519,408	-	-	299	-	-	-	-	68,750	643,907	5,790,240	
Fixed Liabilities	9,529,711	-	-	-	-	-	-	-	9,529,711	-	-	-	-	
Other Liabilities	207,831	38,253	-	-	-	169,578	-	-	-	-	-	-	-	
<b>Total Liabilities</b>	<b>84,367,655</b>	<b>31,119,407</b>	<b>2,552,704</b>	<b>9,280,589</b>	<b>-</b>	<b>352,694</b>	<b>10,687</b>	<b>-</b>	<b>9,529,711</b>	<b>-</b>	<b>68,750</b>	<b>2,281,046</b>	<b>29,172,066</b>	
<b>Designated Fund Balance</b>	<b>80,391,688</b>	<b>28,458,773</b>	<b>8,410,409</b>	<b>5,609,687</b>	<b>331,314</b>	<b>593,845</b>	<b>218,821</b>	<b>3,040,705</b>	<b>69,962,465</b>	<b>(9,386,170)</b>	<b>413,544</b>	<b>48,119</b>	<b>618,560</b>	<b>(27,928,385)</b>
<b>Assigned Fund Balance</b>														
33% Unassigned for annual budgeted expenditures	19,160,136	16,938,640	2,221,497	-	-	-	-	-	-	-	-	-	-	-
Other Designated Reserves	0	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Improvement/Investment in Capital Assets	75,572,151	-	-	5,609,687	0	-	-	69,962,465	-	-	-	618,560	-27,928,385	
Liabilities, Protection, and Settlement	-36,839,536	-	-	-	-	-	-	-	-9,529,711	-	-	-	-	
Working Cash/Other Restricted	2,430,485	-	-	-	-	-	218,821	1,750,000	-	413,544	48,119	-	-	
<b>Remaining Unassigned Balance</b>	<b>20,068,451</b>	<b>11,520,133</b>	<b>6,188,913</b>	<b>0</b>	<b>331,314</b>	<b>593,845</b>	<b>0</b>	<b>1,290,705</b>	<b>0</b>	<b>143,541</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

All Funds Statement of Net Position (Balance Sheet)  
January 31, 2022

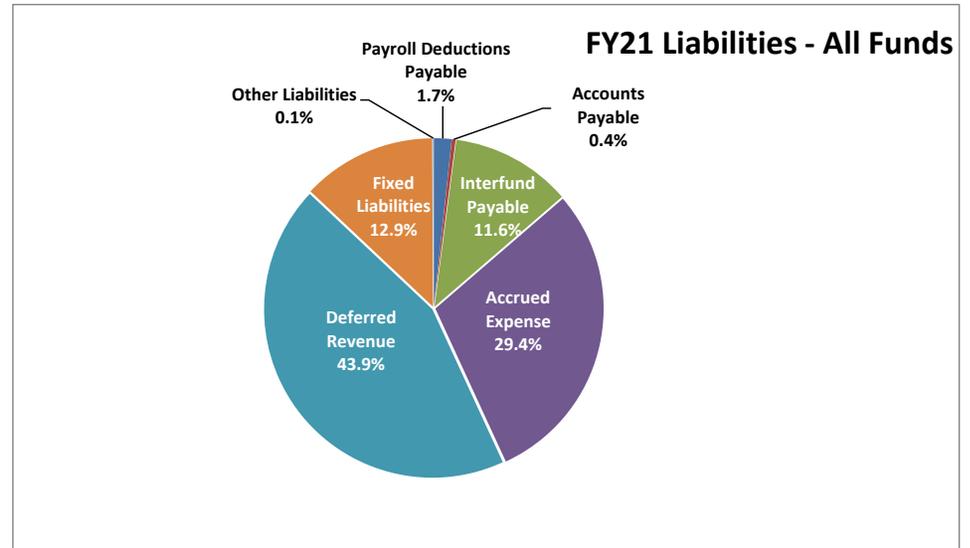
Total Assets = \$ 164,759,342



Total Assets = \$ 160,195,440



Total Liabilities = \$ 84,367,655



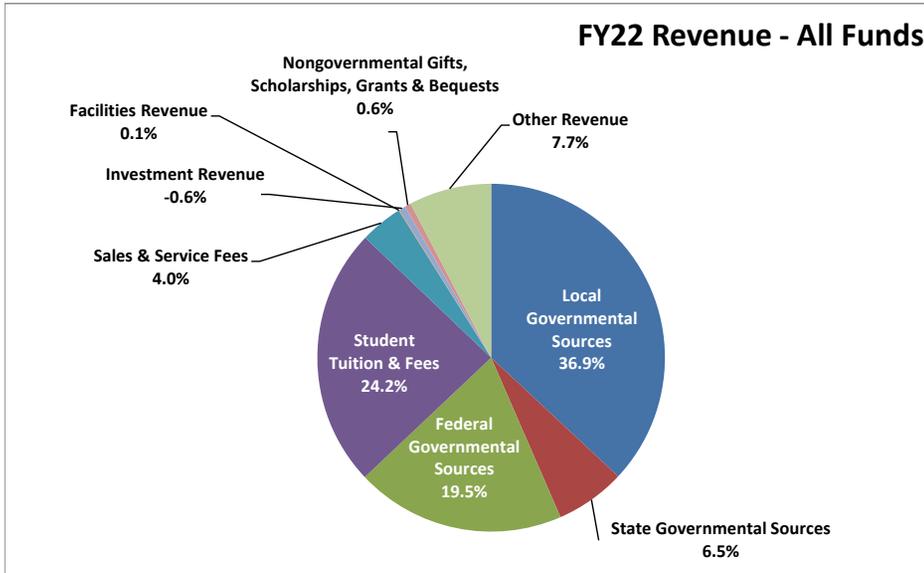
Total Liabilities = \$ 83,583,142

All Funds Statement of Activities (Income Statement)  
January 31, 2022

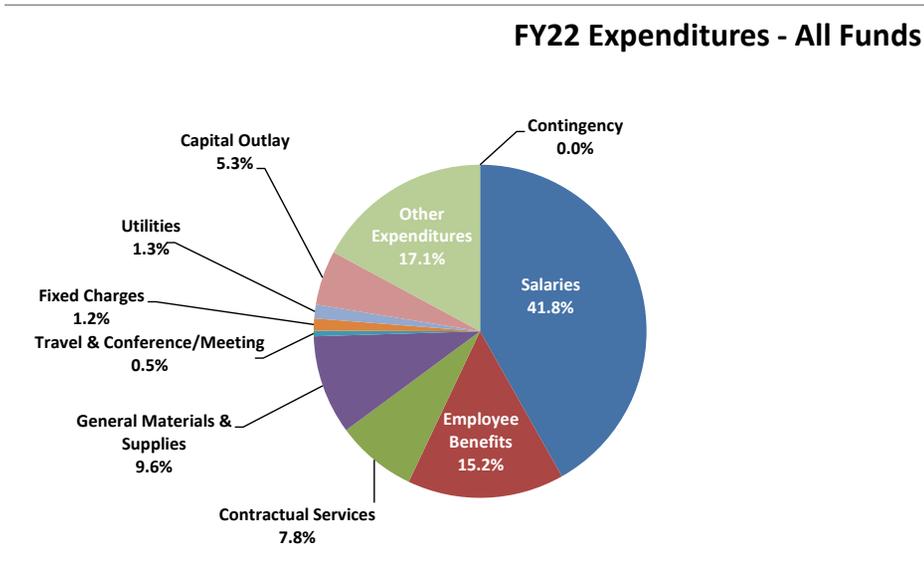
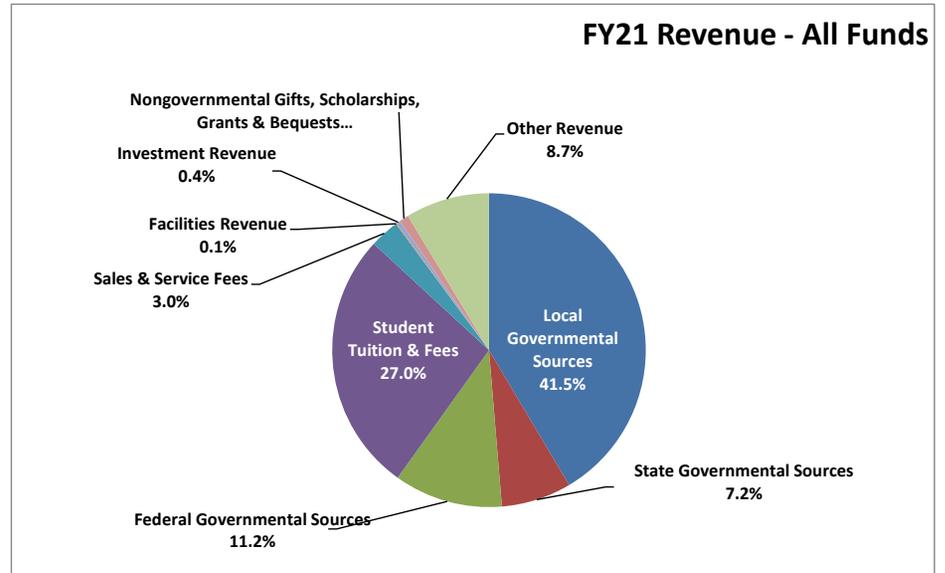
	01	02	03	04	05	06	07	08	09	10	11	12	17	
	All Funds	Education Fund	Operations & Maintenance Fund	Operations & Maintenance (Restricted) Fund	Bond and Interest	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	General Fixed Asset Fund	General Long-Debt Fund	Trust & Agency Fund	Audit Fund	Liability Protection & Settlement Fund	OPEB Fund
<b>Revenue</b>														
Local Governmental Sources	17,136,987	15,145,257	1,538,191	-	-	-	-	-	-	-	-	43,771	409,768	-
State Governmental Sources	3,021,648	1,864,191	504,659	-	-	-	652,798	-	-	-	-	-	-	-
Federal Governmental Sources	9,038,878	-	-	-	-	-	9,038,878	-	-	-	-	-	-	-
Student Tuition & Fees	11,204,655	8,776,479	1,075,662	78,815	735,628	538,071	-	-	-	-	-	-	-	-
Sales & Service Fees	1,836,272	29,577	-	-	-	1,806,695	-	-	-	-	-	-	-	-
Facilities Revenue	29,021	15,966	-	-	-	13,055	-	-	-	-	-	-	-	-
Investment Revenue	(281,485)	(137,363)	(7,742)	(107,209)	-	-	-	(15,895)	-	-	-	-	(13,276)	-
Nongovernmental Gifts, Scholarships, Grants & Bequests	272,350	12,236	-	-	-	2,855	143,623	-	-	-	113,636	-	-	-
Other Revenue	3,558,711	3,468,866	35,036	-	-	-	-	-	-	-	54,809	-	-	-
<b>Total Revenue</b>	<b>45,817,037</b>	<b>29,175,209</b>	<b>3,145,806</b>	<b>(28,394)</b>	<b>735,628</b>	<b>2,360,676</b>	<b>9,835,299</b>	<b>(15,895)</b>	<b>-</b>	<b>-</b>	<b>168,444</b>	<b>43,771</b>	<b>396,492</b>	<b>-</b>
<b>Expenditures</b>														
Salaries	16,683,772	14,541,649	318,095	-	-	1,029,011	795,017	-	-	-	-	-	-	-
Employee Benefits	6,076,004	5,363,136	68,289	-	-	178,670	122,822	-	-	-	-	-	343,087	-
Contractual Services	3,125,795	1,635,390	778,887	16,426	-	253,028	388,063	-	-	-	54,000	-	-	-
General Materials & Supplies	3,843,706	1,443,554	712,986	-	-	780,717	906,449	-	-	-	-	-	-	-
Travel & Conference/Meeting	216,789	139,674	8,017	-	-	26,360	42,738	-	-	-	-	-	-	-
Fixed Charges	466,669	1,067,770	26,004	-	626,200	7,836	-	-	-	(1,314,735)	-	-	53,594	-
Utilities	533,850	127,422	406,429	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	2,116,121	19,110	609,958	-	-	8,490	1,192,801	-	285,761	-	-	-	-	-
Other Expenditures	6,831,941	496,497	-	-	-	5,531	6,164,063	-	-	-	165,850	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>39,894,646</b>	<b>24,834,204</b>	<b>2,928,665</b>	<b>16,426</b>	<b>626,200</b>	<b>2,289,642</b>	<b>9,611,953</b>	<b>-</b>	<b>285,761</b>	<b>(1,314,735)</b>	<b>165,850</b>	<b>54,000</b>	<b>396,681</b>	<b>-</b>
<b>Excess/(deficit) of revenues over expenditures</b>	<b>5,922,391</b>	<b>4,341,005</b>	<b>217,141</b>	<b>(44,821)</b>	<b>109,428</b>	<b>71,035</b>	<b>223,346</b>	<b>(15,895)</b>	<b>(285,761)</b>	<b>1,314,735</b>	<b>2,595</b>	<b>(10,229)</b>	<b>(189)</b>	<b>-</b>
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Beginning Fund Balance	74,469,295	24,117,766	8,193,267	5,654,508	221,886	522,810	(4,525)	3,056,600	70,248,226	(10,700,905)	410,950	58,348	618,749	(27,928,385)
Ending Fund Balance	<b>80,391,686</b>	<b>28,458,771</b>	<b>8,410,408</b>	<b>5,609,687</b>	<b>331,314</b>	<b>593,845</b>	<b>218,821</b>	<b>3,040,705</b>	<b>69,962,465</b>	<b>(9,386,170)</b>	<b>413,545</b>	<b>48,119</b>	<b>618,560</b>	<b>(27,928,385)</b>

All Funds Statement of Activities (Income Statement)  
January 31, 2022

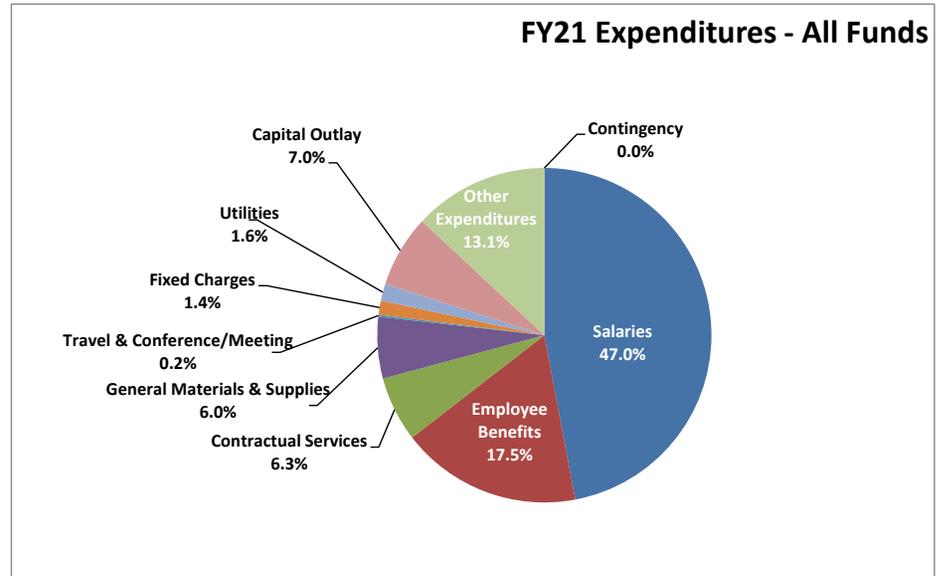
Total Revenue = \$ 45,817,037



Total Revenue = \$ 40,817,411



Total Expense = \$ 39,894,646



Total Expense = \$ 35,470,987

Operating Funds  
Net of SURS/Investments

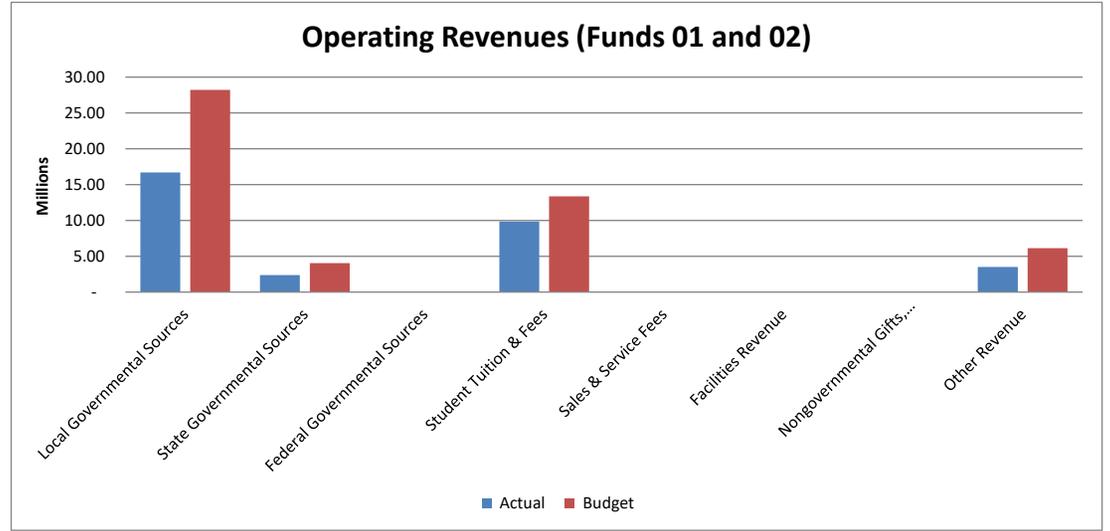
**Operating (Funds 01 & 02) Statement of Activities (Net of SURS/Investments)**

January 31, 2022

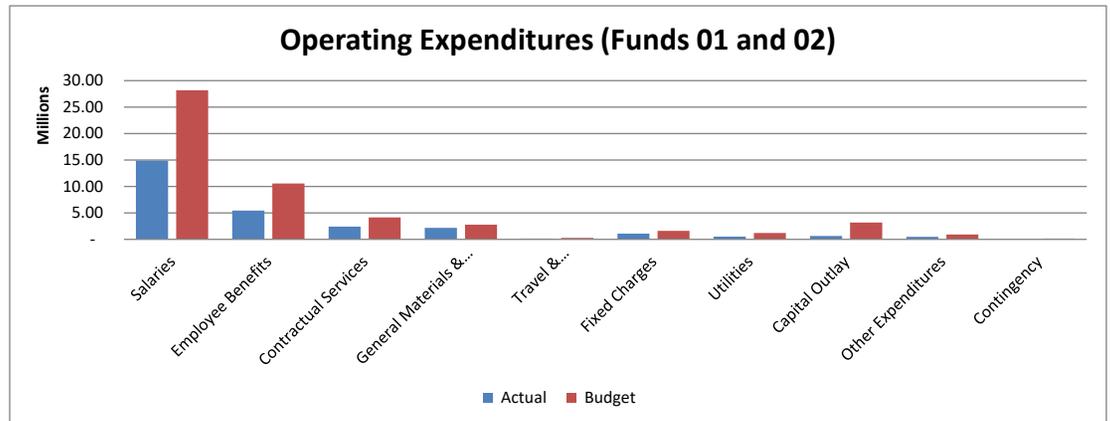
	FY22			FY21		FY21 YTD Actual	FY22 Act. Change Over FY21 Act.
	YTD Actual	YTD Budget	Full Budget	YTD Bud.	Full Bud.		
<b>Revenue</b>							
Local Governmental Sources	\$ 16,683,448	\$ 16,537,063	\$ 28,225,058	100.9%	59.1%	\$ 16,115,965	\$ 567,483
State Governmental Sources	2,368,850	2,376,666	4,056,435	99.7%	58.4%	2,246,260	\$ 122,590
Federal Governmental Sources	-	-	-	0.0%	0.0%	48,709	\$ (48,709)
Student Tuition & Fees	9,852,141	8,533,108	13,350,427	115.5%	73.8%	9,686,591	\$ 165,550
Sales & Service Fees	29,577	30,906	52,750	95.7%	56.1%	480	\$ 29,097
Facilities Revenue	15,966	11,112	18,966	143.7%	84.2%	15,966	\$ -
Nongovernmental Gifts	12,236	6,445	11,000	189.9%	111.2%	1,683	\$ 10,554
Other Revenue	3,503,902	3,586,792	6,121,850	97.7%	57.2%	3,496,280	\$ 7,622
<b>Total Revenue</b>	<b>\$ 32,466,120</b>	<b>\$ 31,082,093</b>	<b>\$ 51,836,486</b>	<b>104.5%</b>	<b>62.6%</b>	<b>\$ 31,611,934</b>	<b>\$ 854,186</b>
<b>Expenditures</b>							
Salaries	\$ 14,859,744	\$ 16,521,195	\$ 28,197,974	89.9%	52.7%	\$ 14,863,689	\$ (3,945)
Employee Benefits	5,431,425	6,189,290	10,563,730	87.8%	51.4%	5,437,147	\$ (5,722)
Contractual Services	2,414,278	2,427,914	4,143,904	99.4%	58.3%	1,845,245	\$ 569,032
General Materials & Supplies	2,156,541	1,623,135	2,770,327	132.9%	77.8%	1,399,577	\$ 756,964
Travel & Conference/Meeting	147,691	160,872	274,572	91.8%	53.8%	58,152	\$ 89,539
Fixed Charges	1,093,774	947,141	1,616,557	115.5%	67.7%	1,338,411	\$ (244,637)
Utilities	533,850	710,405	1,212,502	75.1%	44.0%	580,715	\$ (46,864)
Capital Outlay	629,068	1,858,135	3,171,420	33.9%	19.8%	286,590	\$ 342,478
Other Expenditures	496,497	531,884	907,807	93.3%	54.7%	624,765	\$ (128,268)
Contingency	-	87,885	150,000	0.0%	0.0%	-	\$ -
<b>Total Expenditures</b>	<b>\$ 27,762,869</b>	<b>\$ 31,057,855</b>	<b>\$ 53,008,793</b>	<b>89.4%</b>	<b>52.4%</b>	<b>\$ 26,434,291</b>	<b>\$ 1,328,577</b>
<b>Surplus/(deficit)</b>	<b>\$ 4,703,252</b>	<b>\$ 24,238</b>	<b>\$ (1,172,307)</b>			<b>\$ 5,177,642</b>	<b>\$ (474,391)</b>
Net Transfers Out/(In)	\$ -		\$ 1,000,000			\$ 700,000	\$ (700,000)
<b>Net Operating Funds Surplus/(Deficit)</b>	<b>\$ 4,703,252</b>	<b>\$ 24,238</b>	<b>\$ (2,172,307)</b>			<b>\$ 4,477,642</b>	<b>\$ 225,609</b>
<i>Beginning Fund Balance</i>	<i>32,311,033</i>	<i>32,311,033</i>	<i>32,311,033</i>			<i>29,109,315</i>	
<i>Net Operating Funds Surplus/(Deficit)</i>	<i>4,703,252</i>	<i>24,238</i>	<i>(2,172,307)</i>			<i>4,477,642</i>	
<i>Add: Contingency (assumption is it is not used)</i>			<i>150,000</i>				
<b>Calculated YTD Ending Fund Balance (b)</b>	<b>\$ 37,014,285</b>	<b>\$ 32,335,271</b>	<b>\$ 30,288,726</b>			<b>\$ 33,586,957</b>	

**Operating Funds - Statement of Activities**  
**January 31, 2022**

	Actual	Budget
<b>Revenue</b>		
Local Governmental Sources	16,683,447.84	28,225,058.00
State Governmental Sources	2,368,850.23	4,056,435.00
Federal Governmental Sources	-	-
Student Tuition & Fees	9,852,140.70	13,350,427.00
Sales & Service Fees	29,577.00	52,750.00
Facilities Revenue	15,966.00	18,966.00
Nongovernmental Gifts, Scholarships, Grants & Bequests	12,236.30	11,000.00
Other Revenue	3,503,902.12	6,121,850.00
<b>Total Revenue</b>	<b>32,466,120.19</b>	<b>51,836,486.00</b>



<b>Expenditures</b>		
Salaries	14,859,743.63	28,197,974.00
Employee Benefits	5,431,425.44	10,563,730.00
Contractual Services	2,414,277.80	4,143,904.00
General Materials & Supplies	2,156,540.74	2,770,327.00
Travel & Conference/Meeting	147,691.12	274,572.00
Fixed Charges	1,093,774.28	1,616,557.00
Utilities	533,850.36	1,212,502.00
Capital Outlay	629,067.96	3,171,420.00
Other Expenditures	496,497.18	907,807.00
Contingency	-	150,000.00
<b>Total Expenditures</b>	<b>27,762,868.51</b>	<b>53,008,793.00</b>
<b>Excess/(deficit) of revenues over expenditures</b>	<b>4,703,251.68</b>	<b>(1,172,307.00)</b>



\*#N/A or "-" indicates that there is no activity to record for this category in Fund 01 or 02.

## 2.0 COLLEGE OPERATIONS

### 2.1 MANAGEMENT OF COLLEGE FUNDS

#### 2.1.1 INVESTMENTS

Revised  
11/2/05  
07/24/14  
2/28/19  
4/25/19  
2/27/20

##### A. Scope of Policy

As required by the *Public Funds Investment Act* (30 ILCS 235/1 *et seq.*), this Investment Policy governs the investment of all College funds including any new or temporary funds placed within the custody of the College, and will be administered consistent with applicable state and federal laws.

##### B. Objectives

The purpose of this Investment Policy is to establish cash management and investment guidelines for the stewardship of public funds of the College. The specific objectives of the policy will be as follows:

1. Safety – The security of monies, whether on hand or invested, shall be the primary concern of the Treasurer in selecting depositories or investments.
2. Liquidity - The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating requirements.
3. Return -The Treasurer shall seek to attain a market average or better rate of return throughout budgetary and economic cycles, taking into account risk, constraints, cash flow, and legal restrictions on investment. All investments shall be selected on the basis of competitive bids.

##### C. Diversification

The College will diversify its investments to the best of its ability based on the type of funds invested and on cash flow needs. Diversification can be by type of investment, number of institutions invested in, and length of maturity, and shall seek to reduce the risk of loss which may result from over-concentration in a specific maturity, issuer, or class of securities. No more than 5% of the College's funds may be invested in any one single issuer, with the exception of the U.S. Treasury, ~~or~~ any of the federal agencies or instrumentalities, and diversified corporate bond ETFs.

##### D. Responsibility of College Treasurer for Investment Program and Related Operational Procedures

The Board delegates the investment of funds to the Treasurer. The Treasurer shall be responsible for all transactions and shall establish written operational procedures designed to prevent losses of funds that might arise from fraud, employee error, misrepresentation by third parties, or imprudent action by employees of the College. The procedures shall include a system of controls for all authorized subordinates who are directly involved in investment activities. Only the Treasurer is authorized to establish financial accounts and investments for the College. Authorized signatories are not permitted to reconcile bank accounts at any time.

The Treasurer shall annually cause an independent review of internal controls to be conducted by external auditors, to ensure compliance with this aspect of the Investment Policy.

The College may engage the services of an external investment manager to assist in the management of the College's investment portfolio in a manner consistent with the College's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the *Investment Advisers Act of 1940*.

#### E. Performance Measures

The Treasurer will seek to earn a rate of return appropriate for the type of investments being managed, given the portfolio objectives, and will strive to earn, over the course of a complete business cycle, an average rate of return equal to or greater than the College's designated benchmark(s). The Treasurer will establish and maintain the College's benchmark(s).

#### F. Periodic Review of Investment Portfolio

The Treasurer shall conduct appropriate periodic reviews, not less than annually, of the investment portfolio, its effectiveness in meeting the College's needs for safety, liquidity, rate of return, and diversification, and its general performance.

#### G. Reporting

The Treasurer will report monthly to the Board of Trustees on all investments, by College fund, financial institution, investment amount, interest rate, maturity date and other pertinent information deemed necessary. At least quarterly, the Treasurer shall provide a written report of investment activities to the Board of Trustees and College President, including information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date.

#### H. Authorized Investments

The College may invest its funds in any investments allowed by Section 2 of the *Public Funds Investment Act*, (30 ILCS 235/2) including, without limitation, the following:

1. Notes, bonds, certificates of indebtedness, treasury bills, or other securities, which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
2. Bonds, notes, debentures or other similar obligations of the United States of America, its agencies, and its instrumentalities.
3. Interest bearing 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*.
4. Obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating

services and is on the approved list of the College's contracted SEC registered Investment Advisor and which mature not later than 3 years from the date of purchase/settlement, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the College's funds may be invested in short term obligations of corporations that mature in 270 days or less at the time of settlement and an additional one-third of the College's funds may be invested in obligations of corporations that mature between 270 days and three years at the time of settlement.

5. Interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the municipality or county or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 3 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.
6. Money market mutual funds registered under the *Investment Company Act of 1940*, provided that the portfolio of any such money market mutual fund is limited to obligations described in paragraph (1) or (2) of this subsection and to agreements to repurchase such obligations.
7. Mutual funds that invest primarily in corporate investment grade short term bonds. Purchases of mutual funds in short term bonds shall be limited to funds with assets of at least \$100 million and that have an average credit quality of at least a single A rating established by a recognized rating service. No more than 25% of the College's funds may be invested in these mutual funds.
8. Investment options offered by the Illinois Trust, IIIT Class
9. Investment options offered by the Treasurer of the State of Illinois (i.e. Illinois Funds).
10. Investment options offered by the Illinois School District Liquid Asset Fund Plus.

Any percentage limits, rating requirements, or other investment parameters identified throughout this investment policy will be calculated and/ or evaluated based on the original cost of each investment at the time of purchase, based on settlement date, of the security in determining compliance with the investment policy.

I. Selection of Financial Institutions

Financial institutions which are located in Community College District No. 528 or have a branch office in the District may request to become a depository for College funds, upon meeting the requirements of Section 6 of the *Public Funds Investment Act ("Act")* and of this Policy. In selecting all depositories, the College will require compliance with Section 6 of the Act, and will take into consideration a financial institution's security, size, location, financial condition, service, fees, competitiveness, and community relations involvement. Funds also may be deposited with investment options offered by the Treasurer of the State of Illinois (i.e., Illinois Funds).

The College will not maintain funds in any financial institution that is not a member of the Federal Deposit Insurance Corporation (FDIC) system. In addition, the College will not maintain funds in any institution not willing or able to post required collateral for funds or to purchase private insurance to protect College funds on deposit in excess of FDIC insurable limits.

J. Collateralization

1. It is the policy of the College to require that time deposits in excess of federally insured limits be secured by collateral (110%), or a FHLB letter of credit, or if, at the time of purchase, the bank carries a top tier short-term rating of A1/P1 or better without regard to gradation and long-term rating of A- or better and is on the Approved List of the College's contracted SEC-registered Investment Advisor, ~~or private insurance to protect public deposits in a single financial institution if it were to default.~~
2. Eligible collateral instruments are any investment instruments acceptable under and subject to the conditions set forth in Sections 6(d) through 6(g) of the *Illinois Public Funds Investment Act*, 30 ILCS 235/6(d) - 6(g). The collateral must be placed in safekeeping at or before the time the College places the deposits with the bank so that it is evident that the purchase of the investment is predicated on the securing of collateral.
3. Maturity of acceptable collateral shall not exceed 120 months.
4. The ratio of fair market value of collateral to the amount of funds secured shall be reviewed monthly and additional collateral will be requested when the ratio declines below the level required.
5. Single institution pools can be used to pledge collateral to cover uninsured deposits at financial institution(s). A pledge report shall be received directly from the custodian.

~~5.6.~~ The College requires monthly reports with market values of pledged securities unless the College is utilizing a FHLB letter of credit for that financial institution.

~~6.7.~~ Safekeeping of Collateral

Third party safekeeping is required for all collateral. To accomplish this, the pledged securities will be held at a safekeeping depository, separate from the bank where the deposits are placed, as approved from time to time by the Treasurer.

Safekeeping will be documented by an approved written agreement.

Substitution, exchange or release of securities held in safekeeping may be done upon two (2) days prior written notice to the Treasurer, and only on condition that the market value of the replacement securities is equal to or greater than the market value of the securities for which they are being substituted.

K. Safekeeping of Securities

Securities, unless held physically by the College, require third party safekeeping. The College will have the sole responsibility for selecting safekeeping agents. Safekeeping will be documented by an approved written agreement.

L. Prudent Person Standard

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.

In maintaining its investment portfolio, the Treasurer shall avoid any transaction that might impair public confidence in McHenry County College.

The above standards are established as standards for professional responsibility and shall be applied in the context of managing the portfolio.

The Treasurer and employees of the College acting in accordance with this Investment Policy and procedures as have been or may be established and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market changes.

M. Ethics and Conflicts of Interest

No person involved in the investment process shall make any investment decision based upon personal or political gain or consequence. This Policy will be administered consistent with Federal and State laws pertaining to public funds investments.

N. Sustainable Investing

The College will regularly consider any material, relevant, and decision-useful sustainability factors, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors include, but are not limited to: (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided under the *Illinois Sustainable Investing Act*. While such factors are not determinative for investment decisions, the College will periodically review portfolio holdings to determine their consistency with these objectives and will provide specific issuers that are restricted from purchase under this policy.

O. Amendment

This Policy will be reviewed annually, during the quarter after fiscal year end, and revised upon approval of the Board of Trustees.

**2.1.2 BORROWING**

### **2.1.2.1**

Revised  
6/26/14

#### **INTERFUND LOANS**

The Treasurer is authorized to make, as interfund loans, transfers from any fund over which the Board has control to any other fund maintained by the College. Each such loan must be repaid to the proper fund within one year as required by Section 3-34 of the *Illinois Public Community College Act* (110 ILCS 805/3-34.) The Treasurer will keep the Board informed of these transfers.

Pursuant to section 3-20.10 of the *Illinois Public Community College Act* (110 ILCS 805/3-20.10), when the College has insufficient monies to defray the necessary expenses of the College, including amounts needed to pay maturing principal and interest of bonds, the Board,