

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
OCTOBER 16, 2012 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Investment Agreements	<ul style="list-style-type: none"> ✓ Resolution Ordinance Motion Discussion Only 	Judy Buttny Finance Director

SYNOPSIS

Resolutions have been prepared to enter into agreements with Cole Taylor (CDARS), MB Financial, Associated Bank, First Empire Securities and Raymond James to invest Village funds pursuant to the provisions of the Cash Management and Investment Policy. Charter One has notified the Village that it is no longer involved in government banking in this area and does not wish to continue to participate in the Village’s Investment Program.

STRATEGIC PLAN ALIGNMENT

The Goals for 2011-2018 include *Steward of Financial and Environmental Sustainability*.

FISCAL IMPACT

By expanding the financial institutions that can bid on investments the Village will be able to maximize its interest income. While yields are relatively modest today, there still are variations in secure approved financial instruments that are carried by various institutions. This may allow the Village to take advantage of those variations in yield in the future.

RECOMMENDATION

Approval on the October 16, 2012 consent agenda.

BACKGROUND

Early in 2008, Village Council approved revisions to the Cash Management and Investment Policy following review by the Finance & Administrative Committee. Among the revisions to the policy was the creation of a Cash Investment Program, which expanded the universe of qualified financial institutions available to the Village for cash management, and created a competitive bidding process to allow the Village to receive the highest secure return on investments. In June 2008, the Village Council approved seven additional financial institutions to participate in the Cash Investment Program, along with incumbent PMA. In January of 2009 the Village Council approved IMET to be added to the program.

Of the five recommended additions three are banks, one is a brokerage firm and one is due to the purchase of an existing financial firm (Raymond James purchased Morgan Keegan). All have provided references and all have provided documentation that they will abide by our investment policies and provide appropriate collateralization. Also Charter One has requested to be decertified as they no longer provide services to Government in this region. After these actions, there will be 13 certified institutions.

A full list of the current and new institutions is below.

Current Members of Village of Downers Grove Investment Group

- PMA
- Illinois Funds
- Harris Bank
- Wintrust – Community Bank of Downers Grove
- US Bank
- Fifth Third Bank
- Federated Money Market
- Charter One (decertifying)
- Morgan Keegan (purchased by Raymond Jones)
- IMET

New Members of Investment Group

- Cole Taylor Bank
- Associated Bank
- MB Financial Bank
- First Empire Securities
- Raymond James (purchased by Morgan Keegan)

ATTACHMENTS

Resolutions

Contract Documents

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING EXECUTION OF AN
AGREEMENT BETWEEN THE VILLAGE OF
DOWNERS GROVE AND FIRST EMPIRE SECURITIES, INC.**

BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the form and substance of a certain Agreement (the “Agreement”), between the Village of Downers Grove (“Customer”) and First Empire Securities, Inc. (“FES”), for the investment of Village funds, as set forth in the form of the Agreement submitted to this meeting with the recommendation of the Village Manager, is hereby approved.

2. That the Village Manager and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Agreement, substantially in the form approved in the foregoing paragraph of this Resolution, together with such changes as the Manager shall deem necessary.

3. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Agreement and that the Village Manager is authorized to designate certain Village employees as “authorized persons” to carry out activities under the Agreement.

4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

Mayor

Passed:

Attest:

Village Clerk

FIRST EMPIRE SECURITIES

Member FINRA/SIPC

100 Motor Parkway, 2nd Floor
Hauppauge, NY 11788
Tel: 631.979.0097
Fax: 631.979.0448
Toll Free: 800.645.5424
www.1empire.com

Account Agreement

You have opened an account with First Empire Securities, Inc. First Empire Securities, Inc. ("First Empire") is an introducing broker dealer that carries its accounts on a fully disclosed basis through Pershing LLC ("Pershing"), a BNY Securities Group Company, pursuant to a written clearing agreement. First Empire and Pershing are both S.E.C. registered broker-dealers.

This agreement sets forth the responsibilities of First Empire and Pershing for your account. At all times we will exercise ordinary care with respect to your account. Your signature below constitutes your acceptance of and agreement to these terms and conditions.

First Empire is independent of Pershing and retained Pershing to provide certain record keeping and operational services, which may include execution and settlement of securities transactions, custody of securities and cash balances, and extension of credit on margin transactions. These services are provided under a written Clearing Agreement between Pershing and First Empire. It is important that you understand the responsibilities of First Empire and Pershing under the Clearing Agreement as outlined below.

Responsibilities of First Empire:

First Empire has general responsibility for servicing and supervising your securities account through its own personnel in accordance with its own policies and applicable laws and regulations. First Empire is responsible for approving the opening of your account and obtaining necessary account documentation. First Empire is responsible for knowing you and your stated investment objectives and any investment advice, investment recommendations, or investment management services that may be provided to you. It is also responsible for determining whether particular kinds of transactions, which may be recommended to you are appropriate for you. First Empire is responsible for the acceptance and, in certain instances, execution of securities orders, and for knowing the facts about any orders for the purchase or sale of securities for your account. If First Empire is a market maker in any securities or otherwise trades as principal with you, it is responsible for compliance with fair pricing and disclosure responsibilities to you.

If First Empire obtains possession of any cash or securities intended for your account, it is responsible for correctly identifying and promptly forwarding the same to Pershing. First Empire is responsible for supervising the activities of the individual (if any) who services your account, for resolving any complaints regarding the handling of your account, and, in general, for the ongoing relationship that it has with you. In all of the above matters relating to the servicing of your account, Pershing has no involvement and assumes no responsibility.

Responsibilities of Pershing:

In general, Pershing is only responsible for those services provided at the request or direction of First Empire as contemplated by the Clearing Agreement. Pershing will create computer-based account records on your behalf in such name(s) and with such address(es) as your financial organization directs. Pershing will process orders for the purchase, sale, or transfer of securities for your account as your financial organization directs. Pershing is not obligated to accept orders for securities transactions for your account directly from you and will do so only in exceptional circumstances. Pershing will receive and deliver cash and securities for your account and will record such receipts and deliveries according to information provided either by First Empire or directly, in writing, by you. Pershing will hold in custody securities and cash received for your account, and will collect and disburse dividends and interest and process reorganization and voting instructions with respect to securities held in custody. Pershing is responsible for the custody of your cash and securities only after it comes into Pershing's physical possession or control. Pershing will prepare and transmit to you or provide facilities to your financial organization for the preparation and transmission of confirmations of trades. Pershing will prepare and transmit periodic account statements summarizing transactions processed for your account to you. If First Empire opens a margin account for you, Pershing will loan you money for the purpose of purchasing or holding securities subject to the terms of Pershing's written Margin Agreement and Pershing margin policies and applicable margin regulations. First Empire is responsible for obtaining the initial margin as required by Regulation T. Thereafter, Pershing will calculate the amount of maintenance margin required. Pershing will advise you of those requirements, usually through First Empire. Pershing will also calculate the interest charged on your debit balance, if any. In connection with all of the functions that Pershing performs, Pershing maintains the books and records required by law and by business practice. Pershing will provide First Empire with written reports of all transactions processed for your account to enable it to carry out its responsibilities under the Clearing Agreement. Pershing will assist you and First Empire with any discrepancies or errors that may occur in the processing of transactions for your account.

PERSHING DOES NOT CONTROL, AUDIT, OR OTHERWISE SUPERVISE THE ACTIVITIES OF FIRST EMPIRE OR ITS EMPLOYEES. PERSHING DOES NOT VERIFY INFORMATION PROVIDED BY FIRST EMPIRE REGARDING YOUR ACCOUNT OR TRANSACTIONS PROCESSED FOR YOUR ACCOUNT NOR UNDERTAKE RESPONSIBILITY FOR REVIEWING THE APPROPRIATENESS OF TRANSACTIONS ENTERED BY FIRST EMPIRE ON YOUR BEHALF.

FIRST EMPIRE SECURITIES

Member FINRA/SIPC

100 Motor Parkway, 2nd Floor
Hauppauge, NY 11788
Tel: 631.979.0097
Fax: 631.979.0448
Toll Free: 800.645.5424
www.1empire.com

CLIENT AUTHORIZATION FOR INTERNET ACCOUNT ACCESS

Fax or mail the completed form to: First Empire Securities, Inc. 100 Motor Parkway, 2nd Floor, Hauppauge, NY 11788, or fax to 631-979-0448. Once the above information has been received by FES, it will be entered into Pershing LLC's database, and the account information should be accessible within 48 hours.

This form is used to authorize First Empire Securities, Inc. ("FES") to set up a User ID and password for viewing account information through the FES website located at www.1empire.com. Please Print.

1. Account Number(s):

We must have a valid 9-digit FES account number. If you have more than one account, in the same name, please list all account numbers.

(P) 50M _____

(P) 50M _____

(P) 50M _____

(P) 50M _____

2. Account Name and Address:

This is the account name or title that corresponds to the account numbers listed above.

Name: _____

Address: _____

3. Subscriber User ID:

Please provide a personal login (User ID). It can be alphanumeric, and should be at least one, but no more than 15 characters. Please note that your user ID cannot contain any spaces and/or symbols and should not be your tax ID or social security number and/or your account number. PLEASE PROVIDE AN ALTERNATIVE.

1st Choice: _____

Alternate: _____

BY SIGNING BELOW, I HEREBY AUTHORIZE FES TO SET UP A USER ID AND PASSWORD FOR ACCESSING ACCOUNT INFORMATION THROUGH THE FES WEBSITE.

Subscriber Signature

Subscriber Name (please print)

4. E-mail Address: _____

To issue a User ID, we must have a valid e-mail address, complete with the @. Example: name@domain.com.

5. Tax identification #: _____

Please enter the tax identification or social security number on the account.

6. Other Verifying Information:

For identification purposes, you are required to provide the date of birth for the User ID.

Date of Birth: _____

The LOGIN NAME will be the User ID specified, and the PASSWORD will be automatically set as FE followed by mm/dd/yy of user's d.o.b. You will be required to change the password after the first time you log in. The password must be 8 alphanumeric characters.

FES RECOMMENDS THAT YOU USE A SECURE WEB BROWSER FOR VIEWING ACCOUNT INFORMATION ON THE WEBSITE.

If this is a Corporate or Business account, an authorized officer must also sign authorizing access. This must be signed by an individual in addition to the individual requesting the User ID.

Additional Authorized Officer Signature, Title

Notice of Privacy Policies

We value our relationships with our customers and are dedicated to providing them with exceptional products and services. As part of our dedication to servicing their financial needs, First Empire Securities, Inc. ("FES") is committed to protecting the confidentiality of nonpublic personal information about our customers. This privacy notice is to inform our customers about the types of information that is obtained from customers, how that information is used, and the measures taken to protect that information.

Information Obtained From Customers

In order to establish an account with a customer, FES requests the customer to provide certain personal nonpublic information, including: address, telephone number, Social Security number/Tax ID, income/net worth, employment, marital status, investment history and objectives, and other personal information that will assist us in recommending suitable investments.

How Information is Protected

FES restricts access to nonpublic personal information to those employees who need to know that information to provide products or services to our customers. We maintain physical, electronic and procedural safeguards that comply with federal and state regulations to guard such information.

Disclosure

We do not disclose any nonpublic personal information about our customers or former customers to anyone except as permitted by law. Nonpublic personal information as outlined above will only be disclosed for such purposes as conducting and auditing our business, administering the business of affiliated organization, responding to requests from government authorities or regulatory bodies, or as authorized or requested by our customers. Such disclosures include, but are not limited to:

- **Affiliates** – We may provide information to affiliated companies to enable them to provide business services and offer products and services they provide.
- **Agents** – We may provide information to enable agents to offer and provide our products and services to our customers.
- **Clearing Broker** – We may provide information to our clearing broker to enable them to process and clear transactions in financial products.
- **Government Authorities and Regulatory Bodies** – We may provide information upon request from governmental authorities or regulatory bodies for the purpose of preventing fraud, auditing our business, or other reason for which the entity is legally permitted to request information.

We do not share, trade, sell, exchange or disclose nonpublic personal information except as stated above or to otherwise conduct a securities business. It is our policy not to disclose any nonpublic personal information to non-affiliates other than service providers and third parties that aid in fulfilling the services requested by our clients.

About This Privacy Notice

The examples contained herein are provided as illustrations and are not a comprehensive account of the rights of any party under applicable federal or state laws. The policies stated herein will remain in effect even after an account is closed, to the extent that the information is retained. We may from time to time amend this policy and will inform you of any changes as required by law. For additional information, contact First Empire Headquarters via mail. Please send the letter to the attention of the Privacy Notice Information.

Business Continuity Plan Disclosure

First Empire Securities, Inc. has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

Contacting Us – If after a significant business disruption you cannot contact us as you usually do at 631-979-0097 or 800-645-5424, you should call our alternative number 800-551-2971 or go to our web site at www.1empire.com. If you cannot access us through either of those means, you should contact our clearing firm, Pershing LLC, at 201-413-3635 or 213-624-6100 ext. 500 for instructions on how it may provide prompt access to funds, securities, account information and/or to enter orders or accept your account instructions.

Our Business Continuity Plan – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

Our clearing firm, Pershing LLC, backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, our clearing firm has advised us that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments within four hours. Your orders and requests for funds and securities could be delayed during this period.

Varying Disruptions – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within 24 to 48 hours. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within 24 to 48 hours. In either situation, we plan to continue in business, transfer operations to our clearing firm if necessary, and notify you through our web site www.1empire.com or our customer emergency number, 800-551-2971 how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

For more information – If you have questions about our business continuity planning, please contact us at 631-979-0097.