

STATE OF ILLINOIS
BEFORE THE JO-CARROLL DEPOT
LOCAL REDEVELOPMENT AUTHORITY

Resolution No. 6 Amendment 1

A resolution to designate depositories of the funds of the LRA.

WHEREAS, the Jo-Carroll Depot Local Redevelopment Authority (the LRA) has and shall in the future hold funds of the LRA; and

WHEREAS, the LRA wishes to designate the depository for those funds;

NOW, THEREFORE, BE IT RESOLVED by the Jo-Carroll Depot Local Redevelopment Authority:

Section 1. The following financial institutions shall be the depositories of all funds of this Agency. The prior use of the same institutions as the depository of funds of the Agency is approved:

- Apple River State Bank
- Citizens State Bank
- Dupaco Community Credit Union
- East Dubuque Savings Bank
- Elizabeth State Bank
- Exchange State Bank
- First Community Bank
- First Savanna Savings Bank
- First State Bank
- Galena State Bank & Trust
- Metrobank
- Milledgeville State Bank
- Mt. Carroll Banking Center
- Savanna-Thomson State Bank
- The National Bank
- Union Bank
- US Bank

Section 2. This resolution shall be effective immediately upon its adoption by the LRA and shall continue in full force and effect until such time as it may be repealed.

Passed this 3rd day of September, A.D. 2008 by the Board of Directors of the Jo-Carroll Depot Local Redevelopment Authority
Wm S. McFarlane
Chairman

State of Illinois

)
)ss.

I, Dawn Lucas, Secretary for the Jo-Carroll Depot Local

Redevelopment Authority, keeper of the records and files thereof in accordance with law,

do hereby certify the foregoing resolution was passed by the Board of Directors at its

monthly meeting held in Savanna, Illinois and the date aforesaid in accordance with law.

In testimony whereof, I have hereunto set my hand at Savanna, Illinois this 3rd

day of September, A.D. 2008.

Dawn Lucas
Secretary

STATE OF ILLINOIS
BEFORE THE JO-CARROLL DEPOT LOCAL REDEVELOPMENT
AUTHORITY

Resolution No. 6

A resolution to designate depositories of the funds of the LRA.

WHEREAS, the Jo-Carroll Depot Local Redevelopment Authority (the L.R.A.) has and shall in the future hold funds of the L.R.A.; and

WHEREAS, the L.R.A. wishes to designate the depository for those funds;

NOW, THEREFORE, BE IT RESOLVED by the Jo-Carroll Depot Local Redevelopment Authority:

Section 1. The following financial institutions shall be the depositories of all funds of this Agency. The prior use of the same institutions as the depository of funds of this Agency is approved:

- Citizens State Bank
- East Dubuque Savings
- Elizabeth State Bank
- First Community
- First Savanna Savings
- Metrobank
- Millidgeville State Bank
- Galena State Bank & Trust
- Savanna State Bank
- The National Bank
- Union Bank

Section 2. This resolution shall be effective immediately upon its adoption by the L.R.A. and shall continue in full force and effect until such time as it may be repealed.

Passed this 4th day of September, A.D. 2001 by the Board of Directors of the Jo-Carroll Depot Local Redevelopment Authority

William S. McFallon

Chairman

State of Illinois)
) ss.)
County of Carroll)

I, Mara Sutton, Secretary for the Jo-Carroll Depot Local Redevelopment Authority, keeper of the records and files thereof in accordance with law, do hereby certify the foregoing resolution was passed by the Board of Directors at its monthly meeting held at MT-Carroll, Illinois and the date aforesaid in accordance with law. Savanna

In testimony whereof, I have hereunto set my hand at Savanna, Illinois this 4th day of SEPTEMBER, A.D. 2002.

Mara Sutton
Secretary

JO-CARROLL LOCAL REDEVELOPMENT AUTHORITY

INVESTMENT POLICY

May 21, 2008

A. PURPOSE

1. The purpose of this Investment Policy Statement ("Statement") is to set forth the investment objectives and policies applicable to the Jo-Carroll Local Redevelopment Authority's ("LRA's") Portfolio of investment assets ("Portfolio"). The Statement has been developed from an evaluation of many key factors that impact the LRA's specific situation and investment objectives. It is intended to be a summary of an investment philosophy that provides guidance for the LRA Board and any Financial Advisor(s) it may consult. This Policy will:
 - a. Establish reasonable expectations, objectives, and guidelines in the investment of the Portfolio;
 - b. Set forth an investment structure detailing permitted investments and identifying certain prohibited investments;
 - c. Encourage effective communication between the LRA and any Financial Advisor; and
 - d. Create the framework for a well-diversified asset mix that can be expected to generate both acceptable short-and long-term return at an acceptable level of risk.

B. SCOPE

This Investment Policy Statement applies only to those assets for which the LRA Board has discretionary authority.

1. Responsibility of the Board of Directors - The Jo-Carroll Local Redevelopment Authority Board of Directors ("Board") is charged with the responsibility for the management of all its assets. The Board shall discharge its duties solely in the interest of the LRA and, with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character with like aims. The specific responsibilities of the Board relating to Portfolio management include:
 - a. Projecting the LRA's financial needs, including estimates of expected net cash flow and communicating such needs to any Financial Advisor(s), on a timely basis, at least annually. In the event of a dramatic change of financial objectives, such as by a revised investment plan or otherwise upon approval of the Board, such projection should be performed more frequently as needed.
 - b. Determining the LRA's risk tolerance and investment time horizon and communicating these to the appropriate parties, at least annually.

- 1. General Risk Aversion – Asset Preservation is of paramount concern. The only acceptable risk is that which is adequately compensated by potential portfolio returns.
- 2. Diversification – A diverse set of asset classes will be selected to help minimize risk. The proportionality of the mix of asset classes will determine the long-term risk and return characteristics of the investment strategy as a whole.

Decisions on the structure, implementation and monitoring of the investment strategy will be influenced by the underlying concepts of Asset Preservation, reasonable liquidity and reasonable returns on investments. The basic tenets under which the Portfolio will be managed include the following:

C. INVESTMENT PHILOSOPHY

- c. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Portfolio.
- d. Prudently and diligently selecting qualified Financial Advisor(s) to provide investment advice.
- e. Regularly evaluating the performance of the Financial Advisor(s) to assure adherence to policy guidelines and monitor investment objective progress.
- f. Developing and enacting proper control procedures to insure that all investments of the LRA are consistent with this policy.
- g. Delegating to the Finance Committee, the responsibility to plan and report on the matters discussed in this section and act on any such reports and approve actions as needed.
- 2. Delegation of responsibilities - The Board of Directors shall delegate certain investment advice to professional financial advisors. The Financial Advisor's role is to work with the Board and execute agreed investment directions consistent with this document. The Financial Advisor may assist in: establishing investment policy, objectives, and guidelines; selecting and/or recommending one or more investments consistent with this Policy; periodically reviewing LRA investment assets; measuring and evaluating investment performance and informing the Board regarding any recommended change in investments or sell, and hold specific securities which are designed to achieve the long term goals of the LRA. The Advisor is responsible for assisting the Board to make an appropriate asset allocation decision based on the particular needs, objectives, and risk profile of the LRA. The Advisor will be available on a regular basis to confer with the Board and periodically review the Portfolio for suitability based on information provided by the Board. For all investment products used to implement the Portfolio, the Advisor will provide the LRA with appropriate investment literature as required by law, such as current prospectuses for mutual funds.

D. INVESTMENT OBJECTIVES

1. Preservation of Capital - The LRA through its Financial Advisor(s) shall make reasonable efforts to preserve capital through diversification, understanding that losses may occur in individual securities.

2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the Board recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the investment objectives. However, the Advisor(s) is (are) expected to make reasonable efforts to control risk through diversification.

3. Adherence to Investment Discipline - Any Financial Advisor(s) used by the LRA will be expected to adhere to the Investment Policy of the Board and will be evaluated regularly for such adherence.

4. Long Term Growth of Assets - The Portfolio is to achieve a balanced return of current income and modest growth of principal through a portfolio diversified among fixed income securities, and cash equivalents.

E. INVESTMENT GUIDELINES

1. Permitted Investments

- a. Cash Equivalents
- b. Fixed Income Securities
 - 1) Money Market Funds
 - 2) Certificates of Deposit (CDs)
 - 3) Treasury Securities (bills, notes, and bonds)
 - 4) Pass Book Savings Accounts

2. Prohibited Investments: [include, but are not limited to the following]:
 - 1) US Government and Agency Securities
 - 2) Corporate Notes and Bonds (Rated AAA or better)
 - 3) Mortgage Backed Bonds
 - 4) Fixed income (bond) mutual funds

a. Commodities and Futures Contracts

b. Private Placements

c. Options

d. Stocks of Non-US Companies not traded on US exchanges

e. Non Investment Grade Corporate Bonds (Rated Less than "AAA")

f. Equity Securities such as Common Stocks and Equity Mutual funds

3. Prohibited Transactions: [Include, but are not limited to the following]:

a. Short Selling

b. Margin Transactions

c. Any investment which shall constitute an interested party transaction.

4. Any selected advisor and managers acting on the Portfolio must adhere to the following guidelines:

a. Trading and Execution: to use best efforts to obtain best execution of orders through reputable brokerages at the most favorable terms and competitive commission rates.

b. Liquidity: the Board delegates to staff to monitor the cash flow on a regular basis, and sufficient liquidity shall be maintained to fund payment outflows. When withdrawals become necessary, the Board will notify the advisor as far in advance as possible to allow sufficient time to build up necessary liquid reserves. The advisor will review cash flow requirements with the Board and staff at least annually.

5. Asset Allocation Guidelines - To remain consistent with the asset allocation guidelines established in this document, the advisor shall periodically review the Portfolio and each asset class invested. When available, cash may be deployed in a manner that will bring the asset allocation back to target. The Portfolio will be reviewed on a quarterly basis to ensure that it's within the policy guidelines outlined above. If it is outside of the acceptable ranges, the Portfolio will be rebalanced back to the recommended allocation. The following general asset allocation parameters have been identified as appropriate in order to meet the long-term investment goals of the LRA:

Asset Class	Target	Tolerance
Cash and Cash Equivalents	50%	45% - 55%
Fixed - Short and medium term bonds	50%	45% - 55%

F. INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this document, the Finance Committee will review investment policy at least annually. Evidence and results of that review will be documented in the committee's minutes and distributed to the Finance Committee for approval and reporting to the full Board.