

<p>Village President P. Sean Michels</p> <p>Village Clerk Cynthia Galbreath</p> <p>Village Administrator Brent M. Eichelberger</p>	 <p>10 S. Municipal Drive Sugar Grove, Illinois 60554 Phone: 630-466-4507 Fax: 630-466-4521</p>	<p>Village Trustees</p> <p>Robert Bohler Kevin Geary Mari Johnson Rick Montalto David Paluch Thomas Renk</p>
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Agenda
November 6, 2012
Regular Board Meeting
6:00 P.M.
Committee of the Whole - Cancelled

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Public Hearing:
 - a. None
5. Appointments and Presentations
 - a. None
6. Public Comment on Items Scheduled for Action
7. Consent Agenda
 - a. Approval: Minutes of the October 16 and 30, 2012 Meetings
 - b. Approval: Vouchers
 - c. Ordinance: Adopting an Investment Policy
8. General Business
 - a. Announcement & Approval: 2012 Proposed Property Tax Levy
 - b. Discussion: Status of Emerald Ash Borer (EAB)
9. New Business
 - a. None
10. Reports
 - a. Staff Reports
 - b. Trustee Reports
 - c. Presidents Report
11. Public Comments
12. Airport Report
13. Closed Session: Land Acquisition, Personnel, Litigation
14. Adjournment

*The consent agenda is made up of items that have been previously discussed, non-controversial, or routine in subject manner and are voted on as a 'package'. However, by simple request any member of the Board may remove an item from the consent agenda to have it voted upon separately. Items that are marked as * STAR – indicate that the item is Subject to Attorney Review*

Members of the public wishing to address the Board shall adhere to the following rules and procedures:

1. Complete the public comment sign-in sheet prior to the start of the meeting.
2. The Village President will call members of the public to the podium at the appropriate time.
3. Upon reaching the podium, the speaker should clearly state his or her name and address.
4. Individual comment is limited to three (3) minutes. The Village President will notify the speaker when time has expired.
5. Persons addressing the Board shall refrain from commenting about the private activities, lifestyles, or beliefs of others, including Village employees and elected officials, which are unrelated to the business of the Village Board. Also, speakers should refrain from comments or conduct that is uncivil, rude, vulgar, profane, or otherwise disruptive. Any person engaging in such conduct shall be requested to leave the meeting.
6. The aforementioned rules pertaining to public comment may be waived by the Village President, or by a majority of a quorum of the Village Board.
7. Except during the time allotted for public discussion and comment, no person, other than a member of the Board, shall address that body, except with the consent of two (2) of the members present.



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TOP RESOURCE PAGES

1. News Items of Municipal Interest - October 5, 2012
2. News Items of Municipal Interest - October 1, 2012

The Tiny Insect That Will Cost Your Municipality Millions

By Jeff Palmer, ISA Certified Arborist

Municipalities throughout Illinois are coming to terms with an insect-driven financial wreck. The emerald ash borer (EAB) is the terminator of insects with a 100% kill rate. This summer its reach and impact have grown exponentially, threatening the Chicagoland area alone with \$3 billion to \$4 billion in unbudgeted forestry costs. Its reach throughout the entire state of Illinois threatens to make that number far worse.

In areas where EAB has touched down, we now know it will infest every ash tree. And, every ash tree that is untreated will die within a few years. The Chicago area is saturated with EAB. Bloomington/Normal is losing trees. Champaign/Urbana is confirmed in defense mode. Its arrival in your area is imminent according to many experts.

How difficult is it for your town to come up with \$1 million? \$5 million? \$20 million? EAB is not like your typical mortgage lender who spreads out costs for 15 or 30 years. When EAB hits, it hits your municipality's budget very hard and very right now. The Society of Municipal Arborists refers to this as the "financial tsunami."

EAB is not visible for the first couple of years and then, in approximately year three, it shows itself externally in perhaps a couple hundred trees which cost \$200 thousand to remove and replace. Exponential growth of the bug increases this to more than a thousand infestations in year five, which pushes removal costs over \$1 million. Infestation grows at that rate – along with costs – until all of the trees are dead. For a town like Joliet with more than 20,000 ash trees, 80% of which are showing external symptoms, this could mean \$20 million in unbudgeted costs over the next five years.

Arlington Heights bonded \$11 million for removal and replacement of its 13,000 government property ash trees. However, the village has funded a program that rebates homeowners for part of the cost of treatment. If successful, Arlington Heights will not need to use the bond money. Naperville is treating all of their parkway ash in order to avoid spending an estimated \$14 million in removal and replacement costs in the next five years. And the largest municipal government in Illinois, the city of Chicago, has a policy in place to treat its 90,000 parkway ash to avoid the \$100 million tree removal and replacement cost.

After more than 10 years of battling this pest in the U.S., arborists and city managers have learned that it can be managed and towns can avoid the massive economic costs associated with wholesale removal. There is still a financial cost to management, but the lump sum payable in the near term can be avoided while maintaining the significant benefits of a mature urban tree canopy. Here are the three EAB management options along with analysis from observing implementation of each in multiple states.

"DO NOTHING" OR "LET DIE" APPROACH

This is surprisingly common across local government and has many advocates who indicate that preserving ash trees is only "kicking the can down the street" or "delaying the inevitable."

For a town with several thousand ash trees, the do nothing approach is a guaranteed contract to spend millions of dollars within five years of infestation.

We have yet to find a group of homeowners in any community affected by EAB who support this approach. Residents choose communities with mature trees because of the pleasant environment they provide, which also contributes to home values. In fact, a 30 year old green ash in Illinois provides at least \$150 in annual value to the community or residence where the tree stands. The value is measured in increased property value, storm water sequestration, energy savings, and many additional benefits. Multiply that times 10,000 parkway ash and that equals \$1,500,000 of annual value lost if the mature trees are removed.

The most egregious aspect of the do nothing approach is the risk it creates to people and property. The rapid spread of EAB means that local governments cannot cut down trees faster than they die. For towns like Skokie, Oak Lawn, and Geneva this means that mature trees as tall as 60 feet stand dead and at risk of falling on homes and other property and severing power supplies.

THE "SAVE EVERY TREE" APPROACH

The root of the EAB crisis lies in the density of ash trees in urban environments. It is common for ash to constitute 20 percent or more of a town's tree population. Many towns used the ash as a replacement for fallen elms because of its durability, availability, and the shade it provides. Developers often used ash as their primary tree species. The density of ash planted 30 years ago created the issue we are now dealing with.

It is sound urban forest management to strive for a more diverse tree canopy over time. A gradual movement toward diversity through replacement of poor condition trees is a smart approach.

THE INTEGRATED MANAGEMENT APPROACH

The Society of Municipal Arborists, in their study of different EAB management strategies, found that an integrated management approach was financially superior to all other approaches.

The components to integrated management are: segmentation of the ash population into "desirable" and "undesirable" segments; utilization of treatment on desirable ash and strategic removal of undesirable ash; and, introduction of new varieties over time. When implemented in concert these components allow a municipality to preserve all of the benefits of mature trees while avoiding the impossible costs of removal and replacement.

The average tree census finds 10 to 15 percent of trees are undesirable because they are in poor health, have suffered damage, or are poorly located (e.g., under power lines). The undesirable ash population can be expanded by including young ash trees that are very inexpensive to remove. So, before treatment is begun a significant percentage of the ash population can be segmented out as candidates for removal.

The most effective treatment is labeled for two years of protection and is effective at treating trees with at least 50% of their canopy intact. Cities such as Chicago often retreat in the third year, creating a more cost effective treatment cycle. For an ash population of 10,000 trees, this would cost approximately \$250,000 per year. Over seven years, which is the maximum life expectancy of an infested tree, a town would pay \$1.75 million to treat versus \$10 million to remove and replace.

Municipalities should expect and plan for the treatment costs to go down over time. In less than 10 years and after 100 percent of untreated ash die, EAB will lose its food source. Studies indicate that the EAB population will crash and treatment intervals can be expanded. Treatment cycles may lengthen to four to six years which will significantly reduce the cost.

As cities and villages throughout Illinois deal with budget shortfalls and the new reality of today's smaller tax base it is easy to put trees on the "back burner." But there's a bigger reality that is supported by ten years of data. Municipalities will pay to remediate the effects of EAB on their streets and boulevards. The only question is how much.

It requires less than a day's work to model the cost implications of different EAB management plans for a particular municipality and there are many free resources available to help. For the majority of Illinois municipalities there is still time to evaluate the different cost options and make a clear determination about which financial option is best for a given municipality.

There is a town immediately north of Chicago that took the "Do Nothing Approach" and today it has many dozens of mature trees that died and are dying faster than they can be cut down. With the history, data, and tools available today this does not need to be repeated in your town.

COST COMPARISON OF EMERALD ASH BORER MANAGEMENT PLANS

10,000 Ash Tree Population

	Do Nothing/ Let Die*	Integrated Plan**
Year 1	0	\$474,620
Year 2	\$275,000	\$474,620
Year 3	\$1,485,000	\$474,620
Year 4	\$3,740,000	\$474,620

Year 5	\$3,740,000	\$474,620
Year 6	\$1,485,000	\$474,620
Year 7	\$275,000	\$474,620
Year 8	\$0	\$160,020
Cost	\$11,000,000	\$3,482,360
Lost Benefits	\$12,000,000	Minimized
Total Cost	\$23,000,000	\$3,482,360

* Costs distributed over a normal bell curve beginning one year after detection and for an eight year period which is the intense management phase of the EAB population cycle.

** Year 1-7 costs are for treatment (80% of population) and removal and replacement (20% of population) on three-year treatment cycle. Year 8 cost is for treatment.

All calculations based on \$60 average treatment cost and \$1,100 average removal and replacement cost.

Jeff Palmer is an ISA Certified Arborist with ArborJet and an expert on Emerald Ash Borer. He is currently consulting with cities and training arborists throughout Illinois on EAB management. Find out more about the Emerald Ash Borer at the IML Annual Conference.

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**PARKWAY TREE INVENTORY BY SUBDIVISION
(Prior to EAB)**

Subdivision	Total # of Parkway Trees (Prior to EAB)	Total # of Ash Trees (Prior to EAB)	Percent of Ash
Black Walnut / Windstone	1006	260	26%
Bliss Woods	288	114	40%
East / West Sugar Grove	681	114	17%
Hannaford Farm	45	0	0%
Mallard Point / Rolling Oaks	139	54	39%
Meadowridge Villas	75	0	0%
Settler's Ridge	456	0	0%
Walnut Woods	583	184	32%
Windsor Pointe	567	265	47%
Windsor West	331	67	20%
TOTALS (Prior to EAB) :	4,171	1058	25%

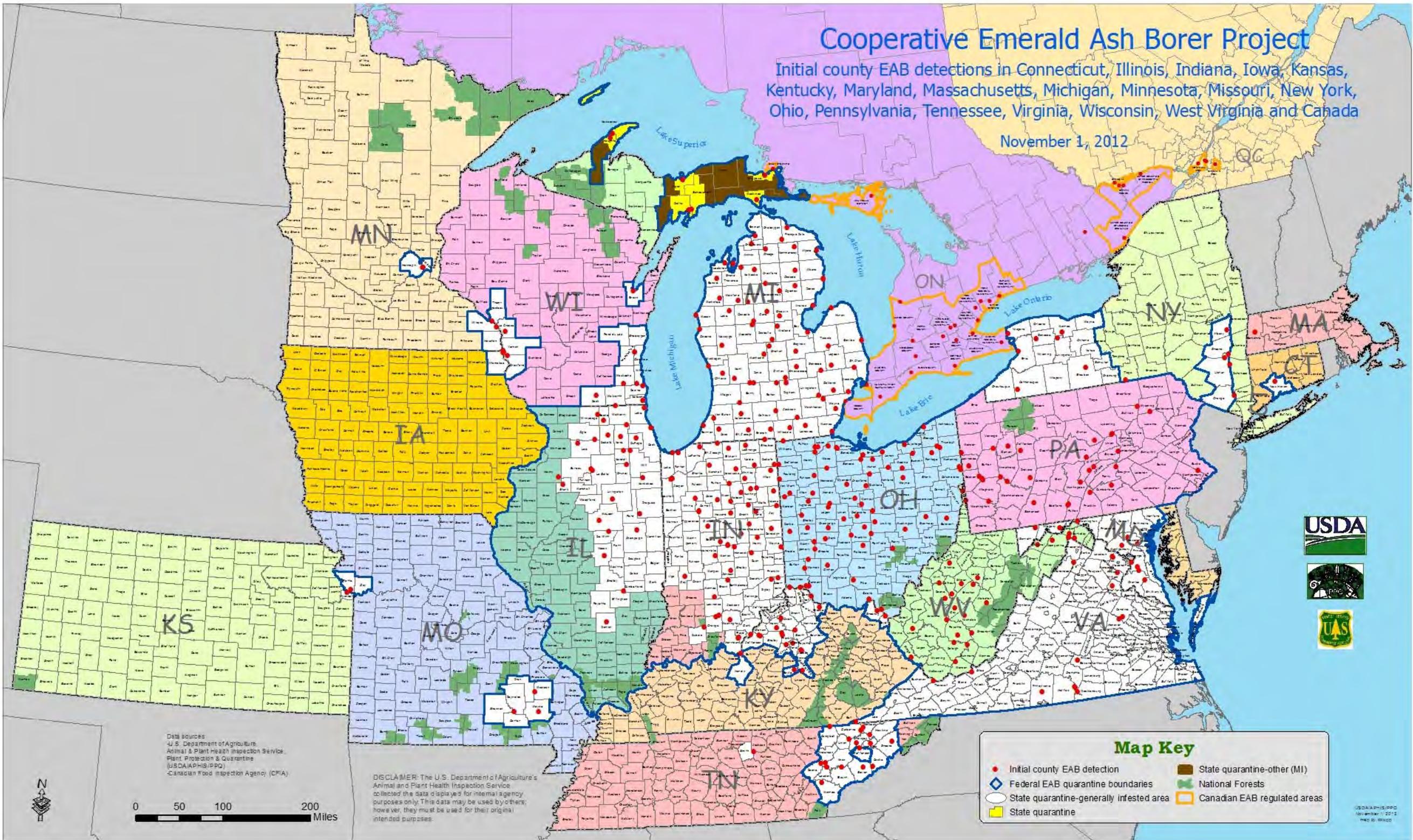
PARKWAY TREE INVENTORY BY SUBDIVISION

Subdivision	Total # of Parkway Trees (As of 11/6/12)	Total # of Ash Trees (As of 11/6/12)	Ash Trees Removed (Since 2008)	Percent of Ash Remaining
Black Walnut / Windstone	942	196	64	21%
Bliss Woods	279	105	9	38%
East / West Sugar Grove	596	29	85	5%
Hannaford Farm	45	0	0	0%
Mallard Point / Rolling Oaks	125	40	14	32%
Meadowridge Villas	75	0	0	0%
Settler's Ridge	456	0	0	0%
Walnut Woods	527	128	56	24%
Windsor Pointe	391	89	176	23%
Windsor West	328	64	3	20%
TOTALS (As of 11/6/12) :	3,764	651	407	17%

Cooperative Emerald Ash Borer Project

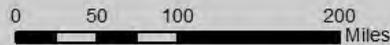
Initial county EAB detections in Connecticut, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New York, Ohio, Pennsylvania, Tennessee, Virginia, Wisconsin, West Virginia and Canada

November 1, 2012



Data sources:
 U.S. Department of Agriculture,
 Animal & Plant Health Inspection Service,
 Plant Protection & Quarantine
 (USDA/APHIS/PPQ),
 Canadian Food Inspection Agency (CFIA)

DISCLAIMER: The U.S. Department of Agriculture's Animal and Plant Health Inspection Service collected the data displayed for internal agency purposes only. This data may be used by others; however, they must be used for their original intended purposes.



Map Key

- Initial county EAB detection
- ◆ Federal EAB quarantine boundaries
- State quarantine-generally infested area
- State quarantine
- State quarantine-other (MI)
- National Forests
- Canadian EAB regulated areas

3.4 Emerald Ash Borer Management

Emerald Ash Borer (EAB), *Agrilus planipennis* is an extremely destructive tree-killing beetle. This insect is an invasive species from China that most probably arrived in the United States as larvae living in shipping pallets. The beetle was first discovered in Michigan, but the pest is now devastating the ash tree (genus *Fraxinus*) population in Illinois. These insects can quickly decimate ash populations in an infested area, which poses a significant loss of tree benefits to communities as well as a high financial burden due to the expense of tree removals for municipalities and land owners.

Illinois communities were initially infested in 2006. The State of Illinois declared the insect a statewide nuisance, which allows municipalities some statutory control over eradication measures. (See Attachment 3 – State of Illinois EAB Nuisance Declaration). At the time of this writing, 40 of the 102 Illinois counties were included in the State-quarantine. (See Attachment 4 – Quarantine Area – December, 2011). The Federal government predicts that, if the EAB's infestation continues unchecked, all ash will be lost in infested areas within a few years. The loss would be significant in both economic and environmental terms because the ash genus was heavily planted in response to a previous devastation of American elm due to Dutch elm disease. State and federal documents, EAB information, and updates can be viewed at the Illinois Department of Agriculture EAB website (www.illinoiseab.com).

Emerald Ash Borer Life Cycle

The Emerald Ash Borer has three distinct phases: Pupae, Larvae and Adult. Each phase and the damage the insect does in that phase appears to follow a predictable timeline, as described in Graphic 1 on the next page.

Pupae – The larvae from the previous season develop into pupae that spend winter in small chambers. Pupae develop into adult beetles in late spring.

Adult – The adult EAB emerges in May and takes flight. The adult eventually alights on a new tree and feeds on leaves for a few weeks. During this period, the tree damage is minimal. Although the adult stage seems to have minimal impact, in the later stage of this cycle the female deposits eggs on the bark, which are problematic.

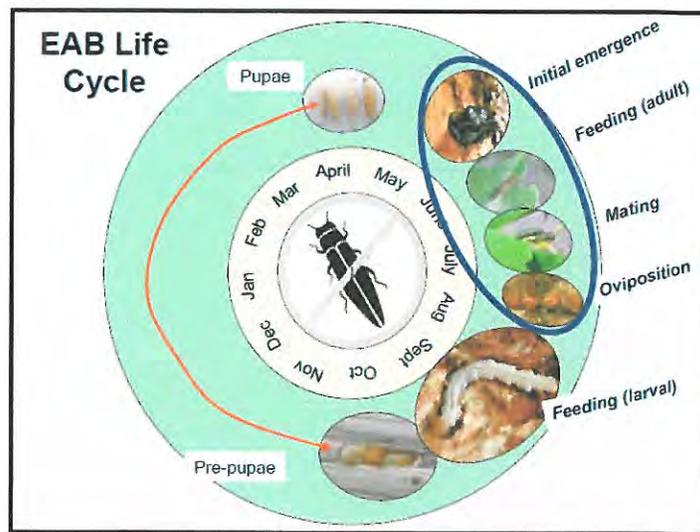
Village of Sugar Grove Urban Forestry Plan

Larvae – The deposited eggs mature, and the larvae produced bore into the phloem of the tree. The larvae feed for the next six to eight weeks, and they create tightly packed horizontal galleries that are in a zigzag pattern. The most destruction to the tree occurs during this phase. See Image 1 – Ash with typical EAB galleries.

Damage to a tree's phloem and cambium disrupts the vascular system of the tree; this prevents the flow of water and nutrients to parts of the tree. Knowledge of the nature and timing of the various EAB phases is important, as this informs potential mitigation strategies and might optimize the effectiveness of treatments such as chemical injections or aerial spraying. For example, mid-spring treatment may prevent damage from the subsequent larval stage. Additionally, inspections in early fall, prior to leaf drop, will identify trees that have moved into the poor condition class since the early summer.



Image 1: Ash with typical EAB galleries



Graphic 1: Emerald Ash Borer Life Cycle (Purdue University, 2009: http://extension.entm.purdue.edu/EAB/index.php?page=ident/eab_life_cycle)

Village of Sugar Grove Urban Forestry Plan

Visual Indicators of Emerald Ash Borer

There are no early and clear visual indicators of Emerald Ash Borer's presence in a tree. It can be assumed that most trees in the Chicago metropolitan area have some degree of infestation given the breadth of the quarantine areas. Rural communities will like be infested over the next five years. The most visually obvious indicators are only observable after extensive damage has already occurred; they include:

Crown Decline – As the phloem becomes damaged, water and nutrient distribution to the crown extremities are reduced. This results in a visually obvious disparity between the upper and lower crown where the upper crown will have fewer and smaller leaves. This gives the upper crown an anemic look.

Water Sprouts – As the tree is stressed, dormant buds at the base or lower portion of the trunk actively produce numerous aggressive sprouts that grow from the tree.

Woodpecker Damage – The presence of woodpecker damage provides a strong indicator of a heavily infested tree. The damage appears as patches of lightly colored bark from afar. A closer inspection shows that the patches are made from the chipping off of the older and grayer surface bark, which reveals the lighter exposed sub surface bark. An even closer inspection reveals numerous rough-edged quarter-inch holes (See Image 2).



Image 2: Woodpecker damage

Galleries – The shape and style of the horizontal and zigzag patterned galleries are distinct to EAB.

Unless the bark has sloughed off, however, the galleries are only visible once the bark has been physically removed with a draw knife.

D-Shaped Exit Holes – The D-shaped 1/8th-inch exit holes are also a clear indicator of EAB. Again, unfortunately, this indicator is typically not observable unless the bark has been removed with a draw knife.

Village of Sugar Grove Urban Forestry Plan

Emerald ash borer is likely to be the biggest problem in urban forestry since the outbreak of Dutch elm disease. Given that 13% of the Sugar Grove tree population consists of ash trees, which are susceptible to EAB, it is essential that municipalities act progressively and responsibly to minimize the spread of this beetle.

At the community level, the infestation severity determines most of the options available to any one community. A heavily infested community will need to conduct a large number of removals in a short time period. Infestation patterns are not homogenous. Communities as geographically wide ranging as Elburn, Algonquin, Wilmette, Oak Park and Homewood have seen significant losses from EAB already. On the other hand, communities adjacent to the above communities have yet to experience the same level of losses. To complicate the issue, we have no strong visual indicators through which we can use to determine the extent of internal damage to ash. This point is an important factor if trying to establish a chemical treatment regimen. Although the direct economic burden that the Village must assume for this tree management is accompanied by the long-term environmental and associated economic losses from canopy reduction, it is an issue that must be addressed to restore and maintain healthy, sustained and expanding canopy.

One option in the fight against EAB is the preventative treatment of ash trees with insecticides, such as imidicloprid. Various sources have suggested that if a given ash tree has at least 50 to 75 percent of its canopy intact it may be a candidate for insecticide use. With an estimated cost of \$3/diameter inch of tree/year however, treating a large portion of ash trees will be cost prohibitive. Insecticide use could be a worthwhile EAB strategy for large trees that contribute a significant amount to the community. Of the various ash species planted in Northeast Illinois, green ash, *Fraxinus pennsylvanica* is the most common and also presents the largest maintenance costs of the ashes due to frequent hanger shoots and poor structure. Because of this, we recommend focusing insecticide treatments only on a select few green ash. Blue, White, and Manchurian ash make up only a small percentage of trees and are generally higher quality which may warrant greater usage of insecticides. Overall, insecticide use is generally not recommended for municipal trees due to the expense.

Village of Sugar Grove Urban Forestry Plan

Table 14 provides the chemical treatment cost estimates per inch of diameter for annual treatment, unless otherwise specified. The data was compiled from eight bids and on the three primary treatments that are currently available. In addition to the average of the eight bids, the lowest and highest quotes are also provided.

Table 14 - Chemical Treatment Cost Comparisons for Northeast Illinois			
Treatment	Cost Comparisons (Eight Bidders)		
	Low	High	Average
Imidacloprid	\$1.29	\$8.00	\$2.96
TreeAge	\$3.90	\$12.50	\$7.61
Xytect	\$1.65	\$7.75	\$3.29

Table 15 provides the anticipated cost to annually treat all of the trees in fair or better condition. The imidacloprid and Xytect are annual injections. TreeAge requires a biannual treatment.

Table 15 - Cost Estimates of Chemical Treatment of all Ash in Fair or Better Condition				
Treatment	Calculations			
	Quantity	Total Inches	Average Price per Inch	Total
Imidacloprid	234	2,681	\$2.96	\$ 7,936
TreeAge	234	2,681	\$7.61	\$ 20,402
Xytect	234	2,681	\$3.29	\$ 8,820

Table 16 provides the anticipated cost to annually treat all of the trees in good or better condition. The imidacloprid and Xytect are annual injections. TreeAge requires a biannual treatment.

Village of Sugar Grove Urban Forestry Plan

Table 12 provides the anticipated cost to remove all of the remaining ash trees in fair or worse condition as a subset of the entire population.

Table 12 Removal Cost Estimates for Ash Trees in Fair or Worse Condition				
Diameter Class	Calculations			
	Quantity	Total Inches	Average Per Inch Price	Total
1 -12	43	389	\$12.62	\$4,909
13 – 18	42	641	\$15.03	\$9,634
19 – 24	6	122	\$18.93	\$2,309
25 - 30	4	107	\$22.25	\$2,381
31 – 36	0	0	\$25.12	\$0
37"+	0	0	\$29.12	\$0
Total	95	1,259		\$19,233

Table 13 provides the anticipated cost to remove the remaining ash in poor or worse condition.

Table 13-Removal Cost Estimates for Ash Trees in Poor or Worse Condition				
Diameter Class	Calculations			
	Quantity	Total Inches	Average Per Inch Price	Total
1 -12	11	79	\$12.62	\$997
13 – 18	2	29	\$15.03	\$436
19 – 24	1	21	\$18.93	\$398
25 - 30	0	0	\$22.25	\$0
31 – 36	0	0	\$25.12	\$0
37"+	0	0	\$29.12	\$0
Total	14	129		\$1,831

Report on Emerald Ash Borer in Sugar Grove

Background:

Emerald Ash Borer is an extremely destructive tree-killing beetle. This insect is an invasive species native to China and most probably arrived in the United States as a live larvae living in shipping pallets. It was first discovered in Michigan in 2002.

Emerald Ash Borer (EAB) was first discovered in Illinois in June 2006 in Northern Kane County and has since been confirmed by the Illinois Department of Agriculture in several Kane, Cook, DuPage and LaSalle county communities. EAB was first discovered in Sugar Grove in July of 2008. The infestation was discovered in a group of twelve Ash trees located in a landscape buffer behind Jewel / Osco adjacent to Capitol Drive. There is a good possibility that the trees were planted with the EAB already present. The infestation has since spread to all corners of the Village. The Village is currently in year 4 of an infestation cycle anticipated to last 10 to 12 years. The next 3 to 4 years will be the worst as far as exponential increase in visible insect damage.

Symptoms of EAB:

EAB is a small, metallic green, non-native pest whose larva feed on the Ash tree limiting the trees ability to deliver nutrients to the crown. This causes the tree to stress and begin to decline. The damage is subtle at first, but symptoms (including crown die-back, trunk sprouts and split bark) become more noticeable over time. An infested tree can take between 2 and 4 years to show significant symptoms. The adult ash borer emerges from the trunk of the Ash in early June leaving a ¼” “D-shaped” exit hole. The adults can travel up to ½ mile away looking for a mate. The female then lays eggs on the bark of the Ash trees. These eggs hatch into larva and burrow into the bark. The larva feed on the vascular tissue of the bark, leaving “S-shaped” galleries just under the bark on the trunk. This feeding is what damages the tree and disrupts the flow of nutrients to the crown. The beetle is small and stealth-like in its behavior, making very difficult to detect.

Initial Response Plan in 2008:

With the discovery of the EAB, the Public Works Department has created a response plan to address both public and private needs during this infestation. The response plan includes:

- **Inspection:** to document the spread and impact of the borer as well as identify Ash trees for removal
- **Communication / Education:** The Public Works Department will update the Village President and Board, residents and other private sector entities on how to recognize signs of infestation, what to do if discovered and the current stage of the Village response plan. These updates will be given via the Village web-site and newsletter. Illinois Department of Agriculture handouts and door hangars will also be used in areas where EAB has been discovered.
- **Removal:** as necessary, Ash trees on public property that are dead, in severe decline or pose a significant risk of hosting the EAB will be removed. This process is referred to as selective reduction in order to slow the spread of EAB. Any private property tree confirmed to fit the above profile will be the responsibility of the homeowner for removal.

- **Replacement:** the Village will make every attempt to replace trees that are removed from parkways and Village property as a result of EAB with other species utilizing current diversity standards, based on budget availability.

Tree Inventory / Inspections:

In 2008, Natural Path Urban Forestry Consultants and Village Staff completed an inventory and found 1,058 Ash trees out of 4,171 total trees. This equates to a 25% Ash Population.

An updated inventory was started in October 2011 and is completed in the fall of 2012. At present, there are a total of 3,764 trees with 651 of those being Ash species (See Chart 1). This equates to approximately 17% Ash population. Public Works Staff has also been inspecting Ash trees in Village parkways and Village owned property since 2008. So far, EAB has been confirmed in 9 subdivisions including: Black Walnut Trails, Bliss Woods, East Sugar Grove, Mallard Point, Walnut Woods, West Sugar Grove, Windsor Pointe, Windsor West and Windstone. At the time of this report, Staff has inspected over 500 Ash trees.

Communication with Residents:

If a tree in the parkway adjacent a residence is determined to be infested and in need of removal; a letter is sent to the affected resident outlining the discovery, the process for removal and a proposed schedule for the tree and stump removal. Should funding be available, information regarding the current 50/50 Replacement Program will also be included. At this time, Staff will conduct an initial inspection of Private Property trees and offer a suggested course of action, but have not finalized a program to deal with infested trees that are the responsibility of residents.

Removal:

Removal of an Ash is only completed if it is confirmed to have EAB and meets the following requirements: has 1/3 crown die-back, has bark splits from the feeding larva and has trunk sprouts. If removal is required on parkways and Village owned property, Public Works staff will remove the Ash tree, strip the bark, inspect the trunk, chip the tree and dispose of the waste wood. Should the Ash tree be of larger diameter (14" and above), a contractor would be required for removal. A qualified and registered tree removal company is selected. On average, the Village is spending approximately \$15.52 per inch of tree for removals. In other words, a 12" diameter tree costs \$186.36 to remove. A total of 407 Ash trees have been removed since 2008. This is an average of 101 trees per year removed.

Replacement of Ash Trees on Public Property:

The Village of Sugar Grove offers a 50/50 Parkway Tree Replacement Program to residents as a way to expedite replacement of the removed tree, providing funds are available. Information regarding the program will be included with the letter sent to residents upon confirmation of an infested Ash tree. Replacement trees are typically 2 to 2½ inches in diameter and of a species outlined in the Village's "Acceptable Shade Tree Species" list. The Village has two separate planting seasons, Spring and Fall. The list of tree species varies between the two, since certain

types of trees can only be planted during certain seasons. This list is available at the Village web site for review, www.sugar-grove.il.us.

At this time, the Village is spending approximately \$385.00 per tree for replacements. The Village and residents are splitting the costs for a total \$192.50 each on average. We are planting an average of 22 trees per year for replacements, while removing 101 per year on average.

Treatment:

The treatment of infested Ash trees on Village property was not included at the onset of the infestation due largely to the fact that we could not estimate the extent of the problem and it was not a widely accepted practice. Simply stated, the impacts associated with treatment at the beginning would have been overwhelming to the Village's budget based on the number Ash trees, the length of time treatment would be needed and the costs per treatment.

Since that time, advancements in treatments, reductions in cost and success rates have increased, bringing treatment back into the discussion as a possible component of the EAB Response Plan. The average cost of one type treatment with an insecticide called Imidicloprid is \$3/inch of tree. In other words, a 12" diameter tree would cost \$36.00 annually to treat. Several factors would need to be met prior to deciding on treatment, including: canopy health, insect pressure, size of tree and current overall condition. At present, the Village has approximately 234 Ash trees that are in fair or better condition that could meet the criteria for treatment. The estimated costs to treat all of the trees would be approximately \$8,000.00 annually. Please keep in mind that this is an average cost, and as with all contracts, cost may be different if the Village moves forward with treatment.

There are some drawbacks to treatment however. For instance, we have no strong visual indicators to determine the extent of interior EAB damage. Once the damage becomes visible, it is usually too late to treat and removal is the only option left. In addition, the insecticide relies on the feeding process of the tree to carry it through the trunk and to the canopy. Drought conditions such as we witnessed this year can hamper the effectiveness of the insecticide. Watering treated trees is also necessary, adding to the costs.

Residents who are interested in treating Ash trees on private property are not discouraged from doing so. Staff advises that they consult a private certified arborist prior to beginning any such program. Before making a decision, residents are encouraged to consider the long-term cost of annual treatments versus the cost of having the tree removed and replaced with an alternate species. Certified arborists in our area that are in compliance with the Illinois Department of Agriculture EAB Program may be found by checking the following website: <http://illinoisarborist.org/CertifiedArboristsNew.htm>.

Conclusion:

The Emerald Ash Borer (EAB) poses a significant threat to the Ash tree population in Sugar Grove. The Village is committed to providing assistance to residents regarding the care and preservation of parkway and private property Ash trees. Village staff will continue to inventory and monitor trees closely to determine the severity of the EAB infestation.

**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: ANTHONY SPECIALE, DIRECTOR OF PUBLIC WORKS
GEOFF PAYTON, STREETS & PROPERTIES SUPERVISOR
SUBJECT: DISCUSSION: STATUS OF EMERALD ASH BORER
AGENDA: NOVEMBER 6, 2012 REGULAR BOARD MEETING
DATE: NOVEMBER 2, 2012

ISSUE

That the Village Board review the status of Emerald Ash Borer in the Village and discuss adding treatment options to the Village's Emerald Ash Borer Response Plan.

DISCUSSION

In July of 2008, Emerald Ash Borer (EAB) was discovered in Sugar Grove along a landscape buffer adjacent to the Jewel / Osco site. Since that time, EAB has spread to all corners of the Village. The Village is currently in year 4 of an anticipated 10 to 12 year infestation. To date, Village Staff have removed 407 infested Ash trees as part of the current response plan. Attached to this report is an analysis of the current state of EAB within the Village and historical data on plantings and removals.

As of now, treatment options are not currently part of the tool box for dealing with EAB; however, recent developments in effectiveness and reductions in cost have made treatment worth exploring. Also included with report is a preliminary outline of treatment costs should the Village wish to pursue insecticide treatments.

COST

There are no costs associated with this Board Report

RECOMMENDATION

That the Village Board review the current state of EAB within the Village and discuss the possibility of perusing treatments in the future as part of the Village's EAB Response Plan.

Village of Sugar Grove Investment Policy

I. Purpose

The purpose of this investment policy (Policy) is to formalize the framework for the Village of Sugar Grove, Illinois' (Village) investment activities. This policy applies to all of the Village's financial assets and is intended to be broad enough to allow the Village to function properly within the parameters of responsibility and authority, while adequately safeguarding such assets. All transactions involving the Village's financial assets, and related activity, shall be administered and conducted in accordance with this Policy.

II. Governing Authority

The Village's investment program shall comply at all times with the Illinois Public Funds Investment Act (30 ILCS 235/1 *et seq.*) and other state laws governing the investment of public funds, as amended from time to time. In the event of any conflict between this Policy and the Illinois Public Funds Investment Act and other state laws, the provisions of the Illinois Public Funds Investment Act and other state laws shall control.

III. Scope

This Policy applies to the investment activities of the Village with regard to the financial assets of all funds, with the following exceptions:

- A. The Village of Sugar Grove Police Pension Fund is governed by the Sugar Grove Police Pension Board and has a separate investment policy.
- B. Funds set aside to decrease Village debt in conjunction with a refunding agreement will be invested in accordance with appropriate bond documents and not necessarily in compliance with this Policy.
- C. Should bond covenants be more restrictive than this Policy, funds will be invested in full compliance with those restrictions.

The following funds are accounted for in the Village's Comprehensive Annual Financial Report and are covered under this Policy:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Agency Funds
- Any new fund created by the Village President and Board of Trustees (collectively the "Board"), unless specifically exempted above

Village of Sugar Grove
Investment Policy (Continued)

III. Scope (Continued)

Except for cash and investments in certain restricted and special funds, the Village commingles its cash and investments to maximize investment earnings and to increase efficiencies with regard to pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with accounting principles generally accepted in the United States of America.

IV. General Objectives

The primary objectives (Objectives), in order of priority, of all investment activities involving the financial assets of the Village shall be:

- A. Safety: Safety shall be the foremost objective of this Policy and refers to the preservation of capital and protection of investment principal. Village investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the Village's overall portfolio (Portfolio) by mitigating credit and interest rate risk.
 1. Credit Risk: Credit risk is the risk that an issuer of a debt security will not pay its par value upon maturity. The goal will be to minimize credit risk by:
 - Limiting investments to the types of securities identified in Section IX of this Policy; and
 - Diversifying the Portfolio in accordance with Section XI of this Policy, so that potential losses on individual securities will be minimized. Diversification reduces the risk that potential losses on individual securities might exceed the income generated from the remainder of the Portfolio.
 2. Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The goal will be to minimize interest rate risk by:
 - Structuring the Portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
 - Investing operating funds primarily in shorter-term securities, money markets, or similar investment pools.
- B. Liquidity: The Portfolio shall maintain sufficient liquidity to enable the Village to meet all operating requirements and expected liabilities which may be reasonably anticipated in any Village fund.
- C. Return: The Portfolio shall be designed to obtain a reasonable return, which for the purposes of this Policy means the Portfolio should obtain a market-average rate of return in accordance with Section XIV of this Policy, taking into account the Village's investment risk constraints and cash flow needs of the Village's funds.

Village of Sugar Grove
Investment Policy (Continued)

V. Standards of Care

- A. Prudence: The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investments and deposits of public funds shall be made with judgment and care under the 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. Village officers and employees acting in accordance with this Policy, and any other written procedures, and exercising due diligence shall be relieved of personal liability for an individual security’s credit risk or market changes, provided that officers and employees report deviations from expectations in a timely fashion and take appropriate action to control adverse developments.
- B. Maintaining the Public Trust: All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Village.
- C. Ethics and Conflicts of Interest: Officers and employees of the Village who are involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Board any material interests in financial institutions with which they conduct business. They shall further disclose any material personal financial or investment positions that could be related to the performance of the Portfolio. Employees and officers shall subordinate their personal investment transactions to those of the Village, particularly with regard to the timing of purchases and sales.

VI. Delegation of Authority and Responsibilities

- A. Governing Body: The Board will retain ultimate fiduciary responsibility for the Portfolio. The Board will receive monthly reports, designate investment officers, and approve changes to the investment policy.
- B. Investment Officer: Authority to manage the investment program is granted to the Treasurer hereinafter referred to as investment officer as designated by 30 ILCS 235/2.5(a)(7). Management responsibility for the operation of the investment program is hereby delegated to the Treasurer, with the advice and consent of the Budget Officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Policy.

Village of Sugar Grove
Investment Policy (Continued)

VII. Authorized Financial Institutions

The Treasurer will maintain a list and is hereby authorized to deposit Village monies, in accordance with 65 ILCS 5/3.1-35-50, in financial institutions as attached hereto as Appendix A. The Treasurer shall review this list from time to time and shall submit any modifications thereto to the Board for approval. The Treasurer shall be discharged from responsibility for all funds or money the Treasurer deposits in a designated financial institution while the funds and money are so deposited.

Financial institutions may include depositories, investment advisors, broker/dealers, and local government investment pools as authorized in this Policy. Financial institutions who desire to become qualified for transactions must provide certification of having read and understood this Policy, agree to comply with this Policy, and ensure all investments proposed for purchase will conform to this Policy and applicable State statutes. Selection of financial institutions authorized to engage in transactions with the Village shall be at the sole discretion of the Village. Financial institutions will be selected based on financial condition, proper registration, level of service, experience with Illinois municipalities, and competitive pricing.

All depositories shall be insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) and may consist of banks, savings and loan associations, and credit unions. All financial institutions who desire to become designated depositories must supply the following (as appropriate):

- Audited financial statements
- Proof of state registration
- Evidence of adequate insurance coverage

All investment advisors shall be registered under the Investment Advisors Act of 1940. All financial institutions who desire to become designated investment advisors must supply the following (as appropriate):

- Audited financial statements
- Securities and Exchange Commission (SEC) Form ADV – Parts 1 and 2
- Proof of state or SEC registration as appropriate
- Evidence of adequate insurance coverage

All broker/dealers shall be insured by the Securities Investor Protection Corporation (SIPC). All financial institutions who desire to become designated broker/dealers must supply the following (as appropriate):

- Audited financial statements
- Proof of Financial Industry Regulatory Authority (FINRA) certification
- Proof of state registration
- Evidence of adequate insurance coverage

A periodic review of the financial condition and registration of all designated financial institutions will be conducted by the Treasurer, or his or her designee.

Village of Sugar Grove
Investment Policy (Continued)

VII. Authorized Financial Institutions (Continued)

Any financial institution selected by the Village of Sugar Grove may be requested to provide cash management services, including but not limited to: checking accounts, wire transfers, purchase and sale of investment securities and safekeeping services. Fees for banking services shall be mutually agreed to by an authorized representative of the financial institution and the Treasurer of the Village.

VIII. Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the Village shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

IX. Authorized Investments

The Village is empowered by statute to invest in the following:

- A. Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- B. Bonds, notes, debentures, or other similar obligations of the United States of America, its agencies, and its instrumentalities;
- C. Interest-bearing savings 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; provided, however, that such investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation;
- D. Short term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (1) 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 which mature not later than 270 days from the date of purchase, (2) such purchases do not exceed 10% of the corporation's outstanding obligations and (3) no more than one-third of the Village's funds may be invested in short term obligations of corporations;
- E. 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 (1) bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, 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, or its agencies, and its instrumentalities, or (3) agreements to repurchase such obligations;

Village of Sugar Grove
Investment Policy (Continued)

IX. Authorized Investments (Continued)

- F. 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. The bonds shall be registered in the name of the municipality or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions;
- G. Short term discount obligations of the Federal National Mortgage Association;
- H. Shares or other forms of securities legally issuable by State or Federal savings banks or savings and loan associations which are insured by the FDIC;
- I. Dividend-bearing share accounts, share certificate accounts or class of share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States; provided, however, the principal office of any such credit union must be located within the State of Illinois whose accounts of which are insured by applicable law;
- J. A Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act (Illinois Funds);
- K. Illinois Metropolitan Investment Fund (IMET);
- L. Illinois Trust (formerly Illinois Institutional Investors Trust), IIIT Class;
- M. Any other investment permitted by Illinois statute.

X. Collateralization

The Village shall require that deposits in excess of Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and Securities Investor Protection Corporation (SIPC) insurable limits in a single financial institution and investments not guaranteed by the United States of America or one of its agencies be secured by some form of collateral. To fulfill this requirement, every pledge of collateral must be documented by an approved written security and pledge agreement, executed by the financial institution contemporaneously with the acquisition of the pledged collateral by the financial institution.

To the extent that there are funds in excess of FDIC, NCUA, and/or SIPC insurance protection, eligible collateral instruments are as follows:

- Bonds, notes, or other securities constituting direct and general obligations of the United States;

Village of Sugar Grove
Investment Policy (Continued)

X. Collateralization (Continued)

- Bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States;
- Bonds, notes, or other securities or evidence of indebtedness constituting the obligation of a U.S. agency or instrumentality;
- Direct and general obligation bonds of the State of Illinois or of any other state of the United States; provided, however, the bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions;
- Revenue bonds of the State of Illinois or any authority, board, commission, or similar agency thereof; provided, however, the bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions;
- Direct and general obligation bonds of any city, town, county, school district, or other taxing body of any state, the debt service of which is payable from general ad valorem taxes; provided, however, the bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions;
- Revenue bonds of any city, town, county, or school district of the State of Illinois; provided, however, the bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions;

The amount of collateral provided will not be less than 105% of the market value of the net amount of public funds secured. 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.

Third party safekeeping shall be required for all collateral, which may be held at the following locations:

- A Federal Reserve Bank or its branch office; or
- By an independent third party with whom the Village has a current custodial agreement, unless physical securities are involved.

Village of Sugar Grove
Investment Policy (Continued)

X. Collateralization (Continued)

Safekeeping shall be documented by written agreement which may take the form of a safekeeping agreement, trust agreement, escrow agreement, or custody agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the Village. Substitution or exchange of securities held in safekeeping shall not be done without prior written notice of the Village at least 10 days prior to any proposed substitutions and provided that the market value of the replacement securities are equal or greater than the market value of the securities being replaced. The Village must pre-approve all substitution and exchanges of securities.

XI. Diversification

It is the policy of the Village to diversify its Portfolio. Investments shall be diversified to eliminate the risk of loss and balance the effect of interest rate changes on different types of securities. Investment shall be diversified by:

- Limiting investments to avoid over-concentration in securities from a specific issuer;
- Investing in securities with varying maturities;
- Investing a portion of the Portfolio in readily available funds such as bank cash management accounts, money market funds, Illinois Funds, or IMET Convenience Fund to ensure liquidity is maintained to meet ongoing obligations.

With the exception of U.S. Treasury and U.S. agency securities, as well as Illinois Funds, IMET, and Illinois Trust no more than 90% of the Village of Sugar Grove's total investment portfolio will be invested in a single security type and no more than 50% of the Village of Sugar Grove's total investment portfolio will be invested with a single financial institution.

XII. Maximum Maturities

To the extent possible, the Village of Sugar Grove will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than three (3) years from the date of purchase. However, reserve funds may be invested in securities exceeding three (3) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

XIII. Internal Controls

The Treasurer shall establish a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by officers and employees of the Village.

**Village of Sugar Grove
Investment Policy (Continued)**

XIV. Performance Standards

The Portfolio will be managed in accordance with the parameters specified within this Policy. The Portfolio should obtain a market average rate of return during budgetary and economic cycles, taking into account the Village's investment risk constraints and cash flow needs. The Village's investment strategy is passive, which means securities are intended to be held to maturity. Given this strategy, the investment portfolio of the Village shall be designed with the general objective of regularly exceeding the average return of the 90-day U.S. Treasury Bill. The investment program shall seek to augment returns above this level, consistent with risk limitations identified herein and prudent investment principles.

XV. Reporting

- Monthly: The Treasurer shall submit a written cash and investment report to the Board which lists the individual components of the Portfolio by maturity date, valuation by fund, and rate of return.
- Quarterly: The Treasurer shall ensure that the Portfolio is reviewed to determine its general performance and effectiveness in meeting the Objectives.
- Annually: The Comprehensive Annual Financial Report of the Village shall include all investment information and disclosures required by accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board.

XVI. Amendment of Policy

The Treasurer shall review this Policy from time to time and shall submit any modifications thereto to the Board for approval.

In the event that any state or federal legislation or regulation should further restrict instruments, institutions or procedures authorized by this Policy, such restrictions shall be deemed to be immediately incorporated in this Policy. If new legislation or regulation should liberalize the permitted instruments, institutions or procedures, such changes shall be available and included in this Policy only after written notification to the Board and their subsequent approval of said changes.

Revision date: November 6, 2012

Appendix A

Village of Sugar Grove Listing of Authorized Financial Institutions

List of Depositories

Amalgamated Bank
American Heartland Bank and Trust
Associated Bank
BMO Harris Bank
Castle Bank, A division of First National Bank of Omaha
Cole Taylor Bank
Fifth Third Bank
FirstMerit Bank
J.P. Morgan Chase Bank
Old Second National Bank
PMA Financial Network, Inc. (and any bank participating in their program)
U.S. Bank
West Suburban Bank
Wintrust Financial Corporation (including its wholly owned banking subsidiaries)

List of Investment Advisors

PFM Asset Management LLC
Prudent Man Advisors, Inc.

List of Broker/Dealers

Fifth Third Securities, Inc.
J.P. Morgan Securities LLC
PFM Fund Distributors, Inc.
PMA Securities, Inc.

List of Local Government Investment Pools

Illinois Funds
Illinois Metropolitan Investment Fund
Illinois Trust



ORDINANCE NO. 20121106F1

**AN ORDINANCE APPROVING AN INVESTMENT POLICY
FOR THE VILLAGE OF SUGAR GROVE**

WHEREAS, a sound policy in investing the funds of the Village increases public confidence in the operation of the Village; and,

NOW THEREFORE BE IT ORDAINED by the President and Board of Trustees of the Village of Sugar Grove, Kane County, Illinois, as follows:

SECTION ONE: That the Village Board hereby adopts the Village of Sugar Grove Investment Policy dated November 6, 2012, attached hereto as Exhibit A.

SECTION TWO: That as provided for in 65 ILCS 5/3.1-35-50, the Treasurer is hereby authorized to deposit funds and money of the Village, in the custody of the Treasurer, in the financial institutions listed in the Investment Policy.

SECTION THREE: That the Treasurer shall be discharged from responsibility for all funds or money that the Treasurer deposits in a designated financial institution while the funds and money are so deposited.

SECTION FOUR: That all ordinances and resolutions, or parts thereof, in conflict with the provisions of this Ordinance are hereby repealed.

SECTION FIVE: That this Ordinance shall be in full force and effect from and after its passage and approval as provided by law.

ADOPTED this 6th day of November, 2012, by the Corporate Authorities of the Village of Sugar Grove by roll call vote as follows:

	Aye	Nay	Absent
Trustee Bohler	_____	_____	_____
Trustee Paluch	_____	_____	_____
Trustee Renk	_____	_____	_____
Trustee Johnson	_____	_____	_____
Trustee Montalto	_____	_____	_____
Trustee Geary	_____	_____	_____

APPROVED this 6th day of November, 2012, by the President of the Village of Sugar Grove.

P. Sean Michels, Village President

Attest:

Cynthia L. Galbreath, Village Clerk

**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: JUSTIN VANVOOREN, FINANCE DIRECTOR
SUBJECT: APPROVAL: ORDINANCE APPROVING AN INVESTMENT POLICY
AGENDA: NOVEMBER 6, 2012 REGULAR BOARD MEETING
DATE: OCTOBER 17, 2012

ISSUE

Shall the Village Board approve an Investment Policy.

DISCUSSION

The Village Board last discussed the Investment Policy at the October 16, 2012 Regular Village Board meeting and directed staff to make a minor change to Section III.A. to clarify that the Pension Fund is controlled by a separate Pension Fund Board of Trustees, not the Village, and to place the policy on the November 6, 2012 consent agenda for approval. The attached policy has been revised to reflect the directed change to Section III.A.

The Village Board last approved a revision to the investment policy at the March 24, 2009 Village Board meeting. In addition, the Village last revised its list of designated financial institutions at the May 15, 2007 Village Board meeting.

The Finance Department included a review of the policy as one of its fiscal year 2012 – 2013 goals. The general economic climate of the last 2 – 3 years, as well as modifications in state and federal regulations, amendments to accounting and financial reporting standards, and changes in best practices necessitated a review of the existing policy. The Finance Department reviewed 9 policies from Illinois municipalities and the GFOA Sample Investment Policy. The attached policy combines new information, best practices, and current policy and procedures into a comprehensive revision.

COST

There are no costs associated with approval of the Investment Policy.

RECOMMENDATION

That the Village Board adopt an Ordinance approving an Investment Policy for the Village of Sugar Grove.

**Agenda
November 6, 2012
Regular Board Meeting
6:00 P.M.
Committee of the Whole - Cancelled**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Public Hearing:
5. None
6. Appointments and Presentations
 1. None
7. Public Comment on Items Scheduled for Action
8. Consent Agenda
9. Approval: Minutes of the October [16](#) and [30](#), 2012 Meetings
10. Approval: Vouchers
11. [Ordinance](#): [Adopting](#) an [Investment Policy](#)
12. General Business
13. [Announcement & Approval](#): [2012 Proposed Property Tax Levy](#)
14. [Discussion](#): [Status](#) of [Emerald Ash Borer](#) (EAB)
 1. Attachments [I](#), [II](#), [III](#), [IV](#)
15. New Business
16. None
17. Reports
18. Staff Reports
 1. [CD](#)
 2. FIN,
 3. [PD](#)
 1. [attach](#)
 2. [attach](#)
 3. [attach](#)
 4. [PW](#)
19. Trustee Reports
20. Presidents Report
21. Public Comments
22. Airport Report
23. Closed Session: Land Acquisition, Personnel, Litigation
24. Adjournment

*The consent agenda is made up of items that have been previously discussed, non-controversial, or routine in subject manner and are voted on as a 'package'. However, by simple request any member of the Board may remove an item from the consent agenda to have it voted upon separately.
Items that are marked as * STAR – indicate that the item is Subject to Attorney Review*

Members of the public wishing to address the Board shall adhere to the following rules and procedures:

1. Complete the public comment sign-in sheet prior to the start of the meeting.
2. The Village President will call members of the public to the podium at the appropriate time.
3. Upon reaching the podium, the speaker should clearly state his or her name and address.
4. Individual comment is limited to three (3) minutes. The Village President will notify the speaker when time has expired.
5. Persons addressing the Board shall refrain from commenting about the private activities, lifestyles, or beliefs of others, including Village employees and elected officials, which are unrelated to the business

of the Village Board. Also, speakers should refrain from comments or conduct that is uncivil, rude, vulgar, profane, or otherwise disruptive. Any person engaging in such conduct shall be requested to leave the meeting.

6. The aforementioned rules pertaining to public comment may be waived by the Village President, or by a majority of a quorum of the Village Board.
7. Except during the time allotted for public discussion and comment, no person, other than a member of the Board, shall address that body, except with the consent of two (2) of the members present.

**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: JUSTIN VANVOOREN, FINANCE DIRECTOR
SUBJECT: 2012 PROPOSED PROPERTY TAX LEVY ANNOUNCEMENT
AGENDA: NOVEMBER 6, 2012 REGULAR BOARD MEETING
DATE: OCTOBER 17, 2012

ISSUE

Should the Village announce and approve the estimated and proposed 2012 property tax levy.

DISCUSSION

State statute requires that the Village announce and approve its estimated and proposed 2012 property tax levy at least 20 days prior to the passage of the tax levy ordinance. The tax levy ordinance is scheduled for approval on December 4, 2012, in advance of the December 25, 2012 filing deadline.

Staff recommends that the Village Board announce and approve an estimated and proposed levy of \$4,047,967.72. After reductions for bond abatements and actual EAV adjustments, the estimated property taxes are \$1,482,581, which is 5.7% above the 2011 extension amount of \$1,402,199.

Attached are the memo describing the tax levy process and the spreadsheet used to calculate the tax levy.

COST

Costs associated with this item include the required publication notice, estimated to cost \$330. These costs will be deducted from account 01-56-6503, Publishing, which has a current balance remaining of \$617.

RECOMMENDATION

That the Board announce and approve the estimated and proposed 2012 property tax levy in the amount of \$4,047,967.72.

Village of Sugar Grove
 2012 Tax Levy Calculation
 For Ordinance Purposes Only

Property Tax Type	2011 Kane County Extension	2012 Proposed Levy	% Change
Corporate	\$ 741,273.59	\$ 1,267,228.78	
IMRF	67,180.05	102,565.09	
Police Protection	116,789.52	204,381.66	
Police Pension	172,147.77	361,258.60	
Audit	11,999.98	20,999.97	
Liability Insurance	78,207.29	121,862.76	
Street Lighting	47,497.50	83,120.63	
Social Security	167,102.99	292,430.23	
Total excluding bonds	1,402,198.69	2,453,847.72	75.00%
Bonds & Interest			
*2006 General Obligation Bond	365,025.00	383,550.00	
*2006A General Obligation Bond	615,602.50	616,630.00	
*2008A General Obligation Bond	158,825.00	141,425.00	
*2008B General Obligation Bond	133,992.50	134,680.00	
*2009 General Obligation Bond	313,710.00	317,835.00	
Total bonds	1,587,155.00	1,594,120.00	0.44%
GRAND TOTAL	\$ 2,989,353.69	\$ 4,047,967.72	35.41%

*Bond and Interest for the 2006, 2006A, 2008A, 2008B, and 2009 General Obligation Bonds were abated in the prior year. Bond and Interest for the 2006, 2006A, 2008A, 2008B, and 2009 General Obligation Bonds will be abated in the current year.

VILLAGE OF SUGAR GROVE
MEMO

TO: BRENT M. EICHELBERGER, VILLAGE ADMINISTRATOR
FROM: JUSTIN VANVOOREN, FINANCE DIRECTOR
SUBJECT: 2012 PROPERTY TAX LEVY PROCESS
DATE: OCTOBER 17, 2012

It is that time again when the Village, as well as all taxing bodies in the State, establishes its property tax levy for 2012. The Village must pass the Tax Levy Ordinance and file the Ordinance with the County Clerk's office no later than Tuesday, December 25, 2012. During the beginning of the following calendar year, the County Clerk's office extends taxes. The Village will then receive tax collections from Kane County in various installments from May 2013 through November 2013.

There are two State Statute provisions that affect the Village's tax levy process. The first provision is what is commonly known as the "Tax Cap". In the early 1990's, State legislators approved the Property Tax Limitation Act, which provides that operating levy increases cannot exceed the Consumer Price Index increase for the prior calendar year, plus new growth. New growth consists of annexations of property and new building activity. For the 2012 tax levy, the CPI is 3.0%. New growth is even more difficult to determine during the economic downturn.

Because the Village and similar taxing bodies are not in a position to precisely estimate new growth, a consistent means of developing the tax levy is to increase the prior year levy by an over-inflated amount. The taxing bodies do this because if a taxing body's assumption on growth is too low, the taxing body loses the revenue increase related to those properties forever. During the tax extension process, the County will then decrease the proposed levies to the maximum amount allowed under the Tax Cap.

The second State Statute provision that affects the levy process is what is known as the Truth in Taxation Act. The Act provides that if the proposed property tax levy, excluding the debt portion, exceeds the prior year's property tax extension (excluding debt) by more than 5%, then the Village must meet certain public hearing and notice/publication requirements outlined in the Act. In addition, the amount of the proposed property tax levy, regardless of size, must be announced at least 20 days prior to passage of the Tax Levy Ordinance.

Based upon the above provisions, I have prepared a tax levy totaling \$4,047,967.72 that reflects a 35.41% increase over the 2011 tax levy extension. This year's levy amount includes \$1,594,120.00 in General Obligation Bonds that will be abated in the current year. Based upon prior experience and the current economic situation, the actual levy amount extended and collected should be approximately 5.5% above last year's levy extension. Details of the proposed tax levy can be found on the attached spreadsheet.

The schedule for passage of the tax levy is as follows:

Date	Action
November 6, 2012 Board Meeting	Announcement and presentation to the Village Board of the proposed tax levy in the amount of \$4,047,967.72.
November 8, 2012	Publish public hearing notice in the Kane County Chronicle
November 20, 2012 Board Meeting	Conduct the public hearing
December 4, 2012 Board Meeting	Pass Tax Levy and related Ordinances
December 11, 2012	File ordinances and Truth in Taxation Certificate with County Clerk's Office

Finally, be advised that for levy purposes the Village has five General Obligation Alternate Revenue Bonds outstanding; dated 2006, 2006A, 2008A, 2008B, and 2009. These bond issues use revenue sources other than property taxes to fund debt service payments; however, the bond issues have an ultimate funding backup of property taxes. State Law provides that each year, the Village must pass abatement ordinances so property taxes are not extended on the bond issues. Staff will place the Abatement Ordinances before the Board for consideration at the December 4, 2012 Board Meeting.

Should you have questions regarding this matter, feel free to contact me.