

CORPORATE RESERVE FUND

The Corporate Reserve Fund was established by Ordinance #2072 in 1976, funded by a Federal grant reimbursement of about \$407,000 for the Village Green (open space) project that was received several years after the work was completed. The Fund may be used for emergency needs ("rainy day reserve"), and as a "revolving loan fund" to assist Village departments in financing major projects. Loans made to other Village departments carry a rate of interest, and include a pay-back schedule as determined by a Village Board resolution or ordinance.

In FY91/92 the Village Board directed that interest earned on Corporate Reserve Fund balances would be transferred to the General Fund as an ongoing and important revenue source.

During the past several years, the Corporate Reserve Fund has been utilized for loans for a variety of projects. This allows the Village to avoid the cost of borrowing through the issuance of bonds or bank loans. In addition, the Corporate Reserve Fund is available to backstop other activities which are involved in major projects. Although a specific fund may be able to fund a project, cash flow difficulties are sometimes experienced. For example, the Village Board approved this use during the Lorraine Road storm sewer and road reconstruction project in 1996. A similar cash flow need may arise in FY05/06 in the Water and Sanitary Sewer Fund due to the expedited work on capital projects.

Recent uses of Corporate Reserve Fund monies include:

- **Glen Ellyn Park District** - During fiscal year 2000/01, the Village extended a \$1,000,000 interest-free loan to the Glen Ellyn Park District to assist with their demolition of the Maryknoll buildings. This loan was set up to be re-paid in annual installments of \$100,000 over a 10 year period, with the first \$100,000 received in December, 2001. The terms of the loan agreement were modified by Ordinance #5124 adopted January 13, 2003 (in follow-up to the long-term lease of the Village Green to the Park District approved in December, 2002) which provided for the deferral of the \$100,000 annual loan repayments due in December, 2003, 2004 and 2005 until December, 2011, 2012, and 2013.
- **DuPage Mayors and Managers Conference** - Also during fiscal year 2000/01, the Village Board was one of 12 DuPage home-rule communities to each provide a \$125,000 loan to the DuPage Mayors and Manager's Conference to assist in the \$1.5 million acquisition and renovation of their facility in Oak Brook. This loan will be paid back over 20 years and will pay the Village interest at the average Illinois Funds Rate (this is the Illinois Treasurer's Investment Pool, where the Village invests a portion of its cash balances). Re-payments to the Village on this loan are made annually each May 1 starting with May 1, 2002.
- **Glen Ellyn Historical Society** - The Corporate Reserve Fund provided funding for the Village purchase and ownership of the building at 800 N. Main Street (now named the "History Center" and located at the NW corner of Main and Elm)

in November, 2002 for the benefit of the Glen Ellyn Historical Society. The \$1,050,000 purchase price was paid from an initial deposit of \$325,000 from the Historical Society, with the remaining \$725,000 loaned from this Corporate Reserve Fund. The Historical Society repays the Village \$725,000 with an annual payment each November over the next five year period with interest at the average Illinois Funds rate. Rental income received by the Village from leased space in the building will be credited against the loan re-payments due from the Historical Society. Just like Stacy's Tavern Museum, the Village owns and maintains this property and building and depends on the Historical Society for its use and operation for public benefit.

- **Volunteer Fire Company** - A March, 2003 request of the Volunteer Fire Company was approved which extended equipment financing assistance totaling \$550,000 for their purchase of 2 replacement fire engines costing \$832,000. Terms of the loan agreement call for annual re-payments each April 1st by the Fire Company over a three year period (beginning April 1, 2004) with interest charged at the average Illinois Funds rate.

In August, 2004 the General Fund transferred \$900,000 from its cash reserves to the Corporate Reserve Fund as a litigation reserve for a class action lawsuit related to the Village's collection of a 1% infrastructure maintenance fee which the Illinois General Assembly approved following their elimination of municipal telephone franchise fees in 1998. All resulting settlement costs pro-rated to Glen Ellyn will be paid from the Corporate Reserve Fund.

In April, 2005, the Corporate Reserve Fund received a \$450,000 transfer from the General Fund representing the Village's obligation under a sales tax sharing agreement with the property managers of the Pickwick Place shopping center approved by Village Ordinance 4501 on June 23, 1997. Due to uncertainties about the timing of payments to be made, the Village Board agreed to "pay-off" this liability (using a portion of an anticipated FY05 General Fund budget surplus) into the Corporate Reserve Fund to remove this future liability from the General Fund. All rebate payments will be paid from the Corporate Reserve Fund. The sales tax rebate agreement ends in February, 2008, nine years from the date of substantial completion of the shopping center improvements (March, 31, 1999).