

VILLAGE OF PEOTONE
ADMINISTRATIVE OVERSIGHT COMMITTEE MINUTES
Minutes of August 9, 2023

CALL TO ORDER, ROLL CALL

THE ADMINISTRATIVE OVERSIGHT COMMITTEE MEETING WAS CALLED TO ORDER AT 4:30 PM AT THE MUNICIPAL COMPLEX HALL, 208 E. MAIN STREET, PEOTONE, ILLINOIS, BY THE COMMITTEE CHAIR, GARY HUDSON. IN ATTENDANCE WERE TRUSTEE HUDSON, TRUSTEE RICHARDS AND TRUSTEE SLUIS. ALSO PRESENT WAS THE VILLAGE PRESIDENT AND MICHELLE BINZ FROM PFM.

MINUTES

MOTION BY SLUIS, SECOND BY RICHARDS TO APPROVE THE ADMINISTRATIVE OVERSIGHT COMMITTEE MINUTES FROM JUNE 26, 2023. ALL VOTING YES; MOTION CARRIED.

PUBLIC COMMENT - NONE

REVIEW AND DISCUSS CURRENT AND FUTURE VILLAGE OF PEOTONE INVESTMENTS

THE MAYOR REVIEWED A HANDOUT THAT ANNMARIE MAMPE PUT TOGETHER SHOWING WHERE ALL THE MONEY IS CURRENTLY AT. HE WANTED TO HAVE THIS MEETING AS MONEY IS COMING TO MATURITY BETWEEN NOW AND JANUARY AND HE WANTED EVERYONE TO BE COMFORTABLE WITH THE STRATEGY MOVING FORWARD. AS MONEY COMES DUE HE THINKS THERE SHOULD BE A LADDER OF INVESTMENTS AND TAKEN INTO CONSIDERATION THAT THERE IS A MAJOR CAPITAL PROJECT NEXT SUMMER IN THE DOWNTOWN AREA. THERE IS A GRANT FOR 2.5 MILLION BUT IT IS A REIMBURSEMENT GRANT SO THE VILLAGE WILL NEED SOME CASH FLOW. A DECISION NEEDS TO BE MADE ON LENGTH OF INVESTMENTS AND CASH FLOW FOR THE DOWNTOWN PROJECT. OLD NATIONAL BANK INVESTMENTS ARE U.S. TREASURY BILLS WITH LITTLE INTEREST, THE OPTIONS ARE TO LEAVE THEM AND LET THEM MATURE OR SELL THEM AND REINVEST IN SOMETHING WITH MORE INTEREST. MICHELLE FROM PFM STATED THAT THE VILLAGES INVESTMENT POLICY HAS LIMITS AND WOULD TAKE SUBSTANTIAL LOSSES IF SOLD OR REINVESTED. THE STATE OF ILLINOIS TREASURER HAS A FUND CALLED ILLINOIS FUNDS AND IT IS LIKE A MONEY MARKET ACCOUNT, THE RATE IS CURRENTLY AROUND 4.5 % AND THE VILLAGE IS A MEMBER, THE MAYOR ASKED ANNMARIE TO LOOK INTO IT MORE AND MAYBE START USING IT MORE INSTEAD OF KEEPING FUNDS JUST IN A CHECKING ACCOUNT. HUDSON ASKED WHAT THE RATES ARE FOR CD'S MOVING FORWARD. MICHELLE RESPONDED THAT SHE HAD EMAILED AIMEE AND ANNMARIE BUT HAD A HANDOUT AVAILABLE IF ANY COMMITTEE MEMBERS NEEDED ONE. SHE SAID THAT THE BOND MARKET IS CURRENTLY EXPERIENCING AN INVERTED YIELD CURVE. SHORT TERM CASH RATES ARE OVER 5% WITH YIELDS DECLINING TO AROUND 4% AT 3 YEARS. PFM WORKS WITH A NETWORK OF BANKS TO GET FDIC INSURED CD'S AND THOSE RATES WILL VARY DEPENDING ON THE LENGTH OF MATURITY, WE ONLY INVEST UP TO \$250,000 IN EACH BANK TO KEEP US UNDER LIMIT FOR FDIC INSURANCE. MICHELLE SAID IF THE FUNDS AREN'T NEEDED IMMEDIATELY TO LOOK INTO CD'S PAYING AT OR ABOVE WHAT THE TREASURY IS PAYING. 3-4 MILLION IS ESTIMATED TO BE SPENT NEXT SUMMER FROM THE WATER FUNDS WITH 2.5 MILLION TO BE REIMBURSED. PENALTIES FOR EARLY WITHDRAWALS ARE SET BY EACH BANK. BANK CD'S ARE PAYING A LITTLE MORE OF A PREMIUM. SHE REVIEWED CASH OPTIONS, POOLED CONCEPTS, TERM OPTIONS AND CD'S. RATES ARE AT HISTORICALLY HIGH INTEREST RATES RIGHT NOW BUT THE FED IS EXPECTED TO CUT RATES. THE MAYOR'S THOUGHT WAS DO THEY WANT TO LOCK IN LONGER WHILE THE RATES ARE HIGHER OR TO KEEP SHORTER TERMS. SOME WILL BE COMING DUE IN AUGUST AND THE REST WILL COME DUE NEXT AUGUST/SEPTEMBER.

HE WOULD LIKE TO COME UP WITH A SCHEDULE TO PAY OFF THE 4 MILLION AND THEN HAVE ANOTHER \$250,000 COMING DUE EVERY QUARTER FOR CASH FLOW IN THE FINANCE DEPARTMENT AND POSSIBLY PUSH SOME OUT 2-3 YEARS TO TAKE ADVANTAGE OF RATES. MICHELLE WILL SUMMARIZE IT ALL AND SEND THE COMMITTEE AN EMAIL WITH AN INVESTMENT PROPOSAL INCLUDING RATES AND ANY MAJOR FLUCTUATIONS AND A PLAN FOR HAVING CASH FLOW GOING FORWARD AND WILL ALSO MAKE A SUGGESTION ON USING ILLINOIS PORTFOLIO, SHE ALSO SUGGESTS OPENING A SEPARATE GENERAL FUND ACCOUNT TO DIFFERENTIATE FROM THE WATER PROCEEDS FUND TO KEEP INTERNALLY SEPARATE, THERE WOULD BE NO COST TO OPEN . ILLINOIS PORTFOLIO IS A MONEY MARKET ACCOUNT AND CAN BE ACCESSED ANY TIME, IT IS COMPARABLE TO ILLINOIS FUNDS. ILLINOIS PORTFOLIO IS NOT FDIC INSURED, ONLY BANK DEPOSITS ARE, MONEY MARKET ACCOUNTS ARE NOT FDIC INSURED.

GENERAL DISCUSSION - NONE

ADJOURNMENT-MOTION BY SLUIS, SECOND BY RICHARDS TO ADJOURN THE ADMINISTRATIVE OVERSIGHT COMMITTEE MEETING AT 5:00 PM. ALL VOTING YES; MOTION CARRIED.