

MINUTES OF A MEETING OF THE FINANCE COMMITTEE OF THE PLEASURE DRIVEWAY AND PARK DISTRICT OF PEORIA, ILLINOIS HELD AT 4:00 PM ON WEDNESDAY, NOVEMBER 20, 2024 AT THE NOBLE CENTER FOR PARK DISTRICT ADMINISTRATION, 1125 WEST LAKE AVENUE, PEORIA, IL

MEMBERS PRESENT: Trustees Timothy Bertschy, Reagan Leslie Hill, Steve Montez (in at 4:10 pm), and Executive Director Emily Cahill

MEMBERS ABSENT: None

TRUSTEES PRESENT: Trustees Timothy Bertschy, Laurie Covington, Joyce Harant, Reagan Leslie Hill, Steve Montez, and President Robert Johnson

STAFF PRESENT: Executive Director Emily Cahill, Brianna Cobb, Nick Conrad, Becky Fredrickson, Matt Freeman, Scott Loftus, Kadar Heffner, Karrie Ross, Jenny Swanson, Attorney William Streeter, and Alicia Woodworth

1. CALL TO ORDER

Trustee Bertschy presided and called the meeting to order at 4:02 pm.

2. ROLL CALL

3. CALL FOR A MOTION TO PERMIT MEMBER TO ATTEND MEETING REMOTELY

No request to attend the meeting remotely was received.

4. MINUTES

4.A. Approval of October 23, 2024 Finance Committee Meeting Minutes

Trustee Hill MOVED TO APPROVE the minutes of the October 23, 2024, Finance Committee meeting. Motion seconded by Executive Director Cahill and carried on a unanimous Aye vote of members present.

5. NEW BUSINESS

5.A. Municipal Advisor Introductions and Discussion

Trustee Bertschy explained that having a Municipal Advisor for the Park District is critical because in the next few years, the Park District may need to issue bonds, beyond the historical annual issuance of non-referendum general obligation bonds. The goal is to put together a team of people who will assist the Park District in that process, one of which would be a Municipal Advisor.

Karrie Ross stated that in the October 23, 2024 finance committee meeting there was discussion regarding the need for the District to begin actively planning for near-term capital project needs that will require the District to issue a significant amount of debt. Attached to this memo is a copy of the slides that were reviewed and discussed. From that discussion there was consensus that the District should pursue securing a municipal advisor (MA) to assist the District. Since the October committee meeting, I have consulted with bond counsel, Chapman and Cutler, and other local municipal finance directors to determine which licensed, reputable and established MA firms are actively working with municipalities in the Peoria area and/or working with municipalities that are similar to PPD. From those conversations, I've determined the MA firms most suitable for PPD to solicit for MA services are PMA Public Finance, R.W. Baird, and Speer Financial Inc., and I've had initial conversations/presentation with each. From those conversations, I believe that any of the three could fulfill the District's MA needs, but each firm has its pros and cons. After consultation with Chair Bertschy, it was determined that, in order to more fully vet these firms, a short virtual introduction meeting with finance committee should be pursued. As such, I have arranged for each firm to give a 15-20 introduction to the committee in the November 20th meeting. The schedule is as follows:

4:10-4:30 CALL #1 with PMA
4:30-4:40 COMMITTEE DISCUSSION
4:40-5:00 CALL #2 with R.W. Baird
5:00-5:10 COMMITTEE DISCUSSION
5:10-5:30 CALL #3 with Speer Financial
5:30-5:45 COMMITTEE DISCUSSION

Given the tight schedule, it will be important to be concise and focused in our conversations with each MA. To assist the Finance Committee in their preparation for these MA introductions, I've compiled the below considerations for assessing and selecting an MA. After all introductions are complete, the goal is for committee members and management to discuss their assessments and reach consensus as to which firm is most fitting for the District's needs.

Qualifications and Experience

- **Expertise:** The advisor should possess deep knowledge of municipal finance, relevant regulations, and market conditions.
- **Relevant Experience and Successes:** Consider the advisor's experience working with similar municipalities and successfully executing comparable transactions. Review their past performance and outcomes for other clients.
- **Reputation:** Assess the advisor's reputation in the market.
- **Local or Regional Knowledge:** While not always necessary, having an advisor familiar with the municipality's local market, regional economic conditions, and political environment can be a significant asset.

Fiduciary Duty and Conduct Standards

- **Fiduciary Responsibility and Conflicts of Interest:** Ensure the advisor acknowledges their fiduciary duty to act in the municipality's best interests. They should adhere to high ethical standards, ensure conflicts of interest are disclosed and, if possible, avoid engaging with a firm with conflicts of interest.
- **Regulatory Compliance:** Verify that the advisor is properly registered with the SEC and MSRB and complies with all applicable regulations.

Services and Capabilities

- **Scope of Services:** Evaluate the range of services offered, including financial planning, debt issuance strategy, credit analysis, and ongoing support.
- **Resources:** Assess the advisor's access to market data, analytical tools, and industry networks that can benefit the municipality.

Communication and Approach

- **Clear and Transparent Communication:** The advisor should be able to communicate complex financial concepts in a way that is understandable for non-experts.
- **Responsiveness:** Consider the advisor's ability to communicate effectively and respond promptly to the municipality's needs and questions.

Fee Structure

- **Compensation Model:** Understand how the advisor is compensated and ensure the fee structure aligns with the municipality's interests.
- **Value for Money:** Evaluate the overall value proposition, balancing cost with the quality and breadth of services provided.

After interviewing three potential Municipal Advisors, Trustee Hill MOVED TO RECOMMEND Speer Financial as the Park District's Municipal Advisor to the Full Board. Motion seconded by Trustee Montez and carried on the following roll call vote: Trustee Bertschy, Trustee Hill, Trustee Montez, and Executive Director Cahill. (Results: 4 Ayes; 0 Abstain; 0 Nays)

5.B. The Illinois Public Treasurers' Investment Pool

Karrie Ross stated that the Peoria Park District's Investment Policy outlines what investment types are authorized and suitable for the District and which District representatives are authorized and responsible for overseeing such investments.

The acceptable investments articulated in the Policy include:

- a. Treasury bills, notes, and bonds including STRIPs (zero coupon treasury obligations) or other securities guaranteed by the United States as to principal and interest;
- b. Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits or any other investments that are direct obligations of banks (as defined by the Illinois Banking Act or by savings banks or savings and loan associations) that are fully insured by the Federal Deposit Insurance Corporation.
- c. The short-term discount notes of the Federal National Mortgage Association, and other U.S. agency securities specifically authorized in The Investment Act.
- d. 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 laws of the United States, provided, however, the principal office of any such credit union must be located within the State of Illinois. Investments may be made only in those credit unions the accounts of which are insured by applicable law. All collateralization policies that apply to banks, savings banks, or savings and loan associations are also applicable to investments in credit unions.
- e. Money market mutual funds registered under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et. seq.) provided that the portfolio of any such money market mutual fund is limited to securities guaranteed by the U.S. government or issued by U.S. government agencies.

Further, the Policy states that the Treasurer is responsible for the management of the District's funds and acts as the Chief Investment Officer. The District's appointed Treasurer is the Executive Director, and the Superintendent of Finance, Supervisor of Business Services, and Finance Assistant are Assistant Treasurers.

In our collective role, we monitor the District's investments and assess potential investment opportunities that may improve the District's returns, as allowed by policy. Recently we have identified that the District could improve investment returns through an account with The Illinois Public Treasurers' Investment Pool, which is a policy allowable money market mutual fund.

The Illinois Funds pool was created in 1975, and is a local government investment pool operated by the Office of the Illinois State Treasurer for state and local government agencies. It provides units of State and local governments a convenient investment pool option that utilizes the Treasurer's resources to safely invest their funds while allowing participants to enjoy economies of scale. The Illinois Funds has earned Fitch's highest investment grade rating (AAAmf). It allows participants to safely invest their monies, while providing a competitive rate of return and daily access to invested funds.

After considering the above items, the Treasurer and Assistant Treasurers have connected with representatives from The Illinois Funds and secured the paperwork required to open an account with the fund (see attached agreement).

5.C. General Fund Over Reserve Request Discussion

Karrie Ross stated that on July 24, 2024 Finance Committee and Board discussed the District’s Fund Balance and Reserve Policy, and the reserve position of funds as of December 31, 2023. It was determined that the General Fund and Recreation Type Funds combined were over reserved by nearly \$2.9 million. Further, it was approved by the board to utilize some of these over reserve funds to assist with strategic funding needs related to the LC upgrades and the Bradley Park Artwork project. After adjusting for those commitments, there remains just over \$2 million in over reserve balance.

*General Fund & Recreation Types Over Reserve	2,891,166
7/24/2024 Board approved for GLC	(650,000)
7/24/2024 Board approved for Bradley Artwork	<u>(200,000)</u>
Remaining	2,041,166

**Measured as of FY2023 Audit*

In the October finance committee meeting management presented information regarding the District’s upcoming significant capital funding needs, in which the attached slide outlined the potential need for the District to cash flow a grant funding gap associated with the GLC project. Management has been actively communicating with DCEO regarding this funding gap, and believes that it’s probable that the District will need to act to keep the project on course. Management would like to discuss this matter in the November finance meeting.

Trustee Montez MOVED TO RECOMMEND to the Full Board to allocate \$1M . Motion seconded by Trustee Hill and carried on the following roll call vote: Trustee Bertschy, Trustee Hill, Trustee Montez, and Executive Director Cahill. (Results: 4 Ayes; 0 Abstain; 0 Nays)

5.D. Review of Accounts Payable

The Finance Committee members present confirmed they had reviewed the current listing of accounts payable and bills and had no questions or comments.

Trustee Hill MOVED TO RECOMMEND the accounts payable and bills be presented to the full Board for approval and payment. Motion seconded by Trustee Montez and carried on the following roll call vote: Trustee Bertschy, Trustee Hill, Trustee Montez, and Executive Director Cahill. (Results: 4 Ayes; 0 Abstain; 0 Nays)

5.E. Review of Monthly Financials

Karrie Ross reported that in regard to the October financial statements, leading into the Finance Committee’s November meeting the Board had reviewed the District’s revised 2024 budget and proposed 2025 budget. In that review management communicated that

overall the District's staff has delivered a robust inventory of services and supported the District's mission and commitments, while performing within or better than budget.

Notable strong financial performance from Golf, RiverPlex, and Events are elements of the District's projected 2024 success and are reflected in the enclosed October income statement. Simultaneously, lags in filling budgeted positions is projected to create unplanned budget savings. As noted in budget discussions, management is making concerted efforts to improve staff recruitment and retention in 2025, specifically in maintenance type positions.

The District's balance sheet remains strong, with total undesignated operating fund equity totaled \$23.2 million, and as discussed in prior meetings, the fund balance position of the General and Recreation Type Funds together are over-reserved approximately \$2.8 million as of the FY2023 audit close, which provides a meaningful level of security as the District approaches the need to manage major capital improvements at Owens, Golf, and Zoo.

6. PENDING BUSINESS

None at this time.

7. OTHER BUSINESS

None at this time.

8. ACTION STEPS REVIEW

None noted at this time.

9. ADJOURNMENT

At 6:28 pm, Executive Director Cahill MOVED TO ADJOURN. Motion seconded by Trustee Montez and carried on a unanimous aye of members present.

Respectfully Submitted by Alicia Woodworth
Executive Assistant and Board Secretary