

MINUTES OF A MEETING OF THE FINANCE COMMITTEE OF THE PLEASURE DRIVEWAY AND PARK DISTRICT OF PEORIA, ILLINOIS HELD AT 5:00 PM WEDNESDAY, AUGUST 9, 2023 AT THE NOBLE CENTER FOR PARK DISTRICT ADMINISTRATION, 1125 WEST LAKE AVENUE, PEORIA, ILLINOIS.

MEMBERS PRESENT: Trustee and Chair Timothy Bertschy, Trustee Reagan Leslie Hill (v) and arrived in person at 5:45 pm, Trustee Steve Montez, and Executive Director Emily Cahill
Note: (v) = Attended Virtually

MEMBERS ABSENT: None

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

STAFF PRESENT: Executive Director Emily Cahill, Brent Wheeler, Matt Freeman, Becky Fredrickson, Scott Loftus, Shalesse Pie, Karrie Ross, Attorney Kevin Day, and Alicia Woodworth

OTHERS PRESENT: None

1. CALL TO ORDER

Trustee Bertschy presided and called the meeting to order at 5:02 pm.

2. ROLL CALL

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

Trustee Hill requested to attend this meeting remotely due to an unexpected childcare obligation.

Trustee Montez MOVED TO PERMIT Trustee Hill to attend this meeting electronically. Motion seconded by Executive Director Cahill and carried on the following roll call vote: Trustee Bertschy, Trustee Montez, and Executive Director Cahill (Results: 3 Ayes; 0 Nays).

4. MINUTES

4.A. Approval of July 12, 2023 Finance Committee Meeting Minutes

Trustee Montez MOVED TO APPROVE the minutes of the July 12, 2023 Finance Committee meeting. Motion seconded by Executive Director Cahill and carried on the following roll call vote: Trustee Bertschy, Trustee Hill, Trustee Montez, and Executive Director Cahill (Results: 4 Ayes; 0 Nays).

5. NEW BUSINESS

5.A. Review of Accounts Payable

Trustee Bertschy stated that on the payables general ledger report there are charges relating to the purchase of alcohol. He assumes that when it shows alcohol purchased for a particular location, that it was alcohol purchased for resale correct? Karrie Ross stated yes, it is for resale. Trustee Bertschy asked if there are specific policies that relate just to purchase, resale, and internal consumption of alcohol? Karrie Ross stated that in the

policy manual, there is language regarding alcohol consumption for employees, alcohol reimbursement language relative to travel charges for both staff and Trustees. Regarding a policy for the purchase of alcohol from a distributor for resale, she's not certain if there is a policy specific to that. Emily Cahill stated that liquor licenses are issued according to address and as such, there is no one license for Peoria Park District, but a liquor license for each location that sells or serves alcohol. Trustee Bertschy asked who determines where the District sells alcohol? Karrie Ross stated that there is a policy on that. Trustee Bertschy requested that Trustees be provided copies of the policies that relate to alcohol. He stated there is no hurry for this information and can be provided at the next meeting.

The Finance Committee members confirmed they had reviewed the current listing of accounts payable and bills and had no questions or comments. Trustee Montez MOVED TO RECOMMEND the accounts payable and bills be presented to the full Board for approval and payment. Motion seconded by Executive Director Cahill and carried on the following roll call vote: Trustee Bertschy, Trustee Hill, Trustee Montez, and Executive Director Cahill (Results: 4 Ayes; 0 Nays).

5.B. Over Reserve Discussion

Trustee Bertschy stated that this item is on tonight's Regular Board meeting agenda for discussion. As such, this will be discussed at Regular Board and not today in Finance Committee.

5.C. Investment Policy Revisions Discussion

Trustee Bertschy stated that as has been discussed in the past, it's the policy of the Finance Committee this year to attempt to review all of the Park District's financial policies that exist. Several have already been reviewed with the Investment Policy next on the list to be reviewed.

Karrie Ross stated that attached to the agenda is a copy of the Investment Policy as it currently exists. Also provided is a handout listing investment policy legal requirements and best practices as compared to the current PPD investment policy. *Please see Attachment A.* Baseline investment policy requirements for municipalities in the state of Illinois is that they comply with the Public Funds Investment Act, of which the current PPD Investment policy complies.

Trustee Bertschy asked who currently is the Treasurer for the Park District. Karrie Ross stated that annually, the appointment of officers is made. Currently, the Treasurer is Executive Director Cahill. Karrie Ross and two other business staff members are Assistant Treasurers. Trustee Bertschy then asked if the Chief Investment Officer is typically an organization's head financial officer? Karrie Ross stated that for governments the size of the Park District, yes. Larger governments typically have a Chief Investment Officer dedicated only to that role. Trustee Bertschy asked how the Chief Investment Officer's duties and the Treasurer's duties differ. Karrie Ross stated that larger organizations tend to have more lengthy investment policies and more complex investments they are actively managing. The Park District does not have an actual outside investment manager on funds, but does work with multiple banks in its investments.

Trustee Bertschy stated that in light of the amount of money the District manages and to maximize investment options, we might want to look into hiring an outside investment manager. Karrie Ross stated that at any given time, the District would have \$10-15M to invest.

Trustee Bertschy asked if the current PPD investment policy requires that quarterly, the investment policies are supposed to be reviewed, updated, and provided to the Finance Committee, should the minutes reflect that a discussion was had specifically about the portfolio, how it's performing, if objectives are being met, etc.? Karrie Ross stated that she believes the intent is that that type of activity would be done and yes, the minutes would reflect some type of review of the investment portfolio. There are investment policies that also articulates the regularity in which a finance committee would review the investment policy itself, most often, annually.

Trustee Bertschy stated that he believes the policy should include a quarterly review of the investment portfolio, to be in compliance with the investment policy. Both Trustees Montez and Hill agreed. In addition, an annual review of the investment policy itself should be conducted by the Finance Committee.

Trustee Bertschy stated that due to its size, he doesn't believe the District needs a separate investment committee. Karrie Ross agreed, in addition to Trustees Montez and Hill.

6. PENDING BUSINESS

None at this time.

7. OTHER BUSINESS

None at this time.

8. ACTION STEPS REVIEW

1. Update and provide a redlined version of the Investment Policy for review and further discussion at the next Finance Committee meeting.

9. ADJOURNMENT

At 5:55 p.m., Executive Director Cahill MOVED TO ADJOURN. Motion seconded by Trustee Hill and carried on a unanimous aye of those present.

Respectfully Submitted by Alicia Woodworth
Executive Assistant and Secretary to the Board

9.00 INVESTMENT POLICY – PEORIA PARK DISTRICT as of 8-9-2023

.01 Authority: The responsibility for the management of the Peoria Park District’s funds shall be delegated by the Board of Trustees. The Finance Committee, with full and complete backing by the Board, hereby establishes written procedures for the operation of the cash management and investment programs. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person shall engage in an investment transaction except as provided under the terms of this procedure. The Finance Committee shall establish a system of controls to regulate the activities of the Peoria Park District Treasurer (or the Treasurer’s designee). The Treasurer (or the Treasurer’s designee) shall be responsible for all transactions undertaken in accordance with the established written procedures.

Commented [KR1]: Investment Act: Identification of the Chief Investment Officer responsible for establishing internal controls and written procedures for operation of the investment program.

GFOA: N/A

.02 Objectives: The investments of the Peoria Park District hereafter known as “the District,” shall seek to preserve capital, provide liquidity, and maximize revenues. To attain these objectives, diversification of maturities and securities must be maintained. The annual interest earnings goal is to maximize the rate of return for the given date of the investment, taking into account the needs of the District to meet all operating expenditures.

Commented [KR2]: Investment Act: A system of internal controls

GFOA: Safekeeping, custody, and internal controls

.03 Prudence: The standard of prudence to be used by the District’s Treasurer or Treasurer’s designee is the “Prudent Person Rule.” This rule states:

Commented [KR3]: Investment Act: Statement of Purpose, along with investment guidelines that are appropriate to the nature of the funds, and amount of public funds within the investment portfolio.

GFOA: N/A

“Investments should be made with judgment and care, under 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 and shall be applied in context of managing the entire portfolio.”

Commented [KR4]: Investment Act: A policy on the diversification of the investment portfolio.

GFOA: Investment diversification

Investment personnel, acting in accordance with written procedures and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Commented [KR5]: Investment Act: Development of performance measures appropriate to the nature of the fund.

GFOA: Risk and performance standards

Commented [KR6]: Investment Act: “Prudent Person” rule, establishing the standard of care that must be maintained by the person(s) investing the public funds.

GFOA: Roles, responsibilities, and standards of care

9.00 INVESTMENT POLICY – PEORIA PARK DISTRICT as of 8-9-2023

.04 Legal Authority and Limitations on Investment Securities: All securities purchased under this policy shall be governed by the Public Funds Investment Act 30 ILCS 235/1et. seq (The Investment Act), and all revisions made by the Illinois Legislature. Below is a summary of acceptable investments as determined by the Finance Committee in compliance with the applicable statute:

- (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) At all times in order to meet the objectives of the preservation of capital, the Treasurer (or the Treasurer's designee) shall require all accounts and deposits with banks, savings and loan associations which are in excess of the Federally insured amount to be collateralized to the extent of at least 100% of the uninsured portion of the account or deposit. Such collateralization must be evidenced by a written agreement approved by the District. The collateral is to be held by a neutral third party, registered in the District's name, and priced to the market on a monthly basis, so that the uninsured portion of the account will be fully collateralized (on a market value basis). The Treasurer or Treasurer's designee will monitor the adequacy of collateralization monthly.
- (D) The short-term discount notes of the Federal National Mortgage Association, and other U.S. agency securities specifically authorized in The Investment Act.
- (E) 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.
- (F) 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.
- (G) Additional investments may be added to this list as statutes change or upon action of the Finance Committee. Investments in "derivative securities" are not permitted. A derivative security is any security whose value is based on the performance of any underlying financial asset, index, or other investment. Some commonly traded derivatives are: Structured Notes, Amortized Notes, and certain branches of Collateralized Mortgage Obligations (CMOs).

.05 Due Diligence: All approved depositories must provide the District or the Illinois Park District Liquid Asset Fund Plus with their annual audited financial statements in a timely manner as well as their quarterly statement.

Commented [KR7]: Investment Act: A listing of all authorized investments.

GFOA: Suitable and authorized investments

Commented [KR8]: Investment Act: Guidelines on collateral requirements, if any, for the deposit of public funds in a financial institution and, if applicable, guidelines for contractual arrangements for custody and safekeeping of that collateral.

GFOA: N/A

9.00 INVESTMENT POLICY – PEORIA PARK DISTRICT as of 8-9-2023

- .06 Financial Reporting: The District Treasurer or Treasurer’s designee shall provide a **monthly** copy of the investment report to the Board. The report shall include:
- The full description of each security holding
 - The purchase date of each security
 - The maturity date of each security
 - The yield on each security
 - The providers of each investment
 - The total amount of funds invested including the checking account balances.

A list of **Authorized** Financial institutions that provide investment services to the District shall be reviewed, updated, and provided to the Finance Committee on a quarterly basis. An annual review of the investment policy and compliance at year-end will be completed in conjunction with the District’s annual audit.

- .07 Separate Provisions of Policy and Conflicts with Illinois Laws and **Conflicts of Interest**: The above procedures shall remain in full force and effect until revoked by the Finance Committee or the Board of Trustees. If, after adoption of this procedure, there is any conflict with the Illinois investment statutes, current law shall control. No person acting in an administrative or supervisory capacity or member of the Board having direct or indirect influence upon the investment decisions shall:

- (A) Have any interest, directly or indirectly, in any institution or management of any institution in which the District is permitted to invest.
- (B) Receive any compensation of any type, including preferential treatment from any institution or person in which the District has a relationship.

Commented [KR9]: Investment Act: A schedule for periodic review of the Investment Portfolio.

A policy establishing at least quarterly written reports of the investment activities by the public agency's Chief Financial Officer for submission to the governing body and its Chief Executive Officer. The reports shall include: information regarding securities in the portfolio by class or type; book value; income earned; and market value as of reporting date.

GFOA: Reporting and disclosure standards

Commented [KR10]: Investment Act: A policy regarding the selection of financial advisors, institutions, and managers.

GFOA: Authorized financial institutions, depositories, and broker/dealers.

Commented [KR11]: Investment Act: A statement on Ethics and Conflict of Interest

Investment Policy Legal Requirements & Best Practices vs. PPD Policy as of 8/9/2023

Public Funds Investment Act	GFOA Investment Best Practices	PPD Section	PPD Policy Notes
A system of internal controls .	Safekeeping, custody, and internal controls: Develop guidelines to enhance the separation of duties and reduce the risk of fraud.	9.01	Suggest improving clarity in this section.
Identification of the Chief Investment Officer responsible for establishing internal controls and written procedures for operation of the investment program.		9.01	Does not title or describe the person as Chief Investment Officer. Seems to imply Treasurer (or Treasurer's designee) is the Chief Investment Officer. But, states that "Finance Committee shall establish a system of controls to regulate the activities."
A Statement of Purpose , along with investment guidelines that are appropriate to the nature of the funds, and amount of public funds within the investment portfolio.		9.02	Suggest expanding the Objectives to reflect clearer statement of purpose.
A policy on the diversification of the investment portfolio .	Investment diversification: State the government's approach to investment diversification, identifying the method that will be used to create a mix of assets that will achieve and maintain the government's investment objectives.	9.02	
Development of performance measures appropriate to the nature of the fund.	Risk and performance standards: Establish one or more appropriate benchmarks against which the portfolio should be measured and compared.	9.02	Current policy doesn't state a specific benchmark for measurement, just states "maximize the rate of return for the given date of the investment, taking into account the needs of the District to meet all operating expenditures."
A "Prudent Person" rule, establishing the standard of care that must be maintained by the person(s) investing the public funds.	Roles, responsibilities, and standards of care: Identify the roles of all persons involved in the investment program by title and responsibility. Standards of care should include language on prudence (i.e., the prudent person rule), due diligence, ethics and conflicts of interest, delegation and authority, and knowledge and qualifications.	9.03	
A listing of all authorized investments .	Suitable and authorized investments: Include guidelines on selecting investment types, investment advisors, interest rate risk, maturities, and credit quality, along with any collateralization requirements.	9.04	Need to discuss whether PPD would like to expand allowable investments to match all investments allowed in Public Funds Investment Act.

Investment Policy Legal Requirements & Best Practices vs. PPD Policy as of 8/9/2023

Public Funds Investment Act	GFOA Investment Best Practices	PPD Section	PPD Policy Notes
Guidelines on collateral requirements , if any, for the deposit of public funds in a financial institution and, if applicable, guidelines for contractual arrangements for custody and safekeeping of that collateral.		9.04	
A schedule for periodic review of the Investment Portfolio.		9.06	
A policy establishing at least quarterly written reports of the investment activities by the public agency's Chief Financial Officer for submission to the governing body and its Chief Executive Officer. The reports shall include: information regarding securities in the portfolio by class or type; book value; income earned; and market value as of reporting date.	Reporting and disclosure standards: Define the frequency of reporting to the governing body and the government's management team.	9.06	Monthly reports outlining investment activities.
A policy regarding the selection of financial advisors, institutions, and managers.	Authorized financial institutions, depositories, and broker/dealers: Establish a process for creating a list of financial institutions, depositories, and broker/dealers that will provide the primary services necessary for executing the investment program.	9.06	Quarterly Authorized Financial institutions are supposed to be reviewed, updated, and provided to Finance Committee.
A statement on Ethics and Conflict of Interest.		9.07	

Authorized Investments

Investment Act - Sec. 2. Authorized Investments	Does Current PPD Policy Allow?
(1) in 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;	Yes - 9.04(A)
(2) in bonds, notes, debentures, or other similar obligations of the United States of America, its agencies, and its instrumentalities;	Yes - 9.04(D)
(3) in 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;	Yes - 9.04(B) -Also allows for credit union accounts 9.04(E).
<p>(4) in short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) 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, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations, and (iii) no more than one-third of the public agency's funds may be invested in short-term obligations of corporations under this paragraph (4);</p> <p>(4.5) in obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) 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 more than 270 days but less than 3 years from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations, and (iii) no more than one-third of the public agency's funds may be invested in obligations of corporations under this paragraph (4.5); or</p>	No
(5) in 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 obligations described in paragraph (1) or (2) of this subsection and to agreements to repurchase such obligations.	Yes - 9.04(F)
(a-1) In addition to any other investments authorized under this Act, a municipality, park district, forest preserve district, conservation district, county, or other governmental unit may invest its public funds in 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, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the municipality, park district, forest preserve district, conservation district, county, or other governmental unit, 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.	No