



**PrairieCat Finance Committee  
Minutes  
Thursday, June 15th, 2023  
10:00 a.m. – 11:00 a.m.**

The committee met in person at the Moline Public Library,  
3210 41<sup>st</sup> Street, Moline, IL 61265  
And online via Zoom

**PUBLIC COMMENT:** Members of the public will be able to chat or speak during the meeting or the virtual Zoom meeting during the public comment. Public comments may be submitted via email to Carolyn.Coulter@railslibraries.info at least two hours before the meeting.

Register online at L2 or at the following URL for Zoom online registration:

1. Call to Order, introductions.  
Present at Moline PL: Carolyn Coulter (PrairieCat), Chelsey Knippel (PrairieCat), Nick Weber (WO), Beth Ryan (Chair-JO), Penny Bryant (PT), Bryon Lear (MX), Lauren Offerman (TC)

Present via Zoom: Elizabeth Smith (PrairieCat), Michael Skwara (HC), Rene Leyva (FR), Maria Meachum (WL)

Absent: Angela Campbell (RP)

Ryan (JO) called the meeting to order at 10:03 am.

2. Introduction of Guests and Public Comment  
Sharon Swanson and Elena Mendoza, both with RAILS accounting, introduced themselves. There were no public comments.
3. Approve minutes of March 16th, 2023, meeting

**Motion #1: Offerman (TC) moved and Bryant (PT) seconded to approve the March 16, 2023 meeting minutes as presented. There was no discussion on the motion. Motion carried by roll call.**

4. Review and discussion, investment strategy for FY24, recommendations to Administrative Council  
Mendoza (RAILS) gave an investment analysis. PrairieCat has historically maintained an interest-bearing checking account with Bank Orion, the balance of which is currently \$1,302,811 as of June 7. The current rate of

earnings on the checking account is equal to the rate offered by Bank Orion for money market accounts (.30%). The Illinois Funds money market account balance is currently \$723,818 and has earned year-to-date interest of \$23,641.

PrairieCat last opened a CD on August 7, 2021 (\$503,758.76), with Bank Orion for 12 months at a .50% rate. Prior to this CD maturing, the RAILS Finance and PrairieCat staff reached out to Bank Orion and researched Illinois Funds' current rates (then at .935%). Bank Orion offered a .50% rate if PrairieCat renewed the CD for another 12 months, which was well below the market rates. Locking in interest rates in a CD during that time of rising interest rates was not favorable. At the July 1, 2022 meeting, the Administrative Council voted to re-invest in Illinois Funds. They made this decision based on the current market rate projections as well as the recommendation from the PrairieCat Finance Committee on June 16, 2022. On July 6, 2022, \$700,000 was moved from PrairieCat's checking account at Bank Orion to Illinois Funds to take advantage of the higher interest rates. Later when the CD matured with Bank Orion on August 7, 2022, the funds were redeemed and deposited in the checking account with Bank Orion to replenish the checking account.

The RAILS Finance and PrairieCat staff have once again reached out to several financial institutions to inquire about investment options. As we re-evaluate investment options this year, we must consider the Federal Reserve's expectations for interest rate increases to be at an end as well as their projections for the expected rate goal to decrease to 4.3% and 3.1% at the end of calendar years 2024 and 2025, respectively.

After speaking with representatives at several area banks as well as a bank which RAILS has a current relationship with, all of which comply with the Illinois Public Funds Investment Act, the quotes received for CD investments were as follows:

<b><u>Bank/Investment Group Name</u></b>	<b><u>11 or 12-month CD @ \$500,000</u></b>	<b><u>24-month CD @ \$500,000</u></b>
Bank Orion	12-month CD at 4.600% - \$23,000	24-month CD at 3.750% - \$37,500
PMA (Traditional CD - is placed directly with the bank by PMA)	12-month CD at 5.093% - \$25,450	24-month CD at 4.941% - \$49,400
PMA (DTC CD - is placed with the bank through a broker)	12-month DTC CD at 5.178% - \$25,900	24-month CD at 4.906-4.756% - \$49,050 - \$47,550
Blackhawk Bank & Trust	12-month CD at 1.850% - \$9,250	24-month CD at 2.000% - \$20,000
Quad City Bank & Trust	11-month CD at 4.750% - \$21,800	24-month CD at 0.700% - \$7,000

American Bank & Trust	12-month CD at 2.970% - \$14,850	24-month CD at 1.500% - \$15,000

Please note that these interest rates are adjusted as often as daily, biweekly, or monthly and float with the market. The three highest rates were received from PMA: 12-month DTC-type CD's at 5.178%, PMA 12-month traditional CD's at 5.093%, and PMA 24-month traditional CD's at 4.941%.

Mendoza continued, stating, PrairieCat has a long relationship with Bank Orion, and, over the years, they steadily maintained their interest rates despite times of very low interest. The rates they offered for both the 12-month and 24-month CDs, unfortunately, came in significantly lower than PMA. PMA (Prudent Man Advisors) works with BMO Harris N.A. as their depository institution and is a family of financial services companies that helps thousands of municipalities, school districts, local government investment pools, individuals, insurance companies, and other institutions by providing investment, financial management and fund administration services. They are FDIC insured and are fully compliant with the Illinois Public Funds Investment Act for security, oversight, and collateralization. Their iPrime program operates as a local government investment pool with the deposits spread between banks that are a part of the IntraFi Network Deposits program to maintain the balances under the \$250,000 FDIC insurance threshold. RAILS currently utilizes them as one of their depositories, investing in both treasury notes and CD's. Recently, in January 2023, RAILS locked in four two-year DTC-type CD's with PMA at a 4.32% rate. If PrairieCat chose to invest with PMA, an iPrime Insured Cash Sweep (ICS) account would be required and is primarily used for coupon interest deposits that are earned from the investments. There is no minimum balance that is required to be maintained in the iPrime account, and it works similarly to the Illinois Funds account that PrairieCat currently has with interest rates fluctuate daily and tracking very closely with the Illinois Funds rates.

As mentioned earlier, interest rates change very often, but reports from the Federal Open Market Committee indicate that the Federal Reserve will not be expecting to raise the interest rates for the remainder of the calendar year and are projecting decreases at the end of calendar years 2024 and 2025. Of course, this could shift very unexpectedly depending on the inflation rate. CD's do offer less flexibility in that an early cancellation of the CD would result in an interest penalty, but they do lock-in higher rates during periods of declining rates.

Since interest rate projections by the Federal Reserve are predicted to decrease in the next two calendar years, taking advantage of locking in a 24-month CD at this peak in rates would be beneficial for the long-term.

Mendoza explained that RAILS's recommendation would be to secure two \$250,000 traditional or DTC-type CDs with PMA, whichever yields a higher rate at the time. Securing two \$250,000 CDs vs one \$500,000 CD would split the investment between two banks to take advantage of the \$250,000 FDIC insurance. If PrairieCat were to open one \$500,000 CD in one bank, PrairieCat would have to pay to collateralize it which typically makes the net return lower than it would have been by securing two separate CDs. The \$500,000 to secure the two CDs (\$250,000 each) would be transferred from Illinois Funds to Bank Orion, and then Bank Orion to the PMA iPrime account. This would leave a liquid balance of \$223,818 in Illinois Funds that would be available for PrairieCat's immediate use, if needed.

Swanson (RAILS) added that they are recommending \$500,000 in the CD so that there are not too many of PrairieCat's funds tied up for too long. RAILS has had a several year long relationship with PMA and they are very responsive and helpful. Coulter (PrairieCat) asked if they could explain what a DTC CD is. Mendoza said DTC stands for Depository Trust Company and is the system that the securities (CDs) settle through. A traditional CD is placed at the bank by PMA at it pays the interest at maturity. The DTC CD is placed at the bank through a broker. The broker offers the funds for sale through a secondary market. So, PMA buys the DTC CD through the secondary market for the client and then those CDs are the same as traditional CDs as they are still FDIC insured but they are bought and sold like treasuries would be and pay interest at intervals, quarterly or monthly, depending on the bank. Leyva (FR) mentioned that Fossil Ridge Public Library also uses PMA and they are very helpful. Also, the director at Joliet Public Library is on the board at PMA so there's a vested interest in the money of libraries. Meachum (WL) asked if the plan is to move everything out of BankOrion and closing our account. Mendoza answered no, we just aren't investing in a CD with BankOrion because their interest rate came in so much lower than PMA's. We will still be using BankOrion for our checking account. Leyva suggested, if we move forward with PMA, that we have their representative, Courtney, present at the Administrative Council meeting. The Committee agrees with Leyva's suggestion and recommends moving forward with the PMA to the Administrative Council. At the time of decision, PrairieCat should invest in either the traditional or the DTC CD whichever has the highest interest rate at that time.

5. Review and discussion, increasing credit card balance for PrairieCat staff from \$10,000 (combined for all cards) to \$15,000 (combined), recommendation to Administrative Council.

Coulter (PrairieCat) explained that PrairieCat has a total of \$10,000 of credit that is shared among three credit cards from BankOrion. The limits on these cards are currently \$5,000 for the director, \$5,000 for the Training and Outreach Coordinator, and \$1,000 for the Systems Manager.

Given that we are now responsible for paying for software and IT services that previously were paid for by RAILS, we find that we do not have enough available credit to cover online subscriptions for some services on a monthly basis. In addition, our costs for travel due to conferences and meetings has increased as we begin to recover from COVID shutdowns. In the last month, we did incur a credit card overage fee of approximately \$40.00 due to inadvertently charging too much on the System Manager's credit card.

Coulter recommendation to Finance and the Administrative Council would be to expand the credit limit on all cards (combined) to \$15,000, and to increase the limit on the System Manager's card to \$5,000.

The Committee recommends increasing the combined limit on the credit cards to \$15,000.

6. Review and discussion, adding temporary part time hours for cataloging services, recommendation to Administrative Council.

Coulter (PrairieCat) stated she has received a request from the Library Services department for a temporary part-time employee. Due to issues that have come to light since working with Vega in addition to cleanups needed after libraries have been added to PrairieCat, Cataloging staff feel that it would be very beneficial for them to have a temporary part time position funded to assist with this work.

Cataloging Manager Magda Bonny submitted a job description for this position based on the current Senior Data Specialist position. Using our current approved pay scale, the minimum for a similar position would be \$18.19/hour, and mid-point of the scale would be \$22.74/hour. Based on those figures, the cost to provide 17 hours a week for 51 weeks would be as follows:

Min: 17 hours/week, 48 weeks: \$14,843.04, SS/M: \$1,135.49, Total: \$15,978.53

Mid: 17 hours/week, 48 weeks: \$18,555.84, SS/M: \$1,419.52, Total: \$19,975.36

If we stay under 19 hours/week for 12 months or less, we do not have to include IMRF retirement costs or healthcare costs. Coulter explained that this is not a funded position so the cost will have to come from the General Fund, which must be approved by Administrative Council. The Council can approve expenditures up to \$20,000. Depending on what we have to end up paying this position, we will adjust the weeks in order to keep the total pay under the \$20,000 mark. Offerman (TC) said, with Administrative Council's approval, the proposed position as stated makes sense. Meachum (WL) suggested hiring multiple people to get the job

done quicker. Weber (WO) clarified, so have two or three people do the job in 26 weeks instead of one person doing it in 45 weeks. Leyva (FR) said we've been waiting for Vega for quite a while so maybe it would be better to have the job done quicker so the Vega clean up is done and not holding up the launch. Coulter responded she will ask the Library Services department what they think of the idea. This will go to the Administrative Council in August.

Coulter brought up future Finance Committee meetings now that we are required to meet in person again. The Committee decided to move the meeting location to Dekalb Public Library, a central location for all of the committee members, and continue meeting quarterly. The start time was pushed back to 10:30 am going forward.

#### 7. Adjournment

The meeting adjourned at 10:51am

Next meeting: September 21st, 2023, 10:30am – 11:30am, Dekalb Public Library, Dekalb, IL and online.