

Finance Committee

October 2, 2023

6:00pm - City Hall Council Chambers

Chairman Ptak Called the Meeting to order at 6:02pm

ROLL CALL

Present: Chairman Ptak, Aldermen Bacidore, Thompson, Reynolds, Lavieri, Jeppson, Herndon, Crane

Absent: None

Others Present: Deputy Clerk Brent Bader, Finance Director John Duncan, Economic Development Director Curt Bedei, City Engineer Brian Brown, City Building Inspector Andy Bacidore, Fire Chief Jerry Janick, City Treasurer Virginia Kochanowski, City Attorney James McPhedran

A quorum was present.

Moved by Alderman Reynolds and seconded by Alderman Thompson to approve the minutes from September 18, 2023.

Voice vote, all ayes. Motion carried.

Finance Director Duncan began the discussion in regard to purchases of certificates of deposits. Duncan states that the vast majority of the city money sits in a disbursement account earning 1.25%. CD interest rates have climbed over the years and he feels that the city does not need all that money to be in a liquid account. After speaking with Chairman Ptak, he is hoping to get something laddered over a three-year period into 36 different investment terms so that each month over a three-year period, the same increment comes due. He also stated that one of the findings that the City had on its S&P rating is that the City does not have an investment policy. The City now has opportunities available, including one that is at 4.71% in a 15-month special at the La Salle State Bank. This includes moving money out of the La Salle State Bank sweep account and into CDs, over the next two months of about \$6.5 million. The City would earn higher interest rates on that. Duncan and Chairman Ptak plan to have a plan in place soon to discuss with the Finance Committee so that when they come due, the City will have them to pay invoices or if the City didn't need them at the time, we would pick a duration of time out before the city would need to expend the funds. This will keep the account relationship between the state charter banks in town equal. Duncan stated that laddering them gives the city the best way to spread them out and not play the rate game. Instead of trying to play the rate game and then getting caught playing the right game. He mentioned that there would be \$2 million at Hometown coming due in the beginning of next year that the city will have to do something with also. Duncan thought that the duration was more important to look at overall. Duncan mentioned that

the lowest out there is a 30 month at 4% and the highest out there at 4.9%, which is something that they haven't seen in years. He also stated that if rates drop and the city needs the money, they are able to just put it back into the account earning 1.25%. They will have that to fall back on if need be. Duncan stated that they city will have \$7 million left in a liquid account which covers that balance of what the city has left to meet their obligations in the appropriations ordinance. They will be investing \$6.5 million over the next two months. They are several durations for these CDs.

Chairman Ptak stated to the finance committee that just because the city is putting money away into CDs, they do not necessarily have that money to spend. This council has got to this point because they have been very frugal and have not taken a bond out in eight years and encouraged that they hold up to that philosophy. Duncan stated that the interest is earned annually and paid quarterly based on each of the months that it is in there.

Alderman Lavieri wants the city to keep working on getting towards the black because he doesn't see how the state or federal can keep paying out in grants when they are borrowing the money.

Duncan believes that this small approx. 3% interest increase will improve the city's cash position \$200,000 a year.

Duncan stated the city has a couple IEPA loans and one bond with the general fund that the city is still paying the debt out on.

Chairman Ptak mentioned that the city is regulated on how they invest the money. The city will come up with an investment policy that will help the city in the future and potentially improve the city's credit rating.

Chairman Ptak and Duncan did meet with credit analyst last week and the city's outlook will be rated as a positive rather than a negative. The city was a BB+ and going to BBB-

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Moved by Alderman Jeppson and seconded by Alderman Crane to approve the recommendation regarding purchases of certificates of deposit of \$6.5 million over the next two months.

ROLL CALL

AYE: Chairman Ptak, Aldermen Bacidore, Thompson, Reynolds, Lavieri, Jeppson, Herndon, Crane

NAY: None **Absent:** None **Abstain:** None

MOTION CARRIED: 8-0

Finance Director John Duncan stated that he had three proposals that he was asked to discuss with the Committee on behalf of the Parks and Recreation Director Lynda Kasik who was not present. The proposals were included in the packet. The lowest proposal

was from Team Reil. The second highest or middle proposal was from Innovative Sports Surfacing. The third proposal was from Soft Surfaces. The City asked a fourth vendor to provide a proposal but the City did not receive it before the meeting. Parks Director Kasik met with all four vendors and took them out to Rotary Park to show them the playground. The current surface is known as a "Pour in Place" surface. It was installed at the inception of the park and has since deteriorated. All four vendors agreed that the level of traffic at this park would only allow a guarantee for about seven years. All four vendors also agreed that they have identified drainage issues as being problematic with this particular playground and those drainage issues need to be solved. The differences in the bids with some of the vendors have included solving those drainage issues in the bid and others have said that the City would have to go out and independently bid the drainage issue work. All four vendors recommended doing a turf-type surface. Other parks in central Illinois have moved to this type of product due to the harsh winters with the freezing and thawing that occurs. Engineer Brown and Deputy Clerk Bader were at a couple of the meetings also. Team Reil is the lowest bidder and they have discounted the bid, in hopes that the city will purchase or install the new material this calendar year. They were also a vendor that included drainage improvements in their bid. Duncan felt that Team Reil took the most time to show the City where he thought the problem was coming from in the drainage. All vendors agreed that the pour-in-place surface has exceeded its lifespan, hitting the 10-year mark. Pour-in-place vendors were guaranteeing for seven years and most of these vendors are guaranteeing for 10 years.

Duncan mentioned that one vendor noticed that the city poured curbing around it, and the city should have drilled holes in the bottom so that that water had an escape route. Duncan stated that the reason why turf estimates aren't as expensive, even though it will be guaranteed to last longer, is because they plan on using some of the current surface as padding. If padding was needed, the cost of the pour-in-place would be about equal to the turf. The advantage of the turf, much like you see on a football field, is if you have a bad spot there, one can cut out a bad section and put a new section in.

Alderman Crane asked if there were any safety issues with the current situation. Duncan stated that they could be perceived as be tripping hazards. Duncan stated that there are very specific safety standards that have to be taken into consideration, in regards to fall ratings based upon the highest elevation.

Duncan stated that he would ask that the recommendation would be to use TIF funds. This would need a supermajority vote since this was not budgeted for. Duncan was also hoping to talk to the sales rep prior to the meeting to make sure he was not able to go farther than a \$5,000 discount if they agreed upon doing the work this year. His concern would be that if it's only a \$5,000 discount, is it worth sustaining a winter.

Alderman Lavieri stated that times are now extended due to manufacturing delays, so they may order now, but may not be able to install till the spring.

Chairman Ptak asked Duncan if he would be comfortable with Team Reil and if he was able to do any reference checks on this company. He felt that this company was considerably lower than the other two.

Engineer Brown has used Team Reil on a couple projects. They were the company that provided the fishing pier.

Duncan stated that Team Reil did list some municipalities that they've done work for in central Illinois and they were at the IML conference.

Brown stated that he liked the fact Team Reil quoted out for the drainage work because they can go back to them with any issues. He also mentioned that the drainage was installed around 2011 but something is clearly not working properly.

Moved by Alderman Lavieri and seconded by Alderman Jeppson to approve the recommendation to acquire the surface from Team Reil for \$99,223.20 out of the TIF funds and Finance Director John Duncan try to negotiate a little more, with stipulation to hold off till the Spring, but pay for it now.

ROLL CALL

AYE: Chairman Ptak, Aldermen Bacidore, Thompson, Reynolds, Lavieri, Jeppson, Herndon, Crane

NAY: None **Absent:** None **Abstain:** None

MOTION CARRIED: 8-0

NEW BUSINESS

Finance Director Duncan stated that the city was contacted by the consultant that they use to negotiate the power supply contract. If the city were to pass a resolution supporting solar energy, this consultant could potentially have a supplier that would bring people from 8.3 cents per kilowatt hour to about 7.5 cents. That discount equates to about \$10 on about every \$100 of power. The city currently has Ameren to deliver and Dynagy to supply. Duncan just wanted to mention the problem with this is that customers would be getting another letter in the mail. With this one, they would have to opt in and the residents that would be part of this program would get two bills every month for their electricity. He wants the Council to just consider and he is concerned that this will be confusing to the public, after months of campaigning that in order for people to receive the lowest rate they don't have to do anything. And now the city would be telling them that they would have to do something with this program. This would be introducing a solar supplier to Ameren. He can get this on the next agenda if the Council is in support of it and then the residents will get that letter in the mail.

Chairman Ptak did state how this one does seem a little more confusing. Duncan does wish there was a little more savings than \$10/month potentially for some residents.

There were no more questions or comments from the public.

Moved by Alderman Thompson and seconded by Alderman Reynolds to adjourn the meeting.

Voice vote, all ayes. Motion carried.

Chairman Ptak adjourned the meeting at 6:29pm

A handwritten signature in black ink that reads "Amy Quinn". The signature is fluid and cursive, with "Amy" on the first line and "Quinn" on the second line, slightly overlapping.

Amy Quinn, City Clerk