

BARTLETT PUBLIC LIBRARY DISTRICT
FINANCE COMMITTEE MEETING MINUTES
TUESDAY, JUNE 28, 2022

2:02 p.m.

Location: Meeting Room, Bartlett Public Library District
800 S. Bartlett Road, Bartlett, IL

CALL TO ORDER: Chairman Olsen called the Finance Committee meeting to order at 2:02 p.m., on June 28, 2022.

Roll Call - Dave Barry, John Sias, Joe Olsen, Trustees.

GUESTS: Truste Bucaro

STAFF PRESENT: Director Karolyn Nance.

ALSO PRESENT: James Howard, Accountant.

TOWN HALL: None.

ADDITIONS/DELETIONS TO THE AGENDA: Trustee Barry moved to add the Finance Committee Minutes from August 5, 2021 to the agenda; seconded by Trustee Sias.

Motion carried by unanimous voice vote.

Comments Or Corrections to the Minutes: Director Nance provided the trustees with a copy of th Minutes of August 5, 2021. Trustee Barry moved to approve the Minutes of August 5, 2021, Finance Committee meeting as published; seconded by Trustee Sias.

Motion carried by unanimous voice vote.

The Minutes will be added to the agenda for the Regular Board Meeting of July 2022 for approval.

AGENDA:

1. Fund Balance Policy Review: Trustee Olsen noted that the policy calls for having a fund balance equivalent to 4 to 12 months of operating cash reserve, yet he constantly hears at board meetings the idea that the goal is to reach 12 months.

The mechanical assessment that was completed over two years ago identified over \$1 million in capital needs for maintenance during the next three-to-ten-year period, without consideration of any possible additions or modifications to the structure. Trustee Olsen has spoken with the administrative staff at other libraries, and the consensus is that, while it would be ideal to have 12 months reserve funding, from a practical standpoint ongoing maintenance costs prohibit the libraries from achieving

that goal.

In the last two fiscal years Bartlett Library District has generated in excess of \$1,400,000 in available funds due to the pandemic and the resulting cut-back in hours of service and the Library not having to expend resources it would have were the facility fully operational.

Discussion was had that the Library District funds can currently cover just under six months of expenses. The Finance Committee can make a recommendation to the Board to accumulate six months reserve and then gauge what the capital needs are to determine if more funds are needed in the account.

Trustee Barry stated he believes this topic should be discussed by the entire board, where the full complement of trustees can have input on prioritizing expenditures, with necessary documentation being provided to the trustees prior to the meeting. Director Nance stated that the financial reports will be available at the end of the fiscal year.

2. Discussion of Black Box Tax Levy and Percentage: Discussion was had regarding setting the levy rate sufficiently above 5% in order to capture the maximum dollars for the District's tax revenues as collected by the assessor on properties at a one-time opportunity as the TIF district comes to an end. The Library will be publishing the black box notice in compliance with the Truth in Lending Act.

Ms. Nance contacted the DuPage County Assessor to ask for an estimated amount the Library may be receiving from the TIF district. Most of the TIF properties within the library's borders are DuPage County properties rather than Cook County properties. Mr. Howard stated that his clients located in the fire district will see the financial benefits from the TIF concluding, and they may be seeking 10% or 15% tax rate to capture the new dollars that come out of the tax base. Director Nance stated that she and Mr. Howard can work together to determine what the rate would be and then discuss the number with Trustee Olsen. After the committee decides on a number, the number will be brought to the board for a vote.

Trustee Barry recommended that the Library inform the citizens on the TIF process and the importance of the taxing bodies collecting the increased dollars available within the time period

they can be captured. Director Nance suggested publishing a letter from the board president in the Library's next newsletter explaining the end-of-TIF process.

Mr. Olsen stated the consensus of the committee is to have Director Nance and Mr. Howard propose a rate based on their research of the tax values that will be available for the next calendar tax year, and then based on that proposed rate the Committee will make a recommendation to the full board.

3. Distribution of Allocated Use of New Funds From TIF District Ending: Mr. Olsen stated when the Board approves the Tax Levy Ordinance, the Library should look at changing the allocation of funds. The building maintenance fund allocation is set by statute and will increase proportionately with the tax base increase. Equipment and maintenance contracts, special maintenance projects, landscaping and equipment, and maintenance salaries are drawn from the building maintenance fund.

Mr. Howard stated that the building maintenance fund balance is currently over 100%, and with the levy this year the Library may want to move more money into the general fund and levy a little bit less into building maintenance. Director Nance stated the building maintenance fund will be fully expended this year.

Mr. Howard stated the maintenance salaries could be moved to operational expense; and with the direction of the Board, the general fund can be capped at 50% and excess funds be transferred to the special reserve fund or the capital fund. The special reserve fund has a current balance of \$50,000. Director Nance noted that the capital needs assessment will be available within the next 60 days and will be used for cost planning.

When a determination is made of the amount of new funds from the TIF district, a comparison will be made against the capital needs assessment, and the Board will determine the allocation of funds. The levy will be passed the first week of December.

The capital needs assessment will be provided to the trustees for review as soon as it is available, Trustee Olsen and Director Nance will work together to present a plan at the following board meeting, and the Board will discuss the document for planning purposes.

4. Discussion of Ways to Increase Return on Funds (Interest): Trustee Olsen stated that the Library currently has in excess of

\$2.5 million in invested funds, on which the Library earned \$300 interest in May. Discussion was had regarding the Board prudently investing the Library District funds to maximize interest earnings. Trustee Barry suggested that Trustee Olsen, as Treasurer, can bring investment options to the Board.

Investment options were discussed including relying on FDIC protections on accounts up to \$250,000 at banking institutions, or investing in Illinois Funds. The funds currently invested at Fifth Third are earning interest at a rate of .14%. The bank has offered to increase the rate to .28% and waive the service charge.

Mr. Howard stated that money managers do work with local governmental entities in terms of brokering a fixed income account for each entity, such as a library district, and can earn approximately 1.39%. The Library would need to request an RFP or RFI from prospective managers. Ms. Nance will inquire with her peer directors to ask if anyone has a sample RFP, and then submit it to the Library's attorney for review. The process for sending out an RFP would take approximately two to three months.

Director Nance stated she does not want to be responsible for managing the money at different banks; she would rather hire a professional firm to be responsible, one that is insured to manage such accounts. Consensus was to research opportunities for the Library to obtain a better interest rate. In the meantime the Finance Committee will recommend at the July Regular Board Meeting that the Library pursue doubling the interest rate with Fifth Third Bank.

TOWN HALL: Trustee Bucaro spoke to the goal of maintaining 4 to 12 months of reserves and stated she recalls hearing the six-month time frame mentioned repeatedly during meetings. She also likes the idea of having a letter from the president in the newsletter, as well as publishing the information in the newspaper, to inform the public about the levy process and accessing TIF dollars.

ADJOURNMENT: Trustee Barry moved to adjourn at 3:01 p.m.; seconded by Trustee Sias. Roll Call Vote - Yes: Barry, Olsen, Sias. Motion carried.