

BARTLETT PUBLIC LIBRARY DISTRICT
MINUTES OF THE COMMITTEE OF THE WHOLE MEETING
INVESTMENT UPDATE

MONDAY JUNE 19, 2023, 6:30 p.m.

Location: East Conference Room, Bartlett Public Library District
800 S. Bartlett Road, Bartlett, IL 630-837-2855

CALL TO ORDER: President Deyne called the Committee of the Whole meeting to order at 6:31 p.m.

ROLL CALL: President Peggy Deyne, Secretary Pro Tem Peggy Bucaro, Treasurer Dave Barry, Joe Olsen, Lynn DeSmidt.

STAFF PRESENT: Director Karolyn Nance.

PUBLIC PRESENT: John J. Falduto, Sawyer Falduto Asset Management.

TOWN HALL: None.

AGENDA:

1. Update on Bartlett Public Library District's Investments by John J. Falduto, Managing Partner at Sawyer Falduto Asset Management, LLC:

John Falduto reviewed the investment portfolio report with the board members and invited the trustees to ask questions along the way. He noted that the interest rates are up a little bit, which helps with the bottom line of the Library's investments.

Starting with the general fund, the investment allocation is broken down by the type of security, with a total bottom line of \$2,276,000 as of May 31, 2023.

(Trustee Sias entered.)

The cash flow review gives a summary of the inception-to-date of the relationship, the investment started with Sawyer Falduto just before January 1, 2023, with additions of \$2,250,000, and no distributions. The account has had capital appreciation of a negative number, and a small amount of depreciation. When the interest rates go up, the value of the bonds go slightly down.

Interest received is \$21,962; change in accrued income of \$7,888 from interest earned in the portfolio; ending value of \$2,276,000, with an investment gain for the period of \$26,513.

The projected income provides a sense of the interest flow on the bonds through the next four quarters, with a total just under \$100,000.

As interest rates continue to go up, the funds will be reinvested at the higher rates. The ending value as of the end of March was \$2,013,000. Second quarter saw an additional inflow of \$250,000. The current bond yield is at 4%, 4.7, cost basis, market value at 5.2%. The duration of the portfolio is slightly less than a year.

Approximately \$1 million is in the money market fund, which is paying almost 5%, and is liquid for any cash flow needs the Library might have. The Bartlett Library is invested in U.S. treasuries, certificates of deposit, government agency securities, callable government agency securities, and a small taxable bond. The account managers at Sawyer Falduto analyze the bonds for their call provisions and earnings potential.

In review of the second report, Mr. Falduto noted the balance of the capital needs fund at \$759,055 as of May 31, 2023, following the initial deposit of \$750,000. Capital depreciation was \$1,660, income or interest at \$6,335, accrued income at \$35,000. These are assets held by the Library; and interest income is reinvested at maturity. Roughly half of the portfolio will be posting interest payments in the next 12 months.

The bond analysis on Page 12 reflects the principal of \$720,000 and value at \$721,000. Some of the same securities are held and split between the two portfolios. The Library is in a better income position with its investment portfolio rather than holding these funds as bank deposits, having already earned roughly \$10,000, and anticipating earnings close to \$30,000 for the year based on actual earnings on instruments that the Library currently owns.

(Trustee Boyer entered the meeting.)

Mr. Falduto stated the system-generated projections are based on the current holdings; and he would expect that the Library's income will be a little higher than the \$100,000 number that was discussed, but it is not uncommon in these situations to discount the estimate a little bit just to be safe in that you would not budget for more than was actually received.

The money market account provides complete liquidity to transfer

funds as needed. Mr. Howard, Trustee Barry, Director Wessel, and Mr. Falduto have spoken about waiting for the Cook County tax deposits to post and then determine when and if an additional transfer is appropriate.

The board thanked Mr. Falduto for his presentation.

Discussion was had regarding Money Link, which is a direct link between accounts. An example of the process to transfer between the NOW account and the Schwab account would be as follows: The accountant would suggest to the director a good time to move some dollars, the director would contact the board treasurer, the treasurer would approve the transfer and then contact the board president, the board president would approve the transfer, and then Schwab would be contacted through Sawyer Falduto and the transaction would be made all online.

Sawyer Falduto has used Money Link extensively with their clients for many years, and Mr. Falduto compares it to being the equivalent of an ACH transfer but in a preformatted and direct-only link between the Library's bank account that this board approves and signs off on, and the Schwab account which the board has approved and signed off on. The only place money can move is between the Library's Schwab account and the Library's NOW account.

Trustee Olsen asked for a copy of the Money Link agreement. Mr. Falduto stated he had a copy with him of a Money Link application which details how the process works, and offered to share that with the trustees and the Library.

TOWN HALL: None.

ADJOURNMENT: Trustee Barry moved to adjourn the Committee of the Whole meeting at 7:02 p.m.; seconded by Trustee DeSmidt. Roll Call Vote - Yes: Barry, Bucaro, Deyne, DeSmidt, Olsen, Boyer.