

MINUTES OF MEETING
BOARD OF FINANCE
CITY OF MONTICELLO
TUESDAY FEBRUARY 20, 2024

The annual meeting of the Board of Finance, of the City of Monticello, Indiana, was held at 120 West Washington Street on February 20, 2024. The meeting was called to order at 5:00 pm by Mayor Aaron Sims. While the meeting was conducted in person, it was also available via Zoom and live on Facebook.

Roll Call: Called by Clerk Treasurer Doug Pepple was answered by Mayor Aaron Sims; Councilors Bill Cheever, Shanda Cortez, Gary Allen, Dave Patty and Kim Kramer; and City Attorney George Loy.

Minutes: Bill Cheever made a motion to approve the minutes from the January 17, 2023, meeting. Kim Kramer seconded the motion. All ayes, motion carried.

Bill Cheever made a motion to elect Gary Allen as President of the Board of Finance for 2024. Kim Kramer seconded the motion. All ayes, motion carried.

Bill Cheever made a motion to elect Shanda Cortez as Secretary for 2024. Kim Kramer seconded the motion. All ayes, motion carried.

Clerk Treasurer Doug Pepple reviewed the investment spreadsheet with the Board of Finance members present. He explained the “Laddering” strategy to maximize return and minimize risk. This strategy was put in place in 2021.

The following questions were submitted by the Board and answered by Clerk Treasurer Pepple:

- The laddering we have established results in January and July (typically) the maturing months. Do you suggest reinvesting the matured CD (1/22/24) back into a 24-month CD?
 - *Yes, that is the plan, both to maintain those regular maturities and because we recommend locking in longer now due to expectations that rates are headed down.*
- Should we consider shorter term CDs (four) and attempt to ladder in such a way that we have one maturing every 3 months?
 - *We began building the 24-month portfolio with 6-month maturities a few years ago after a discussion with the Finance Committee, and it has worked well to create a portfolio with an average interest rate over 5%. Unless there are liquidity concerns, I suggest sticking to the 24-month term for now, again because we think rates are headed down. If there are liquidity concerns, however, we could begin to build in 3-month maturities, but the result would be either a shorter overall portfolio (eventually), or you would need to split the reinvestments into smaller amounts and that could affect the rates.*
- Does the Indiana Code provide for other instruments besides CDs and Treasuries?
 - *Yes, we could also buy Government Agencies (such as Fannie Mae, Freddie Mac and FHLB securities), Indiana municipal bonds and certain other liquid investments. Public Funds CDs tend to offer the best rates with Treasuries close behind, so that is what is generally recommended for longer term investments.*
- Regarding the Debt Service Reserve funds, would the option of CDs here be more productive than Treasuries or are we confined to them due to covenants?
 - *The City could do a CD in the DSR fund, and the rate might be a little better. A Treasury, however, is the best option because the Redevelopment Bonds are currently callable. If interest rates were such that a refunding of these bonds were worthwhile to the City, we might need to sell the Treasury, and that would be much easier and would not incur a penalty like breaking a CD would.*

Gary Allen moved to accept the Baker Tilley recommendation to proceed with seeking quotes for the matured CD. Dave Patty seconded the motion. All ayes, motion passed.

Adjournment: There being no further business, the meeting adjourned at 5:23 p.m.

Respectfully,

Doug Pepple

Clerk Treasurer, City of Monticello