

FRANKFORT PUBLIC LIBRARY DISTRICT
FINANCE COMMITTEE MEETING
FRANKFORT PUBLIC LIBRARY
November 18, 2024
2:30PM

I. Call to Order

The meeting was called to order at 2:32PM.

II. Roll Call

Present: Trustee Schneider, Trustee Wagner, Business Manager Wargowsky, and Director Kowalcze

Absent: Trustee Karabis

Also Present: None

III. Introduction of Visitors

None

IV. Minutes for Approval

Motion to approve the minutes from the Finance Committee Meeting on November 6, 2024 by Trustee Wagner, seconded by Trustee Schneider. All Ayes. Minutes approved by the Committee Members.

V. Old Business

A. Upcoming Loan Renewal

1. The Committee discussed the upcoming loan renewal. Director Kowalcze reached out BMO, Bank of America, First National, and Chase Banks to ask about debt certificate rates. We have not heard back from Bank of America or Chase Banks. BMO and First National both declined to give rates. All of the banks other than Chase indicated that this is not a request that they get often, and that they were unsure how to handle the request. The Committee agreed that staying with our current bank and bankers, who understand the Library's specific loan history and how to handle debt certificate conversions and governmental banking makes the most sense for the Library at this time.

2. Wintrust Bank has shared a tentative renewal rate of 4.15% TE (tax exempt). The banker cautioned that this is a preliminary rate only, and that the actual rate will be dependent on market conditions at time of renewal. Wintrust recommends waiting as long as possible to renew, since our current rate is so competitive.

3. The Committee discussed that the deadline for renewal is February 7, 2025, and that one benefit of staying with our current bank is that we try to align timelines to keep our current loan rate as long as possible. The Committee looked at an illustrative amortization rate schedule, built around 4.15% with a repayment by September 2034. Loan payments should increase around \$2000 per month over our current payments. The Committee agreed that this is manageable under the Library's current budget.

4. The Committee discussed the benefits and drawbacks of a loan repayment structured as a Principal + Interest (P+I) versus Principal & Interest (P&I). The Library is currently making payments around a P+I format, in which interest payments decrease month after month as the Principal is paid down. P&I loan payments stay flat for the entire length of the repayment, which makes it easier for budgeting, but would result in more interest paid over the lifetime of the loan. The Committee agreed that the Library is not having any difficulty in planning for the changing repayment rate when budgeting, so it is more prudent to select the option where less interest is paid overall.

5. The Committee discussed the loan timeline and next steps. The Committee discussed that ideally paperwork could be made to align with the Board Meetings, otherwise a Special Meeting may be required. Trustee Schneider reminded the Committee that he will be out of town for the January Board Meeting. The Committee agreed the recommendation to the Board would be to move forward with hiring Chapman & Cutler to oversee the debt certificate conversion with Wintrust Bank.

VI. New Business

None.

VII. Public Comment

None.

VIII. Adjournment

Motion to adjourn from Trustee Schneider, seconded by Trustee Wagner. Meeting adjourned at 2:56PM.

Recorded By:

Amanda Kowalcze
Library Director