
August 15, 2025

TO: RAILS BOARD OF DIRECTORS
FROM: SHARON SWANSON
SUBJECT: RAILS INVESTMENT PORTFOLIO REVIEW - BIENNIAL

The RAILS fiscal accountability policy requires the RAILS Board to review the investment portfolio twice a year to assess its effectiveness in meeting RAILS' needs for safety, liquidity, rate of return, diversification, and general performance.

The listing of RAILS' investments is included in the monthly financial report. To take advantage of interest rates remaining higher than normal, RAILS has reinvested the funds from the four CDs that matured early in August into four new two-year CDs. These new CDs are earning an average rate of 3.745%. RAILS has five additional CDs with PMA that will mature this month. A decision to reinvest these five CDs will be made once we make a recommendation to the Board regarding the amount needed to replenish the Capital Projects fund.

The bulk of RAILS' funds are held in accounts with Hinsdale Bank & Trust, which is one of the charters under the Wintrust network of banks. These accounts include a checking account and a money market account that are fully secured with a combination of FDIC coverage and collateral. RAILS has FDIC coverage through the bank's MaxSafe program which splits the account balances between the many charters within the Wintrust network to stay below the \$250,000 FDIC insurance limit at each charter. The remainder of the balance not covered by FDIC insurance is collateralized with mortgage-backed securities held by a third party in RAILS' name. To maximize interest income, the checking account is kept at a minimal balance that is sufficient to offset account service fees and meet current obligations with the bulk maintained in the money market account currently earning 4.590%.

The remainder of RAILS' liquid funds are held in money market accounts with Illinois Funds and PMA, which are both local government investment pools. The Illinois Funds account is collateralized at 102% and the program limits its investments to the most secure vehicles allowed by the Illinois Public Funds Investment Act. The PMA account is part of the IntraFi Network Deposits program which, similar to Wintrust, spreads balances between network banks in \$250,000 increments to take full advantage of FDIC insurance limits. This PMA account's purpose is to receive coupon interest and principal balance deposits from CD investment activity. The Illinois Funds and PMA accounts are currently earning 4.454% and 4.180%, respectively.

RAILS' investments consist of seventeen CDs as well as a small number of US Treasury Bonds that were bequeathed to the Alliance Library System by a former staff member. The CDs are secured through the IntraFi Network Deposits program. All banks that are used by PMA have been thoroughly risk tested according to the standards in the Illinois Public Funds Investment Act before being offered to their clients. As of July 31, the face value of RAILS' CD and Treasury Bond investments is \$4,092,948 and the

market value is \$3,908,524. Of RAILS' total cash and investment balance of \$25,058,062, the market value of these CDs is 15.6% of this total.