Finance Commission
Meeting Minutes
March 14, 2023

Roll Call/Announcements

The Finance Commission (FC) meeting was called to order at 6:30 p.m. Chair Davies called the roll.

Commissioners Present: Siafa Barclay, Bruce Bester, Wanda Davies, John Murray, and Dan Sagisser

Commissioners Absent: Sandra Klein-Hegge and Sadiq Dahir

Staff Present: Finance Director Michelle Pietrick

Receive Public Comments

There being no one present wishing to speak to the Commission on an item not on the agenda, the Chair moved to the next agenda item.

Approval of Meeting Minutes

Commissioner Bester stated line 51 the following words should be deleted: "of each month". He thought that would help the sentence make sense.

Commissioner Bester moved, seconded by Commissioner Murray to approve the January 10, 2023 meeting minutes as amended. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

Commissioner Bester reviewed the Finance Commission's Tracking report.

Update Regarding Repayment of Internal Loan Between PMP and Shopping Center Funds

Finance Director Pietrick stated that in preparing the report for City Council approval on the repayment of the internal loan, staff found the original resolution and City Council minutes from January 28, 2019 and February 11, 2019 meetings. The resolution stated that the Council pledged proceeds from the sale of the Fairview Fire Station property and future surplus monies from the License Center to repay the internal loan. The discussion at the January 28, 2019 meeting indicated that the $120,000 in annual rent the License Center would have been paying in rent would go towards repayment of the internal loan. The License Center has paid $495,000 into the Lexington Shopping Center Fund from 2019 through 2022. These funds will be used to repay the internal loan to the PMP fund. Therefore, no alternative sources are needed to repay the loan, as previously recommended by the Finance Commission.

Commissioner Bester asked how this should be closed out on the tracking report.

Ms. Pietrick explained he could use the wording “resolved, found different information”.

Review 2022 Investment Portfolio Performance

Finance Director Michelle Pietrick reviewed the 2022 Investment Portfolio performance with the Commission.

Chair Davies indicated she had a question regarding the yields for the treasuries, on December 31st if the City were to buy a ten year treasury would it yield a 3.88 or is it based on having a ten year treasury on January 1st and selling it on December 31st.

Ms. Pietrick indicated it was not based on the later. These were the yields as of December 31st. It is shown as a point in time. She indicated the City has always measured this as of December 31st. She noted next year she may be able to provide the average yield for the year.

Commissioner Bester explained the City Council approved the use of limited investment in equities and if one considered an S&P five hundred index, investing in US equities of large corporate entities, and if done over a period of forty years, the average annual change would be over ten percent. He indicated each individual year can vary a lot. He thought if ever there was a year to give it further consideration this would be exactly the year. When he took a look at this he has seen the years that have gone down, nine of them in the forty-one year period, what follows, almost always, is big ups. What that would mean to the City is he assumed that fifteen percent or 1.5 million dollars might be potentially eligible for that kind of investment depending on using an assumption of ten million dollars of unrestricted funds and if compared to an interest rate growth of two percent, versus ten percent, this would have to be done over a period of years, it would result in something around 1.2 million dollars additional to the City budget. There is the potential for a fair amount of additional growth for the City.

Ms. Pietrick indicated it is in the policy and as the City is refining its laddering of the portfolio, it is still an option for the City. If the City does choose to do that staff does need to come back to the Council for formal approval. She noted the market is down and volatile and she would like it to be less volatile before doing this. She explained it is a tool in their toolkit that she appreciates.

The Commission discussed the ups and downs of investing and the investment portfolio of the City.

Ms. Pietrick indicated the City may be investing in equities through the State Investment Board this coming year.

Chair Davies explained she would like to see regular updates as to where that is. She noted the Commission is in favor of increasing yields through that method so she thought the Commission would like to see updates on how that is progressing.

The Commission concurred.

Consider Selecting a Commission Chair, Vice-Chair and Ethics Commission Representative

Finance Director Michelle Pietrick explained the City Code requires the Finance Commission to annually select a Chair, Vice-Chair to perform on-going duties; and a representative to serve on the City's Ethics Commission as needed.

Chair Davies indicated she was willing to be Chair again but indicated she would be willing to relinquish it if someone else wanted to be Chair.

Commissioner Sagisser explained he was also willing to be Vice-Chair again but would relinquish it if someone else wanted the position.

Commissioner Murray moved, seconded by Commissioner Barclay to appoint Commissioner Davies as Chair of the Finance Commission and to appoint Commissioner Sagisser as Vice-Chair of the Finance Commission and to appoint Commissioner Bester as representative to the Ethics Commission. **The motion carried unanimously.**

Rosefest Parade – Commission Participation

Chair Davies explained she received an email from HRIEC Commissioner Amanda Becker inviting the Finance Commission to walk in the Rosefest parade. She indicated the HRIEC needs to know how many Commissioners would like to be included in the parade. She thought the Commissioners could let Ms. Becker know if they wanted to participate in the parade.

Identify Discussion Items for the Future Meeting

Finance Director Michelle Pietrick indicated Commissioners Bester and Barclay were reappointed to the Finance Commission. She explained there is an open position for the Finance Commission and applications were extended through March 31st.

Adjourn

Commissioner Murray made a motion, seconded by Commissioner Sagisser to adjourn. The m**otion passed unanimously.**

Meeting adjourned at 7:16 p.m.