Finance Commission
Meeting Minutes
April 9, 2024

Roll Call/Announcements

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

Commissioners Present: Siafa Barclay, Bruce Bester, Kevin Davy, Dan Sagisser, Joe Tupy, and Anna Vervoort

Commissioners Absent: Sadiq Dahir

Staff Present: Finance Director Michelle Pietrick

Oath of Office New Commissioners

New Commissioners Kevin Davy and Anna Vervoort were administered the Oath of Office by Chair Bester.

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

Chair Bester asked if there were any changes to the minutes.

Chair Bester indicated on line 134 the name is misspelled.

Commissioner Tupy moved, seconded by Commissioner Sagisser, to approve the March 12, 2024 meeting minutes as amended. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

Chair Bester reviewed the Finance Commission Tracking Report.

Review 2023 Year-End Cash Reserve Levels

Finance Director Pietrick reviewed the 2023 year-end Cash Reserve Fund levels with the Commission.

Commissioner Tupy asked what the interest revenues were out of the particular accounts associated with this fund. He wondered if this was just a general money market fund.

Ms. Pietrick explained she pools all cash, and it is either invested in municipal securities, CDs, or Federal agencies depending on what the best interest rate was available at the time the money was invested. The City also sweeps its cash into a money market account overnight, which earns interest. Interest earnings are allocated back to the individual funds based on the average monthly cash balances.

Chair Bester explained he was trying to picture this once it gets to the audit. He reviewed page 15 and wondered when it comes time to measure the percentage of target would the cash reserve fund and any amounts that have been swept be added to this.

Ms. Pietrick explained the audit will have the $8,879,750 plus the million dollars that is now in the excess Cash Reserve fund. The audit will produce a higher reserve ratio because the two funds are combined in the audit.

Ms. Pietrick reviewed the various funds and highlighted that the Parks & Recreation and License Center funds exceed the high target range and the amounts that are swept into the cash reserve fund from those two funds. In the case of the License Center, a one time infusion of money came from the State to help offset the additional time that deputy registrars are now spending on various transactions that were previously done at the State level.

Chair Bester asked if the Finance Commission is looking to revise the target for the License Center.

Ms. Pietrick explained the Finance Commission could review this and it was discussed at one point in time.

Chair Bester thought right now it is in good shape and he thought the rationale for increasing it goes back to 2020 and COVID.

Ms. Pietrick indicated she was thinking about putting the fund balance policy on a future agenda to take a look at whether the Commission was still ok with this. Also, in the Capital Improvement policy the City also notes reserves for the various Capital Project funds.

Commissioner Vervoort asked why the one-time infusion for the License Center is not counted as a gift or a donation, since it was earmarked for the License Center.

Ms. Pietrick explained the funds did not come with any strings attached to them. It was just in recognition of the increased staff workload without increased fee revenue.

Ms. Pietrick explained the City has also been conservative in budgeting at the License Center but based on workload and customer volume, she will be looking at increasing some of the part time staff to full time potentially in the 2025 budget.

Staff Update – Council Amended Commission Ordinance

Finance Director Pietrick updated the Commission on the amended Commission Ordinance.

Ms. Pietrick indicated she also received some information back from the State Investment Board with regard to equities. She explained she is reviewing that information along with closing out the 2023 audit. She explained the City's long-term dollars are currently tied up in investments but as the shorter-term and medium-term investments start to mature, she will have the opportunity to start with small steps investing in equities. She would do it as a pilot to see how it goes. She indicated one of the things she needs to do is to take a resolution back to the City Council to get explicit authorization for doing this.

Chair Bester wondered if this would be better to discuss this at the next meeting or this meeting.

Chair Bester reviewed his analysis of the investments the City has in its portfolio.

Ms. Pietrick explained her hesitancy regarding investing in equities. She noted Woodbury is the only City that is doing this so she would start this out with minimal investment and see how it goes. She noted she could see this as an opportunity to make a little more interest that could go into a specific Capital Improvement fund.

Sagisser thought a pilot approach to this would be appropriate because it seemed like the City Council was hesitant to let the Finance Department explore this option at all, so he understood why Ms. Pietrick wanted to go slow.

Sagisser asked what Chair Bester would like to see. He wondered if a pilot plan should be brought to the Finance Commission for review.

Chair Bester explained this was, in fact, to be the first baby step in that direction. He thought Ms. Pietrick was doing some homework and research with PERA State Investment Board, which ties into this and a look into the Capital Improvement Plan ties into this for sure. He thought the time is appropriate.

Sagisser thought the most important thing is to get the City Council comfortable with this, so something is more than nothing.

Ms. Pietrick indicated this will also give the City some diversity in its portfolio.

Chair Bester thought this sounded good and looked forward to this coming back in a few months.

<u>Future Meeting Topics and Work Plan</u>

Ms. Pietrick reviewed the upcoming meeting agendas with the Commission.

<u>Adjourn</u>

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

Meeting adjourned at 7:36 p.m.