

**Finance Commission  
Meeting Minutes  
March 9, 2021**

*Pursuant to Minn. Stat. 13.D.021, Finance Commission members, City Staff, and members of the public participated in this meeting electronically due to the COVID-19 pandemic.*

**Roll Call/Announcements**

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

**Commissioners Present:** Sifa Barclay, Bruce Bester, Wanda Davies, John Murray, Jack Reif, and Dan Sagisser

**Commissioners Absent:** Ryan Lee

**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**

Chair Murray stated line 122 should be changed to: “Chair Murray thought volume of New Mix was probably going down.”

Commissioner Reif moved, seconded by Commissioner Davies to approve the February 9, 2021 meeting minutes as amended. **The motion carried unanimously.**

**Receive Finance Commission Recommendations Tracking Report**

Commissioner Sagisser indicated the tracking report is unchanged since the last meeting.

**Select Chair, Vice Chair, and Ethics Commission Representative**

Chair Murray stated this item is to select a Chair, Vice Chair and Ethics Commission Representative. He asked if there were any volunteers for the Ethics Commission representative.

Commissioner Barclay indicated he would volunteer for the representative. There was no motion made but the Commission voted.

Chair Murray nominated Commissioner Davies as Chair of the Commission and Commissioner Sagisser as Vice Chair.

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

### **Review 2020 Investment Portfolio Performance**

Finance Director Pietrick reviewed the 2020 Investment Portfolio Performance with the Commission.

Commissioner Bester asked if the mix of investment in agencies versus the First American Government Obligation Fund is similar to what it was in 2019.

Ms. Pietrick indicated there were not any agencies this year because agencies are at or below the treasury rate. She has been able to pick up Municipal Securities which were approved in the policy in 2020 at one percent or better.

Commissioner Davies noted it appears that the variance in 2019 over the five and ten year in the treasuries was significantly higher. She wondered what the reason was for that.

Ms. Pietrick explained at that point agencies were well over two percent yield and now are well below one percent. She is optimizing the investment returns based on the various investment options allowed under the City policy while also focusing on safety of investment option. She reviewed the liquidity variables with the Commission.

Chair Murray asked if the Municipals are insured.

Ms. Pietrick indicated they were all rated by the bond rating agencies.

Chair Murray thanked Ms. Pietrick for the information.

### **Review and Discuss Draft Purchasing Policy**

Ms. Pietrick reviewed the draft Purchasing Policy with the Commission and asked for comments.

Commissioner Davies asked when the purchasing limit was changed.

Chair Murray thought it was a few years ago.

Commissioner Sagisser thought the purchasing limit should be raised to \$10,000.

Commissioner Davies agreed and thought if the limit were raised then it would not need to be done again quite so soon.

Ms. Pietrick reviewed with the Commission what kind of items are reviewed by the City Council and defined Capital Projects.

Chair Murray asked if someone wanted to make a motion recommending the Council increase the City Manager's authority to \$10,000.

Commissioner Davies made a motion, seconded by Commissioner Sagisser to recommend the City Council increase the City Manager's purchasing authority to \$10,000. **The motion passed unanimously.**

Chair Murray indicated the Finance Commission has previously made a recommendation like this and the City Council has turned it down.

Commissioner Sagisser asked if it would be helpful if the Commission provided a reason with the motion.

Ms. Pietrick thought the argument could be said that the policy of \$5,000 was set almost twenty years ago.

Commissioner Sagisser thought the clear reasoning for him is that with inflation and the frequency of how much this is updated and keeping it in line with other cities.

Commissioner Davies noted it will also save money with staff time and Council review. She thought it was a matter of efficiency.

Commissioner Sagisser wondered if there might be logic to raise the limit even higher and linking it more to specific types of projects. He thought \$10,000 was a great place to start.

Ms. Pietrick thought this will be well received by all of staff. She continued with her review of the Purchasing Policy.

Commissioner Bester asked if staff was going to remove appendix A.

Ms. Pietrick indicated she would like to do that because she thought most of it was incorporated in other parts of the policy but those things that were specific to professional service contracts she tried to spell out. The only change she made in that area was that the current policy says that contracts for professional services shall be for terms of not more than three years. The standard practice in most governments is a three year plus a one-year extension of an additional three. Some cities do other combinations as long as there is satisfactory performance. She thought since she was drafting the policy she would try and incorporate that best practice, if the Council chose to do that.

Commissioner Sagisser indicated he would agree with that and thought that was pretty normal for government.

Commissioner Davies indicated the policy states all professional contracts shall be approved by the City Council and she wondered if that also included the ones under the five or ten thousand dollars.

Ms. Pietrick indicated most of the City's professional service contracts are over ten thousand dollars such as the City Attorney, auditors, architects.

Chair Murray asked if the three-year contract with one three-year extension included professional services such as the City Attorney.

Ms. Pietrick indicated it would and then the City would need to go out and do a full-blown RFP proposal, which the current firm can certainly submit a proposal for. Currently it is a three year and then the City is supposed to do an RFP or ask the City Council for a waiver.

The Commission concurred and thought it made sense to add the extension into the policy.

Ms. Pietrick continued with her review of changes to the purchasing policy.

Commissioner Davies thought the professional services policy from 2009 was just for information and would be going away.

Ms. Pietrick indicated that was going to be her recommendation.

Chair Murray thought that made sense.

Commissioner Bester wondered if it made sense to put this into some kind of order such as: purpose, policy, definition, methods, procedures.

Commissioner Davies indicated that is typically how the contracts are written, with the definitions at the front end, after the preamble. She thought that made sense to put the definitions after the purpose and before the policy.

Chair Murray wondered if there should be an index in this as well because he figured staff will need to look at these from time to time.

Ms. Pietrick noted the document is only six pages long, but she could make an index or table of contents. He goal is this is one policy that is going to get incorporated with all of the other City policies into one financial policies document, which would have a table of contents.

### **Identify Date and Items for Joint Meeting with City Council**

Commissioner Bester indicated he would like to discuss the letter he wrote regarding Scope Duties and Functions to the City Council before the Joint meeting. He reviewed the letter with the Commission. He wondered what value the Finance Commission brings to the review of the financial information, audit, and management letter after it is approved by the City Council.

Commissioner Sagisser thought this past year was very tight with looking at the budget and making a recommendation on it as well. He thought the Finance Commission should be more involved.

Chair Murray found the value in looking at the audit is the Commission gets a better understanding of what the City finances are. As far as adding any value for the Finance Commission he was not sure.

Commissioner Davies explained the Finance Commission does not have the capability to do any kind of an audit. In the case of the audit, she did not think there was anything except being downstream of it. The Commission is not going to be sitting down with the auditors and seeing exactly what they are doing before they do it. The Commission does not have the skills or the people to do that.

Chair Murray thought it was nice that the auditors gave a presentation to the Commission and answered questions.

Commissioner Davies agreed but was not sure what the Commission could be doing ahead of the audit or while the audit is going on.

Commissioner Bester thought they can become better Commissioners by understanding what the financials include.

Commissioner Davies noted in reviewing the audit afterwards does that. She asked if Ms. Pietrick had any sense if the Council feels like they are getting value from what the Commission is doing.

Ms. Pietrick explained when it comes to polices, she brings them to the Finance Commission first before it goes to the Council because the Council always wants the Finance Commission recommendation. With regard to the audit, the auditors have a responsibility to present the audit to the governing body of the entity and that is why it goes to the Council first. Tentatively it is scheduled for May 3<sup>rd</sup> this year. The City still has not closed its books yet and it is March. The auditors will be coming out to do field work on Monday, March 15<sup>th</sup> and there is a lot of scrutiny. It takes a bit of time, but staff is shooting for May 3<sup>rd</sup> to go before the City Council and if it is presented then, the Finance Commission will see the financial report May 11<sup>th</sup>.

Commissioner Sagisser indicated he agreed with the desire to be involved a little more upstream. He wondered if Commissioner Bester had specific areas where it made sense for the Commission to be more involved or is it just a start of the conversation.

Commissioner Bester added an example from community members about different financial transactions that were made. This resident wondered at what point did the Finance Commission get involved in those conversations.

Commissioner Davies noted coming up will be the contract for recycling that the Commission will review. She saw a role for the Commission in looking over the proposals received and commenting on them prior to the City Council.

Ms. Pietrick indicated that contract is actually assigned to the Public Works committee. Staff will review it but suspected the PWETC gets involved in it.

Commissioner Sagisser thought the Finance Commission might be interested in the financials around the recycling because that is a lot of money. He thought the Commission might look at what different pay structures might mean.

Commissioner Davies added to that to include who is bearing the risk of market changes.

Chair Murray noted he has been on the Finance Commission during two major projects, one was the shopping center and the other the Fire Department property sale and the Commission was not consulted on the Fire Department sale and he thought both of those should have fallen into the purview of the Finance Commission.

Ms. Pietrick indicated that based on these questions she was requesting a joint meeting with the City Council. She thought these questions should be defined for the Commission prior to the Joint meeting with the Council.

Chair Murray thought Commissioner Bester had some good thoughts. He noted the Commission has a joint meeting scheduled with the City Council in May.

Ms. Pietrick noted the joint meeting will either be April 26<sup>th</sup> or May 3<sup>rd</sup>. The Commission can discuss specific topics at the next Finance Commission meeting.

Chair Murray agreed and indicated the Commission think about any other topics to be discussed as well.

### **Staff Update**

Ms. Pietrick reviewed the meeting items for the April meeting.

The Commission discussed ways to promote the Finance Commission to applicants and how to possibly retain members and bring past members back.

### **Adjourn**

Commissioner Bester made a motion, seconded by Commissioner Davies to adjourn. **The motion passed unanimously.**

Meeting adjourned at 7:52 p.m.