

**FINANCE COMMISSION MEETING**  
**Wednesday, December 18, 2019 – 9:30 a.m.**  
**City Hall, Council Chambers, Vero Beach, Florida**

**AGENDA**

- 1. CALL TO ORDER**
- 2. ELECTION OF OFFICERS**
  - A) Chairman**
  - B) Vice Chairman**
- 3. APPROVAL OF MINUTES**
  - A) May 8, 2019**
- 4. PUBLIC COMMENT**
- 5. FINANCE DIRECTOR’S MATTERS**
  - A) Specific Finance Commission Charter Items**
    - 1. Review of City Financial Statements and Reports**
    - 2. Review City Loans**
    - 3. Review and Recommendations on Budget Formats**
    - 4. Review Selection of Accounting Firms and Bond Council**
    - 5. Review of City Investments**
    - 6. Review of Transactions Requested by the City Council**
    - 7. Review Finance Commission’s Own Initiatives**
    - 8. Annual Review of Pension Funds**
  - B) Other Finance Director Agenda Items**
- 6. CHAIRMAN’S MATTERS**
- 7. MEMBER’S MATTERS**
  - A) Key City Initiatives – Mr. Robert Jones**
    - 1. Review Business Case for Specific Marina Renovation and Expansion Initiatives Identified by the Marina Plan**

- 2. Identify and Analyze Potential Approaches for Accelerating Marina Renovation and Expansion Plans via Financing Mechanisms**
- 3. Review Business Case and Financial Plan for Movement of the Water Treatment Facility from the 17<sup>th</sup> Street Property to the Airport Site**
- 4. Review of Financial Elements Relating to the Unfolding Concepts for Repurposing the Three Corners Site**
- 5. Review of Proposed Investment in Ocean Drive Parking Solutions**
- 6. Other Potential Transactions**

**8. CLERK'S MATTERS**

- A) Annual Report**

**9. ADJOURNMENT**

This is a Public Meeting. Should any interested party seek to appeal any decision made by the Commission with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings and that, for such purpose he may need to ensure that a record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Anyone who needs a special accommodation for this meeting may contact the City's Americans with Disabilities Act (ADA) coordinator at 978-4920 at least 48 hours in advance of the meeting.

**FINANCE COMMISSION MINUTES**  
**Wednesday, May 8, 2019 9:30 a.m.**  
**City Hall, Council Chambers, Vero Beach, Florida**

**PRESENT:** Chairman, Robert Jones; Vice Chairman, John Smith (arrived at 9:33 a.m.); Members: Scott Nuttall, Gene Waddell and Alternate Member #1, Dan Stump **Also Present:** Finance Director, Cindy Lawson and Deputy City Clerk, Sherri Philo

**Excused Absence:** Kathryn Barton

**1. CALL TO ORDER**

Today's meeting was called to order at 9:30 a.m.

**2. ELECTION OF OFFICERS**

**A) Chairman**

**Mr. Stump nominated Mr. Robert Jones for Chairman of the Finance Commission. There were no other nominations. Mr. Jones was unanimously appointed Chairman of the Finance Commission.**

**B) Vice Chairman**

**Mr. Waddell nominated Mr. John Smith for Vice Chairman of the Finance Commission. There were no other nominations. Mr. Smith was unanimously appointed Vice Chairman of the Finance Commission.**

**3. APPROVAL OF MINUTES**

**A) January 16, 2019**

**Mr. Nuttall made a motion to approve the minutes of the January 16, 2019 Finance Commission meeting. Mr. Smith seconded the motion and it passed unanimously.**

**4. PUBLIC COMMENT**

None

**5. FINANCE DIRECTOR'S MATTERS**

**A) Presentation of Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended September 30, 2018**

Ms. Cindy Lawson, Finance Director, gave an overview of the Comprehensive Annual Financial Report (CAFR) to the Commission members (on file in the City Clerk's office).

Mr. Waddell referred to the handout, *Compare City Pension Plans - FY Ended September 30, 2018* (attached to the original minutes). He said under the Investment Return Assumption, the General Employees were at 6.5% and the Police were at 7.65%. He questioned the difference.

Ms. Lawson said one (1) of the biggest drivers in the liability of a Plan is the Investment Return Assumption. She explained that each Plan has a Board that governs it and each of the Boards gets to choose its own Investment Return Assumption. Since the Fire Pension Board is a closed Plan with very few people, at the advice of their Actuary and Investment Advisor over a period of time lowered their investment return assumption slowly until they got to 6.00%. When the City froze the General Employee Pension Plan, they were required by the State to lower the Investment Return Assumption to 6.5%. With the Police Pension Plan, at the advice of their Actuary and Investment Advisors, they have slowly lowered the Investment Return Assumption to 7.65%.

**B) Discussion Regarding Renewal of Audit Contract for Fiscal Year Ended September 30, 2019**

Ms. Lawson reported that the contract with the City's Auditor, Cherry Bekaert, was for five (5) years with the option of three (3) one (1) year renewals and they are coming up on the first optional one (1) year renewal. She would like to recommend to the City Council, with the Finance Commission's endorsement, that the City retain them for at least one (1) year because this is the year that she needs to completely close out the Electric Utility and move the Enterprise Fund off the books.

Mr. Jones asked Ms. Lawson if it would be appropriate to take a vote on this.

Ms. Lawson said that would be helpful.

At this time, Ms. Lawson read into the record an email that was received from Commission member, Mrs. Catherine Barton (on file in the City Clerk's office).

**Mr. Smith made a motion that the Commission approves the continuation of the existing auditor for at least one (1) more year. Mr. Nuttall seconded the motion and it passed unanimously.**

**C) Resolution to Set Aside a Portion of the Electric Sale Proceeds to Pay General Fund Unfunded Pension Liability**

Ms. Lawson referred to the handout *Staff Recommendations for uses of residual cash after FPL sale is completed* (attached to the original minutes). She reported that most of what is on the list has been accomplished. The City has paid off the Dodgertown and Marina property loan and they have made most of the lump sum contribution to the Pension Fund to offset the Electric Utility liability as of the end of last year. She said the item they are discussing today is a Resolution to set aside funds to make the annual payments on the unfunded pension liability for the General Fund until it is fully funded (proposed Resolution attached to the original minutes).

**Mr. Waddell made a motion that the Finance Commission recommends that the City Council adopts the Resolution to reduce the Pension liability. Mr. Smith seconded the motion and it passed unanimously.**

**D) Review FY 18-19 First Quarter Financial Report and Variance Analysis**

Ms. Lawson referred to the FY 18-19 First Quarter Financial Report and Variance Analysis (on file in the City Clerk's office). She reported that things were on track and there was nothing to report at this time.

**6. CHAIRMAN'S MATTERS**

Mr. Jones said there is tension between revenue and tax rates versus expenses, but he felt there was something bigger going on and he doesn't know what the answer is. They bump into it all the time, which that is the fact that the City serves a much broader community than the residents of the City. He said they have a fundamental problem that goes beyond just balancing revenues and expenses and he doesn't know what the answer is.

**7. MEMBER'S MATTERS**

None

**8. CLERK'S MATTERS**

None

**9. ADJOURNMENT**

Today's meeting adjourned at 11:04 a.m.

/sp

## Draft Finance Commission Annual Report for 2019

8-A)

**To:** Tony Young, Mayor and  
Vero Beach City Councilmembers

**Date:** January ??, 2020

**RE:** Annual Report

### **Finance Commission Charter.**

The Finance Commission shall review City monthly financial statements and reports and advise the City Council of any negative trends and advise the City Council on any loans; review and make recommendations as to budget formats, make recommendations as to selection of accounting firms and bond counsel; and review City investments. The Finance Commission may be called upon from time to time by the City Council to provide oversight of any transaction. The Finance Commission may consult with the Finance Director and other City Department Heads and employees as it finds necessary. In performing its mission, the Finance Commission shall initiate its own proposals, make recommendations, and provide alternatives to the City Council. Any regular voting Commission member may request the City Clerk to coordinate with the Commission Chairman on the placement of items on the Commission agenda and/or request a Commission meeting. Meetings may also be called by the City Council to review issues prior to City Council deliberations. The Finance Commission shall meet at least once every quarter. An annual review of pension funds will be performed by the Finance Commission with recommendations made to the City Council. All members of the Finance Commission shall be residents of the City.

The Finance Commission held three (3) regular meetings in calendar year 2019.

### **January 19, 2019**

The Commission had a discussion of the Payoff of series 2007A Marina Loan and unanimously passed a motion that the Finance Commission continues to approve the loan payoff based on the terms developed by the Finance Director.

The Commission had a discussion of the Payoff of series 2007B Dodgertown Loan and unanimously passed a motion that the Finance Commission continues to approve the loan payoff based on the terms developed by the Finance Director.

The Commission had a general discussion of areas of focus beyond the specific issues called out in the Commission Charter and agreed that it should not be self-directed beyond the Charter issues and requests made by the City Council or Finance Director. The Commission will not formally review monthly financial results as long as the City's budget to actual controls are on track. The Commission plans to review Q2 statements and variance analysis and the CAFR.

## Draft Finance Commission Annual Report for 2019

**May 8, 2019**

The Commission unanimously reappointed Mr. Robert Jones as Chairman of the Finance Commission and Mr. John Smith for Vice Chairman of the Finance Commission.

The Finance Director gave an overview of the CAFR to the Commission members and had a discussion of City Pension Plan return assumptions.

The Finance Commission had a discussion concerning the renewal of Audit Contract for Fiscal Year Ended September 30, 2019 and unanimously passed a motion for the continuation of the existing auditor for at least one (1) more year. Rationale was to maintain audit firm continuity in this first year post sale of the Electric Utility.

The Commission reviewed the *Staff Recommendations for uses of residual cash after FPL sale*, which included various actions already taken including: the payoff of both Dodgertown and Marina property loans; and lump sum contributions to the Pension Fund to offset the Electric utility pension liability. The Commission unanimously passed a motion that the City Council adopt a Resolution to set aside funds to make annual payments to the unfunded pension liability for the General Fund until it is fully funded.

The Commission briefly reviewed the FY 18-19 First Quarter Report and Variance analysis and agreed with the Finance Director that results are on track.

Mr. Jones expressed a concern that the City serves a rapidly growing broader community than the tax paying residents of the city, which creates fundamental revenue vs. expense challenges.

**December 18, 2019**

(To be completed after the meeting is concluded.)