

**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