

**CITY OF INDEPENDENCE  
FINANCE COMMITTEE MEETING  
MINUTES  
FEBRUARY 4, 2020 4:00 P.M.  
COUNCIL CAUCUS ROOM**

Present: Chairman Vice Mayor Dave Grendel  
Councilperson Kenn Synek  
Councilperson Dale Veverka

Also Present: Mayor Gregory P. Kurtz  
Councilperson Tom Narduzzi  
Councilperson Chris Walchanowicz  
Councilperson Jim Trakas (arrived at 4:14 p.m.)  
Finance Director Vern Blaze  
Procurement Coordinator Dennis Zdolshek  
Fire Chief Steve Rega  
Finance Assistant Maggie Osysko

Chairman Vice Mayor Grendel called the Finance Committee meeting to order at 4:05 p.m.

Chairman Vice Mayor Grendel said the first item on the agenda is approval of the Finance Committee meeting, and it's from October 15, 2019.

**Moved by Veverka, seconded by Grendel, to approve the Finance Committee Meeting Minutes of October 15, 2019. Voice Vote: 3 yes/0 no; motion carried.**

Chairman Vice Mayor Grendel said and just for the committee's sake; I talked to our Finance Director, and we are looking at having another meeting on Tuesday, February 18<sup>th</sup>. The three items that are on here, Vern, we aren't going to have any 2020 appropriation ordinance, just the other two we will have on the agenda for First Reading. We will have two ordinances for First Reading, but we are going to continue to discuss them two weeks from today; and if we need another meeting after that too to make sure that we are all clear and have an understanding. So, basically material will be given today, and the Finance Director is going to review it. We are going to basically just get the material today and go over it with a half hour for each one; and then it will be introduced. This way it will give us a chance to read everything between now and next Tuesday. Then the following Tuesday we will discuss it in more detail.

Councilperson Veverka asked if it will be 4:00 p.m. again is the meeting time?

Councilperson Synek said actually I have a client, could we have a 4:30 p.m. or 5:00 p.m. later start?

Chairman Vice Mayor Grendel said so let's do 4:30 p.m. on February 18<sup>th</sup> for the next meeting.

---

---

Chairman Vice Mayor Grendel said the next item on the agenda is the review of the City Investment Policy proposed and possible revisions. I think the previous is Resolution 1998-137. I think the agenda has 2003-26, but that's the Planned Capital. Resolution 1998-137 is the Investment Policy.

Finance Director Blaze said good catch there. The current Investment Policy dates to 22 years back now, and I had sent out a copy of it to Council a couple of weeks ago back in January; and made a note of it that it was ironic that 3 people sitting here at the table were the 3 introducers to that legislation back in 1998, the Mayor, the Vice Mayor and myself.

Chairman Vice Mayor Grendel said that was the Planned Capital.

Finance Director Blaze said okay.

Mayor Kurtz said I was the one who introduced it in 1998.

Finance Director Blaze said you were the one who introduced it in 1998, and the rest of Council as well. So, 22 years it has been in existence.

Mayor Kurtz said and served the City well.

Finance Director Blaze said it did when it was written, but since 1998 a lot of things have happened in the financial world with banking and financial institution regulations, with Ohio Revised Code; and good policy says that you probably should evaluate and review and discuss policies on a periodic basis more frequently than once every 22 years. So, I came in here in November and assumed some duties, one of them being managing the investment portfolio for the City that I inherited through what had occurred prior to my coming in November. I found that a lot of the portfolio was concentrated with a single institution, and that was Independence Bank. In a few minutes I will introduce Mike Malcuit from Independence Bank who is the President who I asked to be here to make a brief presentation and introduce himself; and people would be able to put a face with the institution there.

That 1998 policy has one line in there that kind of was a big red flag for me was that if the account was not Star Ohio which is an arm of the State Treasurer's office or it was FDIC insured, then no more than 10% of the City's investment portfolio could be invested with a single institution for more than 30 days. With \$18,000,000 now at Independence Bank, that doesn't comply with that 10% requirement because technically the money that we have on deposit with Independence Bank is collateralized but not FDIC insured. In 1998 when this policy was written, it pre-dates the Ohio Revised Code provisions when it talks about collateralization of the funds by 5 years. Those were initially adopted in 2003. So, that gets to my point of a few minutes ago that policies should be reviewed at least every 5 years to see if they are still applicable, see if they are still the best wording, the best everything for the organization that they are meant to serve.

So, leading into the revision of the policy, the first document I have is just the current summary of the City's Investment Portfolio, and the first page is a general, the totals and the summaries;

---

---

then each of the successive pages have the support for that first page. So, if you just go to Page 1, you see that just as of month end January, January 31<sup>st</sup>; we had almost \$7,600,000 with Star Ohio. We pulled our money out of Star Ohio Plus because the interest rate of Star Ohio Plus was a couple basis points less. So, Maggie and my attitude was why should we keep money in the lower yielding account, let's move it all into the higher yielding account. So, \$7,600,000 with Star Ohio, and that's outside of that 10% limitation. So, we don't even have to worry about that.

Fifth Third, we have approximately the \$6,000,000 with Fifth Third. I should probably have that added up. So, the next revision I am going to add those 2. We could see it's divided between money markets which are FDIC insured and CD's which are collateralized; and we will explain collateralization a little bit more in a bit.

Then the big one is the \$18,000,000 we have with CD's with Independence Bank. So as of January 31, 2020, \$32,000,000 of our total cash which was a couple million more than that was invested as right there as noted in that left hand column. We have a couple of million more in a money market account. We run the money in the funds for HIDTA and the Strike Force; so there are some other accounts with some other money, but those aren't considered investments. Those are just considered operating funds. So, this is the investment account, and the CD's for Independence Bank are detailed in further on Page 5 here. They are all in even denominations, large denominations; and you can see how the \$18,000,000 is broken down. The ones that were taken out in late 2019 are still paying 2%. Interest rates have started to trend downward again, and really turned downward the last week or 2 since the coronavirus has started to put fear in the markets across the globe. So, the more recent ones that the City has rolled over or are rolling over at 10 basis points less than what they were originally at. It's still a very good and competitive rate compared to what we could get from other local lending institutions.

I could have just taken the existing Investment Policy written in 1998 and just really added the word collateralized in that one section that said you can't have more than 10% of your funds invested with an institution if they are not FDIC insured, or collateralized; but knowing that the policy was 22 years old, I said look the policy is probably ripe for upgrading, revising. We ran it by a couple of people who looked at it, and within some investment people who work in the industry on a daily basis with public funds. Maggie and I were sitting right here at this table, and one guy looked at it and within 5 seconds of his eyes being put on the document; he said some of the language in here is so outdated. So, we knew we were on the right track in kind of just scrubbing the entire 1998 policy and just starting from scratch. I had taken our policy from 1998, put it down in front of me. I put some of the GFOA, Government Finance Officers Association, recommended investment policy next to that. I put a friend of mine who is a Finance Director in a city in Florida who has done phenomenal things down there; I put his Investment Policy next to that one. Then Dennis Kennedy used to be the Chief Fiscal Officer for Cuyahoga County, and I think he was looking for a little less stressful position. He got out of Cuyahoga County with a myriad of stress and now he is in a lot less stressful position where he now is the Finance Director in the City of University Heights. He started in the fall as well, about the same time as myself; and he ran into the same issue where University Heights' Investment Policy was very dated and was ripe for revision. He put together a draft; so I had his next to that one. I had 4 of them in front of me, and I just went section, by section, by section and started picking what I thought would be the best provisions from each of them in each

---

---

category that should go in a good Investment Policy. What I will pass out in a second is kind of a compilation of a few of them. I will provide you with University Heights' the one that Dennis Kennedy ended up getting his Council to pass; and on the front of that I copied and attached to it the memo that he put to his Council saying that he kind of went through the same procedure I did when he was looking to revise his policy, but instead of 4 of them, he said he reviewed 15 from different municipalities in northeast Ohio. If I extrapolate, his counts for 15, and then I had 16, 17 and 18; so the policy that you will get in a few minutes is a compilation of up to 18 different local municipalities and what they have in their Investment Policy.

So, it's all marked draft. Today is just an introductory to this topic as well as the other 2. We could dive deeper into it come 2 weeks from today, introduce it in First Reading next week, no passage. I want Council to read it, debate it, discuss it, ask questions, push back against me so I can defend it to you so that you are comfortable when you vote that it's the best policy for the City.

University Heights' is 4 pages. I apologize, ours is 8 pages; but if you subtract off ours has a Table of Contents, so it's 7, and then we do have a page where we acknowledge everybody who takes our funds like Mike from Independence Bank will have to sign the acknowledgement page. So, if you take those 2 pages out, ours is 6. We are longer than University Heights, but we are managing a lot of money; and I don't think University Heights is anywhere close to the \$32,000,000 that we are managing.

Before I pass it out, I did ask Mike to come today. He's the President of Independence Bank. He just wanted to introduce himself, talk a little bit about the bank so that one, everybody here, Council could place a face with the name. It's not just a mystical corporate banking entity that exists out in the world, but you never get to meet whoever is associated with it. If you read my weekly reviews to Council, you notice a couple of weeks ago I wrote about the experience of when you walk into their bank, the experience you have. It's just a throwback to yesteryear of how banking and business was done relationally. It starts to grow on you because it's just like I don't get this anywhere. I walk into these other banks, and I get the attitude that they don't even want you walking in. They wish everybody would just do everything electronically so they could close the branch up, save the cost. You walk into Independence Bank, and not only everybody is so friendly, but there's the entire management staff working in an open bullpen in full view of everybody walking into the bank. They get out of their seat, and they come over and say hi. The service is one thing, but the rates and everything else that we will talk about is another thing.

So, in the policy I bring this up because the first draft proposes to just do away with that 10% restriction because again with FDIC insurance which existed in 1998; but now with collateralization, all our investments are either with the State with Star Ohio. They are with Fifth Third. They are either collateralized or FDIC insured there or the CD's with Independence Bank are collateralized. So, it's not zero percent no risk, but through State actions and ORC and updates to the code, they have taken out the vast, vast majority of risk for public entities who are doing business with institutions like Independence Bank who have crossed the hurdles to meet the ORC provisions that allows them to accept public funds. So, Mike if you just want to reintroduce yourself and just talk a little bit about the bank and just give them a little overview of the role with Independence Bank and how it's headquartered here and some of the things we had

---

---

talked about the conservative capitalization and everything and give them a little comfort factor that we are doing business with a top-notch entity.

Mike Malcuit said first of all, thank you for having me. At Independence Bank we always appreciate the relationship that we have had with the City since, I have been there since 1994; and I believe the relationship dates back to 1978 or 1979. That's when it goes back to. I can name all the different Finance Directors and Mayors who we have worked with.

Several people began speaking at once.

Finance Director Blaze said technically 6 Finance Directors.

Mr. Malcuit said we are an old fashioned bank. We are very conservative. We are here to serve the community, and obviously one of the people we love to serve is the City also. We are very well capitalized. When we are looking at the different capitalized ratios for banks, the FDIC has a requirement of 8% to be adequately capitalized and 10% to be well capitalized. We are at 22%, and that doesn't even include our reserves. For example, National City Bank is 11.85%. Key Corp is about 12.55%. We are almost the double the percentage capitalization rates that they are.

We have been around for 42 years. I have been there for 26 years, and we made money through all the 26 years. It's kind of our steady as you go type attitude that we do that. The relationship that we have with the City obviously extends, we also handle a lot of the service accounts. We handle the credit cards. We pay for all the credit card fees, about \$5,000 a month. That's not necessarily a service fees because we don't charge service fees to you guys; but we also pay those fees to the third party credit card companies with the accounts. We appreciate the relationship that we have with you guys for a very long time. We appreciate the investments. We try to give, I think we try to give the best rates that we possibly can on all the investments that we have. I think that we are more competitive. Obviously with Star, we look at them and know that they give a higher rate.

Finance Director Blaze asked Mike can you explain collateralization.

Mr. Malcuit said so we have a third party. Sun Trust is the custodial. We have securities parked at Sun Trust. In order for us to get a security moved it has to go through the City. So, the City has control. These are pledged to the City. The bank goes under, these are the City's assets. So, obviously the bank is the first line, the pledging would be the second line of defense.

Mayor Kurtz asked is this interactive or do you just want to talk and ask questions after.

Mr. Malcuit said I would rather it just be interactive.

Mayor Kurtz said you know I have been in situations where we are repurposing or refinancing or Sun Trust in this case where your bank is strong; but you are using them as your?

---

---

Mr. Malcuit said solely as a safekeeping agent. So, this is solely a separate entity. That's a great question. It's solely a safekeeping agent, a third party agent.

Mayor Kurtz said so they go under.

Mr. Malcuit said you are still fine. This is like sitting in there, it's a safekeeping agent. It is required by law. There are certain things. We had an incident with another entity to tell you that it goes back a while. They accidentally charged a small thing to an entity that didn't even exist anymore. We couldn't get it released. We had to hunt down the people of this entity. That was done, and it was only \$200,000 to get it released. That's the law. That is the way that works.

Mayor Kurtz said you answered my question. It's more challenging today. It's just not the entity that you are doing business with, it's the domino effect and entities that if they have a problem that it could funnel its way back to you. You explained it to me.

Mr. Malcuit said it's a great question because in today's day and age with banking everything, we try to keep things simple; but a lot in banking now is becoming more and more complex. There's always underlying things that could happen. That's a good question.

Councilperson Trakas said I have a couple of questions. With respect to like Sun Trust, I know that several of, they were one of the companies that during the financial crisis they merged some of the other weaker institutions in with Sun Trust. I used to live in Atlanta, and so I saw a lot of Sun Trusts there. So, explain to me again how that works so that, explain to me in detail. I am just trying to figure out if they were part of that 2014 mortgage settlement if I remember. If they had problems why did we not catch cold? Just out of curiosity.

Mr. Malcuit said because all they are doing is holding the assets. Literally, if you think of the old days it's like they have a safekeeping, if they have a safe, and they are holding our assets for us. They are just holding the assets. The assets are not theirs. All the assets are in our name.

Councilperson Trakas said the money is out. It's invested somewhere. That's how money works, right? You send it to overseas markets, and during the morning when you wake up it comes back; and do they invest it for us?

Mr. Malcuit said no, we have actual securities. We have securities that are in our name that are pledged to the City of Independence. This is not money that goes out. This is actual security.

Finance Director Blaze said well securities and investment, like Sun Trust doesn't just leave \$18,000,000 cash in their vault; they invest that.

Mr. Malcuit said no, we invest it. We can just move this to PNC, any place. Sun Trust just happens to be. This is an investment we have purchased that is sitting in, it's a great question. They do not invest this for us. They cannot move any of this.

Councilperson Trakas said you are the one doing that.

---

---

Mr. Malcuit said but not really because we can do it only with your approval. Do you see what I am saying? I can't do it. I can't get it. If we have something become mature tomorrow, I can't get it without a signature.

Councilperson Trakas said and explain to me how, I want to make sure I understand this process. So, you are FDIC insured. How does that affect \$32,000,000 though? If some catastrophic event happens, what is the FDIC insure us for?

Finance Director Blaze said they are only on the hook for \$18,000,000 that's fully collateralized.

Mr. Malcuit said we are an FDIC institution, but you are correct, the FDIC insurance doesn't cover all \$18,000,000; it covers \$250,000. The same with other banks too. I am not trying to portray that.

Councilperson Trakas said as a former Broadview Savings customer I guess that's why I asked that.

Mr. Malcuit said there's a big difference between the old savings and loans and the way as I told you, we have 22% capital right now compared to.

Councilperson Trakas said understood, thank you.

Finance Director Blaze said so I passed out the ORC provisions, 135.18 to show the State of Ohio delineating the collateralization process, and then what those collateralized securities we invested in, and then the financial ratings, there are 3 papers there, Bauer Financial, which I am not in the banking industry but supposedly is a reputable agency rating.

Mr. Malcuit said they are the main rating.

Finance Director Blaze said 5 stars. The second page the 2018 Audit Report for the bank stating that it complies, and then the last page is a little less detail, Independence Bank's financial report stating that regulators rate them in the well capitalized category which was 10%; and you exceed that by more than double that at 22%. So, again I am trying to give Council a comfort factor to put that 1998 10% restriction behind you and realize that probably because of Broadview Savings, probably because of what happened in Cuyahoga County, probably what happened in Toledo with Coyne Gate or whatever it was called, that the State legislator, and I don't know if you were even a part of that Jim back then when they promulgated some more controls for municipally invested funds. So, it's not the wild west anymore, and it would be difficult to lose money, not impossible, but difficult. Nothing is ever impossible.

Councilperson Trakas said I actually wrote this part of the statute with Jim Rokakis and helped him with Rich Cordray.

Finance Director Blaze said good. Rich Cordray was mentioned in the Wall Street Journal today.

---

---

Finance Director Blaze said if anybody has any more questions for Mike, that's fine. If not, I didn't want to keep him here too late; but we could just move on.

Councilperson Trakas said one more question, and this is just kind of not related to this; so we have really been violating our statute for the past few years or so.

Finance Director Blaze said I didn't want to go that route.

Mr. Malcuit said it looks to me like it may have been just worded differently.

Finance Director Blaze said well there was the no more than 10% of the investment assets, throwing Star Ohio out and throwing out any FDIC insured investments out, no more than 10% of the remaining could be with a single institution. That was before collateralization existed. So, even though we are fully covered now, we still have more than 10% with a single institution.

Councilperson Trakas said let's change that.

Mayor Kurtz said I guess if we just added that word, collateralized, that would have been the simple form.

Finance Director Blaze said I could have just left the policy the same.

Mayor Kurtz said this is more robust.

Finance Director Blaze said you will see the policy, and you will have time to go through it. It's more up to date, it's more modern. I think when we go to rating agencies and so forth to get our bonds rated; if we show them our 1998 policy and we show them the current proposed policy, I think they will be much more appreciative of the efforts that we took to do a comprehensive revision rather than just adding a single word. So, this is the proposed draft Investment Policy. It's probably not to be really discussed at any length today because we have the other 2 topics and Planning Commission does have their Caucus here in less than 60 minutes, and we still want to talk about the Planned Capital. We want to talk about some budget things too. This gives you some time. It will be on First Reading next Tuesday, a week from today; and then we would have until, you have until Tuesday, February 18<sup>th</sup> to review and then come back and discuss in more detail and either make a recommendation at that point to put it on the March Council meeting agenda or if there are so many questions and so many hesitations that we bump it and would be discussing it in March and don't put it on the agenda until April.

The last document I have regarding the Investment Policy is University Heights' 4 page policy, and it includes the memo to Council from Finance Director Kennedy stating that he reviewed 15 different policies to come up with his proposal for his community; and you will note in there that there is no 10% or any other number restriction on so much of the investment portfolio to be invested with a single institution. I am sorry to bombard you with paperwork, but nobody will be able to say you were not able to make a fully informed decision with the information we are providing as well as the opportunity to introduce it today, discuss it more detail 2 weeks from today and at any other meetings after that which we would need to discuss it in more detail. We

---

---

have the money invested the way we do now. Maggie and I are fully satisfied that it's very safely invested. The City's funds are very secure, but Councilperson Trakas you eluded to if we were really complying with the last policy. I would rather know that I am in full compliance rather than just well nobody ever checked; and it's working good. After 22 years it was time to look at it in a more comprehensive manner than just a cursory tweak.

Councilperson Synek said I have an observation/request. So, whenever I have been on a board, I have always been an advocate for the 72 hour rule which is to say any materials for the meeting should be in the participant's hands 72 hours before the meeting; and I would have liked to have the opportunity to read this Investment Policy before we gathered here today, and then use this time in the meeting to discuss the details of the Investment Policy. I would just ask in the future when we are going to have major policy or significant policy things like this that those materials be distributed 72 hours before the meeting so we all have a chance to digest them before the meeting because this really is the heart of the agenda for today; and it's just been handed to us now. It would have been better if we could have had it like 3 days before and had an opportunity to review it.

Chairman Vice Mayor Grendel said it's been a working project Kenn. Vern has been working on it. I could see your point if we were going to be voting on it even next Tuesday or that, but the intention is to get it into our hands today, just introduce it. It's not even going to be considered for any kind of vote until March, or like Vern mentioned, even April if we are still working on it. Vern is getting his feet wet too with all of this. It took a lot of research.

Finance Director Blaze said normally when you do this, instead of looking at it as you got this today; I didn't intend, and I don't think the Chairman intended for this to really be the heart of the meeting today. So, instead of saying hey I didn't get this 72 hours prior, could you look at it that hey I got you this 14 days early prior to when we are really going to discuss it? That's when it really was intended to be discussed, 2 weeks from today. I could have just, I got this stuff today, called the Chairman, let's not meet, let's meet next week. I was giving people time.

Councilperson Synek said I was just suggesting that we could all make the best use of our time in these meetings, that's all; and the more advance preparation time we have, the better off we will all be, the more effective our work here will be.

Chairman Vice Mayor Grendel said this is actually more, and Dale you have been here the last 2 years, it's actually more material than we have probably in the last 8 or 10 years as far as that goes. When John was here, and I guess because of the number of years of expertise; we had full confidence, and we didn't see but maybe a fraction of this. Normal operating procedure will be to have this in plenty of time to digest and discuss it. Today was just kind of an introductory because we knew with Planning Commission we wouldn't have any length of time to get into it. So, Vern wanted just to introduce all 3 of these items to us, but you bring up a very good point. You wouldn't be expected to vote on this in a short period of time. We weren't even expecting to have a long discussion of this, kind of an introductory, and Mike came here to introduce himself, so we were able to get just a little background. This is new to Dale and I as members of the Finance Committee and to other Council members too. We haven't looked at this since before of

---

---

any of our time on Council, only the Mayor was here back then. I don't think Vern you were on Council in 1998.

Finance Director Blaze said in 1998 I was on Planning Commission.

Chairman Vice Mayor Grendel said I know.

Finance Director Blaze said in 2003 I was for the next one.

Chairman Vice Mayor Grendel said you bring up a good point Kenn, but this is just kind of introductory to get everybody motivated in what we are going to have down the line. I admire Vern for giving us a lot of information.

Finance Director Blaze said I sat in your seats for 16 years, so I want you to be fully informed, fully comfortable that when a piece of legislation is either on First or Second Reading, that you have no qualms or hesitations because you have had more than adequate time to read it, discuss it, debate it, ask questions about it; and to me it's not time sensitive because in reality I am just trying to memorialize what the previous Finance Director had done as a matter of practice so that we are 100% legitimate.

If there's anything else for Mike while he is here.

Mr. Malcuit asked does anyone else have any questions for me?

Chairman Vice Mayor Grendel said thank you Mike.

Mr. Malcuit said thank you guys, I appreciate it.

Chairman Vice Mayor Grendel said and we want to thank the institution too for being a partner.

Mayor Kurtz said and a good corporate citizen.

Chairman Vice Mayor Grendel said and Vern I think the next item on the agenda is the Planned Capital Purchase Program. It's a proposed possible revision to Ordinance 2003-26 which was introduced back in the day.

Finance Director Blaze said by all three, I apologize for the mix up there.

So, that dates back 17 years, and if you don't have a copy, I do have a copy of the proposed ordinance, the original 2003 ordinance right behind it, and then the last page is the actual Ohio Revised Section that Councilperson Synek is very aware of, 5705.13 about the creation of Planned Capital accounts to set aside funds for future use.

So, there are really only 2 proposed changes to the actual program because it's really just a very short ordinance, and the 2003 version had the minimum amount that we could start using the Planned Capital Purchase Program was for capital purchase or project for \$100,000 or more. We

---

---

could only set the money aside for up to 5 years; and so the proposed ordinance, 2020-14 proposed to drop that threshold, the dollar threshold from \$100,000 to \$50,000 and increase the amount of time that money could be set aside for future purchases and projects from 5 years to 10 years. Both of those proposed changes are actually as with the Investment Policy actually just memorializing what the practice has been with the previous Finance Director. We are using this program for planned purchases at far under \$100,000 and for some of the large purchases, putting money away for over 5 years. So, I want to make sure that we are following our policy, and I don't know how the past practice got by the auditors; but either it did, or they didn't have a problem with it. I would just be more comfortable if the threshold was lowered to \$50,000, and we do have 1 of our Department Directors here, Fire Chief Rega, and he looked the legislation over when the agenda came out late last week.

He has a great point that there's a number of planned purchases in his department alone that don't even exceed \$50,000, but that we do put money aside for under this program; and so his request, which I am very open to, is to lower the \$50,000 even more. Again, today is just an introduction to the topic, the intent for the deep discussion is 2 weeks from today on both the Investment Policy and this one. This is just to introduce the topic today, but I am not opposed to the \$25,000 threshold because ORC 5705.13 is silent as to any dollar amounts. It does reference the 10 years in it, and it's highlighted on the back page there of the 10 year limitation. So, I talked to Law Director O'Brien, and he had forwarded the proposed ordinance to a public finance specialist in their Columbus office; and on a conference call this morning, they indicated that on their first review of it as drafted, it appears to comply with ORC provision 5705.13.

There is no question that Council could appropriate money every year for future purchases, future projects. I think when we reconvene in 2 weeks, I know Councilperson Synek you had brought up the question, the discussion about should that appropriation also lead to the Finance Department actually then encumbering those funds by issuing purchase orders for them. So, I think it will be a good time to have a robust discussion about that.

Councilperson Synek said the discussion about the fire truck purchase that lead me to that particular section of the ORC; and I haven't had the benefit of reading it. Let me tell you a couple of things it had in there; and one is that it does have the 10 year limitation. That's specified in the State statute that you can appropriate this money over a 10 year period, but if it's not expended by the end of the tenth year, it goes back to whatever fund it came from. The appropriation expires, and the other thing it makes clear in the statute is that those monies so designated are not considered part of the unencumbered fund balance. The statute says that. So, whether we do that by accounting journal entry or purchase order, the statute says it is proper to account for those set asides for permanent improvements as part of the encumbered fund balance, not the unencumbered fund balance. As soon as you find out who you are going to buy it from or when or what the price is going to be, if Council appropriates the money for this capital reserve, it is considered essentially encumbered.

I would like to offer a slightly different view on the limit which is to say it should be a higher limit, not the lower limit; but the spirit of the capital reserve set aside is to cover those really major costs like the almost million dollar fire engine, or if there's some really major street program that's coming on. Those are the things that I think that Council should be setting aside

---

---

money for over a long period of time; but we are going to buy 5 Police cars or whatever in 3 to 5 years, that's just a normal, recurring thing. The Council that is here at the time should be free to make those decisions at the time, but I think as a body and a policy setting thing, we should be focusing on those really large projects. If Rockside Road needed to be rebuilt again, or we had to build a new City Hall; or something really, really major. That's what I think this particular fund should be tailored for, not the recurring lawn equipment.

Councilperson Narduzzi asked how does it hurt us to encumber for the \$25,000 for Police or something?

Councilperson Synek said personally as the new guy coming here, I feel like I am walking into a situation where there's already been something pre-ordained; and I haven't had a chance to voice my opinion on that like a previous Council has set aside for money. I don't even know what or how much because I am not sure it's clear. If you could tell us Vern today, how much we have set aside in this capital project reserve, and the purpose that each one is allocated to.

Finance Director Blaze said in that one column in the Five-Year Capital.

Councilperson Synek said and that's the stuff that I think Council should know.

Mayor Kurtz said Council appropriates the money annually for each line item that's designated by the departments as something that is a major capital improvement.

Councilperson Synek said to me major, the bigger the dollar amount gets more major. Lowering the threshold leads you into more recurring stuff that we probably ought not be at.

Councilperson Narduzzi said my question is how does that hurt us? Why would that hurt us?

Councilperson Synek said so if we are trying to make a decision here today, and the question becomes what resources do we have available to work with, the previous Council has already taken some of our tools away from us because maybe there are projects in there, money set aside for projects that maybe this Council might not favor; and so there ought to be more of a focus on the really big projects so that as the smaller ones come up, the current Council has an opportunity to lend its voice to those concerns.

Councilperson Narduzzi asked are encumbered funds invested?

Councilperson Synek said yes, they are all invested. It's just a matter of, in the public finance that unencumbered fund balance is a very important number; and in our world we have a lot of money set aside that is reducing that unencumbered fund balance for purposes that are not clear to me what they are encumbered for as a new member.

Mayor Kurtz said only because you are new and you don't see it.

Councilperson Synek said I am new, and I doubt anybody around the table has seen the list either.

---

---

Councilperson Narduzzi said we vote on it.

Several people began speaking at once again.

Finance Director Blaze said we voted on the Capital Plan in December, and we had the whole column that showed every P.O.

Councilperson Trakas said and we re-authorize some of the priorities that we formerly allocated money for and said we no longer think that is a priority. We have a re-appropriation of those funds.

Councilperson Synek said my philosophy is this, the capital reserve is about very large projects, not the normal recurring stuff that we are going to spend on every year.

Chairman Vice Mayor Grendel said I think we have had the flexibility, I know road projects, some projects have more urgency than others because of various circumstances so we have moved that up and moved others back. I know we had for a while, we were contemplating do we need a big bus or do we go to a lease. So, we had money set aside for a bus, but we kept the idea that if we go to leasing then that money would be released to something else. So, it gives us flexibility in planning.

Councilperson Synek said just 2 more quick points. The ORC section does limit the amount that could be put into this reserve at 5% of the previous year's revenues. So, there is an overall maximum cap that can be put in there. I don't think we have approached that.

Mayor Kurtz said we haven't come near that.

Councilperson Synek said I would just ask Vern if you could put together a report that shows what our capital reserve balance is and what those things are reserved for and share that with Council and this committee.

Finance Director Blaze said sure. It's the last topic we are discussing, and we will touch on it a little but not to the level of detail that I think we have. Councilperson you did reference that money would go back to the fund it was originally transferred from if the 10 years lapses; and on that back page you will see that ORC provision. It says that the taxing authority of the subdivision by resolution or ordinance may rescind the capital projects fund. I think there is your out that if you and a majority of Council people felt that whatever previous Councils had bound your hands to not to your liking, there it is, you guys could just rescind it. Then the appropriated encumbrances go away. The money goes back unencumbered, and then that legislative body then has freedom to then allocate as they so see fit because I do stand by the axiom that one of the most important policy decisions that a legislative body makes either at the state or local or national level is the budget because you are allocating the resources for that entity. By allocating those resources, you are declaring to the public what your priorities are through that budget. So, Council does retain the ultimate authority to rescind it if it's not to their liking.

---

---

Councilperson Narduzzi said we have done that in the past couple of years. We had money set aside for projects on I-480 and I-77. We appropriated that and moved that money around.

Chairman Vice Mayor Grendel said I think even money was set aside for the interchange there.

Councilperson Trakas said the clock tower.

Chairman Vice Mayor Grendel said so that money has been used for other purposes.

Several people began speaking at once again.

Chairman Vice Mayor Grendel said I know Dave Snyderburn would like to have one of those big signs over Brecksville Road I think.

Mayor Kurtz said I don't care if you took it out, as long as you put it back.

Several people began speaking at once again.

Councilperson Synek said so a clock tower is kind of a controversial thing. It's a thing of beauty, not a thing of necessity. As you think about future Councils or Committees and resources, you ought to have a higher threshold rather than a lower one for what is going into this bucket in my opinion so that you maintain maximum control.

Mayor Kurtz said let me just suggest for the benefit of what I have seen the Department Heads do. The Department Heads don't deal with budgets the size of the City. They are silos of the City. So, I don't expect them to understand every silo that you have to understand; but what it does do, and I have witnessed over the decade or so that we have had this, is that they say there's a \$250,000 truck I want to buy. Instead of going to Council and saying okay I want it. I remember a lot of this was instituted when you go back 15 or 20 years, a dollar had a different value than it does, and the City's position is different today financially than it was 20 years ago. When we had a capital improvement, a truck for example; I use that because that's the one we used to always allocate for because they are very expensive and we put money aside every year as a discipline. The Department Head also realizes he has to structure his department in terms of their capital needs by knowing every year what he's going to be able to have for tools to be able to service the community whether it's a packer or dump truck or a snow plow.

I just think it's a good discipline historically for the Department Heads to be able to come in and say I am not asking for a million dollars in one year; but if you give me \$200,000, \$200,000, \$50,000, I can give some stability and some long range thinking to this process. My team could do that. Each department can do that. It's been a good practice I think.

Chairman Vice Mayor Grendel said and this has been I think when it started, I think the Fire Department I remember Pete Nelson was very good at that. Then it went over to the Service Department. At that time we had an outside engineer, and now that we have an in-house engineer, we have been using that same kind of discipline too looking at road projects and seeing what we can set aside every year for those too with the flexibility because sometime things pop

---

---

up. Like on Brookside, some of those others popped up because if we are doing one stretch of Brookside, we might as well do the entire stretch. It gets your Department Heads and Council thinking strategically. You are not stuck there. You have the flexibility, and new Council has the flexibility to change what the old Council thought was a priority.

Councilperson Trakas said Chief you had advocated for the lower threshold, and I was just curious what your opinion was on that.

Fire Chief Rega said I would just like to start off by saying that the Fire Capital Fund is a tremendous tool for the Fire Department. I mean we have very expensive equipment that does not have to be replaced very often, but I like to plan ahead on that. I for one would not want to come Council and say hey I need \$750,000 next year to replace something; and by the way, a ladder truck is almost a quarter of a million now. So, this isn't something I would be comfortable walking in and saying hey we need this next year. That's not enough warning for you to figure that out. So, it's been a good practice for us to plan ahead and take large ticket items and put it in that category.

Now some of the things looking down at the \$50,000 mark. Vehicles at the Fire Department, the staff vehicles, the response vehicles that they use, the small cars, the interceptors are about \$30,000. So, that would fall under that amount, so it would have to come up somewhere, probably into my operating budget. Now you will see fluctuations in the operating budget by large amounts of money because I am going to have to tell them hey next year I am going to buy this vehicle instead of saying hey I am going to put away \$7,000 a year for so many years to pay for that. You see it coming, you know it's going to be there; so it's a good way to stabilize the operating fund in my case.

Councilperson Synek said so this is all about capital spending, and none of this is about changing capital spending to operating and operating to capital. This is really a small subset of the total capital spending, identifying those items for capital spending that we know are going to happen that are big and deserve special recognition in this capital reserve fund. Those are kind of like when you start working on the capital budgets, those are the top line items. Then after that there's going to be a whole list of other recurring capital items that are going to be part of the annual budgeting process. So, we will pay it out of capital. We spend \$8,000,000 a year on capital improvements, the City from 2015 to 2018. In 2019 the average will be even higher. There's lots of money spent on capital improvements, but this policy we are talking about I think has to do with just identifying those very large items that we know are going to happen over a period of years and making sure we have the very largest items taken care of.

The same process will continue to apply for the vehicles and salt because that's what we have always used. I don't see any difference in that, but none of this tonight is about taking money somehow restricting what you are already used to receiving for capital improvements. It's not going to be any less. This is just a classification issue within the capital budget.

Chairman Vice Mayor Grendel said Pete and you Steve were always identifying grants, whether it's the Federal government or the State; and you have saved the City tremendous amounts of money. It might not seem at the time, but the number of grants that we have gotten over the

---

---

years has really freed up that money that we had set aside for other projects too. You have done a great job of identifying and keeping a close watch on what becomes available from the bigger entities, the State and the Federal. I have been impressed. The Fire Department has done the best. Recreation has done that over at the Civic Center with some of the State money too.

It takes a full-time job just to know what's available out there so you don't miss any opportunities. We don't usually because we are well off compared to other communities; so sometimes we don't get opportunities that other communities get.

Fire Chief Rega said we usually try to do if it's a big ticket item that we need to purchase, we see that coming; and we try to plan ahead and invest, make sure we have the money available to get it on our own. Then we try to go after that grant that might be available to get that item. A lot of times we are successful, but sometimes we are not because it just doesn't fit the parameters. We have been very aggressive in that the last 8 years. I think if you count our regional grants that helped out the communities in the Cuyahoga Valley, we are close to about \$750,000.

Mayor Kurtz said we follow that same train thought. These engineers that I know are approaching us for new work. I told them, the previous policy we used to have is if you find grant money for infrastructure and you can give Engineering part of it; and so they always find, they are out finding new monies for potential infrastructure upgrades, water line upgrades. So, I tell them if you can find some money to offset our costs, then you can do the engineering on the project. So, we will see how successful they are in 2020 and 2021 and 2022.

I think it's philosophical as much as functional sometimes. So, you are giving a paradigm that needs to be more broad, bigger than traditionally we have used it for.

Chairman Vice Mayor Grendel said looking at the clock, you want to set aside some time just for the appropriation.

Finance Director Blaze said we can do that now. Again, it was just meant to be an introductory on all 3 topics today, nothing real deep. I think we had a good brief discussion for this topic, and we just have to decide if we want to keep the current policy as it is written; and then we are going to have to administer things differently because we really haven't been following the current policy, or we amend it to take into account how it has been administered in practice these last number of years.

So, thank you for that.

Chairman Vice Mayor Grendel said Vern if we could, maybe all of us have the current, and so Kenn can see all the different items we do have on this program.

Finance Director Blaze said we will get that out either electronically or in the packets this weekend.

Chairman Vice Mayor Grendel said very good. This way you can see Kenn.

---

---

Finance Director Blaze said any information that can help you make a good, informed decision; we are all supportive of that.

The last agenda item was the 2020 appropriation ordinance, and that's how it is worded. It's really not the 2020 appropriation ordinance; that really will be discussed in more detail, probably starting 2 weeks from today. I take the attitude that for the legislative body to even have a substantiated discussion about the annual appropriation ordinance, you need to have a good understanding of the City's financial picture and position. Councilperson Synek you had mentioned that a couple of meetings ago, or a meeting ago, that you wanted to get your arms wrapped around this, where is money coming from and where does it go. So, this is not the budget, but this is a prelude to the discussion 2 weeks from now. Again, this isn't 72 hours late, this is 14 days early. This is what we had come up with as far as; you get on line on our website, and we are going to be updating that so it's not really as updated right now. Each month you get an 80 page financial report, and it's pretty long. It's pretty complicated, and for 4 years of actual data, 2016, 2017, 2018 and 2019, you would be sifting through 320 pages of documents. So, what you have in front of you here is 10 pages that condenses the 320 pages of 4 years of data into 10 pages.

Again, we are not going to do the deep dive today, but I will just summarize it. In that very first page, Page 1, each column just basically starts with here is how much cash we started with each year, the City. Here is what the outstanding purchase orders; so here's what the unencumbered balance was, cash balance. Then the second section, the top third, where the money comes from; and it either comes from revenue or borrowed funds. That gives you how much total cash you have to work with. Then underneath that where the money goes out. It's really either operating expenses, it's principle, it's interest. Those can all be wrapped up into debt, and then the last one is the capital purchases and the infrastructure projects.

So, when you take what you started with, you add what came in, you subtract what went out; you are left with the bottom 3 rows there of what is left at the end of each of those years. So, these are on a cash basis, and that's what those statements are that are posted on the website and that get mailed out to every year. We have the January one, and we are going to get that out to you tomorrow. I put the words in parentheses "unaudited" because the audited financial statements in the comprehensive annual financial report, the City's CAFR, those are converted to accrual basis; and I don't want to get all complicated, but probably one person at the table will know the difference between cash and accrual, cash and modified accrual. It takes a level of sophistication to really understand a CAFR and to know exactly what it is saying because it's filled with so many different statements. Each one of those statements has what the accountants call a different measurement focus; and again, one is accrual, one is cash, one is modified accrual. After a while your head is starting to spin like I am not a finance person, I am not an accountant. What does this all mean? So, I put statements together for your benefit that are on a cash basis because that is a measurement focus that we can all understand. How much money is in my pocket at the start of the day? How much came in by my earnings? How much did I spend? When I go to bed at night, what is left is there. That's what this statement does. The same thing on Page 2, it just says it a little bit differently; but by this Page 2 helps me to start conceptualizing in my mind on any given year, okay if we have this much revenue and this much day-to-day expenses when I subtract that out, line 3, left over for capital infrastructure and debt. So, okay now I know how

---

---

much we have to do all these capital purchases for the Fire Department and all the other departments, all the road and infrastructure projects that Don's office is working on and how much we have to service our debt. Then when we subtract off how much we did actually spend in those years for capital purchase and infrastructure projects tells me how much is left over to pay our debt now. That's the bottom line.

So, that helps me to start putting in the City's entire financial position in a focus that I know that I can understand even though I have an accounting degree and financial qualifications, putting things on a cash basis makes it a lot easier for me to understand just where is the cash coming from and where does it go on any given year.

Then the last 7 pages are basically, each category noted on Page 1 in a little more detail. Page 3 is the main revenue sources, and there's one catchall on the bottom, although they are revenue sources. If I listed every revenue source for ever year, I would need multiple pages with 8 point font. So, I save you that and say look here's the major things; and you can see the total revenue line. On any given year, we have known this for decades, the vast majority of the City's revenue comes from municipal income tax. The TIF revenue is definitely a material source of income. The hotel/motel lodging tax is; and after that it kind of drops off to a less significant amount. So, when you take the municipal income tax, the TIF revenue and the lodging tax, that really accounts for the vast majority of the City's revenue on any given year.

Page 4 delineates our borrowings by year. It looks like a lot, but because a lot of our notes are in short term one year maturities, every year you look at the end of the 2019, in December we borrowed \$17,375,000, mostly to pay off the 2018 notes and a little more to finish up some projects. Now we have to pay off, that's all short term right there; and we have to pay that off by this December. We don't generate enough cash to do that which is why we have to keep coming back every year to renew those notes. That's a conversation for 2 weeks from today, more discussion.

Page 5 is the heart of the operating expenses, all the different departments, by year, how much was spent; and then the last column, the temporary appropriations, what Council approved in December on a temporary basis. It's really that column that we will be focusing our attention on for the 2020 permanent appropriations legislation; but I always take the attitude, you can't make a good decision about that column unless you know where you have been in the past, 2016, 2017, and 2018, where you are now, and that's basically at the end of 2019, we are a month past that. Then turning the lens forward and looking to 2020 and saying okay where are we going? It's always, I am adamant about always trying to look at the 3 different focuses. Where have we been? Where does leave us now? Where are we going, and a document like this shows you where we have been in the past actual. Where we are now at the end of 2019 based on our spending, where we are looking to go based on the appropriation ordinance; so, a lot of material for you to look at over the next couple of weeks before we come back in 2 weeks.

Page 6 is the debt service paid on both of our bonds and our notes. It's kind of complicated, and you could see the way the money has been paid has switched. Really it's an accounting thing because now the debt isn't being paid out of all these different funds as you saw in 2016 and 2017. Most of it is being paid just out of 2 funds, the non TIF projects, and the TIF projects. The

---

---

bottom line, I as a Council member, if I didn't have an accounting degree or finance degree, I wouldn't be worried so much what fund it was coming out of; I would just be looking at the bottom figure of how much we are paying in principle each year.

Page 7 is the interest charges that were booked for each year. Up a little bit in 2019 because the debt has slowly increased, even though we paid some off. Projected for 2020, it will go up from there because we borrowed about \$5,000,000 more in December to fund some of these projects that need to be finished up in 2020. So, I anticipate when we have fit a line in the last column for the 2020 appropriations ordinance that will increase.

Page 8 debt issuance costs are the last component of debt service. It's really not even principle and interest payments, but we do go over a lot of our notes every year. So, every year we are engaging with bond counsel, with legal counsel, with the financial advisor. So, we incur these debt issuance costs, and I can relate that to a private person, instead of taking a 15 year mortgage on your house; if you chose to just get a one year mortgage and then 12 months from now you have to re-finance. You incur all the re-financing costs; and then 12 months after that, you have to re-finance and incur all those costs. We have a lot of debt in short term one year instruments; so we have re-occurring debt issuance costs on an annual basis. That is what that page is.

Page 9 the second last page is the capital and infrastructure projects that we have done by year. It's remained pretty consistent until this past year in 2019 when the legislative body, you guys just said we have to do a lot of things here because as you can see a very consistent range between \$9,500,000 and \$9,900,000. Last year \$16,600,000 was booked due to various funds for capital and infrastructure projects. So, we will definitely be looking at that last column 2020 closely because outside of the operating budget, the money we spent for capital infrastructure is our second largest use of those funds.

Then the last page was just one I entered. It kinds of touches on that subject Councilperson Synek about encumbrances; and encumbrance is just a purchase order. It is just reserving money, setting it aside so that when the invoice and the bill comes due the money is there to pay it. I just take any of the years where one of the funds had an ending encumbered purchase orders above \$1,000,000; and that's the third last line where it says total P.O.'s these funds. You can outside of the \$1,200,000 in the General Fund just for some daily, the day-to-day operations general purchase orders for just routine purchases, and the Economic Development Fund; everything below that is all the major capital and infrastructure projects that we are doing. That contains the bulk of the money that the City has encumbered at any one given time. So, you can see at the end of 2019 we had \$27,500,000 encumbered; but \$25,500,000 was for those categories right above. All the other combined only totaled \$2,000,000; not even 10% of that total. We do have a lot of encumbered funds at the end of the year, but you can see that it's going for some pretty important purposes there in those rows above that.

So, that's the Cliff notes version of the City's financial position for the last couple of years, where it leaves us now and to start the discussion of where we need to go; not only in 2020, but beyond. Ohio Revised Code requires us to budget one year at a time, so we really have to lock down the annual appropriation ordinance before we look at 2021 and beyond.

---

---

I hope this is presented in a manner that makes some sense to even people who are non-accountants, non-financial people. If you don't, my door is always open if anybody wants to come business hours during the day, in the evening, on the weekends and say Vern I don't understand something in here, can we sit down? I would love to do that. As I said previously with some of the other ordinances that are proposed, when the annual appropriation ordinance comes for a vote before March 31<sup>st</sup>, I really want all 7 Council members to be very comfortable with their vote so that they feel that they have an understanding of the City's financial position; not so much from an accounting standpoint to understand the legalities and nuances, but just to kind of get a general idea of like the one statement says. I know where we start each year, and I know where it's coming from and generally I know where it's going. I think that will give you a great start into us finishing that 2020 column so that we can lock down the 2020 appropriations ordinance.

We do have like 7 minutes before the Planning Commission Caucus starts, so if anybody has any questions or comments or feedback; we do have a couple of minutes to spend on that. I thank you for the time.

Councilperson Narduzzi said I think it's much easier to read than it used to be. So, I thank you for that. It's easier to find the 3 major points, where it's coming from, where it's going and how much you have left. It's very simple.

Finance Director Blaze said that was the goal.

Chairman Vice Mayor Grendel said I requested from Vern, we used to get the monthly what companies pay what income tax so we have a good idea. That's going to start up again, I think Maggie said they would be able to give us that information. This way we can see who our biggest taxpayers are.

Finance Director Blaze said we are going to check with Legal. We need to talk to Greg about this Vice Mayor. I have no problem sharing anything. We live in a fishbowl, everything is public record. So, I have nothing to hide, but I do know a Seven Hills Councilperson did get into some hot water by sharing information from that RITA tax form. So, we just want to get Legal clear that when we disseminate that, that we are able to for the legislative body; and that we are not going to get into the same position that Councilperson Trafis did in Seven Hills. We just want to make sure that what we are doing is all legal.

Councilperson Trakas said excellent work today, thank you. You don't have to answer it now, but think about it. The HIDTA funds, I think we took them off. Do you have an opinion of how that is handled?

Finance Director Blaze said they are on our books; and so some people would say if you looked at our Finance Department that for the size of Independence you are overstaffed in the Finance Department. Well, we are not only running our books, but we are running HIDTA's books. Now we are adding the Strike Force books. So, we are running 3 entities' books. I am totally fine with it though because you see that for 2019 the expenses that we paid out for HIDTA, which comes in. It's not coming out of our money. They give us the money to pay that, and we pay it; but

---

---

\$5,400,000, we get 2% is our fee for doing the books for them. So, round it to \$5,000,000; we got a little over \$100,000 in 2019 to run the books for them. So, I know I don't have one full-time employee doing it. I think Molly does most of that.

Maggie Osysko said no, Molly doesn't do any of it. The person at HIDTA, she actually takes care of all, paying out the bills and things like that. We don't really do, as far as paying any bills.

Finance Director Blaze said this is good education for me. So, it just flows through us then.

Maggie Osysko said well it's mostly my responsibility just to make sure that everything, the books and journals and everything.

Finance Director Blaze said so that's even better. We don't even have a person assigned doing a lot of their stuff outside of you checking it; and we get \$100,000 plus a year for that service.

Councilperson Trakas said I just want to make sure you were comfortable. I think the prior Administration had come up with that; I just wanted to make sure that you were comfortable with it.

Finance Director Blaze said HIDTA is in the process of going, they are going to go to the Strike Force building; Council agreed to contribute a capital contribution, and when that facility opens up. The goal is to open it up later this year; they are kind of debating whether they will make that deadline or not, but I would recommend all of you go because I haven't even seen it, but just talking to the Strike Force people. When you look at the law enforcement agencies that will be a part of that from the Local, Regional, State and Federal levels, all pooling their resources together to fight crime in northeast Ohio. You don't mind doing what we are doing for them, especially since we are kind of making a little money on the deal. It's worth it.

Mayor Kurtz said the only thing it distorts our revenue.

Finance Director Blaze said and that's why on the bottom you will see on the revenue side, the revenue page, I do a little calculation at the bottom subtracting out the HIDTA revenue; and then on the expense side I subtract out the HIDTA Strike Force expenses so that you can get an idea of what would our books look like without this other entity on it because the Mayor is right, it does skew our revenue higher than it really is for our entity. It also skews our expenses higher than it is just for our entity. That's why I have that little bottom line different. I am comfortable with their situation. People at the Strike Force, people at HIDTA have been very good. My Finance team has been great. It has really made the transition real smooth, and I love the team I am working with and look forward to working with all of you a lot more in the next 4 years.

Chairman Vice Mayor Grendel said we will expect this on the agenda next Tuesday, and it will be First Reading; but we will dig deeper into the discussion at 4:30 p.m. 2 weeks from today and maybe set aside a couple of hours. If we need more time, our goal is for March to approve the Investment Policy and the appropriation.

---

---

Finance Director Blaze said when Council is comfortable, we will adopt the Investment Policy, and we will adopt the Planned Capital; but only when there is direction from yourself and the Mayor that you guys want to proceed. I am in a recommending position now. Being the Finance Director, I don't vote on legislation, so I think of that old joke, we propose and you dispose. So, however you see fit. We proposed in general. We will propose deeper in 2 weeks, and then we will just take it where it goes. I thank all of you.

Chairman Vice Mayor Grendel said thank you Vern.

**Moved by Synek, seconded by Veverka to adjourn the Finance Committee Meeting of February 4, 2020. Voice Vote: 3 yes/0 no; motion carried.**

There being no further business to discuss, the Finance Committee Meeting was adjourned at 5:27 p.m.

---

Debra J. Beal, Clerk of Council  
Minutes Unapproved at Time of Release 02/05/20

---