

**FINANCE COMMITTEE
December 13, 2022**

**FIN20221213-1
UNAPPROVED**

A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, December 13, 2022, utilizing the Zoom app.

Council Member Jack Arnett called the meeting to order at 1:01 p.m.

Roll Call: Present - Council Member Jack Arnett, Allan Lorge, Michael Bradburn, Robert Loomis, Tim Voeller, Mary Kay Bourboulas, Jesus Torres

Also Present- City Administrator Mikko Hilvo, Finance Director Kelly Livingston, Deputy Treasurer Maureen Hartjes, Michael Maloney US Bank Portfolio Manager, Richard Romero US Bank Vice President Institutional Trust & Custody

STATEMENT OF PUBLIC NOTICE

Finance Director Livingston confirmed proper legal notice of the meeting had been given.

COMMENTS & SUGGESTIONS FROM CITIZENS - None

APPROVAL OF MINUTES

A motion was made by Mr. Lorge to approve the minutes of the October 18, 2022. The motion was seconded by Mr. Loomis. Motion carried unanimously.

PRESENTATION

US Bank Investments Presentation Given by Michael Maloney, Portfolio Manager and Richard Romero, Vice-President Institutional Trust & Custody, Via Zoom

Mr. Michael Maloney, US Bank Portfolio Manager, discussed the performance and current holdings of the City's investment accounts at US Bank. Mr. Maloney also provided a presentation including benchmarks, rates of return, and asset allocations for each of the City's accounts held at US Bank. Mr. Lorge asked if most of the City's investments are assets purchased and held until maturity, Mr. Maloney stated the City does have this type of assets and these are good for the City since they mature at par value. Council Member Arnett asked how particular bonds are selected; Mr. Maloney stated assets purchased need to be compliant with the City's investment policy as well as have good yields. Council Member Arnett asked if needed, can the City get access to these funds quickly. Mr. Maloney said yes, the City would have access to the funds.

Mr. Bradburn asked what the effective duration of the City's portfolio is and how the City compares to other municipalities. Mr. Maloney stated that it depends on each investment policy and that about 25% of the City's investments are due in less than one year.

Council Member Arnett asked if the City's portfolio is eligible for Treasury Inflation Protected securities. Mr. Maloney stated that returns on investments in that program are not as good and he would investigate those types of securities.

Mr. Lorge asked what the investment fees are currently. Richard Romero, US Bank Vice President Institutional Trust & Custody stated US Bank charges 15bp against the market value of the account.

Ms. Bourboulas asked if the City could purchase floating rate securities. Mr. Maloney stated he would need to investigate floating rate securities and that he didn't think Wisconsin had any available.

Mr. Lorge stated the City's investment policy needed to be updated to change the Debt Investment Advisory language based on previous changes made. Administrator Hilvo stated those changes will be made.

NEW BUSINESS

Discuss Current Cash and Investment Position; and Action Thereon

Finance Director Livingston reviewed the City's cash and investment report and mentioned that the City is working on consolidating several bank accounts due to collateralization and efficiency. Council Member Arnett asked if the City currently has any CDs. Finance Director Livingston stated at this time the City does not have CDs. Ms. Bourboulas agreed that CDs could be a good investment and recommends the City investigate this.

Mr. Lorge stated the City should look at average cash balances compared to operating cash needs and invest accordingly. Deputy Treasurer Hartjes stated Ehlers, the City's financial advisors, also offer investment services and may be able to provide an operating cash flow report. The City will contact Ehlers Financial Advisors to request a presentation on their investment services for the next Finance Committee meeting in January.

Discuss Fund Balance Position; and Action Thereon

Finance Director Livingston discussed the Fund Balance report. The Finance Committee Members discussed fund balances compared to cash on hand and mentioned that more information on the WRC fund balance would be useful in future planning. Administrator Hilvo stated the WRC uses a Sewer Rate Model which is useful in future planning. Finance Director Livingston stated WRC is overseen by the Common Council and Sewerage Commission and mentioned Bob Dries is also very involved and the City will ask if he can attend the January Finance Committee meeting to discuss the Sewer Rate Model and future planning.

Discuss Leasing IT Services and Equipment; and Action Thereon

Administrator Hilvo discussed the option of leasing the City's IT services. The proposed lease quote from Ontech Systems, Inc. is for eight years and would cost \$120,763 annually. Council Member Arnett asked if Ontech is the same company the City currently uses for IT and if the financing would be through a different company. Administrator Hilvo said that Ontech is our current IT provider and Vantage Financial would handle the lease and financing. Council Member Arnett asked who takes the risk of the lease and Administrator Hilvo stated Ontech takes the risk. Mr. Loomis stated that it does not make sense

to lease a service since there is no residual value. Mr. Voeller suggested rolling leases where leases are done annually and in smaller dollar amounts. Mr. Torres asked if the City could amend the lease as needed and Administrator Hilvo said that the City can amend the lease as needed. Council Member Arnett suggested looking into the City going cloud based instead of proceeding with the leasing option. The Committee unanimously agreed that they were not in favor of leasing IT services.

Identify Future Agenda Items, and Action Thereon

- Ehlers Investment Presentation
- Discuss Water Recycling Center Financial and Fund Balance

Confirm Next Meeting Date

The next Finance Committee meeting will be held on January 17, 2023 at 1:00 p.m.

ADJOURNMENT

Motion made by Ms. Bourbulas, seconded by Mr. Voeller, to adjourn the meeting at 2:16 p.m. Motion carried without a negative vote.

Maureen Hartjes
Deputy Treasurer