

Finance Committee Meeting
March 2, 2021 8:00 a.m. via Zoom

Members Present: Chairman Chris Berger, Michael Carroll, Fiscal Officer Romanowski, Solicitor Matheney

Visitor: Greg Heilman

Berger stated the first agenda item to address would be to review and revise meeting notes from February 2nd. Berger asked the Fiscal Officer what part of the minutes she wanted revised, and she explained that under number 4, where it said, "an issue was brought up to the Mayor about the CARES Act project." She stated that the committee did not discuss the matter of there being a different quality of material for a different scope of work. Berger clarified that it would be everything after "including local vendors," which was the fourth line which should be struck, and the Fiscal Officer agreed. Carroll asked how this matter was included in the minutes when it was not part of the discussion. Berger explained that the Fiscal Officer sent him an email asking him if he was going to submit the minutes. Berger anticipated that the minutes were being recorded.

He suggested they stop the discussion right there and ask the question if the minutes were being recorded. He asked if this meeting was being recorded - the Fiscal Officer stated it was. Berger asked if this should be the first order of business for every meeting to advise people that the meeting is being recorded. Carroll stated that it is a public meeting, and all public meetings are recorded. Berger stated no, not all public meetings. Carroll advised that in the email thread, Berger knew that the meeting was recorded. Carroll was confused because Berger made the claim that he did not know the meeting was recorded, but part of the email thread said it was going to be recorded or he assumed it was being recorded. Carroll reiterated that it was a public meeting and explained that he could walk into any public meeting and record it. Berger agreed. Carroll stated that the email thread that Berger had about questioning the recording of meetings was confusing nonetheless because it was a public meeting. First and foremost, Carroll did not understand what the issue was, and bluntly, Carroll believed that whether it was called editor's prerogative or editor's choice, something was added to the minutes that was not part of the meeting. At least it was possible to listen to a recording to find out exactly what was said. This is done with Council meetings. Sometimes things are misstated or taken out of context and corrections are made. Not every meeting is recorded, he conceded, but Carroll stated his meetings had been recorded including the upcoming Streets Committee meeting. He has no issue with it because it is a public meeting. Berger said his problem was that the recording of the meeting was not for the purpose of transcribing and providing meeting notes. The Fiscal Officer stated that it was. Berger asked why it was not done as a matter of course. The Fiscal Officer explained that following the meeting, she sent Berger an email because she did not know if he wanted the first portion of the meeting where he attended to be transcribed. When she was part of the Building Department, he did not want her to do the minutes, he wanted to do them. She recorded the meeting because it was Berger's first Finance Committee meeting where he was in charge as Chairman, and she was unsure of whether he was going to do the minutes or he wanted her to do them. Following the meeting, she sent him an email asking him if he was doing the minutes or if he wanted her to do them. A response was not received from him. For the second

part of the meeting where Carroll was in charge, Carroll wanted the Fiscal Officer to transcribe those minutes. That portion was done since it was unknown how Berger wanted to handle the first part of the meeting. Carroll stated that last year, all the Finance Committee meetings were recorded. Berger stated he understood this. Carroll further explained that this was not a new process. Berger agreed, but the fact that he received an email asking him how he wanted to do the minutes was his first step in confusion to say, 'I don't know why you are asking that question.' He did the minutes from his memory. He did not have contemporaneous notes and advised he made a mistake. Berger said to take them out of the minutes and move on. He had no problem with this.

The confusion, according to Berger, was that if the meetings were being recorded for the purpose of creating minutes, which do not necessarily have to be verbatim, and there is an editor's choice by the person transcribing the minutes in what is included and not included. The Fiscal Officer said this is correct. Carroll stated that the editor's choice does not state things that are not accurate or did not place. Berger said that he did not disagree that a mistake was made. He explained that it was made because he did not make contemporaneous notes. Carroll stated he had no issue with this but added that this was the reason he believed meetings should be recorded so corrections could be made.

Berger stated he was not aware that the meeting was being recorded on February 2nd, and he said as a matter of course, if the meetings are being recorded, it should be stated at the beginning of the meeting. Carroll said this was his prerogative as Chair of Finance. Carroll reiterated that being a public meeting, whether it is recorded or not, it is a public meeting. It is not announced before every Council meeting. Berger said this is a question as to whether or not it should be announced. Carroll advised he had attended Council and committee meetings in Lyndhurst for the past 10 years and it is not announced that they are being recorded. It is not a common practice. Berger added that if the Village does not follow the Lyndhurst rules, then the Village is not acting appropriately. Carroll explained he was unaware of the existence of a rule to do it either way. Berger could make this part of the Finance Committee meetings, but Carroll reiterated that it is a public meeting and did not understand what the issue was. Berger said they would agree to disagree, and Berger would amend the notes at the Fiscal Officer's request, and the committee could move forward.

The Fiscal Officer advised that the portion of the minutes that she did not find accurate pertained to the issue raised to the Mayor about the flooring process. After the sixth line in the minutes where it said, "K&B and the Floorshow were able to submit bids," then everything after this was the part of which she was not aware. Berger thought the Mayor would be at the meeting to address these issues but was not. Berger said it was not his issue, but the Mayor's issue, so he was not going to speak for him or for the residents with whom the Mayor spoke with regard to the issue. That would have to wait for another time.

The Solicitor asked if the Mayor's concerns were part of the meeting on February 2nd. Berger stated no, but it was the reason the issue was raised. At this point, if the Mayor wanted to raise the issue in a future Finance meeting, fine. Otherwise, Berger stated they would go on with life. Carroll asked that Berger reflect the minutes accordingly and they would move on.

Berger asked if Carroll had issues with a Google doc he had sent, and Carroll explained that he liked the way Berger was using a Google doc, but he had difficulties editing it. Berger said he was new to Google docs but thought enabling others to add line items to the document made life easier. Carroll surmised his difficulty involved having multiple Google accounts open at once.

Berger stated that the second agenda item pertained to the goals of the committee. The Fiscal Officer submitted goals for the Finance Committee to the Mayor. Berger addressed the five-year plan listed in the goals and said he did not know how to differentiate between a five-year plan and a strategic plan. He asked for suggestions of what should be included in either plan. The Fiscal Officer asked if Berger had received the information that she forwarded from her and the Police Chief that addressed the different capital items, equipment, etc. and when they were due to renew. In the past, this was what was used by the Village departments. The strategic plan was addressed by Council. Berger clarified that the five-year plan was more of a capital budget plan. The Fiscal Officer said it melded together a couple of years ago, but they started with the capital issues because it was necessary to know what the Village would be spending and when. This would then flow into a strategic plan. The last time it was addressed, it did not go beyond identifying the capital equipment. Council did not move forward with developing a strategic plan. Berger asked the Fiscal Officer if she had the capital expenditures plan from the Building Department, and the Fiscal Officer stated she gave the spreadsheet to the Mayor. Berger said they put together a five-year plan. The Fiscal Officer said she did not have this. Berger said he needed to send it to her. Carroll advised he would add this matter to the Street Committee meeting agenda, and he would forward it to the Fiscal Officer. The Fiscal Officer asked if Berger wanted the information in an Excel Spreadsheet, and he said it was fine, that it was just a starting point for discussion. It would dovetail into a bigger discussion of strategic planning. Berger stated Finance was only one component of the Village business, so it was hard for him to come up with a strategic plan for Finance without knowing what the Village as a whole had decided.

Carroll suggested taking the different five-year capital plans and having Council utilize them to develop a strategic plan to develop a more global view instead of a specific view of each department. Berger stated it was harder to build from the ground up than from the top down. The Committee could provide components of the financial planning, but the overarching strategic plan must come from the top down. Carroll said he did not disagree but asked where these two roads cross. The strategic plan drives what Council will do, but if five-year goals and finances do not allow it, then the strategic plan must be adjusted.

Berger was hoping the Fiscal Auditor would have attended the meeting from a funding perspective. He noted that the third part of the Fiscal Officer's goal structure was funding opportunities. He asked the Fiscal Officer to provide a definition of 'funding opportunities.' The Fiscal Officer stated these were the Committee's goals. She explained this pertained to different things the Village could do to obtain grants and those sorts of funding possibilities. The Fiscal Officer added that with the Chagrin Lakes issue, the question was raised about funding opportunities to address the dam. Carroll stated funding opportunities would be grants, public/private partnerships, bonds, etc. Carroll advised that the Village had always just paid for

things instead of bonding or taking out loans. He suggested that perhaps the Village should put itself in the position that if it needed to seek an alternative, it would not have to be scrambling at the last minute to make something work. This was how he viewed the concept of funding opportunities. Berger said he was 100% behind this given the fact that this week another request was received from a community in the Village looking for what financial assistance might be available. This put the Village at up to four or five different communities that had at least expressed an interest in getting financial support from the Village. Carroll referred to Paw Paw Lake and said it might just be that the Village assisted these requestors in finding the opportunities or facilitated the opportunities to be more of a partner rather than dismissing it as something the Village could not do. Berger said this was not a viable answer anymore. Carroll agreed.

Berger asked Carroll if he saw the email from Bellwood Lake, and Carroll said he had. Berger said this was another one to add to the pile.

Berger stated he just received an email from the Mayor saying he had a water problem at home and would not be attending the meeting today.

Berger addressed looking at financing opportunities inside the Village, and stated that even in a pandemic, the revenue stream seemed to have been consistent with projections. The Fiscal Officer agreed. Berger stated that unless there was something worse than a pandemic over the next five years, the Village should have no funding issue for its operations. The Fiscal Officer said she did not think so but advised that the Village had two levies that would be up this year. One is the 1976 operating levy that brings in \$180,000 and the other is the 2017 Road and Bridge Levy. As long as she had been with the Village, two levies had not been put on the ballot at the same time. With the Road and Bridge Levy, this would be the first time it had cycled through. If one did not pass, this would be a financial issue. Carroll explained that the Road and Bridge Levy was just because the Village could not do a stormwater levy. The rationale was that the Village would only do a five-year levy because the thought was that some of the stormwater projects would be accomplished. However, some of the projects are only just now starting. If the levy did not pass, the Village would have to reevaluate how it managed the costs of addressing roads and stormwater.

Berger asked if the recommendation from a procedural perspective was to put a renewal movement on the ballot for the two levies. The Fiscal Officer explained that the Finance Committee would have to make this decision. Berger asked what the time deadline was to present it to Council. The Fiscal Officer explained that she must prepare the legislation for March 8th. She asked the committee if it wanted to put both levies on this year or stagger them. The Village would be going out "a year early." They expire this year and since property taxes operate a year in arrears, the Village would get the money through next year. The Village would then have this year and next year to get them on the ballot for approval. She further explained that they try to go on the ballot a year early because if a levy does not pass the first time, the Village could put it on again. The Fiscal Officer stated there were multiple steps involved. First, Council must pass legislation to go to the County Auditor to have him certify how much the levy would bring in. Once the Auditor certifies this, then it goes back to Council and Council would

decide if it wanted to renew it or replace the levy. Usually, the Village asked for renewals, but sometimes Council had the Auditor certify different rates to increase or decrease the millage, etc. Once Council decided this, legislation must be passed to put it on the ballot. Then it would go to the Board of Elections, which must be done by August 1st. The Solicitor stated it must be done 75 days before the General Election. Berger asked how long it would take the County Auditor to make his determination. The Fiscal Officer said it is done quickly. Usually, this would be introduced now to go through three full readings and then submitted to the County Auditor for the certification. It could be introduced at the March 8th meeting for both levies since the Village would just be asking for a certification of funds. It would then go to the County Auditor and by the second meeting in April or first meeting in May the Village should have those certifications and could move through the process to pass legislation to get the issue put on the ballot. Berger asked what determined the millage rate. The Fiscal Officer explained that this was the reason the Village went to the County Auditor. Usually, the Village would ask for the renewal amount, and sometimes it would ask the amount other millage rates would bring in for the Village. For example, in 2005, the Police Levy was changed to 2.75 millage but brought in more money than when it had a higher millage because the property values were higher over time. From the certification results of what the Auditor provides, Council can decide the amount to put on the ballot. Renewals are easier to pass.

The Solicitor asked what the millage was for the Operating Levy, and the Fiscal Officer stated 4.2, which was from 1976 and had always been a renewal. Berger asked why it is 4.2. The Fiscal Officer stated that in 1976 when the Village wanted to bring in a certain amount of money, this was the millage that would bring it in. If the Village were to do it now at 4.2, the Village would be bringing in a lot more money. This was the reason that when the Police Levy was reduced it was because the property values in the Village had increased. The Solicitor further explained that the Village did not need as much coming in because there was more in dollar amount, but the millage was lower because it was based on property values. The Solicitor asked what the Road and Bridge Levy was, and the Fiscal Officer stated it was 1.5 mills. Carroll explained Council's rationale in determining this amount to address both roads and stormwater. He added that there was also discussion of an Income Tax increase and stated that he was not a fan of a general Income Tax increase because then it could be used for anything the Village wanted. Then, pet projects become more of a priority than specific needs like roads, police, etc. The Village had never done a Road and Bridge Levy before, and his thought would be to keep it the same for the next five years. Carroll asked the Fiscal Officer if the Village loses a certain credit if it goes after a renewal levy. The Fiscal Officer explained that it no longer gets the Homestead and Rollback. He stated that a renewal is sometimes an easier and smoother process.

Berger stated he appreciated the history. However, renewing the two levies with all other things being the same and grants continuing to happen the way they have been, the Village would continue to sit on a surplus of funds for the next five years. Carroll did not think this assumption could be made. As an example, Carroll suggested that if the Cleveland Clinic were to move out of the Village, this would have a large impact on Income Tax. Carroll cautioned that one never knows for sure, but Council would not want to commit to say the Village will have \$3,000,000 carry over for the next three years and in four years build a \$12 million complex for a municipal

complex. Berger understood that it was only someone's best guess, but his point was that based on current operating budget and revenue streams, it did not sound like anything significant would change in the next five years. This suggested that the Village would continue to sit on a significant amount of reserve and questioned whether this was the best use of public funds.

Berger stated he would like to put both levies on the Council meeting agenda for Monday night so they can be introduced, and they could go to the County Auditor in April the certification and start a discussion. August would come quickly.

Berger stated that this was the operating side of the equation and the secondary funding considerations were grant monies and private public partnerships. Berger asked how the Village would do a bond. The Fiscal Officer said she would have to learn how. The Village did not have a bond rating. Berger said learning the process should be on the radar so that when the Village gets to that point, it does not come into it from a dead start. Carroll agreed and stated that with bond ratings, a level of the rating is scored by the Village's reserves. The Village has a level of reserves, and if the Village intended to go for a bond, the Village should understand that a certain level of reserves is necessary to have available. It would be beneficial to have a good understanding of the process so Council would be prepared before making decisions about what it would do with reserves or levies. Berger added that especially if the bonds were targeted at community projects where the Village was getting paid back from the community over time for helping them with a project. It might be a better situation to go for a bond than to have the levies, or one or the other. Berger said if there were training sessions identified on bonding, he asked that he and Carroll be included.

Berger said that with this, the committee could go back to Council and say that as part of the strategic plan, the committee was looking at ways it could be available to the Village to help from a financial perspective and hopefully it would help Mayor and Council to formulate their strategic plan going forward.

Continuation of the financial discussion with the Fiscal Auditor was on the committee's agenda. Berger stated he had a discussion with Merrill Lynch Government Banking Division who offered no better solutions for putting the Village's money to work than what the Village currently had. The Fiscal Officer stated she forwarded contact information to the Fiscal Auditor from Meeder Investments, which was familiar with Government investing. Berger verified that this matter must be addressed by August. The Fiscal Officer concurred. He hoped to include the Fiscal Auditor in the April meeting for further discussion of the matter.

Carroll asked if there was a CARES Act funding discussion on the agenda, and Berger explained he tabled it since it was the Mayor's request to have that discussion. He did not know the questions the Mayor planned to ask. He suggested the matter be tabled until April.

The Fiscal Officer reported that the 2020 Annual State Report was submitted and would be provided to Council.

She reminded the Committee that Council recently had to redo legislation related to Manor Brook. After reviewing and speaking to the Solicitor, it was decided that rather than going back

and redoing bills lists approvals for those relating to Manor Brook, going forward, any bills list that includes Manor Brook funds should not be voted on by Berger and Canton to make it cleaner. Berger clarified that he and Canton should recuse themselves because they were on the board of Whitetail Run Community Association. Cindy Nairn also lives in the community but was never a member of the board and had been voting on the issues. He would recuse himself as necessary and asked that the Fiscal Officer let him know when the bills list included Manor Brook. The Fiscal Officer clarified that it was permissible for Nairn to vote. The Solicitor stated that as long as she was not a member of the board. It was her understanding that the fees for Manor Brook were for the special fund for the grant. The Fiscal Officer stated this was correct.

The Fiscal Officer addressed the CT Consultants billing and explained that the Village was still receiving billing from the 2020 Road Program. When budgeting Engineering costs related to the Road Program, it was a certain percentage of the contract of the project cost. Due to COVID and employee changes with CT, the Village had received a couple of bills in 2021 for Engineering costs for the 2020 Road Program. This would result in amending the line item this year since these things were not paid in 2020 as expected. After receiving another bill relating to the 2020 Road Program, the Fiscal Officer spoke to the Engineer for clarification. The Engineer explained that he started the Pavement Condition Index (PCI) in 2020 and everything he does relating to this gets counted towards 2020. He will not start billing for 2021 until the actual project. She wanted to bring this to the committee's attention because she was not aware this was how it was being handled from CT and it would require a line item amendment before year end. Carroll said he would get clarification from the Engineer during the Street Committee meeting.

Berger clarified that the Village operates on a cash basis, and the Fiscal Officer stated this is correct. Berger stated that the Village cannot accrue costs, and the Fiscal Officer stated no. Berger stated that the Engineer is accruing costs across fiscal years.

The Fiscal Officer explained that the Village is audited every other year for the two years prior. This year the Village will be audited for 2019 and 2020, but the results from the 2017 2018 audit had still not been received due to employee turnover with the State Auditor's Office. She contacted the regional auditor, and he was unaware it was so far behind. He is working on a plan to possibly finish 2017 and 2018 and roll it into 2019 and 2020. She explained that in her position, she relies on the auditors for guidance. Without feedback from the last audit, she is unable to address potential issues.

The Solicitor asked if the 2017-2018 audit had been completed but that the report had not been received. The Fiscal Officer advised she had continuously contacted them for the past two years and was told it was being addressed and a couple of items were still needed. She added that the regional auditor was not happy when he found this out. She reiterated that there had been a great deal of turnover in staff.

Regarding records retention and sunshine laws, Berger stated he sent the Fiscal Officer the certificate for Sunshine training he took over the weekend. Berger thought that he had possibly identified himself as a designee in error. The Fiscal Officer explained that in the first meeting of

the year, Council generally designated the Fiscal Officer as the person to take the training on behalf of Council since it must be taken by law. She always encourages Council to take the training on their own since it is always changing, and it is beneficial information for Council members to know.

Berger adjourned the meeting at 8:47 a.m.

Chris Berger, Chairman Finance Committee

Prepared by Leslie Galicki