

Finance Committee Meeting Minutes
September 21, 2010

Chairman Nold called the meeting to order at 7:16 PM.

Members Present: Aldermen Nold, Hall and Kohlenberg

Staff Present: Mayor Daley, Gard, Kitsembel, Beguhn, Gallo, Lamp, Kelliher, Duffy, Leidel, Buerger, Pfister and Coenen

Others Present: Alds. Morgan, Miller, Larsen and Slattery and Atty. Chapman

2. Consider/recommend Ambulance Billing and Collection Services Contract Extension

Kitsembel reported that the contract for ambulance billing/collection services will expire at the end of this year. In 2008 Council approved a two year contract with 911 Pro Billing that included the option to extend the contract for three additional one-year periods with no change in pricing or terms. Staff continues to be satisfied with the services and recommends the contract extension.

Motion by Hall to recommend the ambulance billing and collection services contract extension with 911 Pro Billing for one year; second by Kohlenberg. Motion carried 3-0.

3. Consider/recommend Budget Amendments for Grants Received – April 1st – June 30, 2010

Kitsembel reported that the grants/funds received for the quarter ending June 30, 2010 are being brought forward as part of our quarterly process to make the Committee aware of the donations and grants received and to request a recommendation to make the appropriate accounting adjustments. Kitsembel noted that the Oconomowoc Rotary Charitable Foundation has made their first installment of \$10,000 for the roundabout project. The foundation has donated \$45,000 for this project and the remainder will be paid over the next five years.

Motion by Hall to recommend the budget amendments for grants received from April 1st through June 30th, 2010; second by Kohlenberg. Motion carried 3-0.

4. Consider/recommend Investment Management Services

Kitsembel reported that the objectives of investing the City's funds are for safety, liquidity and yield. Currently, the City invests mainly in the Local Government Investment Pool (LGIP) and supplements this with some Certificates of Deposits. In recent years our earnings have declined due to economic conditions. Staff feels that diversification of our investments and the use of professional advisors will bring a higher yield to the City while maintaining our first priority of the safety of our funds. The City sent out requests for proposals for investment management services to seventeen firms. We received nine proposals and staff interviewed the top three firms. Staff is recommending the use of two investment managers; PMA Financial Network and Dana Investment Advisors. Jeff Carew and Sara Schnoor were introduced as representatives for PMA, who only serves public entities. One of their clients is the Oconomowoc Area School District, who

recommends them. PMA's services include the development and maintenance of an active cash flow analysis which is used to assist governments in placing investments in appropriate maturities to meet cash flow needs. When placing an investment, PMA undergoes a competitive bidding process which can include a municipality's local banks. PMA is compensated on a per transaction basis for investments placed and all of their services are included in their transaction fee which ranges between 15 – 35 basis points. Ellen Roberts was introduced as the representative for Dana, who manages assets for fixed income clients. Some clients include Waukesha County and the City of Brookfield, who both recommend them. Dana's primary focus has been managing high quality, low risk fixed income portfolios and their services are used to primarily invest the secondary cash reserves for clients. Dana's strategy is not to predict interest rates, but to seek value in the marketplace and focus on high credit quality securities. Dana is compensated quarterly based on prior quarter ending market value. All of their services are included in this quarterly fee which ranges between 25 – 35 basis points. Staff recommends the use of these two investment advisors to diversify our approach and maximize our investment returns while meeting our primary objective of safety. These services would be utilized in addition to our current investment in the LGIP. Staff feels the strategies and experience of these investment advisors are a good fit for the City and that while there will be fees incurred for these services, we expect the higher yields to offset the costs.

The Committee inquired as to who is managing the funds now and the amount of the City funds to be invested. Kitsembel stated that mainly she was, but is recommending use of advisors for their specific expertise in investment management. The City's total portfolio fluctuates between \$40M - \$60M, but staff would be looking to invest between \$15M - \$20M between both firms. The Committee inquired as to the City's and Dana's rates of return. Kitsembel stated the LGIP has recently been at .22% and Roberts responded that Dana was up about 2% this year from LGIP. Kitsembel also stated that the enhanced investment earnings will be used to decrease the levy and that the City lost the Wisconsin Investment Trust Fund last year.

Motion by Hall to recommend the investment management services as proposed; second by Kohlenberg. Motion carried 3-0.

5. Consider/act on Vouchers

Motion by Hall to approve the vouchers in the amount of \$4,020,234.60; second by Nold. Motion carried 2-1. Kohlenberg voted no.

Motion by Kohlenberg to adjourn; second by Nold. Motion carried 3-0. The meeting adjourned at 7:34 PM.

Minutes taken by
Diane Coenen, City Clerk
Ald. Kohlenberg, Secretary