

Present: Chairperson Belaustegui; Members: Fassett, Hitz, Merritt, Mooney and Westerlund

Absent: None

Also Present: Finance Director, Wiszowaty
Alternate Council liaison, Pfeifer
Council member, Koss

Belaustegui called the meeting to order at 7:04 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

APPROVE/AMEND AGENDA

Motion by Mooney, second by Merritt, to approve the agenda as published.

Motion passed.

PUBLIC COMMENTS

None

CONSIDER APPROVAL OF REGULAR FINANCE COMMITTEE MEETING MINUTES HELD NOVEMBER 7, 2007

Motion by Mooney, second by Fassett, that the minutes of a Finance Committee meeting held on November 7, 2007 be approved as submitted.

Motion passed.

REVIEW FINANCIAL IMPACT OF BEVERLY HILLS BECOMING A CITY

Fassett reported that the ad hoc City Study Committee is in the process of finalizing its report to Council. At their last meeting, Fassett offered to work on the financial impact analysis of Beverly Hills becoming a city. The next meeting of the ad hoc committee is scheduled for January 10, 2008, at which time he will present a draft of his report. Merritt will assist Fassett with the assignment.

REVIEW AND DISCUSS OUTCOME OF JOINT MEETING WITH COUNCIL ON DECEMBER 8, 2007

Westerlund commented on the joint meeting with Council and his view of the role of the Finance Committee. He thought that the Finance Committee could assist Council with identifying and understanding financial hurdles facing the Village in the future including tax revenue, retiree health care costs, etc. The Finance Committee could work on laying out the obstacles and presenting options for addressing financial issues. He suggested that the Committee define its structural role and suggest it to Council.

Merritt concurred that a primary task of the Finance Committee is to place pertinent financial issues in front of Council. The Committee could address Council and the public on specific issues on a quarterly basis with one of the first topics being the increase in taxes based on the

Headlee inflationary process. He suggested posting financial information on the Village web site and making communication with residents a priority.

Fassett believed that the role of the Finance Committee should be externally focused in terms of special projects, strategic tasks, and communication. He thought it was a good use of this group's time to educate Council and the public on financial issues.

Belaustegui stated that the Finance Committee was directed at a previous joint meeting to work on a long-term finance plan that would address what Council must do to maintain the current level of services. He emphasized the difference between a financial forecast and a financial plan. A financial plan is the document the Village needs to back up the budget. The Finance Committee cannot prepare this plan without interfering with the role of Council or administration.

Council did not define a formal role for the Finance Committee in the financial process at the joint meeting. Council proposed that the Committee come before Council with presentations related to Village finances designed to educate Council and the public. This would include a discussion on what will happen if SEVs decline substantially and taxes increase.

Belaustegui stated that the Finance Committee could become a structural part of the process by being responsible for developing a five-year financial forecast early in the first quarter each year; identify issues and alternative solutions; and present it to Council for review. Council would debate the issues, set policy, and provide direction to administration. The Finance Director would integrate that approach into a financial plan that would be the basis for preparing the budget.

Belaustegui remarked that there is an upcoming opportunity to replace infrastructure taxes that expire in July of 2009 with a lesser millage in 2009/10 to fund retiree health care costs. A ballot question could be placed on the November 2009 ballot.

Hitz wrote down what he heard from members in terms of the role of the Finance Committee. It was suggested that members discuss these points and decide what the Finance Committee will forward to Council for its consideration.

The Finance Committee can:

- 1) Educate Council on important issues
- 2) Sell Council and the public on future financial issues
- 3) Help or support administration/Wiszowaty
- 4) Become part of the five-year financial forecast

There followed further discussion on the role of the Finance Committee by Mooney and MacDonald. It was proposed that educating Council and the public on important financial issues was a component of what a volunteer finance group should do, particularly in light of the difficult economic times anticipated in the next five years. The Finance Committee can assist Council in studying the issues and developing a plan for the long-term operation of the Village. Educating the voters will be part of the process. It was suggested that the Finance Committee should have a budget, noting that Plante Moran has a strong consultant group.

Committee members agreed to work on a taxable value presentation and submit it to Council in February after reviewing the material at the January Finance Committee meeting. There was a consensus to present what members believe should be the structural role of the Finance Committee to Council at that time.

Pfeifer reviewed that the Village's strategic planning committee recommended the formation of a finance committee in order to provide the Village with financial support. She thinks that Council is looking for education, direction, and options on important financial issues. Pfeifer concurs with the interest expressed by the Finance Committee in preparing a financial forecast and analysis of related issues. She thought that the Village needed a five-year financial plan.

Koss would like the Finance Committee to identify financial problems and will do what she can to support the Finance Committee as a necessary facet of the Village.

Mooney proposed that the Finance Committee make a determination on a future work plan at its next meeting. Issues include: 1) The decrease in SEV county-wide, the effect on Beverly Hills, and what steps Council should take; 2) Look at funding of retiree health care costs; 3) Work on a five-year financial forecast. The Finance Committee should request a budget from Council.

Motion by Mooney, second by Merritt, that the Finance Committee recommend that its role should be the following:

- ✓ Educate Council on important issues;
- ✓ Sell Council and the public on future financial issues;
- ✓ Be responsible for the five-year financial forecast and analysis of issues

Motion passed (7 – 0).

At its next meeting the Finance Committee will discuss how to proceed in terms of the issues it will address in the immediate future as well as a budget and assistance from administration.

Belaustegui asked for a volunteer to work on a presentation to Council regarding the effect of changes in the SEV and taxable value on taxes. Westerlund offered to prepare and present this information with the assistance of Wiszowaty. The material will be reviewed at the January Finance Committee meeting before it is presented to Council in February.

PUBLIC COMMENTS

Pfeifer assumed that the budget requested by the Finance Committee is to engage consultant services from Plante Moran. She remarked that one of the options that the Finance Committee should consider is shared services.

COMMITTEE COMMENTS

Hitz understood that the items on the agenda for the next meeting will be to discuss upcoming projects and review the presentation on SEV and taxable value. Belaustegui added that he would like to discuss relinquishing the position of chairperson to another member of the Board.

Motion by Merritt, second by Mooney, to adjourn the meeting at 8:24 p.m.
Motion passed.