

CITY OF LAKEVILLE
FINANCE COMMITTEE
June 24, 2020

1. Chair Barry Fick called the meeting to order at 6:05 p.m. via teleconference.

Members Present: Chair Barry Fick, Vice Chair Laird Hanson, Stephanie Hunter, Phil Raines (Alternate), Bruce Rydeen, John Tuschner, and Sharon Zell

Members Absent: Jake Johnston

Staff present: Jerilyn Erickson, Finance Director

Members of the Public: None

2. **Approval of Agenda**

No changes. Motion by Hanson to approve. Second by Rydeen. Ayes: unanimous

3. **Approval of May 27, 2020 minutes**

Motion by Hunter to approve the May 27, 2020 minutes.

Second by Hanson. Ayes: unanimous

4. **City Council Actions (Verbal)**

Erickson discussed items: 2019 CAFR--unmodified opinion/no findings; 2020A bond issuance; and the small business grant program for COVID-19 relief.

Finance Committee commends Director Erickson and the finance staff on a very well-prepared CAFR.

The Finance Committee has recommended the City increase liquidity and reserves if practical to a level of between 50 and 60% of annual operating expenses. This recommendation is made to provide the City with adequate liquidity in the event that future City revenues are reduced as a result of a COVID induced recession. Current projections indicate that the City may decrease reserve and liquidity levels over the next 2-3 years as a result of using reserve funds for paying a portion of capital project costs. It is the opinion of the Finance Committee that any such reduction should be avoided if possible, both to maintain an emergency reserve fund and to help maintain the City's current strong credit rating.

[Moody's Investors Service affirmed the City of Lakeville's Aa1 credit rating in late June. In the discussion of the City's credit rating, Moody's noted that a "significant narrowing of operating reserves or liquidity" could lead to a downgrade of the City's credit rating.]

Fick mentioned that a couple of apartment plats (market rate units) were approved by the City Council. Members noted that this still doesn't meet the affordable housing needs. Members discussed the Met Council's directive to provide affordable housing units through 2040. Rydeen suggested having a developer attend a future FC meeting and explain the process for building affordable housing.

5. Impacts of COVID-19

Hanson provided an update on the number of COVID-19 cases, hospitalizations and deaths in Dakota County.

Members asked if the City Council would encourage/require the public to wear masks.

Erickson discussed the tax settlement that was received on May 27 and expected distribution on July 6.

Erickson provided an update on the number of permits that have been issued through 06/18/2020.

- Single Family 249
- Detached townhomes 36
- Townhomes (All Inc) 22
- Apartments 8 permits with 200 Units

Small business grant – Erickson provided information about the SBG that was discussed at the July 22 CCWS and July 23 EDC meetings. Erickson will send out a copy of the agenda item to members.

The Committee will continue to discuss the financial impacts from COVID-19 at the July special meeting.

6. Long-Term Financial Planning Model Update

Erickson provided a brief update. The model is still being developed. Erickson will share some sample reports, when available.

7. Future Meeting Topics

- Affordable Housing Developer
- Consider having a joint meeting of three committees in conjunction with the full-buildout discussion: Planning Commission, Economic Development Commission, and Finance Committee.
- Build out of city

8. Other Business

None

9. Announcements

None

10. Next Meeting

Hold a special meeting on July 22, 2020 at 6:00 p.m. to continue discussion of COVID-19 impacts. The meeting will be held via video/teleconference.

The next regular meeting is scheduled for August 26, 2020 at 6:00 p.m.

11. Adjourn

The meeting adjourned at 7:26 pm.

Respectfully submitted,

Jerilyn Erickson, Finance Director