

City of Greenville
Audit & Investment Committee Meeting
Wednesday, May 22, 2024
City Hall 337
12:00 pm – 1:00pm
Attendees:

- | | | |
|--|---|--|
| <input type="checkbox"/> Matt Scully, <i>Council Member (Chair)</i> | <input type="checkbox"/> Portia Willis, <i>Council Member At-Large</i> | <input type="checkbox"/> Monica Daniels, <i>Mayor Pro Tem (V. Chair)</i> |
| <input type="checkbox"/> Michael Cowin, <i>City Manager</i> | <input type="checkbox"/> Ken Graves, <i>Deputy City Manager</i> | <input type="checkbox"/> Dene' Alexander, <i>Assistant City Manager</i> |
| <input type="checkbox"/> Jacob Joyner, <i>Director of Financial Services</i> | <input type="checkbox"/> Mitch Gibbs, <i>Financial Services Manager</i> | <input type="checkbox"/> Ben Day, <i>Valley View Consulting</i> |

1. Introductions

2. Review March 8, 2024 Audit & Investment Committee Meeting Minutes

3. Introduction of Investment Advisors

4. Investment Overview

5. Question and Answer

6. Future Meetings for 2024

- **Wednesday, September 18, 2024 @ 12:00**
- **Wednesday, December 11, 2024 @ 12:00**

City of Greenville
Audit & Investment Committee Meeting
Friday, March 8, 2024
City Hall Conference Room 337
12:00 p.m. – 1:00 p.m.
Attendees:

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Matt Scully, <i>Council Member (Chair)</i> | <input checked="" type="checkbox"/> Portia Willis, <i>Council Member At-Large</i> | <input type="checkbox"/> Monica Daniels, <i>Mayor Pro-Tem (V. Chair)</i> |
| <input type="checkbox"/> Michael Cowin, <i>City Manager</i> | <input checked="" type="checkbox"/> Ken Graves, <i>Deputy City Manager</i> | <input checked="" type="checkbox"/> Dene' Alexander, <i>Assistant City Manager</i> |
| <input checked="" type="checkbox"/> Jacob Joyner, <i>Director of Financial Services</i> | <input type="checkbox"/> Mitch Gibbs, <i>Financial Services Manager</i> | |
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1. Introductions

Council Member Matthew Scully called the meeting to order and a quorum was established.

Absent Committee Member(s): Mayor Pro Tem, Monica Daniels

City Staff Absent: Michael Cowin, City Manager and Mitchell Gibbs, FS Manager

2. Review January 4, 2024 Audit & Investment Committee Meeting Minutes

Motion to approve was made by Council Member Scully and seconded by Council Member At-Large Portia Willis. The minutes were unanimously approved without exception.

3. Audit RFP Results

Mr. Joyner presented this item by sharing insights on the recent City-GUC Joint Audit RFP process and the results that followed. This included Mr. Joyner giving the Committee an overview of the City's and GUC's history with Cherry Bekaert, which has been an 8 year relationship, with the firm contracted as the City-GUC external auditor.

There were 5 responses submitted during the RFP process from various auditing firms, including Cherry Bekaert. The Joint Audit RFP Committee included a team of 3 GUC leaders/staff members and 3 City leaders/staff members. This Joint Audit RFP Committee deliberated based on bids submitted, assigning each a ranking according to established bid criteria. Additionally, the City's and GUC's long-term relationship with Cherry Bekaert came as a point of reference in the decision making process. The outcome resulted in Cherry Bekaert being unanimously chosen as the most responsive, responsible bidder.

The audit fees for the upcoming audit year were discussed next. Mr. Joyner referenced the contracted amounts of \$108,000 for the current year in comparison to \$104,000 for next year, wherein the City will see a slight decrease in cost with the new contract. Also, there will be a 5% increase every year over the next 5 years according to the terms of the proposed audit contract.

Mr. Joyner informed the Committee that GUC's board would be presenting the Audit RFP results/new contract to their board later in the month and the City will formally present these items before Council in April.

Council Member Scully asked if the City will sign a 5-year contract with Cherry Bekaert and Council Member Willis followed up by asking how often the City goes out to bid for these types of services. Mr. Joyner shared that the agreement with the external auditor, Cherry Bekaert, is a 5-year contract. However, the contract is reviewed and presented before Council for approval annually. It was also clarified that the City and GUC follow a bidding process every 5-8 years to procure external auditing services. During the discussion, Mr. Joyner noted that at the end of each 5-year term there is an option for the current auditor, the firm contracted for the initial term, to be retained for an additional 3 years before the bidding process is initiated.

Council Member Willis asked how long we were in contract with Cherry Bekeart to date. Mr. Joyner answered that the City and GUC have had a long-term business relationship with the firm for 8 years.

4. Review OPEB Report

This portion of the meeting consisted of Mr. Joyner sharing how the OPEB report is required to be reviewed by the Committee on an annual basis. Mr. Joyner also reviewed the OPEB program at a high level and he emphasized the City's approach to managing the trust designated for allocating retirement funds.

The annual report detailed a total net decrease in the OPEB fund by \$4.4 million, attributed to positive returns generated by stock market gains and interest income. As of June 30, 2023, the balance of the OPEB Net Liability stood at approximately \$57 million, ensuring adequate coverage for the fund's lifespan.

5. Question and Answer

Mr. Joyner opened the floor for Committee Members to ask questions.

Council Member Scully inquired about the City's method for projecting which employees are likely to remain with the organization for 20 years or more. Mr. Joyner explained that the City relies on an external actuarial firm to develop quantifiable assumptions for this purpose.

Following this, Council Member Scully posed another question regarding the current number of retirees within the City. Mr. Joyner responded that there are approximately 200-300 retirees, and this figure remains relatively consistent over time.

Council Member Willis posed an inquiry regarding the accrued interest within the general fund, seeking clarification on the anticipated timeline for its realization by the City. Mr. Joyner responded by explaining that the trust for this fund is relatively new. With the City beginning to observe favorable recent returns, staff will explore potential adjustments accordingly.

6. Future Meetings for 2024

Mr. Joyner highlighted the 3 main components of this Committee, which are for the Audit & Investment Committee to be oversight for the City's investments, OPEB fund, and audit. The next Committee meeting will focus on investments. Mr. Joyner concluded by outlining the proposed meeting schedule as follows:

- Wednesday, May 22, 2024 @ 12:00 pm
- Wednesday, September 18, 2024 @ 12:00 pm
- Wednesday, December 11, 2024 @ 12:00 pm

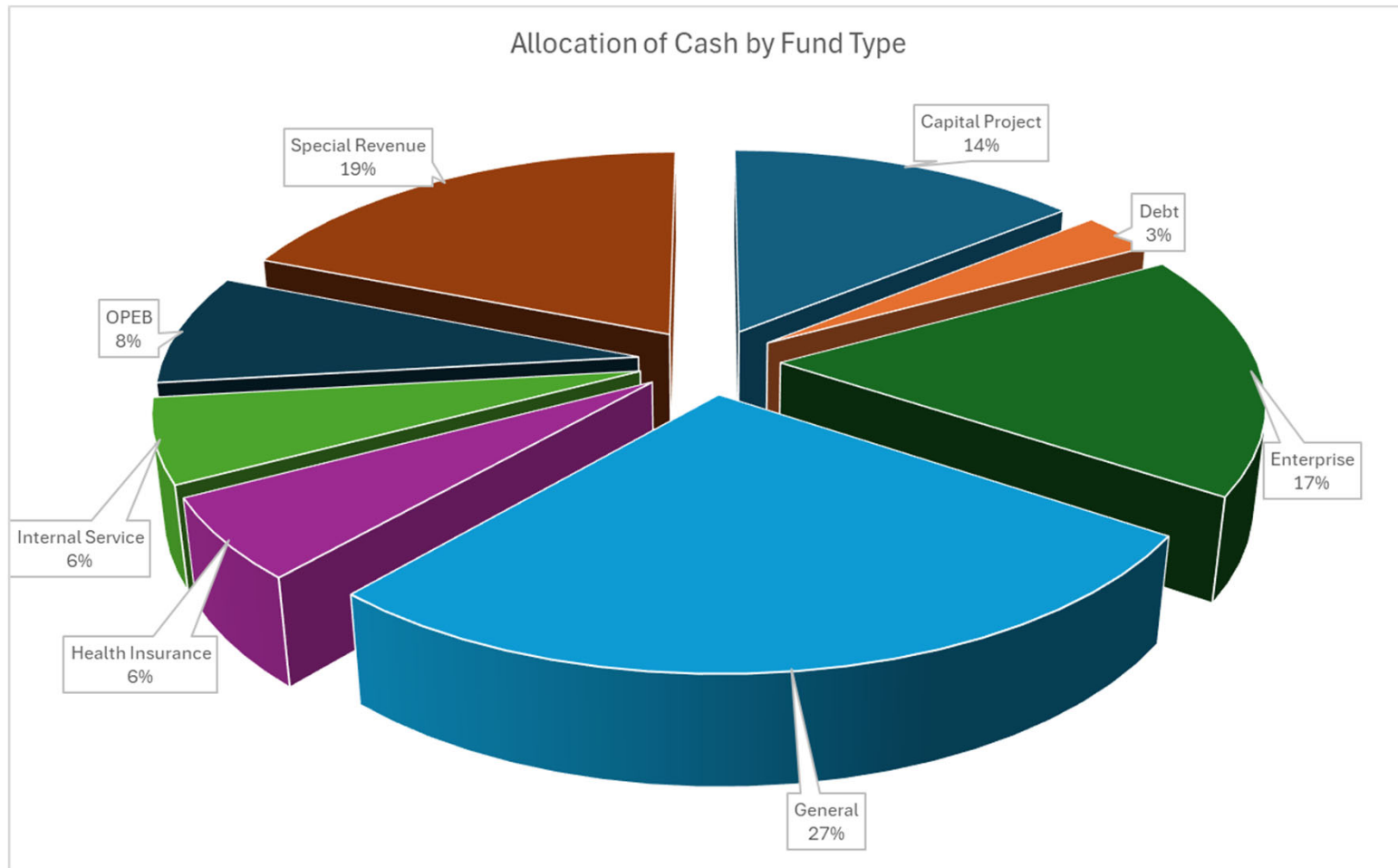
Council Member Willis made a motion to officially adjourn the Audit & Investment Committee meeting, Council Member Scully seconded and the motion was unanimously approved. Meeting was adjourned.

Year-over Year Comparison

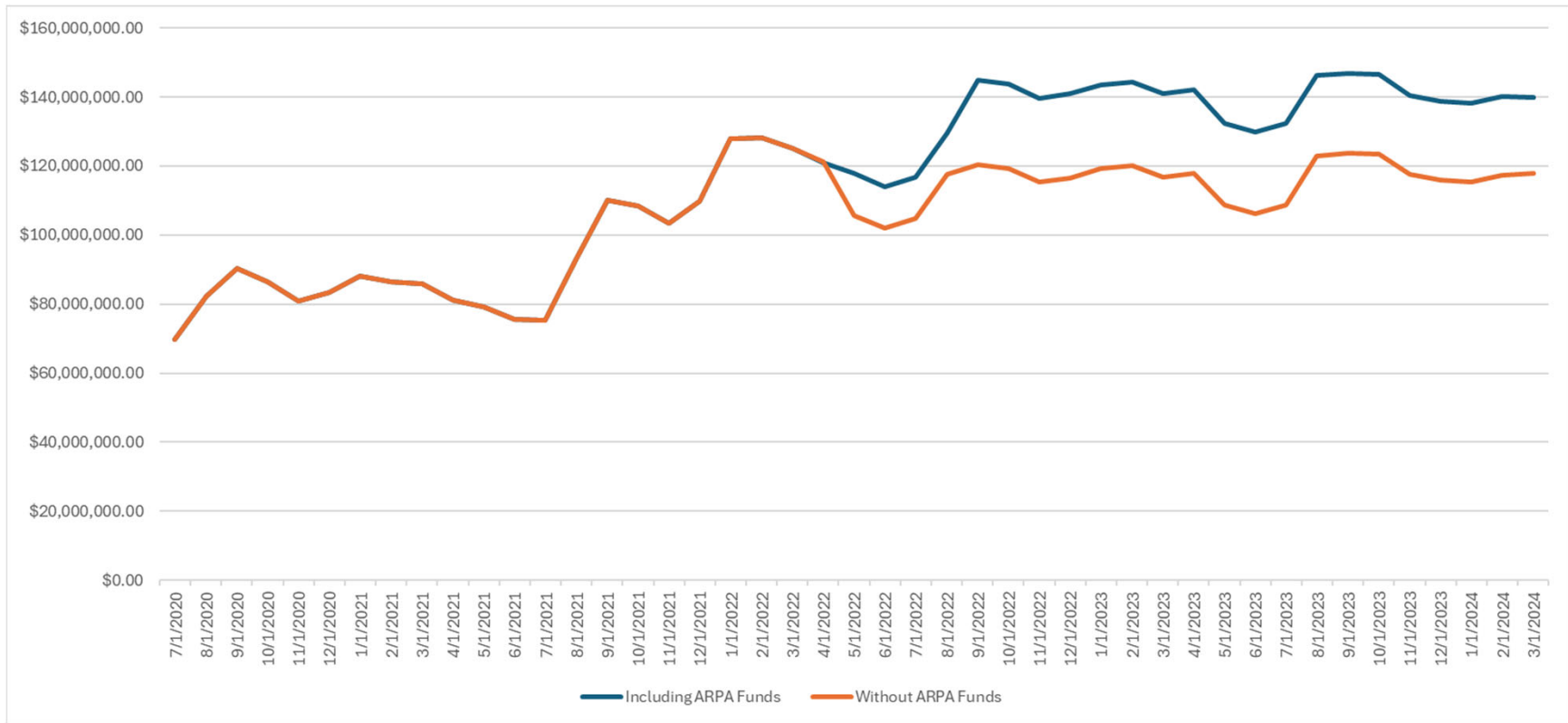
Investment Portfolio Update		
	<u>March 31,</u> <u>2023</u>	<u>March 21,</u> <u>2024</u>
Market Value	\$ 131.8 M	\$ 139.4 M
YTM Return @ Cost	3.99 %	4.82 %
YTD Investment Income	1,851,042	4,702,823

As of June 31, 2022 the YTM was 0.95%. The rapid rise of interest rates has fueled the City's investment income.

Fund Cash and Investment Balances



Portfolio Balance



Portfolio Allocation

