FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES
JULY 27, 2021
8:30 A.M. – 9:22 A.M.
REMOTE ONLY

COUNCIL PRESENT: MAYOR RYDER (CHAIR), DEPUTY MAYOR PRATT, COUNCILMEMBER GREENSTEIN

STAFF PRESENT: SHANNON KELLEY-FONG, RICK WALK, TROY WOO, BRANDON CARTER, ELISSA FONTAINE

ACTION: APPROVE FINANCE & ECONOMIC DEVELOPMENT COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBER GREENSTEIN AND DEPUTY MAYOR PRATT

LACEY MAKERSPACE

STAFF: RICK WALK, COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR
ACTION: INFORMATION ONLY

The Lacey MakerSpace was awarded a $1.3 million grant, with a 20% match from the City. The MakerSpace also received a $150,000 donation from the Betty Trust Foundation. The funding will go towards updated and modern equipment to tie into future curriculum.

The second phase will include collaborating with Saint Martin's University on expansion.

Michelle Pope was introduced as the new Executive Director for the Lacey MakerSpace.

2022 BUDGET CALENDAR

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

Due to the unpredictability and uncertainty of both the revenue and expenditure projections, the 2022 Budget will not be one of expansion with the exception of critical/essential needs. Staff noted that even prior to the COVID-19 public health emergency, there were concerns about the sustainability of the ongoing expenditure levels of the organization and that it will be difficult to consider nonessential budget requests unless offsetting reductions in other areas or an identified revenue source is identified.

An overview of the 2022 budget schedule was presented:

October 7:	2022 Budget Workshop (Worksession to follow the Council Meeting)
October 21:	2022 Budget Presentation to City Council
November 4:	Public Hearing on 2022 Revenue Sources First Public Hearing on Proposed 2022 Budget
November 18:	Final Public Hearing on Proposed 2022 Budget
December 2:	City Council to adopt 2022 Budget

SECOND QUARTER INVESTMENT REPORT

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

The City's adopted investment policy requires quarterly reporting to the City Manager and annual reporting to the City Council. The Committee issued a standing request to extend extra review of the reports to semi-annually.

The 2021 second quarter report was prepared by the City's investment advisor, Government Portfolio Advisors.

The City's core fund portfolio barely outperformed the investment strategy benchmarks. The core fund net total return for the quarter was -0.01 percent. The benchmark total return for the period was -0.02 percent.

- The Federal Reserve outlook contains more uncertainty as the concern with inflation grows. The most recent projection indicates two rate hikes before the end of 2023. This is a change. Last quarter the projection did not include any rate increases until the end of 2023.

- First quarter 2021 GDP grew 6.4 percent. The second quarter is expected to be stronger due to federal stimulus spending and the reopening of the economy.

- Book yields are expected to fall in a larger range (0.15 percent to 0.30 percent) due to a lack of clarity with inflation.

- The core fund portfolio book yield decreased from 1.28 percent to 0.91 percent.

- At of the end of the second quarter 2021, the portfolio duration was 1.478 years, which is slightly higher than the benchmark duration of 1.40 years. Future reinvestments will maintain the benchmark duration as opposed to the recent strategy to extend durations, which allowed the portfolio to achieve the target.