



CGFOA BOARD MEETING MINUTES
MONDAY, JANUARY 27, 2014, 12:30 P.M.
ENGLEWOOD, CO

12:30 Call to Order

Introductions

Officers and Committee Chairs present: Don Warn, President (Town of Parker); Larry Dorr, Vice President (City of Lakewood); Sherri Rickard, Secretary (City of Westminster); Judy Dahl, Treasurer (Little Thompson Water District); Wade Nickerson, Director (City of Lafayette); Jim Wedding, Director (City of Loveland); Molly Kostelecky, Director (City of Longmont); Cherie Sanchez, Past President (City of Westminster); Cheryl Pattelli, Annual & Conference Education Co-Chair (City of Boulder); Laurie Litwin, Annual & Conference Education Co-Chair (Teller County); Jeff Edwards, CTAC Chair (City of Aurora). Also in attendance: Bob Eichem (City of Boulder) and Kathy Velzen (CGFOA Administrator).

President's Comments – Don Warn

Don is looking forward to a really good year and is also looking forward to working with everyone on the Board. He suggested that the Board meet in Pueblo for a summer meeting to allow members of the Conference Committee to perform a site visit for a potential future conference in the morning, with a networking lunch and Board meeting in the afternoon.

Secretary's Report – Sherri Rickard

The minutes for the November Board Meeting were not available for distribution. Sam Boster (former Secretary) was not able to attend the meeting and will be sending the minutes out to the Board for review once she is back in town.

Treasurer's Report – Judy Dahl

Judy presented the Treasurer's report. As of 12/31/13, fund balance was \$71,299.20. Current fund balance is approximately \$66,000, which she is hoping to keep \$65,000 in the CD. Once the funds are received from the 2013 conference, Judy felt that this would be possible and potentially a little more could be put into the CD as well. There was an increase in overall income over expense of \$19,600 which was above the anticipated budgetary increase of \$9,404 due to Education and Training bringing in more income than anticipated.

There was one change on the budget, which was the beginning cash balance. Judy is anticipating a gain of approximately \$1,000 in the cash balance for 2014. The budget was created based on historical information.

Kathy Velzen asked Judy if she was receiving checks twice a month for RegOnline and Judy confirmed that funds were being received timely, the reports are great, and it is easy to review what people are registered for. Judy felt that using RegOnline would result in a much cleaner allocation of revenue in this year than it has been in the past. From the Treasurer's point of view, RegOnline has been worth the additional cost. Discussion from the Board relative to the system from a user standpoint was that the majority found it to be user friendly. There have been some challenges in the transition with some users not understanding the system however the learning curve should ease with time. Kathy is continuing to work on transitioning all users from the old system to the new system.

Don requested a motion to accept Judy's reports. Motion made by Larry Dorr to accept the 12/31/13 financial report and seconded by Wade Nickerson. Motion carried. Motion made by Jim Wedding to accept the 2014 budget and seconded by Molly Kostelecky. Motion carried.

Committee Reports

○ Awards – Stephanie Novello - No report presented.

○ Conference 2013 Final Update - Karin Slater/Laurie Litwin/Kathy Velzen

The final determination of the split of proceeds from conference in 2103 is not yet complete. Once the report is available, Kathy Velzen will report back to the Board.

Committee Reports [continued]

- Education
 - Annual Education Committee Meeting Update:
 - The three co-chairs for the Education Committee are Karin Slater, Laurie Litwin, and Cheryl Pattelli. Karin will be the lead for Annual Education, Cheryl will be the lead for Conference Education, and Laurie will act as liaison and provide support as needed.
 - The Education Committee meeting was held on January 17th in Frisco with a good turnout of approximately 25 people and lots of participation from vendors who are members.
 - The vendors who attend the meeting suggested that a list of annual classes be sent to all vendors to recruit sponsorship to help keep class fees down.
 - The Board would need to make a determination on what a sponsorship for an annual class would look like.
 - Ben Mendenhall offered to pay for part of the Education Committee lunch.
 - Annual Education Update– Laurie Litwin
 - Judy Dahl requested a review of the cost for Annual Education, both half and full day classes.
 - A request was made to lower the cost of the Budget 101 classes to \$35 plus \$5 to cover RegOnline, even for non-members. The request was made in order to encourage non-Finance people to attend the class. Concerns raised: inconsistent with other classes, no incentive to be a member if non-member rate is not charged.
 - A suggestion was made to consider subsidizing all basic (101) classes.
 - Kathy reminded everyone that scholarships are available for members to help offset the cost of education.
 - A suggestion was made to invite all elected officials to attend fundamental classes free of charge and to charge a flat fee for all others regardless of membership status.
 - Kathy stated that historically a full day class has cost \$100 and included two meals and a half day class cost \$50 and included one meal. Those costs have been increased by \$5 to cover the cost of RegOnline. CTAC would pay \$25 if they are a member of CGFOA, \$40 if they are not a member and does not include lunch. The Western Slope Coalition has been \$25.
 - The Board agreed to offer a 2014 Education Special for fundamental/basic level classes only to encourage attendance: Flat \$25 fee for members and non-members, free to elected officials.
 - Don requested a motion to confirm the following 2014 fees;
 - Normal full day class \$105 which includes two meals.
 - Normal half day class \$55 which includes one meal.
 - CTAC meetings \$25 for members of CGFOA, \$40 for non-members.
 - Western Slope \$25 for members of CGFOA, \$40 for non-members.
 - 2014 Education Special for fundamental/basic classes will be \$25 for both members and non-members, free to elected officials.
 - Motion to accept the proposed 2014 fee schedule was made by Judy Dahl, seconded by Wade Nickerson. Motion carried.
 - The Board also agreed to advertise lunch sponsorship opportunities for Annual Education classes in the February issue of Footnotes.
 - Conference 2014 Education Update – Laurie Litwin
 - Yoga will be added and will be led by Bob Byerhof.
 - Opening session – Tim Gard, humorist, which was arranged last year when he was unable to attend the 2013 conference.
 - Minimal timing changes were made to initial draft of the Conference Education.
 - There will be two luncheon speakers scheduled, one on Wednesday for an economic update and one on Thursday for a legislative update. Fewer timeslots in 2014 and a decline in attendance for an economic update presented on Friday prompted the Education Committee to suggest presenting the economic update during lunch instead of on Friday.
 - CMCA will request a Budget 101 for the 2014 Conference.
 - Transparency and software implementation classes will be added to the conference schedule.
 - CML Conference Session Update– Kathy Velzen/Don Warn
 - Wendy Holmes with Douglas County will lead Financial Transparency session.

Committee Reports [continued]

- CTAC Education – Jeff Edwards
 - Meeting locations for 2014: first meeting in Aurora, second meeting in Parker, and third meeting in Wheat Ridge.
 - Jeff requested clarification on whether or not instructors/speakers that are members of CGFOA should be charged the \$25 fee. Kathy clarified that they would not be charged but should still register by choosing “instructor”.
 - Focusing on getting more people to be active in CTAC and encourage new participation.
 - Jeff asked for clarification on CTAC portion of the budget. Kathy verified that the \$1,500 annual budget for food and \$1,500 annual for classes does include the annual conference. The \$40 paid for Tuesday/Wednesday at the conference does not cover cost of CTAC attendees. CGFOA covers \$15 - \$20 subsidizes the shortfall for the handful of CTAC only attendees, which does come out of the CTAC portion of the budget.
- GFOA State Representative – Don Warn – Nothing to report.
- Legislative/CML – Don Warn – Nothing to report.
- Library – Marty Ferris will be in charge of the library in 2014. Nothing additional to report.
- Membership – Judy Dahl and Don Warn
 - The Membership Committee will include Don Warn, Sam Boster, Judy Dahl, and Jeff Edwards, as well as volunteers Clorinda Smith from Gilpin County and Beth Newton from Foothills Animal Shelter.
 - The membership committee in 2014 will be reaching out to non-members throughout the state.
 - State has a list of all cities, counties, special districts, etc. which could be compared to CGOA database.
 - The Committee will send out information about CGFOA, make calls, send emails, etc.
 - Don asked the Board to encourage membership whenever they can.
- Outreach and Careers - Anne Drobnitch/Larry Dorr
 - Want to get the ball rolling for the Spring as campuses around the state are active.
 - Goal is to get a CGFOA representative from all corners of the state and in between to reach out to colleges in their area and encourage careers in governmental finance.
 - Cherie Sanchez (former chair) passed along information on scholarship application. End of November 2013 was the due date, with selection and award to take place after. The Board is required to approve awards. The current applicant is attending school in Fort Collins and is from China. One requirement of the scholarship is to be a resident, and it was determined that the applicant did meet residency requirements for the purposes of the scholarship. The applicant is currently working on a Masters in Accounting and feels that a career in local government would be rewarding. She is currently volunteering as a tax preparer for low income families and has volunteered for the Fort Collins local government.
 - Don suggested that future Board approvals of scholarships be made and voted on via email so as not to delay the scholarship process.
 - In the future, the Committee will review scholarship applications, make a recommendation to the Board via email, and the Board will vote via email on whether or not to award the scholarship. This will ensure that scholarships are awarded timely.
 - Judy Dahl made a motion to award the scholarship and it was seconded by Jim Wedding. The motion carried.
 - Cherie Sanchez will send all materials related to Outreach and Careers (marketing materials, etc.) to the new co-chairs.
- Technical Issue Committee – Don Warn – Nothing new to report.
- Western Slope Coalition – Kathy Elmont and Heather Alvarez
 - Heather Alvarez and Kathy Elmont are the co-chairs for the Western Slope Coalition. Neither was able to attend the meeting but a report was sent to Kathy Velzen.
 - The gathering of the Western Slope Coalition are broad in focus in order to be of interest to management, clerks, human resource, and IT personnel. Often local governments on the Western Slope have employees wearing multiple hats.
 - Ideas for topics are welcome.

Committee Reports [continued]

- Western Slope Coalition – Kathy Elmont and Heather Alvarez [continued]
 - The Spring workshop will be held on May 2nd at the Mancos Community Center. The program will include topics such as:
 - Fraud and employee theft
 - Performance based budgeting
 - Lease Financing
 - Bond Investing & risk management
 - CPFO certification requirements presentation
 - Breakfast provided by Mancos
 - PFM Asset Management will sponsor lunch

- Nominations – Larry Dorr
 - This is a new committee that was passed with the bylaws changes in 2013.
 - The standard committee will be comprised of the Vice President as Chair, Past President, Past-Past President, two past Board members and two members at large to be appointed by the President. For 2014, the committee members will be Larry Dorr (Chair), Cherie Sanchez (Past President), Pete Mangers (Past-Past President), Miranda Schumann (Town of Buena Vista) for the CGFOA at large for the first two-year term and Steve Clawson (Denver Public Schools) for the CGFOA at large for a one-year term; Bob Prendergast (Garfield County) will be the past Board member for a two-year term and Byron Jefferson (South Adams County Water and Sanitation) will be the past Board member for a one-year term.
 - The committee was structured to be diverse and to reach all areas of governmental finance.
 - The goal is to focus on outreach year round to have a slew of candidates for the ballots each year.
 - The positions up for election in 2014 are Treasurer, Board Member, and Vice President.

- Scholarships
 - Annual Education – Sharon Spurlin
 - \$1,000 budget
 - No takers on annual education scholarships in 2013
 - Conference – Sharon Spurlin
 - \$3,500 budget
 - Historically the entire budget for Conference scholarships is spent
 - Outreach/Careers – Anne Drobnych/Larry Dorr
 - \$1,000 budget
 - George Nielsen – Kathy Velzen
 - \$2,500 budget

- Social Events
 - Golf – June 13, 2014 – Thorn Creek Golf Course, Thornton, CO
 - No other updates
 - Potential informal golf outing in the mountains – more information later in the year as plans are finalized.
 - Other social activities?
 - There has been a decline through the years in membership participation in CGFOA social events.
 - There was no feedback received related to the discontinuation of the Rockies game.
 - The Board discussed whether or not to hold a social activity with an education component or just an activity.
 - Other social activities? [continued]
 - The Board decided to encourage attendance at network lunches and Board meetings but will only offer golf as a social activity in 2014.
 - Member feedback on social activities (or lack of) will help determine whether or not to pursue social events in future years.

National GFOA event

- Vendor suggested event on the Twins Party Deck (\$8,500 + catering during a game)
 - Game on the 18th @ 1:15.
 - High cost of event may rule out this option unless a vendor is willing to sponsor the majority of the event.
- Another suggestion was an excursion on a gambling boat on the Red River, but it may be too far from Minneapolis to be feasible.
- Other suggestions were a dining saloon or restaurant in historic part of town.
- Kathy Velzen requested that suggestions for a social event at the National Conference be emailed to her. The details of the event should be sent to Kathy, not just a website.
- Larry suggested that Kathy contact US Bank and Piper Jaffrey, who are both headquartered in Minneapolis.
- The event would be held on Sunday, May 18th in the evening.

Sales Tax Legislation Project – Geoff Wilson, CML – Bob Echeim presented update

HB13-1288 and the upcoming 2014 legislative session:

A variety of developments at the Statehouse have brought renewed focus to our home rule tax system over the past couple of years. The pending Marketplace Fairness Act in Congress (which CML supports) led to 2013 legislation sponsored by House Speaker Mark Farrandino (D-Denver) aimed at positioning Colorado to take advantage of the MFA, should it pass. The Speaker's bill (HB13-1265, which CML also supported) provided for a uniform base, central collection and a single source of audits for "remote commerce" (mostly Internet and mail-order) merchants, as required by the MFA. Consideration of this bill involved discussion of Colorado's complicated system and how to make the MFA work in a "revenue neutral" manner for municipalities in that context. Additionally, Rep. Kathleen Conti (R-Littleton) was actively pursuing support for a referred constitutional amendment that would strip home rule municipalities of local collection authority, require use of a State and local "uniform tax base", and eliminate local auditing authority. While Rep. Conti's proposal did not garner sufficient support to get out of committee (and so she did not introduce it, in the end), the concept of a "uniform" tax base attracted enough bi-partisan support to result in passage of HB13-1288, which CML supported. HB-1288 directs DOR to conduct a study of the uniform base idea and report back to the General Assembly by December 31st of this year.

CML supported HB-1288 not because we think a uniform base is a workable idea, but because we expected that the DOR study would conclude that it is not, thus putting to rest this ill-advised idea. Because the State base is shot through with exemptions, a uniform state and local base would, in order to remain revenue neutral for local governments require the State to begin taxing grocery store food and residential power, among other items. It is not anticipated that any legislators will rush to support such unpopular legislation. HB-1288 also directed the DOR to make recommendations regarding use of uniform definitions by sales taxing jurisdictions. We anticipate broad, bi-partisan support for this idea, and expect to see introduced a resolution referring a constitutional amendment on the subject to the November 2014 statewide ballot. The amendment would likely not include the definitions themselves, but would provide for creation of a body made up of state and local tax professionals to promulgate the definitions and issue written guidance related thereto. Decisions on whether to tax or exempt an item would remain with elected officials (and voters), as is the case today, but a municipality that decides to exempt "prescription drugs" (for example) would no longer be able to develop its own particular definition of that term. Revenue neutrality in implementing the definitions would be accomplished by permitting base and rate adjustments for that purpose.

Uniform definitions and tax guidance remove the possibility that similar transactions will be taxed or exempted differently among jurisdictions, based on the particular ways common terms are defined or construed. For multi-jurisdictional merchants, this makes the decision whether to collect tax or not for a given jurisdiction far easier. The determination is simply whether the item is taxable or not, rather than what the definition of the item may be. Tools to accurately determine location of the delivery and the applicable tax rate are already available.

Because of the broad political support that appears to exist for the concept of uniform definitions, we believe that there is a very good chance that a resolution will pass in the 2014 session. While we have successfully argued against intrusion into our local collection, base and auditing authority over the years (where we have a good story to tell), it is far harder to explain why municipalities, in the context of our already complicated system, ought to be able to develop their own local definitions for common tax terms. Indeed, as noted above, CML itself has already participated in various projects aimed at definition standardization. Intuitively, the idea strikes most people as just plain sensible.

Sales Tax Legislation Project [continued]

The Bottom Line:

We at CML are not wild about anyone proposing to amend the constitution when it could affect our municipalities' main revenue source, the sales tax. But if it's going to happen, we think it is our obligation to let our members know what's going on, and then try to get right in the wheelhouse of the effort, in order to see that our interests are protected, that the amendment is narrowly drawn, and that our critical plenary constitutional prerogatives relating to local collection, control of the base and auditing are not jeopardized. Furthermore, standardized definitions is an idea that makes sense and is in line with CML's traditional role of supporting reasonable tax simplification. Accordingly, CML staff has been heavily involved with trying to influence the contents of the proposal. We believe that our continued involvement in this effort is critical and that those efforts are aided by CML's support for this proposal. Non-involvement or opposition would be unlikely to change the outcome and would only serve to deal CML out of effectively representing the interests of its members in the drafting process. CML staff has received and will continue to receive counsel from the CML sales tax committee (comprised of a representative [or more] of each Colorado locally collecting municipality), as well as an ad hoc group of municipal legal and tax experts. The CML Board and Policy Committee have been kept apprised of developments.

New Website Preview

Kathy presented a mockup of the new website, which will be launched in 2014 (exact date to be determined).

- New color scheme.
- Working on fixing the formatting of words in the center of the screen so it does not cover the graphics.
- Need to move "Contact Us" from the top to the bottom.
- Working on general formatting – i.e. clearing extra space at the top of a page.
- The menu will be located at top rather than down the left side.
- Each section has a "tree" that links to more detailed information.
- The home page will include an ongoing running list of events with a link for registration.
- Members Only – this is where members login to access queries and membership directories. All other information can be accessed without logging in.
- Users will be able to link from the calendar to RegOnline
- Content Management Software is what is being utilized. The software should make the website user friendly from any mobile device, i.e. iPad or iPhone.

Administrative Contract – 2014

- The standard contract was distributed for review by the Board.
- Kathy is an independent contractor through her company, Administrative Alternatives, which has been in business since 1994 (S Corporation).
- Additional expenses paid to Kathy include:
 - Copying and materials – There is an additional fee for copying and materials separate from the services provided under the contract. This includes notebooks, binders, and name badges.
 - Kathy offered an option to set a flat rate of \$1.50 per person to cover reports, copy charges, name badges, etc. Example: If there were 18 people attending a class, the cost would be \$27.
 - AT&T bill for the CGFOA toll free number, 70% of Kathy's internet and fax bill, and Century Link for the CGFOA regular phone line.
- Board discussion:
 - The Board agreed to renew contract
 - The Board approved a 3% increase.
 - Larry Dorr suggested moving to a multi-year contract (3-years) rather than an annual review.
 - Board agreed that a multi-year contract would make sense.
 - An annual increase will be tied to the Denver-Boulder-Greeley (DBG) CPI as of the anniversary date of March 1st based on the prior year (most recent number).
 - The annual increase will go into effect as of March 1st each year.
 - A motion was made by Larry Dorr to:
 - Renew the consultant services agreement with CGFOA and Administrative Alternatives to commence March 1, 2014 and terminating February 28, 2017.
 - Will include a cost escalation of 3% for 2014 and an annual increase in future years based on the Denver-Boulder-Greeley Consumer Price Index (the most recent CPI available). The Treasurer will be responsible for calculating the annual increase.
 - Wade Nickerson seconded the motion and the motion carried.

Administrative Contract – 2014 [continued]

- Kathy agreed to a multi-year contract and will redraft the contract to go through February 28, 2017.
- Succession planning for administration was discussed briefly but a more in depth discussion was tabled until a later date.

Board Meeting Schedule for the year

- The next Board meeting will be scheduled for Wednesday, April 16th in the morning with a networking lunch, hosted by Lakewood. The meeting will start at 9:00 and go until noon, followed by a networking lunch.
- The Board will also meet on Thursday, July 17th in Pueblo. The CGFOA members of the Conference Committee will do a site visit in the morning starting at 9:00. The networking lunch will start at noon followed by the Board Meeting at 1:00.
- The final Board meeting of the year will be at the annual conference.

Other Business

- The next newsletter goes out in February.
- Sherri Rickard and Wade Nickerson will write up a "Focus on Your Leadership" feature and submit to Kathy.

Adjourn

Don called for a motion to adjourn the meeting at approximately 3:15 p.m. The motion was made by Judy Dahl and seconded by Wade Nickerson. Motion carried.