

VILLAGE OF FRIENDSHIP HEIGHTS

VILLAGE COUNCIL

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Approved Minutes **Friendship Heights Village Council Finance Committee** **Tuesday, April 16, 2024**

Council Finance Committee members present: Roy Schaeffer; Bobby Pestronk; Michael Mezey.

Others present: Martha Solt; Julian Mansfield; Jason Goldstein; Donna Bryant; one Village resident.

At 1 p.m., Mr. Schaeffer called the meeting of the Friendship Heights Village Council Finance Committee to order.

Mr. Schaeffer presented the following items for discussion:

Approval of minutes

Two proposed changes:

Motion: Mr. Pestronk moved for approval with one amendment, to remove the second sentence in the last paragraph on page 1 referring to Mr. Schaeffer's objection.

There was no second for the motion, the motion failed.

Motion: Mr. Schaeffer moved, Mr. Mezey seconded, to approve the minutes.

Vote: The minutes were approved by a 2-1 vote (Mr. Pestronk opposed).

Village Financial Audit

Staff issued a request for proposals to conduct the Village's financial audit, and three proposals were received. Mr. Pestronk questioned why Lindsey & Associates includes some past clients that are no longer with them on their reference list. He requested that staff contact some of the former clients to find out why they stopped using Lindsey. Mr. Pestronk stated that the bid from Francis Awoyera & Associates is much too costly, and that the proposals from LSWG and from Lindsey & Associates both appear to satisfy the requirements of the bid, although the Lindsey proposal is less expensive. Mr. Pestronk would like the auditor to contact each Village Council member independently prior to conducting the audit to get feedback on specific reviews that should be included.

Motion: Mr. Mezey moved, Mr. Pestronk seconded, that the Finance Committee recommend the proposal from Lindsey & Associates to the full Council.

Vote: The motion was approved by a 2-0-1 vote (Mr. Schaeffer abstained).

Village CD Account

Mr. Pestronk referenced problems with the form required to change authorized signers on the Village's CD account through financial advisor Bryan Kuskie. He noted that there are incorrect entries on the form that don't apply to the Village, and it is inappropriate to sign the form. He recommended that the Village terminate its current arrangement with the financial advisor and let the CDs mature and have the funds deposited elsewhere.

Mr. Schaeffer noted that two other Council members have signed the CD form and did not have any issues, so there are two current signatories on the account. There is no requirement that the Council Chairman has to be the third signer if a third signer is needed.

Robert's Rules of Order

Mr. Schaeffer discussed a parliamentary issue regarding the Council vote against the proposed travel policy and the ability to bring the matter up again. He referred to Mr. Pestronk's recent email to the committee acknowledging that per Robert's Rules of Order, any Council member can bring up an issue at any time after it has been voted down. There was general agreement by the committee on this point.

Other sources of revenue

Mr. Pestronk referenced two additional sources of revenue in the coming years: 1) The \$1 million payment from Donohoe for the red house air rights; and 2) Additional property and tax revenues from the 5500 Wisconsin apartment building to be constructed.

Mr. Schaeffer noted that the \$1 million payment from Donohoe is the sale of an asset, not income or revenue.

Bank Comparison

Mr. Mansfield mentioned that the bank that handles the Village's main accounts, Capital Bank, will soon stop waiving fees unless the Village substantially increases its deposit level. Staff checked with several local banks regarding fees and rates, and Ms. Bryant prepared a comparison chart that was presented to the committee.

After discussion, the committee agreed that the Village's accounts should be switched to Peoples Bank. Ms. Solt indicated she will check to make sure this bank is in good standing.

Motion: Mr. Pestronk moved, Mr. Mezey seconded, to switch the Village's accounts to Peoples Bank, pending additional discovery by Martha Solt effective April 23.

Vote: The motion was approved unanimously.

FY 2025 Budget

Mr. Schaeffer responded to comments received at the public hearing on the budget. The committee discussed options for moving additional funds into the capital improvements fund—including a portion of the \$1 million payment from Donohoe that will be received next fiscal year—in order to eliminate any annual required contribution and eliminate the projected deficit after 10 years.

Motion: Mr. Schaeffer moved, Mr. Mezey seconded, to recommend that an additional \$500,000 be transferred to the capital improvements fund out of the \$1 million payment that will be received from Donohoe for the red house air rights.

Vote: The motion was approved unanimously.

The committee discussed options for removing the projected deficit in the operating budget and having a balanced budget.

Motion: Mr. Pestronk moved, Mr. Mezey seconded, to remove the \$25,000 contribution to the capital improvements fund as an operating expense.

Vote: The motion was approved unanimously.

Motion: Mr. Schaeffer moved to reduce the snow removal budget by \$15,000 and to eliminate the New Initiatives expense item.

There was no second for the motion, the motion failed.

Motion: Mr. Pestronk moved, Mr. Mezey seconded, to reduce the snow removal budget (line item 11C) by \$15,000 and to decrease the New Initiatives budget (line item 8I) by \$1,000 to leave a surplus of \$139.

Amended Motion: Mr. Schaeffer moved to amend the motion to remove New Initiatives entirely.

There was no second for the amended motion, the amended motion failed.

Vote on original motion: The original motion was approved by a 2-1 vote (Mr. Schaeffer opposed).

Mr. Schaeffer mentioned that the Council needs to act on reviewing the off-duty police expense. It has been 90 days since the request was made for this and no action has been taken yet. This should be considered at the next Council meeting.

Motion to Adjourn: Mr. Pestronk moved, Mr. Schaeffer seconded.

Vote: The motion was approved unanimously.

No other action was taken by the Finance Committee. The meeting was adjourned at 2:04 p.m.

Respectfully Submitted:



Roy Schaeffer, Finance Committee Chair