



Finance & Audit Committee Meeting Minutes

January 16, 2025

Via Zoom

The following Committee members were present:

Jennifer Hsin, Chair
Kevin Beverly
Todd Pearson

The following Committee member was absent:

Councilmember Balcombe, ex officio

The following attendees were present, consistent with the requirements of the Open Meetings Act and in accordance with the Corporation's Bylaws:

Stacey Hardy, Chief Administrative Officer
Jay Pascua, Accounting Manager

Ms. Hsin called the meeting to order at 11:03 am. Mr. Pascua was designated to take the minutes. A quorum of the Directors was present.

Approval of Minutes

Mr. Beverly moved to approve the minutes from the October 2, 2024, meeting as presented. Mr. Pearson seconded the motion. The motion passed unanimously.

Review and Approval of Draft IRS Form 990

Ms. Hardy presented an overview of the draft Form 990 for FY24. She noted that the return would be updated to include Schedule L to disclose a board-related transaction involving MCEDC's partnership with The Universities at Shady Grove. The Committee asked clarifying questions but did not express any issues or concerns. Ms. Hsin moved to approve the return with the stated changes, and Mr. Pearson seconded the motion. The motion passed unanimously.

New Business: Updates to Accounting Manual and Financial Management Policies

Ms. Hardy noted that updates to the Financial Management Policies and Accounting Procedures Manual are underway. The revisions focus on the transition from an external accounting firm to internal staff, streamlining processes, and strengthening risk mitigation procedures. Ms. Hsin recommended that the language be less prescriptive to minimize the need for frequent updates. Mr. Pearson discussed the risks associated with wire transfers and emphasized the need to enhance policies to mitigate these risks.

A summary of final edits will be presented to the Committee prior to submission to the Board in February or March.

New Business: Reserve Balance

The Committee discussed the current reserve balance, noting that the organization is currently not in compliance with its three-month operating reserve policy. Ms. Hardy suggested adding language to the Financial Management policies to prioritize the use of the reserve at the end of each fiscal year.

New Business: FY27 Operating Budgeting Strategy

The Committee discussed engaging with staff earlier in the FY27 budget process, and prior to the submission of its appropriation request at the end of October. The Committee agreed to meet to review the draft submission on October 3.

New Business: Committee Calendar, Future Topics, and Meeting Cadence

Ms. Hsin requested that the Committee establish a more regular cadence for meetings. Ms. Hardy noted that a committee calendar and a list of suggested topics had been shared with the committee. Mr. Pearson inquired about the organization's investment policy and offered to provide sample policies for reference. He also recommended discussing the renegotiation of the lease, given its expiration in 2027.

The Committee discussed the need for MCEDC to diversify its revenue sources. Preliminary discussions surrounding options have highlighted grants as a likely avenue of exploration. The Committee will revisit this topic in future discussions.

Adjournment

The meeting was adjourned at 11:54 am.