

1 **DOOR COUNTY TOURISM ZONE COMMISSION**

2 **MINUTES OF THE JANUARY 28, 2009**
3 **FINANCE COMMITTEE**

4
5 **ACTION ITEMS:**

6 **Kufrin moved and Coulson seconded to contract with Associated Bank for the ACH filter**
7 **and Positive Pay for \$65/month.** The Finance Committee moves to start services immediately
8 and gain Commission approval after the fact. Motion passed unanimously.

9 **Nelson moved and Neddersen seconded that the TZC impose a \$35 fee for NSF checks.**
10 Motion passed unanimously.

11 **Nelson moved and Coulson seconded to recommend to the Commission that it designate the**
12 **Chairperson and Treasurer (jointly) to make any changes in legally authorizing changes in**
13 **the banking relationship. Further, any changes must be reported to the Finance Committee**
14 **within 30 days.** Motion passed unanimously.

15 **Committee recommendations will be brought to the entire Commission at the February 19**
16 **meeting** to add one Southern Door Commissioner to the Executive and Finance Committees, add
17 Dick Skare to the Executive Committee (plus one or two more members), and ask for volunteers
18 for Chair of the Annual Meeting Committee.

19 **Committee Members Present:** Bob Kufrin, Andy Coulson, Nedd Neddersen, Bryan Nelson

20 **Also Present:** Joe Hockers, Julian LaMue, and Darren Voigt from Associated Bank; Dianne
21 Lensert, Kerber Rose; Kathy Kirkland, Administrative Assistant

22 **Call to Order**

23 Kufrin called the meeting to order at 1:02 p.m.

24 **CONSIDERATION OF INVESTMENTS AND BANKING SERVICES**

25 **Investments**

26 Regarding the TZC investments and accounts with Associated Bank, Nelson said that in August
27 2007, Hockers and Dean Carter met with him and Kufrin re: using a Eurodollar Sweep account.
28 It has been working fine but now yields have changed. Lensert's reconciliation shows that we're
29 losing money. Nelson called Hockers to end the sweep, and we're exploring new options with
30 the idea of changing our approach a couple times of year (early June or July), perhaps turning
31 Eurodollar on and off as it makes sense.

32 LaMue said no sweep is viable for investors now; rates have fallen and there are fixed costs. As
33 big balances come into the TZC, they could make the switch manually. Hockers said with the
34 last federal decrease, it's at 25 basis points; everything in banking is changing rapidly, so we
35 must stay in contact. Associated has brought information to review.

36 Nedderson asked now that we've changed our distribution relationship with the DCVB
37 (disbursement rather than reimbursement), how does that affect our balance curve? Lensert said
38 the bell will be shorter, a shallower bubble and lower maximum. We won't be holding a large
39 sum ourselves anymore. However, there's still a timeframe before the month pays out to the
40 DCVB; the balance will dip when it's paid out.

41 Hockers listed the accounts and disbursements collections as \$217,000 for the year. The average
42 collected balance was a little over \$600,000, with a sizable amount paid at the end of December.
43 It's around \$200,000 now. The current services we're using are listed as Onsite Deposit
44 Manager, ACH for collection online, and typical checking account charges. Kufrin asked about
45 FDIC assessment; it's insurance based on what's in the account at the beginning of the month.
46 The charge is for businesses/public entities but does not apply to personal accounts. Kufrin asked
47 about bank clearing accounts; would they be FDIC insured? LaMue said anything non-interest
48 bearing is fully protected; interest-bearing accounts are up to \$250,000. Associated buys
49 additional insurance to cover accounts not earning interest so that protection it's unlimited. If it's
50 a checking account that's earning interest earning at less than 0.5%, it's unlimited protection.

51 Hockers said the sweep was turned off, but there's interest in December for the days we had it
52 (Nelson remembers it being turned off the 7th or 8th of the month); we could earn interest on the
53 checking account, which is 0.1% for sweep rates and checking was 0.6%, so it made sense at that
54 point. There's a \$125/month sweep transaction fee.

55 **Associated Bank Services**

56 Kufrin asked about being insured; right now, none of our accounts are insured for anything over
57 \$250,000. Nelson said we need to think about the risk of exposing higher balances. LaMue said
58 another option, depending on the time that cash is in an account, are CDARS, which come in
59 \$100,000 increment CDs. Kufrin's concern how Associated is doing as a bank. LaMue stated
60 that other banks are in more volatile markets; Associated's footprint is Wisconsin, Minnesota,
61 and Illinois. We have exposure in the bigger markets but have never recorded a loss. When it
62 comes to a bailout, the government money was used as capital that has to be paid back at 5% for
63 five years. Associated's 11 cents per share has not changed with no indication it will. Hockers
64 said they've had 176 quarters without a dividend change.

65 Nedderson asked about how we insure that extra balance? CDARS is an option. Hockers said the
66 TZC could divide the account, one as money market with interest at \$250,000, and then turn off
67 the interest-earning component in the smaller account. CDARS can be as short as four weeks.

68 Hockers noted the broad protection tools available from Associated. The bank is telling all their
69 accounts regarding changes in the Uniform Comm'l Code that leaves open potential liability for
70 check fraud, etc. If a routing number/account number is compromised, the UCC states it's a
71 shared responsibility between the bank and customer on a case-by-case situation. There has been
72 quite a bit of check fraud in the area. The FBI gets involved only if it's more than \$100,000.
73 Banking services are available to prevent those losses such as electronic filters and a check-
74 matching service. Further, for online banking and sweep, eManager can be used for online
75 banking. It's a good tool to monitor irregular activity; you can view it online.

76 Kufrin stated there has to be someone involved daily at Kerber Rose; is that feasible? Kufrin
77 asked Lensert about internal controls, separation of duties. Lensert said the auditors felt the
78 controls were good; however, we can't prevent people doing something from the outside. It
79 would be an after-the-fact when a statement comes in. LaMue said check fraud is easy today
80 with people's checks with routing numbers, buying checks online, etc.

81 Coulson asked if credit card/online is safer than checks? Not really; numbers are still given out.
82 You have to use controls. Hockers referenced the "Catch Me If You Can" movie and fraud is
83 easier now because it's so public. Even currency is not copy-proof. Hacking into online systems
84 takes sophistication, but as far as check fraud goes, checks could be cashing all over the country
85 in just a couple days, getting many agencies involved and therefore hard to track and solve.

86 LaMue said Associated has the tools to stop loss, but it takes time to open a new account and
87 watchdog all activity on the compromised account. Kufrin said the TZC originally was trying to
88 gauge activity, numbers, and they were all guesstimates. We've probably doubled those
89 guesstimates by now. Lensert noted that check activity is limited and hasn't changed much.

90 Hockers brought a risk-management checklist. Some checks can be converted to direct deposit,
91 removing the check from the equation. There's value in online banking, but who has access to it
92 and responsibility for it? Kufrin asked if we could pay municipalities electronically; is there a
93 per-transaction fee? If we had an ACH problem, it would be harmful to customers. Kirkland
94 noted that permit holders' routing numbers/account numbers are not held in the system. Lensert
95 added that the reporting businesses have to reenter their numbers each month, and even if the
96 payment to slated to be made later in the month, it's already been transmitted daily to our
97 software. Hockers said anything with a user name/password is secure.

98 LaMue gave prices for eManager and other services, attached as part of these minutes. LaMue
99 said for eManager, the bank would have a list of authorized people. Hockers said every
100 electronic transaction would be blocked if unauthorized; the filter is an if/then situation. Lensert
101 said it the TZC needs two authorized officers; Kerber Rose does not want and cannot have access
102 to the account.

103 Regarding December activity, the highlighted/green are the potential services. Positive Pay is
104 when we tell Associated each check number and dollar amount (but not payee) before it's paid;
105 Positive Pay requires eManager. LaMue said costs would be in addition to what we currently
106 have. For example, ACH filter would be \$20 (authorized access).

107 LaMue walked through the Positive Pay; everything would be 5 cents an item over and above
108 our current \$247/month charges. Neddersen noted it's approximately \$200 extra per period.
109 LaMue said not all services apply: ACH block doesn't apply, and the ACH filter applies only if
110 there's a suspect case, which is \$20 per. For example, if 23 checks are written per month through
111 Positive Pay, it's \$1.15 plus the \$45.

112 Kufirin asked what the TZC charges for a bounced check? Lensert says it's rare; perhaps only a a
113 couple so far; our policy hasn't been established but agrees it should be something added. Kufirin
114 said Sister Bay charges \$30. Associated's policy is to redeposit an NSF check with an \$8 charge;
115 if it continues to go bad, the standard fee is \$25-\$35 for an NSF. Associated's Onsite Deposit
116 Manager is going down to 5 cents from 10 cents due to all in-house IT now.

117 **Interest Rate/Protection Options**

118 Kufirin asked how it relates back to interest? Hockers handed out interest rate options. We've
119 turned off Eurodollars, so any money earning .60%+ has to be moved. The Business Money
120 Market must have a minimum balance of \$10,000 to avoid service charges. It's over 1% right
121 now, a good rate. We're limited to withdrawing funds 6 times per month with only 3 checks
122 allowed; other withdrawals could be through online banking EFT or via the scanner for Onsite
123 Deposit Manager. Lensert said it becomes more complicated, because someone has to transfer to
124 savings and then back again to cover checks written. Who's moving the money back and forth?
125 That has to be a TZC decision. Nelson isn't sure that's practical. Lensert said you have to keep a
126 watch on exposure; splitting the accounts be better and limit exposure. Hockers said the checking
127 account interest could be turned off so there could be large balances protected but not earning
128 interest.

129 Hockers said the money in a .60% interest earning checking account is currently less than
130 \$250,000. There's no minimum balance, but there may be checking account fees. LaMue asked
131 how the addition of the City of Sturgeon Bay changes the dynamics. Kufirin said it will mean an
132 extra \$450,000 to \$500,000 annually, about 25% additional income. Nelson said we'll be down
133 to \$0 in May but it could go above \$250,000 during the season. Until June, when things pick up,
134 it might make sense to keep the interest-bearing checking and then reexamine Eurodollars or
135 another sweep, as well as looking at security issues at that time.

136 Nelson asked Hockers about deciding who's authorized to make the changes; Hockers had given
137 Nelson a form to state who's authorized to make changes to accounts. In the past, Associated had
138 separate agreements for each service; now it's one large agreement and therefore easier to turn

139 services off and on. Hockers said it can be the same people who are signatories on the checking
140 account, and the signatories can go by title or name; such as Chairperson and Treasurer, must be
141 two people. Nelson felt we should recommend to the full Commission as far as okaying the
142 signatories.

143 Nelson and Kufrin suggested sitting down after the officer changes in June so appointments
144 would be in May (officers and At Large), perhaps in late June. Hockers said it could be a
145 CDARS investment at that point.

146 LaMue is now our Account Relationship Manager; Hockers has a different role in the bank now.
147 The Associated bank representatives left the meeting.

148 **Obtaining Associated Services**

149 Are there any services we need to act upon now? Is there enough of a risk currently? Coulson
150 said if we're below \$250,000, we don't have to act today. Lensert noted that it's mostly ACH
151 and check fraud that leaves us exposed. Coulson said we're responsible to take precautions; if we
152 know about these options but choose to save \$45 a month and something goes wrong, we're
153 liable. Nelson feels the most potential violation is with the software vendor, Bay Lake
154 Information Systems, which did have a problem a couple years ago. However, we have checks
155 and balances that would catch it more quickly. Lensert said a daily review such as eManager
156 would catch it quickly; that's \$75 a month. The double-check now would be looking at the
157 Checks Paid Reports at the monthly meeting and then monitoring what gets cashed. Coulson said
158 if people know the DCVB or TZC transfer money at predictable intervals, it's too late; however,
159 Positive Pay could catch it because you authorize every check by number and amount. It appears
160 that the \$75 includes Positive Pay and the ACH module, which are also available ala carte.
161 Neddersen said eManager would be \$1,000 a year. The ACH filter, which made sense, is \$20 a
162 month. If there's a suspect, it's an extra \$10 per item. Positive Pay is \$45 plus 5 cents per item.
163 Nelson said checking every day (eManager) requires daily checking; who would do it? In
164 addition, eManager is \$10 a month extra. Kufrin suggested EFT to municipalities which would
165 be 19 fewer checks; however, Nelson pointed out a per-transaction charge of about 90 cents. It
166 was agreed that waiting until there's a problem is not sufficient.

167 Nelson called Associated about eManager; Hockers confirmed that it does include both modules
168 we want. Nelson said ala carte, it would be \$65; eManager is extra \$10. Is that paying to access
169 and look at account online? Hockers confirmed and said people would have to be designated to
170 move money and view. Nelson said right now we cannot access an online look. Nelson asked if
171 the \$75 a month includes the ACH Filter? ACH Manager is not fraud protection, Hockers said;
172 it's for files. So ACH Manager (ala carte) and ACH Module are not the same. It sounds as
173 though we do not need eManager but rather the two ala carte. Should we let interest-bearing
174 checking ride until June? Nelson said it should be by consensus; we're covered up to \$250,000.

175 It was decided that such banking protection services would be the Finance Committee's decision.
176 Kufrin moved to get the ACH filter and Positive Pay for \$65/month. Coulson seconded but stated
177 that we get Commission approval after the fact. All ayes. Nelson said he would call Associated
178 about adding the two ACH filter and Positive Pay modules.

179 **NSF Fee**

180 Kufrin said we should set an NSF charge; Kerber Rose is expensive for such problems. Nelson
181 moved to assess an NSF charge of \$35; Neddersen seconded. If a non-clearing occurs because
182 the permit holder puts in a wrong account number or typo, there would not be a charge. All ayes.

183 **Account Change Signatories**

184 As far as signatories for account changes, it should be two officers. Treasurer and Chairperson
185 seem logical. Nelson moved to recommend to the Commission that it designate the Chairperson
186 and Treasurer (jointly) to make any changes in legally authorizing changes in the banking
187 relationship. Further, any changes must be reported to the Finance Committee within 30 days.
188 Coulson seconded. All ayes.

189 **Committee Changes**

190 Kufrin said it had been suggested to expand the size of the Finance Committee and have extra
191 meetings, perhaps quarterly or on call. Nelson felt it would get the City of Sturgeon Bay
192 involved. The Finance Committee has been the most active. He asked Vande Castle how to post
193 meetings about an Executive Committee. If you don't have 14 members, what do you do? He's
194 waiting to hear from Vande Castle. Coulson suggested that committee meetings could take place
195 after regular meetings but some agenda items would not be noticed ahead of time; the categories
196 could be broad. The current committees and suggestions are listed on a report from Kufrin. The
197 Finance Committee has been four people but has no restrictions on how big it has to be. The
198 Executive Committee has been authorized but not named. At the February meeting, we'll ask for
199 volunteers for the Annual Meeting Committee. A Compliance Committee follows up on
200 noncompliant lodgings, including decisions on how much fines should be in special
201 circumstances for blatant noncompliance. Neddersen has no sense of what is currently being
202 done on noncompliance; Kirkland could give more detailed reports. Kufrin said we'd given our
203 list of permit holders to Steve Bell from the Department of Health; he's reviewing it against his
204 list and could come back with 50 or so names of people not permitted with us. Nelson noted
205 Amy McClelland and Tom Benzshawel are possibilities; Kufrin will call them to see if they're
206 interest in a committee position and offer a choice of Executive Committee or Finance
207 Committee. We should add Skare to the Executive Committee. Coulson said to leave Chair of
208 Annual Meeting Committee blank for now and see if someone else wants it. All agreed that
209 continuity is important on committees.

210 The current members of the Compliance Committee make sense, and expanding Finance to one
211 more from Southern Door plus add potentially two or three more to the Executive Committee.
212 Kufrin will work this out for presentation at the February 19 meeting.

213 **Informational Meeting Question**

214 Kufrin said there was a finance-related question at the Sturgeon Bay informational meeting on
215 January 20. The audience member stated that if we start to collect \$5 to \$6 million for Room
216 Tax, shouldn't we lower the Room Tax percentage? Discussion from Kufrin and Money Penny
217 reasoned that if there's that much more activity, we would be giving the DCVB more for
218 marketing, and the number of lodgings and other business would increase. Coulson noted that the
219 rate should go down only when we're at 100% occupancy. The additional question was why the
220 Commission can't do something about additional credit card fees involved in paying the tax.
221 Kufrin noted that DCVB membership fees dropped; that's all we can do. Nedd stated it would be
222 2% of approximately \$3 million, which is untenable. Coulson said the answer is, "You have the
223 ability to refuse to take credit cards."

224 **Annual Audit**

225 Lensert asked if Mike Konecny has been scheduled for the audit. Lensert said year-end figures
226 won't be ready by mid-February; the auditors receive the paperwork before they come in to
227 audit. Kufrin will call Konecny to schedule for a time after year-end.

228 **Annual Meeting**

229 The audit must be ready for the Annual Meeting. In 2008, the Annual Meeting was the Tuesday
230 after Memorial Day last year, but there wasn't much of a showing. It's in our Bylaws to hold an
231 Annual Meeting, but all our meetings are open and people can ask questions at any meeting. As a
232 stakeholder, Coulson would be more likely to go to a monthly meeting than an Annual meeting.
233 Kufrin asked if we make it a thank-you dinner for the Commissioners and then hold the business
234 meeting afterward? The date and particulars will be discussed at the February 19 meeting

235 **Adjournment**

236 The meeting adjourned at 3:22 p.m.

237 Respectfully submitted,

238 

239 Kathy Kirkland
240 Administrative Assistant

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