



Minutes
Central Shenandoah Planning District Commission
Executive Committee Meeting
Virtual
May 6, 2025, 5:00 p.m.

Member Jurisdiction Representatives

	City of Buena Vista		City of Waynesboro		Staff
✓	Tyson Cooper	✓	Terry Short, Treasurer	✓	Ann Cundy
	City of Harrisonburg		Highland County	✓	Kimberly Miller
	Laura Dent	✓	Henry Budzinski, Vice Chair	✓	Donnie Kern
	City of Lexington		Rockbridge County		
✓	Frank Friedman, Chair		Jay Lewis		
	City of Staunton				
	Sharon Angle				

Call To Order

The Executive Committee meeting of May 6, 2025, was called to order at 5:00 p.m. by Chairperson Frank Friedman via virtual meeting platform.

Consideration of Minutes

Chair Friedman presented the minutes from October 21, 2024. The Executive Committee meeting minutes were approved unanimously.

Public Comment

Chair Friedman opened the floor for public comments. There were no public comments.

Auditor Procurement (EC Memo 25-01)

Chair Friedman called for discussion of Auditor Procurement. Ms. Cundy stated that the CSPDC's contract with Brown and Edwards expired in December 2024. An RFP was issued for auditing services, and Brown and Edwards was the sole respondent. Following the Commission's procurement policy, staff contacted another firm, Robinson, Cox and Farmer, to inquire if there were any issues with the RFP that prevented them from submitting a proposal. The company confirmed there were no issues with the RFP but indicated they lacked capacity to take on additional work due to strong business conditions.

Staff proceeded with contracting Brown and Edwards, which Ms. Cundy noted was beneficial given their established working relationship with Mr. Kern, Mr. Sagui (the accountant), and herself. Mr. Kern and Mr. Sagui have already met with the Brown and Edwards team to prepare for the summer audit.

Chair Friedman confirmed this was an informational item requiring no action by the Executive Committee. No questions were raised regarding the auditor selection.

Discussion of Virginia Retirement System (EC Memo 25-02)

Chair Friedman called for discussion of VRS transition. Ms. Cundy provided a comprehensive overview of the proposal to transition from the current Money Purchase Pension Plan to the Virginia Retirement System.

Background

Ms. Cundy explained that since the CSPDC's inception over 55 years ago, the organization has not participated in Social Security and has maintained its own FICA replacement Money Purchase Pension Plan along with a voluntary 457B plan. This arrangement has hindered recruitment efforts, particularly for candidates from state agencies or local governments who have existing VRS service and are reluctant to lose those years of service.

VRS Scenarios Presented

VRS staff provided two joining scenarios:

Scenario 1: Join VRS with employees earning VRS service going forward only. This would involve a \$3,000 study cost but would not allow employees to purchase prior service years.

Scenario 2: Join VRS with the option for employees to purchase prior CSPDC service. This requires actuarial studies for each employee to determine how much prior service can be purchased using their existing Money Purchase Pension Plan balance. The cost ranges from \$10,500 to \$21,000 depending on participation.

Key Considerations Discussed

- Joining VRS requires participation in Social Security
- The organization cannot maintain two primary retirement plans simultaneously
- The Money Purchase Pension Plan would need to either be frozen or dissolved
- VRS membership is an irrevocable decision (the "Hotel California" analogy was noted)
- Individual employees would have one year to decide whether to join VRS

Committee Discussion

Mr. Tyson inquired about costs, specifically whether the quoted fees were one-time or ongoing expenses. Ms. Cundy confirmed the actuarial study costs are one-time fees, but noted that ongoing annual VRS participation costs were not yet determined, but she will inquire about those fees.

Mr. Short provided strong support for the transition, noting:

- VRS participation would make CSPDC competitive with other employers in the region,
- The hybrid VRS plan, while not as generous as older VRS plans, provides stability and professional money management,
- The transition would benefit employee retention, and
- Suggested considering a minimum service threshold (3-5 years) for actuarial studies to manage costs.

Chair Friedman noted that of the current 14 employees, many are relatively new, with several having less than three years of service, which could make the transition more cost-effective.

Committee Decision

Chair Friedman asked for objections to moving forward with Scenario 2 and dissolving the Money Purchase Pension Plan. Hearing no objections, the Executive Committee provided consensus to proceed with exploring VRS Scenario 2.

Ms. Cundy agreed to:

- Determine ongoing annual VRS participation costs
- Work with VRS to establish cost parameters based on service thresholds
- Maintain transparency with staff throughout the process
- Report back to the Committee with additional information

Discussion of FY26 Budget (EC Memo 25-03)

Chair Friedman called for the FY26 budget discussion. Ms. Cundy introduced the topic, noting that the budget had continued to evolve positively since the materials were mailed on April 14th. She turned the presentation over to Mr. Kern.

Budget Overview

Mr. Kern presented the revised FY26 budget totaling \$10,000,081 in revenues and expenses, representing a significant increase from the previously distributed \$5.7 million figure. The increase is primarily due to the Bath-Highland broadband project, which comprises 42% of the total budget.

Key Budget Components

- Bath-Highland Project: \$4.3 million remaining to be drawn down, including \$3.8 million in federal funds and \$522,000 in local ARPA funds.
- Salary Increases: 3% cost of living adjustment with merit increases for qualifying staff.
- Major Equipment: IT upgrades including SonicWall firewall replacement nearing end of useful life, and computers that need to be updated to run Windows 11.
- Facility Improvements: Tree maintenance and other building-related expenses.
- Interest Income: Conservative 2-3% projection for investment returns.

Financial Management Strategies

Mr. Kern reported that \$1.5 million in cash was moved from the operating fund to the Virginia Investment Pool (VIP) to:

- Protect against potential EDA funding losses (currently \$140,000 at risk).
- Exceed FDIC insurance limits safely.
- Generate additional interest income (approximately \$30,000 projected).

Budget Rates and Policies

- Built with 57% fringe rate and 47% indirect rate (pending DOI approval).
- Moved 50% of auditing fees to programs to lower indirect cost pool.
- Goal to maintain healthy 35-45% indirect rate.

Revenue Challenges

The budget conservatively excludes EDA funding (\$140,000) due to ongoing federal agency reviews. Ms. Cundy clarified this was a conservative approach rather than confirmation of funding denial.

Questions and Discussion

Chair Friedman inquired about interest rate assumptions. Mr. Kern confirmed the conservative 2-3% projection, with Chair Friedman supporting the conservative approach of budgeting low and achieving higher returns rather than the reverse.

Chair Friedman confirmed this was a discussion item for Executive Committee review prior to full Commission approval on June 16th. No action was required by the Executive Committee.

Other Business

Ms. Cundy reported on one additional item: plans to work with the SouthEast Regional Directors Institute (SERDI) to update the agency's strategic assessment. She noted that the current assessment is 12 years old and recommended updating it given the significant staffing and operational changes over the past 12-18 months.

Executive Director Jim Younquist from SERDI has agreed to conduct the assessment for \$5,000 in FY2026. Ms. Cundy noted this would provide a strong foundation for updating the agency's strategic plan, which is now six years old.

She also reported on her attendance at the SERDI annual conference, describing it as an excellent professional development opportunity specifically designed for regional commission executive directors.

Adjournment

There being no further business to come before the Committee, the meeting was adjourned at 5:50 p.m.

Respectfully submitted,



Kimberly Miller, Commission Clerk