Finance Commission Agenda

Tuesday, March 14, 2023
6:30 PM
City Council Chambers

Pursuant to Minnesota Statutes Section 13D.02, subd. 1(a)(5), Commissioner Klein-Hegge will participate remotely via interactive technology from 1275 Oakcrest Ave, Roseville, MN

(Times are Approximate – please note that items may be earlier or later than listed on the agenda)

1. **Roll Call**
2. **Receive Public Comment**
3. **Approval of Meeting Minutes**
   a. Minutes approval - January
4. **Business Items**
   a. Receive Finance Commission Recommendations Tracking Report
   b. Update regarding repayment of internal loan between PMP and Shopping Center Funds
   c. Review 2022 Investment Portfolio performance
   d. Consider selecting a Commission Chair, Vice-Chair and Ethics Commission Representative
5. **Other Business**
   a. Rosefest Parade - Commission participation
   b. Future Meeting topics and workplan
6. **Adjourn**

Roseville Finance Commission
Agenda Item

DATE: March 14, 2023 **ITEM:** 3.a.

ITEM DESCRIPTION: Minutes approval - January

Background
As an advisory commission to the City Council, the Finance Commission's discussions and recommendations play an important role in setting City policies and influencing decisions on programs and services.

To ensure an accurate historical account of the Finance Commission's activities are preserved, the City maintains a practice of keeping meeting minutes. The attached file contains the draft minutes from the January 10, 2023 meeting. The Commission is asked to review the minutes and identify any typos, errors or inaccuracies of the discussion that took place.

Where applicable, Commission members are asked to identify any necessary corrections at the meeting. The Commission should subsequently vote to approve the amended (if necessary) minutes. Once the minutes are approved, they become part of the City's permanent records.

Recommendation
Review the draft minutes.

Requested Commission Action
Amend (as necessary) and approve the Finance Commission meeting minutes for the January 10, 2023 meeting.

Attachments
1. Minutes - January 10, 2023

Finance Commission
Meeting Minutes
DRAFT – January 10, 2023 - DRAFT

Roll Call/Announcements

The Finance Commission (FC) meeting was called to order at 6:30 p.m. Chair Davies called the roll.

Commissioners Present: Bruce Bester, Wanda Davies, John Murray, Dan Sagisser and Sadiq Dahir

Commissioners Absent: Siafa Barclay, Sandra Klein-Hegge

Staff Present: Finance Director Michelle Pietrick

Finance Director Pietrick stated staff is dealing with the email the Commission received.

Chair Davies explained the email was in regard to an analysis of healthcare costs and cities.

Receive Public Comments

There being no one present wishing to speak to the Commission on an item not on the agenda, the Chair moved to the next agenda item.

Approval of Meeting Minutes

Chair Davies stated on line 42 her name was misspelled. She asked if there were additional changes.

Commissioner Murray moved, seconded by Commissioner Sagisser to approve the November 15, 2022 meeting minutes as amended. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

Commissioner Bester reviewed the tracking report with the Commission. He noted the report is for the year end and there is nothing outstanding on it.

Review Government Budget and Financial Processes

Commissioner Bester explained he sent this report to Ms. Pietrick and Chair Davies. He explained he likes to use this report as a summary to look at all of the tax supported funds, all of the non-tax supported funds, a one-page look. He noted the numbers in his report match the budget that was approved by the City Council. He explained this report also gives the revenues and expenses of each month and the interfund sources and uses of funds that goes into each of the funds. He indicated it shows that the City Council approved a budget that reduced reserves by four million five hundred fifty-one dollars to come to a balance on the budget. Overall, the tax supported funds show a budgeted loss of two million two hundred eighty-eight dollars. The fees supported or non-tax supported funds show a budgeted loss of two million two hundred sixty-three dollars and both of those are offset by the reduction in fund balance.

Ms. Pietrick explained in the Government sector it is referred to as use of reserves as opposed to a loss. Staff had various spreadsheets that were reviewed through the CIP process and through the budget and this works if the Commission wants to look at one single page but what she was trying to lay out in her memo, she noted she wanted to use this in her orientation document for new Commissioners, is staff goes through the audit and the actual results may differ from the budget. The budget is a planning document. The City ends the year with the audit but then the fund reserves from that audit feed into the CIP and the budget because staff does analyze the reserves. In the CIP, where there are a lot of sheets for different funds, the processs will build reserves in the tax supported funds to pay for capital items and the taxes are rarely changed unless staff sees a problem coming up in the near term with being able to fund the City's Capital needs

Ms. Pietrick reviewed the process staff goes through to create the budget.

Chair Davies asked for an explanation on the difference between an Enterprise Fund and the other ones that are not Enterprise Funds but still restricted.

Ms. Pietrick reviewed the Enterprise Funds, Special Revenues. She explained the differences to the Commission.

Chair Davies explained in some cases revenue exceeds expenses and she wondered if there is the latitude to utilize the funds for other things.

Ms. Pietrick indicated that often this is to build reserves in the capital areas. Balances in the individual funds are designated for those purposes and should not be used for other purposes in other funds. She continued with her Government Budget and Financial Processes review.

Chair Davies asked if the Communication fund could only be used for communications or is there some flexibility with that account.

Ms. Pietrick explained there is a little more flexibility because this fund is one that is looked at when staff does the year end close outs so if it exceeds its fund balance targets the funds are swept out to the Excess Cash Reserve Fund, but it does have to support the local programming.

Ms. Pietrick continued with the review of the different budgeted funds.

Chair Davies asked if Engineering Services was services for other communities.

Ms. Pietrick indicated the staff time in Engineering Services does provide services to Roseville as well as for other communities. This is on the list of funds she would like the Finance Commission to examine in the 2024 budget.

Chair Davies asked if the staff time was computed at 1.5 times the rate for a staff person and not by the hour.

Ms. Pietrick indicated that was correct. She believed staff is going to take a look at 2023 and do a time study to see how much is Roseville versus other cities and staffing allocation may need to be adjusted appropriately.

Chair Davies asked if that would be a part of the study.

Ms. Pietrick explained it could be but thought it was more of that case of the full-time staff person that is charged there probably only does fifty percent for the other cities and fifty percent for Roseville.

Ms. Pietrick explained the Lawful Gambling funds cannot be used anywhere, the only portion of that the City gets is to cover Police Department staff who examine the premise and also a little bit of Finance staff time. The majority of those funds are given out to the Roseville Community Foundation who then distributes it to various charitable organizations within Roseville.

Commissioner Murray wondered how much money goes out to the Roseville Community Foundation and how much gets used up with administration costs.

Ms. Pietrick indicated roughly twenty percent is Police and Finance and the rest goes to the Foundation. This is a rough estimate based on a five-year average of what the City thinks will be collected.

Ms. Pietrick explained water, sewer, storm and recycling are the Enterprise Funds along with the golf course. The golf course covers its operations but does not cover its capital. There is a transfer into the golf course to cover their capital equipment needs. The funds either come from the Vehicle and Equipment fund for parks or the Building Replacement fund.

Ms. Pietrick noted the EDA General fund is a separate tax levy that the City assesses for economic development. Staff only budgets the levy portion of this fund. This fund also handles several funds that were left over from the Housing and Redevelopment Authority (HRA). This is legally segregated, as is Tax Increment Financing (TIF). The City has a handful of TIF Districts, and the revenue collected there can only be used within the districts or for minor administrative costs.

Commissioner Murray asked when the districts close out does the revenue come to the City.

Ms. Pietrick explained when a district closes the revenue goes back to the three taxing jurisdictions, if there is any residual revenue left. When a district closes, the full value of the property comes onto the regular tax rolls. Those businesses do pay taxes on the full value of the property, it just gets distributed differently until the district decertifies.

Commissioner Murray indicated he understood that but there seemed to be some left over money sometimes when the district closes.

Ms. Pietrick indicated there has been and sometimes the Council directs the money be held for future housing or economic development. She believed there was one instance where the money went into the General fund, which would result in the revenues being higher than the budget in the General fund.

Chair Davies asked what the source was of the half million dollars into the Water fund.

Ms. Pietrick explained that is the American Rescue Plan Act dollars. The City had capital projects in the Water fund and for reporting purposes the City took the whole revenue loss that the City was able to under the ARPA rules but in the City's preliminary plan for how the City was going to spend those dollars, staff identified infrastructure because that was one of the original allowable uses.

Commissioner Murray asked if staff is working on implementing new software and if so, he wondered how the process is going along and if it is going to clarify things. He wondered how the new software will change the reporting.

Ms. Pietrick explained the report is not going to change. What the new software will allow staff to do several things such as being able to take actual transactions from the chart of account and translate them into the reports. She noted right now there are a lot of spreadsheets behind the scenes to make the reports seen by everyone. She indicated there were two vendors that responded to the City and the two companies were interviewed with software demonstrations with multiple staff attending those demonstrations and the BS&A software met the City's needs and are one hundred percent Government focused. Neighboring cities also use this software, Shoreview and New Brighton, and both are quite happy with it. The implementation process will be approximately fourteen to eighteen months. Work has already been started on revamping the chart of accounts.

Commissioner Murray asked if Ms. Pietrick knew how long Shoreview and New Brighton have been using the software.

Ms. Pietrick indicated New Brighton has been using the software for seven years and Shoreview has been using the software for five years.

Commissioner Murray thought that would be long enough to work the kinks out and fix issues with the software.

Chair Davies asked how the cost of the two alternatives compare.

Ms. Pietrick believed the two software programs were pretty equivalent. BS&A actually was the cheaper of the two alternatives.

Chair Davies wondered if the City was required to take the cheapest program.

Ms. Pietrick indicated the City is not required to go with the cheapest program. She explained she was a part of the review in certain areas, but she told staff to be open minded and not to look at the cost component, look at the usability, how efficiently the software works and what staff found was the other vendor did not own all of the components originally. The company bought up other companies and interfaced the programs together. The number one complaint staff had during the software demonstration for this company was that the program kept sitting and spinning when trying to bring up different components of the program because those were plug-in systems. It came down to which program had more functionality and appeared to be easier to use.

Chair Davies thanked Ms. Pietrick for the work done on this and thought it was a useful tool for new Commissioners, but it might be something useful to give the new Councilmembers as well.

<u>Staff Update</u>

Ms. Pietrick explained in November the Finance Commission discussed the internal loan balance repayment and the Commission had decided that the excess Cash Reserve fund would be the appropriate place. She noted she will bring this to the City Council on January 30th for Council action. She wondered if Chair Davies would or Vice Chair Sagisser would be able to attend the meeting in case there are questions from the Council.

Chair Davies thought she would be available to attend.

Ms. Pietrick reviewed the actions taken by the City Council at the January 9th City Council meeting. Including Legislative items.

Commissioner Murray asked if anything come up on the Arden Hills water situation. He noted the City was selling water to Arden Hills and undercharging them.

Ms. Pietrick explained the last two quarters look like the City has been charging Arden Hills what it is supposed to charge.

<u>Identify Discussion Items for the Future Meeting</u>

Chair Davies indicated there will not be a February Finance Commission meeting. She stated the next agenda in March would include selecting a Chair, Vice-Chair and Ethics Commission Representative. She noted Commissioner Murray's last meeting will be in March. She also explained the Commission will review the 2022 Investment Portfolio performance. She suggested maybe in April Councilmember Schroeder could be asked to come to the Commission meeting for discussion, history and insight of things the Commission could look into.

Adjourn

Commissioner Murray made a motion, seconded by Commissioner Bester to adjourn. The motion passed unanimously.

Meeting adjourned at 7:31 p.m.

Roseville Finance Commission
Agenda Item

DATE: March 14, 2023 **ITEM:** 4.a.

ITEM DESCRIPTION: Receive Finance Commission Recommendations Tracking Report

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Background
A summary of the Finance Commission's recent recommendations submitted to the City Council is included in *Attachment A* for review. The report has been updated to reflect items that have been closed or added per Commissioner Bester.

Recommendation
Not applicable.

Requested Commission Action

For review and discussion purposes only. No formal Commission action is necessary.

Attachments
1. Tracking Report

Roseville Finance Commission
Recommendation Tracking Report
Report Date - February 14, 2023

No.	Recommendation	Description	Date Recommended	Date Presented	Status	Discussion and Next Steps
2022-02	1. Transfer funds from Excess Cash to PMP 2. Transfer funds from Genl Fund to PMP 3. Increase taxes to pay loan. 4 Keep receivable until PMP needs cash	How to handle remaining $266,829 interfund receivable/payable with respect to PMP funds used for purchase of Shopping Center at 2917 Lexington.	5/10/2022	5/10/2022	Pending	First discussion at Finance Commission meeting 5/10/22. Tentative consensus to keep the receivable/payable for now, and revisit before end of year. Next discussion 11/15/22, where it was agreed to transfer funds from Excess Cash to PMP to close this item. To Council March 2023.

Roseville Finance Commission
Recommendation Tracking Report
Report Date - January 10, 2023 (Year End Report for 2022) (Corrected)

No.	Recommendation	Description	Date Recommended	Date Presented	Status	Discussion and Next Steps
2022-01	Expanding Investment Policy Language to permit limited use of equity investments	Proposal to permit Finance Commission to bring to the City Council for consideration - expanded policy language for limited equity based investments.	2/8/2022	2/14/2022 4/11/2022 4/25/22	Implemented	Initial proposal presented to Finance Commission 2/8/22. Request for consideration presented to City Council 2/14/22. Draft of proposed policy to Finance Commission 3/15/22. Proposed policy draft presented to City Council 4/25/22 - Approved.
2022-02	1. Transfer funds from Excess Cash to PMP 2. Transfer funds from Genl Fund to PMP 3. Increase taxes to pay loan. 4 Keep receivable until PMP needs cash	How to handle remaining $266,829 interfund receivable/payable with respect to PMP funds used for purchase of Shopping Center at 2917 Lexington.	5/10/2022	5/10/2022	Pending	First discussion at Finance Commission meeting 5/10/22. Tentative consensus to keep the receivable/payable for now, and revisit before end of year. Next discussion 11/15/22, where it was agreed to transfer funds from Excess Cash to PMP to close this item. To Council 1/30/23.
2022-03	Finance Commission endorses the changes proposed by Finance Director including suggested reserve for Street Infrastructure, capital asset threshold, higher cost additions, and definition of fee supported.	Periodic review of the Capital Investment Policy	7/12/2022	7/12/2022	Implemented	Present the revised Capital Investment Policy to the City Council for consideration and potential approval on 9/19/22. Approved 9/19/22
2022-04	Finance Commission commends City Manager and Finance Director for excellent work and information contained in proposed budget for 2023. Finance Commission recommends that the proposed 7% Levy be reduced to 5-6%	Finance Commission recommendation to City Council regarding the City Manager recommended budget and proposed tax levy for 2023.	Finance Commission Meeting 9/13/2022	City Council Meeting 9/19/2022	Implemented	Review and discuss any updates from City Council at Finance Commission meeting of 10/11/22. Budget draft as of 11/15/22 stands at 6.6% levy increase. Budget approved 12/5/22
2022-05	Finance Commission endorses and recommends approval of utility rates recommended by Ehlers.	Increase 2023 Utility Rates as follows: Water Fund 8%, Sanitary Sewer 2%, Recycle 8%, Storm drainage 33% subject to receipt of additional information	Finance Commission Meeting 10/11/2022	10/11/2022	Implemented	Finance Commission recommends approval of Storm Drainage increase of 33% subject to receipt of more information about what is being purchased, and the consequence of not adjusting rates as proposed.
2022-06	Finance Commission recommends that one year of the retro corrections be billed to the affected users.	Discovered tiered water rates had error on larger users. Error is corrected going forward. How to handle underbilled amounts.	10/11/2022	10/11/2022	Implemented	Discussion and potential decision making at City Council meeting of 10/25/22, where it was approved to pursue all underbilled amounts. Letters will be sent to all concerned by 11/30/22.

Roseville Finance Commission

Recommendation Tracking Report - Definitions

Status	Definition
Pending	Recommendation has not yet been presented to the City Council
Received	Recommendation has been received by the City Council but has not received a formal reply or action
Accepted	Recommendation has been accepted by the City Council but action has not yet been taken
Rejected	Recommendation has been rejected by the City Council and will not move further
Implemented	Recommendation has been accepted by the City Council and action has been implemented
Rescinded	Recommendation has been rescinded by the Finance Commission
Received - Closed	Recommendation has been received by the City Council but has not received a formal reply or action and will be considered closed from future updates tracking.
Received - Further Development	Recommendation has been received by the City Council and returned to the Commission for modifications or further development.

Roseville Finance Commission
Agenda Item

DATE: March 14, 2023 **ITEM:** 4.b.

ITEM DESCRIPTION: Update regarding repayment of internal loan between PMP and Shopping Center Funds

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Background

In 2018 the City purchased the shopping center at 2719 Lexington Avenue. To accomplish this purchase, $1.5 million of funds were loaned from the Pavement Management (PMP) fund and a receivable was recorded. The former fire station was sold and $1,233,171.30 was received on February 28, 2022 and the internal loan has been reduced to a remaining balance of $266,828.70.

At the May 10th Finance Commission meeting staff presented some alternatives for addressing the remaining interfund loan balance. The Commission discussed and decided to have it brought back to a later meeting.

At the November 15, 2022 meeting, the Finance Commission discussed the following alternatives for repayment of the loan: (1) Transfer funds from the Excess Cash Reserve fund to the PMP fund; (2) Transfer funds from the General Fund to the PMP fund; (3) Do nothing until the PMP fund needs the cash. The Finance Commission recommended using the Excess Cash Reserve fund to repay the interfund loan to the PMP fund.

In preparing the report for City Council approval, staff found the original resolution (Attachment A) regarding the loan and discussion at the City Council (January 28, 2019 and February 11, 2019 meetings). The resolution stated that the Council pledged proceeds from the sale of the Fairview Fire Station property and future surplus monies from the License Center to repay the internal loan as funds become available. The discussion at the January 28, 2019 meeting indicated that the $120,000 in annual rent the License Center would have been paying in rent would go towards repayment of the internal loan.

The License Center has paid $495,000 into the Lexington Shopping Center Fund from 2019 through 2022. Therefore, we will use the Lexington Shopping Center fund to repay the internal loan to the PMP fund and will stop the transfer from the License Center Fund going forward. There are sufficient cash reserves in the Lexington Shopping Center fund to cover operations of the Shopping Center.

Since the council minutes from January 28, 2019 clearly state that this was the envisioned repayment plan there is no need to look at alternative sources to repay the loan.

Recommendation

Staff recommends using the funds that have been transferred into the Shopping Center fund to repay the loan as originally anticipated.

Requested Commission Action
No Commission Action necessary.

Attachments
1. Excerpt from January 28, 2019 Council Minutes
2. Resolution 2-11-19 for repayment of interfund loan

Councilmember Groff asked for some background on the reason why this was not funded at the time this was acquired.

Mayor Roe stated the City had to pay cash for the purchase, so the City took that money from somewhere, on a temporary basis, and he wondered where that was pulled out of.

Mr. Miller stated when the City has cash, it is pooled together with individual funds where the money is parked. Right now, the City has a fund with a negative balance of $2.2 million dollars, so the City needs to find a way to fill that gap before the books are closed for 2018.

Councilmember Willmus stated regarding Councilmember Groff's question, the Council was looking at an acquisition that cost $2.7 million to purchase while paying $120,000 plus per year in rent and increasing three percent per year. He stated at the time the license center was looking at $600,000 in improvements for a facility, the City did not own that potentially in three years the $600,000 is spent and the license center could potentially find itself out on the street. Those are all things that came into the purchase. Knowing full well that there were a couple different routes the City could go; the City could look at revenue bonds because it is a facility that generates revenue. It is a multi-tenant facility that could generate revenue and also knowing that the unrestricted cash reserves the City does have in hand, just short of $25 million, there is a way to finance what is somewhere in the neighborhood of $2 million. Looking at this beyond a license center use, he thought this was an opportunity to acquire a piece of property immediately adjacent to the existing City Hall Campus for future needs that the City will have.

Mayor Roe stated specific to the finance side of it, it was pretty clear from information the Council had that the City would be collecting rent from the tenants, the City would be taking the $120,000 the City was spending on rent, which came in from the license center operations, and apply that towards paying back either bonds or an internal loan. The Council did not want to necessarily identify which means the City would take, also knowing the City had the sale of the Fairview Fire Station out there. He noted the City was trying to keep options open knowing that it was not a situation that the City did not know what was going to be done but some choices had to be picked from.

Councilmember Groff thought the decision of the Council was probably good, but it might have been good to have gotten the money straightened out then rather than now. He did not think the bond made sense to him either because it was too expensive and searching through the funds is something that should be done.

Mayor Roe stated in addition to the $120,000 a year the license center was spending in rent, in addition to that on an annual basis, going back many more than the four years represented by Mr. Miller, the City has been transferring profits from the license center to cover operational costs of the rest of the City's operations, primarily general fund type of operations.

Mr. Trudgeon reviewed with the Council possible rental or City Use for the un-leased space.

Mayor Roe stated after discussion by the Council, he believed staff is directed to pursue an internal loan. The council concurred.

f. Consider Approval of a Rezoning for 211 North McCarron's Boulevard

City Planner Thomas Paschke briefly highlighted this item as detailed in the RCA and related attachments dated January 28, 2019.

Councilmember Willmus asked if Hand in Hand has acquired the property.

Mr. Paschke stated Hand in Hand will be closing on the property in March. Part of that has to do with having the preliminary plat reviewed and supported, which is the next step coming up in February with the Planning Commission.

Councilmember Willmus asked if Hand in Hand is still going to try to open in the fall.

Mr. Paschke stated that was his understanding.

Councilmember Willmus asked when staff expected the preliminary plat to work its way through the process.

Mr. Paschke expected by the end of February, the City Council will have the preliminary plat for consideration.

Councilmember Etten appreciated the emails staff sent to him. He stated this property is approximately 1.75 acre and if it were zoned LDR-1, someone could put seven homes on the land. He wondered if there was a reason why the City is doing LDR-2.

Mr. Paschke stated one thing that needs to be taken into consideration when it is LDR-1 and even if there is the acreage, there needs to be a certain amount of public frontage and the lots need to be designed in accordance with the zoning requirements. Just because there is the acreage, it does not mean a lot can be made out of it. He stated four lots could not realistically be put on this parcel because it would not work given its design. The LDR-2 gives them a greater flexibility to design lots that are a little smaller than what the City's current standards are for LDR-1 and allows them to design the road into the site, which is a cul-de-sac. It is a slight difference in design standards from the LDR-1 to LDR-2.

EXTRACT OF MINUTES OF MEETING OF THE
CITY COUNCIL OF THE CITY OF ROSEVILLE

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Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 11th day of February, 2019 at 6:00 p.m.

The following members were present: Laliberte, Etten, Willmus, Groff and Roe
and the following were absent: none.

Member Etten introduced the following resolution and moved its adoption:

RESOLUTION No. 11579

RESOLUTION APPROVING A 2018 CASH TRANSFER AND INTERNAL LOAN TO FINANCE THE ACQUISITION OF THE 2719 LEXINGTON AVENUE PROPERTY

WHEREAS, the City has acquired the property located at 2719 Lexington Avenue and incurred related costs in the amount of $2,271,000 and intends to utilize excess cash reserves and an internal loan to finance the acquisition; and

WHEREAS, the City Council has evaluated its cash reserves and has determined that the License Center and Risk Management Funds have $250,000 and $521,000 respectively in available unrestricted cash reserves and those reserves are hereby transferred to finance the acquisition; and

WHEREAS, the City Council has further evaluated its cash reserves and has determined that the Street Replacement Fund shall provide an internal loan in the amount of $1,500,000 to complete the initial financing package; and

WHEREAS, the City Council hereby pledges the proceeds from the future sale of the Fairview Fire Station property and future surplus monies from the License Center to repay the internal loan as funds become available.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota that these transactions are to be carried out and recorded in the 2018 fiscal year.

The motion for the adoption of the foregoing resolution was duly seconded by member Willmus and upon a vote being taken thereon, the following voted in favor thereof: Laliberte, Etten, Willmus, Groff and Roe and the following voted against the same: none.

WHEREUPON, said resolution was declared duly passed and adopted.

State of Minnesota)
) SS
County of Ramsey)

I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the 11th day of February, 2019 with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this 11th day of February, 2019.

Patrick Trudgeon
City Manager

Seal

Roseville Finance Commission
Agenda Item

DATE: March 14, 2023 **ITEM:** 4.c.

ITEM DESCRIPTION: Review 2022 Investment Portfolio performance

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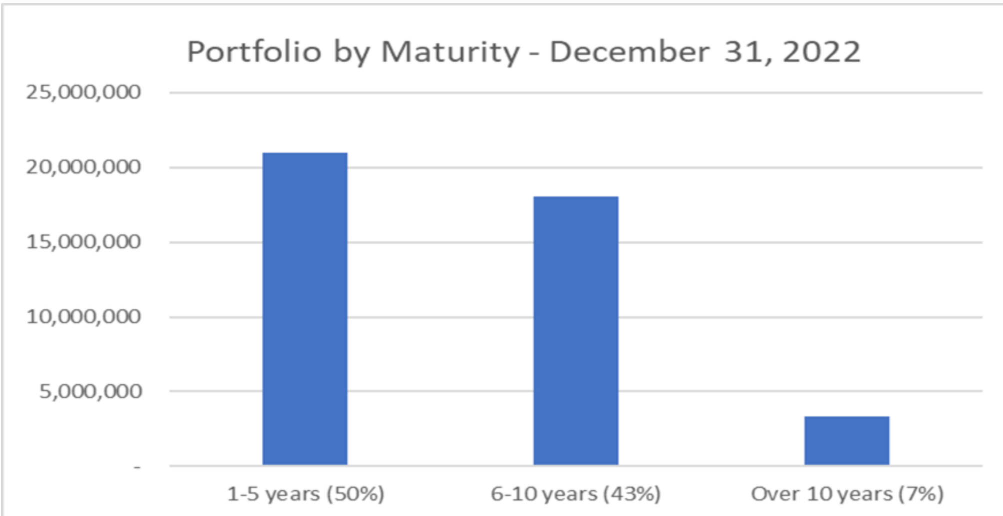
Background
The City's Investment Policy is rooted in industry best practices and has been modified to accommodate the limited resources available to manage the City's investment portfolio. This limitation necessitates the use of relatively simple investment strategies that require only a nominal amount of time.

These limitations, accompanied by statutory restrictions on the types of investments we can participate in, will constrain the portfolio's investment performance. As a result, the Policy calls for the portfolio's investment performance to equate to, at a minimum, the U.S. Government Bond (Treasuries) Yield for the comparable investment period. In other words, if our general investment horizon is five years, then our portfolio yield should be equal to or greater than the five-year Treasury rate over the long term.

The following table depicts the City's investment portfolio performance over the past ten years:

City of Roseville Investment Portfolio Performance						
Year	Portfolio Earnings	Average Portfolio Term (yrs.)	10-Year Treasury	Var. + / - 10-Year Treasury	5-Year Treasury	Var. + / - 5-Year Treasury
2013	3.30%	12.4	3.00%	0.30%	1.74%	1.56%
2014	3.43%	11.0	2.11%	1.32%	1.61%	1.81%
2015	2.88%	9.8	2.27%	0.61%	1.76%	1.12%
2016	2.61%	9.8	2.45%	0.17%	1.93%	0.68%
2017	2.69%	10.5	2.41%	0.28%	2.21%	0.48%
2018	2.93%	11.8	2.68%	0.25%	2.51%	0.42%
2019	2.74%	10.8	1.92%	0.82%	1.69%	1.05%
2020	1.32%	6.3	0.94%	0.38%	0.59%	0.73%
2021	1.40%	6.1	1.52%	-0.12%	1.26%	0.14%
2022	1.47%	5.7	3.88%	-2.41%	3.99%	-2.52%
Note: As measured on December 31st						

Currently, the City's investment portfolio (excluding monies set aside for short-term cash flow needs and capital project escrow) has an average term of 5.7 years earning 1.47%. This is 2.41% lower than the 10-year portfolio target and 2.52% lower than the 5-year portfolio target. As a reminder, this represents a snapshot-in-time as measured on 12/31/22. The City's investment portfolio performance relative to the benchmark can vary from year to year in conjunction with changing economic factors including interest rate changes. It will also fluctuate as the makeup of the portfolio itself changes. The average portfolio term has shorten up since 2020 as a function of market impacts during 2020.   The total portfolio of $42,340,000 is invested with 50% short term, 43% mid-term and 7% long term as shown in the chart below.



Recommendation
Not applicable.

Requested Commission Action
For information purposes only. No formal Commission action required.

Attachments
None

Roseville Finance Commission
Agenda Item

DATE: March 14, 2023 **ITEM:** 4.d.

ITEM DESCRIPTION: Consider selecting a Commission Chair, Vice-Chair and Ethics Commission Representative

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Background
City Code Chapter 201.06 requires the Finance Commission to annually select a Chair, Vice-Chair to perform on-going duties; and a representative to serve on the City's Ethics Commission as needed. The Chair and Vice-Chair positions carry the same decision-making privileges as all other members, but they do have some additional administrative duties.

The Chair position is expected to run the Commission meetings. This includes recognizing members before they speak, ensuring the discussions stay on task and are conducted in a timely fashion, and allowing the public an appropriate amount of time to participate. The Vice-Chair assumes all duties of the Chair in their absence. The current appointments are as follows:

- Chair: Wanda Davies
- Vice-Chair: Dan Sagisser
- Representative to Ethics Commission: Bruce Bester

It should be noted that there are no limits when it comes to the length of service members can serve in these capacities. Advisory Commission Chairs, Vice-Chairs, and Ethics Commission Representatives often remain in their roles for more than one year to preserve continuity from one year to the next. However, the Commission may also find value in working within varying leadership styles and approaches over time.

Recommendation
By separate motions, Staff recommends the Commission select a Chair, Vice-Chair, and representative to the Ethics Commission for the period April 1, 2023 through March 31, 2024.

Requested Commission Action
Motion to approve a Chair, Vice-Chair, and representative to the Ethics Commission for the period April 1, 2023 through March 31, 2024.

Attachments
None

From: Wanda Davies <davies767@gmail.com>
Sent: Wednesday, March 1, 2023 6:15 PM
To: Michelle Pietrick
Subject: Fwd: Rosefest Parade - Commissioner Representation!

Please add mention of this to the agenda.

---------- Forwarded message ---------
From: **Amanda Becker** <amandabecker.pm@gmail.com>
Date: Wed, Mar 1, 2023 at 9:45 AM
Subject: Rosefest Parade - Commissioner Representation!
To: <davies767@gmail.com>, <david.dahlstrom@me.com>, <julie.kimble@comcast.net>, <bjficek@yahoo.com>, <joyce082@umn.edu>
Cc: <greg.hoag11@gmail.com>, Laura Palmquist <palmquistlaura@gmail.com>, RICHARD JAMES <jamesopusrj@gmail.com>, <mbaltus001@yahoo.com>, <wkschaff@comcast.net>

Hello fellow Roseville Commissioners,

I'm with the Human Rights, Inclusion and Engagement Commission and am also the point person for managing our collective representation in the upcoming (Monday, June 26th) Rosefest Parade.

Us commissioners, across the various groups, will all be walking and representing together, but we will need to have a final head count, ideally this month, so we know how many other community groups/individuals we can invite/include.

If you could all please present the opportunity to your fellow commissioners and let me know as soon as possible how many are willing and able to attend? It's roughly a 1 mile course. Any other questions, please don't hesitate to reach out!

Look forward to connecting with you all in warmer conditions :)

Cheers,
amanda b.

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amanda becker
project manager | producer
612.619.4966

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Wanda Davies
767 Heinel Dr.
Roseville MN 55113

mobile 612-750-8987

davies767@gmail.com

Roseville Finance Commission

2023 Meeting Topics & Calendar

Month	Discussion Topic (Tentative)
January 10	▪ Review Government Budget Practices and Accounting Standards to try and inform how Government Financial Processes Work
February 14 CANCELLED	▪
March 14	▪ Select Chair, Vice-Chair, and Ethics Commission Representative ▪ Review 2022 Investment Portfolio performance ▪
April 11	▪ Review 2022 preliminary year-end cash reserve levels ▪
May 9	▪ Discuss items for Joint City Council-Finance Commission meeting ▪
June 13	▪ Review 2022 Audit Reports ▪ 2024-2043 Capital Improvement Plan review #1
July 11	▪ 2024-2043 Capital Improvement Plan review #2
August 23 * Wednesday	▪ Discuss the 2024 City Manager Recommended Budget & Tax Levy
September 12	▪ Establish Recommendation on 2023 City Manager Recommended Budget & Tax Levy ▪ Establish Recommendation on 2024-2043 Capital Improvement Plan ▪
September 18	▪ Present Budget Recommendation to City Council
October 10	▪ Update on the Council-adopted 2024 preliminary Budget & Tax Levy ▪ Review and adopt a recommendation on the 2024 proposed utility rates
November 14	▪ Adopt 2024 Meeting Calendar ▪ Adopt 2024 Work Plan