Finance Commission
Meeting Minutes
DRAFT – March 10, 2026 - DRAFT

Roll Call/Announcements

The Finance Commission (FC) meeting was called to order at 6:00 p.m. Chair Bester requested staff call the roll.

Commissioners Present: Bruce Bester, Kevin Davy, Raye Kanzenbach (arrived at 6:27 p.m.), and Anna Vervoort

Youth Commissioners Present: None.

Commissioners Absent: Siafa Barclay, Sadiq Dahir, and Aldo Bergquist

Staff Present: Finance Director Sam Magureanu

Receive Finance Commission Recommendations Tracking Report

Chair Bester reviewed the Finance Commission Tracking Report.

Finance Director Sam Magureanu discussed the potential creation of a Popular Annual Financial Report (PAFR), a simplified, condensed version of the City's comprehensive annual financial report for the general public. He explained that the report summarizes the City's financial information in clear, accessible language so residents without a financial background can easily understand it. Magureanu noted that he previously prepared a similar report for another city and could share an example with the Council. He expressed interest in implementing a PAFR for Roseville, possibly within the next year, though it will require some staff time and tools to develop.

Chair Bester commented that the City's Annual Comprehensive Financial Report (ACFR) is extensive and can be difficult for the general public to understand. He expressed appreciation for the idea of creating a simplified version of the Popular Annual Financial Report. He thanked Finance Director Magureanu for considering it, noting that it could make the City's financial information more accessible to residents.

Finance Director Sam Magureanu provided an update on the City's Capital Improvement Plan (CIP) process, noting that staff plans to transition from using Excel spreadsheets to a dedicated CIP software tool. He explained that staff recently received a presentation from a company called PlanIt! and are excited about the software's potential benefits. The tool is expected to improve the process of organizing and managing CIP projects by enhancing data management, reducing errors, and helping populate future planning years that often receive less attention.

Magureanu added that the software will also offer public-facing features, allowing residents to view the CIP online in a read-only format through the City's website.

Chair Bester reported that the Finance Commission recommended reviewing the Capital Improvement Plan using two approaches: a 20-year CIP report without inflation and a 10-year CIP that includes a 3 percent inflation factor, allowing the City to evaluate long-term projects from both perspectives.

Finance Director Sam Magureanu explained that the City will review where it makes sense to apply inflation adjustments to certain capital improvement projects. He noted that the new CIP software includes a feature that allows staff to assign inflation rates to individual projects, which then automatically carries those adjustments forward through future years of the plan. Magureanu added that this functionality will help address the Finance Commission's recommendation and improve long-term planning within the CIP.

Chair Bester reviewed the Finance Commission tracking report and noted that once additional members attend meetings, he plans to ask whether someone would be willing to take responsibility for maintaining it. He then introduced a guest attending the meeting, his grandson, Jack Sully, who recently returned to Minnesota after participating in a PGA golf program and plans to continue his education in business and finance.

Chair Bester explained that he invited Jack to observe the meeting to learn more about government and the role volunteers play in it. He also welcomed his wife, Phyllis, who was attending the meeting with them.

Finance Director Sam Magureanu offered to display an example of a Popular Annual Financial Report for the commission if time allowed, noting it could help illustrate the concept discussed earlier. He added that if there was not enough time during the current meeting, he could instead share the example electronically or review it at a future meeting.

Finance Director Sam Magureanu presented an example of a Popular Annual Financial Report (PAFR) that he previously developed with communications staff and an Assistant City Administrator. He explained that the report is a shorter, more visual summary of the City's financial and operational activities designed to be easier for the public to understand than the comprehensive annual financial report. The example highlights community events, permits issued, social media reach, park and street statistics, and key financial information, presented through charts, graphs, and three-year comparisons. It also summarized City finances, including general fund revenues, expenditures, property taxes, capital projects, debt, and enterprise funds such as water, sewer, and storm utilities. He noted that the goal of the report is to provide residents with a quick, accessible overview of City operations and finances in a visually engaging format.

<u>Maintenance and Operations Center Update/Discussion</u>

Finance Director Mr. Sam Magureanu provided an update on the Civic Campus projects, including the License and Passport Center, the Dance Studio, and the Maintenance Operations Center. Mr. Magureanu reported that both the License and Passport Center and the Maintenance Operations Center remain in the schematic design phase, with the License and Passport Center project slightly ahead. Current discussions are focused on building size, layout, and site placement.

Mr. Magureanu noted that the Civic Campus Final Design Stakeholder Group, comprising nearby residents, a VFW representative, members of several City commissions, and one City Councilmember, met on February 12 to review design progress. The group discussed site layout, parking configurations, park space use, building aesthetics, façade design, window types, and screening elements. Plans currently show the License and Passport Center as a one-story facility with a shared parking lot of approximately 150 spaces serving both the center and the parks area.

Mr. Magureanu explained that the project timeline appears to be shifting slightly, with construction now anticipated to begin in 2027. He added that the Finance Commission will likely be involved in discussions regarding project funding and potential bond issuance, noting that the City could continue working with its existing financial advisors to plan the timing of financing based on construction needs.

Commissioner Kanzenbach arrived at 6:27, providing a quorum of the Commission.

Mr. Martin Jeffers introduced himself and explained he would be a Commissioner on the Finance Commission starting in April 2026.

Chair Bester welcomed Mr. Jeffers and noted that although they had previously spoken, they had not yet met in person. He expressed appreciation for Mr. Jeffers' attending the meeting.

Approval of Agenda

The agenda was approved by general consensus.

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 Bester reviewed the meeting minutes and identified several corrections he recommended making. He clarified that the original estimated cost of the Civic Campus project was $76.9 million, including $64.2 million for the Maintenance Operations Center and $12.7 million for the License and Passport Center. In comparison, the most recent estimate presented at the meeting was $75.3 million total, including $60.8 million for the Maintenance Operations Center and $14.5 million for the License and Passport Center.

Chair Bester also suggested revising language in lines 106 to 107 regarding the Capital Improvement Plan discussion, noting the original wording was difficult to follow. He proposed updated language reflecting Commissioner Kanzenbach's comments that the proposed CIP document is a draft, remains subject to further review and modification, including Finance Commission recommendations, should not be interpreted as the basis for automatic levy increases, and that other funding sources, such as borrowing, bonding, grants, and contributions, should be considered to reduce reliance on levy funding.

Commissioner Katzenbach concurred with the changes.

Commissioner Davy moved, seconded by Commissioner Vervoort, to approve the February 10, 2026, meeting minutes as amended. **The motion carried unanimously.**

Select Chair, Vice-Chair, and Ethics Commission Representative

Chair Bester introduced the next business item: the selection of the Commission Chair, Vice Chair, and Ethics Commission representative. He noted that the representative for the Maintenance Operations Center stakeholder group, Commissioner Dahir, would continue in that role and was not up for consideration.

Chair Bester then opened the discussion of the Chair position, asked whether any commissioners were interested in serving, and stated that the meeting would be his final one as Chair.

Commissioner Kanzenbach indicated he would be willing to serve as Chair.

Chair Bester asked if there were any other nominations for the Chair position. Hearing none, he stated that he would endorse Commissioner Kanzenbach for the role, noting that he believed Commissioner Kanzenbach would make an excellent Chair.

Chair Bester then called for a vote and asked those in favor of Mr. Ray serving as Chair of the Commission to indicate by saying aye. Commissioner Kanzenbach was selected as Chair of the Finance Commission by consensus.

Commissioner Vervoort indicated she would continue as the Ethics Commission representative.

Chair Bester indicated that selecting the Vice-Chair could be postponed until April, when all new Commission Members would be appointed.

Review 2025 Investment Portfolio Performance

Finance Director Mr. Sam Magureanu provided an update on the City's investment portfolio. He reported that as of January 31, 2026, the City's total investments were approximately $49 million.

Mr. Magureanu explained that about $21 million is currently held in a money market account through U.S. Bank. He noted that the money market account provides liquidity for operations and is currently producing favorable returns.

Mr. Magureanu summarized the City's investments by type. The largest portion of the portfolio consists of municipal general obligation bonds, representing about 53%-54% percent of total investments. Revenue bonds make up approximately 11.76% percent of the portfolio. The City also holds two certificates of deposit, both under $250,000 and therefore fully FDIC insured.

Mr. Magureanu stated that all investments are currently within the City's investment policy and that the portfolio structure is typical for municipalities because municipal bonds are considered safe and relatively easy to purchase in larger amounts.

Mr. Magureanu also reviewed charts showing the maturity schedule of the City's investments. He explained that a large concentration of investments matures within the first five to six years. In the future, staff will likely focus on new investments in later years, such as 2030 through 2034, to better balance the portfolio while still aligning with the City's cash flow needs.

Mr. Magureanu noted that these investment charts will be updated monthly as part of the investment reconciliation process. He explained that the visuals help staff quickly identify which future years may need additional investment coverage when new investment opportunities arise.

Commissioner Kanzenbach asked whether the money market funds are primarily used for operating expenses, while longer-term investments are used to support capital improvement projects.

Mr. Magureanu clarified that both operating needs and the funding requirements of capital improvement projects guide City investments. He explained that some investments are project-based and tied to capital improvement funds, while others may need to be rolled over into new investments when they mature if the funds are not immediately needed.

Mr. Magureanu noted that capital project spending typically drives the largest expenditures, followed by operating costs. He then asked the commissioners if they had any questions at that point or preferred to wait until he completed the remainder of his presentation.

Chair Bester noted that the investment maturity schedule shows nearly $11 million maturing within the first five years. He observed that the amounts are fairly balanced overall, with only slightly higher concentrations occurring in 2032 and 2033, which are just above the five-year range.

Commissioner Kanzenbach noted that there has not been a discussion regarding earnings.

Mr. Magureanu explained that he recently created the investment maturity visualization tool to help better understand the City's current investment distribution. He noted that, having been in the role for about a month, he has not yet made any new investments but plans to use the tool to guide future decisions. He indicated that future investments will likely be focused on later years in the schedule, such as 2031 and 2032, as current investments mature. He also pointed out that approximately $10.1 million is scheduled to mature in 2028, noting that he has not yet determined the reason for that concentration but suspects it may relate to capital improvement planning or favorable yields available at the time the investments were made. He added that the next portion of the presentation would review the yields and returns associated with those investments.

Chair Bester observed that Mr. Magureanu effectively inherited the existing investment portfolio upon assuming his role.

Mr. Magureanu stated that he inherited the current investment portfolio and has not yet had the opportunity to fully analyze the City's cash flow needs and investment structure. He explained that the current investment schedule extends somewhat further than he typically prefers, as he usually focuses on a five- to six-year investment window. However, he noted that the current approach is neither better nor worse, as investment strategies often depend on economic conditions, available opportunities, interest rates, and expected returns.

Commissioner Kanzenbach asked about the City's process for making investment decisions. He noted that the City currently holds a significant portion of its investments in municipal securities, which he supports, given the balance of safety, allowable investment types, and reasonable returns.

Commissioner Kanzenbach added that he agrees with the general investment approach, including some diversification with agency securities, and asked how the City typically proceeds when purchasing new investments.

Mr. Magureanu explained that he is responsible for executing the City's investments. He stated that the City currently works with two brokers who regularly provide information, often daily, on available investment opportunities.

Mr. Magureanu noted that other brokers have also expressed interest in working with the City, including some he has worked with in previous municipalities. He added that the City uses BMO as a consolidation platform, where investments purchased through brokers are reported and combined into a single statement for reconciliation and tracking purposes.

Mr. Magureanu stated that he met with representatives from RBC during his first week in the position and currently works with Oppenheimer, noting that he has known their representative, Chris, for many years and is comfortable continuing that relationship. He explained that other firms, including Wells Fargo and U.S. Bank, have also approached the City about providing brokerage services, as firms in the industry often compete for municipal investment business.

Mr. Magureanu noted that many brokers offer similar investment products, so he generally prefers to limit the number of brokers used, as multiple brokerage accounts can complicate reconciliation for accounting staff. He added that the BMO consolidation platform helps address this issue by providing a single consolidated statement across multiple brokers, allowing flexibility to add brokers as needed while maintaining simplified reporting and reconciliation.

Commissioner Kanzenbach noted that the market for taxable municipal securities is relatively small and specialized, often involving a limited number of dealers who regularly handle those investments. He explained that some brokers may obtain these securities indirectly from other brokers rather than directly from the original seller, which can affect pricing. He added that because of this market structure, it can sometimes be beneficial to work with multiple brokers to increase access to available investment opportunities.

Mr. Magureanu, Chair Bester, Commissioner Kanzenbach, and other members of the Finance Commission discussed the City's investment portfolio, bond market conditions, and investment practices.

Commissioner Kanzenbach explained that the taxable municipal bond market is relatively small and often handled by a limited number of dealers, which can affect pricing and availability. He noted that working with multiple brokers can increase access to investment opportunities, as brokers may source securities from other dealers.

Commissioner Kanzenbach reviewed a recent bond purchase involving Dallas, Texas, general obligation bonds and explained how markups occur as securities move between dealers before being purchased by the city, noting that the markup observed was within normal industry standards.

Mr. Magureanu stated that his investment approach focuses on selecting the best available option at the time rather than predicting market movements. He explained that the City currently works with two brokers and uses a BMO consolidation platform to hold and track investments, which allows the City to receive a single consolidated statement for reconciliation purposes. He noted that other brokerage firms have expressed interest in working with the City, but he prefers limiting the number of brokers to simplify accounting and oversight.

Commissioner Kanzenbach also discussed bond duration, explaining that duration is a technical measure that estimates how sensitive a bond's market value is to changes in interest rates. He noted that understanding portfolio duration can help assess risk because increases in interest rates can reduce the market value of bonds.

Mr. Magureanu responded that market value adjustments are recorded in the City's financial statements, although the gains or losses are not realized unless the securities are sold.

Mr. Magureanu reported that the City earned approximately $1.4 million in interest income during 2025, representing about a 3 percent return on an average investment balance of roughly $40 million to $47 million. He explained that the relatively modest return is largely due to the City's investment portfolio, which contains many securities purchased several years ago when interest rates were significantly lower, with about 61 percent of investments currently yielding between 1 and 2 percent. He stated that as these lower-yielding securities mature, the City will have opportunities to reinvest funds at higher rates.

The discussion also covered investment strategies, including whether to sell low-yielding bonds early to reinvest in higher-yielding bonds.

Mr. Magureanu noted that many municipalities choose to hold existing investments rather than attempt to time the market, as selling early may yield little or no financial benefit. He added that strong relationships with brokers are important because experienced brokers understand a municipality's investment policies and can help identify suitable securities, particularly non-callable bonds that provide stable long-term returns.

Commission members concluded by discussing documentation and reporting of investments.

Mr. Magureanu explained that the investment spreadsheet provided to the commission is an internal reconciliation summary, while BMO provides the official consolidated custody statement. He offered to share the BMO statement with commissioners who wish to review the detailed information.

Workplan and Future Discussion Items

Chair Bester discussed upcoming matters for the Finance Commission, noting that several new commissioners will be joining the committee next month. He stated that the city will have three new commissioners beginning service and expressed confidence that the group will form a strong and talented committee moving forward.

Chair Bester also noted that Mr. Magureanu will soon be presenting year-end cash levels to the City Council at an upcoming meeting on the 16th. He added that the Finance Commission will continue to receive its regular updates regarding the Maintenance Operations Center project.

Mr. Magureanu discussed upcoming items for future Finance Commission meetings, noting that he may reach out to the Public Works Director to see if there are additional updates available and expressing hope that Commissioner Dahir will also be able to provide updates on the Maintenance Operations Center project at future meetings.

Mr. Magureanu stated that the City's annual audit is scheduled for the end of March and typically takes about two weeks to complete. He indicated that the Annual Comprehensive Financial Report, ACFR, is expected to be available around mid-May, to present it to the Finance Commission at the May 12 meeting.

Mr. Magureanu explained that the report must be completed by June 30. However, extensions are possible, and staff generally aim to complete the report earlier so it can be submitted to the Government Finance Officers Association, the Office of the State Auditor, and other required agencies.

Chair Bester recognized Mr. Magureanu and his staff for preparing the comprehensive report, noting that not all municipalities produce an ACFR.

Mr. Magureanu explained that completing the report often depends on receiving final financial information from outside sources, including vendor invoices, grant activity, and Ramsey County reports related to taxes and assessments, which can delay the closing of the City's financial records.

Commission Direction on Member Initiated Agenda Items

Other Business

Chair Bester asked if there was any additional business before the commission.

Commission Davy thanked Chair Bester for his service and expressed appreciation for his contributions, noting the significant time and effort he devoted to guiding discussions and supporting the commission's work.

Chair Bester stated that the residents of Roseville benefit from the commission's efforts.

Other members echoed their appreciation and recognized Chair Bester's dedication and thoughtful leadership.

Chair Bester thanked the commission members for their kind words and their collaboration.

Adjourn

Chair Bester adjourned the meeting at 7:11 p.m.