

**Finance Commission
Meeting Minutes
January 11, 2022**

Roll Call/Announcements

The Finance Commission (FC) meeting was called to order at 6:30 p.m. Vice Chair Sagisser requested staff call the roll.

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

Commissioners Absent: Siafa Barclay, Sandra Klein-Hegge.

Staff Present: Finance Director Michelle Pietrick

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 indicated on line 58 the word “was” missing. She also noted on line 136, her name is misspelled.

Commissioner Bester moved, seconded by Commissioner Murray to approve the November 9, 2021 meeting minutes as amended. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

Commissioner Bester updated the Commission on tracking report items indicating there were no open items at the end of 2021.

Discuss Items for Joint Meeting with City Council

Finance Director Pietrick explained at the last meeting Commissioner Murray brought up the Equities Investment section that was in the Investment Policy that went to the Council on April 13, 2020 and the City Council struck that section. In order to make that a work item the Commission has to ask the Council to reconsider. A joint Commission/Council meeting is scheduled for February 14, 2022 to discuss this and any other items.

Ms. Pietrick indicated Commissioner Bester sent out a calculation he had done which could be included in the report to the Council, along with Commissioner Murray's handouts. She reviewed State Statutes with the Commission on investible funds allowed.

Commissioner Murray asked what Ms. Pietrick's position was on this issue.

Ms. Pietrick explained she believed in policies containing every option available but does not necessarily mean she is going to invest one hundred percent of what is the maximum allowed because right now she has everything invested that she possibly can. She indicated she would start small and any interest earnings would go into the Capital Improvement program because that is what funds would be invested in this type of investment.

Commissioner Bester asked what a typical return was on the rest of the portfolio.

Ms. Pietrick indicated staff is still working on year end.

Commissioner Bester reviewed the workbook he sent out to the Commission. He indicated when he put the workbook together he had Councilmember Etten in mind because he was probably the strongest voice against this passing the last time around and the more he started to think about it he had to credit Commissioner Murray for his pushing this issue. He thought it was a pretty conservative position. He wondered if there was enough at 1.5 million to really fool around with and the fact that other cities for the most part do not do this kind of concerns him.

Ms. Pietrick indicated that kind of concerned her as well. The only City she could find was Woodbury and she talked to the Finance Director there before he retired and they had one specific Capital project fund that they were able to invest long term. She noted Woodbury entered it cautiously, minimally because their investment is two percent of their total portfolio and their total portfolio is four times the size of Roseville's. She explained if the City Council reconsidered doing this she would consider doing this on a trial basis. If it does not yield results she would move investments elsewhere but right now there are not a lot of high yield options out there.

Commissioner Murray explained when looking at the S&P Commissioner Bester had in his workbook there was a three-year period in the last forty years that there were down markets but over a ten-year period he thought everything came up positive. He indicated the City would need to commit for a while to see results.

Ms. Pietrick agreed and explained that the Council also needs to support the fact that there could potentially be losses.

Commissioner Murray indicated over time the City should come out considerably ahead over time.

Commissioner Murray asked if Ms. Pietrick has talked to the League of Minnesota Cities because they also invest.

Ms. Pietrick indicated that she has not and believe most of their money is with the State Investment Board.

Chair Davies asked if the fees would increase by having to go through the State Investment Board.

Ms. Pietrick indicated it would increase slightly. The Statute very clearly outlines a process. At this point, if the Council were to agree to revisiting this in the Investment Policy, then she would rewrite the section in a simpler fashion than the previous section- to basically state according to Statute 118a-09, which outlines how and then before any investing could occur the City Council would have to adopt a Resolution. She assumed the Commission is going to ask the Council to reconsider this and add it to the policy.

Commissioner Murray thought if Ms. Pietrick was onboard with it then the Commission would like to request it of the Council but if Ms. Pietrick is not onboard with it he suggested the Commission table this.

Chair Davies thought it would be important to emphasis to the Council that having a negative return in a year or even two does not mean that it does not work and is not a good idea, it is the nature of the investment and why it is used for funds that are not needed short term. She thought maybe the Council did not get all of that education of when equity investments are appropriate.

Commissioner Bester noted that based on the City Council meeting minutes of 4/13/20, Council Member Etten seemed to be most concerned about risk of market fluctuations, thus opposed to the notion of equity investments.

Ms. Pietrick indicated there was reluctance from the rest of the Council as well. She indicated the Commission needs the Council to be receptive to considering the investment policy revision before the Commission could work on it.

Chair Davies thought the joint meeting is a good time to present the arguments and the data and get their sense of whether it would be a possibility of bringing the item back for consideration. She indicated she is in favor of discussing it at the joint meeting.

Commissioner Murray thought he could go through his presentation and scale it back for presentation to the City Council.

Ms. Pietrick reviewed other topics to bring up to the City Council such as the Campus Masterplan. She asked if there were any other topics the Commission wanted to discuss with the Council at the meeting.

Commissioner Murray asked if the Commission needed to make a motion officially recommending the Investment Plan in order to bring it forward to the City Council.

Ms. Pietrick indicated she could bring back some different language at the next Finance Commission meeting for a motion.

Chair Davies thought another topic to discuss at the joint meeting could be the utility rates. The Council chose not to accept the recommendations of the consultant in terms of equalizing the share paid by commercial versus residential which the Commission had affirmed the consultant's recommendation. She would be interested in hearing the Council's reasoning and why the Council chose not to accept that if the Council had intentions in the future to maybe ease into it. She was curious why the Council did not accept the recommendation.

Ms. Pietrick explained the Public Works Commission endorsed one option and the Finance Commission endorsed the other option and to implement the study, the Council went with the lesser of the two. Staff is actually hiring Ehlers to come in and do an update to verify that the options are working and to perhaps look at the usage versus who is paying for it. Staff is also going to have Ehlers look at the Sanitary Sewer Fund which was not reviewed last time and take a look at those rates.

Commissioner Sagisser wondered if some time should be set aside at the joint meeting for Sales Tax discussion in case the Commission is expected to give a recommendation.

The Commission agreed.

Staff Update and Identify Discussion Items for the Future Meetings

Finance Director Pietrick updated the Commission on the next phase of the City Campus Master Plan and Emerald Ash Borer (EAB) best value contract. She also noted Parks and Recreation did sign Granite City to a contract to provide food, beverage and catering services at Cedarholm Golf Course and Community Building. Bids are being solicited on the OVAL project that is being funded with State Bonding and the bids are due at the end of January. She reviewed the local sales tax option being proposed for the City Council approval.

Commissioner Murray indicated he saw that the City signed a resolution banning Conversion Therapy and he wondered if the Finance Commission looks at Ordinances, Resolutions and Policies for the potential of somebody challenges things like this and bring it before the Supreme Court.

Ms. Pietrick explained the City Attorney looks at these.

Commissioner Murray asked if the City Attorney has been successful at handling these things because he has seen some situations where it ends up feeding the attorney's and it gets to be a very expensive situation.

Ms. Pietrick indicated she did not know a lot about that but the City Attorney does review all Ordinance changes as well as Resolutions and Policy changes.

Commissioner Bester expected there will be some sort of a bond to cover the Campus Master Plan and wondered if the City could receive a large bond and draw on it in pieces. He wondered how it would be approached.

Ms. Pietrick indicated the City could do multiple bonds for the different phases of the Master Plan. She reviewed the process with the Commission.

Ms. Pietrick stated upcoming future agenda would include discussions on the local Sales Tax option, possible facilities tour of the ice arena and Park and Recreation Department was discussed, and review Campus Master Plan phases at some point this year.

Chair Davies indicated she will not be at the February 8th Finance Commission meeting but will be at the joint Council meeting.

Adjourn

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

Meeting adjourned at 7:35 p.m.