

**Finance Commission  
Meeting Minutes  
March 10, 2020**

**Roll Call/Announcements**

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

**Commissioners Present:** Wanda Davies, Matt Harold, Edwin Hodder, Ryan Lee, Jack Reif, and Dan Sagisser

**Commissioners Absent:** John Murray. (arrived at 7:03 p.m.)

**Staff Present:** Finance Director Michelle Pietrick

Chair Hodder indicated this will be his last meeting and he wanted to thank everybody, both present and former Commissioners, which made his tenure very easy. He noted he was really grateful to the City of Roseville and its residents. He was proud of what the Commission has accomplished while he was on it.

Finance Director Michelle Pietrick introduced herself to the Finance Commission and reviewed her background and history in Government.

**Approval of Meeting Minutes**

Chair Hodder noted line 50 should be changed to: “a lot of the scenarios and the Finance Commission will need to think ~~be thought~~ about as well as far as who takes ownership of ~~scenarios.~~”

Chair Hodder indicated line 114 should be changed to: “Commissioner Harold asked if \$210,000 million...”

Commissioner Sagisser moved, seconded by Commissioner Lee to approve the February 11, 2020 meeting minutes as amended. **The motion carried unanimously.**

**Receive Finance Commission Recommendations Tracking Report**

Chair Hodder reviewed the changes and additions the Commission made to the tracking report at the January 2020 meeting.

Commissioner Sagisser explained he will take over updating the tracking report due to Commission Harold leaving the Commission as a Commissioner.

Chair Hodder asked if there will be anyone that will update and run through the CIP scenarios.

Commissioner Harold indicated he will email the spreadsheet out to the Commission and the rest of the members can decide who can take that over. As progress has been made on the CIP there are less scenarios to be made.

### **Consider Selecting A Chair, Vice-Chair And Representative To The Ethics Commission**

Finance Director Michelle Pietrick explained the Commission is requested to make separate motions to select a Chair, Vice-Chair and representative to the Ethics Commission for the period April 1, 2020 through March 31, 2021.

Chair Hodder wondered if the Commission wanted to wait until the April meeting to appoint the Chair and Vice Chair as well as a representative to the Ethics Commission until after the new Commissioners are appointed or if the Commission wanted to do it tonight.

Commissioner Sagisser indicated he wished Commissioner Murray were at this meeting to help make a decision or appointments. He wondered if there was someone interested in any of the positions that are opening up.

Commissioner Davies indicated she could do one of the positions.

Commissioner Reif thought the Commission should wait until Commissioner Murray was back because he was the longest Commissioner on the Committee and does have a good historical background.

The Commission concurred.

### **Review 2019 Investment Portfolio Performance**

Finance Director Michelle Pietrick explained 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. The Commission is asked to review the 2019 Investment Portfolio performance.

### **Final Review of Updated Investment Policy**

Finance Director Michelle Pietrick reviewed Commission actions taken from October 8, 2019 to January 14, 2020 and explained based on further review of the statute and the current market environment, the policy has been updated to include State and Local government securities and Certificates of Deposit. The policy is also striking the paragraph on investments related to the 2011 and 2012 bonds as those bond proceeds have been fully expended. Final amendments were made to the equity investment section to reflect that Minnesota State Board of Investments are handled through PERA and one sentence was moved. The Commission is asked to review the proposed final amendments to the city's Investment Policy.

Commissioner Harold asked for clarification regarding the Index Funds made directly with the main sales office of the fund and what is the mechanism behind that.

Ms. Pietrick explained that since this is new in the Legislature, there are not a lot of cities that have pursued this avenue. She indicated she has reached out to the other AAA rated cities to find out if this is being done and if so, how it is being done before the City or Roseville would go that direct route. She noted what she has heard is the other cities have been going through the Minnesota Board of Investment because the last thing anyone wants to do is jeopardize the city funds. She indicated she did not like to be the front runner on a new investment vehicle. She reviewed her approach to city investing.

Commissioner Harold asked how Ms. Pietrick felt about investing up to fifteen percent of city assets and equities.

Ms. Pietrick indicated she would be very careful and would not instantly go to fifteen percent. She thought she would start small to see how it works.

Commissioner Davies asked what the expense ratio is at the State Board of Investments.

Mr. Pietrick was not sure but thought based on how the Statutes are written it would not be more than one percent.

Chair Hodder agreed that the city should be a little more conservative in the beginning and try to figure out what is happening and proceed accordingly.

A member of the audience (Cynthia White) suggested postponing acceptance of this until Commissioner Murray has a chance to comment on this.

Chair Hodder agreed.

A member of the audience (Cynthia White) wondered if as a policy instead of using the wording that is in there of one percent to change it to perhaps less than one percent since it is a policy that future people might adhere to.

Ms. Pietrick explained it does state "no more than one percent" and if this is pursued to get the lowest possible.

Chair Hodder thought that was a good point and thought this could be tabled until Commissioner Murray was at the meeting.

### **Staff Update**

The Commission made introductions to Finance Director Michelle Pietrick.

Commissioner Murray arrived at 7:03 p.m.

After Commissioner Murray arrived at the meeting the Commission went back and continued with the review of the updated Investment policy.

Commissioner Davies explained there was discussion about maximum expense ratio of one percent and thought Commissioner Murray mostly wrote that and wondered if that came from the Statute.

Commissioner Murray explained that was arbitrary but is probably a reasonable benchmark. He indicated he did not think the city wanted to deal with PERA because PERA charges significantly more than would be with an index fund.

Ms. Pietrick reviewed the previous conversation the Commission had at the meeting to update Commissioner Murray.

Commissioner Murray indicated he was satisfied with the updated Investment Policy and will give the city another tool in the toolbox.

Commissioner Harold made a motion, seconded by Commissioner Sagisser, to approve the updated Investment Policy. **The motion passed unanimously.**

### **Identify Discussion Items for the Future Meeting**

Chair Hodder wondered if the Commission wanted to elect officers now or wait until the next meeting.

Commissioner Sagisser made a motion, seconded by Commissioner Davies, to appoint Commissioner Lee as Representative to the Ethics Commission. **The motion passed unanimously.**

Commissioner Reif thought Commissioner Murray should be Chair of the Finance Commission because he had the most background and history.

Commissioner Davies made a motion, seconded by Commissioner Sagisser, to appoint Commissioner Murray as Chair of the Finance Commission. **The motion passed unanimously.**

Commissioner Davies indicated she would be open to be the Vice-Chair of the Finance Commission because she has run meetings before.

Commissioner Sagisser made a motion, seconded by Commissioner Lee, to appoint Commissioner Davies as Vice-Chair of the Finance Commission. **The motion passed unanimously.**

### **Adjourn**

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

Meeting adjourned at 7:17 p.m.