

Memo

To: Roseville Finance Commission
From: Patrick Trudgeon, City Manager
Date: January 14, 2020
Re: Item #3: Approve the Minutes from the November 12, 2019 Meeting

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 November 12, 2019 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.

Staff Recommendation

Review the draft minutes.

Requested Commission Action

Amend (as necessary) and approve the Finance Commission meeting minutes for the November 12, 2019 meeting.

Prepared by: Patrick Trudgeon, City Manager
Attachments: A: Draft Minutes from the November 12, 2019 Finance Commission Meeting

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2
3 **Finance Commission**
4 **Meeting Minutes**
5 **DRAFT – November 12, 2019 - DRAFT**

6 **Roll Call/Announcements**

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

10
11 **Commissioners Present:** Wanda Davies, Edwin Hodder, Ryan Lee, John Murray, Jack Reif,
12 and Dan Sagisser

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14 **Commissioners Absent:** Matt Harold

15
16 **Staff Present:** City Manager Patrick Trudgeon
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19 **Receive Public Comments**

20
21 There being no one present wishing to speak to the Commission on an item not on the agenda,
22 the Chair moved to the next agenda item.
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24

25 **Approval of Meeting Minutes**

26
27 Commissioner Reif stated line 125 should be changed to: “be looking for low turnover and low
28 percentage of assets invested in an index fund with the State Board of Investment.”
29

30 Commissioner Murray thought what the sentence meant was that turnover was related to cost.
31 He suggested changing the sentence to read “...low asset turnover and low expense ratio.”
32

33 Commissioner Reif stated line 137 should be changed to: “...US Treasuries and Government
34 Agencies right now”. Line 152, the third word “was” should be “were.”
35

36 Commissioner Reif moved, seconded by Commissioner Murray to approve the October 8, 2019
37 meeting minutes as amended. **The motion carried unanimously.**
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40 **Receive Finance Commission Recommendations Tracking Report**

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42 City Manager Trudgeon indicated he did not receive an updated tracking report from
43 Commissioner Harold.
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45

46 **Discussion on City’s Investment Policy**

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48 City Manager Trudgeon stated the Finance Commission is asked to discuss the city’s Investment
49 Policy and provide input for the appropriate changes to the policies to allow for the city to invest
50 public funds in equities. He reviewed the Woodbury policy and State regulations with the
51 Commission.

52
53 Commissioner Davies asked what the expense ratio and turnover of the State Board of
54 Investment Fund is.

55
56 Mr. Trudgeon indicated he did not know but would check into this and get back to the
57 Commission.

58
59 Commissioner Murray noted the State Board of Investment is not limited to stocks. It is into real
60 estate, bonds and other things. It is kind of like a pension fund that is spread out. Turnover
61 might not be relevant.

62
63 Commissioner Davies thought expense ratio would be relevant.

64
65 Commissioner Murray indicated that was correct and expense ratio is higher. The State Board
66 also wants \$1,000 fee to get in plus so much a month to manage it. He noted the last time he
67 looked at this it did not look very good.

68
69 Commissioner Murray noted he had a couple of comments on the Woodbury policy but did not
70 know how relevant the comments are. Woodbury states their objectives are “safety of principal,
71 liquidity, return and purchasing power”. If a city is really safe and liquid, there will probably not
72 be much of a return or preserve purchasing power. Those items seem to be at odds, and he
73 would not suggest the City of Roseville adopt that wording. Woodbury seems to be investing in
74 other things besides US Treasuries and Government Agencies and he wondered if he got that
75 wrong that State Law limits cities to that and not used to limit cities.

76
77 Mr. Trudgeon indicated the only thing he can go off of is what the current policy for the city
78 states right now and it states “restrict investments to only repurchase agreements with National
79 or State Charter Banks, US Treasury and US Government Agencies, Guaranteed Investment
80 Contracts and Banker acceptances. He noted he was not sure what all of the different types of
81 forms are beyond the US Treasury and US Government and how different those are.

82
83 Commissioner Murray thought those things would be FDIC insured. Government backed in one
84 form or another. He indicated what Mr. Trudgeon just said was current city policy but he
85 wondered if it is also State policy.

86
87 Mr. Trudgeon explained he did not know but he assumed it is in accordance with what is allowed
88 by the State.

89
90 Commissioner Murray inquired what financial professional Mr. Trudgeon talked to.

91

92 Mr. Trudgeon explained it was an acquaintance of Interim Finance Director Schirmacher, Brian
93 Johnson, Senior Management Consultant of PFM Asset Management, LLC.

94
95 Chair Hodder asked the Commission if this should be revisited at the next meeting after further
96 review of this.

97
98 The Commission concurred and agreed it would be a good idea.

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100

101 **Discussion on Establishing a Cash Reserve Fund Policy**

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103 City Manager Trudgeon stated the Finance Commission is asked to review the revised Operating
104 Fund Cash Reserve Policy and give feedback.

105

106 Commissioner Reif asked if the city typically gets much in the way of funds donated to the city.

107

108 Mr. Trudgeon indicated that occurs only in a couple of funds and mostly in the Parks and
109 Recreation fund.

110

111 Commissioner Sagisser indicated he liked this policy because his concern before was there
112 seemed to be confusion around what type of fund this was and what it was for. The first line of
113 the purpose states what it is for.

114

115 Chair Hodder explained it is clear to him now that the Commission is not in the decision-making
116 role, this was spelling out the mechanism of how the policy will work.

117

118 Commissioner Murray noted the language states, “On March 1 of each year, the excess funds
119 above the maximum reserve level...shall be transferred to the Cash Reserve Fund.” and
120 wondered if that means it is based on the December 31st numbers.

121

122 Mr. Trudgeon indicated that was correct.

123

124 Commissioner Murray wondered if the December 31st date should be stated in the policy as well.

125

126 Mr. Trudgeon reworded the language to read “On March 1 of each year, the excess funds above
127 the maximum reserve level at year end December 31st of the preceding year (less funds needed
128 for capital expenditures and funds donated in these accounts) shall be transferred to the Cash
129 Reserve Fund.” He indicated that was a good clarification in order to be clear to everyone.

130

131 Commissioner Sagisser asked if there was any reason for or against adding language to the
132 purpose around it being short-term. Most of the stuff he has seen about cash reserve funds are a
133 little more like short term problems. He did not feel that it needed to be in the policy but wanted
134 to ask.

135

136 Mr. Trudgeon asked if the second bullet point got at the purpose of it being short-term.

137
138 Commissioner Sagisser indicated he was thinking more about emergency situations, not that it
139 has to be an emergency.

140
141 Mr. Trudgeon indicated he would try to incorporate something into the policy regarding that.

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143

144 **Adopt 2020 Work Plan**

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146 City Manager Trudgeon stated the Finance Commission is asked to review and establish a 2020
147 Work Plan. He reviewed the 2020 meeting topics and calendar with the Commission.

148
149 Chair Hodder indicated in December he would be open to scheduling some tour time of different
150 city departments. He wondered if there was anything the City Council wanted the Finance
151 Commission to take a look at that was not reflected in the work plan.

152
153 Mr. Trudgeon did not think there was anything specific, but the City Council will bring things up
154 during the year for the Finance Commission to review when needed. He noted at this time there
155 is not anything that has been identified.

156
157 Chair Hodder thought the Commission could do a look back analysis of the solar facilities on the
158 city campus for some of the things the Commission wanted to keep an eye on to make sure those
159 items are performing up to expectation.

160
161 Commissioner Murray thought the Commission talked about looking at that on a three-year
162 cycle.

163
164 Commissioner Murray thought it might be nice to review the park building rental activities again
165 for the city.

166
167 Mr. Trudgeon thought after a year the Commission could analyze the solar numbers, so it is not
168 showing as inflated.

169
170

171 **Adopt 2020 Meeting Calendar**

172
173 City Manager Trudgeon stated the Finance Commission is asked to establish the 2020 monthly
174 Meeting calendar.

175
176 The Commission reviewed and concurred on the 2020 meeting calendar.

177
178 Commissioner Murray made a motion, seconded by Commissioner Sagisser to adopt the 2020
179 monthly Meeting Calendar for the second Tuesday of each month with the exception of August
180 which shall be held on Tuesday, August 18, 2020. **The motion passed unanimously.**

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183

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

185

186 Mr. Trudgeon reviewed with the Commission the ongoing search for a new Finance Director
187 along with looking at splitting the IT Department off into its own entity and entering into a Joint
188 Powers Agreement with other cities.

189

190 Mr. Trudgeon indicated at this time there is not anything scheduled for the January or February
191 2020 Finance Commission meetings.

192

193 Chair Hodder thought February might be a good time to get some of the tours scheduled for the
194 Commission.

195

196 Mr. Trudgeon indicated the Commission could start touring the departments and facilities in the
197 city in December after the few items on the schedule. He noted he will put the facility planning
198 update for the Commission on the February agenda.

199

200

201 **Adjourn**

202

203 Commissioner Davies made a motion, seconded by Commissioner Lee to adjourn. **The motion**
204 **passed unanimously.**

205

206 Meeting adjourned at 7:22 p.m.