



Budget Advisory Council

March 13, 2024



DISTRICT196
One District. Infinite Possibilities.

Agenda

1. Public Input (15 minutes total and each speaker up to 3 minutes)
2. Review Agenda and Approve the January 10, 2024 Minutes
3. OPEB Update – Merle Waters and John Schultz from Wells Fargo
4. Legislative Priorities – Gary Krueger/Chas McCready
5. Budget Timeline – Danny DuChene
6. Updated Budget Assumptions – Christopher Onyango-Robshaw
7. Member Terms Expiring – Stephanie Rudie
9. Next Meeting – June 12, 2024
10. Adjournment

OPEB Update

Rosemount, Apple Valley, Eagan Public Schools OPEB Trust

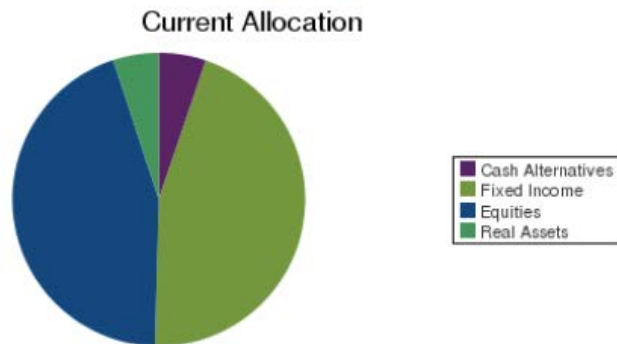
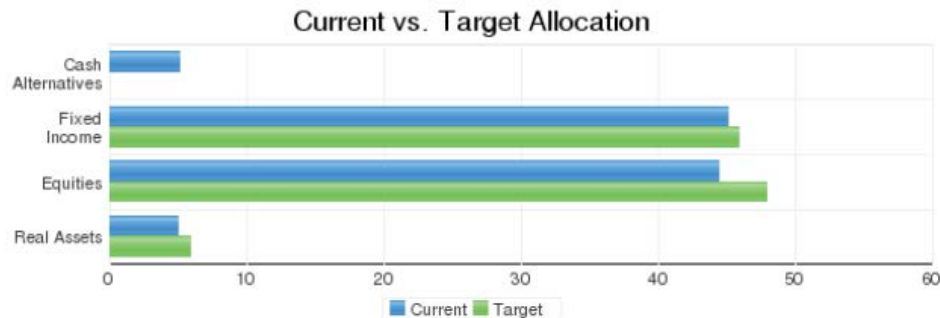


Date of Trust:	February 2009
Type of Trust:	Irrevocable
Governing Law:	Minnesota State Statute 356A
*Date of Actuarial Report:	Fiscal Year Ending June 30, 2022
*Current OPEB Obligation:	\$61,243,547
Investment Objective:	Moderate Growth & Income
Portfolio Life:	Greater than 10 years

*Source – Rosemount, Apple Valley and Eagan Public Schools Actuarial Report of Other Post-Employment Benefits.

Strategic Allocation Review

As of March 5, 2024



Receipt/Disbursement History



Receipts	2/12/2009 Initial Funding of OPEB Trust	\$37,147,160
Disbursements		
	10/5/2011 OPEB Distribution	(\$1,314,918)
	8/28/2015 OPEB Distribution	(\$1,400,000)
	1/23/2019 OPEB Distribution	(\$1,500,000)
	3/9/2020 OPEB Distribution	(\$2,500,000)
	10/22/2021 OPEB Distribution	(\$3,701,408)
	3/15/2023 OPEB Distribution	(\$2,778,866)
	Total Disbursements	<u>(\$13,195,192)</u>
	Adjusted Balance	<u>\$23,951,968</u>
	Current Market Value (3/5/2023)	\$61,642,029
	Net Increase in Market Value	\$37,690,061

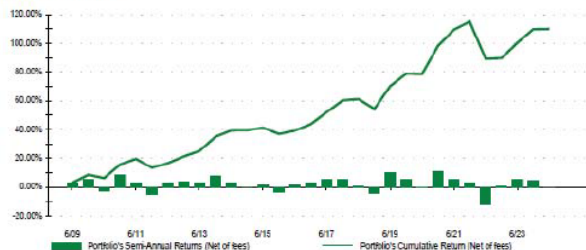
Source – Investment Navigator, Transaction Report Query, as of 3/5/23

Portfolio Performance Summary (Consolidated)

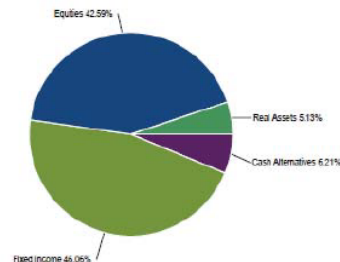
Report Period: 4/1/09-1/31/24



PORTFOLIO RETURNS



ALLOCATION (BY CLASS)



PORTFOLIO SUMMARY

	YEAR TO DATE	LAST 3 MONTHS	LAST 12 MONTHS	LAST 3 YEARS	LAST 5 YEARS	SINCE INCEPTION
Beginning Value ¹	60,696,628	54,854,091	59,739,020	63,339,070	54,103,035	26,314,160
Net Contributions & Withdrawals ²	187	794	-2,777,585	-6,477,659	-8,939,216	-2,281,519
Investment Gain or Loss ³	66,673	5,908,603	3,802,053	3,902,078	15,599,670	36,730,847
Ending Value ¹	60,763,488	60,763,488	60,763,488	60,763,488	60,763,488	60,763,488

PERFORMANCE SUMMARY

	ENDING MARKET VALUE ¹	CURRENT PORTFOLIO ALLOCATION	YEAR TO DATE	LAST 3 MONTHS	LAST 12 MONTHS	LAST 3 YEARS ²	LAST 5 YEARS ²	SINCE INCEPTION ¹
TOTAL PORTFOLIO (Net of fees)	60,763,488	100.00%	0.12%	10.78%	6.84%	2.17%	5.43%	5.13%
CASH ALTERNATIVES	3,775,187	6.21%	0.25%	0.97%	4.07%	1.90%	1.57%	0.96%
<i>Lipper Money Market Index</i>			0.44%	1.33%	5.11%	2.31%	1.62%	0.60%
FIXED INCOME	27,990,953	46.06%	-0.15%	8.64%	2.05%	-0.89%	1.46% ⁴	1.80% ⁴
<i>Bloomberg 1-5 Year Govt/Credit</i>			0.33%	3.74%	3.96%	-0.50%	1.49%	1.91%
<i>Bloomberg Aggregate Bond Index</i>			-0.27%	8.23%	2.10%	-3.17%	0.63%	2.69%
<i>Bloomberg 1-15 Yr Muni Blend (1-17)</i>			-0.39%	6.41%	2.55%	-0.34%	1.91%	3.11%
<i>Bloomberg Multiverse Index</i>			-1.34%	7.95%	1.27%	-5.41%	-0.73%	1.94%
<i>Bloomberg High Yield Corporate Index</i>			0.00%	8.42%	9.28%	1.87%	4.44%	8.85%
<i>Bloomberg High Yield Municipal Index</i>			-0.46%	10.47%	4.08%	-0.09%	3.26%	6.73%
<i>JPMorgan GBI x US</i>			-2.98%	8.13%	-2.24%	-10.21%	-4.04%	0.06%
<i>JPMorgan EMBI Global Index</i>			-1.18%	9.57%	5.86%	-3.12%	0.83%	5.55%

Legislative Priorities

2024 Legislative Session



- February 12 - May 20
- 14 legislators represent District 196
- Non budget -setting session, mostly policy focus
- Bonding bill for capital projects
- Election year for Representatives

Legislative Advisory Council (LAC)



- Non -partisan group of citizens, staff, students and School Board members
- Met with Budget Advisory Council in November to identify priorities
- Developed priorities being presented for approval

Advocacy Work



- District 196 Legislative Forum
- AMSD Session Preview
- Share priorities with staff/public
- District 196 Day at the Capitol–April 9, 2024
- Testify on bills
- Communicate with legislators throughout the session

2024 Legislative Priorities



Support implementation of 'historic' changes for education

- 2023 session called “historic” for number of changes for education
- Potential to positively impact students
- But some unfunded mandates and unintended consequences
- Changes require support for successful implementation



2024 Legislative Priorities



Review, adjust and support implementation of new laws

READ Act

- Funding for curriculum and related costs
- Time and flexibility to complete training

Unemployment Insurance

- Broaden definition of “like” positions
- Identify an ongoing funding source

School Safety

- Update language on physical restraint to ensure SROs in our schools



2024 Legislative Priorities



Provide funding for inflation, equalization and compensatory needs



General Education Formula

- Additional 2% increase in FY25 for high inflation

Equalization Aid

- Increase equalization of levies to reduce funding disparities and provide property tax relief

Compensatory Funding

- Continue to provide previous levels of compensatory funding (“hold harmless”)
- Identify a new measure of poverty for determining compensatory funding

2024 Legislative Priorities



Increase local control and reduce mandates

Local Authority

- Allow boards to renew a capital projects levy, as allowed for operating levies

Special Education Paperwork

- Eliminate unnecessary requirements that take time away from working with students

Bonding Bill

- Support school district/city partnership with \$6 million in state funding to help renovate Apple Valley Sports Arena



2024 Legislative Priorities



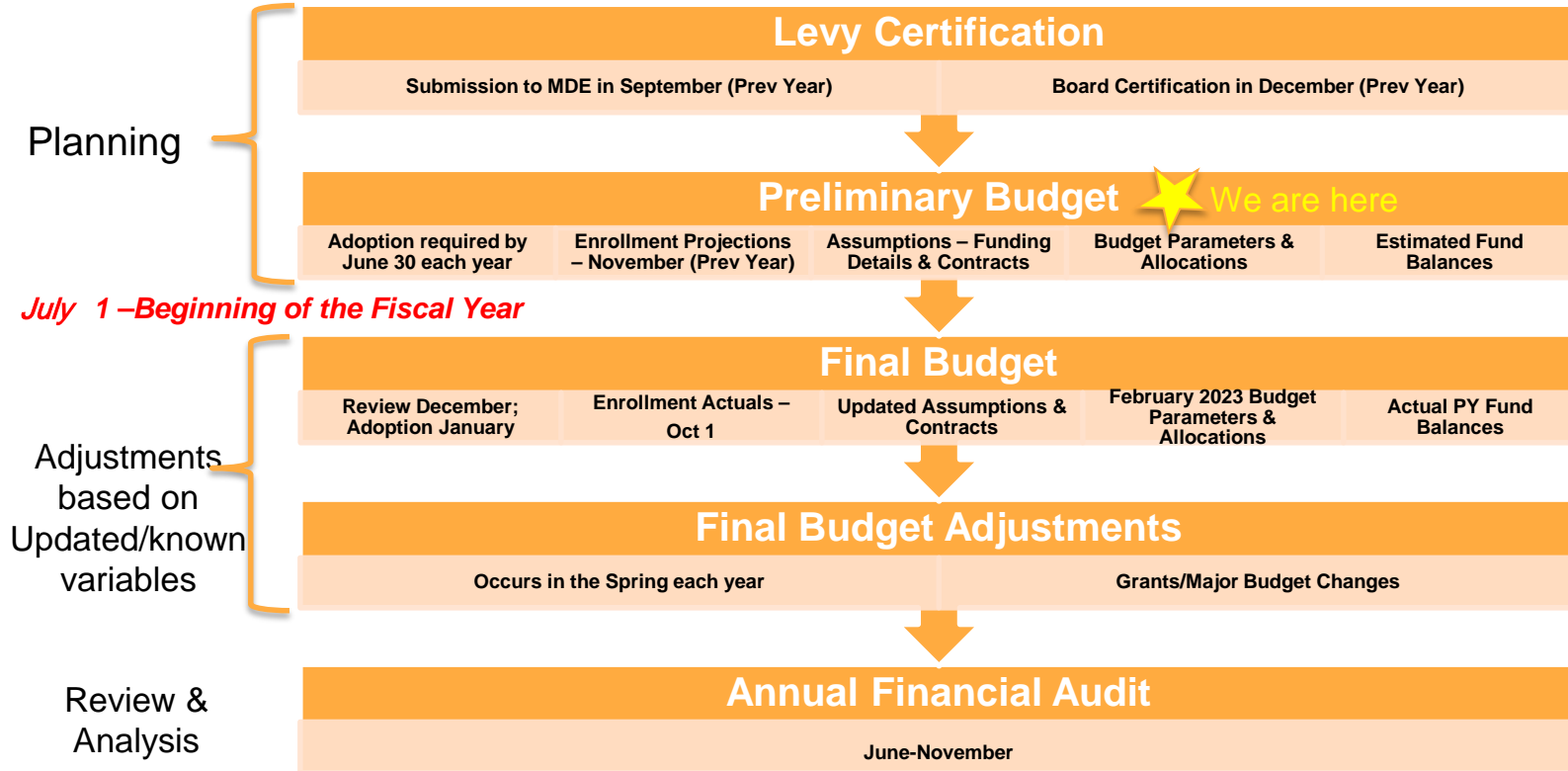
Summary

- Review, adjust and support implementation of new laws
- Provide funding for inflation, equalization and compensatory needs
- Increase local control and reduce mandates

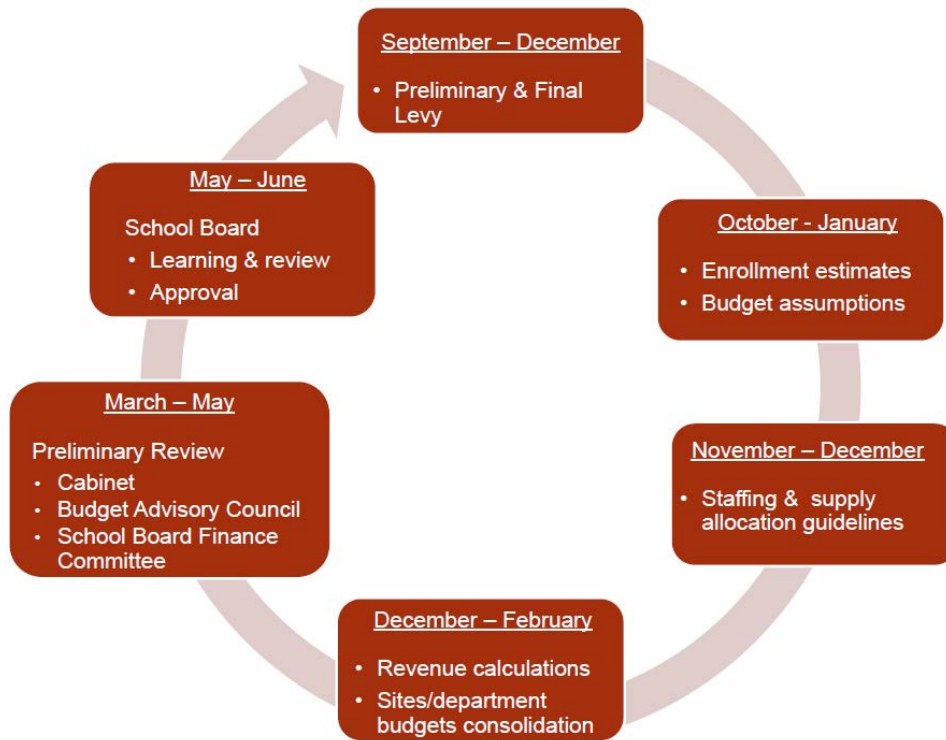


Budget Timeline

Budget Timeline – Complete Cycle



Budget Timeline – Preliminary Budget



Updated Budget Assumptions

Member Terms Expiring



Applications will be accepted April 1 through April 30.

3 school-aged/resident positions

- Katherine Muir
- Tom Ries
- Kerry Winters

Next Meeting & Adjournment



June 12, 2024