

Jan Baker,  
Vice-Chair

Curt Hugo,  
Chair

Jared Koga

Sue O'Halloran

Janine Ross

Paul Warr-King

Don West

Jerry Hinton,  
Council Liaison

Karylinn Echols,  
Council Liaison  
(Alternate)

Sharron Monohon,  
Budget & Financial  
Planning Director,  
Staff Liaison

Kris Leibrand,  
Recording Secretary

**CITY OF GRESHAM  
FINANCE COMMITTEE  
WEDNESDAY, SEPTEMBER 21, 2016 7:00 P.M.  
CONFERENCE ROOM 3A  
GRESHAM CITY HALL, 1333 NW EASTMAN PKWY  
GRESHAM, OREGON**

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|--------------------------------------|--------|
| 1. CONVENE MEETING                   | 1 MIN  |
| 2. PUBLIC COMMENT                    | 5 MIN  |
| 3. MINUTES OF JULY 20, 2016          | 1 MIN  |
| 4. INVESTMENT PERFORMANCE REPORT     | 45 MIN |
| 5. COUNCIL WORK PLAN PROJECT UPDATES | 15 MIN |
| 6. COMMITTEE BUSINESS                | 5 MIN  |
| 7. GOOD OF THE ORDER                 | 5 MIN  |

**MEETING ADJOURNMENT**

**Upcoming  
Monthly Meeting  
October 19, 2016**

The meeting location is wheelchair accessible. This information is available in large print upon request. To request large-print documents or for accommodations such as sign language, and/or oral interpreter, please call (503) 618-2697 at least two working days in advance of the meeting.

**City of Gresham**  
**Finance Committee**  
**Wednesday, September 21, 2016**  
**Executive Summary**

**4. Investment Performance Report**

***Presented by Mary Donovan, Insight Investment***

Investment Policy guidelines require staff to submit a portfolio report to the Finance Committee and the City Council no less than twice a year. Mary Donovan from Insight Investment, the City's investment advisor firm, will give the presentation.

*Requested Action: Information Only*

**5. Council Workplan Project Updates**

***Presented by Sharron Monohon, Budget & Financial Planning Director and Bernard Seeger, Finance & Management Services Director***

Ms. Monohon and Mr. Seeger will provide information on the status of Council Workplan projects and other key initiatives that are underway currently.

*Requested Action: Information Only*

**Minutes**  
**City of Gresham Finance Committee**  
**Wednesday, July 20, 2016, 7:00 p.m.**  
**Conference Room 3A**

**Finance Committee Members Present:**

Curt Hugo, Chair  
Jan Baker, Vice Chair  
Jared Koga  
Janine Ross  
Paul Warr-King  
Don West

Kris Leibrand (Recording Secretary)

**Finance Committee Members Absent:**

Sue O'Halloran

**Council Members in Attendance:**

Jerry Hinton

**Staff Members in Attendance:**

Sharron Monohon, Budget & Financial Planning Director  
Bernard Seeger, Finance & Management Services Director  
Susan Brown, Finance & Accounting Services Manager

**1. Convene Meeting**

Chair Hugo convened the meeting of the Gresham Finance Committee at 7:08 p.m.

**2. Public Comment**

None.

**3. Minutes of May 18, 2016**

Ms. Leibrand noted that there was a transposition error on a date on page 2. She noted it will be corrected in the final version. A motion was made by Vice Chair Baker and seconded by Ms. Ross to:

**“Approve the minutes for the May 18, 2016 Finance Committee with corrections as indicated.”**

**MOTION CARRIED UNANIMOUSLY**

**4. Election of Chair**

Chair Hugo called for nominations for a new chair. Mr. Warr-King nominated Mr. Hugo. A motion was made by Mr. Warr-King and seconded by Mr. West.

**“Elect Curt Hugo as Finance Committee Chair for the next two years.”**

**MOTION CARRIED UNANIMOUSLY**

## 5. Investment Policy Review

Ms. Brown explained that Mr. West and Mr. Koga were on a committee to review the investment policy. Once their work was done, the policy was then sent to the Oregon Short Term Fund Board for review. Ms. Brown indicated that the Short Term Fund Board had only minor suggestions for changes and the proposed changes are administrative in nature, with the exception of items #4 and #8 (listed below). Item #4 simplifies the corporate bond maturity limitation while allowing the City to take advantage of yield curve should the opportunity arise. Item #8 changes the 30 day/1 year liquidity requirements to historical portfolio balances representing the City's actual cash flow, not a percentage that does not reflect the City's needs.

Revisions are summarized as follows:

1. Resolution No. 3216 will be replaced when the new resolution is in place.
2. City of Gresham Investment Policy (summary at top of page) – Page 4  
Population revised.
3. City of Gresham Investment Policy (summary at top of page) – Page 4  
Average balance of funds revised.
4. Suitable and Authorized Securities and Transactions – Page 9  
Revises Corporate Bond Maturity limitation – Removed the exception on extending only a portion of the corporate bond maturities to 5 years. The change extends the corporate bond maturity to 5 years.
5. Suitable and Authorized Securities and Transactions – Page 10  
Time Deposit Accounts – Deleted wording of Time Deposit, CD accounts purchased in excess of FDIC insurance having a Peer Group Rating of 30 or better since the City does not purchase CD's over the FDIC insured limit.
6. Suitable and Authorized Securities and Transactions – Page 10  
Repurchase Agreements – Deletes bullet points and cleans up section as bullet point #2 is no longer relevant for repurchase agreements.
7. Summary Table of Authorized Transactions – Page 11  
Table inserted to outline limitations of authorized securities and transactions. This helps the reader of the investment policy see the policy limitations and suitable transactions on one table.
8. Maturity Limits and Liquidity Requirements – Page 12 & 13  
Changed liquidity requirements from 10% (30 days) to two times the highest month's change in portfolio balance of the previous calendar year.

Changed liquidity requirements from 20% (1 year) to two times the change in portfolio balance between January and October of the previous calendar year.

The liquidity requirement based on historical cash balances better aligns with the City's use of funds rather than a fixed percentage.

9. Other Investment Guidelines – Page 14  
Investing Bond Proceeds – Streamlines and simplifies bond proceeds section.
10. Performance Evaluation – Page 14  
Removed the Oregon LGIP as a benchmark since the City’s portfolio duration is longer than the Oregon LGIP. The benchmark yield shall include a broker index that closely aligns with the City’s portfolio duration.
11. Annexes have been updated to reflect current changes such as staff, custodian, broker/dealers and LGIP limits.

Ms. Brown reviewed each item and Committee members had the opportunity to ask questions and make suggestions.

Chair Hugo asked for clarification regarding the dollar amount figures listed in 3a (page 9) while other figures are listed as a percentage amounts in other types of investments.

Ms. Brown explained that limit is related to the federal instrumentality securities that allow us to go out 10 years. This was added to the investment policy a couple of years ago and will likely be changed during the review next year.

Chair Hugo said it makes sense to bring the language in line for all the limits to be in percentages.

Ms. Brown agreed.

Chair Hugo suggested that the term “net outflow” be defined, perhaps as a footnote in the policy.

Ms. Brown agreed that could be done.

Mr. Warr-King asked about the past purchases on CDs for local banks.

Ms. Brown said that we don’t have any CDs with local banks right now because we are getting better returns on investments in other areas. We can only invest \$250,000 per bank, which is what is FDIC insured.

Chair Hugo noted that the table included in the policy is very helpful and it is nice to have a visual map. He asked if there was any language that identified if the chart or the verbiage would prevail if the information is different between the two.

Ms. Brown said there isn’t, but we could add a footnote to the chart that would indicate that it is a summary of the verbiage.

She then asked the Committee for an official recommendation from the Finance Committee to Council.

A motion was made by Mr. West and seconded by Mr. Koga to:

**“Approve the 2016 Investment Policy by the Finance Committee as presented by staff with changes as discussed this evening and recommend adoption by Council.”**

**MOTION CARRIED UNANIMOUSLY**

**6. Council Work Plan Project Update**

Ms. Monohon provided an update on the following items:

- PGE submitted a request to the court for reconsideration of the ruling on the license fee litigation. It was denied. It still needs to go through the court processes but it is proceeding as planned.
- The City received a check for \$1.28 million for the temporary work done on Kane Drive from the storm back in December. Diane Mayzak in Budget & Financial Planning did a great job on getting the information together and presenting it. FEMA and the Federal Highway Administration staff had many compliments for her. They did not reimburse the City for the incentive paid to the contractor for having to complete the project within a certain time period.

Chair Hugo asked what the timeline is for the permanent repairs. Ms. Monohon said the project is slated for design and permitting this year and construction may start in 2017 and go into 2018. The expectation is that the project will get reimbursed at 89%, which is normal for transportation projects.

- Council just approved putting a proposed 3% tax on recreational marijuana dispensaries on the ballot in November.
- Last week a community center discussion was presented to Council. It may also go on the ballot for a GO Bond in November.
- Update of the system development charges is underway. The project list for transportation construction is being updated first but the methodology for all SDCs including water, wastewater, stormwater, and parks will be revisited.
- GRDC approved the schematic design for the catalyst site with a goal of breaking ground in April 2017.
- Plans are to bring a supplemental budget to the Finance Committee soon, possibly in September.

Mr. Seeger provided an update on the following items:

- Consumption based sewer rates went into effect on July 1, 2016.
- The next project in utility billing will be implementing an automated customer reminder and leak detector system. It will allow customers to opt in for a reminder (email, text, phone) when bills are delinquent prior to a turn off. It will also can show real time monitoring of residential water meters.
- Community livability council work plan project. Consideration of no-smoking ban in public parks will be a new FMS project.

- The Spring YOU campaign ended June 30th. We have 12.5% of our customers on Ebill and 42% signed up for YOU. We were a little short of the quarterly goal, but we met our annual goal. Mr. Seeger will be taking the Utilities crew out to dinner to thank them for a job well done.

**7. Committee Business**

Next meeting is August 17. Chair Hugo will not be at the meeting. Chair Hugo asked Ms. Monohon to cancel the August meeting if there is nothing pressing to bring before the Committee.

**8. Good of the Order**

Ms. Leibrand announced that the City has launched their updated website. It is very mobile friendly and easier to use than the old one.

**9. Meeting Adjournment**

Chair Hugo adjourned the meeting at 8:03 p.m.

The next regular Finance Committee meeting will be August 17, 2016 at 7:00 p.m. in Conference Room 3A.

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Curt Hugo, Chair

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Kris Leibrand, Administrative Assistant