

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, NOVEMBER 16, 2016 7:00 P.M.
CONFERENCE ROOM 3A
GRESHAM CITY HALL, 1333 NW EASTMAN PKWY
GRESHAM, OREGON**

- | | |
|--------------------------------------|--------|
| 1. CONVENE MEETING | 1 MIN |
| 2. PUBLIC COMMENT | 5 MIN |
| 3. MINUTES OF SEPTEMBER 21, 2016 | 1 MIN |
| 4. FY2016/17 SUPPLEMENTAL BUDGET #1 | 30 MIN |
| 5. 2016 PROPERTY TAX UPDATE | 20 MIN |
| 6. COUNCIL WORK PLAN PROJECT UPDATES | 15 MIN |
| 7. COMMITTEE BUSINESS | 5 MIN |
| 8. GOOD OF THE ORDER | 5 MIN |

MEETING ADJOURNMENT

**Upcoming
Monthly Meeting
January 18, 2016**

City of Gresham
Finance Committee
Wednesday, November 16, 2016
Executive Summary

4. FY2015/16 Supplemental Budget #1

Presented by Sharron Monohon, Budget & Financial Planning Director

This is the first requested adjustment to the FY 2016/17 budget. Following Finance Committee's review, the Supplemental Budget is scheduled to go before Council for adoption on December 6, 2016.

Requested Action: Recommendation to Council

5. 2016 Property Tax Update

Presented by Elizabeth McCann, Senior Financial Analyst

Ms. McCann will provide an update and summary level information regarding the 2015 property tax data recently received from Multnomah County, and will outline key areas of the more detailed review and analysis that is currently in progress.

Requested Action: Information Only

6. 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

7. Committee Business

The December Finance Committee meeting is typically cancelled most years due to schedule conflicts around the holidays. The Committee is being asked to confirm the cancelation of the December 21, 2016 meeting.

Requested Action: Committee Decision

Minutes
City of Gresham Finance Committee
Wednesday, September 21, 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
Mark Tolliver, Debt Management Analyst
Terryl Aguon, Cash Management Analyst

1. Convene Meeting

Chair Hugo convened the meeting of the Gresham Finance Committee at 7:00 p.m.

2. Public Comment

None.

3. Minutes of July 20, 2016

A motion was made by Vice Chair Baker and seconded by Ms. Ross to:

“Approve the minutes for the July 20, 2016 Finance Committee.”

MOTION CARRIED UNANIMOUSLY

4. Investment Performance Report

Mr. Seeger told the Committee that the Investment Policy was approved by Council on September 6, 2016 and included the changes that were discussed at the July meeting.

Mary Donovan from Insight Investment, the City's financial advisor, reviewed the information in the Investment Management Program Review booklet provided at the meeting. A copy of this document is attached to these minutes as Attachment A.

5. Council Work Plan Project Update

Mr. Seeger provided an update on the following items:

- The City has been approved for a Bloomberg Philanthropy Grant to be a part of their What Works Cities program. One area of focus will be our utility billing system, specifically our autopay program.
- Regulation of smoking in parks Council Workplan Project is scheduled to go before Council in January 2017.

Ms. Monohon provided an update on the following items:

- Reminder that council has placed two measures (3% tax on recreational marijuana and a GO bond for the community center) on the ballot for the November election. She reminded the Committee members about the public official election laws.
- A supplemental budget will be brought to the Committee at the next meeting for review and recommendation to Council for approval.
- As of September 1, PGE has begun to collect the additional 2% utility license fee that was adopted by Council in May of 2011. There is a separate note showing on customer bills regarding this item. Mr. Warr-King said that he was asked about this topic earlier in the day and had brought his bill with him for discussion this evening.
- The Finance Committee annual report to Council is scheduled for October 4, 2016.
- GRDC approved two property acquisitions earlier this month that are adjacent to the Catalyst site.

Ms. Brown added the following update:

- The finance division is about to kick off a transient room tax audit. An intergovernmental agreement has been signed with the City of Portland for their auditors to also audit the 15 operators in Gresham. The main purpose is to help them to understand the correct way to report.

6. Committee Business

Chair Hugo announced that he is moving out of Gresham in December. He will have to step down from the Committee at that time. He anticipates his last meeting will be November.

7. Good of the Order

Mr. Warr-King shared that Human Solutions has converted a building into a family center that houses 150 families a night. They took over another location that will be dedicated to single women. He said there are many opportunities for volunteerism and mentioned that they need warm clothes and blankets especially.

8. Meeting Adjournment

Chair Hugo adjourned the meeting at 8:26 p.m.

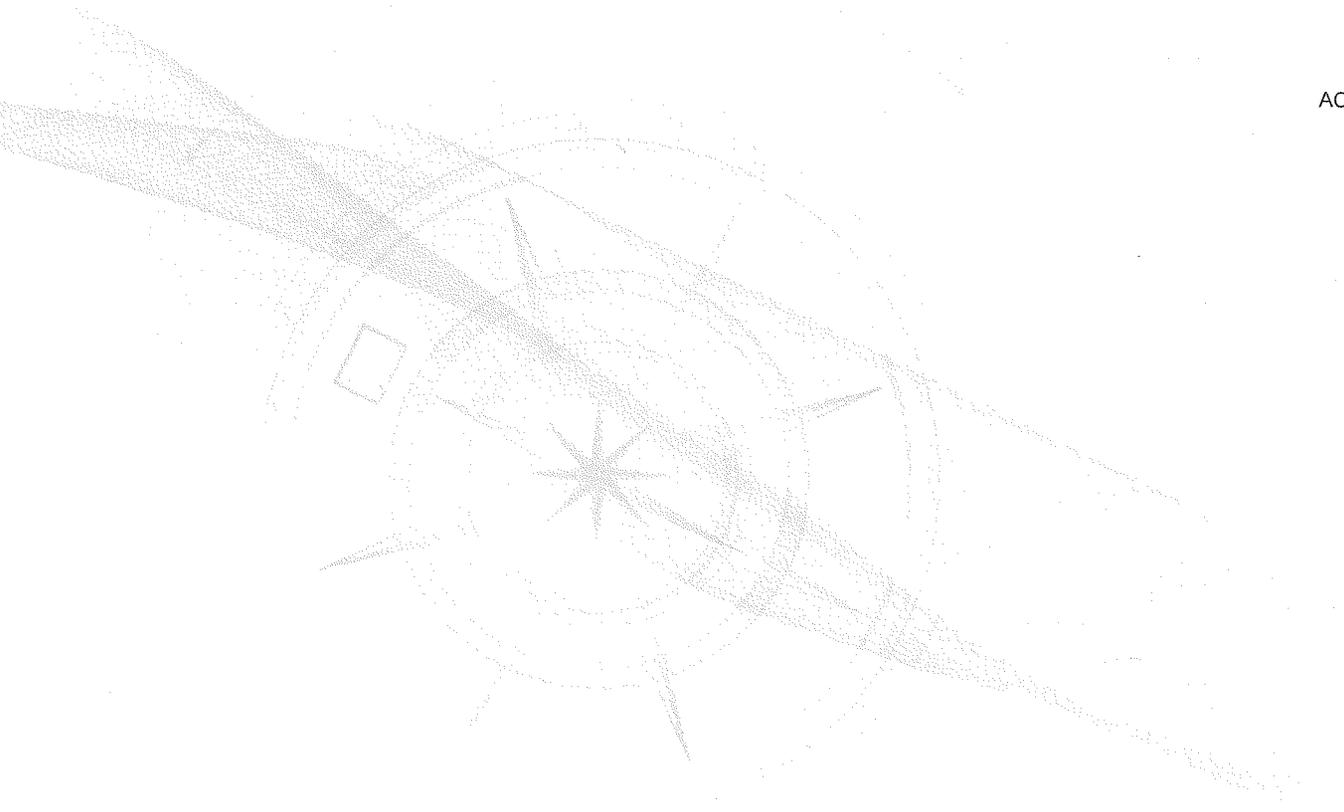
The next regular Finance Committee meeting will be October 20, 2016 at 7:00 p.m. in Conference Room 3A.

Curt Hugo, Chair

Kris Leibrand, Administrative Assistant

THIS MATERIAL IS APPROVED FOR A ONE-ON-ONE
PRESENTATION BY AUTHORIZED INDIVIDUALS TO
INSTITUTIONAL OR FINANCIAL PROFESSIONALS ONLY. NOT
APPROVED FOR RETAIL DISTRIBUTION.

ACCORDINGLY THIS MATERIAL IS NOT TO BE REPRODUCED IN
WHOLE OR IN PART OR USED FOR ANY OTHER PURPOSE



City of Gresham Investment management program review

Mary Donovan, CFA[®], Senior Portfolio Manager

September 2016

➤ A BNY MELLON COMPANYSM



Table of contents

- 1. Market environment and strategies**
- 2. Comparison annualized yields**
- 3. Portfolio size and duration**
- 4. Portfolio diversification**
- 5. Maturity distribution**
- 6. GASB 40**
- 7. Yield versus benchmark**
- 8. Yield to date return**
- 9. Important disclosures**



Market environment and strategies

Market environment and strategies

The quarter in review and outlook

The UK referendum resulted in a vote to end its membership within the European Union and is now another element of uncertainty for the markets going forward. The economic and political outlook for the US, the UK and Europe are perhaps becoming more populist and anti-establishment, potentially reshaping a significant proportion of global trade arrangements. Weak international trade and the negative impact of falling commodity prices gave the Federal Reserve (Fed) reasons to “relent” from rate hikes so far this year. However, stresses in credit markets have prompted a tightening of lending conditions in the Fed’s Senior Loan Officer Survey, although US defaults this year have been concentrated in energy-related sectors, so this may be reflecting the composition of recent credit growth. All this combined with a weak US payrolls release for May and dovish Fed economic projections in June to result in delayed rate hike expectations.

On the positive side, the delay in rate hike expectations meant that the US dollar has not strengthened any further this year, supporting the external sector. We also expect to see an increasing contribution to economic growth from US government spending, partly linked to the electoral cycle. Also, and at least positive from a market valuation perspective, the European Central Bank (ECB) started its corporate bond purchase program at a slightly faster pace than anticipated. Ahead of the program, sentiment and liquidity in European corporate bond markets improved markedly; however, there are still some concerns around unintended consequences of ECB ownership limits on liquidity of the remaining free float in the market. Initial buying has focused on the riskier end of eligible assets, supporting sentiment.

Separately, core inflation in the US should continue to face upward pressure from the rental component, although recent wage growth data has been mixed. Oil prices and broader commodities have remained volatile, but are firmly in positive territory year-to-date. With prices around \$50, year-over-year declines will wash out over the next two months and oil will start making a positive contribution from Q3 onward.

Interest rate summary

After seven years of record low interest rates, the Fed started the process of monetary policy normalization at its December 2015 Federal Open Market Committee (FOMC) meeting with an initial 25bp increase in the federal funds target rate corridor. At the time, several Fed speakers noted that the current pace of employment gains suggested the economy could be running out of spare capacity soon, precipitating wage pressures. However, developments since the turn of the year mean that inflation has only started moving towards target very gradually. Furthermore, international financial stability considerations now feature in FOMC decision making, adding another source of uncertainty that supports a more dovish monetary policy stance.

Last year, prospective monetary policy divergence was a key theme, as expected tightening in the US contrasted with easing biases from both the ECB and the Bank of Japan. This year, however, monetary policy has reconverged as all central banks leaned dovish in the face of resurgent financial market turmoil. The UK, Europe and Japan continue to price the next rate hike beyond 2016 and the increased gap between market expectations and the FOMC “dot plot” has once again reduced expectations for the pace of increasing rates and facilitated a policy environment of “lower for longer”.

Interest rates and spread relationships

Rates decreased during the second quarter and the yield curve flattened. For the second quarter of 2016, the average yield on the two-year Treasury was 77bp. The high for the quarter of 0.92% was on May 25th and the low of 0.58% occurred on June 30th. The average yield on the ten-year Treasury note for the first quarter was 1.75%, with a high at 1.93% on April 26th and the low for the quarter of 1.44% on June 27th.

The difference in yield between the two-year Treasury note and ten-year Treasury note decreased throughout the second quarter. The high was reached on April 25th at 108bp and the low was on June 27th when the difference in yield between the two-year and the ten-year Treasury was 84bp. The average spread during the second quarter was 98bp.

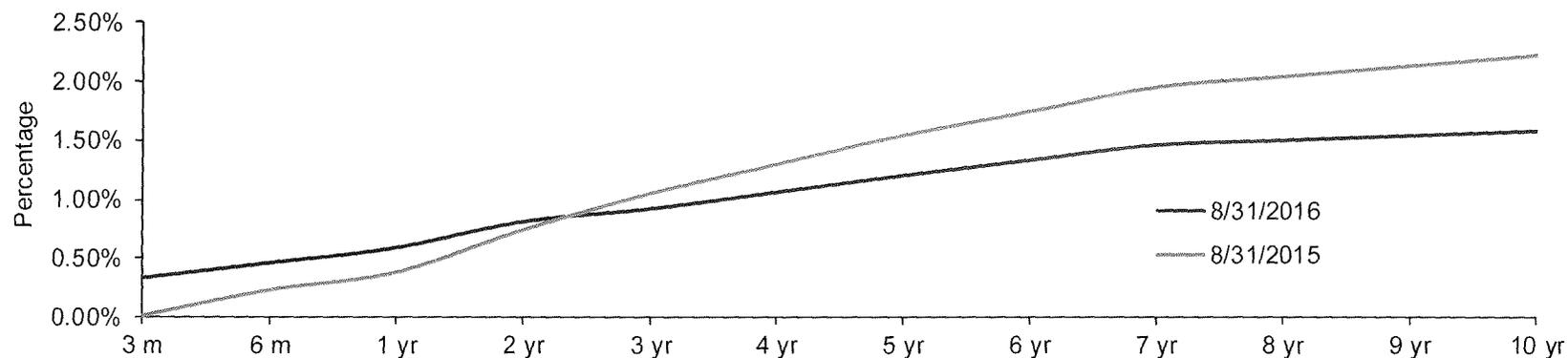
As of June 30, 2016.

Market environment and strategies

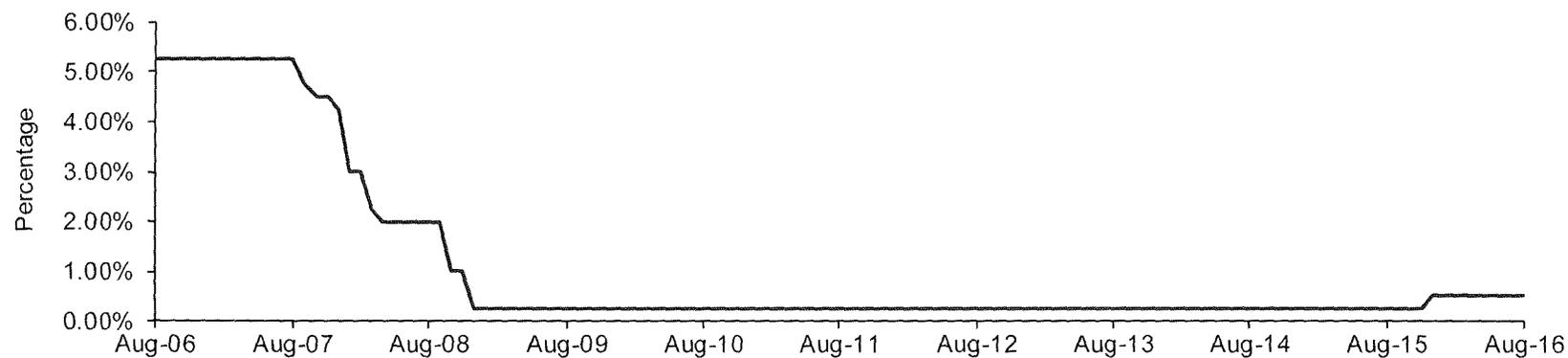
US economic indicators



Comparative historical yield curves^{1, 2}



Fed funds target rate²



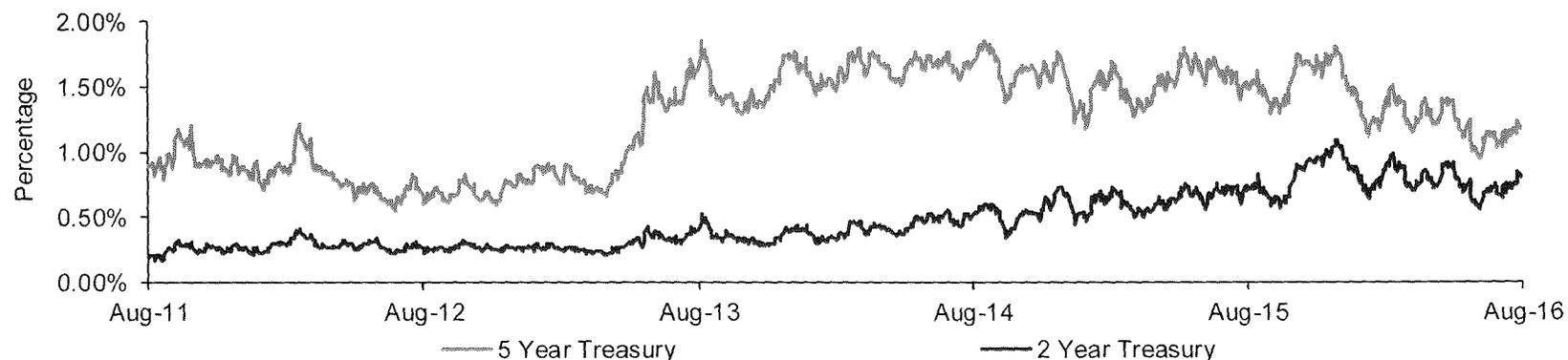
Source: Bloomberg LP, ¹ August 31, 2015, ² August 31, 2016.

Market environment and strategies

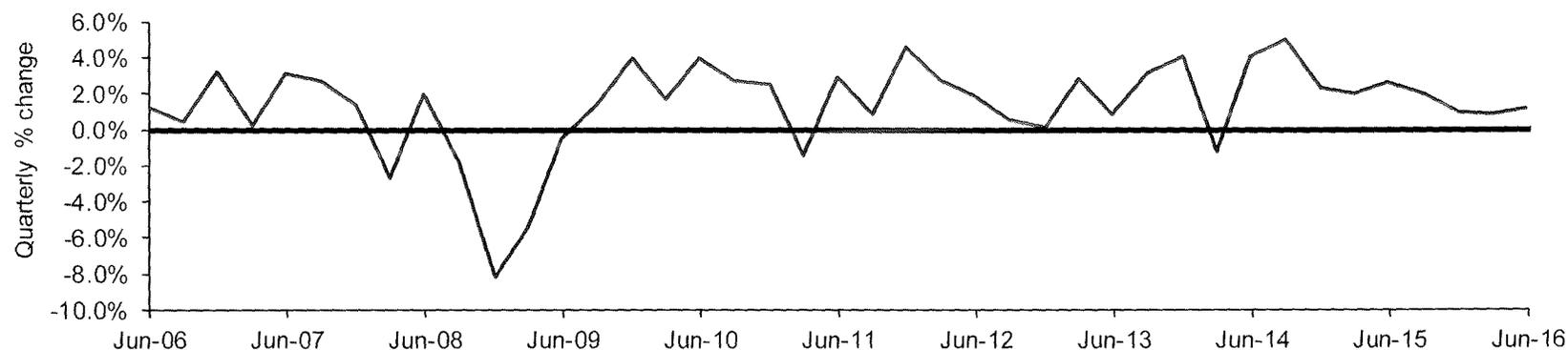
US economic indicators



Two-year and five-year treasury yields: August 2011–2016¹



Gross domestic product (GDP)²



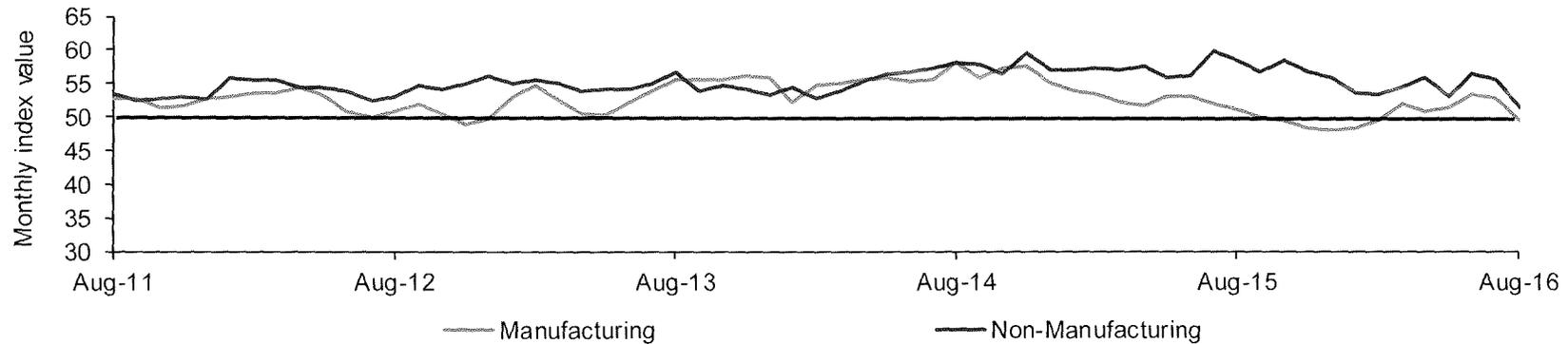
Source: Bloomberg LP, ¹ August 31, 2016, ² June 30, 2016.

Market environment and strategies

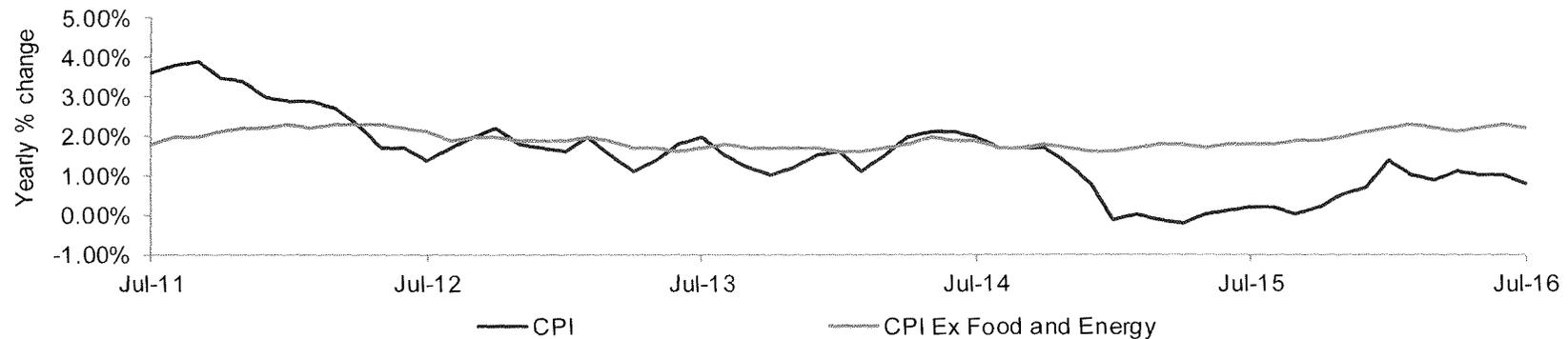
US economic indicators



Institute for supply management manufacturing and non-manufacturing business activity¹



Consumer Price Index (CPI)²



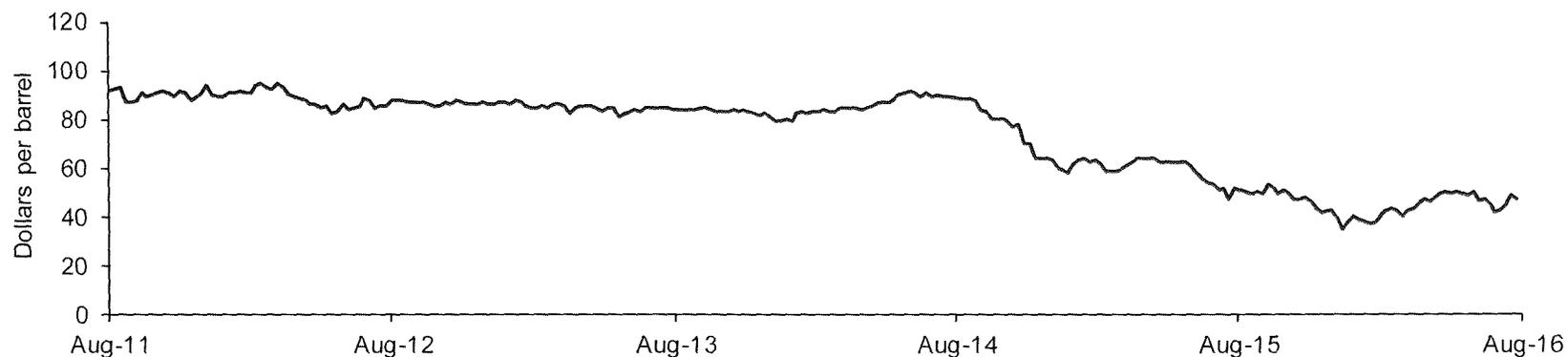
Source: Bloomberg LP, ¹ August 31, 2016, ² July 31, 2016.

Market environment and strategies

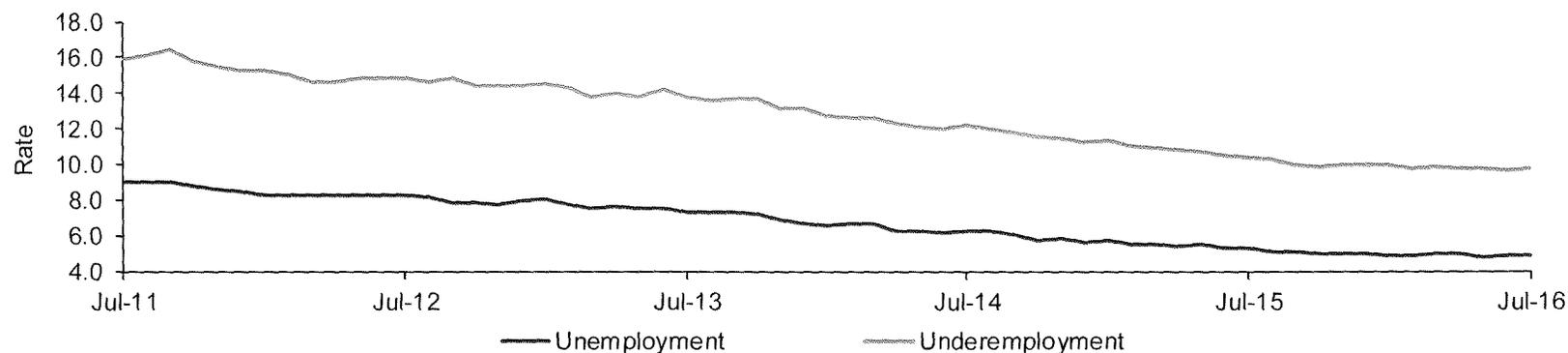
US economic indicators



Crude oil¹



Unemployment and underemployment²



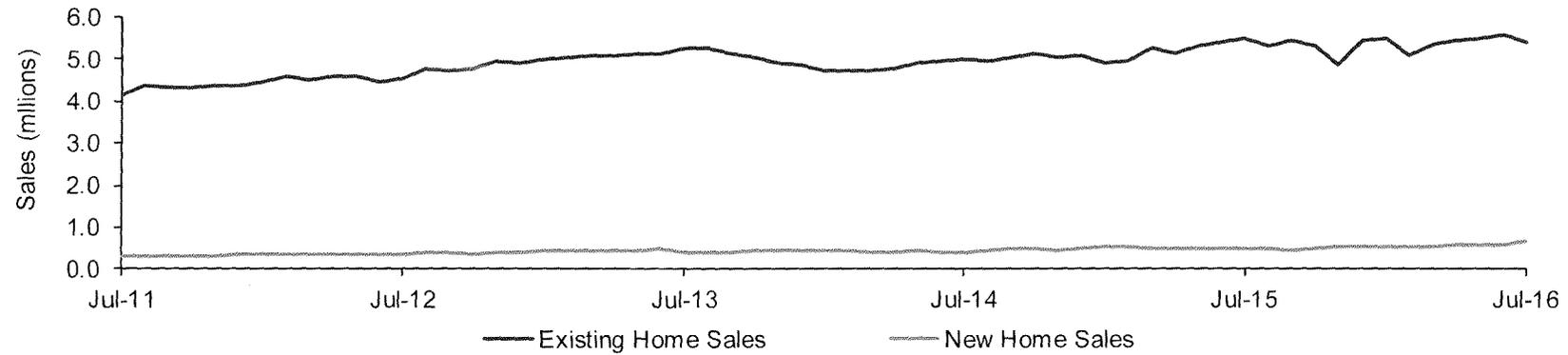
Source: Bloomberg LP, ¹ August 31, 2016, ² July 31, 2016.

Market environment and strategies

US economic indicators



New and existing home sales



Source: Bloomberg LP, July 31, 2016.

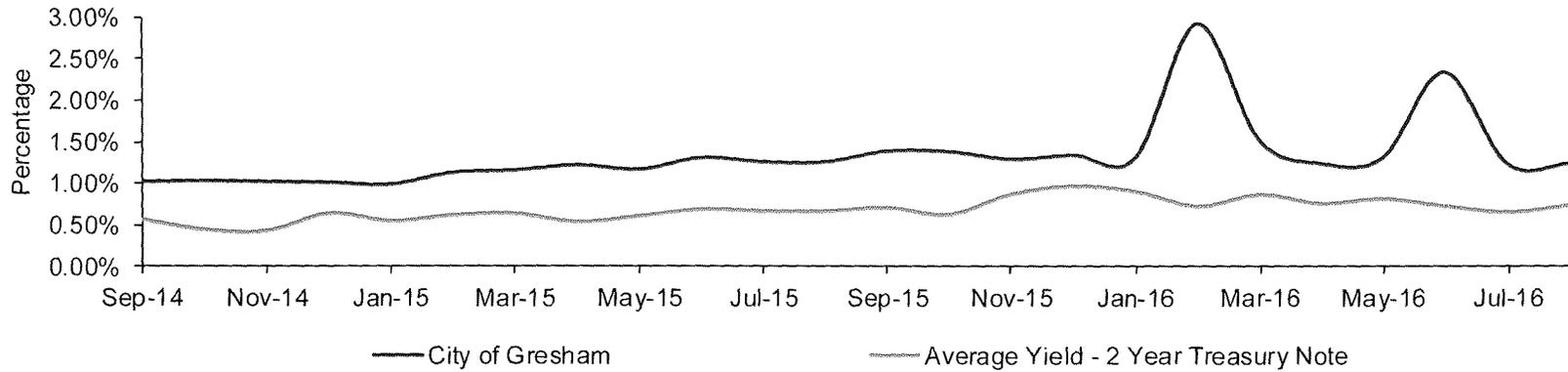


Comparison annualized yields

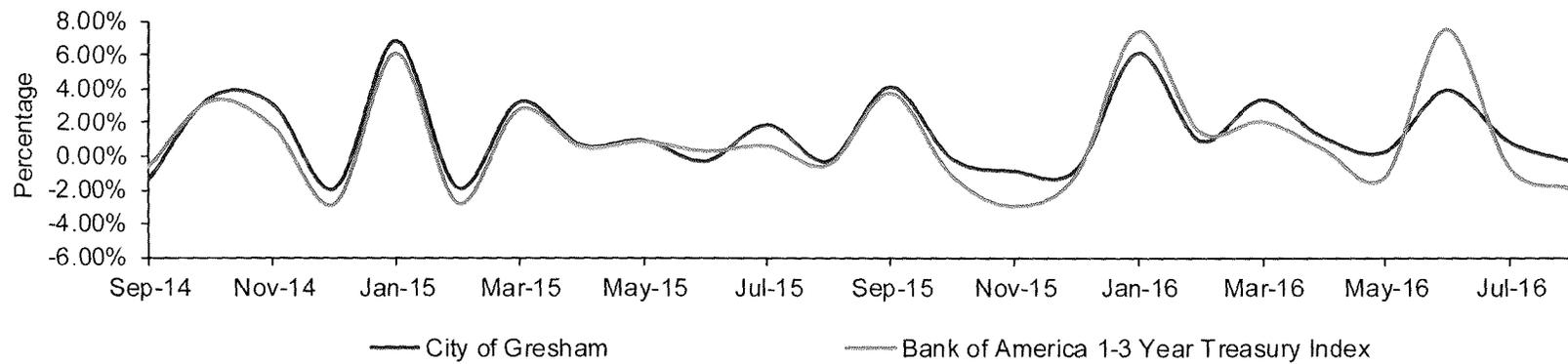
City of Gresham
 Comparison annualized yields
 September 2014 through August 2016



Annualized return: Amortized cost basis



Annualized return: Fair value basis



As of August 31, 2016. **Past performance is not indicative of future results. Investment in any strategy involves a risk of loss.** Returns are gross of fees. Performance results do not reflect the deduction of investment advisory fees. Client's returns will be reduced by the investment advisory fees and other expenses. Please refer to the disclosures and index definition at the back of this presentation.

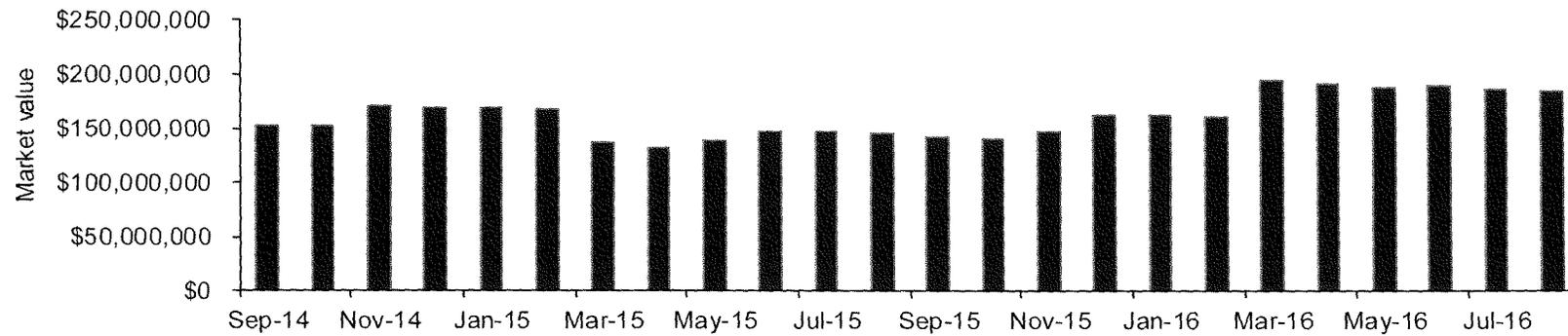


Portfolio size and duration

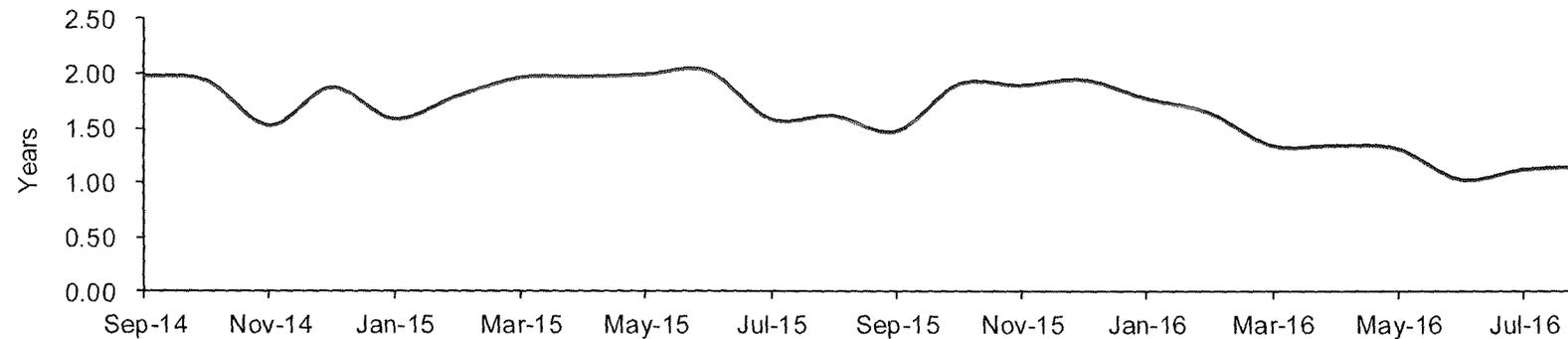
City of Gresham
 Portfolio size and duration
 September 2014 through August 2016



Portfolio balance: Ending market value



Portfolio duration



As of August 31, 2016.



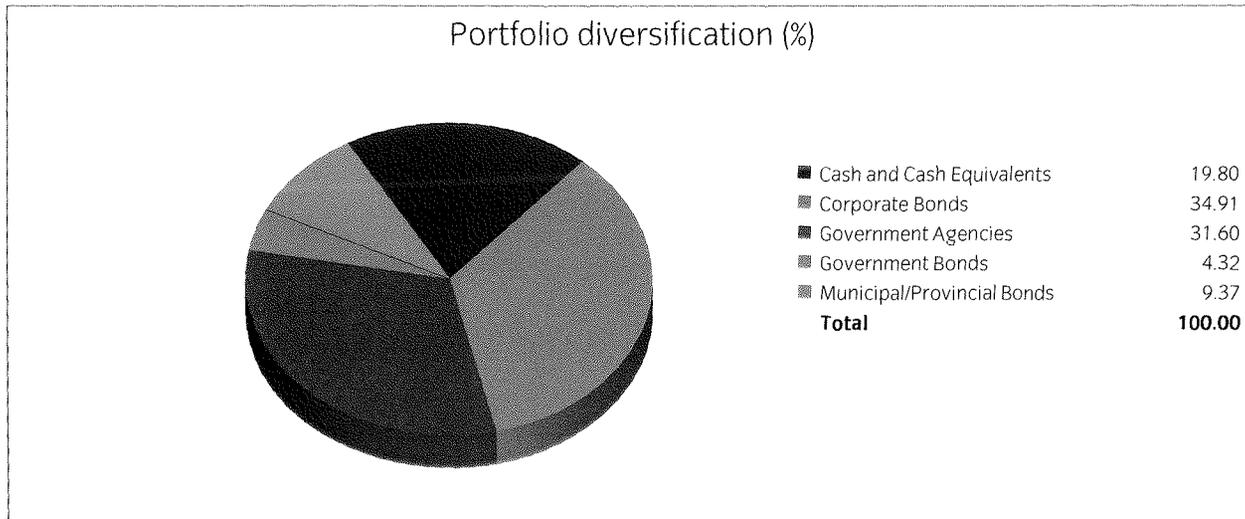
Portfolio diversification

As of August 31, 2016. Data may not total 100% due to rounding. The following list of allocations is subject to change without notice, may not represent current or future decisions and should not be construed as investment recommendations.

RECAP OF SECURITIES HELD

As of August 31, 2016

	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Cash and Cash Equivalents	36,618,779.70	36,618,779.70	36,618,779.70	0.00	1	19.80	0.00
Corporate Bonds	64,545,894.14	64,220,449.54	64,383,440.60	162,991.06	547	34.91	1.46
Government Agencies	58,430,749.45	58,322,116.75	58,431,733.00	109,616.25	724	31.60	1.31
Government Bonds	7,979,062.50	7,991,151.69	8,009,629.00	18,477.31	313	4.32	0.85
Municipal/Provincial Bonds	17,329,148.61	17,318,310.81	17,360,040.11	41,729.30	1,175	9.37	2.10
Total	184,903,634.40	184,470,808.49	184,803,622.41	332,813.92	543	100.00	1.15



City of Gresham
Diversification and average yield
Holdings as of August 31, 2016



Settlement Date	Description	Coupon	Maturity Date	Call Date	Par Value	Historical Cost	Yield	% Portfolio
Cash and Cash Equivalents								
	State LGIP	0.920	09/01/16		36,618,780	36,618,780	0.92	19.80%
Total Cash and Cash Equivalents					36,618,780	36,618,780	0.92	19.80%
Corporate Securities								
03/28/14	US Bank	1.100	01/30/17	12/30/16	5,000,000	5,012,450	1.01	2.71%
11/12/14	Commonwealth Bank Australia	1.125	03/13/17		2,250,000	2,249,730	1.13	1.22%
02/04/13	Berkshire Hathaway	1.600	05/15/17		5,000,000	5,074,000	1.24	2.74%
03/04/16	Westpac Banking Corp	1.200	05/19/17		2,000,000	1,996,620	1.34	1.08%
11/12/14	Australia & New Zealand	1.250	06/13/17		2,715,000	2,713,643	1.27	1.47%
09/09/14	Wells Fargo	1.400	09/08/17		3,000,000	2,998,620	1.42	1.62%
12/11/14	Commonwealth Bank Australia	1.900	09/18/17		2,750,000	2,778,353	1.52	1.50%
05/15/13	Toyota	1.250	10/05/17		4,000,000	4,018,760	1.14	2.17%
09/03/15	Wachovia Bank	6.000	11/15/17		4,500,000	4,925,160	1.61	2.66%
05/01/13	GE Capital	1.600	11/20/17		1,185,000	1,201,080	1.29	0.65%
01/18/13	Chevron Corp	1.104	12/05/17	11/05/17	2,000,000	2,013,560	1.00	1.09%
12/11/14	IBM	1.250	02/08/18		5,000,000	4,961,550	1.50	2.68%
02/24/16	Bank of Montreal	1.400	04/10/18		2,000,000	1,991,580	1.60	1.08%
12/22/15	Toronto Dominion Bank	1.750	07/23/18		3,000,000	2,997,090	1.79	1.62%
03/04/16	Toronto Dominion Bank	2.625	09/10/18		2,000,000	2,039,820	1.81	1.10%
04/11/16	National Australia Bank	2.000	01/14/19		3,000,000	3,022,590	1.72	1.63%
08/31/16	Bank of Montreal	2.375	01/25/19		3,000,000	3,063,810	1.44	1.66%
10/07/15	Apple	2.100	05/06/19		4,000,000	4,091,200	1.44	2.21%
05/13/16	Westpac Banking Corp	1.650	05/13/19		2,377,000	2,376,929	1.65	1.29%
07/19/16	Bank of Nova Scotia	1.650	06/14/19		5,000,000	5,019,350	1.51	2.71%
Total Corporate Securities					63,777,000	64,545,894	1.41	34.91%
US Instrumentality Securities								
12/09/13	FHLMC	1.000	07/28/17		5,000,000	4,994,647	1.03	2.70%
08/09/13	FFCB	1.250	08/01/17		2,450,000	2,454,557	1.20	1.33%
01/11/13	FHLB	2.250	09/08/17		5,000,000	5,208,100	1.11	2.82%

The above list of holdings is only valid as of August 31, 2016 and should not be relied upon as a complete listing of the account's past investment decisions. Holdings are subject to change without notice, may not represent current or future decisions and should not be construed as investment recommendations.

City of Gresham
Diversification and average yield
Holdings as of August 31, 2016



Settlement Date	Description	Coupon	Maturity Date	Call Date	Par Value	Historical Cost	Yield	% Portfolio
10/21/13	FFCB	1.230	10/04/17		5,000,000	5,004,450	1.21	2.71%
03/30/15	FHLMC	1.050	12/29/17		5,250,000	5,250,000	1.05	2.84%
03/06/14	FHLMC	0.875	03/07/18		4,000,000	3,939,440	1.26	2.13%
05/21/13	FNMA	1.000	04/30/18	10/30/16	5,000,000	4,989,000	1.05	2.70%
12/15/15	FFCB	1.170	06/14/18		5,000,000	4,999,225	1.18	2.70%
03/29/16	FHLMC	1.350	03/29/19	03/29/17	4,000,000	4,000,000	1.35	2.16%
07/25/16	FNMA	1.180	07/25/19	01/25/17	5,000,000	4,996,250	1.20	2.70%
10/22/15	FFCB	1.450	10/07/19	10/07/16	3,500,000	3,500,000	1.45	1.89%
02/24/16	FFCB	1.400	02/24/20	02/24/17	5,000,000	5,000,000	1.40	2.70%
08/08/16	FHLB	1.300	05/01/20	02/01/17	4,100,000	4,095,080	1.33	2.21%
Total US Instrumentality Securities					58,300,000	58,430,749	1.21	31.60%
US Treasury Securities								
12/15/15	T-Note	0.500	02/28/17		5,000,000	4,980,469	0.82	2.69%
11/12/15	T-Note	1.000	02/15/18		3,000,000	2,998,594	1.02	1.62%
Total US Treasury Securities					8,000,000	7,979,063	0.90	4.32%
Municipal Bonds								
01/29/15	Marion and Polk Counties SD	1.108	06/30/17		1,375,000	1,375,000	1.02	0.74%
04/24/14	Energy Northwest	1.197	07/01/17		2,000,000	2,000,000	1.20	1.08%
06/24/15	California State GO	1.250	11/01/17		3,500,000	3,516,205	1.05	1.90%
05/12/14	Oregon State	1.353	04/01/18		2,000,000	2,005,800	1.25	1.08%
01/29/15	Marion and Polk Counties SD	1.461	06/30/18		1,485,000	1,485,000	1.46	0.80%
01/29/15	Marion and Polk Counties SD	1.877	06/30/19		1,000,000	1,000,000	1.88	0.54%
06/01/15	GRDC Note	3.000	06/01/23		5,947,144	5,947,144	3.00	3.22%
Total Municipal Bonds					17,307,144	17,329,149	1.84	9.37%
GRAND TOTAL					184,002,923	184,903,634	1.27	100.00%

The above list of holdings is only valid as of August 31, 2016 and should not be relied upon as a complete listing of the account's past investment decisions. Holdings are subject to change without notice, may not represent current or future decisions and should not be construed as investment recommendations.



Maturity distribution

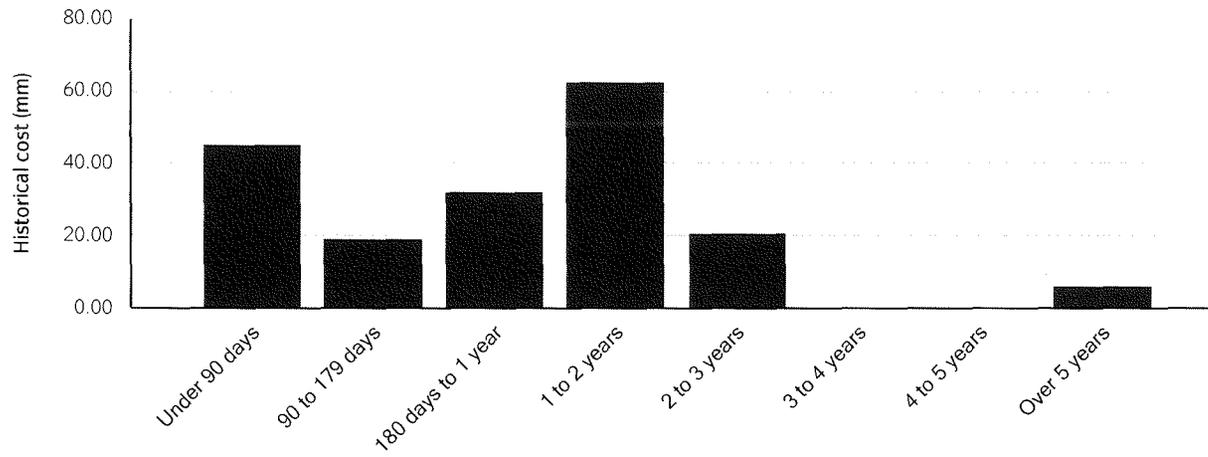
As of August 31, 2016. Data may not total 100% due to rounding.

MATURITY DISTRIBUTION OF SECURITIES HELD

As of August 31, 2016

Maturity	Historic cost	Percent
Under 90 days	45,107,779.70	24.40
90 to 179 days	19,103,780.00	10.33
180 days to 1 year	31,838,665.70	17.22
1 to 2 years	62,292,566.70	33.69
2 to 3 years	20,613,698.69	11.15
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	5,947,143.61	3.22
	184,903,634.40	100.00

Maturity distribution



City of Gresham
Maturity distribution
Holdings as of August 31, 2016



Settlement Date	Description	Coupon	Maturity Date	Call Date	Par Value	Historical Cost	Yield	Credit Score	% Portfolio
Maturities within 30 days: 10 percent minimum per Investment Policy to mature within 30 days									
	State LGIP	0.920	09/01/16		36,618,780	36,618,780	0.92	NR	19.80%
Total Maturities 30 days to 1 Year					36,618,780	36,618,780	0.92		19.80%
Maturities 30 days to 1 Year - 20 percent minimum per Investment Policy to mature within one year									
03/28/14	US Bank	1.100	01/30/17	12/30/16	5,000,000	5,012,450	1.01	4.00	2.71%
12/15/15	T-Note	0.500	02/28/17		5,000,000	4,980,469	0.82	1.00	2.69%
11/12/14	Commonwealth Bank Australia	1.125	03/13/17		2,250,000	2,249,730	1.13	3.00	1.22%
02/04/13	Berkshire Hathaway	1.600	05/15/17		5,000,000	5,074,000	1.24	3.00	2.74%
03/04/16	Westpac Banking Corp	1.200	05/19/17		2,000,000	1,996,620	1.34	3.00	1.08%
11/12/14	Australia & New Zealand	1.250	06/13/17		2,715,000	2,713,643	1.27	3.00	1.47%
01/29/15	Marion and Polk Counties SD	1.108	06/30/17		1,375,000	1,375,000	1.02	4.00	0.74%
04/24/14	Energy Northwest	1.197	07/01/17		2,000,000	2,000,000	1.20	2.00	1.08%
12/09/13	FHLMC	1.000	07/28/17		5,000,000	4,994,647	1.03	1.00	2.70%
08/09/13	FFCB	1.250	08/01/17		2,450,000	2,454,557	1.20	1.00	1.33%
Total Maturities 30 days to 1 Year					32,790,000	32,851,116	1.10	2.38	17.77%
Maturities 1 year to 5 years: 10 percent may be held in corporate bonds to mature between 3 and 5 years per Investment Policy									
01/11/13	FHLB	2.250	09/08/17		5,000,000	5,208,100	1.11	1.00	2.82%
09/09/14	Wells Fargo	1.400	09/08/17		3,000,000	2,998,620	1.42	4.00	1.62%
12/11/14	Commonwealth Bank Australia	1.900	09/18/17		2,750,000	2,778,353	1.52	3.00	1.50%
10/21/13	FFCB	1.230	10/04/17		5,000,000	5,004,450	1.21	1.00	2.71%
05/15/13	Toyota Motor Credit	1.250	10/05/17		4,000,000	4,018,760	1.14	4.00	2.17%
06/24/15	California State GO	1.250	11/01/17		3,500,000	3,516,205	1.05	4.00	1.90%
09/03/15	Wachovia Bank	6.000	11/15/17		4,500,000	4,925,160	1.61	4.00	2.66%
05/01/13	GE Capital	1.600	11/20/17		1,185,000	1,201,080	1.29	2.00	0.65%
01/18/13	Chevron Corp	1.104	12/05/17	11/05/17	2,000,000	2,013,560	1.00	3.00	1.09%
03/30/15	FHLMC	1.050	12/29/17		5,250,000	5,250,000	1.05	1.00	2.84%
12/11/14	IBM	1.250	02/08/18		5,000,000	4,961,550	1.50	4.00	2.68%

The above list of holdings is only valid as of August 31, 2016 and should not be relied upon as a complete listing of the account's past investment decisions. Holdings are subject to change without notice, may not represent current or future decisions and should not be construed as investment recommendations.

City of Gresham
Maturity distribution
Holdings as of August 31, 2016



Settlement Date	Description	Coupon	Maturity Date	Call Date	Par Value	Historical Cost	Yield	Credit Score	% Portfolio
11/12/15	T-Note	1.000	02/15/18		3,000,000	2,998,594	1.02	1.00	1.62%
03/06/14	FHLMC	0.875	03/07/18		4,000,000	3,939,440	1.26	1.00	2.13%
05/12/14	Oregon State	1.353	04/01/18		2,000,000	2,005,800	1.25	1.00	1.08%
02/24/16	Bank of Montreal	1.400	04/10/18		2,000,000	1,991,580	1.60	4.00	1.08%
05/21/13	FNMA	1.000	04/30/18	10/30/16	5,000,000	4,989,000	1.05	1.00	2.70%
01/29/15	Marion and Polk Counties SD	1.461	06/30/18		1,485,000	1,485,000	1.46	4.00	0.80%
12/15/15	FFCB	1.170	06/14/18		5,000,000	4,999,225	1.18	1.00	2.70%
12/22/15	Toronto Dominion Bank	1.750	07/23/18		3,000,000	2,997,090	1.79	2.00	1.62%
03/04/16	Toronto Dominion Bank	2.625	09/10/18		2,000,000	2,039,820	1.81	2.00	1.10%
04/11/16	National Australia Bank	2.000	01/14/19		3,000,000	3,022,590	1.72	3.00	1.63%
08/31/16	Bank of Montreal	2.375	01/25/19	12/25/18	3,000,000	3,063,810	1.44	4.00	1.66%
03/29/16	FHLMC	1.350	03/29/19	03/29/17	4,000,000	4,000,000	1.35	1.00	2.16%
10/07/15	Apple	2.100	05/06/19		4,000,000	4,091,200	1.44	2.00	2.21%
05/13/16	Westpac Banking Corp	1.650	05/13/19		2,377,000	2,376,929	1.65	3.00	1.29%
07/19/16	Bank of Nova Scotia	1.650	06/14/19		5,000,000	5,019,350	1.51	4.00	2.71%
01/29/15	Marion and Polk Counties SD	1.877	06/30/19		1,000,000	1,000,000	1.88	4.00	0.54%
07/25/16	FNMA	1.180	07/25/19	01/25/17	5,000,000	4,996,250	1.20	1.00	2.70%
10/22/15	FFCB	1.450	10/07/19	10/07/16	3,500,000	3,500,000	1.45	1.00	1.89%
02/24/16	FFCB	1.400	02/24/20	02/24/17	5,000,000	5,000,000	1.40	1.00	2.70%
08/08/16	FHLB	1.300	05/01/20	02/01/17	4,100,000	4,095,080	1.33	1.00	2.21%
Total Maturities 1 Year to 5 Years					108,647,000	109,486,595	1.34	2.18	59.21%
Maturities over 5 years: 10 million par value maximum per Investment Policy									
06/01/15	GRDC Note	3.000	06/01/23		5,947,144	5,947,144	3.00	6.00	3.22%
Total Maturities Over 5 Years					5,947,144	5,947,144	3.00	6.00	3.22%
GRAND TOTAL			1.49³ Years		184,002,923	184,903,634	1.27	2.38	100.00%

The above list of holdings is only valid as of August 31, 2016 and should not be relied upon as a complete listing of the account's past investment decisions. Holdings are subject to change without notice, may not represent current or future decisions and should not be construed as investment recommendations.



GASB 40

The following list of holdings is only valid as of August 31, 2016 and should not be relied upon as a complete listing of past investment decisions. Holdings are subject to change without notice, may not represent current or future decisions and should not be construed as investment recommendations.

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY OF GRESHAM

As of August 31, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Cash and Cash Equivalents												
	INVESTED CASH	0.000					36,618,779.70	36,618,779.70	19.80	36,618,779.70	19.81	0.00
Issuer total							36,618,779.70	36,618,779.70	19.80	36,618,779.70	19.81	0.00
Federal Farm Credit Banks												
3133ECW67	FEDERAL FARM CREDIT	1.250	08/01/2017		AA+	Aaa	2,450,000.00	2,454,557.00	1.33	2,462,911.50	1.33	0.91
3133ED3Z3	FEDERAL FARM CREDIT	1.230	10/04/2017		AA+	Aaa	5,000,000.00	5,004,450.00	2.71	5,020,850.00	2.72	1.08
3133EF5H1	FEDERAL FARM CREDIT	1.170	06/14/2018		AA+	Aaa	5,000,000.00	4,999,225.00	2.70	5,023,100.00	2.72	1.76
3133EFGU5	FEDERAL FARM CREDIT	1.450	10/07/2019	10/07/2016	AA+	Aaa	3,500,000.00	3,500,000.00	1.89	3,500,735.00	1.89	0.95
3133EFZT7	FEDERAL FARM CREDIT	1.400	02/24/2020	02/24/2017	AA+	Aaa	5,000,000.00	5,000,000.00	2.70	5,004,800.00	2.71	1.45
Issuer total							20,950,000.00	20,958,232.00	11.33	21,012,396.50	11.37	1.29
Federal Home Loan Mortgage Corp												
3137EADJ5	FREDDIE MAC 1%	1.000	07/28/2017		AA+	Aaa	5,000,000.00	4,994,647.45	2.70	5,014,600.00	2.71	0.90
3134G6PM9	FREDDIE MAC 1.05%	1.050	12/29/2017		AA+	Aaa	5,250,000.00	5,250,000.00	2.84	5,257,192.50	2.84	1.31
3137EADP1	FREDDIE MAC 0.875%	0.875	03/07/2018		AA+	Aaa	4,000,000.00	3,939,440.00	2.13	4,000,004.00	2.16	1.49
3134G8T25	FREDDIE MAC 1.35%	1.350	03/29/2019	03/29/2017	AA+	Aaa	4,000,000.00	4,000,000.00	2.16	4,004,960.00	2.17	1.33
Issuer total							18,250,000.00	18,184,087.45	9.83	18,276,756.50	9.89	1.24
Federal National Mortgage Association												
3135GOWN9	FANNIE MAE 1%	1.000	04/30/2018	10/30/2016	AA+	Aaa	5,000,000.00	4,989,000.00	2.70	5,000,700.00	2.71	0.84
3136G3K87	FANNIE MAE 1.18%	1.180	07/25/2019	01/25/2017	AA+	Aaa	5,000,000.00	4,996,250.00	2.70	4,982,350.00	2.70	1.76
Issuer total							10,000,000.00	9,985,250.00	5.40	9,983,050.00	5.40	1.30
Federal Home Loan Banks												
313370SZ2	FEDERAL HOME LOAN	2.250	09/08/2017		AA+	Aaa	5,000,000.00	5,208,100.00	2.82	5,078,185.00	2.75	1.00
3130A8WW	FEDERAL HOME LOAN	1.300	05/01/2020	02/01/2017	AA+	Aaa	4,100,000.00	4,095,080.00	2.21	4,081,345.00	2.21	2.09
Issuer total							9,100,000.00	9,303,180.00	5.03	9,159,530.00	4.96	1.48

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY OF GRESHAM

As of August 31, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
United States Treasury Note/Bond												
912828J35	USA TREASURY 0.5%	0.500	02/28/2017		AA+	Aaa	5,000,000.00	4,980,468.75	2.69	4,999,315.00	2.71	0.49
912828H94	USA TREASURY 1%	1.000	02/15/2018		AA+	Aaa	3,000,000.00	2,998,593.75	1.62	3,010,314.00	1.63	1.44
Issuer total							8,000,000.00	7,979,062.50	4.32	8,009,629.00	4.33	0.85
Others												
12199LCY3	GRDC NOTE 3.0% 144A	3.000	06/01/2023		NR	NR	5,947,143.61	5,947,143.61	3.22	5,947,143.61	3.22	3.54
Issuer total							5,947,143.61	5,947,143.61	3.22	5,947,143.61	3.22	3.54
Toronto-Dominion Bank/The												
89114QB64	TORONTO-DOMINION	1.750	07/23/2018		AA-	Aa1	3,000,000.00	2,997,090.00	1.62	3,022,008.00	1.64	1.86
89114QAM0	TORONTO-DOMINION	2.625	09/10/2018		AA-	Aa1	2,000,000.00	2,039,820.00	1.10	2,047,281.00	1.11	1.95
Issuer total							5,000,000.00	5,036,910.00	2.72	5,069,289.00	2.74	1.90
Bank of Montreal												
06366RE76	BANK OF MONTREAL	1.400	04/10/2018		A+	Aa3	2,000,000.00	1,991,580.00	1.08	2,002,088.00	1.08	1.58
06367VHL2	BANK OF MONTREAL	2.375	01/25/2019	12/25/2018	A+	Aa3	3,000,000.00	3,063,810.00	1.66	3,063,114.00	1.66	2.27
Issuer total							5,000,000.00	5,055,390.00	2.73	5,065,202.00	2.74	2.00
International Business Machines Corp												
459200HK0	IBM CORP 1.25%	1.250	02/08/2018		AA-	Aa3	5,000,000.00	4,961,550.00	2.68	5,022,675.00	2.72	1.42
Issuer total							5,000,000.00	4,961,550.00	2.68	5,022,675.00	2.72	1.42
Berkshire Hathaway Finance Corp												
084664BS9	BERKSHIRE HATHAWAY	1.600	05/15/2017		AA	Aa2	5,000,000.00	5,074,000.00	2.74	5,020,930.00	2.72	0.69
Issuer total							5,000,000.00	5,074,000.00	2.74	5,020,930.00	2.72	0.69
Commonwealth Bank of Australia/New York												
20271RAE0	COMMONWEALTH BK	1.125	03/13/2017		AA-	Aa2	2,250,000.00	2,249,730.00	1.22	2,250,576.00	1.22	0.52

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY OF GRESHAM

As of August 31, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Commonwealth Bank of Australia/New York												
20271RAC4	COMMONWEALTH BK	1.900	09/18/2017		AA-	Aa2	2,750,000.00	2,778,352.50	1.50	2,766,634.75	1.50	1.03
Issuer total							5,000,000.00	5,028,082.50	2.72	5,017,210.75	2.71	0.80
Bank of Nova Scotia/The												
064159HT6	BANK OF NOVA SCOTIA	1.650	06/14/2019		A+	Aa3	5,000,000.00	5,019,350.00	2.71	5,005,985.00	2.71	2.71
Issuer total							5,000,000.00	5,019,350.00	2.71	5,005,985.00	2.71	2.71
US Bank NA/Cincinnati OH												
90331HMC4	US BANK NA CINCINNATI	1.100	01/30/2017	12/30/2016	AA-	A1	5,000,000.00	5,012,450.00	2.71	5,002,150.00	2.71	0.39
Issuer total							5,000,000.00	5,012,450.00	2.71	5,002,150.00	2.71	0.39
Wells Fargo Bank NA												
92976GAH4	WELLS FARGO BANK NA	6.000	11/15/2017		A	Aa3	4,500,000.00	4,925,160.00	2.66	4,743,450.00	2.57	1.16
Issuer total							4,500,000.00	4,925,160.00	2.66	4,743,450.00	2.57	1.16
Westpac Banking Corp												
961214CH4	WESTPAC BANKING	1.200	05/19/2017		AA-	Aa2	2,000,000.00	1,996,620.00	1.08	2,001,280.00	1.08	0.70
961214CT8	WESTPAC BANKING	1.650	05/13/2019		AA-	Aa2	2,377,000.00	2,376,928.69	1.29	2,382,122.44	1.29	2.62
Issuer total							4,377,000.00	4,373,548.69	2.37	4,383,402.44	2.37	1.74
Apple Inc												
037833AQ3	APPLE INC 2.1%	2.100	05/06/2019		AA+	Aa1	4,000,000.00	4,091,200.00	2.21	4,094,668.00	2.22	2.59
Issuer total							4,000,000.00	4,091,200.00	2.21	4,094,668.00	2.22	2.59
Toyota Motor Credit Corp												
89233P6S0	TOYOTA MOTOR CREDIT	1.250	10/05/2017		AA-	Aa3	4,000,000.00	4,018,760.00	2.17	4,010,588.00	2.17	1.08
Issuer total							4,000,000.00	4,018,760.00	2.17	4,010,588.00	2.17	1.08

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY OF GRESHAM

As of August 31, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Salem-Keizer School District No 24J												
569203LX8	MARION & POLK CNTYS	1.018	06/30/2017		NR	Aa3	1,375,000.00	1,375,000.00	0.74	1,377,653.75	0.75	0.82
569203LY6	MARION & POLK CNTYS	1.461	06/30/2018		NR	Aa3	1,485,000.00	1,485,000.00	0.80	1,494,132.75	0.81	1.80
569203LZ3	MARION & POLK CNTYS	1.877	06/30/2019		NR	Aa3	1,000,000.00	1,000,000.00	0.54	1,011,960.00	0.55	2.75
Issuer total							3,860,000.00	3,860,000.00	2.09	3,883,746.50	2.10	1.70
State of California												
13063CPN4	CALIFORNIA ST 1.25%	1.250	11/01/2017		AA-	Aa3	3,500,000.00	3,516,205.00	1.90	3,510,150.00	1.90	1.15
Issuer total							3,500,000.00	3,516,205.00	1.90	3,510,150.00	1.90	1.15
National Australia Bank Ltd/New York												
63254AAM0	NATIONAL AUSTRALIA	2.000	01/14/2019		AA-	Aa2	3,000,000.00	3,022,590.00	1.63	3,032,445.00	1.64	2.31
Issuer total							3,000,000.00	3,022,590.00	1.63	3,032,445.00	1.64	2.31
Wells Fargo & Co												
94974BG80	WELLS FARGO &	1.400	09/08/2017		A	A2	3,000,000.00	2,998,620.00	1.62	3,002,730.00	1.62	1.00
Issuer total							3,000,000.00	2,998,620.00	1.62	3,002,730.00	1.62	1.00
Australia & New Zealand Banking Group Lt												
05253JAF8	AUST & NZ BANKING GRP	1.250	06/13/2017		AA-	Aa2	2,715,000.00	2,713,642.50	1.47	2,717,552.10	1.47	0.77
Issuer total							2,715,000.00	2,713,642.50	1.47	2,717,552.10	1.47	0.77
Oregon State Lottery												
68607VA96	OREGON ST DEPT OF	1.353	04/01/2018		AAA	Aa2	2,000,000.00	2,005,800.00	1.08	2,014,000.00	1.09	1.55
Issuer total							2,000,000.00	2,005,800.00	1.08	2,014,000.00	1.09	1.55
Energy Northwest												
29270CY22	ENERGY N W WA ELEC	1.197	07/01/2017		AA-	Aa1	2,000,000.00	2,000,000.00	1.08	2,005,000.00	1.08	0.82
Issuer total							2,000,000.00	2,000,000.00	1.08	2,005,000.00	1.08	0.82

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY OF GRESHAM

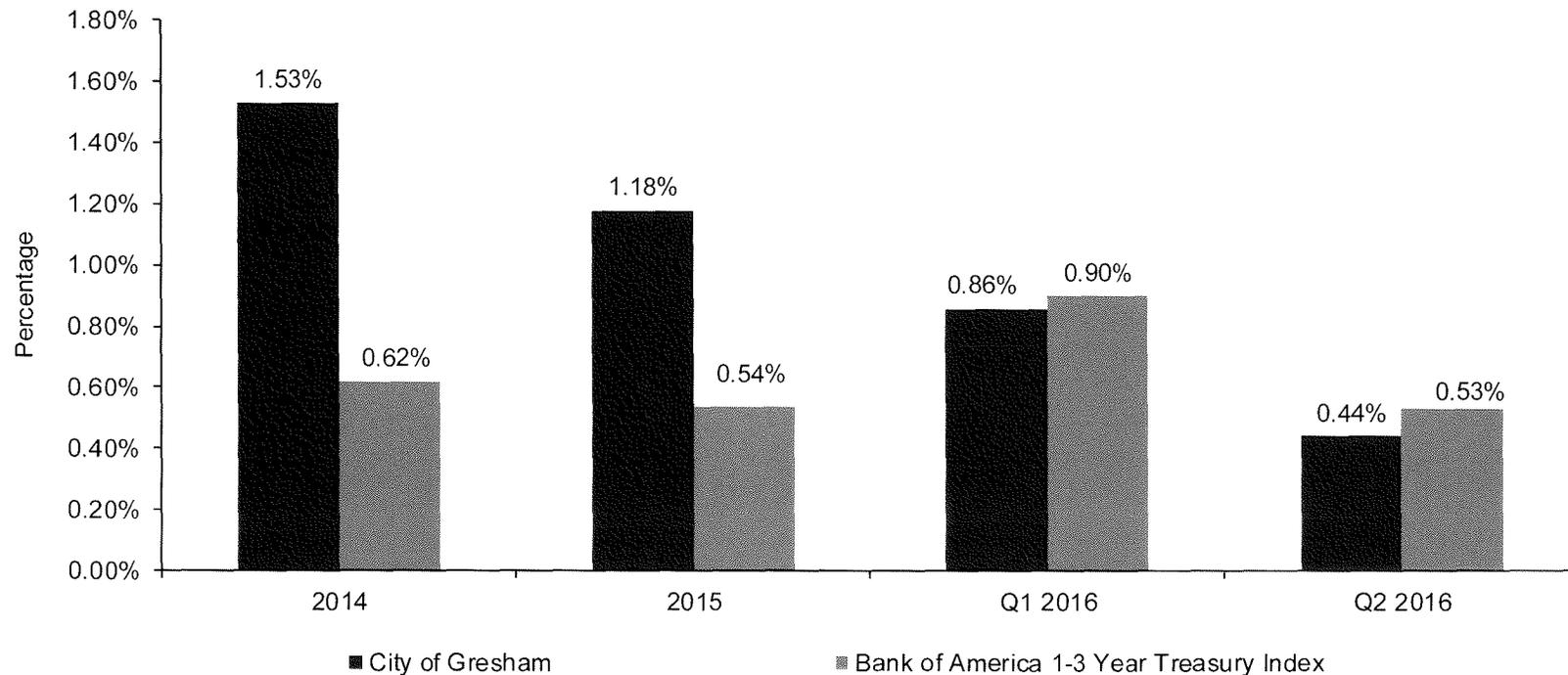
As of August 31, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Chevron Corp												
166764AA8	CHEVRON CORP 1.104%	1.104	12/05/2017	11/05/2017	AA-	Aa2	2,000,000.00	2,013,560.00	1.09	2,002,904.00	1.08	1.21
Issuer total							2,000,000.00	2,013,560.00	1.09	2,002,904.00	1.08	1.21
General Electric Co												
36962G6K5	GENERAL ELECTRIC CO	1.600	11/20/2017		AA+	A1	1,185,000.00	1,201,080.45	0.65	1,192,259.31	0.65	1.20
Issuer total							1,185,000.00	1,201,080.45	0.65	1,192,259.31	0.65	1.20
Grand total							184,002,923.31	184,903,634.40	100.00	184,803,622.41	100.00	1.15



Yield versus benchmark

City of Gresham versus Bank of America 1-3 Year Treasury Index



As of June 30, 2016. **Past performance is not indicative of future results. Investment in any strategy involves a risk of loss.** Returns are gross of fees. Performance results do not reflect the deduction of investment advisory fees. Client's returns will be reduced by the investment advisory fees and other expenses. Please refer to the disclosures and index definition at the back of this presentation.



Yield to date return

City of Gresham
Yield to date return
as of August 31, 2016



	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	July 2016	August 2016
<u>Total Portfolio for the Month</u>								
Income Earned	197,286.61	387,761.79	217,376.86	196,091.46	212,242.87	363,916.83	196,565.20	195,812.13
Average Historical Cost/Amort Cost	192,447,900.03	192,023,321.51	169,031,307.45	193,354,391.32	191,181,866.67	190,047,628.76	187,766,883.64	185,924,815.44
Annualized Return	1.21%	2.55%	1.52%	1.24%	1.31%	2.34%	1.24%	1.24%
<u>Total Portfolio Year to Date</u>								
Income Earned	197,286.61	585,048.40	802,425.26	998,516.72	1,210,759.59	1,574,676.42	1,771,241.62	1,967,053.75
Average Historical Cost/Amort Cost	192,447,900.03	192,242,687.08	184,335,513.80	186,571,599.13	187,511,851.07	187,929,836.40	187,906,120.27	187,654,397.12
Annualized Return	1.21%	1.86%	1.75%	1.62%	1.55%	1.69%	1.62%	1.57%

As of August 31, 2016. **Past performance is not indicative of future results. Investment in any strategy involves a risk of loss.** Returns are gross of fees. Performance results do not reflect the deduction of investment advisory fees. Client's returns will be reduced by the investment advisory fees and other expenses. Please refer to the disclosures at the back of this presentation.



Important disclosures



Important disclosures

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

Investment advisory services in North America are provided through four different investment advisers registered with the Securities and Exchange Commission (SEC), using the brand Insight Investment: Cutwater Asset Management Corp. (CAMC), Cutwater Investor Services Corp. (CISC), Insight North America LLC (INA) and Pareto Investment Management Limited (PIML). The North American investment advisers are associated with other global investment managers that also (individually and collectively) use the corporate brand Insight Investment and may be referred to as "Insight" or "Insight Investment".

The investment adviser providing these advisory services is Cutwater Investor Services Corp. (CISC), an investment adviser registered with the SEC, under the Investment Advisers Act of 1940, as amended, and is also registered with the Commodity Futures Trading Commission (CFTC) as a Commodity Trading Advisor and Commodity Pool Adviser. Registration with either the SEC or the CFTC does not imply a certain level of skill or training. You may request, without charge, additional information about Insight. Moreover, specific information relating to Insight's strategies, including investment advisory fees, may be obtained from CISC's Form ADV Part 2A, which is available without charge upon request.

All performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. CISC charges management fees on all portfolios that they manage and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with CISC, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. CISC's investment advisory fees are discussed in Part 2A of its Form ADV. A full description of CISC's advisory fees are described in Part 2A of Form ADV available from CISC at www.adviserinfo.sec.gov.

Unless otherwise stated, the source of information is Insight. Any forecasts or opinions are Insight's own at the date of this document (or as otherwise specified) and may change. Material in this publication is for general information only and is not advice, investment advice, or the recommendation of any purchase or sale of any security. Insight makes no implied or expressed recommendations concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives and should not be construed to be an assurance that any particular security in a strategy will remain in any fund, account, or strategy, or that a previously held security will not be repurchased. It should not be assumed that any of the security transactions or holdings referenced herein have been or will prove to be profitable or that future investment decisions will be profitable or will equal or exceed the past investment performance of the securities listed.

Information about the index shown here is provided to allow for comparison of the performance of the strategy to that of the certain well-known and widely recognized index. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the index represented does not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the index may be materially different from that of the strategy. In addition, the strategy's holdings may differ substantially from the securities that comprise the index shown.

The Bank of America 1-3 Year US Treasury Index is an unmanaged index tracking short-term government securities with maturities between 1 and 2.99 years.



BNY MELLON



Important disclosures (continued)

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

Insight and MBSC Securities Corporation are subsidiaries of BNY Mellon. MBSC is a registered broker and FINRA member. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally. Products and services may be provided under various brand names and in various countries by subsidiaries, affiliates and joint ventures of The Bank of New York Mellon Corporation where authorized and regulated as required within each jurisdiction. Unless you are notified to the contrary, the products and services mentioned are not insured by the FDIC (or by any governmental entity) and are not guaranteed by or obligations of The Bank of New York Mellon Corporation or any of its affiliates. The Bank of New York Mellon Corporation assumes no responsibility for the accuracy or completeness of the above data and disclaims all expressed or implied warranties in connection therewith.

© 2016 Insight Investment. All rights reserved.



MEMORANDUM

TO: Members of the Finance Committee

FROM: Sharron Monohon, Budget & Financial Planning Director

DATE: November 16, 2016

SUBJECT: Supplemental Budget for Fiscal Year 2016/17

Oregon Local Budget Law outlines a process for supplemental budget actions. These actions are allowed within the annual budget process for a variety of purposes, including the establishment of new or increased appropriation authority. The City of Gresham typically adopts one or two supplemental budgets within a fiscal year. This is the first such action proposed for fiscal year 2016/17.

A summary of the proposed supplemental budget information is attached.

The Finance Committee is requested to make a recommendation to Council. On December 6, 2016, the City Council is scheduled to consider a resolution regarding the supplemental budget and related revisions to the City's current year budget appropriations.

Recommended
SUPPLEMENTAL BUDGET
Fiscal Year 2016/17

City of Gresham, OR

Presented to Gresham Finance Committee on November 16, 2016
Gresham City Council on December 6, 2016

TABLE OF CONTENTS

	<u>Page</u>
Supplemental Budget Overview	2
<i>Recognize Revenue and Appropriate Expense:</i>	
1 Community Development Block Grant (CDBG) and HOME Awards	2
2 Multnomah County Homeless Services Intergovernmental Agreement	2
3 Mediation Oregon Department of Human Services Program	3
4 Hazmat Revenue	3
5 Family of Friends Mentoring Program	3
 <i>Recognize and Appropriate Beginning Fund Balances:</i>	
6 Equipment Replacement Fund Carryover and Appropriations	4
7 Community Development Department Fleet Vehicles	4
8 Facility and Fleet Modifications – Fire Stations	5
9 Facility and Fleet Modifications – Fleet	5
10 Facilities Capital Projects – Fleet	5
11 Facilities Capital Projects – Other Projects	6
 <i>Contingency Transfers:</i>	
12 Springwater Trail Patrols	6
 <i>Accept and Appropriate Grants:</i>	
13 COPS Grant	7

SUPPLEMENTAL BUDGET OVERVIEW

The following is an explanation of the amounts and justifications for the recommended changes in appropriations for the fiscal year 2016/17 Budget which requires authorization of the City Council. The supplemental budget overview is organized by category, budget adjustment and fund.

It should be noted that this Supplemental Budget, upon adoption, will officially adjust the adopted FTE count from 547.10 to 549.10 FTE, to reflect the acceptance of the 2016 COPS Hiring Program Grant (item 13).

RECOGNIZE REVENUE AND APPROPRIATE EXPENSE

1. Community Development Block Grant (CDBG) and HOME Awards

The CDBG/HOME program revenues for fiscal year 2016/17 are higher than what was included in the Adopted Budget. The Shared Appreciation Mortgage Program has been experiencing higher than anticipated payoffs, resulting in \$49,200 of revenue that was not budgeted in the current fiscal year. In addition, the HOME award was slightly higher than originally expected, by \$2,584. These two items result in a total of \$51,784 of additional revenue. This action recognizes the additional revenue and updates the fiscal year 2016/17 appropriations to match.

Specific project allocations will match the CDBG/HOME action plans as approved by Council.

Budgetary Effect

Grants Fund impact:

Resources:

Intergovernmental Revenue \$ 51,784

Requirements:

Interfund Transfers Out \$ 51,784

Dedicated Revenue Fund impact:

Resources:

Interfund Transfers In \$ 51,784

Requirements:

Community Development \$ 51,784

2. Multnomah County Homeless Services Intergovernmental Agreement

The intergovernmental agreement with Multnomah County to fund Gresham's Homeless Services program will provide \$220,000 for fiscal year 2016/17 which is \$50,000 more than what was anticipated in the Adopted Budget. This item will adjust the budget to reflect the full amount of the IGA.

Budgetary Effect

Designated Purpose Fund impact:

Resources:

Intergovernmental Revenue \$ 50,000

Requirements:	
Citywide Services – Community Livability	\$ 50,000

3. Mediation Oregon Department of Human Services Program

The City has secured a new contract with the Oregon Department of Human Services (DHS) related to mediation services. This contract will reimburse the City for the cost of providing mediation and facilitation services to vulnerable families in the DHS system, helping them to reunite with their children and stay together in a stable and healthy environment. This adjustment increases outsourced and administrative services within the Citywide Services Department.

Budgetary Effect

Administrative Services Fund impact:

Resources:	
Intergovernmental Revenue	\$ 100,000
Requirements:	
Citywide Services – Mediation	\$ 100,000

4. Hazmat Revenue

The City received reimbursement through the State of Oregon for expenses incurred while assisting in the response to the Mosier train derailment in August 2016. This action recognizes the additional revenue and increases appropriation to provide for additional hazmat related training.

Budgetary Effect

General Fund impact:

Resources:	
Intergovernmental Revenue	\$ 38,000
Requirements:	
Fire and Emergency Services	\$ 38,000

5. Family of Friends Mentoring Program

The Family of Friends Mentoring program provides training for mentors and connects mentors and families in order to provide support to at-risk youth. The program, which is in transition to becoming an independent 501(c)(3), has recently focused their efforts on Gresham area youth. This adjustment will allow the City to accept donations on behalf of the program and to support their community service efforts while they are transitioning to their non-profit status.

Budgetary Effect

Designated Purpose Fund impact:

Resources:	
Miscellaneous Income	\$ 49,350

Requirements:

Citywide Services – Community Livability

\$ 49,350

RECOGNIZE AND APPROPRIATE BEGINNING FUND BALANCES

6. Equipment Replacement Fund Carryover and Appropriations

This item addresses several issues related to the Equipment Replacement Fund (ERF). Without these adjustments to the appropriation in the ERF, other priority purchases would need to be deferred even though funding has already been identified and collected.

- (a) This item recognizes and appropriates a beginning balance of \$583,815 for a fire engine purchase that was approved by City Council on July 19, 2016. The new engine was originally slated for replacement in fiscal year 2018/19 but due to increasing maintenance issues and given the long lead time for acquiring fire engines, it was decided to move this purchase forward. Delivery is expected in the Spring of 2017.
- (b) This adjustment also increases the appropriation by \$47,430 to include the purchase of ten radios that will be placed in new police patrol vehicles. The Police Department's fiscal year 2016/17 vehicle replacement budget did not include the purchase of these radios.
- (c) This item also includes a carryover of funds in the amount of \$147,300 from fiscal year 2015/16 to fiscal year 2016/17 for the purchase of vehicles and equipment that were scheduled for replacement in fiscal year 2015/16, but were delayed for various reasons.
- (d) Additionally, one of the two existing bay lifts used for fleet maintenance has failed and needs to be replaced. This adjustment allows for an additional appropriation of \$60,000 so the replacement equipment can be purchased through the ERF.

Budgetary Effect

Equipment Replacement Fund impact:

Resources:

Beginning Balance

\$ 838,545

Requirements:

Finance and Management Services

\$ 838,545

7. Community Development Department Fleet Vehicles

Staffing in the Building Inspection area of the Community Development Department was increased during fiscal year 2015/16 in order to meet anticipated development activity levels. As these positions are being filled, the level of development activity requires the addition of one to three fleet vehicles in order to efficiently meet service level expectations. This item recognizes additional beginning balance in fiscal year 2016/17 due to higher than anticipated activity levels and revenue in fiscal year 2015/16 and provides the appropriation for the purchase.

Budgetary Effect

Building Fund impact:

Resources:

Beginning Balance

\$ 83,000

Requirements:	
Community Development	\$ 83,000

8. Facility and Fleet Modifications – Fire Stations

The fiscal year 2015/16 unspent balance of \$44,500 in the fire station facilities budget will be carried over to the current fiscal year and appropriated for remodeling fire station bathroom/shower facilities in fire stations 71 and 74. Modifications are being made for gender accommodation and to better support workforce diversity.

Budgetary Effect

Facilities and Fleet Management Fund impact:

Resources:	
Beginning Balance	\$ 44,500
Requirements:	
Fire and Emergency Services	\$ 44,500

9. Facility and Fleet Modifications – Fleet

This action appropriates \$175,000 in funds to be used for operating expenses related to the fleet maintenance program. Following the recently completed Fleet Study and the constraints with the existing maintenance area, there has been a need for additional outsourced services, tools and equipment, as well as possible staffing support. Additional capital projects related to the fleet space are addressed in the following item.

Funding for this item is from fiscal year 2015/16 unspent balance in the Facilities and Fleet Management Fund.

Budgetary Effect

Facilities and Fleet Management Fund impact:

Resources:	
Beginning Balance	\$ 175,000
Requirements:	
Finance and Management Services	\$ 175,000

10. Facilities Capital Projects - Fleet

This item provides for the capital expenditures that are in conjunction with the previous item. The additional appropriation of \$125,000 is expected to be used for capital projects related to the implementation of the Fleet Study, by ensuring fleet staff have adequate and functional bay space, lifts and other modifications that may be needed to their physical working environment.

Budgetary Effect

Facilities and Fleet Management Fund impact:

Resources:	
Beginning Balance	\$ 125,000

Requirements:	
Interfund Transfers Out	\$ 125,000

City Facility Capital Improvement Fund impact:

Resources:	
Interfund Transfers In	\$ 125,000

Requirements:	
Capital Improvement Projects	\$ 125,000

11. Facilities Capital Projects – Other Projects

The year-end reconciliation for fiscal year 2015/16 shows that the Facilities and Fleet Management Fund has additional funds in its beginning balance for fiscal year 2016/17 after accounting for the previous two items described above. As is typical practice for this fund, a portion of the remaining amount is proposed to be transferred to the City Facility Capital Improvement Fund to address future capital maintenance on city owned facilities such as city hall, the public safety building, the operations center, and the fire stations. This adjustment transfers \$200,000 in fiscal year 2016/17.

Budgetary Effect

Facilities and Fleet Management Fund impact:

Resources:	
Beginning Balance	\$ 200,000

Requirements:	
Interfund Transfers Out	\$ 200,000

City Facility Capital Improvement Fund impact:

Resources:	
Interfund Transfers In	\$ 200,000

Requirements:	
Capital Improvement Projects	\$ 200,000

CONTINGENCY TRANSFERS

12. Springwater Trail Patrols

In March 2016 the City and the Police Department established extra patrols with uniformed officers to add security along the Springwater Corridor. Based on the level of activity to date, as well as the expected continuation throughout the remainder of the fiscal year, it is anticipated that the Police Department will incur approximately 1,400 hours of overtime that were not included in the current fiscal year budget.

This transfers contingency and increases appropriation to ensure other public safety service delivery needs are not unduly impacted by these extra patrols.

Budgetary Effect

General Fund impact:

Requirements:

Police Department	\$ 100,826
Contingency	<\$ 100,826>

ACCEPT AND APPROPRIATE GRANTS

13. COPS Grant

The City was recently awarded a 2016 COPS grant that will assist the City with hiring two additional sworn police officer positions. The grant will provide additional focus on the community policing area of cybercrimes and community safety and allow for the creation of a Computer Forensics/Digital Evidence Processing and Analysis Team.

This supplemental budget adjustment reflects the City's acceptance of the grant award and appropriates a portion of the grant proceeds in the Designated Purpose Fund. It also establishes the transfer of matching funds from the General Fund to begin implementation of the grant.

Budgetary Effect

General Fund impact:

Requirements:

Contingency	<\$ 44,100>
Interfund Transfers Out	\$ 44,100

Grants Fund impact:

Resources:

Intergovernmental Revenue	\$ 43,000
---------------------------	-----------

Requirements:

Interfund Transfers Out	\$ 43,000
-------------------------	-----------

Designated Purpose Fund impact:

Resources:

Interfund Transfers In	\$ 87,100
------------------------	-----------

Requirements:

Police	\$ 87,100
--------	-----------