

**City of Gresham Finance Committee
Wednesday, August 16, 2023, 7:00 p.m.
Zoom Meeting Minutes**

Finance Committee Members Present:

Mike Schultze
Nick McWilliams
Dave Dyk, Chair
Rusty Allen
Theresa Tschirky, Vice-Chair

Finance Committee Members Absent:

Jan Baker
Claire Lider

Council Liaison in Attendance:

Janine Gladfelter

Staff Members in Attendance:

Sharron Monohon, Director of Budget & Finance

Christina Ott (Recording Secretary)

1. Convene Meeting and Roll Call

The meeting was convened by Chair Dyk at 7pm.

2. Meeting Minutes for July 19, 2023

There was a motion made by Ms. Tschirky and seconded by Mr. Schultze to:

“Approve the July 19, 2023 Meeting Minutes as submitted.”

Motion passes unanimously.

3. Public Comment

None

4. Review of Financial Policies

Ms. Monohon began by asking the committee if they had any follow-up questions regarding last month's discussion about financial policies.

Ms. Monohon started the discussion with an overview of some conversation topics for reserve policies:

- More focus on reserve policies. The main sections to discuss are related to the General Fund itself and the collective reserves in other funds. This may allow us to touch on a few other categories, particularly long-term financial planning, and structurally balanced budget.
- 3 of the 4 categories mentioned don't currently have Council adopted policies in those areas. We have current internal practices we do, but they have not been formally made into Council adopted policies. When dealing with debt issuances, some agencies like the fact you have internal practices, but would rather it be known as a Council adopted policy to have more certainty and more long-term stability.
- This discussion will also delve into some other categories, as some policies are made in the case that if it affects one thing, it will circle and affect another policy in a different category.
- Hoping for committee discussion on how to help communicate the topic of the idea of reserves and having fund balances to the public. Also, discussion for what level of detail is appropriate for Council adopted policies versus internal practices.
- Looser use of proper wordage when jotting ideas down

Ms. Monohon began the discussion:

- The reason there is reserve funds is for 2 main reasons, one being for any unavoidable cost such as a natural catastrophe or a significant economic event, and the second being for held in a savings for non-recurring planned future projects. To add a third to that, adding the management of cash flow and timing issues. We want to ultimately make sure we are providing for the community when it is most needed. A good question to ask is how we make sure we retain some resilience and capacity within our community. Much conversation is focused on any risk management solutions or ways we set aside money in the event something was to happen that would drastically affect the community.

Ms. Tschirky asked about the research you've done; do you see more cities using the range concept of what they should have in the reserves.

Ms. Monohon responded I've seen a wide range from many cities on how they're tackling it and their fund balance requirements and reserves, some are incredibly detailed and long and it adds a lot of value to their targets. They also focused on evaluating risk assessment and the exposure to your funds.

Ms. Tschirky commented that as coming from the credit union world, I believe the Council adopted policy should be at a higher level. We have board policies, and then we have standard operating procedures. The board policies, I would see as that's roughly analogous to what we're talking about in terms of council policies, being broad guidance direction.

Ms. Monohon continued:

- There have been recommendations on transparency policies being applied to the accumulation of funds in the reserves.
- Comparatively to other cities, we have done a pretty good job of allocating our resources well enough that the reserves are structured well enough and most of the revenue is pulled from the general fund when it's necessary for something the city is looking to accomplish.
- We want to make sure that these are straightforward and structured well so we are complying with all the policies set in place already and that support the best practices we use with the funds, as well as a sufficient level to comply with State and Federal regulations.
- We do work with an outside source to help audit our revenue sources and structures and get their confidence levels, so we know we are keeping on the right track.
- The Long-Term Financial Plan was created in the hopes of helping support in these policies of structuring what funds are described to be as, and to help best manage them to be financially successful whilst also accomplishing the goals of what needs to be done.

Ms. Tschirky asked if these best practices just described have been documented as or have, they been something considered as just a rule of thumb to follow.

Ms. Monohon replied, it has been hit or miss, at one point we have turned it into how we have been managing these programs and made sure it has consistently been at the same confidence level.

Chair Dyk commented that a lot of folks will really appreciate the fact of the risk management portion of the policies and encouraged the idea of "good government". Adding something with accountability might help with framing these policies could help in the long run as well. The way the substance of the fund types was described was really put together, and adding some kind of transparency mechanisms with the not meeting the target regarding the funds and what will occur from that.

Mr. McWilliams added one thing to mention in each of the columns would be understanding the flow of funds as some funds have a smaller reserve for a smaller shock event and then you have got the larger reserve for those larger events that really will need it and no backstops are required for the smaller fund's reserves.

Ms. Monohon noted that she did have this matrix in mind prior to our meeting that wasn't fully fleshed out of an idea of looking at what things can happen in funds, what kinds of things are

they most subject to, and what is available to that particular concern. Would it need to be layered or are they unique.

Ms. Tschirky commented that she liked the format used as there being a purpose statement and the description. One thing to add if it makes sense would have a certain goal of having the right amount of detail within the description.

Chair Dyk asked for a reminder of the process and how far along everything should be before sending these policies to Council for adoption.

Ms. Monohon responded the process will include a lot more writing on the policies, around the 70% completed range and then we can move forward recognizing additional work will need to be done, and then come back to see what needs to be worked on more. One thing she would like to be done during this time as well is the additional piece of debt issuance for water as we haven't finished the third part of that yet and would like it to be completed before the rating agency comes in.

Ms. Tschirky asked if there were plans for the creation of a policy or policies regarding the Government Finance Officers Association (GFOA) recommended categories.

Ms. Monohon replied any of those have at least a couple statements that could be very relevant and appropriate.

Mr. Allen asked on the next step if they need to have multiple readings or a timeframe before they can adopt it.

Ms. Monohon answered they are not under a set timeframe; they may want to have a work session or policy discussion on it, so they have some familiarity with it.

5. Project Updates

Ms. Monohon shared the following updates:

- The adopted budget document has been completed and posted online, underway with the end close process.
- Job posting for new limited-term accountant position, public governmental accounting is preferred, and CPA is not required.
- Reappointments for multiple Committee members are being held soon to gain back their "Official" status.

6. Committee Business

None

7. Good of the order

None

8. Meeting Adjournment

The meeting was adjourned by Chair Dyk at 8:15pm. The next Finance Committee meeting will be held on September 20, 2023 at 7pm.

Digitally signed by Dave
Dyk (Personal)
Date: 2023.10.19
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Dave Dyk (Personal)

Dave Dyk, Chair



Christina Ott, Recording Secretary