

Meeting Agenda | Finance Committee

Wednesday, June 17, 2026
7:00 p.m.
Zoom Meeting
See Below for Access Information

- | | |
|---|--------|
| 1. Convene meeting, roll call of participants | 5 min |
| 2. Public comment | 5 min |
| 3. Meeting Minutes – May 20, 2026 | 5 min |
| 4. Investment Policy Recommendation | 30 min |
| 5. ARPA Update | 30 min |
| 6. Audit Planning Letter | 10 min |
| 7. Project Updates | 5 min |
| 8. Committee Business | 5 min |
| 9. Good of the order | 1 min |

How to participate

This meeting will be conducted electronically using Zoom, an online meeting platform. The meeting structure complies with ORS 192.610 to 192.690.

Please note: Instructions for citizens wishing to testify during this Finance Committee meeting are as follows:

- Written testimony: Please send your written testimony to Budget and Finance Director, Elizabeth McCann at Budget&Finance@GreshamOregon.gov no later than 24 hours before the meeting to allow the testimony to be forwarded to the Finance Committee.
- Oral testimony: Please register your name, email address, phone number and subject matter to Budget and Finance Director, Elizabeth McCann at Budget&Finance@GreshamOregon.gov no later than 24 hours before the meeting.
- Persons who are unable to access the meeting via Zoom are encouraged to notify the City by calling 503-618-2445, 24 hours in advance of the meeting so that the City can provide alternate arrangements.

Meeting log-in or call-in information to access the meeting:

Click the link to join:

<https://greshamoregon.zoom.us/j/89369188261?pwd=lzRQMxAX0Hz1uJQSirupwURob2R1qn.1>

Passcode: WbVGqf8bHq

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Meeting Date: June 17, 2026 Agenda Executive Summary

4. Investment Policy Recommendation

Presented by Susan Brown, Finance & Accounting Services Manager and Terry Aguon, Treasury

As continuation from the May 2026 meeting, Finance Committee will consider updates to the City’s Financial Policies. GPA, the City’s investment advisor, has recommended a significant restructuring of the City’s investment policy in alignment with current best practices. The proposed policy was distributed with the May 2025 agenda packet. GPA has provided additional information regarding the updates that are included in this packet.

Requested Action: Recommendation to Council

5. ARPA Update

Presented by Elizabeth McCann, Budget & Finance Director

Staff will present an update regarding the status and use of American Rescue Plan Act (ARPA) funds.

Requested Action: Information and Committee Discussion

6. Audit Planning Letter

Presented by Susan Brown, Finance & Accounting Services Manager

The City’s external auditors, Baker Tilly, have provided a letter for City Council and Finance Committee outlining their scope of work related to the City’s upcoming audit, the standards that will be utilized, and the communication that will be provided to City Council and Finance Committee.

Requested Action: Information and Committee Discussion

7. Project Updates

Presented by Elizabeth McCann, Budget & Finance Director

Committee members and staff will provide updates on the status of various projects and other key initiatives that are underway. This may include reporting on the activity of other committees or workgroups where relevant as well as special Finance Committee projects.

Requested Action: Information and Committee Discussion

Meeting Date: June 17, 2026
Agenda Item: 3. Meeting Minutes – May 20, 2026

Attached are the draft minutes for the May 20, 2026 Finance Committee meetings. Please review them prior to the meeting. Approval of the minutes will be included on the agenda.

**City of Gresham Finance Committee
Wednesday, May 20, 2026, 7:00 p.m.
Zoom Meeting Minutes**

Finance Committee Members Present:

Nick McWilliams, Chair
Mike Schultze, Vice-Chair
Preston Pace
Rusty Allen
Faith Luch
Anisa Ali

Finance Committee Members Absent:

Council Liaison in Attendance:

Council Gladfelter

Staff Members in Attendance:

Elizabeth McCann, Director of Budget & Finance
Susan Brown, Accounting Manager
Terryl Aguon, Treasure Analyst
Bill Eggert, Budget Manager
Christina Ott, Administrative Analyst

Deanne Woodring, Government Portfolio Advisors

Marijana Mota (Recording Secretary)

1. Convene Meeting and Roll Call

The meeting was convened at 7:00 p.m. by Chair McWilliams.

2. Public Comment

None

3. Meeting Minutes – February 18, 2026 and March 18, 2026

Mr. McWilliams asked for feedback on minutes. No comments.

There was a motion made by Mr. Pace and seconded by Ms. Luch to:

“Approve the February 18, 2026 and March 18, 2026 minutes.”

Motion passes unanimously.

Ms. Ali joined the meeting at 7:02pm.

4. Investment Performance Review

Ms. Woodring began with her presentation.

‘Presentation can be seen as a part of Attachment A’

Mr. Pace asked about the cost structure of GPA services.

Ms. Woodring and Ms. Brown explained that GPA’s service costs but a percentage fee based on the average portfolio balance over the course of the month. Ms. Woodring added that the fee is calculated monthly using a 4-basis-point annualized rate applied to the total portfolio balance. Ms. Brown added that GPA’s monthly fee is approximately \$13,000 - \$14,000, compared with monthly earnings of about \$1.4 million.

5. Investment Policy – Annual Review

Ms. Aguon began with her presentation.

There was a discussion regarding Environmental, Social and Governance (ESG) frameworks.

Ms. Woodring noted that GPA had reviewed and developed the language related to ESG under Responsibility, #E. The language is consistent with guidance provided by the Oregon State Treasurer’s Office. When purchasing corporate securities, they are evaluated through an ESG filter, using several rating agencies to ensure sustainability considerations are addressed.

Ms. Brown added that the proposed ESG language reflects prior Finance Committee discussions over the years. She noted that the Committee did not want ESG considerations to require specific decisions. Historically, the policy language has stated that ESG factors may be used, and the revised language remains consistent with that approach.

Ms. Aguon commented that the summary page was helpful because it references guidance from the GFOA, GIOA, and the Oregon Short-Term Fund Board. She noted that several proposed revisions were made to align the policy with GIOA policies or GFOA best practices.

Ms. Woodring further noted that the Oregon Short-Term Fund Board’s sample investment policy recommends a maximum maturity of five and one-quarter years. The City of Gresham’s policy allows maturities of up to 10 years. She explained that this is intended to provide flexibility for opportunities rather than for day-to-day management. She anticipates that the Oregon Short-Term Fund Board may comment on the 10-year maturity limit during its review of the policy. However, she emphasized that the Board’s role is review only and that the City may adopt a policy that best meets its objectives. The Board’s review will include observations, and the City can provide its rationale for retaining the longer maturity when tactical opportunities arise.

Ms. Aguon added that the 10-year provision was first introduced to the Finance Committee in 2015. At that time, only a small percentage of the portfolio was allocated to investments with longer maturities until the City became comfortable with the strategy. She noted that the provision has been used infrequently, with only two investments purchased, and only when it aligned with the City’s portfolio and strategy.

Ms. Brown added that the interest rate environment at the time made longer-term investments beneficial. Since then, it has not presented similar opportunities, and the City has largely maintained investments within a five-year maturity range. She concluded that the policy content remains largely unchanged, with most revisions focused on reorganization and formatting to better align with current best practices and sample policies.

The committee agreed not to make a recommendation to Council and requested additional time for review until next meeting as they have until September to present to Council.

Ms. McCann will place the item on the June 17th Finance Committee agenda.

6. FY 2025/26 Budget to Actual Report (April)

The Budget to Actual report was provided to the committee on April 30th. Ms. McCann opened the floor for questions.

Mr. Pace asked how long GPA has managed the City’s investment funds. Ms. Brown responded that the City is concluding its second year with GPA and entering the third year of the current contract. Mr. McWilliams added that the City selected GPA through a Request for Proposals (RFP) process. Ms. Brown noted that the City typically conducts this process every five years.

Mr. Pace asked for clarification regarding the RFP process. Ms. McCann explained that when the City seeks to procure services above a certain threshold, it issues a Request for Proposals to solicit competitive bids. She stated that the City’s first contract with GPA began in 2020. The City conducted a subsequent RFP process in 2025, resulting in the current contract, which expires in 2030.

Ms. Luch asked which firm provided investment advisory services prior to GPA. Ms. Brown stated

that the City previously worked with an advisor based in Colorado. She noted that GPA had submitted a proposal during an earlier RFP cycle; however, as the firm had only recently been established at that time, the City elected not to select GPA.

Mr. Pace requested additional clarification regarding the proposal evaluation process and asked whether GPA received the highest rating. Ms. McCann explained that a review panel evaluated all submitted proposals. Ms. Brown added that proposal scores are aggregated and used to determine the final award recommendation.

7. Project Updates

Ms. McCann began sharing some updates:

- Budget adoption is scheduled for June 9, and staff is assembling the documentation for Council. This year, all technical adjustments were identified before the Budget Committee meeting. No additional items are expected for Finance Committee review until the supplemental budget process.
- A process is underway to fill the Finance Committee vacancy, and staff hopes to have it filled this summer.
- City Manager Eric Schmidt will retire effective June 30. Teresa Carr has been appointed as the City of Gresham's next City Manager and will begin her role on June 22.
- The City is undertaking several software updates and implementations. If Council approves the contract, the City will move forward with a refresh of the customer-facing utility billing software to enhance security features and improve ADA compliance. The contract is expected to go to Council in July.
- We are in the process of implementing new timekeeping software. Ms. Brown and payroll staff have been working to transition from the current payroll system to an integrated platform, with a targeted go-live date this fall.
- Audit fieldwork will begin next month, and auditors will be onsite as staff prepares for year-end. Ms. McCann noted that the City received a finding in last year's single audit related to grant reporting and provided the auditors with a summary of how the issue will be addressed going forward. To support this effort, the City plans to add a new ERP module to track grant requirements and centrally store related documentation, with implementation targeted by June 30.

8. Committee Business

Councilor Gladfelter commended the successful opening of the East County Library. She reported that the State of the City event will be held at the library on June 16 and noted that approximately 16,000 people visited the facility during its first two days of operation.

Ms. McCann reported that the City of Gresham completed a refresh of the Plaza to align with improvements made to Ikanum Plaza.

Councilor Gladfelter raised the topic of recent water-related changes and suggested distributing the City Manager's update regarding water to provide additional information to the public.

9. Good of the order

None

10. Meeting Adjournment

The meeting was adjourned by Chair McWilliams at 8:02 p.m.

Nick McWilliams, Chair

Marijana Mota, Recording Secretary

Meeting Date: June 17, 2026
Agenda Item: 4. Investment Policy Recommendation

The City's Financial Policies require staff to submit a portfolio report to the Finance Committee no less than twice per year. Government Portfolio Advisors (GPA) presented the investment review. GPA has provided additional information to help explain the restructuring of the investment policy. This information is attached.

CITY OF GRESHAM

Investment Policy Review
Finance Committee

Update formatting to align to best practices:

Reorder policy to optimize flow

Added Sections / Language (New Section Number):

- ✓ Governing Authority (3)
- ✓ Philosophy – strategy and sell language (6)
- ✓ Finance Committee (7A.3)
- ✓ Direct Issuers and Financial Institutions (8B & 8D)
- ✓ Approval of Permitted Investment and Prohibited Investments (10C & 10D.6)
- ✓ Credit Risk (11A)
- ✓ Add Maturity Table (11D)
- ✓ Guideline Compliance Measurement (13B)
- ✓ Training and Business Continuity (14)

Updates to Sections / Language:

- ✓ Update US Treasury and US Agency language (10A.1 & 10A.2)
- ✓ Separate Certificates of Deposits and Bank Deposits in language and table (10A.9 & 10A.10)
- ✓ Update Diversification Table (11B)
- ✓ Update Investment Advisor Sections (7A.4 & 8C)
- ✓ Broker Dealer language (8A)
- ✓ Separate Delivery vs Payment from Safekeeping (9A & 9B)
- ✓ Add Pooled language to existing accounting section (9E)
- ✓ Added to existing Bond Proceed language (12)
- ✓ Update Performance Evaluation language (13C)

Investment Policy Review

City of Gresham

Tables After Recommendation

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P, Moody's or Equivalent NRSRO	Years to Maturity
US Treasury Obligations	100%	None	-	10 Years
US Agency Obligations	100%	35%	-	10 Years
Municipal Obligations	25%	10%	AA- / Aa3 Short Term*	7 Years
Corporate Notes	35%**	5%***	AA- / Aa3	7 Years
Commercial Paper			A1 / P1	270 Days
Bankers Acceptance	10%	5%	A1 / P1	180 Days
City of Gresham Obligations	\$15,000,000	\$15,000,000	A- / A3	10 Years
Repurchase Agreements	25%	10%	-	90 Days
Certificates of Deposit	10%	5%	Oregon Public Depository	366 Days
Bank Deposits	25%	5%	Oregon Public Depository	366 Days
State LGIP	Maximum allowed per ORS 294.810	None	-	-

*Short Term Ratings: Moody's - P1/MIG1/VMIG1, S&P - A-1/SP-1, Fitch - F1

**35% maximum combined corporate and commercial paper per ORS

***Issuer constraints apply to the combined issues in corporate and commercial paper holdings

Maturity Constraints	Minimum % of Total Portfolio
Under 30 Days	2x Highest Negative Change in a Month to Portfolio Balance in Prior Calendar Year adjusted for any anomalies or extraordinary items
Under 1 Year	2x Change of Portfolio Balance from January to October of Prior Calendar Year
Under 5 Years	90%
Under 10 Years	100%
Maturity Constraints	Maximum of Total Portfolio in Years
Weighted Average Maturity	3.5 Years
Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

Wording Added or Updated

Added Governing Authority Language:

The City of Gresham’s investment program shall be operated in conformance with Oregon Revised Statutes and applicable federal law. Specifically, this investment policy is written in conformance with ORS 294.035; 294.040; 294.052; 294.135; 294.145; and 294.810. All funds within the scope of this policy are subject to laws established by the state of Oregon. Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted.

Added Finance Committee Language:

The designated City Finance personnel reports to the finance committee on a regular basis to provide guidance to the Custodial Officer(s) and monitor investment policy compliance. The committee has the responsibility to review the annual report, policy updates, and investment strategy.

Updated Investment Advisor Language Standards of Care:

The City may engage the services of one or more external investment managers to assist in the management of the City’s investment portfolio in a manner consistent with this investment policy. The investment advisors contracted service may include the authorization to transact with approved broker/dealers on behalf of City. These transactions must be on a non-discretionary basis, requiring approval by the Custodial Officer or designee, prior to transacting.

Added Philosophy to Language:

A. Investment Strategy

The primary investment philosophy of the City is to maintain sufficient liquidity to meet ongoing and anticipated cash flow needs. An understanding of the timing and purpose of cash flows is central to all investment decisions.

Funds that are not required for immediate or daily operating needs may be invested in a manner that preserves liquidity while seeking to enhance returns, consistent with the City’s risk and return objectives. To clearly communicate the intended use, time horizon, and objectives of invested funds, such monies may be allocated among defined portfolio components, each portfolio reflecting the current purpose of funds.

...

C. Selling of Securities

Securities shall be held until maturity, with the following exceptions:

- i. A security with declining credit below authorized ratings may be sold prior to maturity to minimize loss of principal.
- ii. Liquidity needs of the portfolio require that a security be sold prior to maturity.
- iii. The portfolio duration or maturity buckets should be adjusted to better reflect the structure of the underlying benchmark portfolio.
- iv. A security rebalance that would improve the quality, yield, or target duration in the portfolio.

Wording Added or Updated

Updated Broker / Dealer Language Transaction Counterparties:

A. Broker/Dealers

The Custodial Officer shall determine which broker/dealer firms and registered representatives are authorized for purposes within the scope of the policy.

The following minimum criteria must be met prior to authorizing investment transactions for any direct transactions by the City staff. The Custodial Officer may impose more stringent criteria.

i. Broker/Dealer firms must meet the following minimum criteria:

- a. Be registered with the Securities and Exchange Commission (SEC)
- b. Be registered with the Financial Industry Regulatory Authority (FINRA)
- c. Provide most recent audited financials
- d. Provide FINRA Focus Report filings

ii. Approved broker/dealer employees who execute transactions with the City of Gresham must meet the following minimum criteria:

- a. Be a registered representative with the Financial Industry Regulatory Authority (FINRA);
- b. Be licensed by the state of Oregon;
- c. Provide certification (in writing) of having read, understood, and agreed to comply with the most current version of this investment policy.

iii. Factors to consider during periodic review of all broker/dealers and their respective authorized registered representatives include:

- a. Pending investigations related to fraud of public funds by securities regulators
- b. Significant changes in net capital
- c. Pending customer arbitration cases (if available)
- d. Regulatory enforcement actions

iv. The Custodial Officer may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The investment advisor's annual broker/dealer review procedures should be like the City's.

The advisor may be authorized through the contracted agreement to open accounts on behalf of the City with the broker/dealers on the approved list. The City will receive documentation directly from the brokers for account verification and regulatory requirements.

v. A list will be maintained of approved broker/dealer firms and affiliated registered representatives listed in Annex III.

Wording Added or Updated

Updated Investment Advisor Language Transaction Counterparties:

A list will be maintained of approved advisors selected by conducting a process of due diligence.

i. The following items are required for all approved Investment Advisors:

- a. The investment advisor firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon (Note: Investment advisor firms with assets under management > \$100 million must be registered with the SEC, otherwise the firm must be licensed by the state of Oregon).
- b. All investment advisor firm representatives conducting investment transactions on behalf of the City must be registered representatives with FINRA.
- c. All investment advisor firm representatives conducting investment transactions on behalf of the City's must be licensed by the state of Oregon.
- d. Contract terms will include that the Investment Advisor will comply with the City's Investment Policy.

ii. A periodic review of all authorized investment advisors under contract will be conducted by the Custodial Officer to determine their continued eligibility within the portfolio guidelines. The Investment Advisor must notify the City of Gresham immediately if any of the following issues arise while serving under a City's contract:

- a. Pending customer arbitration cases
- b. Regulatory enforcement actions
- c. Significant decline in assets under management
- d. Pending investigation by securities regulators

iii. The investment advisory service firm will function in a non-discretionary role and provide technical market research to help in implementing investment strategies. Non-discretionary management requires that the City maintain control of investments by requiring the firm to obtain approval for all investment transactions.

Wording Added or Updated

Added Direct Issuers Language:

Obligations that are permitted for purchase by this policy may be purchased directly from the issuer without being listed as an approved broker/dealer.

Added Financial Institutions Language:

All financial institutions who desire to become depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295.

Added Pooling of Funds Language:

Pooling of Funds: Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Update U.S. Treasury Description:

1. U.S. Treasury Obligations: Direct obligations of the United States Treasury whose payment is guaranteed by the United States with maturities not exceeding ten years from the date of settlement. [ORS Section 294.035(3)(a)]

Update U.S. Agency Description:

2. U.S. Agency Obligations: Federal agency and instrumentalities of the United States or enterprises sponsored by the United States Government (GSE) and whose payment is guaranteed by the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government with maturities not exceeding ten years from the date of settlement. [ORS Section 294.035(3)(a)]

Update Certificates of Deposits Description:

9. Certificates of Deposit in insured institutions as defined in ORS 706.008, in credit unions as defined in ORS Section 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)].

Update Bank Time/Savings Deposits Description:

10. Bank Time Deposit/Savings Accounts: Time deposit open accounts or savings accounts in insured institutions as defined in ORS Section 706.008, in credit unions as defined in ORS Section 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)(e)].

Wording Added or Updated

Added Permitted Investments Language:

If additional types of securities are considered for investment, per Oregon state statute they will not be eligible for investment until this Policy has been amended and the amended version adopted by the City of Gresham.

Added Prohibited Investments Language:

vi. Invest in Prohibited Investments listed below:

- The City shall not invest in “144A” private placement securities, this includes commercial paper privately placed under section 4(a)(2) of the Securities Act of 1933.
- The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.
- The City shall not purchase mortgage-backed securities.
- The City shall not purchase, per ORS 294.040, any bonds of issuers listed in ORS 294.035(3)(a) to (c) that have a prior default history.
- No commitment to buy or sell securities may be made more than 14 days prior to the anticipated settlement date.

Added Credit Risk Language:

Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. Credit risk will be mitigated by the following guidelines:

- Diversification:** It is the policy of the City of Gresham to diversify its investments. Where appropriate, exposures will be limited by security type; maturity; issuance, issuer, and security type, allowed security types and investment exposure limitations are detailed in the table below.
- Credit Ratings:** Investments must have a rating from at least one of the following nationally recognized statistical ratings organizations (NRSRO): Moody’s Investors Service; Standard & Poor’s; and Fitch Ratings Service as detailed in the table below. Ratings used to apply the guidelines below should be investment level ratings and not issuer level ratings.
- The minimum weighted average credit rating of the portfolio’s rated investments shall be AA-/Aa3/AA- by Standard & Poor’s, Moody’s Investors Service and Fitch Ratings Service respectively.**
- Total Portfolio Diversification Constraints table below limits exposures among investments permitted by this policy.**

Wording Added or Updated

Update Bond Proceeds Description:

The City recognizes that bond proceeds may be subject to the provisions of the Internal Revenue Code, Federal Arbitrage Regulations, as amended.

Investments of bond proceeds are restricted under bond covenants that may be more restrictive than the investment parameters included in this policy. The investments will be made in a manner to match cash flow expectations based on managed disbursement schedules.

Funds from bond proceeds and amounts held in a bond payment reserve or proceeds fund may be invested pursuant to ORS 294.052.

Information will be maintained for arbitrage rebate calculations.

Wording Added or Updated

Added Compliance Measurement Language:

B. Guideline Compliance

i. Guideline Measurement

Guideline measurements will use market value of investments.

ii. Guideline Compliance

- If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with this policy, the Custodial Officer shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible.
- Violations of portfolio guidelines as a result of transactions; actions to bring the portfolio back into compliance and; reasoning for actions taken to bring the portfolio back into compliance shall be documented and reported to the City of Gresham's Finance Committee.
- Due to fluctuations in the aggregate surplus funds balance, maximum or minimum percentages for a particular issuer, investment type or minimum maturity constraint may be surpassed at a point in time. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.
- As determined by the on any date that the security is held within the portfolio. If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Custodial Officer in conjunction with the investment advisor (if applicable) shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Custodial Officer will apply the general objectives of Safety, Liquidity, Diversification, Return, and Responsibility to make the decision.

Wording Added or Updated

Update Performance Evaluation Description:

C. Performance Evaluation

- i. The liquidity portfolio yields will be compared to the Oregon Short Term Pool Rate.
- ii. The Core portfolio will be invested into a predetermined structure that will be measured against a selected performance benchmark portfolio. The structure will be based upon a chosen minimum and maximum effective duration (average maturity) and will have the objective to achieve market rates of returns over long investment horizons. The purpose of the benchmark is to appropriately manage the risk in the portfolio given interest rate cycles. The core portfolio is expected to provide similar returns to the benchmark over interest rate cycles but may underperform or outperform in certain periods. The portfolio will be positioned to first protect principal and then achieve market rates of return. The benchmark will be a standard market index like the 0-3 year or 0-5 year index and comparisons will be calculated monthly and reported quarterly.
- iii. When comparing the performance of the City of Gresham's portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolio's rate of return.
- iv. The mark to market pricing will be calculated monthly and be provided in a monthly report.

Wording Added or Updated

Added Training and Business Continuity Language:

A. Training


The City of Gresham strives for professionalism and accountability in the investment of its funds. To assure the highest possible professional standards, the City will provide opportunities and funding for the personnel involved in the investment function to complete continuing education programs or other training in cash and investment management sufficient to maintain their skills and remain up-to-date on best practices and new regulations.

B. Business Continuity

The Custodial Officer has developed a Business Continuity Plan (Plan) describing the City of Gresham anticipated response to a range of events that could significantly disrupt its business. Because the timing and impact of disasters, emergencies and other events is unpredictable, flexibility is necessary when responding to actual disruptions as they occur. With that in mind, the goal of the Plan is to prevent lapses in operations or resume operations as quickly and smoothly as possible, while remaining within the requirements of state and federal law.

The Plan for responding to a significant business disruption addresses safeguarding of employees' lives and City property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the City books and records, and allowing the continued ability to manage the investment program and transact business.

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A thick, dark teal line graphic that starts at the bottom left, rises to a peak, dips slightly, and then rises again to a higher peak on the right side of the page.

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Organizational Policy Recommendation

Section	Items Covered	GFOA <small>Note: Converted Roman Numerals</small>	GIOA	OSTFB <small>Note: Converted Roman Numerals</small>	Current Policy Section	Updated Policy Section	Notes
Table of Contents			GIOA - 1				Formatted to City Standards
Introduction	Background of Organization		GIOA - 2		Introducton	1	Add header
Policy Statement	Policy is to establish parameters, comply with statute, law, etc.	GFOA - 1	GIOA - 6	OSTFB - I.	Purpose	2	
Governing Authority	Conformance to Statute, Federal, State legal requirements. Governing Body	GFOA - 2	GIOA - 3 & 5	OSTFB - 2	N/A	3	The [Entity Name]'s investment program shall be operated in conformance with Oregon Revised Statutes and applicable federal law. Specifically, this investment policy is written in conformance with ORS 294.035; 294.040; 294.052; 294.135; 294.145; and 294.810. All funds within the scope of this policy are subject to laws established by the state of Oregon. Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted.
Scope	Specific Funds covered under Policy and \$ Range	GFOA - 3	GIOA - 7	OSTFB - 3.	Scope page 4	4	
Investment Objectives	Safety Liquidity Return Risk Responsibility - ESG (optional)	GFOA - 4	GIOA - 8	OSTFB - 4. OSTFB - 4.1 OSTFB - 4.2 OSTFB - 4..3 OSTFB 9.4	Objectives page 4 Preservation of Capital Sufficient Liquidity Maximize Return Diversification ESG Page 13	5 5A 5B 5D 5C 5E	Additional but fine
Investment Philosophy	Match investment maturities with expected outflows Risk Management Procedures around sales, downgrades	- - -	GIOA - 9 - GIOA - 13	OSTFB - 4.3 - OSTFB 10 & 11	N/A N/A N/A	6 6A 6B 6C	In 2nd paragraph of prudence section
Standards of Care	Delegation of Authority and Responsibilities Governing Body (ultimate fiduciary responsibility) Delegation of Authority (authority to named position/investment officer) Finance Committee (if applicable) Investment Advisors Prudence Ethics and Conflicts of Interest	GFOA - 5.3	GIOA - 4	OSTFB 5.3.i OSTFB 5.3.ii OSTFB 5.3.iii OSTFB 5.3.iv OSTFB 5.1 OSTFB 5.2	Delegation of Authority Yes Yes N/A Yes Prudence and Indem Yes	7 7A 7.A.i 7.A.ii 7.A.iii 7.A.iv 7B 7C	Note - Can delegate authority for Trading Authorization Add in Section before Advisors
Transaction Counterparties	Broker/Dealers Direct Issuer Investment Advisors / Consultants Depositories / Financial Bank Institutions Competitive Transactions	GFOA - 6.1 B & C GFOA - 6.1.A GFOA - 6.1.D GFOA - 6.3	GIOA - 26 GIOA - 25 GIOA - 23 GIOA - 21	OSTFB 6.1 OSTFB 6.2 OSTFB 6.3 OSTFB 6.4 OSTFB 6.5	Broker Dealer Page 7 Advisory Page 6 N/A Other Page 12	8 8A 8B 8C 8D 8E	All financial institutions who desire to become depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295.
Custody and Controls	Delivery vs. Payment Third-Party Safekeeping	GFOA - 6.1 GFOA - 6.2	GIOA - 16	OSTFB 7.1 OSTFB 7.2	Safekeeping and Custody Safekeeping Page 7 Safekeeping Page 7	9 9A 9B	

	Internal Controls	GFOA - 6.3	GIOA - 14	OSTFB 7.3	Internal Page 6	9C	
	External Audits		GIOA - 15	OSTFB 7.4	External Page 6	9D	
	Accounting Method (Allocation of Interest/pooling, GAAP, GASB etc)		GIOA - 28	OSTFB 7.4 & 13.4	Accounting Method Page 6	9E	
Authorized Investments						10	
	Allowable Investments (reference to statute, detailed description of each)	GFOA - 8.1	GIOA - 17	OSTFB 8	Suitable page 8	10A	Update language and remove exceptions
	Collateralization	GFOA - 8.2	GIOA - 24		Collateralization Page 7	10B	
	Prohibited Investments		GIOA - 18	OSTFB 8	Other Page 12	10C & 10D	
Investment Parameters						11	
	Diversification (by asset class, issuer, maturity - include table)	GFOA - 9.1.A	GIOA - 19	OSTFB 9.1	Page 10	11A & 11B	take maturity out of wording and put in table or leave in both but clean up note writing narrative controls
	Investment Maturity (max single maturity, WAM - include table)	GFOA - 9.1.B	GIOA - 20	OSTFB 9.2	Page 11	11D	Add maturity sector table
	Investment of Bond Proceeds, Reserve or Capital Improvements (OSTB Only)			OSTFB 10 & 11		12	not including Capital Improvement
Reporting, Compliance and Performance						13	
	Reporting Requirements (frequency, transparency, specific items-compliance)	GFOA - 11	GIOA - 27	TFB 13.1, 13.3, 13.4	Reporting Page 13	13A	
	Compliance measurement and adherence (method of measurement, frequency)	GFOA - 11	GIOA - 22	OSTFB 12	N/A	13B	Use OSTF Language
	Performance Standards (specify benchmarks, frequency)	GFOA - 10	GIOA - 29	OSTFB 13.2	Performance Page 13	13C	
Training & Business Continuity						14	
	Ongoing Training and Education	-	GIOA - 31	-	N/A	14A	
	Business Continuity		GIOA - 30		N/A	14B	
Policy Adoption						15	
	Review Frequency and Requirements for Adoption/re-adoption	GFOA - 13 & 14	GIOA - 32	OSTFB 14			

Meeting Date: June 17, 2026
Agenda Item: 6. Audit Planning Letter

The City's external auditors, Baker Tilly, have provided a letter for City Council and Finance Committee outlining their scope of work related to the City's upcoming audit, the standards that will be utilized, and the communication that will be provided to City Council and Finance Committee.

Communication with Those Charged with City of Gresham's Governance During Planning

To the Finance Committee
City of Gresham, Oregon

In connection with our engagement to audit the financial statements of the City of Gresham (the City) as of and for the year ended June 30, 2026, professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit. We would also appreciate the opportunity to meet with you to discuss this information further since two-way communication can provide valuable information in the audit process.

As stated in our engagement letter dated May 26, 2026, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

The objectives also include reporting on the following:

Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*.

Internal control over compliance related to major federal programs and on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and the audit requirements contained in OMB Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The reports on internal control and compliance will each include a statement that the purpose of the report is solely to: describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance; describe the scope of testing internal control over compliance for major federal programs and major federal program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance; that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance and the OMB Uniform Guidance in considering internal control over compliance and major federal program compliance; and, accordingly, it is not suitable for any other purpose.

We will also report on whether the schedule of expenditures of federal awards and related notes and the combining and individual fund statements and schedules, presented as supplementary information, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our responsibility for the supplementary information accompanying the financial statements is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. We will not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance. The following RSI will be subjected to certain limited procedures, but will not be audited:

- 1) Management's discussion and analysis
- 2) Schedule of the changes in the City's total OPEB liability and related ratios – implicit rate subsidy plan
- 3) Schedule of the City's proportionate share of the net OPEB liability (asset) – Oregon Public Employees Retirement System, Retirement Health Insurance Account
- 4) Schedule of the City's contributions – Oregon Public Employees Retirement System
- 5) Schedule of the City's proportionate share of the net pension liability (asset) – Oregon Public Employees Retirement System
- 6) Schedule of the City's contributions – Oregon Public Employees Retirement System

We have not been engaged to report on whether the introductory, statistical, or continuing disclosure sections presented as other information, is fairly stated, in all material respects, in relation to the financial statements as a whole.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. We will communicate to you at the conclusion of our audit, significant matters that we believe are relevant to your responsibilities in overseeing the financial reporting process, including any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on October 12, 2026 and issue our report on December 15, 2026.

During the planning of the audit, we have identified the following higher risk areas:

- Revenue recognition
- Valuation of cash and investments
- Classification of long-term assets
- Completeness and valuation of actuarially determined liabilities
- Completeness of debt disclosures
- Management override of internal controls
- Compliance with federal laws and regulations and Oregon minimum standards

Your client service team includes:

- Ashley Osten – Engagement Reviewer and Principal
- Amanda Moore – Concurring Reviewer and Principal
- Kevin Mullerleile – Director
- David Levitskiy – Manager

This information is intended solely for the information and use of the Mayor, City Council, Finance Committee, and management of the City of Gresham and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,



Portland, Oregon
May 26, 2026