WORK SESSION OF THE GREENBELT CITY COUNCIL held Wednesday, August 11, 2021,

Discussion: Proposed Financial Policies from Davenport.

Mayor Byrd started the virtual meeting via Zoom at 8:02 p.m.

In attendance were Councilmembers Judith F. Davis, Emmett V. Jordan (7:35 p.m.), Silke I. Pope, Edward V. J. Putens (7:50 p.m.), Leta M. Mach, Rodney M. Roberts, and Mayor Colin A. Byrd.

City Staff were: Nicole Ard, City Manager; Tim George; Assistant City Manager; Bertha Gaymon, City Treasurer; and Shaniya Lashley-Mullen, Assistant to the City Clerk.

Also present were: Jennifer Diercksen and Joe Mason, Davenport & Company LLC; Ric Gordon; Bill Orleans; and others.

Councilmember Davis noted, Council had reviewed the presentation twice and inquired if they had to adopt all the financial policies or could they adopt some of the guidelines. Ms. Diercksen answered, City could adopt a few policies, but Davenport could also submit all the policies into one comprehensive policy.

Based on a question asked by Councilmember Mach, Ms. Diercksen answered that if Council adopts the Reserve Policy and the Debt Policies, it would be a positive credit standpoint for the Credit Rating Agency.

Ms. Diercksen provided a PowerPoint presentation on the proposed reserved policy and debt policy.

Based on a question asked by Councilmember Davis and Mr. Mason answered that the Government Finance Officers Association (GFOA) suggested that the Fund Balance Reserve Policy is a total of two months of operating expenses that is a total of 20%, which include 17% in the reserves and 3% Budget Stabilization Reserve to help offset any unexpected expensive and replenish it over time. Councilmember Davis suggested that the City adopt a 15% in the reserves and 5% Budget Stabilization Reserves. Mr. Mason explained that the City would receive more credit for actually adopting a policy.

There was a discussion regarding debt to full value policies. Councilmember Davis inquired what 2% of outstanding debt. Ms. Diercksen advised that she will have to follow up with Councilmember Davis. Mr. Mason noted that it is best to put a perspective policy like 3% and not change the policy. He explained that the City only borrows what is needed and put a policy that the City can comply with. Councilmember Davis stated that she was in favor of the policy. Mr. Putens explained that he would instead set the policy at 3%.

Ms. Diercksen explained that debt service to expenditures is another policy that municipalities adopt, and typically, the policy ceiling for debt service to expenditures is usually between 10% - 12%, which the City is well below. In addition, she noted that the debt ratio fixed cost burden is a new metric that measures financial flexibility expands on debt services to expenditures, including the City's pension and other post-employment benefits (OPEB). Therefore, it is recommended to implement the proposed policy for fixed costs not exceed 25% of governmental expenditures.

The following steps were discussed, including finalizing the financial policies and developing a comprehensive capital projects list. Councilmember Davis noted that the financial policies are well thought out, and the earliest that Council could accept the policies is at the September 13th meeting. Mr. Jordan said that he is supportive of the policies and inquired if Davenport was recommending the City to adopt a maximum on reserve savings. Ms. Diercksen answered that Davenport recommended a minimum of 15% for the Fund Balance Reserves and provided a range between 2% - 5% for the Budget Stabilization Fund.

Based on a question asked by Mr. Jordan, Mr. Mason answered that the City would have to develop a policy to replenish the reserves used to balance a budget over a constraint period. Instead of every three years, Mr. Jordan requested that a different repayment cycle be rescheduled to every four years to be off-cycle with the property assessments.

Councilmember Mach explained that she was okay with the policies and comfortable changing the repayment cycle from three years to four years.

Based on a question asked by Mr. Roberts, Ms. Diercksen answered that the policies would provide guidelines for the City to move forward, and having the bench markets would assist during a recession. She advised setting the policies when everything is good. It is considered strong management.

In response to Mr. Jordan's suggestion regarding the repayment cycle, Councilmember Davis explained that every 12 years, the repayment cycle would be on cycle with the property taxes.

Mr. Jordan asked how the budget and financial policies would reflect the restricted American Rescue Relief Fund (ARRF). Mr. Mason answered that Davenport & Company had a meeting with senior staff discussing concepts and plans. Ms. Ard explained (ARRF) would be segregated out of the budget just as the CBG funds making sure it is appropriately tracked and monitored. Ms. Gaymon advised that the funds are restricted, and it will increase the budget. She explained that staff has been meeting with GOFA on how to report and tracking the funds. Councilmember Roberts commented that the ARRF is one-time funding and shouldn't be considered increasing the budget.

Mr. Mason suggested the following regarding the next steps, the City solicitor could prepare legislation, the finance department could prepare guidance, or Davenport & Company could review the documents and provide comments.

Councilmember Davis requested this item be on the next Council agenda, with Mr. Jordan's changes to the repayment cycle from every three years to every four years, and setting a 15% in the reserves and 5% Budget Stabilization Reserves. She also requested that next week's work session remove the Finance Policy discussion.

Informational Item

There was a discussion regarding members of the Council being interviewed by the local news.

Ms. Ard informed Council that she sent a confidential personnel email.

The meeting ended at 9:18 p.m.

Respectfully submitted,

Shaniya Lashley-Mullen

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Assistant to the City Clerk