



AD HOC COMMITTEE REPORT

Date: May 19, 2023

Title: Operating Fund Policy Update

RECOMMENDATION:

By motion, adopt the updated Operating Fund Policy, as written and recommended by the Ad Hoc Committee.

BACKGROUND:

On April 20, 2023, the Ad Hoc Committee received feedback on a draft Operating Fund Policy from the Board of Directors and the Finance Committee. At that meeting, the board agreed by consensus that the Ad Hoc Committee should meet again with the Finance Committee to obtain additional feedback before bringing the draft policy back to the board to consider approval.

AD HOC COMMITTEE MEETING TIMELINE, SINCE APRIL 20, 2023:

May 1, 2023 Meeting, Directors Mahoney and Levine, David Mickaelian, Craig Falk, Laura Kodres, Corey Leibow, Joseph Niedringhaus, Cathy Ravano, Michael Rudolph, Julie Vietor.

The Ad Hoc Committee met with all seven members of the Finance Committee. The Committee discussed the latest draft Operating Fund Policy in detail, and provided the Ad Hoc committee with feedback and advice. Following this meeting, the Ad Hoc Committee worked online to complete a new draft policy incorporating the Finance Committee's feedback.

May 12, 2023 Meeting, Directors Mahoney and Levine, David Mickaelian, and Todd Martyn-Jones.

The Ad Hoc Committee met to decide final edits following its meeting with the Finance Committee.

DISCUSSION:

The following is a summary of the edits and additions made to the draft policy by the Ad Hoc Committee since the April 20, 2023 Board of Directors Meeting:



1. Added clarifying citations to footnotes 1 and 3.
2. Added “and appropriate” to the 5th bullet point in the Purpose section.
3. Retitled and rewrote the Revenue And Expense Analysis section. In the course of these revisions, one bullet point formerly in the Purpose section was edited and relocated to this section.
4. Deleted redundant, moot, and/or confusing language in the Operating Fund Contingency Reserve (OFCR) section, improving clarity without affecting substance.
5. Rewrote the OFCR minimum and maximum balances language to improve clarity.
6. Rewrote the Expenditures section to improve clarity.

Believing it unsupported by the policy and also possibly by state law, the Ad Hoc Committee previously deleted an existing reference to borrowing from the Development Fund to meet Operating Fund shortfalls that exceed the balance in the OFCR. The Finance Committee reviewed the options available to the board and management for dealing with Operating Fund shortfalls. Consistent with that discussion, the reference to borrowing from the Development Fund remains deleted in the recommended draft.

CONCLUSION:

Along with this report, the Ad Hoc Committee has provided the following documents:

- A clean recommended Operating Fund Policy proposal, dated May 19, 2023
- A document facilitating comparison between the following documents:
 - The existing Operating Fund Policy adopted October 27, 2018
 - The recommended draft Operating Fund Policy dated May 19, 2023

Once again, we thank our fellow directors for entrusting us with this project, and we look forward to bringing this work to a successful conclusion.

Prepared by Directors Mahoney and Levine Board Meeting Date: May 19, 2023
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