

**PAGE CITY COUNCIL
WORK SESSION MEETING MINUTES
SEPTEMBER 9, 2015**

A Work Session Meeting of the Page City Council was held at 5:30 p.m. on September 9, 2015, in the Council Chambers at City Hall in Page, Arizona. Mayor Bill Diak presided. Vice Mayor John Kocjan, Councilors Mike Bryan, Scott Sadler, Levi Tappan, David Tennis and Dennis Warner were present

Mayor Diak called the meeting to order.

Staff members present: City Manager, Crystal Prentice; Finance Director, Linda Watson; and City Clerk, Kim Larson.

Discussion by the City Council pertaining to the North Navajo Wall

On October 29, 2014 and January 7, 2015 meetings were held with the property owners and residents from the 900 block of Cathedral Avenue. The purpose of the meetings was to garner input from the property owners regarding the 34-year-old wall that was constructed by the City in 1978, that is now dilapidated and needs to be removed or replaced.

The wall was constructed near the sidewalk, rather than at the property line (the city-owned property extends 44' from the centerline of the street. In addition, the public utility easement extends approximately 16' from the property line).

Over time, many of adjacent property owners added fill and extended their backyard to the wall. The grade differences from the sidewalk to the backyards made accessing the utilities difficult.

The property owners who attended the meetings have indicated that they would prefer that a new precast concrete wall be built at the sidewalk, rather than the property line; and were agreeable to having the City deed the property (located between the sidewalk and property line) to the adjacent owner(s); and accept the wall as personal property. This change would require the utility easement to be extended to the new property line.

In July, the City sent out a Request for Proposal (RFP) for a Precast Concrete Wall. The scope of work consisted of the installation of approximately 540 linear feet of decorative precast concrete retaining wall of varying heights with a 6 foot high privacy wall on the retaining wall. Also included in the project was the demolition of the existing wall and placing fill material behind the new retaining wall. There was a mandatory site visit required to bid this project.

The City received four bids, which were opened on July 29, 2015. The lowest responsible bidder was Hatch Industries with a bid of \$119,528.00. The bid does not include a survey, legal, or recording costs. The FY 16 budget included \$100,000.00 in line item 40-485-9825 CIP, Community Development. It was recommended that the additional funding be transferred from 10-411-9600 Contingency line item. The Engineer's estimate of probable costs for a pre-cast concrete wall was \$98,825.

Staff made the following recommendations:

The City Attorney will draft a written agreement with each individual property owner, which includes the following:

The City will:

- Survey each property to determine a legal description and property boundaries in order to convey the property to the adjacent owner and to describe extension of the utility easement.
- Pay for the demolition of the City built wall.
- Pay for the cost and installation of the new pre-cast concrete wall.
- Convey the city-owned property to the adjacent owner by quitclaim deed.

The property owner will:

- Accept responsibility for the ownership of the new wall including all future maintenance/replacement costs and agree to maintain the wall as installed for the useful life of the improvement.
- Accept the conveyance of city-owned property.
- Agree to extend the public utility easement.
- Remove all personal property from the project area (ie. sheds, playground equipment, storage, etc.)
- If the property owner requires temporary fencing for personal use (ie. pet safety) the property owner will be required to reimburse the City for any costs associated with providing the fencing.

The agreements will also consider special circumstances such as utility access issues. As a part of the bid, the contractor was required to supply wall patterns and colors to the City for approval. The wall will be colored per our selection. Councilmember Warner has suggested a horizontal sandstone stack and "sandpaper stucco finish" in keeping with the Memorial Wall (see attachment for examples).

Staff requested direction from City Council on the following:

- Would you like this project to proceed?
- If so, do you agree with the staff recommendations listed above? If not, what changes would you like made?
- If we are unable to get 100% participation would you like to proceed?
- Do you have a design preference?

There was discussion.

The consensus of City Council was:

- ▶ To proceed with the North Navajo wall
- ▶ To proceed with staff recommendations, and set out that the wall belongs to the City of Page
- ▶ To proceed with the wall even if we are unable to get 100% participation
- ▶ The design preference was the sample referred to as the Jack Reed Residence, attached hereto and by this reference made a part of herein.

There was discussion regarding asking the one homeowner with the existing wall if the City can paint their wall to match the stucco on the new wall.

Discussion by the City Council pertaining to investment options

Fiscal stability was one of five priorities identified by the City Council at the Strategic Planning Retreat. Reviewing cash flow and investment options for potential additional interest earnings revenue was an important Council objective.

In June, the City Council adopted Resolution 1148-15: Amending the City of Page Investment Policy; bringing the policy into compliance with today's investment practices. The policy is attached.

City Council recently held two work sessions on July 22, 2015 and August 12, 2015. Aaron Bonck with TVI Investments and Michael Preble with Camargo Capital, presented portfolio investment options for the City of Page.

The City currently has three Local Government Investment Pool (LGIP) accounts that hold approximately \$11.1 million in funds. The General account has \$7.4 million; the Highway User Revenue Fund (HURF) has \$1.3 million; and the newly established Series 2011 Bond account has \$2.4 million.

Staff recommends investing at least \$2.5-3 million of funds, currently invested in the LGIP, in either the General account or Series 2011 Bond account. The Bond funds are not being utilized for any operating and are continuing to grow through the first bond call date in 2021. HURF can be invested, however staff recommends using these funds for infrastructure improvements. Maintaining an account balance between \$3-4 million in National Bank of Arizona checking account has reduced bank fees. No change is recommended for this account.

Staff was seeking direction from City Council on how to proceed with investing City funds:

- Resolution 1078-12 sets the reserve balance at \$3.5 million. Increasing the reserve balance has a direct effect on the available funds available to invest.

Staff asked Council if they wanted to maintain or increase the reserve balance.

- The City currently has three LGIP accounts that hold approximately \$11.1 million in funds. The General Account has \$7.4 million; the HURF has \$1.3 million; and the newly established Series 2011 Bond account has \$2.4 million.

Staff asked what level of funding held in LGIP were they comfortable in investing, and which accounts (General, HURF, Bond) would they like to invest.

- To reduce banking fees the City maintains a minimum of \$3 million in the National Bank of Arizona Checking Account. The fee savings are greater than the current interest earnings.

Staff asked Council if they were interested in maintaining this minimum balance.

- Council had the opportunity to consider investment options and they heard presentations from financial advisors, Aaron Bonck, TVI Investments and Michael Preble, Camargo Capital.

Staff asked Council if they had a preference between TVI Investments and Camargo Capital, or would they like staff to pursue additional investment companies for consideration.

City Manager Crystal Prentice presented the agenda item and reviewed the information referenced above. She stated that best practices dictates that Cities maintain reserves of at least 35-50% of the annual operating budget, and she stated that a percentage would be better than a set amount because it would change over time.

Councilor Warner stated that he would like to invest enough funds to sustain the bond debt for 2021.

City Manager Crystal Prentice stated that she would be comfortable with maintaining reserves at 50% of the operating budget.

There was discussion regarding setting the reserve.

Finance Director Linda Watson stated that in reference to the 3.5 million reserve, she would not use that money. She stated that other money would be used for investment purposes and not the reserve money.

Councilor Tennis stated that the investment accounts are not short term and the City should have long term projects to save for and invest the money for the projects.

Councilor Tappan referenced putting \$3.5 million in National Bank, to avoid the fees, and using that as a reserve.

There was discussion.

City Manager Crystal Prentice asked the City Council if they wanted to invest outside the LGIP the \$11 Million and what percentage they felt comfortable investing.

Councilor Warner asked what amount the City would need annually to handle the inflows and outflows. He stated that the City gets funded every month with sales tax revenue, but beyond that, what is a comfortable level to maintain and operate.

Finance Director Linda Watson stated that the funds in the National Bank Account were for operating the City.

City Manager Crystal Prentices stated about \$4 million. There is \$3-4 million in the checking account and \$11 million in the LGIP fund.

Councilor Warner stated that the City could invest the rest. He then stated that the City should reverse the strategy: establish what the minimums are that you are going to work with, and everything else pushes, by default, for investing.

There was further discussion.

The Consensus of City Council was to use TVI Investment for the City's investments and to invest in increments of \$250,000.00.

Finance Director Linda Watson stated that she was advised to invest in increments of \$247,000.00, so that when interest was added, the investment would never be greater than the FDIC insured amount.

Clarification was made that the funds being discussed were the City funds only, and did not include Page Utility Enterprises (PUE).

PUE General Manager Bryan Hill was present and he stated that PUE had invested money in the past and lost, therefore it was decided to keep the funds liquid. At this time one-half of the funds are invested with the LGIP and one-half of the funds are in the bank. Mr. Hill was asked when the last time this discussion was talked about, and Mr. Hill responded that it was in 2010.


There was further discussion pertaining to the City's investments.

Councilor Bryan asked how much money management Finance Director Linda Watson would be involved in.


Finance Director Linda Watson stated that she would like TVI Investments to make recommendations and she and the City Manager would make the decisions. TVI Investments will call when a bond is up and make recommendations.

The consensus of City Council was to maintain the City's operating funds of approximately \$4 million in National Bank and invest the remaining funds.

The meeting was adjourned at 6:19 p.m.



Kim Larson
City Clerk



William R. Diak
Mayor



Jack Reed Residence - 24760 South Ellsworth Road, Queen Creek Arizona

928-243-4362 Hatch Industries, Lic.#'s K-9 290336 & A-14 286271, PRECAST CONCRETE & ASPHALT PAVING, 14 E. Maverick Street, PO Box 1858, Taylor, AZ
15- Cort Kloke, NHL Funding 4221 W. McDowell Road 949-640-9350 -Check us out @ www.verti-crete.com

City of Page, Arizona
Investment Policy

- 1 POLICY: It is the policy of the City of Page to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all applicable state and local statutes governing the investment of public funds.
- 2 SCOPE: This investment policy applies to all financial assets and funds held by the City of Page. These funds are accounted for in the City of Page, Arizona, Comprehensive Annual Financial Report and include:
 - 2.1 Funds:
 - 2.1.1 General Funds
 - 2.1.2 Special Revenue Funds
 - 2.1.3 Capital Project Funds
 - 2.1.4 Enterprises Funds
 - 2.1.5 Trust and Agency Funds
 - 2.1.6 Any new funds created by the City, unless specifically exempted.
- 3 Objectives: The primary objective, in priority order, of the City of Page investment activities shall be:
 - 3.1 Safety : Safety of principal is the foremost objective of the City of Page. Investments of the City shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in the portfolio composition.
 - 3.2 Liquidity: The City of Page investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonable anticipated.
 - 3.3 Yield: The City of Page investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's very strict risk constraints and the cash flow characteristics of the portfolio.
- 4 Delegation of Authority:
 - 4.1 The Finance Director is designated as Investment Officer of the City and is responsible for investment decisions and activities, under the direction of the City Manager.
 - 4.2 The Finance Director shall develop and maintain administrative procedures for the operation of the investment program, consistent with these policies. Procedures should include reference to safekeeping, wire transfer agreements, collateral/deposit agreements and banking service contracts.
 - 4.3 The City Clerk is hereby designated the Deputy Investment Officer.
 - 4.4 No officer may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director and approved by the City Manager.
 - 4.5 The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

- 5 Prudence: The standard of prudence to be used by the Investment Officer shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio.
 - 5.1 The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.
- 6 Internal Controls: All written administrative and internal controls will be reviewed annually with the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes or imprudent actions of employees of the City of Page.
- 7 Authorized and Suitable Investments: The Investment Officer and his deputies may invest in:
 - 7.1 Obligations of the United States Government, its agencies and instrumentalities;
 - 7.2 Fully insured or collateralized certificates of deposit and other evidence of deposit at banks and savings and loan associations;
 - 7.3 Money market funds whose portfolios consist of the foregoing; and
 - 7.4 The State of Arizona's Local Government Investment Pool.
- 8 Authorized Financial Dealers and Institutions: The City shall use local dealers and institutions which are authorized to provide investments services. Banks and savings and loans shall provide their most recent Consolidated Report of Condition ("call" report) at the request of the City.
- 9 Portfolio Diversification and Maturities:
 - 9.1 It is the policy of the City to diversify its investment portfolio by using allowable, authorized and suitable investments.
 - 9.2 The Investment Officer will insure that all investment maturities will be matched to cash flow requirements.
 - 9.3 To control risks of liquidity, all investments must mature within 5 years.
- 10 Safekeeping and Collateralization:
 - 10.1 All security transactions; entered into by the City shall be conducted on a delivery versus payment basis (DVP).
 - 10.2 All securities shall be held by a third-party custodian designated by the investment officer. The third party custodian shall issue a safekeeping receipt to the City listing the specific instrument, rate, maturity, and other pertinent information.
 - 10.3 Collateralization will be required on Certificates of Deposit which are not FDIC insured.
 - 10.4 In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102 percent of market value of principal and accrued interest.
- 11 Performance Evaluation:

11.1 The Investment Officer shall submit monthly reports to the City Manager and City Council containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program.

11.2 The Investment Officer shall include a market price, on the monthly report, of all U.S. Treasury investments.

12 Investment Policy Adoption: The City's investment policy shall be approved by the City Council. The policy shall be reviewed on an annual basis by the City Manager and any significant modifications thereto must be approved by the City Council.

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the City Council Work Session Meeting, held on the 9th day of September, 2015. I further certify that the meeting was duly called and that a quorum was present.

Dated this 23rd day of September, 2015

A handwritten signature in cursive script that reads "Kim Larson".

Kim Larson, City Clerk