A Work Session Meeting of the Page City Council was held at 5:30 p.m. on July 22, 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 (entered at 6:10 p.m.), David Tennis and Dennis Warner were present.

Mayor Diak called the meeting to order.

Staff members present: City Attorney, Joe Estes; Finance Director, Linda Watson; Deputy City Clerk, Sue Kennedy; and City Clerk, Kim Larson.

Discussion by the City Council pertaining to a presentation by Aaron Bonck with Time Value Investments for City of Page investment options

Mayor Diak introduced Aaron Bonck.

Mr. Bonck, from the Time Value Investment (TVI) home office in Seattle, Washington, shared a Power Point presentation (attached) that compared the low interest rate that federal funds are receiving with other higher paying options.

He stated that the City of Page’s Local Government Investment Pool (LPIG) Pool 7 is currently yielding .09%, but that Federally Insured Certificates of Deposit and US Government Agency Bonds yield substantially more (see pages 9 & 10), are completely safe, and comply with Page’s Investment Policy as well as Arizona Revised Statutes.

Finance Director Linda Watson stated that there is a $10,000,000 balance in LPIG accounts, that the City of Page can do better with their investments, and that it is past time to do so.

The meeting was adjourned at 6:18 p.m.

Sue Kennedy
Deputy City Clerk

William R. Diak
Mayor
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 22nd day of July, 2015. I further certify that the meeting was duly called and that a quorum was present.

Dated this 12th day of August, 2015

Sue Kennedy, Deputy City Clerk
TVI Investments

- California Society of Municipal Finance Officers, various events
- Last 3 California Municipal Treasurers Association Conferences
- 4 of the last 5 Washington Public Treasurers Association Conferences
- Last 5 Washington Finance Officers Association Conferences

Invited to teach at Conferences/Events:

- City of St. Johns, AZ
- Town of Tusayan, AZ
- City of Sedona, AZ

Over 250 public entity accounts in the Western states, including:

Home office in Seattle, Washington
as normal in the longer run: "warrant keeping the target federal funds rate below levels the committee views currently anticipates that economic conditions may, for some time, percent target range for the federal funds rate remains appropriate." The committee today (6/17/15) reaffirmed its view that the current 0 to 1/4 percent funds rate is appropriate. Federal Funds Rate on 6/17/2015: The Federal Reserve made the following statement regarding the

Federal Reserve Statement
POOL 7 currently yielding 0.9% (as of 3/31/15)

What does the low federal funds rate mean for the LGIP?
and T2 (see next slide).

State of Arizona per Arizona Revised Statute 35-323 sections 6
These investments are allowable for public entities in the

Both are very safe, common, and typical for public entities.

Deposit and US Government Agency Bonds directly.
We recommend investing in Federally Insured Certificates of

For Public Entities
Investment Alternatives Appropriate
1. Charterred bank or savings and loan association.

12. Negotiable or brokered certificates of deposit issued by a nationally or state instrumentalities.

is agencies, sponsored agencies, corporations, sponsored corporations or obligations issued or guaranteed by the United States or any of the senior debt of

32-323. Investing Public Monies: Bidding: Security and other requirements

Investment Alternatives Appropriate

for Public Entities cont.
Resolution No. 1148-15

Statute. Please see below:

The City of Page's investment policy complies with the relevant Arizona Revised

For Public Entities, cont.
Investment Alternatives Appropriate
For a net difference of approximately $50,500 per year:

$5,000,000 x 1.10% = $55,000 per year

Year $5 million invested into such a portfolio would yield approximately:

A portfolio of CDs and Government bonds, laddered between 2-5 years,

$5,000,000 x .09% = $4,500 per year

change: $5 million left in the LGIP would earn the city approximately:

Based on the current LGIP 7 rate of .09% (which can and likely will

CDS/Bonds vs. Cash
<table>
<thead>
<tr>
<th>Maturity</th>
<th>Description</th>
<th>Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.60</td>
<td>SYDNI0771A4: Lender: CTC, Account: 025025, Survivor Option, Semi-Annual.</td>
<td>0710S71A3</td>
</tr>
<tr>
<td>1.60</td>
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</tr>
</tbody>
</table>

Federally Insured CDS
### 2 Year CDSs

<table>
<thead>
<tr>
<th>maturity</th>
<th>description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIS Rating (1-6): 1.000</td>
<td>Federal Reserve USA Multi Agency CD 1.00% 10 Year Option, Semi-Annually, FIDC#62054</td>
</tr>
<tr>
<td>FIS Rating (1-6): 2.000</td>
<td>Federal Reserve USA Multi Agency CD 2.00% 10 Year Option, Semi-Annually, FIDC#62054</td>
</tr>
<tr>
<td>FIS Rating (1-6): 3.000</td>
<td>Federal Reserve USA Multi Agency CD 3.00% 10 Year Option, Semi-Annually, FIDC#62054</td>
</tr>
<tr>
<td>FIS Rating (1-6): 4.000</td>
<td>Federal Reserve USA Multi Agency CD 4.00% 10 Year Option, Semi-Annually, FIDC#62054</td>
</tr>
<tr>
<td>FIS Rating (1-6): 5.000</td>
<td>Federal Reserve USA Multi Agency CD 5.00% 10 Year Option, Semi-Annually, FIDC#62054</td>
</tr>
<tr>
<td>FIS Rating (1-6): 6.000</td>
<td>Federal Reserve USA Multi Agency CD 6.00% 10 Year Option, Semi-Annually, FIDC#62054</td>
</tr>
</tbody>
</table>

### 3 Year CDSs

<table>
<thead>
<tr>
<th>maturity</th>
<th>description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIS Rating (1-6): 1.300</td>
<td>Federal Reserve USA Multi Agency CD 1.30% 3 Year Option, Semi-Annually, FIDC#42597</td>
</tr>
<tr>
<td>FIS Rating (1-6): 2.300</td>
<td>Federal Reserve USA Multi Agency CD 2.30% 3 Year Option, Semi-Annually, FIDC#42597</td>
</tr>
<tr>
<td>FIS Rating (1-6): 3.300</td>
<td>Federal Reserve USA Multi Agency CD 3.30% 3 Year Option, Semi-Annually, FIDC#42597</td>
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</tr>
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</table>

Federally Insured CDs cont.
This 4 year bond is callable in 6 months and quarterly thereafter.

Government Agency Bond
How is a CD/Bond purchased?

- Using DVP, the investor does not wire to the broker, but rather
  GFOA recommends deliver-versus-payment (DVP)
“Investments should be settled in a delivery-versus-payment (DVP) basis. In this procedure, the buyer’s payment for securities is due at the time of delivery. Security delivery and payment occur simultaneously. This practice ensures that no funds are at risk in an investment transaction as funds are not released until securities are delivered, thus protecting the government entity has either money or securities at all times during the transaction.”
Other pertinent information. Safekeeping receipt to the City issuing the specific instrument, rate, maturity, and designated by the Investment officer. The third party custodian shall issue a

10.2 All securities shall be held by a third-party custodian conducted on a delivery versus payment basis (DVP).

10.1 All security transactions entered into by the City shall be

Safekeeping and Collateralization:

This is consistent with GFOA Best Practices.

Securities be purchased on a delivery vs. payment (DVP) basis.

As you can see below, the City's Investment policy requires that all

City of Page Investment Policy and DVP
Manager

Investment Broker vs. Investment

Provide the investments.

- Is an intermediary between investor and brokers, who still ultimately invested funds (which is $5,000 per $1 million invested, per year).
- Invested. For example, a typical range might be 0.50% per year on invested.
- Charges an ongoing fee, typically a percentage based on dollars

Manager:

- Investor with no ongoing connection to the broker.
- No additional fees or charges after purchase; security belongs to the security.
- Earns a commission that is already built into the purchase price of a

Broker:

- Function differently and are compensated differently.
- Brokers and Managers can both provide investments, but