

CITY OF BRIGHTON  
CITY COUNCIL MEETING  
CITY HALL  
May 7, 2015

Regular Blue Sky: 7:00 p.m.: Review of Agenda Items for this evening's meeting

**REGULAR SESSION - 7:30 P.M.**

1. Call to order
2. Pledge of Allegiance
3. Roll Call
4. Consider approval of the Agenda
5. Approval of [minutes: Regular Meeting of April 16, 2015](#)
6. Brighton Police Officer of the Year Award Presentation from the Police Chief
7. Call to the Public

**Consent Agenda**

8. Consider approval of the [Quarterly Investment Report](#) from the Finance Director and Treasurer

**Policy Development & Customer Communications' action item**

9. Consider approval of , and or related direction to City staff regarding a proposed amendment/extension to the City's refuse collection and recycling services contract with Waste Management
10. Consider approval of a [resolution](#) to adopt the [Fiscal Year 2015-2016 City Budget](#)

**Other Business**

11. Information for City Customers including reports on responses to Citizens Inquiries to City Council received since the last Council Meeting
12. Receive updates from Council Member Liaisons to other Boards and Commissions
13. Call to the Public
14. Closed session to receive update from the City Attorney on Michigan Tax Tribunal litigation
15. Adjournment

**MINUTES OF THE MEETING OF THE CITY COUNCIL OF BRIGHTON**  
**HELD ON APRIL 16, 2015 AT THE BRIGHTON CITY HALL**  
**200 N. 1ST STREET, BRIGHTON, MICHIGAN**

**BLUE SKY SESSION**

The Council conducted a Blue Sky Session at 7:00 p.m. Present were Mayor Muzzin, Councilmembers Bohn, Bandkau, Pipoly, Tobbe and Willis. The Council reviewed the agenda items.

**REGULAR SESSION**

Mayor Muzzin called the regular meeting to order at 7:30 p.m. Following the Pledge of Allegiance, the roll was called. Present were Mayor Muzzin, Councilmembers Willis, Pipoly, Tobbe, Bandkau and Bohn. Also in attendance were Attorney Paul Burns, Staff members Dana Foster, Diana Lowe, Amy Cyphert, Dave Blackmar, Tim Krugh, Kelly Hanna, Tom Wightman, Matt Modrack and an audience of 10. Press and media included Tom Tolen from WHMI.

It was moved by Councilmember Bohn, seconded by Bandkau to excuse Councilmember from the evening's meeting. Motion passed 6-0-1.

**AGENDA APPROVAL**

It was moved by Mayor Pro-Tem Pipoly, seconded by Tobbe to approve the agenda as presented. Motion passed 6-0-1.

**MINUTE APPROVAL**

It was moved by Councilmember Bohn, seconded by Willis to approve the Special Meeting minutes of April 1, 2015. Motion passed 3-0-2-1. With Councilmember Bandkau and Tobbe abstaining

It was moved by Councilmember Bohn, seconded by Bandkau to approve the Regular Meeting minutes of April 2, 2015. Motion passed 6-0-1.

It was moved by Councilmember Bohn, seconded by Bandkau to approve the Closed Session minutes of April 2, 2015. Motion passed 6-0-1.

**CALL TO THE PUBLIC**

Mayor Muzzin opened the Call to the Public at 7:32 p.m.

Steve Monet stated the 13<sup>th</sup> annual Gleaner's Fill the Gazebo Food Drive will be on May 2<sup>nd</sup> from 9:00 a.m. to 1:00 p.m. and asked for donations. He introduced the president of the Livingston County Realtors, Carl Vagnetti, Chairperson of the food drive. He stated all the food and donations collected at the event stay in the Livingston County.

Carl Vagnetti discussed the Fill the Gazebo event and thanked everyone for their support.

Randy Clifton stated he has read the proposed budget and complimented Kelly Hanna on a job well done. He discussed items in the proposed budget and questioned the Zoning Ordinance update.

Pat Cole complimented Steve Monet on his efforts with the annual Food Drive. She asked about people skating in the SELCRA Skate Park and who is responsible for securing it. She recommended SELCRA be billed for Police calls to the park.

City Manager, Dana Foster stated SELCRA has insurance coverage on the Skate Park. He stated the park would be treated like any other property in the City in regards to security.

Police Chief, Tom Wightman said the City's Police officers spot check the property.

Hearing no further comment, the Call to the Public was closed at 7:46 p.m.

### **CONSENT AGENDA**

It was moved by Councilmember Tobbe seconded by Willis to approve the Consent Agenda presented. A roll call vote was taken. Yes: Willis, Bohn, Pipoly, Muzzin, Bandkau, Tobbe. No: none. Absent: Gardner. Motion passed 6-0-1.

The following items were approved:

1. Granted conditional site plan approval for 8539 W. Grand River as depicted on the plans prepared by

Creative Land Planning & Design, sheets C1 – C12, job #14-030, last dated 11-5-14, and plans prepared by OX Studio, Inc., cover sheet, sheets 2-3, no. #14120-52, last dated 4-2-15, sheet LP-1; Landscape Planting Plan by J. Brian Devlin, last dated 4-2-15 and plans prepared by GAV Associates, sheets A.101, A.201, A.202, job #15027, last dated 4-2-15. The approval is subject to the following conditions:

1. That right of way permits be obtained from the Department of Public Services for work within the right of way.
2. That any damages done to the existing sidewalks be repaired.
3. That all signage comply with applicable Ordinances or variances obtained.
4. That the applicant must address any outstanding City Engineer requirements during the construction review.
5. That the applicant must address any outstanding Fire Code requirements during the construction review.
6. That the applicant must address any outstanding Building Code requirements during the construction review.
7. All landscape areas must be irrigated.
8. That light details be submitted during the construction review.

2. Granted conditional site plan approval for Sky Zone at 8151 Movie Drive as depicted on plans prepared by Atwell Hicks, job no. #05000090, last dated 1-25-05 and plans prepared by Sky Zone Franchise Group, last dated 3-16-15, sheet A1.1 subject to the following:
  1. That all signage comply with the previously approved size requirements or a site plan amendment will be submitted.
  2. That the applicant must address any outstanding Fire Code requirements during the construction review.
  3. That the applicant must address any outstanding Building Code requirements during the construction review.
  
3. Granted a conditional one year extension for the Hampton Inn site plan which was originally approved on May 1, 2014 as depicted on plans prepared by Giffels Webster, project no. 18403.00, sheets SP-01 through SP-16, LA-01, LA-02, last dated 4-16-14 and plans prepared by Gasser Bush Associates, Drawing No. #13-21276-V3, dated 12-18-13 and plans prepared by Victor Saroki & Associates Architects PC, dated 12-30-13 sheets Ground Level Floor Plan, Second Level Floor Plan, Third Level Floor Plan, South Elevation, West and East Elevation, and North Elevation subject to the following:
  1. That this approval includes the approval of changes to the Parker Property mixed use development as shown on Sheet SP-06.
  2. That all signage comply with applicable ordinances or variances are obtained.
  3. That the applicant must address any outstanding Fire Code requirements with the Fire Department during the construction review.
  4. That the applicant must address any outstanding City Engineer requirements during the construction review.
  5. That right of way permits are obtained from the Department of Public Services for work within the right of way.
  6. That any damages done to the existing sidewalks or Homewood Suites parking lot be repaired.
  7. That the easement documents for the public sidewalk and public utilities be filed with Livingston County once completed.
  8. That the building materials of the new dumpster enclosure match those of the existing dumpster.
  9. That the new parking lot lighting match the existing parking lot lighting at the Homewood Suites site.
  10. That the type of proposed screens and fences and the height, typical elevation and vertical section of screens, showing materials and dimensions be reviewed during the construction plan review.
  
4. Approved a Special Land Use Permit for an overflow parking lot within the CSX railroad property adjacent to the DBD Zoning District and northwest of the Main Street and railroad intersection with the following conditions:
  1. That City Council determine the yearly usage time with the special land use permit.
  2. That a maintenance agreement be signed between the City and DDA prior to the use of the overflow lot.

5. Granted conditional site plan approval for the CSX West Overflow Parking Lot to be located within the CSX property adjacent to the DBD zoning district as depicted on the plans prepared by Desine, Inc., project no #142520, last dated 4-3-15, cover sheet, C1.0, C2.0, C2.1, C3.0, C4.0, C4.1 and plans prepared by Lindhout Associates Architects, job #1484, last dated 4-2-15, sheets A1.0, A7.0, E1.0. The approval is subject to the following conditions:
  1. That City Council determine the yearly usage time with the special land use permit.
  2. That a maintenance agreement be signed between the City and DDA prior to the use of the overflow lot.
6. Approved Resolution 15-05, Lake Trust Credit Union gaming license.

#### **PROPOSED FISCAL YEAR 15-16 CITY BUDGET PUBLIC HEARING**

City Manager, Dana Foster discussed the Millage Rate for the City of Brighton, refuse collection fees, utility fees, Capital Improvement Program, Zoning Ordinance Update, the Finance Director's budget letter, the published Budget notice and user fees for SELCRA.

Mayor Muzzin opened the Public Hearing for the proposed Fiscal Year 15-16 City Budget at 8:19 p.m. Hearing no comment, the Public Hearing was closed.

There was discussion regarding the addition of a Department of Public Works employee, net cost in reduction of contracted work and impact on amount of street cleaning.

#### **CITY CUSTOMER INFORMATION**

City Manager, Dana Foster thanked everyone involved in the recent Parking Ordinance amendment.

Councilmember Bohn gave a Planning Commission update. He discussed an email Council received regarding a Clean-up Day in Brighton and cigarette debris near the downtown restaurants. He suggested the PSD and the DDA work with the downtown businesses regarding cigarette litter.

Mayor Pro-Tem Pipoly suggested sharing the email with the restaurants downtown.

Mayor Muzzin gave a Brighton Area Fire Authority update.

#### **CALL TO THE PUBLIC**

Mayor Muzzin gave a Call to the Public at 8:34 p.m. The following comment was heard:

Pat Cole, Brighton City, suggested the SELCRA Councilmember liaison alert the Board of trespassing at the closed Skate Park and to get word out to trespassers regarding ramifications.

Hearing no comment, the Call to the Public was closed at 8:37 p.m.

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**ADJOURNMENT**

It was moved by Mayor Pro-Tem Pipoly, seconded by Willis to adjourn the meeting at 7:38 p.m. Motion passed 6-0-1.

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Diana Lowe, City Clerk

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Jim Muzzin, Mayor

MEMORANDUM

To: Dana Foster, City Manager

From: Kelly Hanna, Finance Director



Date: April 29, 2015

Subject: **The City's Quarterly Investment Report as of March 31, 2015**

Attached you will find the City's Quarterly Investment Report as of March 31, 2015.

In comparison to the quarter ended December 31, 2014, the City's total investment/bank balance has decreased by \$2,651,255 or 34% to \$5,055,540, which is generally indicative of the fact that the majority of the City's tax revenue levied is collected in the first quarter of the fiscal year, while expenditures are relatively more constant throughout the year. In comparison to the same quarter a year ago, i.e., the quarter ended March 31, 2014, the City's total investment/bank balance has increased by \$214,807 or 4%. This is reflective of higher fund balance than the previous year.

In comparison to the quarter ended December 31, 2014, the City's average rate of return on investments increased from 0.54% to 0.56%. The increase is reflective of an increase in interest rates for money market accounts. The City continues to earn more than the benchmark 3-month Treasury Bill Rate and Fed Funds Rate.

Since December 31, 2014, the City's investment in FDIC insured CD's decreased by \$650,513. The City's deposits/investments with Flagstar Bank totaled approximately \$998,169 or approximately 20% of the City's overall portfolio.

Attached you will find a quarterly investment report per the Adopted Investment Policy (also attached). We continue to work within the primary objectives of the City's Investment Policy, which, in priority order, are; safety, liquidity and return on investment.

Let me know if you have any questions.

MEMO

To: City Council  
From: Laura Hoshaw, Treasurer   
Subject: Quarterly Investment Report  
Date: April 29, 2015

The City of Brighton currently has 8 certificates of deposits with various Michigan banks with a 12-month maturity or less. There were no certificates of deposit purchased this quarter. We will continue to review keeping our funds liquid vs. the lower rate of return from pooled money market accounts and begin purchasing additional Certificate of Deposits in the first quarter of the new fiscal year.

The interest rates of these outstanding certificates range from .40% to a maximum of .85% and will vary in amounts from \$150,000 to \$251,755. This also protects the interest revenue from market declines in the money market accounts. The general fund currently holds 6 CD's in the amount of \$1,503,887 which is from the tax revenue received from the tax bills due August 15 of each year. The Utilities fund currently holds 1 CD in the amount of \$150,000. The Utilities Reserve fund holds 1 CD in the amount of \$250,000. Staggering the investments out provides an on-going steady interest income, which is additional revenue to the City budget.

Our current financial institutions hold 62% of our total investments and are providing .06% to 1% interest rates on our money market, savings, and checking accounts. These funds are completely liquid in nature and are available to use on demand. Certificates of Deposit require a penalty in interest; normally one month is forfeited, if they are needed prior to their maturity. Municipalities are allowed to only use Michigan banks for investment purposes.

The state's unemployment rate for March was at 5.6%. Michigan is barely above the national unemployment rate of 5.5% and has decreased for five consecutive years. Michigan's employment growth is expected to be about 1.1% in 2015, higher than 2014's growth of .7%. However, the state is expected to lag behind the national employment growth, expected to be 1.6%.

Nationally the yearlong streak of robust monthly job creation was broken when the Labor Department's report indicated that employers added just 126,000 in March, a marked slowdown in hiring that echoed earlier signs that sluggish business investment and punishing weather were exacting a toll on the economy. Analysts blamed the plunge in oil prices as well as the pall cast by a difficult winter across the Northeast and Midwest, a combination that put a crimp on spending in the energy patch and held back consumer spending and construction. It is expected the economy will regain at least some of its momentum later this year. The American energy industry is adjusting very quickly to low oil prices. The bad news is that it has led to job losses. The good news is for the consumer who will be saving a tremendous amount of money in lower gasoline prices.

The U.S. economy should manage a growth of 3% or more in 2015 despite a poor start to the year. Low oil prices should begin to feed through to consumer spending along with a gradual rise in interest rates and the strong dollar shouldn't prevent the U.S. from turning in its best performance since 2005. The flip side to the strong dollar is a weak euro and yen, which have lost about 25% and 10% of their value respectively since the start of 2014.

Federal Reserve officials discussed the economic outlook for growth abroad when they met in March. Participants suggested that policy actions by foreign central banks could lead to a further appreciation of the dollar, but another noted that such actions had also strengthened the outlook for growth abroad, which would bolster U.S. exports. They pointed to a number of risks to the international economic outlook, including the slowdown in China, fiscal and financial problems in Greece, and geopolitical tensions according to the minutes of the Fed's March 17-18, 2015 Open Market Committee Meeting. Federal officials were divided as to when a rise in interest rates will come. Several considered June to be a possibility, others thought later in the year would be warranted. And, best of all for stocks, a couple of officials did not think a rate rise would be appropriate until 2016.

Following a disappointing year for housing in 2014, analysts expect housing to rebound in 2015 despite receiving recent reports of slower than expected economic growth in the first quarter, including job gains that fell short of expectations in March. According to the National Association of Realtors pending home sales index, home sales are expected to make further gains nationwide throughout the rest of the year. There are three main factors that will make the housing market sustainable this year. First is an improved economy despite the recent slowdown, including lower gas prices that have lifted consumer confidence. Second, lenders have shown signs of expanding the credit box and lowering other costs, such as the FHA reducing its monthly mortgage insurance premium down to 0.85 percent. Third is the return of boomerang buyers, which are buyers who lost homes to foreclosure during the crisis but are now coming back to the market.

CITY OF BRIGHTON  
 QUARTERLY INVESTMENT REPORT  
 AS OF MARCH 31, 2015

<u>Investment Account</u>	<u>Account Balance</u>	<u>Maturity Date</u>	<u>Current % Interest Rate</u>	<u>Average R.O.R.</u>
TALMER WEST-Juvenile	1,031	Immediate	0.00%	0.00%
TALMER WEST-Tax account	184	Immediate	0.06%	0.00%
Total Talmer West Bank	<u>1,215</u>			
1ST NATIONAL BANK	154,376	Immediate	0.15%	0.00%
Total 1st National Bank	<u>154,376</u>			
FIRST NATIONAL BANK OF AMERICA	230,106	Immediate	0.50%	0.02%
Total First National Bank of America	<u>230,106</u>			
FIRST MERIT - Money Market	84,497	Immediate	0.10%	0.00%
Total First Merit Bank	<u>84,497</u>			
FLAGSTAR BANK-Refundable Deposit	200,282	Immediate	0.45%	0.02%
FLAGSTAR BANK-Combined Savings	461,739	Immediate	0.55%	0.05%
FLAGSTAR BANK-Flexible Spending	10,254	Immediate	0.35%	0.00%
FLAGSTAR BANK-A/P Checking	325,894	Immediate	0.40%	0.03%
Total Flagstar Bank	<u>998,169</u>			
CD-CHIEF FINANCIAL CREDIT UNION	251,237	8/27/2015	0.85%	0.04%
CHIEF FINANCIAL CREDIT UNION-money market	854,564	Immediate	1.00%	0.17%
Total Chief Financial Credit Union	<u>1,105,801</u>			
HUNTINGTON BANK-money market	352,259	Immediate	0.30%	0.02%
Total Huntington National Bank	<u>352,259</u>			
INDEPENDENT BANK UTILITY LB-Checking	2,518	Immediate	0.00%	0.00%
INDEPENDENT BANK UTILITY LB-MM	473,947	Immediate	0.20%	0.02%
Total Independent Bank	<u>476,465</u>			
CD-TALMER BANK & TRUST	250,000	2/4/2015	0.40%	0.02%
CD-THE STATE BANK	251,755	9/11/2015	0.75%	0.04%
CD-HURON VALLEY STATE BANK	250,895	8/15/2015	0.70%	0.03%
CD-THE PRIVATE BANK	250,000	7/30/2015	0.61%	0.03%
CD-MERCANTILE BANK	250,000	5/13/2015	0.50%	0.02%
CD-MERCANTILE BANK	250,000	6/10/2015	0.50%	0.02%
CD-MERCANTILE BANK	150,000	5/27/2015	0.50%	0.01%
Total Certificate of Deposits	<u>1,652,650</u>			
TOTAL	<u><u>5,055,540</u></u>		8.87%	0.561%
Three Month Treasury Bill Rate*				0.0305%
Average Fed Funds Rate**				0.1136%
City's Avg. R.O.R. over/(under) the 3-month T-Bill Rate				0.53%
City's Avg. R.O.R. over/(under) the Avg. Fed Funds Rate				0.45%

**CITY OF BRIGHTON  
INVESTMENT POLICY  
Adopted 10/6/11**

It is the policy of the City of Brighton to invest its public funds in a manner that will provide the highest investment return within the guidelines of maximum security and optimal liquidity while conforming to all State of Michigan statutes governing the investment of public funds.

**Scope:**

This investment policy applies to all financial assets of the City. These funds are accounted for in the City's Comprehensive Annual Financial Report and include the:

- \* General Fund
- \* Special Revenue Funds
- \* Debt Service Funds
- \* Capital Project Funds
- \* Enterprise Funds
- \* Trust & Agency Funds
- \* Component Units
- \* Any New Fund or Component Unit Created by the City Council, Unless Specifically Exempted

**Prudence:**

Investments shall be made with judgment and care--under circumstances then prevailing--which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by the City Treasurer shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The City Treasurer acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's risk or market price changes.

**Objective:**

The primary objectives, in priority order, of the City's investment activities shall be:

1. **Safety/Diversification** - Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
2. **Liquidity** - The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

**3. Return on Investment -** The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

**Delegation of Authority:**

The City Treasurer's authority to manage the City's investment program is derived from the City Charter and Ordinances. The City Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, PSA repurchase agreements, wire transfer agreements, depository agreements and banking service contracts. Such procedures shall include explicit delegation of investment implementation responsibility to the City's designated employees and financial institutions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer. The City Treasurer shall be responsible for all investment transactions undertaken and shall establish a system of controls to regulate the activities of the authorized financial institutions to ensure that they are in compliance with this policy.

**Ethics and Conflicts of Interest:**

All City and financial institution employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. City employees involved in the investment process shall disclose to the City Manager any material financial interests in any financial institution that conducts business with the City, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. City employees involved in the investment process shall subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchases and sales.

**Authorized Financial Institutions:**

The City Treasurer will maintain a list of financial institutions authorized to provide investment services. No City deposit shall be made except in a qualified financial institution as established by State of Michigan law. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). All financial institutions and brokers/dealers who desire to become qualified bidders for investment transactions must supply the City Treasurer with audited financial statements and certification of having read the City's investment policy and depository contracts. The Treasurer for all current financial institutions used by the City will conduct a quarterly review of the FDIC Insurance Certification and Financial Report 10. A current audited financial statement is required to be on file for each financial institution in which the City invests.

No City investment should be made in financial institutions with a Bauer Rating of less than 3 stars unless the investment has been backed with collateral to 102% or the Investment is 100% FDIC Insured.

**Authorized & Suitable Investments:**

Pursuant to the authority granted to the City of Brighton by Act 20 of the Public Acts of 1943 as amended by Act 217 of Public Acts of 1982 and Act 196 of Public Acts of 1997, and the standards established by the City Treasurer, the City approves the following investment instruments for use:

- a. U.S. Treasury securities;
- b. Bonds or other direct short-term obligations of U.S. government agencies and instrumentalities for which principal and interest payments are guaranteed by the U.S. government and are approved for investment purposes by the City Treasurer;
- c. Certificates of deposits at commercial banks, savings and loan associations and credit unions which are members of Federal Insurance programs;
- d. A-1/P-1, A-2/P-2 rated commercial paper secured by an irrevocable line of credit or collateralized by government securities;
- e. Banker's acceptances issued by the ten largest domestic banks, provided the City Treasurer approves collateral;
- f. Repurchase agreements collateralized by U.S. Treasury securities (market to market), with a Master Repurchase Agreement signed with the financial institution;
- g. Money market funds whose portfolios consist of government securities which are legal for direct investment by local units of government in the State of Michigan, with any investments in mutual funds limited to securities whose intention is to maintain a net asset value of \$1 per share;
- h. Government short-term investment trust funds, i.e., investment pool fund (as established by Act 367 of 1982).
- i. Certificate of Deposit Account Registry Service (CDARS)

**Maturity:**

Surplus monies of the City on deposit with financial institutions, as determined by the City, shall be invested by financial institutions with maturities scheduled to coincide with projected cash flow needs, taking into consideration large routine expenditures (payroll, accounts payable, bond payments) and sizable blocks of anticipated revenue (property taxes, state shared revenue).

**Diversification by Institution**

Holdings at any given financial institution shall not exceed one percent of the institution's net equity capital.

**Safekeeping and Custody:**

To protect against potential fraud and embezzlement, all security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. A third party custodian designated by the City Treasurer and evidenced by safekeeping receipts will hold

securities. For purposes of this policy, third party shall be defined as a separate financial institution or a separate and distinct division or department of the same financial institution whose function is safekeeping and/or trust activities.

**Internal Control:**

The City Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

**Performance Standards:**

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs. The basis to be used by the City Treasurer to determine whether market yields are being achieved shall be the three month U.S. Treasury Bill and the average Federal Funds rate. The City Treasurer is charged with the responsibility of including a market report on investment activity and returns in the City's Comprehensive Annual Financial Report.

**Savings Clause:**

In the event any state or federal legislation or regulation should further restrict instruments or institutions authorized by this policy, such restrictions shall be deemed to be immediately incorporated in this policy. If new legislation or regulation should liberalize the permitted instruments or institutions, such changes shall be available and included in this policy only after written notification to the City Council.

**Reporting:**

The Treasurer shall provide the City Council quarterly investment reports, which provide a clear picture of the status of the current investment portfolio. The management report should include comments on the current economic conditions, possible changes in the portfolio structure going forward and thoughts on investment strategies. Schedules in the quarterly report should include the following:

1. A listing of individual securities held at the end of the reporting period by authorized investment category.
2. Average life and final maturity of all investments listed.
3. Coupon, discount or earnings rate.
4. Average Treasury Bill Rate and Average Federal Funds Rate
5. Average rate of return on total city portfolio at report date.

**Investment Policy Adoption:**

The City's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed on an annual basis and any modifications made thereto must be approved by the City Council.

**Acknowledgment/Agreement:**

**I have read and fully understand Act 20 PA 1943, as amended, and the Invest Policy of the City of Brighton. Any investment \_\_\_\_\_ advice or recommendation given by \_\_\_\_\_, representing \_\_\_\_\_, to the City of Brighton shall comply with the requirements of Act 20 PA 1943, as amended, and the Investment Policy of the City of Brighton. Any existing investment not conforming to the statute or the policy will be disclosed promptly.**

**By:**

**Title:**

**Date:**

## GLOSSARY

**AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.

**ASKED:** The price at which securities are offered.

**BANKERS' ACCEPTANCE (BA):** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BAUER FINANCIAL RATING:** An independent bank rating institution, which analyzes the performance of U.S. banks and credit unions since 1983.

**BENCHMARK:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**BID:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

**CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SERVICE (CDARS) –** An investment similar to a certificate of deposit (CD), however, with CDARS, the municipality would sign one agreement with a participating financial institution, earn one interest rate per maturity, and receive on regular statement. All deposits, even greater than \$250,000, is FDIC insured.

**COLLATERAL:** Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** The official audited annual financial report. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**COUPON:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., Savings & Loan's, small business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

**FEDERAL FUNDS RATE:** The rate of interest at which Fed funds are traded. The Federal Reserve through open-market operations currently pegs this rate.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, Like GNMA (Government National Mortgage Association) was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on rotating bases. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D. C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. The Federal Housing Administration (FHA), Veterans Administration (VA) or Farmers Home Administration (FMHA) mortgages back Ginnie Mae securities. The term “pass-throughs” is often used to describe Ginnie Maes.

**IMMEDIATE FUNDS:** Liquid Funds available during the timeframe in which fund balance or working capital is needed to pay demands or claims before the major or significant revenue sources will be received for each respective Fund, as determined by management.

**LIQUID FUNDS** – Funds that can be converted to cash within 30 days.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and a reasonable size can be done at those quotes.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, bankers’ acceptances, etc.) are issued and traded.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the Federal Open Market Committee in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**PORTFOLIO:** Collection of securities held by an investor.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

**REPURCHASE AGREEMENT (RP OR REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use Repurchase Agreements, it is lending money that is, increasing bank reserves.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SEC RULE 15C3-1:** See Uniform Net Capital Rule.

**SURPLUS FUNDS:** Liquid or Non-Liquid Funds not immediately needed to pay demands against vendors and other claimants as determined by management.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY BONDS:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than ten years.

**TREASURY NOTES:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

A RESOLUTION ADOPTING AN UPDATED INVESTMENT POLICY FOR THE CITY OF BRIGHTON

WHEREAS, prudent financial management would be well served by the updating of the City's 2002 investment policy by the City Council; and

WHEREAS, the Finance Director has proposed to the City Council an updated policy statement governing the investment of City funds; and

WHEREAS, the Brighton City Council finds the proposed policy changes to be an accurate portrayal of the City Council's objectives and standards as they relate to the City's investments.

NOW, THEREFORE, BE IT RESOLVED by the Brighton City Council as follows:

1. The attached policy statement entitled "Investment Policy" is hereby adopted.
2. Management is hereby directed to implement said policy.

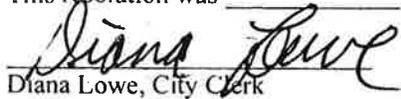
AYES: Schillinger, Cooper, Bohn, Bandkau, Muzzin, Roblee, Pipoly

NAYS: none

ABSTAIN: none

ABSENT: none

This resolution was approved this 6th day of October, 2011.

  
 Diana Lowe, City Clerk

I, Diana Lowe, City Clerk, for the City of Brighton for hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the City Council at the Regular Meeting held on October 6, 2011.

\_\_\_\_\_  
Diana Lowe, City Clerk

POLICY REPORT - FINANCE

**Consideration of Adopting the FY 2015-16 Budget**

May 7, 2015

Prepared by:

Reviewed by:

\_\_\_\_\_  
Kelly Hanna  
Finance Director

\_\_\_\_\_  
Dana William Foster  
City Manager

**ISSUE:**

Consider the attached resolution to adopt the FY 2015-16 Budget.

**STAFF RECOMMENDATION:**

It is the recommendation of staff that the City Council approve the attached resolution, including Exhibit A, to adopt the City's Budget for FY 2015-16.

**BACKGROUND:**

The City Manager's Proposed FY 2015-16 Budget was presented to the City Council on Thursday, March 19, 2015. The City Council held Budget Work Sessions on Tuesday, March 24, 2015 and Wednesday, March 25, 2015. On April 2, 2015, the City Council approved a motion directing staff to publish a budget public hearing notice for the Council's proposed FY 2015-16 budget. A public hearing for the purpose of receiving citizen input regarding the Proposed Budget was held earlier on April 16, 2015.

The budget provides for a tax levy and utility fees, which comprise the majority of City determined revenue, to support the expenditures/expenses. The City Council will consider separate resolutions to determine the millage rates and fee schedule, including utility fees at future Council meetings.

**BUDGET IMPACT:**

Provides the authority to appropriate the funds for the operations of the City of Brighton from July 1, 2015 through June 30, 2016.

**RELATIONSHIP TO GOALS:**

This is related to all City Goals.

**ACTION/MOTION:**

**Approve the resolution, including Exhibit A, to adopt the City of Brighton's Budget for FY 2015-16.**

## **RESOLUTION 15-**

### **ADOPTING THE FY 2015-16 BUDGET**

**WHEREAS, the City of Brighton Municipal Charter requires that an annual budget be approved by the City Council; and**

**WHEREAS, said Charter requires the appropriation of funds for the upcoming Fiscal Year; and**

**WHEREAS, the Manager's recommended budget for Fiscal Year 2015-16 was submitted to the City Council of Brighton and a copy thereof placed on file with the City Clerk for public review on March 19, 2015; and**

**WHEREAS, on April 16, 2015 the City Council of Brighton held a public hearing on the proposed budget for Fiscal Year 2015-16; and**

**WHEREAS, estimated revenues and fund balances are sufficient to provide for proposed expenditures and year end reserves required for the 2015-16 Fiscal Year; and**

**NOW, THEREFORE, pursuant to Chapter 8, Section 4 of the City of Brighton Charter, BE IT RESOLVED, that the City Council of Brighton hereby approves the Fiscal Year 2015-16 budget by activity, as presented by the Manager, reviewed by Council, and implemented through the following policies and specifications as the official budget for the City of Brighton for the Fiscal Year beginning July 1, 2015;**

#### **I. ADOPTION BY FUND AND ACTIVITY WITHIN EACH FUND**

**The Budget is hereby adopted and appropriated by fund, and department within each fund, as provided on Exhibit A.**

#### **II. APPROPRIATIONS/TRANSFERS**

**Appropriations made during Fiscal Year 2015-16 pursuant to said budget shall be considered the maximum authorization to incur expenditures and not a mandate to spend, subject to the following conditions:**

- A. Additional appropriations may be made by the City Council from the unappropriated fund balance account of the General Fund for approved reallocations, providing that such appropriations do not cause the unreserved fund balance account to be less than 15% of the total General Fund budgeted operating expenditures.**

- B. Transfers may be made by the City Manager from departmental reserves or surplus of the General Fund to any department of the General Fund in amounts not to exceed five percent of the original total budget for the department receiving the transfer, provided that such transfers shall not exceed the total amount of operating reserves or surplus available at the time of transfer, and providing that such transfers do not cause the unreserved fund balance account to be less than 15% of the total General Fund budgeted operating expenditures.
- C. Transfers may be made by the City Manager from departmental reserves or surplus of the General Fund to any other Fund of the City in amounts not to exceed ten percent of the original total budget for all such transfers, providing that the limitations of Section (B) are not exceeded.
- D. Appropriations in excess of the limitations of Sections (A - C) above may be authorized by the City Council but only if new revenues are available to fund such expenditures.

**III. LIMIT ON OBLIGATIONS AND PAYMENTS**

No obligation shall be incurred against, and no payment shall be made from any appropriation account unless there is a sufficient unencumbered balance in the appropriation, and sufficient funds are or will be available to fund such expenditures.

**IV. CONFORMITY WITH PREVIOUS ACTIONS**

The City Council rescinds any prior actions not in conformity with the above stated policies and specifications.

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_

Absent: \_\_\_\_\_

Abstain: \_\_\_\_\_

This Resolution was \_\_\_\_\_ this \_\_\_\_\_ day of May 2015.

\_\_\_\_\_  
Diana Lowe, City Clerk

**EXHIBIT - A**

<u>REVENUE/SOURCES - ALL FUNDS</u>	<u>Budget</u>
Property Taxes, Penalties, Interest & Fees	\$ 6,873,593
Licenses & Permits	368,700
Federal Grants	10,000
State Grants	657,026
State Shared Revenue	1,104,215
Local Unit Contribution	93,500
Service Charges	3,996,243
Fines & Forfeits	102,175
Investment Earnings	37,180
Rents & Royalties	71,650
Other Revenue	290,172
Other Financing Sources (including (fund balance and working capital)	4,720,681
<b>TOTAL REVENUE</b>	<b><u>\$ 18,325,134</u></b>

<u>EXPENDITURES</u>	<u>Appropriation</u>
<u>Fund</u>	
	<u>Department</u>
	City Council 27,504
	City Manager 104,719
	Legal Services 271,318
	City Clerk 153,520
	Human Resources 136,284
	Finance 622,324
	Information Systems 95,469
	Police 2,556,657
	Public Services 1,805,390
	Community Development 632,484
	Post Employment Benefits 274,335
	Contingencies/(Cuts) 125,000
	Transfers Out 1,170,488
General	7,975,493
Major Street	2,746,586
Local Street	202,873
Principal Shopping District	102,950
Arts & Cultural Commission	9,900
Imagination Station Maintenance	7,500
Forfeiture Funds	2,720
Street Non-voted Debt	661,857
Capital Improvement	248,019
Law Enforcement/Public Safety	152,050
Building Authority	126,911
Downtown Development Authority	1,042,388
Local Development Finance Authority	77,173
Utilities	6,817,376
<b>TOTAL EXPENDITURES</b>	<b><u>20,173,796</u></b>
Less: Depreciation	<u>(1,848,662)</u>
<b>TOTAL EXPENDITURES: Less Depreciation</b>	<b><u>18,325,134</u></b>