

MINUTES
ST. CLAIR SHORES CITY COUNCIL MEETING
August 15, 2016

Regular Meeting of the City Council, held in the Council Chambers, located at 27600 Jefferson Circle Dr., St. Clair Shores, Michigan.

Present: Mayor Kip C. Walby, Council Members Peter Accica, John Caron, Ronald Frederick, Peter Rubino, Candice Rusie and Chris Vitale

Also Present: City Manager Michael Smith, Assistant City Manager Bill Gambill, City Clerk Mary Kotowski, City Planner Liz Koto, Directors Mary Jane D'Herde, Doug Haag, Chris Rayes, Police Lt. Pietrzak and City Attorney Robert Ihrle

1. CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Mayor Walby called the meeting to order at 7:00 p.m. Ms. Kotowski, City Clerk, called the roll and a quorum was present. The Pledge of Allegiance was said by all.

2. PROCLAMATIONS & PRESENTATIONS – NONE

Mayor Walby thanked residents for supporting the Police & Fire millage. It is obvious that our residents value our Police and Fire Departments, and we are grateful for that. We will maintain our current personnel staffing levels. We will also be able to purchase some capital equipment for the Police and Fire Departments.

Mr. Smith also thanked the residents. He noted that many other communities did not pass their millages. Our residents are supportive and appreciate what our Police and Fire Department personnel do.

3. AUDIENCE PARTICIPATION ON AGENDA ITEMS (2 MINUTE TIME LIMIT)

Jim Goodfellow, St. Clair Shores resident, spoke regarding Items #5 and #8b. It is his hope that both items are approved. Could some of the interest from the forfeiture money be used toward the purchase of the police vehicle?

Erin Stahl, St. Clair Shores resident, spoke regarding Item #9a. She feels a small percentage of the residents passed the millage and would like to know how those funds are going to be used.

4. PPC160016 REQUEST FOR SITE PLAN APPROVAL FOR AN OUTDOOR SEATING AREA AT 24935 JEFFERSON, PEGASUS TAVERNA

Mr. John Vitale, Stucky Vitale Architects, was present on behalf of 24935 Jefferson-Pegasus Taverna. The applicant is requesting Site Plan Approval for an addition and outdoor seating at the existing Pegasus Taverna. The site plan proposes to create outdoor seating, two restrooms and storage for patio furniture on the parcel immediately north of the existing restaurant at the southwest corner of 10 Mile and Jefferson. The outdoor seating is proposed to be surrounded by a decorative wall/planter enclosure, and the seating area will be covered by a cedar and standing seam metal roof and pergola. The site plan proposes the placement of a 9.3 foot by 59 foot addition along the west side of the outdoor seating area to house restrooms and a storage space. The site plan also indicates minor interior renovations to reconfigure the northeast corner of the existing restaurant to accommodate the entrance to the outdoor seating area. The site plan also proposes new landscaping, reconfiguration of the existing parking lots, a pillar sign, and other site improvements.

This project is somewhat different than the project submitted previously. Originally, extensive renovation in the restaurant would have been necessary. Primarily, there was a fire protection issue. They wanted better flow from the interior to the exterior, and the proposed renovation pushed them from a code standpoint having to upgrade the current Fire Protection system, and that would have caused extensive cost. These are not St. Clair Shores codes, they are State codes. The owner still wants to enhance that corner by doing outdoor seating. The new plan does not have the extensive renovation to the inside of the building. It complements the existing building very well. The Planning Commission has approved the revisions.

Mr. Caron expressed concern about the safety of the benches in the front being so close to the road. There was an accident right at that location.

Item 4 (Cont'd):

Mr. John Vitale stated that this is part of the landscaping. They are trying to create a plaza area at the intersection. He was not aware of the accident. They could not put the benches there if it is a concern. This will be deferred to Planning to evaluate.

Mr. Caron also suggested it might be of value to leave that entrance off of Jefferson as an ingress and egress so that it can be used for dropping off and picking up people.

Mr. John Vitale said the metal access gate is for the patio because of alcohol. You could actually be dropped off and picked up at that door. The public has access to the patio without going through the restaurant, but it is gated.

Mr. Caron pointed out Planning states that the primary entrance to the patio will be through the restaurant, and the patio entrance will be for emergency only.

Mr. John Vitale would like to leave the driveway on Jefferson as just an entrance and explore using the gate.

Moved by Council Member Rubino, supported by Council Member Rusie, to approve the request for site plan approval PPC160016, for an addition and outdoor seating at 24935 Jefferson-Pegasus Taverna, represented by John Vitale, Stucky Vitale Architects, as recommended by the City Manager and the Planning Commission, subject to conditions of the City Planner's report, including the installation of Nautical lights in the parking lot, a hold harmless agreement and an additionally insured statement for the placement of structures in the city's right of way, the screening of all mechanical equipment, a variance from the Zoning Board of Appeals for 91 parking spaces, a 5 foot front setback variance and a 10 foot sideyard setback variance from the Zoning Board of Appeals, to allow soft music and televisions in the outdoor dining area, and approval by the Sign Arbitration Board for any signage placed within the right of way. City Planner to reevaluate the benches in the front and the outdoor seating to be surrounded by a decorative wall/planter enclosure which includes evergreen vegetation. Each statement of intent, promise and/or pledge, made by you, the petitioner or agent, either orally or in writing, if permitted by Ordinance, shall be binding upon the petitioner and shall be a condition of said site plan approval.

Ayes: All - 7

5. PPC160015 REQUEST FOR SITE PLAN APPROVAL FOR THE RENOVATION AND EXPANSION OF 24515 LITTLE MACK, MICHIGAN SCHOOLS AND GOVERNMENT CREDIT UNION

Mr. Mike Blaneck, Stucky Vitale Architects, attended on behalf of the Michigan Schools and Government Credit Union at 24515 Little Mack. The applicant is requesting Site Plan Approval for a 625 square foot addition to the front of the Michigan Schools and Government Credit Union. The addition will expand the existing space to allow for more room in the lobby area and expand a few of their offices. The new front façade is proposed to be comprised of brick, stone veneer, and EIFS. The rest of the building will be stained to match the new brick being proposed. The front roof will be either standing seam metal or composite shingles. The new front entrance will be constructed of EIFS.

Mr. Blaneck explained that this will not impact the existing drive thru or parking lot. The Credit Union has built several new facilities in the last five years, and they are trying to upgrade this building to meet their new branding.

Moved by Council Member Vitale, supported by Council Member Frederick, to approve the request for site plan approval PPC160015 for a 625 square foot addition and façade renovation to the Michigan Schools and Government Credit Union at 24515 Little Mack, as recommended by the City Manager and the Planning Commission, subject to conditions of the City Planner's report, including repairing the parking lot and obtaining sign permits as necessary. Each statement of intent, promise and/or pledge, made by you, the petitioner or agent, either orally or in writing, if permitted by Ordinance, shall be binding upon the petitioner and shall be a condition of said site plan approval.

Ayes: All - 7

6. BUDGET AMENDMENT FOR MILK RIVER INTERCOUNTY DRAIN PROJECT DEBT PREPAYMENT

7. ANNUAL REVIEW OF INVESTMENT POLICY

Mr. Haag explained that the City maintains a very conservative investment policy in accordance with Michigan statutes, which require that the primary investment objectives be 1) protection of the principal and 2) maintaining

Item 7 (Cont'd):

sufficient liquidity to enable the City to meet all of its operating requirements (i.e. vendors, payroll, pension obligations, debt service payments, etc.) The interest rate of return is secondary to those objectives.

While the economy continues to be somewhat volatile (i.e. Brexit, oil prices, election year, etc.), little has changed in the municipal investment market since 2008 which is why I am not proposing any changes at this time. We continue to monitor interest rates closely but they remain low. As an example, in 2008 the General Fund investment income exceeded \$1,500,000. In 2014 it had dropped to \$75,000 and in 2015 increased slightly to \$116,770.

Municipal investment returns are more closely aligned with the Federal Reserve rate, which started to drop in 2008 and still remains historically low, despite some minor adjustments earlier this year.

There are no proposed changes in the policy or the list of Authorized Financial Institutions. This does not recover retirement funds or pension funds. This does not provide for equity investments.

They are recommending a status quo policy at this time. There was a slight increase in our General Fund Investment Income. It is a far cry from the yields years ago.

Mr. Rubino said he has concerns with the ratings of the institutions on this list. Are we using every one of them?

Mr. Haag stated that not all of the companies listed are being used. He has had discussions with an analyst in this regard. This is the first time since the recession that there is no bank with an A rating. He will do more research regarding this.

Mr. Rubino asked for a further explanation of the Asset Quality Score in selecting financial institutions.

Mr. Vitale asked why we do not do commercial paper.

Mr. Haag said these are notes issued by private corporations such as the big three. He is not sure why we have not done that in the past. We will look at notes for the future, but we would proceed very cautiously. With all of the changes we have made, not a lot has changed. If we get 1%, we are doing really well. He will provide Council with more information on Asset Quality Scoring.

Mr. Frederick asked if we are paying any Investment Manager fees. He also asked about entering into National Negotiation of Fees with institutions themselves.

Mr. Haag said we do not pay any fees at this point since interest rates are so low. He will look into negotiating fees with the institutions themselves.

Moved by Council Member Rubino, seconded by Council Member Caron that the recommendation of the City Manager to approve the Investment Policy and List of Authorized Financial Institutions be approved. A copy of which shall be attached to the original minutes of this meeting as Attachment A.

Ayes: All - 7

8. BIDS/CONTRACTS/PURCHASE ORDERS

a. Request to award the vending contract for the Library (bids opened 4/19/16)

Mr. Gambill stated that in January of 2016, the City of St. Clair Shores requested proposals to provide concession services at the Library Café, Kyte Monroe, and Pool concessions. The City received one response and that vendor was not interested in operating at the Library Café. Due to this lack of interest and the high turnover of vendors in the Café space since 2002, the City of St. Clair Shores requested proposals from vending machine providers to supply food and beverage options at the Library Café. Three companies submitted proposals on April 19, 2016. Corporate Dining Inc. offered energy efficient machines and a flat rate of twenty percent commission on all sales to the City. The flat rate of twenty percent is the highest commission of the three proposals.

Currently the Café operates as a Reading Lounge and the Friends of the Library Gift Shop. The area is open 11am - 5pm Monday through Friday. The area is staffed by Friends of the Library members and volunteers. The Friends of the Library plan to open a bookstore in the space after the vending machines are installed. Additional hours of operation may be added when the space is converted to a Friends Gift Shop and Book Store.

Item 8 (Cont'd):

Approval of this request will authorize an Agreement with Corporate Dining Inc. to provide vending machines at the Library Café reading lounge space. Three vending machines will be installed: 1) a hot beverage machine - Seattle's Best Coffee, 2) a healthy snacks machine, and 3) a cold beverage machine. The term of the Agreement is three years. This vendor meets all required purchasing policies for the City of St. Clair Shores City Ordinance 12.451.

Mayor Walby asked if the vending hours will fall in line with hours of the Library.

Ms. Orlando said that the vending will be available during the hours that the gift shop is staffed. People will not have access when it is not staffed. Currently, it is available from 11 a.m. to 5 p.m. every day. Once the machines are in, they will expand some of those hours.

Mr. Caron asked if they looked at the vending contracts at our other locations.

Mr. Gambill said they looked at Civic Arena and they are also twenty percent commission. There is newer technology available now. These machines will be debit and credit card swipeable.

Ms. Rusie pointed out that this request is proposing a three-year contract. What is the contract length for the Civic Arena vending machines? When did those other contracts come before Council?

Mr. Gambill said it is a year-to-year contract. He will check on when that contract came in and provide Council with that information.

Ms. Rusie asked if the profit would go toward the purchase of Library items. Mr. Smith said he believes it is incorporated into the Library budget. These machines have new technology which will tell us what has been sold and it also tracks it. We will get paper reports.

Mr. Ihrie wanted to point out to Council that paragraph 19 stated we get twenty percent of net sales. There are a lot of things that can be thrown on as expense. For every dollar that goes in the vending machine we get \$.20 unless it is a bottle with return. If the item is taxable, we will get twenty percent after taxes. This has been put in writing.

Mr. Vitale had concerns about the limited hours. Can the Friends merchandise be locked up? Ms. Orlando said that would be difficult because their merchandise includes books and artwork. The Friends are talking about expanding their hours.

Moved by Council Member Frederick, and supported by Council Member Caron, to authorize the Vending Installation and Operation Agreement between the City of St. Clair Shores and Corporate Dining Inc. to provide vending machines in the Library Café.

Ayes: All - 7

b. Approval to Purchase One New Police Dodge Charger

Lt. Pietrzak, Support Services Lieutenant, said that this vendor meets all requirements of the Purchasing Policies of the City of St. Clair Shores City Ordinance 12.451. This quote was done under the State Bid #TB6071. The vehicle is budgeted for in Capital Outlay 300-980.001. They are replacing a 2014 Dodge Charger with 90,000+ miles on it.

This has rear wheel drive. This is the first budgeted of the fiscal year 2017 budget capital outlay account. We saved over \$10,000 with the State bid.

The vehicle being replaced will be repurposed to be used as a training car. The current training car is a safety issue.

Moved by Council Member Frederick, supported by Council Member Caron, to approve the purchase of one (1) 2016 V-6 Dodge Charger from Slingerland Chrysler Dodge under State Bid #TB6071 with a total cost of \$23,115 as recommended by the City Manager.

Ayes: All - 7

9. **CONSENT AGENDA** – All items listed on the consent agenda are considered to be routine and will be enacted by one motion and approved by a vote of City Council. There will be no separate discussion of the items unless the Mayor and or a Council Member so requests, in which event the item will be removed from the general order of business and considered under the last item of the Consent Agenda.

Moved by Council Member Caron, seconded by Council Member Rubino to approve the Consent Agenda items a - f, as follows:

a. **Bills**

August 4, 2016 \$6,467,017.34

Resolved to approve the release of checks in the amount of \$6,467,017.34 for services rendered, of the report that is 30 pages in length, and of the grand total amount of \$6,467,017.34, \$3,271,633.71 went to other taxing authorities.

b. **Fees**

Resolved that the following Fees be approved as presented:

Ihrie O'Brien \$12,542.18

c. **Progress Payments**

Resolved that the following Progress Payments be approved as presented:

Fontana Construction	\$ 58,274.74
ADJ Excavating	\$299,388.22
Mark Anthony Contracting, Inc.	\$ 13,268.81
Doetsch Industrial Services	\$ 63,754.00

d. **Approval of Minutes**

Resolved that the following Minutes be approved as presented:

<u>Minutes</u>	<u>Meeting Date</u>
City Council	May 16, 2016
City Council	June 6, 2016
City Council	June 20, 2016

e. **Receive & File Boards, Commissions & Committee Minutes**

Resolved that the following Minutes be received and filed:

<u>Minutes</u>	<u>Meeting Date</u>
Board of Review	July 19, 2016
Cool City Committee	July 12, 2016
Election Commission	July 6, 2016
Historical Commission	July 5, 2016
Mechanical Equipment Arbitration Committee	May 28, 2016
Planning Commission	July 12, 2016
Water Resources & Advisory Board	June 7, 2016
Zoning Board of Appeals	July 7, 2016

f. **Adoption amended Bottomlands Conveyance Resolution for Miller Marina**

CONVEYANCE RESOLUTION

Moved by Council Member Caron, seconded by Council Member Rubino to adopt the following resolution:

WHEREAS, Miller Marina, Inc., which is the owner and operator of Miller Marina ("Marina"), is filing an application for a conveyance of the Great Lakes Bottomlands surrounding the Marina docks located at 24770 Jefferson, St. Clair Shores, MI 48080.

Item 9 (Cont'd):

IT IS HEREBY RESOLVED, that the City of St. Clair Shores does hereby approve the conveyance of Great Lakes Bottomlands by the State of Michigan to Miller Marina, Inc. The Great Lakes Bottomlands to be conveyed are fully described as follows:

A PARCEL OF UNPATENTED LAKE ST. CLAIR BOTTOMLAND OPPOSITE PRIVATE CLAIM 599, T 1 N, R 13 E, DESCRIBED AS AN EXTENSION OF LOT 9 IN ASSESSOR'S PLAT NO. 16 (RECORDED IN LIBER 14 OF PLATS, PAGE 48, MACOMB COUNTY RECORDS), DESCRIBED AS:

COMMENCING AT A POINT ON THE S LINE OF LOT 9, EXTENDED OF SAID A.P. NO. 16, 3,023.31 FEET S 68 10' E FROM THE E'LY RIGHT OF WAY LINE OF JEFFERSON AVENUE (86 FEET WIDE) AND S'LY LINE OF LOT 9 OF SAID A.P. NO. 16; THENCE EXTENDING N 4 47 29" W 325.19 FEET ALONG THE E'LY PATENT LINE OF P. C. 599 TO THE N'LY LINE OF LOT 9, EXTENDED OF SAID A.P. NO. 16; THENCE S 68 10' E. 563.89 FEET ALONG THE N'LY LINE OF SAID LOT 9 EXTENDED; THENCE S 11 07' 30" E 346.47 FEET ALONG A SEAWALL AT THE SHORELINE OF LAKE ST. CLAIR; THENCE N 68 10' W 606.64 FEET ALONG THE S'LY LINE OF SAID LOT 9, EXTENDED TO THE POINT OF BEGINNING, CONTAINING 3.91 ACRES, MORE OR LESS.

Ayes: All - 7

RESOLUTION DECLARED ADOPTED.

I, Mary A. Kotowski, City Clerk of the City of St. Clair Shores, Michigan, do hereby certify that the foregoing is a true and complete copy of the resolution adopted by the City of St. Clair Shores, Macomb County, State of Michigan, at a public meeting held on August 15, 2016; the original thereof is on file in the records of my office, the meeting was conducted, and public notice of said meeting was given pursuant to Act No. 267, Public Acts of Michigan, 1976, as amended, and minutes of this meeting were kept and will be made available as required.

Mary A. Kotowski, MMC, CMMC
City Clerk

Ayes: All - 7

10. UPDATES AND FOLLOW-UPS FROM COUNCIL MEETING

- **Wahby Park/ Pokémon Go Update** – Mr. Smith said a snow fence was installed the day after the last Council meeting. This has helped with some of the traffic. Barricades have been added to the Blossom Heath parking lot, and the gates are closed off at dusk and opened at dawn. We have tried to monitor social media for when things are going on there so that the police can pay special attention during those times. Based on the number of citations that have been given, there has been a positive impact.
- **9 Mile/Harper (Linda's)** – Mr. Rayes has spoken with the owner's representative. They have taken down the construction signs on the two corners. The contractor does not recommend removing the protective coverings from the windows and the doors should not be opened at this time because the construction is not complete. Mr. Rayes will follow up on this.
- **Chapoton Apartments Site** – Mr. Rayes said they are going through the plan review at this time. Building will start in about a month. The plan review is a large process.
- **St. Gertrude Site** – Mr. Rayes explained that the county drain is a challenge; the line needs to be relocated. We will issue an underground foundations permit so they can work around the drain for as long as possible.
- **Complaints regarding Lack of Progress on Frazho** – Mr. Rayes stated Frazho cannot open back up until the striping is done. We have side streets unofficially open so drivers do not have to go so far out of the way to get around in that area. The contractor is having a hard time getting the subcontractor to show up and do the striping. This is the State's project and they are paying for it. We can stripe, but we may not be reimbursed for it by the State. Restoration will be done in the fall.

Mr. Rubino asked if the concrete issues were fixed. Mr. Rayes said they have been fixed.

Item 10 (Cont'd):

Mr. Rubino said if this contractor is doing a lot of work for the City, they should get it done in a timely manner. Mr. Smith said we need to work with our attorney to add wording to our contracts which outlines the timing in which a job needs to be completed. However, we have no control over State contracts.

Mayor Walby said we will give them until the weekend, and then we will have the striping done by R.S.

Mr. Accica pointed out that there is a performance grading system for contractors. Just because someone is the low bidder, we should still look at how they perform.

Ms. Rusie stated that if we use this grading system, we can help justify the times when we do not go with the low bidder on large projects.

Mr. Frederick has suggested that when a company is late getting a job done there should be a penalty. If they get done early it could possibly benefit them. This should be in the bid specifications.

- **Veterans Memorial Park Bathroom** – Mr. Accica said that this is coming along. The painter should have been there. The sidewalk is in, and they will be putting in the grass.

11. COMMENTS BY INDIVIDUAL COUNCILPERSONS

Council Member Vitale announced the upcoming 20th Annual Veterans Car Show on September 18.

Council Member Accica passed.

Council Member Rusie announced upcoming events in the City. She thanked the participants of the recent road rally sponsored by the Cool City Committee.

Council Member Rubino asked what Consumers Power will be doing in the southend of the City. Mr. Rayes said they will be doing a new main and new feeds in the Shady Lane area. MichCon is working at Robert John. They are using a boring machine to do spot excavation. This work will be coordinated with the individual homeowners.

Mr. Rubino asked about cars from different Police agencies he has seen in our parking lot. Mr. Smith explained that we have exchanged parking with them.

Mr. Smith explained that we are as prepared as we can be for the upcoming heavy rains. The County has issued a flashflood alert. He reminded everyone to check their downspouts to make sure they are directed away from their houses. Also, people should get everything off of their basement floors in case of flooding.

Council Member Caron was selling tickets to the Parks & Recreation Special Needs Program raffle. He noted the 14 Mile landscaping bed in the streetscape at Beverly needs weeding.

He asked when we will receive the RFQs for Engineering Services. Mr. Smith said they are due September 16th. This information will be provided to Council when it is available.

Mr. Caron mentioned that there were approximately nine watermain breaks in the last week. Mr. Smith said there has been a couple more since then. If anyone notices water in the street with no rain, please let the City know.

Mr. Caron asked if we received additional information from the City of Eastpointe regarding their Constitutional Revenue Sharing litigation. Mr. Smith said he met with them last week. He is still waiting on an update from them.

Mr. Caron asked for a copy of the Sign Arbitration Committee agenda packet for the Macomb County Dept. of Public Works new sign at 9 Mile and Jefferson.

Council Member Frederick thanked the residents for passing the millage. He then announced several events coming up in the City.

Mr. Frederick would like to be notified of the Senior Center Project meetings. Ms. Koto has added him to the distribution and has extended an email to all of the Council for the same.

Mr. Frederick announced many of the events going on at the Library.

12. CITY MANAGER'S REPORT

Mr. Smith reminded residents that the Harper Cruise is on August 31st. Rockin the Shores is a new event in the City to be held on September 17. Shorestoberfest is also coming up as well as the Bootleggers Festival.

He said thank you again to our residents for passing the Police and Fire Millage.

13. AUDIENCE PARTICIPATION (5 MINUTE TIME LIMIT)

Bo Kirk, St. Clair Shores resident, is an Officer of the Knights of Columbus. This year 100% of the proceeds from their annual tootsie roll sale will go to the St. Clair Shores Special Needs Program. He presented a check for \$1,356. He also thanked the Mayor and Council.

Eddie Parks, St. Clair Shores resident, spoke regarding the Pokemon Go game and all of the trouble they are having on their street because of it.

Scott Dodich, St. Clair Shores resident, spoke regarding all of the trouble they are experiencing because of the Pokemon Go game. The police should do more ticketing after dark.

Erin Stahl, St. Clair Shores resident, thanked the volunteers who worked on cleaning up I-94. She would like more information on how the Police and Fire Millage funds will be used.

14. MAYOR'S COMMENTS

The Farmer's Market is being held August 28 at Blossom Heath.

The Concerts in the Park are done for this year. We had a terrific turnout. Thank you to Petitpren Inc. for sponsoring these concerts.

He thanked the residents again for their support of the Police and Fire Millage.

15. REQUEST TO ENTER CLOSED SESSION AS PERMITTED BY STATE STATUTE MCLA 15.268, SECTION 8 (c)

Moved by Council Member Frederick, seconded by Council Member Caron to enter Closed Session as permitted by State Statute MCLA 15.268, Section 8 (c) at 8:51 p.m.

A roll call vote was taken.

Ayes: All – 7

Moved by Council Member Frederick, seconded by Council Member Vitale to return to Open Session at 9:45 p.m.

Ayes: All – 7

REQUEST TO ENTER CLOSED SESSION AS PERMITTED BY STATE STATUTE MCLA 15.268, SECTION 8 (c) & (e) S. LOVE & R. CURETON V ST. CLAIR SHORES ET AL.

Moved by Council Member Frederick, seconded by Council Member Accica to enter Closed Session as permitted by State Statute MCLA 15.268, Section 8 (c) & (e) S. Love & R. Cureton v St. Clair Shores et al. at 9:47 p.m.

A roll call vote was taken.

Ayes: Frederick, Accica, Rubino, Vitale, Walby

Nays: Caron, Rusie

Moved by Council Member Frederick, seconded by Council Member Rubino to return to Open Session at 10:12 p.m.

Ayes: All – 7

Item 15 (Cont'd):

Moved by Council Member Frederick, seconded by Council Member Vitale to accept the recommendation of the ~~City Attorney~~ City's litigation counsel concerning S. Love & R. Cureton v St. Clair Shores. (As corrected at the meeting of September 6, 2016.)

Ayes: Frederick, Vitale, Accica, Rubino, Walby
Nays: Caron, Rusie

16. ADJOURNMENT

Moved by Council Member Caron, supported by Council Member Rubino to adjourn at 10:13 p.m.

Ayes: All – 7

KIP C. WALBY, MAYOR

MARY A. KOTOWSKI, CITY CLERK

(THE PRECEDING MINUTES ARE A SYNOPSIS OF A CITY COUNCIL MEETING AND DO NOT REPRESENT A VERBATIM RECORD).

City of St. Clair Shores

Attachment A

Authorized Financial Institutions

As of July 1, 2016

Financial Institution	Previous Rating 2015	Current Rating 2016
Bank of America Corporation	A-	B+
JP Morgan Chase Bank & Co	B+	B+
Chemical Bank	B	B-
Comerica Bank Incorporated	A-	B
First State Bank of East Detroit	B-	B
Huntington National Bank	B	B
Keybank	A-	B+
MBIA Municipal Investors Services Corporation*		AAAm
PNC Bank	B+	B+
TCF National Bank	B-	B
The Private Bank & Trust Company	B	A-
Level One Bank	B	B
Wolverine Bank	B+	B-
Mercantile Bank of Michigan	B	B+

**MBIA (aka Michigan Cooperative Liquid Assets Security System, or, MI-CLASS) is a state approved investment pool that is rated separately by Standard & Poor's*

CITY OF ST. CLAIR SHORES
INVESTMENT POLICY

I. POLICY

It is the policy of the City of St. Clair Shores to invest public funds in a manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow needs of the City and conforming to all state and local statutes governing the investment of public funds.

II. SCOPE

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

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Trust and Agency Funds
- Enterprise Funds
- Debt Service Funds
- Internal Service Funds
- Any new fund created by the City Council, unless specifically exempted by the Council.

This investment policy applies to all transactions involving the financial assets and related activity of all of the foregoing funds.

This investment policy does not apply to the assets of the Police and Fire Pension Fund or the General Employees' Pension Fund or the VEBA Trust (when established), which are controlled by their respective Board of Trustees, nor the assets of the ICMA Deferred Compensation Program, which are managed by the ICMA Retirement Corporation.

III. PRUDENCE

Investments shall be made with judgment and care, which persons of prudence, discretion and intelligence exercised 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 investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures of the investment

policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. OBJECTIVE

The primary objectives, in priority order, of the City of St. Clair Shores investment activities shall be:

- **Safety:** 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 attain 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.
- **Liquidity:** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements, which might reasonably be anticipated.
- **Return on Investment:** The City's 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 investment risk constraints and the cash flow needs of the portfolio.
- **Credit Risk:** The City will minimize credit risk, the risk of loss due to the failure of the security, issuer or backer, by:
 - a) Limiting investments to the safest types of securities
 - b) Diversifying the portfolio so that potential losses on individual securities would be minimized
 - c) Maintaining credit ratings when available on all holdings
- **Interest Rate Risk:** The City will minimize the risk that the market value of the securities in the portfolio will fall due to changes in general interest rates by structuring the portfolio to meet the cash requirements of ongoing operations, thereby mitigating the need to liquidate securities at a loss prior to maturity. In addition, investments past two years in maturity will be made to coincide as nearly as practicable with the expected use of the funds.
- **Concentration Risk:** The City will minimize the risk in placing a large portion of the portfolio with a single security issuer by limiting the exposure to 10% of the total portfolio, excluding investments in U.S. Government securities.
- **Custodial Credit Risk:** The City will minimize custodial credit risk by using only financial institutions meeting a pre-qualification evaluation and holding securities in the City's name.
- **Foreign Currency Risk:** The City will only invest in US dollar denominated securities

V. DELEGATION OF AUTHORITY

Authority to manage the City's investment portfolio is derived from section 10.061 of the City Charter.

The City Treasurer shall have the custody of all moneys, bonds, mortgages, notes and securities belonging to the City.

Management responsibility for the investment program is hereby delegated to the City Treasurer, who shall operate the investment program consistent with this investment policy and state statute. In the Treasurer's absence, the Controller or the Director of Finance shall conduct the investment program.

VI. ETHICS AND CONFLICTS OF INTEREST

Officers and 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. Employees and investment officials shall disclose to the City Manager any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the City's portfolio.

VII. AUTHORIZED AND SUITABLE INVESTMENTS

The Treasurer's investment of surplus funds shall be consistent with Public Act 20 of 1943, as amended and Public Act 367 of 1982 (see attached public acts). Authorized and suitable investments shall include:

- a. Bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States (does not include mortgage pass-through securities and related instruments).
- b. Direct purchase of Certificates of Deposit, savings accounts, deposit accounts, lockbox accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the State of Michigan.
- c. Commercial paper rated at the time of purchase with the highest classification established by not less than two standard rating services (example A1P1) and matures not more than 1080 days after the date of purchase.
- d. Top Quality Bankers' Acceptances issued by United States banks.
- e. Repurchase agreements consisting of instruments in section VIII (a).
- f. Investment pools organized under the Surplus Funds Investment Pool Act, 1982, P.A. 367, MCL 129.111 to 129.118. Also, all pools must follow Rule 2a-7 of

Investment Company Act, which mandates funds to maintain certain standards, including 13-month maturity limit and a 90-day average maturity on investments, to help maintain constant value of one dollar.

- g. Mutual Funds registered under the Investment Company Act of 1940 and funds consisting of Investments listed in Section VIII (a) to VIII (d.) The funds must follow Rule 2a-7 of the Investment Company Act, which mandates funds to maintain certain standards, including 13-month maturity limit and a 90-day average maturity on investments to help maintain a constant net asset value of one dollar (\$1.00).
- h. Obligations described in subdivisions (a) through (g) of Sec 1 (1) of PA 20, if purchased through an interlocal agreement under the urban cooperation act of 1967.
- i. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.

VIII. SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the City Of St. Clair Shores shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

IX. DIVERSIFICATION

The City Of St. Clair Shores will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

X. MAXIMUM MATURITIES

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than 3 years from the date of purchase.

XI. INTERNAL CONTROL

The 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.

XII. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs of the City. The City's investment strategy is passive, (buy and hold). Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be the three-month Treasury bill.

XIII. REPORTING

An investment summary shall be submitted by the Treasurer to the City Council not less than quarterly.

XIV. INVESTMENT POLICY ADOPTION

The City Of St. Clair Shores' investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually by the City Council and any modifications made thereto must be approved by the City Council.