

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
THE TOWN OF CAREFREE, AZ UTILITIES COMMUNITY FACILITIES DISTRICT
AND THE BOARD OF DIRECTORS OF THE CAREFREE WATER COMPANY, INC.**

WHEN: TUESDAY, APRIL 6, 2021

WHERE: ZOOM ONLINE MEETING ID: 322 972 9660*

TIME: 4:30 P.M

Attending:

Chairman Les Peterson

Absent:

None

Board Members:

John Crane

Vince D'Aliesio

Tony Geiger

Stephen Hatcher

Michael Krahe

Cheryl Kroyer

Also Attending:

Greg Crossman, Manager; Gary Neiss, Carefree Town Administrator; Michael Wright, Carefree Town Attorney

Chairman Peterson opened the meeting at 4:35 p.m.

ITEM #1 Approval of the February 9, 2021 UCFD meeting minutes.

Chairman Peterson read the agenda item and asked if any of the Board members had questions or changes to the February minutes. There were none.

Vice Chairman Crane made a **motion** to approve the February 9, 2021 Minutes. There was a **second** by Council Member Krahe. The motion **carried** unanimously.

ITEM #2 Review, discussion, and possible action to approve Resolution 2021-03 authorizing the UCFD to deposit and withdraw monies in the Local Government Investment Pool (LGIP) operated by the Arizona State Treasurer.

Chairman Peterson announced the agenda item and introduced General Manager, Greg Crossman.

Mr. Crossman addressed the Board and presented a PowerPoint. He explained that the Carefree Water Company and UCFD held approximately \$2.5 million representing reserves, water capacity fees collected, customer deposits and capital reserves, which include capital reserves and capital construction reserves. The holding strategy to date has been to deposit the funds in both banks and credit unions with the recommendation of the auditors to limit the total deposit in any financial

institution to \$250,000 so that they are federally insured. In order not to exceed those limits, over ten banks are utilized with multiple accounts in those banks. It is cumbersome to the Water Company staff to balance and track the accounts each month. Additionally, there is a potential for an amount of bonds proceeds as a result of the Carefree Water Consolidation Project. They need to be able to have a holding mechanism for those proceeds during construction. Those proceeds could equal upwards of \$20 million. It would take about 80 financial institutions using the current holding strategy, which would not be manageable.

The Local Government Investment Pool or LGIP allows for the consolidation of the existing accounts into a manageable amount as well serving as a holding account for future bond revenues. The LGIP is run by the Arizona State Treasurer's Office for municipalities and special districts like the UCFD. The LGIP touts safety with competitive yields and also offers high liquidity and low investment rates. There are four investment options; two money market style accounts and two intermediate term bond fund accounts. The Town of Carefree does participate in the LGIP so it is felt that the LGIP opens up options for the UCFD. He asked if the Board had questions.

Chairman Peterson asked Mr. Crossman if he was recommending one of the four accounts. Mr. Crossman said they all have Triple A ratings with the exception of one that has a Double A 2 rating. He would recommend the UCFD mirror what the Town is doing for the matter of security of funds but would assess that as it moved forward. They are also looking into a Pooled Collateral program that the State has and the UCFD would qualify for that as well. This would allow the UCFD to securely keep the monies in private institutions at higher dollar amounts. It opens up a number of alternatives.

Board Member Hatcher stated it would be helpful to see how the bond funds were structured in the short term basis. A shorter term would be beneficial. He discussed how long the bond proceed funds would be held. Mr. Crossman said it would be 1 ½ to 2 years.

There were additional questions by Board Member Krahe regarding where all the funds would go/

Mr. Crossman concurred and stated he wasn't exactly sure which fund would be utilized if the LGIP was used. They are not ready to deposit funds.

Board Member Krahe asked if Mr. Crossman would come back to the Board to advise them which of the accounts he wanted to use. Mr. Crossman said that was possible but the current Resolution provided the UCFD with the approval of the Board to open an LGIP account. He could come back to the Board at a later date.

There was additional discussion by the Board. Mr. Krahe said that it would be a two-step process so that the Board has oversight where the money was to go. Chairman Peterson agreed.

After further discussion, the Board suggested that the LGIP deposit be limited to \$100,000 pending a review by a group of the Board of the earnings and risk of the LGIP account to confirm the most secure investment option. Board Member Hatcher stated that security was not the same as market value. Mr. Crossman agreed.

After additional discussion it was determined that the Board would approve utilizing the LGIP up to a maximum \$100,000.00 deposit. The UCFD Committee reviewing the investment strategy could then come back to the Board with additional information and recommendations.

Board Member Krahe made a **motion** to approve the Resolution as amended to limit the LGIP deposit to a maximum of \$100,000.00. There was a **second** by Board Member Hatcher.

There was additional discussion and legal advice from the Board Council, Michael Wright.

The motion **carried** unanimously.

ITEM #3 Adjournment

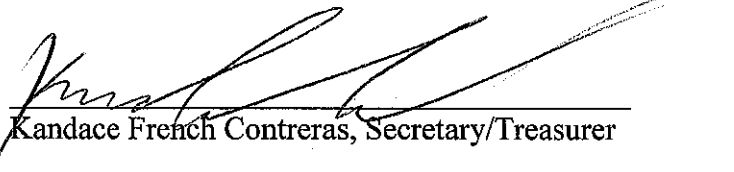
Chairman Peterson asked for a motion to adjourn.

Board Member Kroyer made a **motion** to adjourn. There was a **second** by Board Member Krahe. The motion **carried** with a vote of 6 to 0 with Vice Chair Crane silent on the vote due to technical difficulties.

DATED this 27th day of April, 2021.

Meeting adjourned at 4:59 p.m.

UCFD/CWC



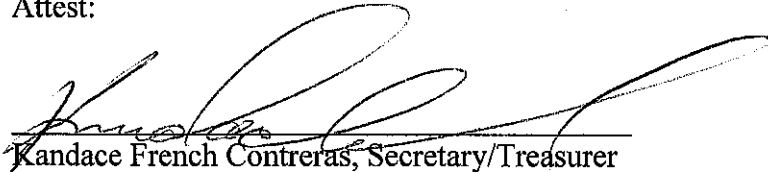
Kandace French Contreras, Secretary/Treasurer

BOARD OF DIRECTORS



Les Peterson, Chairman

Attest:



Kandace French Contreras, Secretary/Treasurer

CERTIFICATION

I certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the Carefree Water Company/Utilities Community Facilities District Board of Directors held on April 6, 2021. I further certify that the meeting was duly called and held and that a quorum was present.



Kandace French Contreras, Secretary/Treasurer