

# Financial Policies





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# *Financial Policies*

## *Summary*

The City Council has taken a conservative approach to the finances of the City while providing for the protection of the health, safety, and welfare of the citizens of Palm Coast through a full range of efficient and effective municipal services. Within the City Council's overall vision for the City, financial policies have been established to ensure the long term financial viability of the City and to diversify and strengthen the City's economy.

### **Balanced Budget:**

The City will adopt a balanced budget as required by Florida Statute, Chapter 166. The budget is balanced when the amount available from taxation and other sources, including amounts carried over from prior fiscal years, equals the total appropriations for expenditures and reserves.

### **Budget Amendments:**

If, during the fiscal year, the City Manager certifies that there are funds available for appropriation, revenues in excess of those estimated in the budget, the City Council by resolution may make supplemental appropriations for the year up to the amount of such excess. Additional information about the budget amendment process can be found in the Budget Overview section of this document.

### **User Fees:**

General Fund user fees will be established to cover the cost of providing the related services. These would include development fees, engineering fees, and others. The fees should cover all current operating costs. Recreation and park fees are not intended to cover the full cost of services. These services will be supplemented so that all citizens have the opportunity to utilize these activities and resources regardless of economic condition.

### **One Time Revenues:**

The City will use one-time revenues for non-recurring expenditures. One-time revenues would include grants, prior year surplus, or other revenues that are not likely to occur in future years. Non-recurring expenditures would include special programs or capital purchases that would not require the same expenditure in future years.

**Capital Assets Policy:**

The acquisition, disposition, and monitoring of City owned property is governed by Chapter 274 of the Florida Statutes. The City will consider capital assets to be any tangible or intangible property with a value of \$ 5,000 or more and a projected useful life of more than two years as per guidance provided by the Government Finance Officers Association (GFOA) and Governmental Accounting Standards Board (GASB).

**Debt Management:**

The City will issue debt only for capital expenditures. The term of the debt will not be for a period longer than the expected life of the asset. Debt for a period longer than three years or more than \$15 million may not be issued without voter consent unless the debt is funded. The City will maintain reserves of at least fifteen percent in its four operating funds. On November 5th 2013 City Council adopted a Debt Management Policy. This policy in its entirety can be found later on in this section of the budget document.

**Fund Balance:**

On July 21, 2009 a Fund Balance policy was adopted by City Council outlining minimum requirements for unassigned fund balance. This policy may be revised annually to include additional funds or limits. The policy in its entirety can be found later on in this section of the budget document.

**Investments:**

On December 12, 2012 City Council adopted an Investment Policy for the City of Palm Coast. This policy in its entirety can be found later on in this section of the budget document.

**Purchasing:**

On December 17, 2002 ordinance 2002-06 was adopted by City Council providing for the purchase or procurement of purchases and contractual services. This policy was revised in July 2017. This policy in its entirety can be found later in on this section of the budget document.

# Capital Assets Policy

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## A. DESIGNATION OF CUSTODIAN

The Department head will designate a custodian(s) of all capital assets held by that department. The custodian will be responsible for monitoring the locations of all capital assets and facilitating the purchase, disposition and transfer of any assets within their inventory. The custodian will work with the Finance Department during the bi-annual physical inventory to ensure all assets are accounted for and will also be responsible for ensuring all procedures are followed in the acquisition and disposition of capital assets.

## B. ASSET CAPITALIZATION GUIDELINES

These guidelines are being provided to assist management when making the determination between which asset related expenditures are/are not recommended to be capitalized in accordance with governing laws, rules and regulations. The following guidelines, except where noted, apply equally to both Governmental Funds and Proprietary Funds. Definitions are provided as needed.

New Asset – Cost of \$ \$5,000 or more incurred to acquire an individual asset or to make an asset ready for its intended use should be capitalized.

Additions – Purchased additions to previously capitalized assets that meet the capitalization threshold, should be capitalized as add-ons to the existing property record.

Replacements/Improvements – The cost to replace or improve an existing asset should be capitalized if it meets the capitalization threshold and at least one of the following criteria:

- a) Extends the useful life of the existing asset
- b) Increase the effectiveness or efficiency of an asset

For replacements, the old asset should be removed from the fixed asset system if it can be separately identified or if a cost can be estimated for its original value and then adjusted in the fixed asset system.

Repairs and Maintenance – Costs that are associated with repairs and maintenance are not recommended for capitalization because they do not add value to the existing asset. However, major repairs that extend the useful life or increase the effectiveness or efficiency of an asset may be classified as improvements and therefore should be capitalized (see #3).

## C. ACQUISITION OF CAPITAL ASSETS

All acquisitions will follow the procedures outlined:

1. After a department determines a need for a capital asset, they will obtain approval to purchase the item from the City Manager and the City Council or designee during the annual budget process. In the event a capital asset needs to be purchased and was not approved in the budget, the department will need approval first from the Finance Director or Infrastructure Committee, if applicable, then the City Manager, and the City Council, if applicable.
2. After approval is obtained, the requesting department will enter a requisition into the system and forward it to the Purchasing Department with the required authorizations per the purchasing policy. The requisition shall contain a detailed description of the item and the cost, as well as required supporting documentation. The requisition will then be converted to a purchase order.

1. After receiving a capital asset, the requesting department will send the approved invoice, and the New Asset Transmittal Sheet, if applicable, to the Finance Department for processing. If the item is a replacement for an existing capital asset, the Asset Disposal and Retirement Form must be sent to the Finance Department prior to or at the same time as purchase of the new asset.
2. The Finance Department assigns capital asset numbers for all capital assets. City vehicles are tagged by the Fleet Manager and computer equipment is tagged by the IT&C Department or designee. Items that are unable to be tagged will still be assigned a capital asset number.
3. Donated property with a market value in excess of \$5,000.00 will be added into the capital assets system. The department must provide written notification to the Finance Department of any donated capital assets. Donated land will be recorded at market value. No minimum threshold will be applied to Donated land.
4. All vehicles purchased will be held solely in the name of the City. If a trade-in is involved please refer to section F of this policy.

#### D. DISPOSITION OF CAPITAL ASSETS

All dispositions of capital assets are coordinated by the Purchasing and Contracts Department. Public Works is responsible for the evaluation and approval of all Fleet and equipment disposals. If the capital asset is computer equipment, the IT&C Department will review and approve the disposal.

1. The Purchasing & Contracts Department will arrange for the disposal of capital assets through direct sale, bids, or through the use of an auctioneer.
2. The Purchasing Department will provide a list of disposed assets to the Finance Department. The Finance Department will remove the capital asset from the capital asset inventory, and record the payments received for the disposed assets.
3. The items will be disposed of in accordance with Florida Statutes, Section 274. Any funds received from the sale of those assets will be credited back to the purchasing department's Fund.
4. Capital assets paid for by a grant should follow granting agency's procedures for disposal.
5. If the capital asset is missing and believed stolen, a police report must be completed and a copy attached to the disposal record.
6. All assets approved for disposition will be picked up by Public Works.
7. If the item is in working condition, it will be picked up and stored by Public Works until disposition.
8. Any assets deemed to be in non-working condition and to have little or no value will be transported to the local salvage yard by Public Works.
9. Any proceeds will be submitted to the Finance Department for processing. Public Works will provide documentation from the salvage yard to the Finance Department showing the disposal of such items.

#### E. DISPOSITION THROUGH TRANSFER OF CAPITAL ASSETS

All transfers of capital assets between departments must be submitted to the Finance Department on an Equipment Transfer Form. The Finance Department will transfer the asset as requested.

#### F. DISPOSITION THROUGH TRADE-IN

Before any capital asset can be used as a trade-in on a new piece of equipment, it must be approved by the Purchasing & Contracts Department. All trade-ins of capital assets must be submitted to the Finance Department on a New Asset Transmittal Form. Once approval has been given from the Purchasing & Contracts division, the Finance Department will update the status of the asset traded in on the capital asset system.

#### G. DISPOSITION OF NON-CAPITAL ASSETS

If a department wishes to dispose of a non-capital item that is not in working condition, this disposal must be initiated and approved by the Department Head. It is the responsibility of the department to dispose of the item. If the item requires additional assistance to dispose of, contact Public Works



If a department wishes to dispose of a non-capital item that is in working condition, then they must follow the same procedures outlined in Section D regarding sending the items to auction.

#### H. BI-ANNUAL PHYSICAL INVENTORY OF CAPITAL ASSETS

A physical inventory of a department's capital assets will be conducted on bi-annual basis. A representative from the Finance Department will schedule the inventory with each department's designated capital assets custodian. All assets will be physically located and accounted for by the custodian and the Finance Department representative. An Inventory Report will be sent to the department head after completion of the physical inventory that summarizes any additions, deletions, or changes noted during the inventory. The department head will review the form, make changes if necessary, and approve by signing and returning it to the Finance Department.

### **PROCEDURES SPECIFIC TO ASSET TYPE:**

#### I. MODULAR FURNITURE

This section has been added to provide additional guidance as it specifically relates to modular furniture.

1. Modular furniture that meets the capitalization threshold should be capitalized as equipment/furniture, by lot or by individual unit.
2. If the modular furniture cannot be separately identified from the total cost of the building, it is recommended that the modular furniture be capitalized as part of the building. If you have any questions regarding this, please contact the Finance Department.

#### J. REPLACEMENT OF ASSETS BY INSURANCE

When a capital asset is severely damaged or destroyed by a covered peril under the City's insurance policy, and the replacement of that asset has been approved through funding from the City's insurance policy, the new capital asset must be paid for by the department that owns the asset (that department's budget).

Reimbursement must then be requested by the department to Contracts & Risk Management. Contracts & Risk Management will then instruct the Finance Department to reimburse the department for their cost of replacing the asset. Proper backup is necessary to complete the reimbursement. Also, the asset that was destroyed must be deleted from that department's inventory.

#### K. INTANGIBLE ASSETS

Intangible assets such as computer software, easements, and land use/water/leachate rights will be capitalized on the City's books and amortized over their useful lives unless that life is indefinite.

Computer software is considered an intangible asset if it is developed in-house by City employees or by a third party contractor on behalf of the government. This includes any commercially available software that is purchased or licensed by the City and that the City must exert minimal incremental effort before the software can be put into operation (per GASB 51). Such purchases will be capitalized if they meet the City's capitalization threshold (Section B). Yearly renewals and regular upgrades of existing software will be considered an operating cost and expensed as incurred. The City will amortize software over 3-5 years, depending on whether the software is a component of an existing system or a brand new system.

Easements and rights granted to or purchased by the City will be assumed to have an indefinite useful life unless there are contractual or legal requirements that state otherwise. In those instances, the City will amortize those easements and rights over the life stated in the contract documents.

#### L. OPERATING PROCEDURES

The Finance Director and Purchasing & Contracts Manager will create necessary operating procedures in order to apply this policy.

# Debt Management Policy

## OVERVIEW:

The City of Palm Coast (City) recognizes the foundation of any well-managed debt program is a comprehensive debt policy. The debt policy sets forth the parameters for issuing debt and managing outstanding debt. The policy also provides guidance to Management and the City Council regarding the timing and purpose for which debt may be issued, types and amounts of permissible debt, the method of sale that may be used and structural features that may be incorporated. The debt policy recognizes a binding commitment to full and timely repayment of all debt as an intrinsic requirement for entry into capital markets. Adherence to the debt policy helps to ensure that the City maintains a sound debt position and that credit quality is protected. The debt policy promotes consistency and continuity in decision-making, rationalizes the decision-making process, and demonstrates a commitment to long-term financial planning objectives.

## PURPOSES AND USES OF DEBT:

The City may issue debt using several types of securities including: general obligation credit that is secured by the City's ability to levy ad valorem taxes on real and personal property within the City; assessment bonds that are secured by a special assessment placed upon the property owners benefiting from specific improvements to their community; and revenue bonds that are secured by dedicated revenue streams arising from sales taxes, special taxes and charges for services, such as, water, sewer and solid waste collection and disposal fees.

Additionally, the City may utilize a covenant to budget and appropriate legally available non-ad valorem revenues in its short-term borrowings. This can provide valuable cash flow and cash management capabilities in managing the City's ongoing capital improvements programs by providing interim or gap financing for the City's pay-as-you-go capital programs.

Other types of debt subject to this Debt Management Policy include State Revolving Fund Loans (SRF Loans), anticipation notes and other promissory notes that may be issued for the repayment of short, intermediate or long-term debt. Several guiding principles have been identified which provide the framework for the issuance, management, continuing evaluation of, and reporting on all debt obligations issued by the City.

## PLANNING AND STRUCTURE OF CITY INDEBTEDNESS:

To enhance creditworthiness and prudent financial management, the City is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning. Evidence of this commitment to systematic capital planning is demonstrated through adoption and periodic adjustment of a Comprehensive Plan pursuant to Chapter 163, Florida Statutes, the Florida Growth Management Act and Rule 9 J (5), and the adoption of the five-year Capital Improvement Plan (CIP). The CIP will identify, rank, and assess capital projects, determine useful life, and recommend specific funding sources for the projects for the five-year period. Annually, management will also prepare and submit to City Council a 10-year capital infrastructure plan, which will be incorporated into the long-term financial planning process.

**Capital Financing:** The City normally will rely on specifically generated funds and/or grants and contributions from other governments to finance its capital needs on a pay-as-you-go basis. To achieve this, it may become necessary to secure short-term (not exceeding a three-year amortization schedule) construction funding. Such financing, allows maximum flexibility in CIP implementation. Debt of longer amortization periods (long-term debt) will be issued for capital projects when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries. In general, debt shall not be used for projects solely because insufficient funds are budgeted at the time of acquisition or construction.

**General Obligation Securities:** The City will seek voter authorization (per the City Charter) to issue general obligation bonds only for essential projects. In addition, such authority will be sought only after it is determined by the Council that no other funds are available to meet project costs.



**Term of Debt Repayment:** Borrowings by the City will mature over a term that does not exceed the economic life of the improvements that they finance or exceed the term of the revenue securing such debt. The City will consider long-term financing for the acquisition, replacement, or expansion of physical assets (including land).

**Method of Sale:** The City will market its debt through the use of competitive bid whenever deemed feasible, cost-effective and advantageous to do so. However, in some situations, certain complexities and intricacies of a particular debt issue are such that it may be beneficial to market the debt via negotiated sale.

**Interest Rate:** In order to maintain a stable debt service burden, the City will attempt to issue debt that carries a fixed interest rate. Conversely, it is recognized that certain circumstances may warrant the issuance of variable rate debt. In those instances, the City should attempt to stabilize debt service payments through the use of an appropriate stabilization arrangement or maintain a manageable amount of variable rate debt.

**Revenue Pledge:** Revenue sources will only be pledged for debt when legally available, and when it can be justified that residents or others that receive the benefits of the pledged revenue should repay the related debt.

**Debt Guarantees:** The City may consider, on case-by-case basis, the use of its debt capacity for legally allowable capital projects by public development authorities or other special purpose units of the government.

**Financing Proposals:** Any capital financing proposal involving a pledge or other extension of the City's credit through the sale of securities, execution of loans or leases, marketing guarantees, or otherwise involving directly or indirectly the lending or pledging of the City's credit, is referred to and reviewed by members of the Financing Team.

**Conduit Bond Financing:** Periodically, the City may be approached with a request to provide conduit bond financing for qualified projects. Examples may include infrastructure as part of a special assessment district. Applications for such issues will be processed by the Financing Team, which will provide funding recommendations to the City Council.

**Public-Private Partnerships:** There may be opportunities presented to the City in which a private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. These partnerships will be carefully evaluated to ensure that any related debt issuance has a minimal impact on the City.

#### **CREDITWORTHINESS:**

The City seeks to maintain the highest possible credit ratings for all categories of short and long-term debt that can be achieved without compromising the delivery of basic City services and the achievement of the adopted City Strategic Action Plan. For those agencies that maintain a credit rating on the City, the Finance Department will provide these organizations with all of the necessary budgetary and financial information as published and upon request.

**Financial Disclosure:** The City is committed to full and complete financial disclosure and to cooperating copiously with rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, comprehensible, and accurate financial and other relevant information. The City is committed to meeting secondary disclosure requirements on a timely and broad basis. The Finance Department is responsible for ongoing disclosures to established national information repositories and for maintaining compliance with disclosure standards promulgated by State and national regulatory bodies, and may carry-out such responsibility through the engagement of an outside dissemination agent.

**Debt Limits:** The City will keep outstanding debt within the limits prescribed by State Statute and the City Charter and at levels consistent with its creditworthiness, best-practices needs and affordability objectives.

#### **DEBT STRUCTURE:**

Debt will be structured to achieve the lowest possible net cost to the City given market conditions, the urgency of the capital project and the nature and type of the security provided. Moreover, to the extent possible, the City will design the re-payment of its overall debt to re-capture its credit capacity for future use.

**Length of Debt:** Debt will be structured for the shortest amortization period consistent with a fair allocation of costs to current and future beneficiaries or users.

**Back Loading (Back-end Load):** The City will seek to structure debt with level principal and interest costs over the life of the obligation. Back loading of costs will be considered under extraordinary circumstances, such as, natural disasters or where unanticipated external factors make it necessary for short-term costs of the debt to be prohibitive. Further, where the benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present and/or when such structuring is beneficial to the City's overall amortization schedule, or will allow the debt service to more closely match project revenues during the early years of the venture's operation.

**Refunding:** The City's staff and advisors will undertake periodic reviews of all outstanding debt to determine refunding opportunities. Refunding will be considered (within Federal tax law constraints) if, and when, there is a net economic benefit of the refunding or it is necessary to modernize covenants essential to operations and management. An advance refunding for the purpose of economic advantage will be considered if there exists the opportunity to secure a net present value savings of at least three percent of the refunded debt. A current refunding that produce a net present value saving of less than three percent will be considered on a case-by-case basis. A refunding that result in a negative savings will not be deliberated unless there is a compelling public policy or legal objective.

**Credit Enhancements:** Examples include letters of credit and bond insurance. These types of guarantees will only be considered if the net debt service on the bonds is reduced by more than the costs of the enhancement.

**Fixed Interest Debt:** Fixed interest debt will be issued by the City if management anticipates that interest rates may rise over the term of the loan.

**Variable Rate Debt:** The City may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of the securities that is consistent with State law and covenants of pre-existing bonds, as well as, dependent on market conditions. The City will limit its outstanding variable rate bonds to reasonable levels in relation to total debt.

**Subordinate Debt:** The City may issue subordinate debt only if it is financially beneficial to the City or consistent with creditworthiness objectives.

**Short Term Notes:** Use of short-term borrowing, such as bond anticipation notes and tax-exempt commercial paper, will be undertaken only if the transaction costs plus interest on the debt are less than the cost of internal financing or if available cash is insufficient to meet working capital requirements.

**State Revolving Fund Program:** This program provides funds for projects involving water supply and distribution facilities, storm water control and treatment projects, air and water pollution control, and solid waste disposal facilities. Whenever possible, this program will be utilized since the costs associated with issuing the notes are low and local agencies benefit from the strength of the State's credit.

**Bank Term Loan Program:** The City reserves the possibility of using bank loans where financially feasible and appropriate.

#### **DEBT ADMINISTRATION AND COMPLIANCE:**

The City shall comply with all covenants and requirements of bond resolutions, and State and Federal laws authorizing and governing the issuance and administration of debt obligations.

**Report to Bondholders:** The City, through the Finance Department, shall prepare and release to all interested parties the Comprehensive Annual Financial Report (CAFR), which will act as the ongoing disclosure document required under the Continuing Disclosure Rules promulgated by the Securities Exchange Commission (SEC).

This report shall contain general and demographic information on City, and a discussion of the general government, the solid waste system, the water and wastewater utility system, the storm water utility system, and any additional systems that may subsequently be established by the City. The information presented on the general government and on the enterprise system shall comply with the disclosure obligations set forth in the Continuing Disclosure Certificates issued in connection with its debt obligations, and may include information on the following: service areas; rates and charges; financial statement excerpts; outstanding and proposed debt; material events; a summary of certain bond resolution provisions; a management discussion of operations; and other such information that the City may deem to be important. The report shall also include Notes to the Financial Statements, and to the extent available, information on conduit debt obligations issued by the City on behalf of another entity.

**Tax-Exempt Debt Compliance:** The City will comply with all applicable Federal tax rules related to its tax-exempt debt issuances. This includes compliance with all applicable Federal tax documentation and filing requirements, yield restriction limitations, arbitrage rebate requirements, use of proceeds and financed projects limitations and recordkeeping requirements. Given the increasing complexity of the Federal tax law applicable to tax-exempt debt issuances, the Finance Department has separately created a tax-exempt debt policy.

**Arbitrage Compliance:** The Finance Department maintains a system of recordkeeping and reporting to meet the arbitrage rebate compliance requirements of the Federal tax code. Arbitrage rebate liabilities will be calculated annually and the liability will be reported in the City's annual financial statements.

#### FINANCING TEAM SELECTION:

As part of the debt management process, the Financing Team (FT) currently operates to review and make recommendations regarding the issuance of debt obligations and the management of outstanding debt. The FT will consider all outstanding and proposed debt obligations, and develops recommended actions on issues affecting or relating to the creditworthiness; security; and repayment of such debt obligations; consisting, but not limited to procurement of services and investment of all borrowed funds; structure; repayment terms; and covenants of the proposed debt obligation; and issues, which may affect the security of the bonds and primary and secondary market disclosures to bondholders.

The FT consists of the City Manager or designee and the City Attorney or designee, department management and the Finance Director. Other participants, as required, will include the City's financial advisor, bond counsel, the underwriter (in a negotiated sale), disclosure counsel, paying agent/registrar, trustee and other specialists who provide the following services: credit enhancements, feasibility studies, auditing, arbitrage compliance, and printing. These specialists will also assist with the development of bond issuance strategies, the preparation of bond documents, and will coordinate marketing efforts for sales to investors.

**The Financing Team Selection Process:** The Finance Director will provide recommendations to the City Council on the selection of underwriters, bond counsel, disclosure counsel, financial advisors and any other necessary participant. The City Council will make all final determinations. The Finance Director's recommendations will be made following an independent review of responses to requests for proposals (RFPs) or requests for qualifications (RFQs) by the evaluation team.

**Underwriters:** For all competitive sales, underwriters are selected by competitive bids. For negotiated sales, underwriters are selected through an RFP. The City Manager or designee, the Finance Director, and the Financial Advisor will conduct the evaluation of responses of the RFPs.

**Bond Counsel:** The City retains external bond counsel for all debt issues. Further, that all debt issued by the City, includes a written opinion by the bond counsel affirming that the City is authorized to issue the debt. Bond counsel is also responsible for determining the debt's Federal income tax status, the preparation of the ordinance authorizing issuance of the obligations and all of the closing documents to complete a bond sale, as well as, performing any other services defined by their contract with the City. Bond counsel will also coordinate activities with the City Attorney and/or other Counsel and

the other members of the FT including, but not limited to the Finance Director. The City Attorney, Bond Counsel and FT will review all public-private partnerships to ensure compliance with State and Federal laws and regulations. Bond counsel is engaged through the purchasing process outlined in the COPC Purchasing Policy. The selection criteria will include a requirement for comprehensive municipal debt experience

**Disclosure Counsel:** The City retains external disclosure counsel for all public offerings. The disclosure counsel renders an opinion to the City and a reliance letter to the underwriters; if requested, that indicates that the offering document contains no untrue statements or omits any material fact. The disclosure counsel shall provide legal advice to the City to assist in meeting its secondary market disclosure obligations. The disclosure counsel is engaged in the same manner as bond counsel.

**Underwriter's Counsel:** In negotiated public offerings, the senior managing underwriter may select counsel, subject to approval by the City, to be compensated as an expense item to be negotiated as part of the gross underwriting spread.

**Financial Advisor:** The City retains a financial advisor selected through the purchasing process outlined in the COPC Purchasing Policy. The financial advisors are required to have comprehensive municipal debt experience including diverse financial structuring and pricing of municipal securities. For each City bond sale, the financial advisor will assist the City in determining the optimum structure of the debt and negotiating favorable pricing terms and managing the debt issuance process. In addition to transactional tasks, the financial advisor will advise the City on strategic financial planning matters and assist in management and operational evaluations and improvements, where appropriate, and as directed by the City. To ensure independence, the financial advisor will not bid on nor underwrite any City debt issues.

**A Paying Agent:** The City may utilize a paying agent on all City bonded indebtedness; the fees and expenses for servicing outstanding bonds are paid from the appropriate debt service fund unless specified otherwise by the City.

#### DEBT ISSUANCE PROCESS:

The debt issuance process provides a framework for reporting and evaluating the different types of securities, as well as, a means for dealing with the costs and proceeds associated with such securities.

**Debt Evaluation Report:** The FT will be responsible for preparing and presenting a report to the City Council relating to current and future debt options and challenges; as needed. Such a report, may include the following elements: (1) calculations of the appropriate ratios and measurements necessary to evaluate the City's credit as compared with acceptable municipal standards; (2) information related to any significant events affecting outstanding debt, including conduit debt obligations; (3) an evaluation of savings related to any refinancing activity; (4) a summary of any changes in Federal or State laws affecting the City's debt program; and (5) a summary statement by the FT as to the overall status of the City's debt obligations and debt management activities.

**Investment of Bond and Note Proceeds:** All proceeds of debt incurred by the City other than conduit debt obligations are invested as part of the City's consolidated cash pool unless otherwise specified by the bond covenants and approved by the Finance Director. The City will develop detailed draw schedules for each project funded with borrowed monies. The City will invest the proceeds of all borrowings consistent with those authorized by the City's investment policy, and in a manner that will ensure the availability of funds as described in the draw schedules.

**Costs and Fees:** All costs and fees related to the issuance of bonds other than conduit bonds are paid out of bond proceeds or by the related department budget.

**Bond insurance (also known as financial guarantee insurance):** The City may consider the use of bond insurance to enhance its credit rating and marketability of its securities based upon an assessment of its cost-effectiveness.

**Competitive Sale:** In general, City debt is issued through a competitive bidding process. Bids are awarded on a True Interest Cost basis (TIC), provided other bidding requirements are satisfied. The FT shall review all bids and provide bid evaluations to the City Council. If the FT determines that the bids are unsatisfactory it may enter into negotiations of sales of securities.

**Negotiated Sale:** A negotiated sale of debt may be considered when the complexity of the issue requires specialized expertise; or when the negotiated sale would result in substantial savings in time or money; or when market conditions are unusually volatile; or if the City's credit is problematic; or when a negotiated sale is otherwise in the best interest of the City.

#### PERIODIC REVIEW AND AMENDMENT:

The debt policies above will be subject to review and revision annually. The Finance Department will make recommendations on any proposed amendments or revisions to City Council for approval.

#### CITATIONS & GLOSSARY:

The Internal Revenue Code, the Florida Statutes, the Local City Charter and/or the City Ordinances outline legal borrowing authority, restrictions and compliance requirements with the Florida Constitution and Statutes authorize the issuance of bonds by Counties, Municipalities and certain Special Districts.

- Section 125.013 – General Obligation; Revenue Bonds
- Chapters 130 & 132 – County Bonds & General Refunding Law
- Section 154.219 – Revenue Bonds
- Chapter 159 – Bond Financing
- Section 163.01(7) – Florida Inter-local Cooperation Act of 1969
- Chapter 166, Part II – Municipal Borrowing
- Chapter 215 – Financial Matters: General Provisions
- Chapter 218, Part III – Local Financial Management & Reporting

#### TYPES OF DEBT DEFINED:

**Bond Anticipation Notes:** Are notes issued by a governmental unit in anticipation of the issuance of general obligation or revenue bonds.

**Commercial Paper:** Is short-term debt (from 1 to 270 days) to finance capital projects.

**General Obligation Bonds:** Are obligations secured by the full faith and credit of a governmental unit payable from the proceeds of ad valorem taxes.

**Limited Revenue Bonds:** Are obligations issued by a governmental unit to pay the cost of improvements of a project or combination of projects payable from funds of a governmental unit, exclusive of ad valorem taxes, special assessments, or earnings from such projects.

**Revenue Bonds:** Are obligations of a governmental unit issued to pay the cost of improvements of a self-liquidating project or a combination of projects payable from the earnings of the project and any other special funds authorized to be pledged as additional security.

**Special Assessment Bonds:** Are bonds that provide for capital improvements paid in whole or in part by the levying and collecting of special assessments on the abutting, adjoining, contiguous, or other specially benefited property.

**Bond Pools:** Offer governmental units an opportunity to participate in a joint venture with other entities to borrow funds for capital improvements, renovations, fixed asset additions or the refinancing of existing debt. The advantages of bond pools may include improved marketability and reduction in issuance costs through economies of scale. Bond pools provide either long-term fixed or variable rate debt products.

Bank Borrowings: Financial institutions offer short-term financing needs for governmental units to alleviate temporary cash flow timing differences (e.g. bond, revenue, or tax anticipation notes). In addition, banks can provide long-term financing solutions for capital projects. Traditional revolving credit facilities and other financing vehicles, such as leasing arrangements, can also provide local governmental units an additional source of funds.

#### PARTIES ENGAGED IN A DEBT OBLIGATION:

Independent Financial Advisor: In many cases, debt financing involves complex transactions requiring specific expertise not always available in small governments. Depending on the funding purpose, and level of debt required, it is recommended that an independent financial advisor be engaged to represent the governmental unit during the debt issuance process. This individual or firm would be responsible to the appropriate governmental decision-makers and recommend the best method of sale and structure for the debt issue. An independent financial advisor can also provide assistance with the selection of other financial professionals.

Underwriter: The underwriter purchases the bonds of the local government and usually on a percentage fee basis of the issue, markets the bonds to the ultimate bond purchaser. The underwriter may be chosen through a competitive RFP process for a negotiated sale, or public bid process through a competitive sale process. The underwriter is compensated from the proceeds of the bond sale.

Bond Counsel: The bond counsel works on behalf of the bondholders (but is hired by the local government) to ensure compliance with Federal laws and regulations related to the issuance of tax-exempt debt. The bond counsel prepares the legal documents related to the financing and oversees the closing process for the bonds. Additionally, the bond counsel may be chosen through a competitive RFP process, and in most cases, is paid from the proceeds of the debt issuance.

Credit Rating and Credit Enhancements: Various independent bond rating agencies assess the credit quality of the borrowing entity and debt offerings. Superior ratings by these organizations command favorable borrowing rates resulting in lower overall cost of funds. Many governmental units strive to maintain or improve their bond rating in order to preserve easy access to credit markets.

These and other variables affect the overall rate of interest paid by the governmental unit. The use of credit enhancements can also reduce overall borrowing costs and improve the quality of the debt issuance. Surety bonds or insurance (guaranteeing the repayment of the obligation) enhance the offering to potential investors by providing additional strength to the issue.

**\*\*THIS POLICY WAS APPROVED AND ADOPTED BY CITY COUNCIL BY RESOLUTION ON NOVEMBER 5th 2013**



# Fund Balance Policy

The General Fund unassigned fund balance, at year end, will be between ten percent and twenty percent of the following year's budgeted expenditures. Unassigned fund balance over twenty percent may be transferred to the Disaster Reserve Fund, if necessary to meet the fund balance goal, or to the Capital Projects Fund. If the unassigned fund balance is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenditures to return the unassigned fund balance to ten percent or greater within three years. If economic conditions cause a temporary loss of revenue, the unassigned fund balance may be used to help alleviate the affects of the loss of revenue. If the unassigned fund balance exceeds ten percent of the following year's budgeted General Fund expenditures, up to 50% of the amount over the ten percent minimum, may be used to offset the shortfall. At no time should the unassigned fund balance be used to offset a structural deficit since these types of deficiencies are considered to be permanent.

The Utility Fund unrestricted net position, at year end, will be between ten percent and twenty percent of the following year's budgeted operating expenses. Unrestricted net position over twenty percent may be assigned to a rate stabilization fund or transferred to the Utility Capital Projects Fund for utility system renewal and replacement. If unrestricted net position is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the unrestricted net position to ten percent or greater within three years.

The Stormwater Fund unrestricted net position, at year end, will be between ten percent and twenty percent of the following year's budgeted expenses excluding capital expenditures. Unrestricted net position over twenty percent may be assigned for future system capital projects. If unrestricted net position is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the unrestricted net position to ten percent or greater within three years.

The Solid Waste Fund unrestricted net position, at year end, will be between ten percent and twenty percent of the following year's budgeted operating expenses. Unrestricted net position over twenty percent may be assigned to a rate stabilization fund. If unrestricted net position is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the unrestricted net position to ten percent or greater within three years.

The Disaster Reserve Fund unassigned fund balance, at year end, will be at least two one hundredths percent (0.02%) of the just value of all property in the City on July 1 of that year. If the unassigned fund balance is below the minimum amount at year end, a transfer should be made from the General Fund in an amount sufficient to increase the fund balance above the minimum amount, within two years. The Disaster Reserve represents a committed fund balance within the General Fund. It can be used to address unanticipated expenditures arising out of a hurricane, tornado, other major weather related events, and/or other massive infrastructure failures or other disasters, whether man-made or caused by nature, using emergency procedures as provided for in the City's Purchasing Policy.

The Self Insured Health Fund unrestricted net position, at year end, will be a minimum of three months claims in order to be considered actuarially sound by the Florida Office of Insurance regulation. Amounts in excess of this floor can be used to hedge against future cost increases. If the unrestricted net position is below this floor, a plan must be developed using increased premiums and/or a reductions in benefits to return unrestricted net position to the minimum level within three years.

The Fleet Fund unrestricted net position, at year end, will be a minimum of the total expected Fleet replacement cost divided by the average life of the Fleet. Amounts in excess of this floor can be used to hedge against future cost increases and Fleet expansion. If the unrestricted net position is below this floor, a plan must be developed using increased internal lease charges to return unrestricted net position to the minimum level within three years.

All other funds, including Special Revenue Funds and Capital Project Funds do not have a fund balance requirement. Fund balances in these funds are dictated by revenue sources and a schedule of capital projects.

**\*\*THIS POLICY WAS REVISED AND THE REVISIONS WERE APPROVED AND ADOPTED BY CITY COUNCIL BY RESOLUTION ON 3/15/2016**

# Investment Policy

## I. PURPOSE

The purpose of this policy is to set forth the investment objectives and parameters for the management of the funds of the City of Palm Coast, (hereinafter "City"). These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

## II. SCOPE

In accordance with Section 218.415, Florida Statutes, this investment policy applies to all cash and investments held or controlled by the City and shall be identified as "general operating funds" of the City with the exception of the City's Pension Funds and funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds. Additionally, any future revenues, which have statutory investment requirements conflicting with this Investment Policy and funds held by state agencies (e.g., Department of Revenue), are not subject to the provisions of this policy.

## III. INVESTMENT OBJECTIVES

### Safety of Principal

The foremost objective of this investment program is the safety of the principal of those funds within the portfolios. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. 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.

From time to time, securities may be traded for other similar securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes to achieve optimal investment return, provided any of the following occurs with respect to the replacement security:

- A. The yield has been increased, or
- B. The maturity has been reduced or lengthened, or
- C. The quality of the investment has been improved.

### Maintenance of Liquidity

The portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodical cash flow analyses will be completed in order to ensure that the portfolios are positioned to provide sufficient liquidity.

### Return on Investment

Investment portfolios shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

#### IV. DELEGATION OF AUTHORITY

In accordance with the City's Charter, the responsibility for providing oversight and direction in regard to the management of the investment program resides with the City Manager. The management responsibility for all City funds in the investment program and investment transactions is delegated to the City's Finance Director. The Finance Director shall establish written procedures for the operation of the investment portfolio and a system of internal accounting and daily procedures for investment trades and to regulate the activities of employees.

#### V. STANDARDS OF PRUDENCE

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 the overall investment program. Investment officers acting in accordance with written procedures and this 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 expectation are reported to the City Council in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. The "Prudent Person" rule states the following:

Investments should 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 from the investment.

While the standard of prudence to be used by investment officials who are officers or employees is the "Prudent Person" standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

#### VI. ETHICS AND CONFLICTS OF INTEREST

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. Also, employees involved in the investment process shall disclose to the City Clerk, in accordance with the appropriate state statutes governing conflicts of interest, any material financial interests in financial institutions that conduct business with the City, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the City's investment program.

The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement (see page 25 of Attachment A).

#### VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES

The Finance Director shall establish a system of internal controls and operational procedures that are in writing and made a part of the City's operational procedures. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation, by third parties, or imprudent actions by employees.

The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and “delivery vs. payment” procedures. No person may engage in an investment transaction except as authorized under the terms of this policy. Independent auditors as a normal part of the annual financial audit for the City shall conduct a review of the system of internal controls to ensure compliance with policies and procedures.

#### VIII. CONTINUING EDUCATION

The Finance Director and appropriate staff shall annually complete a minimum 8 hours of continuing education in subjects or courses of study related to investment practices and products.

#### IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

Authorized City staff and Investment Advisors shall only purchase securities from financial institutions, which are Qualified Institutions by the City or institutions designated as “Primary Securities Dealers” by the Federal Reserve Bank of New York. Authorized City staff and Investment Advisors shall only enter into repurchase agreements with financial institutions that are Qualified Institutions and Primary Securities Dealers as designated by the Federal Reserve Bank of New York. The City’s Investment Advisor(s) shall utilize and maintain a list of approved primary and non-primary securities dealers. The Finance Director and/or designee shall maintain a list of financial institutions and broker/dealers that are approved for investment purposes and only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

1. regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
2. Capital of no less than \$10,000,000;
3. registered as a dealer under the Securities Exchange Act of 1934;
4. member of the National Association of Dealers (NASD);
5. registered to sell securities in Florida; and
6. the firm and assigned broker have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years.
7. Public Depositories qualified by the Treasurer of the State of Florida, in accordance with Chapter 280, Florida Statutes.

All brokers, dealers and other financial institutions deemed to be Qualified Institutions shall be provided with current copies of the City’s Investment Policy. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the City transacts business.

#### X. MATURITY AND LIQUIDITY REQUIREMENTS

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds should have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds (“core funds”) shall have a term appropriate to the need for funds and in accordance with debt covenants, but should not exceed ten (10) years. From time to time the above parameters may require modification in order to meet specific construction draw schedules or other predetermined operating, capital needs or to satisfy debt obligations but in no event shall exceed thirty (30) years.

## XI. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

After the Finance Director has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) Qualified Institutions and/or Primary Dealers must be contacted by the Investment Advisor and asked to provide bids/offers on securities in questions. Bids will be held in confidence until the bid deemed to best meet the investment objectives is determined and selected.

However, if obtaining bids/offers are not feasible and appropriate, securities may be purchased utilizing the comparison to current market price method on an exception basis. Acceptable current market price providers include, but are not limited to:

- A. Telerate Information System
- B. Bloomberg Information Systems
- C. Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing

The Investment Advisor shall utilize the competitive bid process to select the securities to be purchased or sold. Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the Investment Advisor and/or the Finance Director, competitive bidding would inhibit the selection process.

Examples of when the City may use this method include:

- 1. When time constraints due to unusual circumstances preclude the use of the competitive bidding process
- 2. When no active market exists for the issue being traded due to the age or depth of the issue
- 3. When a security is unique to a single dealer, for example, a private placement
- 4. When the transaction involves new issues or issues in the "when issued" market

Overnight sweep investments or repurchase agreements will not be bid, but may be placed with the City's depository bank relating to the demand account for which the sweep investments or repurchase agreement was purchased.

## XII. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the City's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Finance Director or designee may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the City's custodian.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the City. The Finance Director or designee shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this policy are prohibited.

The allocation limits and security types do not apply to the investment of debt proceeds. These investments shall be governed by the debt covenant included in the debt instrument.

<b>Authorized Investment- Sector Type</b>	<b>Maximum Allocation</b>	<b>Individual Issuer Limit</b>
Florida PRIME Fund	25%	N/A
United States Government Securities	100%	N/A
United States Government Agencies	75%	50%
Federal Instrumentalities (United States Government Sponsored Enterprises "GSE")	80%	40%
Mortgage Backed Securities "MBS"	20%	15%
Interest Bearing Time Deposit or Savings Accounts	25%	15%
Repurchase Agreements	50%	25%
Commercial Paper	30%	10%
Corporate Notes	15%	5%
Bankers' Acceptances	30%	10%
State and/or Local Government Taxable and/or Tax-Exempt Debt	20%	5%
Registered Investment Companies (Money Market Mutual Funds)	50%	25%
Intergovernmental Investment Pools	25%	N/A

#### **A. Florida PRIME**

1. Investment Authorization - The Finance Director may invest in Florida PRIME.
2. Portfolio Composition - A maximum of 25% of available funds may be invested in Florida PRIME.
3. Florida PRIME shall be rated "AAAm" by Standard & Poor's or the equivalent by another Nationally Recognized Statistical Rating Organization ("NRSRO") and the published objectives of the fund must agree with the Securities and Exchange Commission investment requirement for 2a-7.
4. Due Diligence Requirements - A thorough investigation of Florida PRIME or any money market fund is required prior to investing, and on a continual basis. The Finance Director will utilize the questionnaire contained in Attachment B on page 30. A current prospectus must be obtained and/or current pool documents and portfolio reports.

#### **B. United States Government Securities**

1. Purchase Authorization - The Finance Director may invest in direct negotiable obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to Cash Management Bills, Treasury Securities – State and Local Government Series ("SLGS"), Treasury Bills, Treasury Notes, Treasury Bonds, Treasury Strips
2. Portfolio Composition - A maximum of 100% of available funds may be invested in the United States Government Securities.
3. Maturity Limitations - The maximum length to maturity of any direct investment in the United States Government Securities is ten (10) years from the date of purchase.



### **C. United States Government Agencies**

1. Purchase Authorization - The Finance Director may invest in bonds, debentures, notes or callable issued or guaranteed by the United States Government's agencies, provided such obligations are backed by the full faith and credit of the United States Government.
2. Portfolio Composition - A maximum of 75% of available funds may be invested in United States Government agencies. Limits on Individual Issuers. A maximum of 50% of available funds may be invested in individual United States Government agencies.
3. Maturity Limitations - The maximum length to maturity for an investment in any United States Government agency security is ten (10) years from the date of purchase.

### **D. Federal Instrumentalities (United States Government Sponsored Enterprises ("GSE"))**

1. Purchase Authorization - The Finance Director may invest in bonds, debentures or notes which may be subject to call, issued or guaranteed as to principal and interest by United States Government Sponsored Enterprises (Federal Instrumentalities) which are non-full faith and credit agencies limited to the following:
  - Federal Farm Credit Bank (FFCB)
  - Federal Home Loan Bank or its district banks (FHLB)
  - Federal National Mortgage Association (FNMA)
  - Federal Home Loan Mortgage Corporation (Freddie-Macs)
2. Portfolio Composition

A maximum of 80% of available funds may be invested in Federal Instrumentalities. . The combined total of available funds invested in Federal Instrumentalities and Mortgage Backed Securities cannot be more than 80%.
3. Limits on Individual Issuers

A maximum of 40% of available funds may be invested in any "GSE".
4. Maturity Limitations

The maximum length to maturity for an investment in any Federal Instrumentality security is ten (10) years from the date of purchase.

### **E. Mortgage-Backed Securities ("MBS")**

1. Purchase Authorization - Mortgage-backed securities ("MBS") which are based on mortgages that are guaranteed by a government agency or GSE for payment of principal and a guarantee of timely payment.
2. Portfolio Composition - A maximum of 20% of available funds may be invested in MBS. The combined total of available funds invested in Federal Instrumentalities and Mortgage Backed Securities cannot be more than 80%.
3. Limits on Individual Issuers - A maximum of 15% of available funds may be invested with any one issuer. The maximum percentage invested in securities of any one issuer is inclusive of mortgage backed securities of same issuer.
4. Maturity Limitations - A maximum length to maturity for an investment in any MBS is seven (7) years from the date of purchase.

The maturity of mortgage securities shall be considered the date corresponding to its average life. This date reflects the point at which an investor will have received back half of the original principal (face) amount. The average life may be different from the stated legal maturity included in a security's description

## **F. Interest Bearing Time Deposit or Saving Accounts**

1. Purchase Authorization - The Finance Director may invest in non-negotiable interest bearing time certificates of deposit or savings accounts in banks organized under the laws of this state and in national banks organized under the laws of the United States and doing business and situated in the State of Florida. Additionally, the bank shall not be listed with any recognized credit watch information service.
2. Portfolio Composition - A maximum of 25% of available funds may be invested in non-negotiable interest bearing time certificates of deposit.
3. Limits on Individual Issuers - A maximum of 15% of available funds may be deposited with any one issuer.

The maximum maturity on any certificate shall be no greater than one (1) year from the date of purchase.

## **G. Repurchase Agreements**

1. Purchase Authorization - The Finance Director may invest in repurchase agreements composed of only those investments based on the requirements set forth by the City's Master Repurchase Agreement. All firms are required to sign the Master Repurchase Agreement prior to the execution of a repurchase agreement transaction. A third party custodian with whom the City has a current custodial agreement shall hold the collateral for all repurchase agreements with a term longer than one (1) business day. A clearly marked receipt that shows evidence of ownership must be supplied to the Finance Director and retained. Securities authorized for collateral are negotiable direct obligations of the United States Government, Government Agencies, and Federal Instrumentalities with maturities under five (5) years and must have a market value for the principal and accrued interest of 102 percent of the value and for the term of the repurchase agreement. Immaterial short-term deviations from 102 percent requirement are permissible only upon the approval of the Finance Director.
2. Portfolio Composition - A maximum of 50% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements.
3. Limits on Individual Issuers - A maximum of 25% of available funds may be invested with any one institution.
4. Limits on Maturities - The maximum length to maturity of any repurchase agreement is 90 days from the date of purchase.

## **H. Commercial Paper**

1. Purchase Authorization - The Finance Director may invest in commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper).
2. Portfolio Composition - A maximum of 30% of available funds may be directly invested in prime commercial paper.
3. Limits on Individual Issuers - A maximum of 10% of available funds may be invested with any one issuer.
4. Maturity Limitations - The maximum length to maturity for prime commercial paper shall be 270 days from the date of purchase.

## **I. High Grade Corporate Notes**

1. Purchase Authorization - The Finance Director may invest in corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum within the single "A" category by any two NRSROs
2. Portfolio Composition - A maximum of 15% of available funds may be directly invested in corporate notes.
3. Limits on Individual Issuers - A maximum of 5% of available funds may be invested with any one issuer.
4. Maturity Limitations - The maximum length to maturity for corporate notes shall be five (5) years from the date of purchase.

## **J. Bankers' acceptances**

1. Purchase Authorization - The Finance Director may invest in Bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time or purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" Standard & Poor's. Additionally, the bank shall not be listed with any recognized credit watch information service.
2. Portfolio Composition - A maximum of 30% of available funds may be directly invested in Bankers' acceptances
3. Limits on Individual Issuers - A maximum of 10% of available funds may be invested with any one issuer.
4. Maturity Limitations - The maximum length to maturity for Bankers' acceptances shall be 180 days from the date of purchase.

## **K. State and/or Local Government Taxable and/or Tax-Exempt Debt**

1. Purchase Authorization - The Finance Director may invest in state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at the time of purchase, at a minimum within the single "A" category by any two NRSROs, for long-term debt, or rated at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt.
2. Portfolio Composition - A maximum of 20% of available funds may be invested in taxable and tax-exempt debts.
3. Limits on Individual Issuers - A maximum of 5% of available funds may be invested with any one issuer.
4. Maturity Limitations - A maximum length to maturity for an investment in any state or local government debt security is five (5) years from the date of purchase.

## **L. Registered Investment Companies (Mutual Funds)**

1. Investment Authorization - The Finance Director may invest in shares in open-end and no-load fixed-income securities mutual funds provided such funds are registered under the Federal Investment Company Act of 1940 and invest in securities permitted by this policy.
2. Portfolio Composition - A maximum of 50% of available funds may be invested in mutual funds excluding one (1) business day overnight sweep agreements.
3. Limits of Individual Issuers - A maximum of 25% of available funds may be invested with any one mutual fund.
4. Rating Requirements - The money market mutual funds shall be rated "AAAm" or better by Standard & Poor's, or the equivalent by another NRSRO.
5. Due Diligence Requirements - A thorough investigation of any money market mutual fund is required prior to investing, and on a continual basis. The Finance Director will utilize the questionnaire contained in Attachment B on page 30. A current prospectus must be obtained.

## **M. Intergovernmental Investment Pool**

1. Investment Authorization - The Finance Director may invest in intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes and provided that said funds contain no derivatives.
2. Portfolio Composition - A maximum of 25% of available funds may be invested in intergovernmental investment pools.
3. Rating Requirement - The investment pool shall be rated "AAAm" by Standard & Poor's or the equivalent by another NRSRO.
4. Due Diligence Requirements - A thorough review of any investment pool/fund is required prior to investing, and on a continual basis. The Finance Director will utilize the questionnaire contained in Attachment B on page 30. A current prospectus must be obtained and/or current pool documents and portfolio reports.

## **XIII. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS**

Investment in any derivative products or the use of reverse repurchase agreements requires specific City Council approval prior to their use. If the City Council approves the use of derivative products, the Finance Director shall develop sufficient understanding of the derivative products and have the expertise to manage them. A "derivative" is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values. If the City Council approves the use of reverse repurchase agreements or other forms of leverage, the investment shall be limited to transactions in which the proceeds are intended to provide liquidity and for which the Finance Director has sufficient resources and expertise to manage them.

## **XIV. PERFORMANCE MEASUREMENTS**

In order to assist in the evaluation of the portfolios' performance, the City will use performance benchmarks for short-term and long-term portfolios. The use of benchmarks will allow the City to measure its returns against other investors in the same markets.

- A. Investment performance of funds designated as short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return the S&P Rated GIP Index Government 30 -Day Yield. Investments of current operating funds should have maturities of no longer than twenty-four (24) months.
- B. Investment performance of funds designated as core funds and other non-operating funds that have a longer-term investment horizon will be compared to the Merrill Lynch 1-3 Year U.S. Treasury Note Index and the portfolio's total rate of return will be compared to this benchmark. The appropriate index will have a duration and asset mix that approximates the portfolios and will be utilized as a benchmark to be compared to the portfolios' total rate of return. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") should have a term appropriate to the need for funds and in accordance with debt covenants, but should not exceed ten (10) years.

## **XV. REPORTING**

The Finance Director shall provide the City Manager with a "Quarterly Investment Report" that summarizes but not limited to the following:

1. Recent market conditions, economic developments and anticipated investment conditions. The investment strategies employed in the most recent quarter. A description of all securities held in investment portfolios at quarter-end.
2. The total rate of return for the quarter and year-to-date versus appropriate benchmarks.
3. Any areas of policy concern warranting possible revisions to current or planned investment strategies. The market values presented in these reports will be consistent with accounting guidelines in GASB Statement 31.

On an annual basis, the Finance Director shall submit to the City Council a written report on all invested funds. The annual report shall provide all, but not limited to, the following: a complete list of all invested funds, name or type of security in which the funds are invested, the amount invested, the maturity date, earned income, the book value, the market value, the yield on each investment.

The annual report will show performance on both a book value and total rate of return basis and will compare the results to the above-stated performance benchmarks. All investments shall be reported at fair value per GASB Statement 31. Investment reports shall be available to the public.

#### XVI. THIRD-PARTY CUSTODIAL AGREEMENTS

Securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchase by, and all collateral obtained by the City should be properly designated as an asset of the City.

The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit. The custodian shall accept transaction instructions only from those persons who have been duly authorized by the City Manager and which authorization has been provided, in writing, to the custodian. No withdrawal of securities, in whole or in part, shall be made from safekeeping, unless by such a duly authorized person.

The custodian shall provide the Finance Director with safekeeping statements that provide detail information on the securities held by the custodian. On a monthly basis, the custodian will also provide reports that list all securities held for the City, the book value of holdings and the market value as of month-end.

Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Securities held as collateral shall be held free and clear of any liens.

#### XVII. INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by City resolution. The Finance Director shall review the policy annually and the City Council shall approve any modification made thereto. Any inconsistencies between the current portfolio and this policy will be considered acceptable as long as corrective measures are completed to adjust the portfolio in accordance with this policy.

**\*\*THIS POLICY WAS APPROVED AND ADOPTED BY CITY COUNCIL BY RESOLUTION ON 12/04/2012**

The City of Palm Coast has been awarded the Association of Public Treasurers of the United States & Canada's Investment Policy Certificate of Excellence Award. The award recognizes success in developing a comprehensive written investment policy that meets the criteria set forth by the Association's Investment Policy Certificate Committee. A team of reviewers from the Investment Policy Certification Committee reviewed the City's recently upgraded investment policy and approved it for the award.

# Purchasing Policy

The full Central Services procedures and guidelines can be viewed online at <http://www.palmcoastgov.com/government/purchasing>. The Central Services Division seeks to ensure that all City purchases of goods and services are conducted in accordance with City and State laws and policies; to aid departments/divisions in accomplishing their purchases; and, to ensure City departments/divisions secure quality equipment, goods and services in a fair, competitive, cost effective and responsive manner.

## PURCHASING REQUIREMENTS

The following procedures should be used depending on the amount of the purchase. The estimated value of the purchase determines what steps must be completed before a purchase order can be issued for the request.

Total Contract Value	Minimum Quote Reuirements	Award Approval
up to \$999.99	Purchasing Card or Direct Pay Request	Department Director or designee
\$1,000 - \$2,999.99	Single Written Quote or Purchasing Order	Department Director
\$3,000 - \$14,999	Multiple Written Quotes and Purchase Order	Department Director
\$15,000 - \$29,999.99	Multiple Written Quotes and Purchase Order	City Manager or designee
\$30,000 - \$49,999.99	Formal Request for Quotes, Contract	City Council
\$50,000 or greater	Formal Invitation or Bid and Contract	City Council

## VENDORS

Any firm wishing to register to do business with the City can submit a "Vendors Registration Form," online via the City's website. Once approved, the firm will then be assigned a vendor number. User Departments may suggest to the Purchasing Coordinator(s) any potential bidders they would like to receive an invitation, request for quote or bid and should encourage the vendor to register on the City's Procurement Portal.

## LOCAL BUSINESS PREFERENCE

Except as provided for in the Purchasing Policy, a local business preference shall apply to all purchases. City staff is encouraged to purchase products or services from local businesses where possible.

A local business preference shall be given to businesses that have its headquarters, manufacturing facility, or locally-owned franchise located in, or having a street address within, the legal boundaries of the City of Palm Coast for at least one (1) year immediately prior to the request for a quote or formal bid solicitation (Post office boxes do not qualify as a verifiable business address). If the local business preference does not result in the Palm Coast business being awarded the quote/bid/contract, then the local business preference shall be given to businesses have its headquarters, manufacturing facility, or locally-owned franchise located in, or having a street address within, the legal boundaries of Flagler County for at least one (1) year immediately prior to the request for a quote or formal bid solicitation (Post office boxes do not qualify as a verifiable business address).

### Preference Amount:

- Five percent (5%) of the net quote or bid price up to \$200,000.00 as referenced on the quote tabulation or bid price schedule.
- Three percent (3%) of the net bid price above \$200,000.00 as referenced on the bid price schedule.
- Total local business preference shall be limited to \$20,000.00 for each quote or project

### Exempt Purchases:

- Purchases that are funded in whole or part by assistance from any federal, state, or local agency that disallows local preference; purchases exempt from obtaining quotes or soliciting formal proposals or bids as described in Sec. 2-28.



## **PURCHASING CARD**

The purchasing card is a tool for small purchases under \$1,000.00. Purchasing cards are issued in an employee's name with preset spending controls and limits. Purchasing cards are only issued upon written request from the department director. The purchasing card is intended only for small value, non-recurring needs, usually from local sources. Purchases using a purchasing card must meet the procedures and guidelines contained herein along with the City's Purchasing Card Policies and Procedures.

## **OBTAINING QUOTES**

Department staff is responsible for obtaining written quotes for purchases up to \$29,999.99 (unless piggyback, emergency, exempt, or sole source). All quotes must be for identically the same quantity and quality and under the same terms and conditions. Even if the user provides quotes with the requisition, a complete description of the item or service needed, including required delivery time, and all special conditions must be clearly written on the requisition or attached as a memo. The Purchasing Coordinator(s) always reserves the right to obtain additional quotes.

The solicitation of competitive bids or proposals for professional services covered by the Consultants Competitive Negotiation Act (CCNA) shall be accomplished in accordance with the provisions of Section 287.055, Florida Statutes. The solicitation of competitive bids or proposals for any City construction project that is projected to cost more than \$200,000 shall be accomplished in accordance with the provisions of Section 255.0525, Florida Statutes. The solicitation of competitive bids or proposals for City utility projects shall be accomplished in accordance with the provisions of Chapter 180, Florida Statutes.

## **PUBLIC ADVERTISEMENTS**

Formal invitations \$50,000 and above must be advertised as outlined below in advance of the specified opening date in one major newspaper that covers the area (i.e. the Daytona News Journal). In addition, all formal invitations must be published on the City's website and the City's Procurement Portal.

## **PRE-SOLICITATION, PRE-BID, PRE-PROPOSAL CONFERENCES**

Pre-Bid Meeting may be scheduled and conducted by the Purchasing Coordinator(s) before the official time and date set for the formal opening to explain the procurement requirements and to solicit information from potential bidders/vendors. A mandatory Pre-Bid Meeting may be scheduled and conducted if the technical or physical requirements of the invitation require the physical presence of potential vendors. Proposals from anyone not attending the mandatory meeting will not be considered. For construction projects in excess of \$200,000, the legal advertisement must be published at least 5 days prior to the pre-bid conference. (Section 255.0525 (1), Florida Statutes)

## **FORMAL OPENING**

The name of each bidder or proposer shall be read aloud and tabulated along with the pertinent information as described in the formal invitation. Note: Applicable Florida Statutes Section 119.071, 180.24, 218.80, 286.011, 286.0113, and 255.0525.

## **EVALUATION AND AWARD PROCESS**

Central Services must structure the evaluation and award of proposals to eliminate as much subjectivity as possible. The perception of subjectivity in evaluating proposals generates a greater likelihood of a challenge or protest by unsuccessful vendors. Key issues for consideration in the Evaluation Process is establishment of the procurement committee, clear evaluation criteria including scoring of proposals, discussions with vendors, notification of award, public notices, and meeting minutes.

## **PROCUREMENT COMMITTEES**

A "selection committee" is defined as any committee that has been delegated decision-making functions, directly or indirectly. A selection committee ranks and/or short-lists respondents to an Invitation to Bid or Request for Statements of Qualifications (RSQ) based upon the information submitted in response to the RSQ. This definition includes all selections under Chapter 287.055 Florida Statutes, and the Consultants Competitive Negotiation Act (CCNA), as amended. All selection committee meetings are public meetings as defined in Chapter 286 FS or must be recorded under Fla. Stat. 286.0113. No off the record meetings are permitted.

An “evaluation committee” is defined as a committee that is responsible for advising and informing the final decision maker, the City Manager or City Council, through fact-finding consultations. The evaluation committee meets to evaluate proposals or offers submitted with defined evaluation criteria. The outcome of an evaluation committee is based on whether responses meet the evaluation criteria and which response (offer) is best for the City. An evaluation committee meeting sometimes falls within the requirements of an open public meeting and is sometimes subject to Florida’s Government in the Sunshine Law.

A “technical review committee” is defined as any committee appointed by the Purchasing Coordinator(s) to establish and/or review specifications or scope of work for any procurement project. A technical review committee does not generally fall within the requirements of an open public meeting. However, to the extent that it makes recommendations that would be part of the decision making process, it too would be subject to Florida’s Government in the Sunshine Law.

## **MEMBERSHIP**

The Purchasing Coordinator(s) shall chair all selection and evaluation committees and is a voting member only to break a tie. The Purchasing Coordinator(s) shall appoint a qualified committee and give due consideration to suggestions from the affected user department.

When selecting the committee, the organization must appoint members who possess two traits. First, they must have the skills and ability to carry out their tasks in a professional manner. Second, they must be free from bias or conflict of interest and be persons of high integrity. Committee members must ensure that they disclose any conflict of interests and abstain from voting when a conflict exists in accordance with State Law. If, at any time during the procurement process, the Chair has reason to believe a person on the evaluation committee has an unreasonable bias or conflict of interest, the Chair should immediately request this person to remove themselves from the committee.

Any person with a conflict of interest shall not be appointed to any procurement evaluation or selection committee, or shall be removed from the committee if the conflict arises after appointment to the committee. A conflict of interest is defined as any circumstance in which the personal interest of a committee member in a matter before him or her in his or her official capacity may prevent or appear to prevent him or her from making an unbiased decision with respect to the matter. A conflict of interest is also any conflict defined in the City of Palm Coast Code or Policies, Florida Statutes, or Federal Statutes.

## **PUBLIC MEETINGS NOTICE/ADVERTISEMENTS**

Reasonable public notice shall be given before any selection committee meeting. Such notice shall include: (1) name and purpose of selection committee, (2) time and place of meeting, and (3) ADA requirements notification information. All Public Meeting notices shall be posted in City Hall.

The Purchasing Coordinator(s) must publish a meeting notice for any selection committee meeting at least 24 hours before the time of the meeting in a newspaper of general circulation in the City of Palm Coast, Florida. The public meeting notice(s) may be included in the Public advertisement announcing the procurement. Except as provided in Fla. Stat. 286.0113, the meetings must be conducted in accordance with Fla. Stat.286.011. These committee meetings do not rise to the level of being matters of “critical public importance” but should be noticed appropriately.

## **MEETING MINUTES AND RECORDINGS**

The minutes of any open public meeting must be kept, and shall be available for public review. If an open public meeting is adjourned and reconvened at a later date to complete the business of the meeting, the second meeting shall also be noticed. This includes any meeting where a presentation is made to the selection committee. All meetings that are exempt from the public meetings law under Fla. Stat. 286.0113 must be recorded. No off the record meetings are permitted.

## **EVALUATION FACTORS**

The Request for Proposal must state the evaluation factors, including price, and their relative importance. Specific weights to be applied to the individual evaluation factors need not be listed in the Request for Proposal, but must be documented in the Evaluation Criteria file prior to receipt of proposals. The evaluation must be based on the evaluation factors set forth in the Request for Proposals. Criteria not listed in the RFP cannot be considered when evaluating proposals.

Any person with a conflict of interest shall not be appointed to any procurement evaluation or selection committee, or shall be removed from the committee if the conflict arises after appointment to the committee. A conflict of interest is defined as any circumstance in which the personal interest of a committee member in a matter before him or her in his or her official capacity may prevent or appear to prevent him or her from making an unbiased decision with respect to the matter. A conflict of interest is also any conflict defined in the City of Palm Coast Code or Policies, Florida Statutes, or Federal Statutes.

## **VOTING**

The vote of each member of the selection committee shall be recorded in the minutes. Committee members are required to vote either in person or via a telephonic appearance. A quorum must be present at the site of the committee meeting and be able to hear the non-present member in order for the telephonic appearance to be authorized. A selection committee member must be present, physically or electronically, for the all of the presentations to vote. Selection shall be made by consensus if possible. If the committee chair deems consensus impossible the selection shall then take place by totaling individual votes of committee members.

## **DISCUSSION WITH RESPONDENTS**

Any discussion before an award by City Council between any member of an evaluation or selection committee and any respondent regarding the procurement project is highly discouraged. Committee members shall disclose any attempts to influence his/her decision to the Purchasing Manager. All requests for information, clarification, or the status for any procurement project shall be directed to the Purchasing Manager.

Discussions with vendors are held to promote understanding of requirements and the vendors' proposals, and to facilitate arriving at a contract that will be most advantageous to the organization. Vendors must be accorded fair and equal treatment with respect to any opportunity for discussions and revisions of proposals. If during discussions, there is a need for any substantial clarification of or change in the Request for Proposals, the Request must be amended to incorporate such clarification or change. Auction techniques (revealing one vendor's price to another proposer) and disclosure of any information derived from competing proposals is prohibited. Under Fla. Stat. 286.0113, any portion of a meeting during which negotiation with a vendor is conducted, or a vendor makes a presentation or answers questions is exempt and confidential until the City provides a notice of an intended decision or until 30 days after bid opening, whichever is earlier. Any substantial oral clarification of a proposal must be reduced to writing by the vendor.

## **NOTICE OF AWARD**

At time of award, all vendors submitting a proposal shall be notified in writing of the vendor selected for award. Unsuccessful vendors shall be provided fair access to the complete procurement file, including proposal submittals and evaluation documentation, except where the City rejects all bids, in which case Fla. Stat. 119.071 applies.

## **EXEMPTIONS TO QUOTES AND FORMAL SOLICITATIONS:**

### **EMERGENCY PURCHASES**

Emergency purchases are ONLY for commodities or services necessary because of certain emergency conditions that may affect the health, safety, and welfare of the citizens of The City of Palm Coast. It may also be a condition that stops or seriously impairs the necessary function of City government. In case of any emergency the City Manager or designee may authorize emergency purchases. It shall be the responsibility of all authorized personnel to ensure each emergency purchase is accomplished in accordance with City policy and that emergency purchase procedures shall not be used to abuse or otherwise purposely circumvent the regular established purchasing procedures. Those delegated the authority to implement emergency purchases are also authorized to waive the bid process within their authority level in the event of an emergency. The department may make the purchase and submit a completed requisition form along with an emergency purchase form to the Purchasing Coordinator(s) no later than the next business day after the emergency. The completed and signed requisition form must be accompanied by a written description and explanation of the emergency and circumstances. The emergency must be valid and not just a result of poor planning. A report listing all emergency purchases and the circumstances of the emergency shall be submitted to the City Council at the next Council meeting after the purchase and the termination of the emergency.

## **PIGGYBACKING**

Piggybacking is a procedure of procuring goods or services without the formal solicitation process by means of utilizing another public entities' award of an Invitation for bid or request for proposal. This procedure includes but is not limited to piggybacks of State Contracts with the State of Florida, Department of Management Services, and Division of Purchasing, SNAPS Contracts, and Federal GSA contracts.

## **SOLE SOURCE PURCHASES**

Sole source purchasing is when there is only one person or company that can provide the goods and/or services needed because of the specialized or unique characteristics of the goods and/or services.

## **ADDITIONAL EXEMPTIONS**

The purchase of the following goods and services is exempt from quotes and formal solicitations:

- Water, Sewer, Gas, Electrical and Other Utility Services; Telecommunication Services including, but not limited to, cable television, telephone lines, internet connectivity, data and voice circuits, voice over internet protocol ("VOIP"), cellular/wireless phones, wide area network ("WAN") connectivity, pagers, and wireless adapters for cellular data ("air cards").
- Postage
- Advertisements
- Membership Fees
- Subscriptions
- Any items covered under the City's travel policy
- Software/Technology Maintenance and Support renewal fees for existing software or technology licenses
- Goods and/or services provided by governmental entities

## **CONTRACTS**

A contract is an agreement between two parties which creates legal rights and obligations as to the parties to the contract. Although a contract can be enforceable even if verbal, the City requires all contractual rights and obligations to be in writing and signed by an authorized representative of the City. This procedure document specifically covers contracts involving the City's purchase of goods and services, including construction services. The goal of contract administration is to ensure that each contract is performed and the responsibilities of both parties are properly discharged, including but not limited to, timely delivery, acceptance, and payment. Contract administration includes all dealings between parties to a contract from the time a contract is awarded until the work has been completed and accepted or the contract terminated, payment has been made, and disputes have been resolved. To achieve this goal, City's program or project managers together with the Contract Coordinator monitor and provide guidance to the contractors

## **DISPOSAL OF SURPLUS PROPERTY**

Surplus property may be disposed of by trade, sealed bid, donated, or sold at public auction depending on the item, its value, or other factors all as may be in accordance with law and City policy. If the surplus property is determined to be only of scrap value or have no commercial value, City staff is authorized sell the surplus property as scrap if possible, or dispose in any other appropriate manner. City Council approval must be sought for disposal of surplus property that has commercial value, unless the property is disposed by public auction or redistributed to another City department.