

**CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION**

Agenda Item Number: 3

Meeting Date:

Attachments: Yes X No

CITY COUNCIL ACTION

Date:

- | | |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other | |

Originating Department:

Information Systems

Agenda Item: Surplus Phones to Willmar Public Schools

Recommended Action: Motion to enter into a contract with Willmar Public Schools pursuant to which the City will provide to Willmar Public Schools up to 40 telephones that are surplus to the City's needs for no cost.

Background/Summary: After upgrading the City's phone system, we have surplus telephones, which are of minimal value. The Willmar Public Schools have expressed interest in acquiring these phones. Minnesota Statute 471.64 authorizes the City to gift property to the public school.

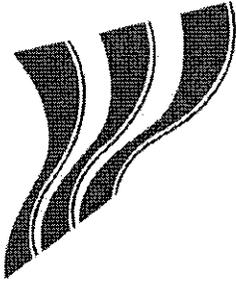
Alternatives: Sell or dispose of equipment under City's normal disposal policy.

Financial Considerations: Approximately +\$100 for equipment plus staff time if sold via City auction. Approximately -\$100 if disposing of equipment.

Preparer: Mark Boeschen

Signature:

Comments:



**CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION**

Agenda Item Number: 4

Meeting Date: January 13, 2014

Attachments: X Yes No

CITY COUNCIL ACTION

Date: January 21, 2014

- | | |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other | |

Originating Department: Wastewater Treatment

Action Requested: Approve an amendment to the 2014 Wastewater Treatment Collection Capital Budget for Phase 1 Country Club Drive (CCDR) Lift Station Design and CRS Engineering work.

Guiding Principle: Comprehensive Sewer Plan and staff projected collection system projects.

Introduction: CCDR lift station has been earmarked for design/crs engineering services in 2014 and construction in 2015 utilizing funds from the WWTF Collection Capital Budget.

Background/Justification: The CCDR lift station was built in 1987 but the station has required numerous bypasses during rainstorm events resulting in capacity issues. There have been approximately five (5) reported bypasses to MPCA since 2009. Too many bypasses could result in a moratorium on growth in the lift station basin. In 2011 and 2012 televising and sump pump inspections have taken place in this area to identify sources of infiltration with limited success. During the design period, a relocation of the station will be discussed as well as redirection of the radio station forcemain to the Westwood Court lift station. WWTF department requested \$75,000 in 04-46 of the 2014 collection budget however only \$30,000 was adopted. Staff agreed the project should continue. \$30,000 is not enough to cover design and crs services for the project. An additional \$60,000 is being requested.

Fiscal Impact: Reappropriate or redesignate funds from line item 04-46 of 2014 collection budget and redesignate it and an additional \$60,000 to 2014 capital outlay for 05-51 as Phase 1 CCDR project (design and crs). Phase 2 CCDR project (construction) will follow in 2015.

Alternatives: Do nothing until MPCA directs us to do so and hope that bypasses don't occur with potential for sewer backups.

Staff Recommendation: Staff recommends amending the 2014 WWTF Collections Capital Budget to include Phase 1 CCDR Design and CRS costs at \$90,000.

Reviewed by: Bruce Peterson

Preparer: Colleen Thompson

Signature:

Comments:

Preliminary Schedule for Country Club Drive Lift Station

Project: Country Club Drive Lift Station; Design in 2014; Construct in 2015

Revision Date:

December 31, 2013

Task	Start Date	Finish Date	Complete
Finance committee for approval to proceed with project financing	01/13/14	01/13/14	<input type="checkbox"/>
PW/S committee meeting for approval to proceed with project	01/14/14	01/14/14	<input type="checkbox"/>
Council approval to proceed with project	01/21/14	01/21/14	<input type="checkbox"/>
Submit RFP to Quest	01/22/14		<input checked="" type="checkbox"/>
Time allotted for consultants to prepare RFP's	01/22/14	02/17/14	<input type="checkbox"/>
Receive & Review RFP's	02/17/14	02/20/14	<input type="checkbox"/>
Staff RFP Recommendation to PWS to accept approval of design and CRS contract	02/25/14	02/25/14	<input type="checkbox"/>
Council approval of Design Engineering and CRS Contract	03/03/14	03/03/14	<input type="checkbox"/>
Kick off meeting			<input type="checkbox"/>
Survey Services			<input type="checkbox"/>
Geotechnical Investigation			<input type="checkbox"/>
LS Design Flows			<input type="checkbox"/>
30% Design Plans & Cost Estimates			<input type="checkbox"/>
Workshop No 1-30% Design Review			<input type="checkbox"/>
Easement list & information for the City to use in obtaining easements or Property Acquisition			<input type="checkbox"/>
Regulatory and Permit Needs			<input type="checkbox"/>
90% Design Plans & Specifications			<input type="checkbox"/>
Workshop No 2-90% Design Review			<input type="checkbox"/>
Incorporate Owner Comments and UC			<input type="checkbox"/>
Draft Contract Documents-Send to Attorney			<input type="checkbox"/>
PW/S recommendation to call for bids	11/11/14		<input type="checkbox"/>
Contract Documents-Plans & Specs Finalized			<input type="checkbox"/>
Council Authorization for bids	11/17/14		<input type="checkbox"/>
Advertise for bids	11/24/14		<input type="checkbox"/>
Open Bids	01/01/15		<input type="checkbox"/>
PW/S recommendation to award	01/09/15		<input type="checkbox"/>
Council Approval to award	01/15/15		<input type="checkbox"/>
Notice to Proceed			<input type="checkbox"/>
Substantial Completion			<input type="checkbox"/>
Final Completion	11/01/15		<input type="checkbox"/>

RESOLUTION NO. _____
PRELIMINARY COUNTRY CLUB DRIVE LIFT STATION BUDGET

ESTIMATED TOTAL COST \$
 *Budget Amounts are Essential

Dated: 12/11/13

Code

PERSONNEL SERVICES

10* Salaries Reg. Employees
 11* Overtime Reg. Employees
 12* Salaries Temp. Employees
 13* Employer Pension Contr.
 14* Employer Ins. Contr.
TOTAL **\$0.00**

SUPPLIES

20* Office Supplies
 21* Small Tools
 22* Motor Fuels & Lubricants
 23* Postage
 24 Mtce. of Equipment
 25 Mtce. of Structures
 26 Mtce. of Other Improvements
 27 Subsistence of Persons
 28 Cleaning & Waste Removal
 29* General Supplies
TOTAL **\$0.00**

OTHER SERVICES

30 Communications
 31* Printing & Publishing
 32 Utilities
 33* Travel-Conf.-Schools
 34 Mtce. of Equipment
 35 Mtce. of Structures
 36* Mtce. of Other Impr. \$600,000.00
 37 Subsistence of Persons
 38 Cleaning & Waste Removal
 39* Other Services \$45,000.00 (7.5% contingency)
TOTAL **\$645,000**

OTHER CHARGES

40 Rents
 41* Insurance & Bonds
 42 Awards & Indemnities
 43 Subscription/Memberships
 44 Interest
 45 Licenses & Taxes
 46* Prof. Serv. \$90,000.00
 47* Advertising
 48* Adm. OH (Transfer)
 49 Other Charges
TOTAL **\$90,000.00**

CAPITAL OUTLAY

51 Land and Legal \$15,000.00 (Permanent Easement or purchase of land)
GRAND TOTAL **\$750,000**

RECEIVABLES

Property Owners
 County
 State
 City 2015 Collection (\$600,000.00
 City 2014 Collection (\$30,000.00
 Other
TOTAL **\$630,000**

FINANCING

Bonds
 State
 City \$600,000.00
 City 30000
 Other
TOTAL **\$630,000**

GRAND TOTAL **\$645,000.00**

Dated: _____

 Mayor

Attest:

 City Clerk/Treasurer

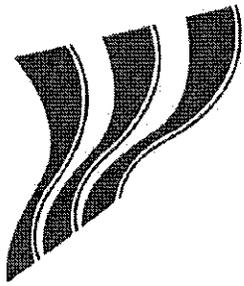
City of Willmar 2014
Proposed Capital Improvement Program - Revised 11/14

Project Description	Department	Estimate	Cost	Other	Total	Notes
Overlay Taxi Lanes - East Hangar Area	Airport	\$ 30,000.00			\$ 30,000.00	
Master Plan Update - Airport	Airport	\$ 25,000.00			\$ 25,000.00	
Crack Repair/Seal taxlanes & parking lot	Airport	\$ 13,125.00			\$ 13,125.00	
Airfield Electrical Back-Up Generator	Airport	\$ 21,000.00			\$ 21,000.00	
Tiling & Drainage Design/Implementation	Airport	\$ 13,500.00			\$ 13,500.00	
Fencing (Planning & Survey) Airport	Airport	\$ 36,000.00			\$ 36,000.00	
Apron Expansion - Design	Airport	\$ 24,000.00			\$ 24,000.00	
Terminal Irrigation System	Airport	\$ 18,000.00			\$ 18,000.00	
Freestanding Sign & MnDOT Sign	Airport	\$ 30,000.00			\$ 30,000.00	
Environmental Assessment 13/31 Ext	Airport	\$ 25,500.00			\$ 25,500.00	
HVAC/Refrigeration Plants - Civic Center	Civic Center					\$ 1,000,000.00
Door Replacement - Civic Center	Civic Center					\$ 30,000.00
North Driveway Repair - Civic Center	Civic Center					\$ 40,000.00
Reconstruction - Various Locations	Engineering	\$ 2,500,000.00			\$ 2,500,000.00	
Old WWTP Retrofit	Engineering					\$ 100,000.00
Sidewalk/Bike Path Reconstruction/Maintenance	Engineering	\$ 5,000.00			\$ 5,000.00	
Color Plotter Replacement	Engineering	\$ 10,000.00			\$ 10,000.00	
Area West of Menards (Phase 1)	Engineering					\$ 25,000.00
Signal Loop Detector Replacement	Engineering	\$ 10,000.00			\$ 10,000.00	
Signal Cabinet Replacement	Engineering	\$ 30,000.00			\$ 30,000.00	
Sidewalk/Bike Path New Construction	Engineering	\$ 10,000.00			\$ 10,000.00	
Aerial Photography	Engineering	\$ 15,000.00			\$ 15,000.00	
Emergency Outdoor Sirens	Fire	\$ 5,000.00			\$ 5,000.00	
West Bay Garage Door Adjustment	Fire	\$ 10,000.00			\$ 10,000.00	
Copy Machine/Printer	Fire	\$ 9,600.00			\$ 9,600.00	
Ind. Park Expansion - Infrastructure Improve.	Industrial Park					\$ 3,500,000.00
Server Replacement	IT	\$ 25,000.00			\$ 25,000.00	
Video Camera	IT	\$ 17,000.00			\$ 17,000.00	
Agenda Software	IT	\$ 27,000.00			\$ 27,000.00	
Indoor Gun Range	LS	\$ 250,000.00			\$ 250,000.00	
Lighting Repair Swanson Field (red, green, yellow)	LS	\$ 10,225.00			\$ 10,225.00	
Fence Repair - North Swanson	LS	\$ 20,000.00			\$ 20,000.00	
Canine (1 unit)	Police	\$ 6,000.00			\$ 6,000.00	
Sign Reflectivity	Public Works	\$ 25,000.00			\$ 25,000.00	
PW Facility Siding & Painting	Public Works	\$ 100,000.00			\$ 100,000.00	

City of Willmar 2014

Proposed Capital Improvement Program - Revised 11/14

Project	Category	Cash	Bond	Water Fund	Other	Community Fund	State Aid
Play Equipment	Public Works	\$ 30,000.00					
Replace Garage Door - PW Garage	Public Works	\$ 10,000.00					
Path Lighting 15th Ave to 19th Ave	Public Works	\$ 15,000.00					
Path Lighting Willmar Ave & 15th Ave	Public Works	\$ 5,000.00					
Parking Lot Green Field	Public Works	\$ 72,000.00					
Lakeland Drive Interceptor/Minn West LS	Waste Water	\$ 6,611,000.00					
Sanitary Sewer Line under BNSF by Sperryville	Waste Water			\$ 60,000.00			
Sewer Replacement on streets being constructed	Waste Water						
Diesel Particulate Filters stby generators	Waste Water			\$ 60,000.00			
WCAC Signage	WCAC	\$ 12,000.00					
Mechanical work/kitchen Area (Community Center)	WCAC	\$ 7,500.00					
Exterior Building - Community Center	WCAC	\$ 50,000.00					
Cooridor Study Highway 12	Engineering	\$ 50,000.00					
Facilities Study	Facilities	\$ 50,000.00					
Total		\$ 1,050,450.00	\$ 9,183,000.00	\$ 120,000.00	\$ 4,605,000.00		\$ 647,625.00



CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 5

Meeting Date: January 13, 2014

Attachments: Yes No

CITY COUNCIL ACTION

Date: _____

- | | |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other | |

Originating Department: Planning and Development Services

Agenda Item: Replacement of inspections vehicle.

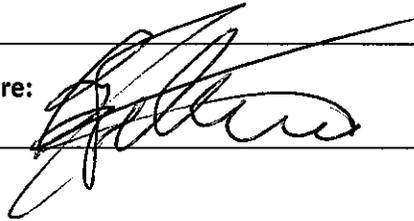
Recommended Action: Authorize the replacement of the inspections vehicles as per the vehicle replacement schedule.

Background/Summary: The inspection vehicle is scheduled for replacement in 2014, and has numerous physical and mechanical issues that warrant replacement. It has not been driven in several months.

Alternatives: 1. Replace as proposed and scheduled.
2. Find another means of mobility.

Financial Considerations: The vehicle replacement schedule has budgeted \$27,000. Quotes are lower than that.

Preparer: Bruce D. Peterson, AICP
Director of Planning and Development Services

Signature: 

Comments:

Midway Ford Commercial
Fleet and Government Sales
 2777 N. Snelling Ave.
 Roseville MN 55113



Travis Swanson
 651-343-5212
 tswanson@rosevillemidwayford.com

Fax # 651-638-4880

T103 X1E Contract # 54363
2014 F-150 Super Cab 4x4 6.5' Box XL



Vehicle will include the following required OEM equipment if not part of standard base package.

- | | | |
|-------------------------------|--------------------|---------------------|
| Automatic Transmission | 40/20/40 Seat | |
| Matching Full Size Spare Tire | Rubber Floor | |
| AM/FM/ Radio | 4-Wheel ABS Brakes | Dual Front Air Bags |
| Tilt Wheel | Air Conditioning | Bumpers w/Rear Step |

Options	Code	Price	Select	Exterior Colors		Select
5.0L V8	99F		x	Blue Jeans Metallic	N1	
Cloth 40/20/40 Seat	CS		x	Vermillion Red	E4	
17" Aluminum Wheels	64F		x	Tuxedo Black Metallic	UH	
Power Group	85A		x	Sterling Grey Metallic	UJ	
Rear Defrost	57Q		x	Ingot Silver Metallic	UX	
XL Décor Group (Chrome Bumpers)	86D		x	Oxford White	YZ	x
4" Tube Steps	18E		x			
P265/70r17 OWL AT Tires	T7H		x	Interior Colors		
Limited Slip 3.55 Axle	XH9		x	Steel only color for XL		
				Extended Service Contracts	Cost	Select
				F150 4x2 Premium Care 5yr/75000	\$1,160	
				F150 4x4 Premium Care 5yr/75000	\$1,240	
				(Other time and milage options available)		
Option Total		\$3,271		(Some restrictions apply, see dealer)		

	Totals
Base Price	\$21,047.92
3.7 Liter	
Options Price Totals	\$3,271.00
Extended Warranty	
Transit Impr Excise Tax	
Tax Exempt Lic	
Other	
Document fee	
Sub total per vehicle	\$24,318.92
Number of Vehicles	1
Grand Total for all units	\$24,318.92

You must have a active FIN code to participate in this purchase contract : FIN code #
Purchase Order required prior to order placement
 Payment due upon agreed vehicle acceptance, 1.5 % added after 30 days.

Name of Organization _____

Address _____

City, State, Zip _____

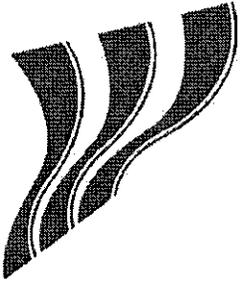
Contact Person/ Phone # _____

Contact's e-mail address and fax # _____

Acceptance Signature _____

Print Name and Title _____ Date _____

Midway Ford Acceptance Signature _____ **Date** _____



CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 6

Meeting Date: January 13, 2014

Attachments: Yes No

CITY COUNCIL ACTION

Date: _____

- | | |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other | |

Originating Department: Engineering

Agenda Item: Minn West Lift Station/Lakeland Drive project financial considerations/change of scope.

Recommended Action: Change the scope of the project by eliminating the overlay, trail, and quiet zone.

Background/Summary: Changes to the availability of funding sources requires the review of the project scope. Staff will provide information regarding each project activity.

Alternatives: 1. Amend the scope of the project.
2. Leave as is and find additional sources of funds.

Financial Considerations: To be presented.

Preparer: Bruce D. Peterson, AICP
Acting Public Works Director

Signature: 

Comments:

RESOLUTION NO. ____
REVISED LAKELAND DRIVE BUDGET

ESTIMATED TOTAL COST \$2,730,000.00

*Budget Amounts are Essential

Dated: January 21, 2014

Code

PERSONNEL SERVICES

10* Salaries Reg. Employees
11* Overtime Reg. Employees
12* Salaries Temp. Employees
13* Employer Pension Contr.
14* Employer Ins. Contr.
TOTAL \$0.00

SUPPLIES

20* Office Supplies
21* Small Tools
22* Motor Fuels & Lubricants
23* Postage
24 Mtce. of Equipment
25 Mtce. of Structures
26 Mtce. of Other Improvements
27 Subsistence of Persons
28 Cleaning & Waste Removal
29* General Supplies
TOTAL \$0.00

OTHER SERVICES

30 Communications
31* Printing & Publishing
32 Utilities
33* Travel-Conf.-Schools
34 Mtce. of Equipment
35 Mtce. of Structures
36* Mtce. of Other Impr. \$2,080,000.00
37 Subsistence of Persons
38 Cleaning & Waste Removal
39* Other Services \$105,000.00
TOTAL \$2,185,000.00

OTHER CHARGES

40 Rents
41* Insurance & Bonds
42 Awards & Indemnities
43 Subscription/Memberships
44 Interest
45 Licenses & Taxes
46* Prof. Serv. \$545,000.00
47* Advertising
48* Adm. OH (Transfer)
49 Other Charges
TOTAL \$545,000.00
GRAND TOTAL \$2,730,000.00

RECEIVABLES

Property Owners
County
State (PFA) \$2,730,000.00
City (State Aid)
City (LOST)
Other
TOTAL \$2,730,000.00

FINANCING

Bonds
State (PFA) \$2,730,000.00
City (State Aid)
City (LOST)
Other
TOTAL \$2,730,000.00

GRAND TOTAL \$2,730,000.00

Dated: January 21, 2014

Mayor Pro Tempore

Attest:

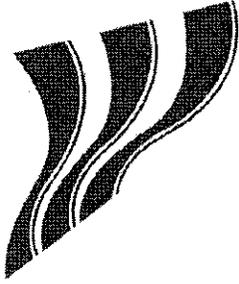
City Clerk/Treasurer

Table 1

Lakeland Drive Interceptor/MinWest Lift Station Project
 Probable Project Capital Cost - December 5, 2013

No. Item	Interceptor/Lift Station				Total Cost	Units Required	Unit Cost	City Funds Municipal State Aid	City Funds (LOST)	City Funds (Other)
	Unit	Units Required	Unit Cost	(PFA Eligible)						
1	Mobilization	LS	1	\$78,000	\$78,000		\$78,000			
2	Demolish Lift Station	LS	1	\$30,000	\$30,000		\$30,000			
3	12-inch DIP Forcemain	LF	2,000	\$60	\$120,000		\$120,000			
4	12-inch DIP Forcemain(Bored)	LF	1,500	\$129	\$195,000		\$195,000			
5	State Hospital Lift Station	EA	1	\$800,000	\$800,000		\$800,000			
6	Dewatering	LS	1	\$100,000	\$100,000		\$100,000			
7	Roadways				\$1,678,000		\$57,000	\$1,621,000		\$247,000
8	Quiet Zone				\$247,000				\$745,000	
9	Path & RR Safety Measures				\$745,000					
10	Sewer Interceptor (if needed)				\$700,000		\$700,000			
				Subtotal	\$4,693,000		\$2,080,000	\$1,621,000	\$745,000	\$247,000
				Subtotal (rounded)	\$4,693,000		\$2,080,000	\$1,621,000	\$745,000	\$247,000
				Contingency @ 5%	\$235,000		\$105,000	\$81,000	\$37,000	\$12,000
				Legal, Engineering, Sewer Video & Cleaning, Admin, Finance, Land	\$986,000		\$545,000	\$340,000	\$56,000	\$45,000
				Total	\$5,914,000		\$2,730,000	\$2,042,000	\$838,000	\$304,000

Path for Willmar to be funded from LOST. Costs for path Quiet Zone crossing to be determined during design.



**CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION**

Agenda Item Number: 7

Meeting Date: January 13, 2014

Attachments: Yes No

CITY COUNCIL ACTION

Date: January 22, 2014

- | | |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other | |

Originating Department: Finance

Agenda Item: Annual Investment Policy Review

Recommended Action: Review the City of Willmar's Investment Policy with no changes recommended.

Background/Summary: The Council annually reviews the City of Willmar's Investment Policy.

Alternatives: N/A

Financial Considerations: Sound investment practices.

Preparer: Steve Okins, Finance Director

Signature:

Comments:

CITY OF WILLMAR INVESTMENT POLICY

Dated: December 20, 1995
Revised: January 13, 1997
Revised: January 21, 1998
Revised: February 3, 1999
Revised: January 24, 2000
Revised: January 6, 2002
Revised: December 15, 2003
Revised: March 16, 2009
Revised: September 20, 2010
Revised: March 7, 2011
Revised: September 4, 2012

1.0 Policy:

It is the policy of the City of Willmar to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statues governing the investment of public funds.

2.0 Scope:

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

2.1 Funds:

2.1.1 General Fund

2.1.2 Special Revenue Funds

2.1.3 General Debt Service Funds:

2.1.4 Capital Projects Funds:

2.1.5 Enterprise Funds:

2.1.6 Internal Service Funds:

2.1.7 Trust and Agency Funds

3.0 Prudence:

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

3.1 The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported in a timely

fashion and appropriate action is taken to control adverse developments.

4.0 **Objective:**

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

4.1 **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City of Willmar be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, **diversification** is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 **Liquidity:** The City of Willmar investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

4.3 **Return on Investments:** The City of Willmar investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 **Delegation of Authority:**

Authority to manage the City of Willmar's investment program is derived from trading resolutions and Minnesota statutes. Management responsibility for the investment program is hereby delegated to the City Clerk-Treasurer,

who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to person responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Clerk-Treasurer. The City Clerk-Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

6.0 **Ethics and Conflicts of Interest:**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decision. Employees and investment officials shall disclose to the City Administrator any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Willmar, particularly with regard to the time of purchases and sales.

7.0 **Authorized Financial Dealers and Institutions:**

The City Clerk-Treasurer will maintain a list of financial institutions authorized to

provide investment services. In addition, a list will also be maintained of approved security **broker/dealers** selected by credit worthiness who are authorized to provide investment services in the State of Minnesota. These may include "**primary**" **dealers** or regional dealers that qualify under **Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule)**. No public deposit shall be made except in a **qualified public depository** as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the City Clerk-Treasurer with a **Notification to Broker and Certification by Broker** pursuant to Minnesota Statute 118A.04.

8.0 Authorized and Suitable Investments

Minnesota Statutes, Section 118A.04, Subdivision 1 through Subdivision 7, lists all permissible investments for municipalities. This list established the maximum investments risk permitted for a Minnesota municipality. The City of Willmar will not authorize its employees to invest in all of these investments, staying consistent with its number one priority of safety of capital. The following are investments the City will be authorized to invest in:

8.1 Government Securities: Instruments such as bonds, notes, bills, mortgages and other securities which are direct obligations of the federal government or its agencies and instrumentalities, with the principal fully guaranteed by the U.S. government or its agencies. The City will

not invest in any mortgage or mortgage related security unless a return of principal is completely guaranteed by a federal entity.

8.2 Certificate of Deposit: A negotiable or nonnegotiable instrument issued by commercial banks and insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). (See 9.0 "Collateralization")

8.3 Repurchase Agreement: An investment which consists of two simultaneous transactions, where the City purchases securities from a bank or dealer. At the same time, the selling bank or dealer agrees to repurchase the securities at the same price plus interest at some agreed-upon future date. The security purchased is the collateral protecting the investment.

8.4 Prime Commercial Paper: An investment used by corporations to finance receivables. A short-term (matures in 270 days or less) unsecured promissory note is issued for maturity specified by the purchaser. The City will only invest in commercial paper that has the highest rating of two (2) of the three (3) rating agencies.

8.5 Any security which is a **general obligation of the State of Minnesota** or any of its municipalities.

8.6 Bankers Acceptances of United States banks eligible for purchase by the Federal Reserve System.

8.7 Investment Pools: Governmental sponsored pools and money market mutual funds are allowable short-term cash management facilities. These

pools/funds can provide safety, liquidity and yield in a single investment instrument. However, the City will follow due diligence standard which applies to the use of pools/funds. A thorough investigation of the pool/fund is required prior to investing. Currently the City uses the Minnesota Money Market Mutual Fund (4M) sponsored by the League of Minnesota Cities.

8.8 Mutual Funds: Shares of an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 whose portfolio consists of direct obligations or are guaranteed issued of the United States, its agencies or instrumentalities. ***Effective January 1, 1997, mutual funds will be limited to funds held as of December 31, 1996, or a funds whose portfolio consists of the aforementioned obligations with a maturity of thirteen (13) months or shorter. Reinvestment of dividends paid from a fund holding obligation maturing beyond thirteen months will be prohibited.*** Generally speaking, participation in this investment type shall maintain a target balance of 15-20% of the portfolio and staff shall exercise discretion in setting mutual fund investment levels given market conditions and cash flow projections.

Investing in mutual funds is deemed long term and local restrictions therefore, prohibit the purchase of shares from any **general debt service fund** or any other city funds anticipating investment proceeds within a 36 month period and forcing the liquidation of shares in an unfavorable market.

9.0 Collateralization:

Collateralization will be required on two types of investments: certificates of deposit where the par value exceeds the Federal Deposit Insurance Corporation (FDIC) coverage limit, and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be at least 10 percent more than the amount on deposit at the close of the financial institution's banking day, except when the collateral is irrevocable standby letters of credit issued by Federal Reserve Banks. In that case, the amount of collateral must be at least equal the amount of deposit.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement or physically remitted to the City. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

10.0 Safekeeping and Custody:

All security transactions entered into by the City of Willmar shall be held in safekeeping by the respective investment dealer on behalf of the City of Willmar and evidenced by safekeeping receipts. Each investment dealer must provide evidence to the City of possessing customer account insurance protection of \$500,000 from Securities Investor Protection Corporation (SIPC) plus other insurance totaling at a minimum \$10,000,000 per account.

11.0 Diversification:

The City will diversify its investments by

security type and institution. No more than 40% of the City's total deposits will be invested with a single financial institution or broker/dealer on the day of purchase.

12.0 Maximum Maturities:

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than 10 years from date of purchase. Funds dedicated to capital projects anticipated to be completed within one year shall not be invested in instruments maturing beyond one year. Reserve funds may be invested in securities exceeding 10 years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

13.0 Internal Control:

The development of a system of internal controls shall be established by the City Clerk-Treasurer.

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

14.0 Performance Standards:

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

14.1 Market Yield (Benchmark): The City's investment strategy is active and mildly aggressive, yet it always yields to the objective of safety of principal. Given this strategy, the basis used by the City Clerk-Treasurer to determine whether market yields are being achieved shall be the annual goal of one and one-half (1 ½) percent above the annualized earnings at the Fed Funds rate during the year.

15.0 Reporting:

The Finance Director shall provide to the City Council quarterly investment reports which provide a clear picture of the status of the current investment portfolio. The report should include comments on the markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies.

Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category
- Average life and final maturity of all investments listed
- Coupon, discount or earnings rate
- Par value and Market Value

16.0 Investment Policy Adoption:

The City of Willmar investment policy shall be adopted by resolution of the Willmar City Council. The policy shall be reviewed annually by the Finance Committee and any modifications made thereto must be approved by the City Council.