St. Louis Park
MINNESOTA
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City of St. Louis Park
Request for Proposals

Investment Management Services
Issued: Feb. 3, 2025
Submission deadline: Feb. 28, 2025

I. Introduction

The City of St. Louis Park is a first-ring community located immediately west of Minneapolis. Thanks to its convenient location, St. Louis Park combines all the cultural amenities of a large metropolitan area with small-town friendliness. The city occupies a land area of 10.8 square miles and serves a population of approximately 50,000. St. Louis Park is a completely developed community and is bordered on all sides by other cities. The city's core values and strategic priorities are listed below:

- St. Louis Park is committed to being a leader in racial equity and inclusion in order to create a more just and inclusive community for all.
- St. Louis Park is committed to continue to lead in environmental stewardship.
- St. Louis Park is committed to providing a broad range of housing and neighborhood-oriented development.
- St. Louis Park is committed to providing a variety of options for people to make their way around the city comfortably, safely and reliably.
- St. Louis Park is committed to creating opportunities to build social capital through community engagement.

The city is seeking proposals from qualified firms or investment professionals interested in acting as the city's investment advisor and portfolio manager. It is the city's intent to enter into an initial five-year contract, with the option to renew for another five-year period with the selected firm or professional. The city's finance department has an investment portfolio of approximately $38 million in long-term investments in the US Bank custodial account that the City is looking at investing (throughout 2024 City investments ranged from $70M - $112M with the difference being in the City's 4M PMA account), addresses risk management issues, maintains the city budget, ensures short- and long-term financial stability. The city has custodial accounts at US Bank and PMA and is not seeking to open any additional accounts at this time.

The contract may be awarded to one firm to provide all services or it may be divided among multiple firms. The city will determine how to award the contract based on the proposals received.

II. Scope of services

The scope of services requested by the City of St. Louis Park covers a wide spectrum of investment advisory services, including but not limited to:

- Analyzing and advising the finance staff regarding investment strategy, reallocation of assets and investment performance, including liquidity analysis
- Executing securities purchases and/or sales with approved brokers/dealers in accordance with the city's financial management policy

- Customizing benchmarks to assess fund performance
- Establishing strategic asset allocation
- Revising and advising on investment policies
- Reviewing the city's financial management policy annually, providing written comments and recommended changes
- Ensuring adherence to the requirements of MN Statutes Chapter 118A (Deposit and Investment of Local Public Funds) and other applicable state and federal laws

The firm or professional(s) selected to perform these services must abide by the city's investment policy, which is attached to this RFP. The selected firm or professional(s) will be required to provide quarterly investment portfolio performance reports and attend meetings as requested by the city.

The firm or professional must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and be properly registered to provide investment advisory services in the state of Minnesota. The firm or professional must have errors and omissions and fidelity (crime) insurance of at least $5 million.

III. Instructions to proposers

Proposals must be submitted electronically in a PDF format and must be received by 4:30 p.m. on Feb. 28, 2025. All questions related to the proposal should be sent via email to Amelia Cruver, finance director via email at acruver@stlouisparkmn.gov by Feb 14, 2025. Questions will be answered by staff and circulated to all interested parties by Feb. 20, 2025. All proposals should be directed to Amelia Cruver, finance director via email at acruver@stlouisparkmn.gov by Feb. 28, 2025. To ensure a fair review and selection process, firms submitting proposals are prohibited from contacting any other city staff or council members regarding these proposals.

IV. Statement of proposal content

a. Title page

- Firm or professional name, address, phone number/email address
- Contact person (if there are multiple primary contacts, please include information for each and indicate which person is the contact for the RFP process)
- Date of submission

b. Table of contents

c. Proposal statement

- A letter of transmittal that shows the firm or professional's understanding of the work to be done, the commitment to perform the work within the requested time periods, a statement why the firm or professional believes it is best qualified to perform the work required and a statement that the proposal is a firm and irrevocable offer. This letter should be signed by an individual authorized to contractually bind the firm or professional. An unsigned letter shall be rejected.

- Description of the investment strategy the firm or professional is proposing for the RFP.
- Information about the applicant's organization that relates to the project work.
- An outline of the scope of work, including a proposed timeline.

d. Consultant/firm's profile/history/experiences

- Information regarding the applicant's history/experience
- Information regarding any key personnel that will be involved in the investment management process, including resumes, descriptions of their role(s) within the process and contact details
- Examples of past work and/or sample work, such as assets currently under management within the last three (3) years
- The work style or philosophy/approach of the applicant's organization
- Description of any in-house technical/research support services the firm or professional(s) have available to use
- Type of clientele, including if firm or professional has worked with other cities in the past
- Past client references

e. Quote or fee structure and method of payment

Please include a fee proposal that includes full disclosure of direct and indirect fees (mark-ups, referral fees, soft dollars), commissions, penalties and other compensation, including any reimbursement relating to providing the services outlined in this RFP. The fee proposal should clearly define the billing process.

V. City's timetable/project schedule

RFP Issued:	Feb. 3, 2025
Questions Deadline:	Feb. 14, 2025
City Response to Questions	Feb. 20, 2025
Submission Deadline:	Feb. 28, 2025
Selection Notification:	March 12, 2025
Project Completion:	April 1, 2025

VI. Criteria for proposal evaluation and selection

The city's selection committee will independently interview and select a firm or professional(s) based on consideration of the following factors:

- Understanding of the scope of services listed in this RFP and ability to provide said services
- Experience of the firm or professional(s) in providing similar investment management services
- Client service and client management philosophy
- Investment and risk philosophy and investment process
- Fees
- Recommendations from references

VII. Agreement terms

a. Intention

The City of St. Louis Park intends to enter a contract with the selected company that best satisfies the needs of the city. This RFP does not commit the city to award a contract or share any expense of preparing these proposals.

The city reserves the right to change the RFP schedule or issue amendments to the RFP at any time. The city also reserves the right to cancel or reissue the RFP.

b. Cost liability

The City of St. Louis Park is not liable for any cost incurred by the prospective firms prior to the signing of the contract.

c. Right to reject all bids

The City of St. Louis Park reserves the right to award the total proposal, to reject any and all proposals in whole or in part, and to waive any informality or technical defects, in the city's judgment. In determination of award, the qualification of the proposal submitter, the conformity with the specifications of services to be supplied and delivery terms will be considered.

This document is a request for proposals, not for bids. The city therefore reserves the right to negotiate with any qualifying firm or professional on any matter in the proposal.

d. Contract

The selected consultant will be required to sign the city's standard agreement for professional services, with consultant's proposal as an appendix. A draft of this agreement can be found as an attachment to this RFP.

The city is subject to the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, and all information submitted is subject to disclosure as required by the Act.

All data, documents and other information provided to the city by a responding firm or professional as a result of this RFP will become property of the city and subject to its disposal. The city reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm or professional of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted.

VIII. Attachments

a. The City of St. Louis Park's financial management policies

b. Draft agreement for professional services contract

Financial Management Policies

St. Louis Park
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Purpose

The City of Saint Louis Park is responsible to its citizens to manage its resources wisely and adopting financial policies is an important step to ensure that resources are managed responsibly. The policies provide the framework for the overall fiscal management of the city and guide the decision-making process.

Most of the policies represent long standing principles, traditions and practices which have guided the city in the past and have helped maintain financial stability over the past years. These financial policies will be reviewed periodically to determine if changes are necessary.

Objectives

- Providing sound principles to guide the decisions of the City Council and management.
- To provide both short-term and long-term financial stability to city government by ensuring adequate funding for providing and protecting infrastructure needed by the community today and for years to come.
- Protecting and enhancing the city's credit rating and prevent default on any municipal obligations.
- To protect the City Council's policy-making ability by ensuring that important policy decisions are not constrained by financial problems or emergencies.
- To create a document that staff and Councilmembers can refer to during financial planning, budget preparation and other financial management issues.

Revenue and Expenditure

- The city will provide long-term financial stability through sound short and long term financial planning.
- The city will estimate its annual revenues and expenditures in a conservative manner so as to reduce exposure to unforeseen circumstances.
- The city will project revenues and expenditures for the next ten years and will update these projections each budget process.
- Whenever user charges and fees are determined to be appropriate and the direct benefits are identifiable, the city will establish user charges and fees at a level related to the cost of providing the service (operating, direct, indirect, and capital). Fees will be reviewed annually.
- To the extent feasible, one-time revenues will be applied toward one-time expenditures or placed into reserves.

Cash Management

- It is the policy of the city to pool cash balances from all funds to maximize investment earnings. Exceptions include legal and specific practical requirements that demand segregation of funds.
- Funds received are to be deposited into an interest bearing account with the city's currently designated official depository by the next business day.
- Cash on hand is to be kept to the minimum required to meet daily operational needs.

Investments

It is the policy of the City of St. Louis Park to establish guidelines for the investment of all public funds. This policy is designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed and providing the highest investment return with maximum security and minimum risk.

I. SCOPE

This policy applies to all financial assets of the City of St. Louis Park. While separate investment funds are created to accommodate reporting on certain bonded indebtedness, individual investments are purchased using a pooled approach for efficiency and maximum investment opportunity. The City's funds are defined in the City's Comprehensive Annual Financial Report and include:

- General Fund;
- Special Revenue Funds;
- Debt Service Funds;
- Capital Project Funds;
- Proprietary Funds;
- Internal Service Funds.

II. OBJECTIVES

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

A. Safety of Principal

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. The objective will be to mitigate credit risk by purchasing only highly rated securities with adequate collateral and interest rate risk by matching maturities to cash flow needs.

B. Liquidity

The investment portfolio will remain sufficiently liquid to enable the City to meet all operating and capital requirements that might reasonably be anticipated. A portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity.

C. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and liquidity needs. Yield is of secondary importance compared to the safety and liquidity objectives described above.

III. STANDARDS OF CARE

The prudent person standard shall be applied to the management of the portfolio. This standard states: "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 expected income to be derived."

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 expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

IV. INVESTMENT AUTHORIZATION

The City Treasurer is designated as the Investment Officer of the City and is responsible for investment management decisions and activities. The Treasurer shall carryout established written procedures and internal controls for the operation of the investment program consistent with this investment policy. The Treasurer is authorized, as allowed under the State Statute, to designate depositories and broker-dealers for City Funds.

V. CONFLICT OF INTEREST

Any city official 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 his/her ability to make impartial investment decisions. Employees shall disclose any material interests in financial institutions with which they conduct business. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the City.

VI. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The City Treasurer will maintain a list of financial institutions authorized to provide investment services to the City. All broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with:

- Audited financial statements and proof of National Association of Security Dealers (NASD) certification;
- Proof of Minnesota Registration Broker Notification and Certification form required by Minnesota Statutes 118A prior to any investment transactions with the City. The Broker Notification must be updated annually.
- The Official Broker/Dealer Questionnaire must be on file for each broker the City is currently doing business with.
- Certification of having read the City's investment policy and agreement to conduct investment transactions in accordance with the policy and objectives, as well as state statutes.
- Written agreement to disclose potential conflicts of interest or risk to public funds that might arise out of business transactions between the firm and the City.

VII. AUTHORIZED INVESTMENTS

The City will be permitted by this policy to invest funds in those security types that are permitted by Minnesota Statue 118A. Further investment parameters can be found in section X.

VIII. COLLATERALIZATION

Full collateralization will be required on non-negotiable certificates of deposit. All deposits will be insured or collateralized in accordance with Minnesota Statutes Chapter 118A.

IX. SAFEKEEPING

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City of St. Louis Park's safekeeping institution prior to the release of funds.

If investments are held in safekeeping at a broker/dealer, they shall be kept at the broker/dealer in the City's name. Certificates will be held at the financial institution in the City's name. All securities should be a risk category one according to the Government Accounting Standard No.3

Investments may be held in safekeeping with:

1. Any Federal Reserve Bank;

2. Any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including, but not limited to, the bank from which the investment is purchased;
3. A primary reporting dealer in United States government securities to the Federal Reserve Bank of New York; or
4. A securities broker-dealer or an affiliate of it, that is registered as a broker-dealer under chapter 80A or is exempt from the registration requirements; is registered by the securities and exchange commission; and maintains insurance through the Security Investor Protection Corporation (SIPC) or excess insurance coverage in an amount equal to or greater than the value of the securities held.

X. INVESTMENT PARAMETERS

The City's investments shall be diversified as to specific maturity, issuer and institution in order to minimize the risk to the portfolio. Investments should be purchased to match expected cash flow needs, minimizing the market risk associated with the early sale of the investments.

The following diversification parameters have been established and will be reviewed periodically by the City Treasurer for all funds:

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity
U.S. Treasury	100%	100%	N/A	7 Years (7 year avg. life for GNMA)
GNMA		40%		
Other U.S. Government Guaranteed (e.g. AID, GTC)		10%		
Federal Agency/GSE: FNMA, FHLMC, FHLB, FFCB	75%	40%[4]	N/A	7 Years
Federal Agency/GSE other than those above		5%		
Municipals (Revenue)	25%	5%	Highest ST or Two Highest LT Rating Categories (SP-1/MIG 1, AA-/Aa3, or equivalent)	7 Years
Municipals (General Obligations)			Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent)	
Collateralized Bank Deposits	50%	None, if fully collateralized	None, if fully collateralized.	7 Years
FDIC-Insured Bank Deposits	100%	FDIC limit for insurance	None, if fully FDIC-insured.	7 Years
Commercial Paper (CP)	25%[2]	5%[3]	Highest ST Rating Category by two NRSROs (A-1/P-1, or equivalent)	270 Days
Bankers Acceptances (BA)	15%	5%[3]	Highest ST Rating Category by two NRSROs (A-1/P-1, or equivalent)	270 Days
Intergovernmental Pools (LGIPs)	100%	100%	Highest Fund Quality and Volatility Rating Categories by all NRSROs, *if rated*	N/A

			(AAAm/AAAf, S1, or equivalent)	

Notes:

[1] Rating by at least one SEC-registered Nationally Recognized Statistical Rating Organization ("NRSRO"), unless otherwise noted. ST=Short-term; LT=Long-term.

[2] Maximum allocation to all corporate and bank credit instruments is 25% combined.

[3] Maximum across all non-government permitted investment sectors (excluding Treasuries, U.S. Federal Agencies and Agency MBS) is 5% combined per issuer.

[4] Maximum exposure to any one Federal agency, including the combined holdings of Agency debt is 40%.

XI. REPORTING AND REVIEW

A. The investment portfolio will be managed in accordance with the parameters outlined in this policy. The portfolio will be designed with the objective of obtaining a rate of return throughout budgeting and economic cycles, commensurate with the investment risk constraints and cash flow needs.

B. The City's investment policy shall be adopted by resolution by the City Council. The City's investments shall be reported to the City Council quarterly. The information reported to the City Council should include:
   1. A listing of individual securities held at end of reporting period.
   2. A listing of investments by maturity date.
   3. The percentage of the total portfolio in each type of investment.
   4. Rate of return for quarter.
   5. Market to market analysis.

C. Interest earned on investments shall be allocated to various funds based on each fund's average monthly cash balance.

XII. STATUTORY AUTHORITY

Specific investment parameters for the investment of public funds by the City are found in Minnesota Statutes Chapters 118A.

XIII. POLICY CONSIDERATIONS

A. Interest Allocation
The general fund shall be allocated a management fee equal to three percent of the total net investment earnings of the investment pool, excluding investments related to the Economic Development Authority.

B. Amendments
Any changes must be approved by City Council.

Fund Balance

The purpose of the fund balance policies is to establish appropriate fund balance levels for each fund that is primarily supported by property tax revenues or user fees. These policies will ensure that adequate resources are available to meet cash flow needs for carrying out the regular operations of the City, as well as to meet the fund balance requirements identified in the City's Long Range financial Management Plan.

The City Council authorizes the Chief Financial Officer and/or City Manager to assign fund balance that reflects the City's intended use of those funds. When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed. When unrestricted resources are available for use, it is the City's policy to use resources in the following order; 1) committed 2) assigned 3) unassigned. These fund balance classifications apply only to Governmental Funds, not Enterprise Funds.

A. **Classification of Fund Balance/Procedures**

1. **Nonspendable**
   Amounts that cannot be spent because they are not in a spendable form or are legally or contractually required to be maintained intact. Examples are inventory or prepaid items.

2. **Restricted**
   Amounts subject to externally enforceable legal restrictions. Examples include grants, tax increment and bond proceeds.

3. **Unrestricted**
   The total of committed fund balance, assigned fund balance, and unassigned fund balance:
   - **Committed fund balance** – amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
   - **Assigned fund balance** – amounts intended to be used for a specific purpose; intent can be expressed by the government body or by an official or body to which the governing body delegates the authority.
   - **Unassigned fund balance** – residual amounts that are available for any purpose in the general fund. The General fund should be the only fund that reports a positive unassigned fund balance amount. This classification is also used to account for deficit fund balances in other governmental funds.

A. General Fund

- The city will maintain an unassigned General fund balance of not less than 40-50% of subsequent year's budgeted expenditures with a target of 45%; however, this need could fluctuate with each year's budget objectives.
- Annual proposed General fund budgets shall include this benchmark policy. Council shall review the amounts in fund balance in conjunction with the annual budget approval, and make adjustments as necessary to meet expected cash-flow needs.
- In the event the unassigned General fund balance will be calculated to be less than the minimum requirement at the completion of any fiscal year, the city shall plan to adjust budget resources in the subsequent fiscal years to bring the fund balance into compliance with this policy.
- The City Council may consider appropriating (for authorized purposes) year-end fund balance in excess of the policy level or increasing the minimum fund balance. An example of preferred use of excess fund balance would be for one-time expenditures, such as:
    1. to fund one-time capital items
    2. to fund a one-time (non-recurring) expenditure or grant match opportunity
    3. to provide catch-up funding or long-term obligations not previously recognized
    4. to fund a one-time unplanned revenue shortfall
    5. to fund an unplanned expenditure due to an emergency or disaster
    6. to retire existing debt
    7. to fund policy shifts by other governmental entities having a negative impact on the city

- Appropriation from the minimum fund balance shall require the approval of the City Council and shall be used only for non-recurring expenditures, unforeseen emergencies or immediate capital needs that cannot be accommodated through current year savings. Replenishment recommendations will accompany the decision to utilize fund balance.
- At the discretion of the City Council, fund balance may be committed for specific purposes by resolution designating the specific use of fund balance and the amount. The resolution would need to be approved no later than the close of the reporting period and will remain binding unless removed in the same manner.

B. Enterprise Funds

These funds were established to account for the operation of Water, Sewer, Solid Waste, and Storm Water operations which are designed to be self-supporting from user charges.

1) Water Utility

This fund is used to account for the provision of water services to the customers of the City related to administration, operations, maintenance, billing and collection. This fund is financed predominantly through user charges.

The City will strive to maintain an unrestricted net position in the Water Utility Fund in the range of 35-50% of the subsequent year's budgeted expenditures. Since a significant source of revenue in the Water Utility Fund comes from user charges, maintaining an unrestricted net position that is equal to at least 35-50% of the subsequent year's expenditures ensures that sufficient resources are available to fund basic City functions between receipts of user charges. In addition, due to the mature water infrastructure within the City, a higher percentage of fund balance is prudent to address any potential issues.

2) Sewer Utility

This fund is used to account for the provisions of sewer services to the customers of the City. All activities necessary to provide this utility to the customers are administration, operations, maintenance, billing and collection. This fund is financed predominantly through user charges.

The City will strive to maintain an unrestricted net position in the Sewer Utility Fund in the range of 35-50% of the subsequent year's budgeted expenditures. Since a significant source of revenue in the Sewer Utility Fund comes from user charges, maintaining an unrestricted net position that is equal to at least 35-50% of the subsequent year's expenditures ensures that sufficient resources are available to fund basic City functions between receipts of user charges. In addition, due to the age of sewer infrastructure within the City, a higher percentage of fund balance is prudent to address any potential issues.

3) Solid Waste Utility

This fund is used to account for the provisions of solid waste services to the customers of the City related to collection, disposal and recycling of solid waste. This fund is financed predominantly through user charges and investment income.

The City will strive to maintain an unrestricted net position in the Solid Waste Utility Fund in the range of 25-40% of the subsequent year's budgeted expenditures. Due to less volatility, an unrestricted net position percentage is justifiable. This will ensure that sufficient resources are available to fund basic Solid Waste activities.

4) Storm Water Utility

This fund is used to account for the provision of storm water to the customers of the City related to administration, operations, maintenance, billing and collection. This fund is financed predominantly through user charges and investment income.

The City will strive to maintain an unrestricted net position in the Storm Water Utility Fund in the range of 25-40% of the subsequent year's budgeted expenditures. Due to less volatility, an unrestricted net position percentage is justifiable. This will ensure that sufficient resources are available to fund basic Storm Water activities.

C. Special Revenue Funds

The city will maintain reserves in the Special Revenue funds at levels sufficient to provide working capital for current expenditure needs plus an amount that is estimated to be needed to meet legal restrictions, requirements by external funding sources and/or pay for future capital projects. Future capital projects must be identified and quantified in a written plan for the fund, which shall be included in the city's annual CIP and in congruence with the long range financial management plan.

D. Debt Service Funds

The city will maintain reserves in the Debt Service funds at levels sufficient to provide working capital for current debt service expenditure needs plus an amount that is estimated to be needed to meet legal restrictions and requirements by external funding sources.

E. Capital Project Funds

The city will maintain reserves in the Capital Project funds at levels sufficient to provide working capital for current expenditure needs plus an amount that is estimated to be needed to meet legal restrictions, requirements by external funding sources and/or pay for future capital projects. Future capital projects must be identified and quantified in a written finance plan for the fund, which shall be included in the city's annual CIP and in congruence with the long range financial management plan.

Debt
It is the policy of the City of St. Louis Park to establish guidelines for the use of debt in financing capital acquisitions, repayment of debt, and management of the overall level of debt in the city.

A. Credit Ratings: The City of St. Louis Park seeks to maintain the highest possible credit ratings for all categories of short- and long-term General Obligation debt that can be achieved without compromising delivery of basic City services and achievement of adopted City policy objectives.

The City recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. Nevertheless, the Mayor and City Council are committed to ensuring that actions within their control are prudent and consistent with the highest standards of public financial management, and supportive of the creditworthiness objectives defined herein.

B. Financial Disclosure: The City is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, City departments and agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The City is committed to meeting disclosure requirements on a timely and comprehensive basis.

Official statements accompanying debt issues, Comprehensive Annual Financial Reports, and continuing disclosure statements will meet (at a minimum) the standards articulated by the Municipal Standards Rulemaking Board (MSRB), the Government Accounting Standards Board (GASB), the National Federation of Municipal Analysts, the Securities and Exchange Commission (SEC), and Generally Accepted Accounting Principles (GAAP). The Finance Department shall be responsible for ongoing disclosure to established national information repositories (NRMSRs) and for maintaining compliance with disclosure standards promulgated by state and national regulatory bodies.

C. Debt Capacity: The City will keep outstanding debt within the limits prescribed by State statute and at levels consistent with its creditworthiness objectives.

D. Purposes and Uses of Debt
The City will normally rely on existing funds, project revenues, and grants from other governments to finance capital projects such as major maintenance, equipment acquisition, and small development projects. Debt may be used for capital projects only when a project generates revenues over time that are used to retire the debt, when debt is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries.

a. **Asset Life:** The City will consider the use of debt for the acquisition, development, replacement, maintenance, or expansion of an asset only if it has a useful life of at least five years. Debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed.

b. **Project Financing:** In general, the City expects to make a cash contribution to any project with an expected useful life of less than 10 years, rather than relying on 100% debt financing.

c. **Debt Standards and Structure**
Debt will be structured for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users. Debt will be structured to achieve the lowest possible net cost to the City given market conditions, the urgency of the capital project, net revenues expected from the project (if any), and the nature and type of security provided. Moreover, to the extent possible, the City will design the repayment of its overall debt so as to recapture rapidly its credit capacity for future use. The City shall strive to repay at least 50 percent within ten years.

d. **Backloading:** The City will seek to structure debt with level principal and interest costs over the life of the debt. "Backloading" of costs will be considered only when natural disasters or extraordinary or unanticipated external factors make the short-term cost of the debt prohibitive, when the benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present, when such structuring is beneficial to the City's overall amortization schedule, or when such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

E. Refundings:

a. Advance refunding bonds shall not be utilized unless present value savings of 4% to 5% of refunded principal is achieved and unless the call date is within 3 years. The state law minimum is 3% of refunded principal. Bonds shall not be advance refunded if there is a reasonable chance that revenues will be sufficient to pre-pay the debt at the call date.

b. Current refunding bonds shall be utilized when present value savings of 3% of refunded principal is achieved or in concert with other bond issues to save costs of issuance.

c. Special assessment or revenue debt will not be refunded unless the Chief Financial Officer determines that special assessments or other sufficient revenues will not be collected soon enough to pay off the debt fully at that call date.

F. Debt Administration and Practices

In general, City debt will be issued through a competitive bidding process. Bids will be awarded on a true interest cost basis (TIC), providing other bidding requirements are satisfied. In the event that the City receives more than one bid with identical TICs, the tie may be broken by a flip of a coin.

a. **Municipal Advisor:** The City will retain an external municipal advisor, selected by the City's Finance Division of the Administrative Services Department. The utilization of the municipal advisor for particular bond sales will be at the discretion of the Chief Financial Officer on a case by case basis and pursuant to the municipal advisory services contract. The municipal advisors will have comprehensive municipal debt issuance experience with diverse financial structuring requirements and pricing of municipal securities.

b. **Bond Counsel:** The City will retain external bond counsel for all debt issues. No debt will be issued by the City without a written opinion by bond counsel affirming that the City is authorized to issue the debt, stating that the City has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status.

c. **Fiscal Agents:** The Finance Division will utilize a fiscal agent on all City indebtedness. Fiscal agent fees for outstanding bonds will be paid from the Bond Interest and Redemption Fund, unless specified otherwise by the Chief Financial Officer.

d. **Disclosure:** The city shall comply with SEC rule 15(c)2(12) on primary and continuing disclosure. Continuing disclosure reports shall be filed no later than 180 days after receipt of the city's annual financial report.

e. **Arbitrage:** The city shall complete an arbitrage rebate report for each issue no less than every five years after its date of issuance.

f. **Communication:** The city will maintain frequent and regular communications with bond rating agencies about its financial condition and will follow a policy of full disclosure in every financial report and bond prospectus. The city will comply with Securities Exchange Commission (SEC) reporting requirements.

g. **Reporting:** The City will report at least annually the outstanding bonds to the City Council.

G. Post Issuance Debt Compliance Policy

The City of St. Louis Park, Minnesota (the "Issuer") issues tax-exempt governmental bonds ("TEBs") to finance various public projects. As an issuer of TEBs, the Issuer is required by the terms of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"), to take certain actions after the issuance of TEBs to ensure the continuing tax-exempt status of such bonds. In addition, Section 6001 of the Code and Section 1.6001-1(a) of the Treasury Regulations impose record retention requirements on the Issuer with respect to its TEBs. This Post-Issuance Compliance Procedure and Policy for Tax-Exempt Governmental Bonds (the "Policy") has been approved and adopted by the Issuer to ensure that the Issuer complies with its post-issuance compliance obligations under applicable provisions of the Code and Treasury Regulations.

1. Effective Date and Term. The effective date of this Policy is the date of approval by the City Council of the Issuer (November 5, 2012) and this Policy shall remain in effect until superseded or terminated by action of the City Council of the Issuer.

2. Responsible Parties. The City's Chief Financial Officer of the Issuer (the "Compliance Officer") shall be the party primarily responsible for ensuring that the Issuer successfully carries out its post-issuance compliance requirements under applicable provisions of the Code and Treasury Regulations. The Compliance Officer will be assisted by the staff of the Issuer and other officials when appropriate. The Compliance Officer of the Issuer will also be assisted in carrying out post-issuance compliance requirements by the following organizations:

(a) Bond Counsel (as of the date of approval of this Policy, bond counsel for the Issuer is Kennedy & Graven, Chartered);

(b) Municipal Advisor (as of the date of approval of this Policy, the municipal advisor of the Issuer is Ehlers & Associates, Inc.);

(c) Paying Agent (the person, organization, or officer of the Issuer primarily responsible for providing paying agent services for the Issuer); and

(d) Rebate Analyst (the organization primarily responsible for providing rebate analyst services for the Issuer).

The Compliance Officer shall be responsible for assigning post-issuance compliance responsibilities to members of the Finance Department and other staff of the Issuer, Bond Counsel, Paying Agent, and Rebate Analyst. The Compliance Officer shall utilize such other professional service organizations as are necessary to ensure compliance with the post-issuance compliance requirements of the Issuer. The Compliance Officer shall provide training and educational resources to Issuer staff responsible for ensuring compliance with any portion of the post-issuance compliance requirements of this Policy.

3. Post-Issuance Compliance Actions. The Compliance Officer shall take the following post-issuance compliance actions or shall verify that the following post-issuance compliance actions have been taken on behalf of the Issuer with respect to each issue of TEBs:

(a) The Compliance Officer shall prepare a transcript of principal documents (this action will be the primary responsibility of Bond Counsel).

(b) The Compliance Officer shall file with the Internal Revenue Service (the "IRS"), within the time limit imposed by Section 149(e) of the Code and applicable Treasury Regulations, an Information Return for Tax-Exempt Governmental Obligations, Form 8038-G (this action will be the primary responsibility of Bond Counsel).

(c) The Compliance Officer shall prepare an "allocation memorandum" for each issue of TEBs in accordance with the provisions of Treasury Regulations, Section 1.148-6(d)(1), that accounts for the allocation of the proceeds of the tax-exempt bonds to expenditures not later than the earlier of:

(i) eighteen (18) months after the later of (A) the date the expenditure is paid, or (B) the date the project, if any, that is financed by the tax-exempt bond issue is placed in service; or

(ii) the date sixty (60) days after the earlier of (A) the fifth anniversary of the issue date of the tax-exempt bond issue, or (B) the date sixty (60) days after the retirement of the tax-exempt bond issue.

Preparation of the allocation memorandum will be the primary responsibility of the Compliance Officer (in consultation with the Municipal Advisor and Bond Counsel).

(d) The Compliance Officer, in consultation with Bond Counsel, shall identify proceeds of TEBs that must be yield-restricted and shall monitor the investments of any yield-restricted funds to ensure that the yield on such investments does not exceed the yield to which such investments are restricted.

(e) In consultation with Bond Counsel, the Compliance Officer shall determine whether the Issuer is subject to the rebate requirements of Section 148(f) of the Code with respect to each issue of TEBs. In consultation with Bond Counsel, the Compliance Officer shall determine, with respect to each issue of TEBs of the Issuer, whether the Issuer is eligible for any of the temporary periods for unrestricted investments and is eligible for any of the spending exceptions to the rebate requirements. The Compliance Officer shall contact the Rebate Analyst (and, if appropriate, Bond Counsel) prior to the fifth anniversary of the date of issuance of each issue of TEBs of the Issuer and each fifth anniversary thereafter to arrange for calculations of the rebate requirements with respect to such TEBs.

If a rebate payment is required to be paid by the Issuer, the Compliance Officer shall prepare or cause to be prepared the Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, Form 8038-T, and submit such Form 8038-T to the IRS with the required rebate payment. If the Issuer is authorized to recover a rebate payment previously paid, the Compliance Officer shall prepare or cause to be prepared the Request for Recovery of Overpayments Under Arbitrage Rebate Provisions, Form 8038-R, with respect to such rebate recovery, and submit such Form 8038-R to the IRS.

4. Procedures for Monitoring, Verification, and Inspections. The Compliance Officer shall institute such procedures as the Compliance Officer shall deem necessary and appropriate to monitor the use of the proceeds of TEBs issued by the Issuer, to verify that certain post-issuance compliance actions have been taken by the Issuer, and to provide for the inspection of the facilities financed with the proceeds of such bonds. At a minimum, the Compliance Officer shall establish the following procedures:

(a) The Compliance Officer shall monitor the use of the proceeds of TEBs to: (i) ensure compliance with the expenditure and investment requirements under the temporary period provisions set forth in Treasury Regulations, Section 1.148-2(e); (ii) ensure compliance with the safe harbor restrictions on the acquisition of investments set forth in Treasury Regulations, Section 1.148-5(d); (iii) ensure that the investments of any yield-restricted funds do not exceed the yield to which such investments are restricted; and (iv) determine whether there has been compliance with the spend-down requirements under the spending exceptions to the rebate requirements set forth in Treasury Regulations, Section 1.148-7.

(b) The Compliance Officer shall monitor the use of all bond-financed facilities in order to: (i) determine whether private business uses of bond-financed facilities have exceeded the *de minimis* limits set forth in Section 141(b) of the Code as a result of leases and subleases, licenses, management contracts, research contracts, naming rights agreements, or other arrangements that provide special legal entitlements to nongovernmental persons; and (ii) determine whether private security or payments that exceed the *de minimis* limits set forth in Section 141(b) of the Code have been provided by nongovernmental persons with respect to such bond-financed facilities. The Compliance Officer shall provide training and educational resources to any Issuer staff who have the primary responsibility for the operation, maintenance, or inspection of bond-financed facilities with regard to the limitations on the private business use of bond-financed facilities and as to the limitations on the private security or payments with respect to bond-financed facilities.

(c) The Compliance Officer shall undertake the following with respect to each outstanding issue of TEBs of the Issuer: (i) an annual review of the books and records maintained by the Issuer with respect to such bonds; and (ii) an annual physical inspection of the facilities financed with the proceeds of such bonds, conducted by the Compliance

Officer with the assistance with any Issuer staff who have the primary responsibility for the operation, maintenance, or inspection of such bond-financed facilities.

5. Record Retention Requirements. The Compliance Officer shall collect and retain the following records with respect to each issue of TEBs of the Issuer and with respect to the facilities financed with the proceeds of such bonds: (i) audited financial statements of the Issuer; (ii) appraisals, demand surveys, or feasibility studies with respect to the facilities to be financed with the proceeds of such bonds; (iii) publications, brochures, and newspaper articles related to the bond financing; (iv) trustee or paying agent statements; (v) records of all investments and the gains (or losses) from such investments; (vi) paying agent or trustee statements regarding investments and investment earnings; (vii) reimbursement resolutions and expenditures reimbursed with the proceeds of such bonds; (viii) allocations of proceeds to expenditures (including costs of issuance) and the dates and amounts of such expenditures (including requisitions, draw schedules, draw requests, invoices, bills, and cancelled checks with respect to such expenditures); (ix) contracts entered into for the construction, renovation, or purchase of bond-financed facilities; (x) an asset list or schedule of all bond-financed depreciable property and any depreciation schedules with respect to such assets or property; (xi) records of the purchases and sales of bond-financed assets; (xii) private business uses of bond-financed facilities that arise subsequent to the date of issue through leases and subleases, licenses, management contracts, research contracts, naming rights agreements, or other arrangements that provide special legal entitlements to nongovernmental persons and copies of any such agreements or instruments; (xiii) arbitrage rebate reports and records of rebate and yield reduction payments; (xiv) resolutions or other actions taken by the governing body subsequent to the date of issue with respect to such bonds; (xv) formal elections authorized by the Code or Treasury Regulations that are taken with respect to such bonds; (xvi) relevant correspondence relating to such bonds; (xvii) documents related to guaranteed investment contracts or certificates of deposit, credit enhancement transactions, and financial derivatives entered into subsequent to the date of issue; (xviii) copies of all Form 8038-Ts and Form 8038-Rs filed with the IRS; and (xix) the transcript prepared with respect to such TEBs.

The records collected by the Issuer shall be stored in any format deemed appropriate by the Compliance Officer and shall be retained for a period equal to the life of the TEBs with respect to which the records are collected (which shall include the life of any bonds issued to refund any portion of such TEBs or to refund any refunding bonds) plus three (3) years.

6. Remedies. In consultation with Bond Counsel, the Compliance Officer shall become acquainted with the remedial actions under Treasury Regulations, Section 1.141-12, to be utilized in the event that private business use of bond-financed facilities exceeds the *de minimis* limits under Section 141(b)(1) of the Code. In consultation with Bond Counsel, the Compliance Officer shall become acquainted with the Tax Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31, 2008-11 I.R.B. 592, to

be utilized as a means for an issuer to correct any post-issuance infractions of the Code and Treasury Regulations with respect to outstanding tax-exempt bonds.

7. Continuing Disclosure Obligations. In addition to its post-issuance compliance requirements under applicable provisions of the Code and Treasury Regulations, the Issuer has agreed to provide continuing disclosure, such as annual financial information and material event notices, pursuant to a continuing disclosure certificate or similar document (the "Continuing Disclosure Document") prepared by Bond Counsel and made a part of the transcript with respect to each issue of bonds of the Issuer that is subject to such continuing disclosure requirements. The Continuing Disclosure Documents are executed by the Issuer to assist the underwriters of the Issuer's bonds in meeting their obligations under Securities and Exchange Commission Regulation, 17 C.F.R. Section 240.15c2-12, as in effect and interpreted from time to time ("Rule 15c2-12"). The continuing disclosure obligations of the Issuer are governed by the Continuing Disclosure Documents and by the terms of Rule 15c2-12. The Compliance Officer is primarily responsible for undertaking such continuing disclosure obligations and to monitor compliance with such obligations.

8. Other Post-Issuance Actions. If, in consultation with Bond Counsel, Municipal Advisor, Paying Agent, Rebate Analyst, or the City Council, the Compliance Officer determines that any additional action not identified in this Policy must be taken by the Compliance Officer to ensure the continuing tax-exempt status of any issue of governmental bonds of the Issuer, the Compliance Officer shall take such action if the Compliance Officer has the authority to do so. If, after consultation with Bond Counsel, Municipal Advisor, Paying Agent, Rebate Analyst, or the City Council, the Compliance Officer determines that this Policy must be amended or supplemented to ensure the continuing tax-exempt status of any issue of governmental bonds of the Issuer, the Compliance Officer shall recommend to the City Council that this Policy be so amended or supplemented.

9. Taxable Governmental Bonds. Most of the provisions of this Policy, other than the provisions of Section 7, are not applicable to governmental bonds the interest on which is includable in gross income for federal income tax purposes. On the other hand, if an issue of taxable governmental bonds is later refunded with the proceeds of an issue of tax-exempt governmental refunding bonds, then the uses of the proceeds of the taxable governmental bonds and the uses of the facilities financed with the proceeds of the taxable governmental bonds will be relevant to the tax-exempt status of the governmental refunding bonds. Therefore, if there is any reasonable possibility that an issue of taxable governmental bonds may be refunded, in whole or in part, with the proceeds of an issue of TEBs, then for purposes of this Policy, the Compliance Officer shall treat the issue of taxable governmental bonds as if such issue were an issue of TEBs and shall carry out and comply with the requirements of this Policy with respect to such taxable governmental bonds. The Compliance Officer shall seek the advice of Bond Counsel as to whether there is any reasonable possibility of issuing TEBs to refund an issue of taxable governmental bonds.

10. Qualified 501(c)(3) Bonds. If the City issues bonds to finance a facility to be owned by the City but which may be used, in whole or in substantial part, by a nongovernmental organization that is exempt from federal income taxation under Section 501(a) of the Code as a result of the application of Section 501(c)(3) of the Code (a "501(c)(3) Organization"), the City may elect to issue the bonds as "qualified 501(c)(3) bonds" the interest on which is exempt from federal income taxation under Sections 103 and 145 of the Code and applicable Treasury Regulations. Although such qualified 501(c)(3) bonds are not governmental bonds, at the election of the Compliance Officer, for purposes of this Policy, the Compliance Officer shall treat such issue of qualified 501(c)(3) bonds as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the requirements of this Policy with respect to such qualified 501(c)(3) bonds. Alternatively, in cases where compliance activities are reasonably within the control of the relevant 501(c)(3) Organization, the Compliance Officer may determine that all or some portion of compliance responsibilities described in this Policy shall be assigned to the relevant organization.

Capital Improvements
The city will maintain buildings, infrastructure, utilities, parks, facilities, and other assets in a manner that protects the investment and minimizes future maintenance and replacement costs.

The Chief Financial Officer will annually prepare and submit to the City Council a Capital Improvements Plan (CIP) for the next ten fiscal years and in congruence with the Long Range Financial Management Plan.

At a minimum, the CIP will include a description of the proposed improvement, the estimated cost, timing and potential sources of funding. If applicable, the CIP will identify implications for the operating budget created by the proposed improvement.

The city will maintain a system of capital charges for sanitary sewer, storm water, and water services. The charges will be collected when undeveloped land is platted and when new users connect to the system. Revenues from the capital charges will be accumulated and used to pay for the capital investment related to the maintenance and expansion of the utility systems. The city will strive to maximize the revenues collected from capital charges in order to protect existing utility users from bearing the costs associated with growth.

The city will maintain an equipment acquisition and replacement program. The city will annually update the plan to provide funding for all equipment purchases over $25,000 to be made in the next ten fiscal years. The city shall attempt to fund the program without the use of debt. It is recognized that State imposed levy limits may create the need to incur debt for equipment acquisition.

The city will prepare an on-going plan for the reconstruction of all city streets. The city will provide a sustainable source of funding for the street reconstruction program. The city will annually prepare cash flow projections for street reconstruction projects to ensure adequate and ongoing funding.

Capital Assets and Capitalization Thresholds
A capital asset is a tangible asset that has a life expectancy of more than one year. For financial statement reporting purposes, the city reports capital assets using the modified approach for street and trail system capital assets in the following categories and has established a capitalization threshold for each category:

Category	Capitalization Threshold
Land	All
Buildings	$5,000
Other Improvements	$25,000
Machinery and equipment	$10,000
Vehicles	$10,000

Infrastructure	$250,000
Construction in progress	Accumulate all costs and capitalize if over $100,000 when completed
Other assets	$10,000

Another criterion for recording capital assets is capital-related debt. Capital assets purchased with debt proceeds should be capitalized and depreciated over their estimated useful life.

The amount to record for a capital asset is any cost incurred to put the asset into its usable condition. Donated capital assets should be reported at fair value at the time of acquisition.

Risk Management

1. The city will maintain a Risk Management Program that will minimize the impact of legal liabilities, natural disasters or other emergencies through the following activities:
    - Loss Prevention. Prevent negative occurrences.
    - Loss Control. Reduce or mitigate expenses of a negative occurrence.
    - Loss Financing. Provide a means to finance losses.
    - Loss Information Management. Collect and analyze relevant data to make prudent loss prevention, loss control and loss financing decisions.
2. The city will maintain an active Safety Committee comprised of city employees.
3. The city will periodically conduct educational safety and risk avoidance programs, through its Safety Committee and with the participation of its insurers, within its various departments.
4. The city will maintain the highest deductible amount, considering the relationship between cost and the city's ability to sustain the loss.

Accounting, Auditing, and Financial Reporting

- The city will establish and maintain the highest standard of accounting practices, in conformity with Generally Accepted Accounting Principles (GAAP).
- The city will attempt to maintain the GFOA Certificate of Excellence in Financial Reporting.
- The city will arrange for an annual audit of all funds by independent certified public accountants or by the State Auditor's Office.
- Regular monthly reports present a summary of financial activity by major type of funds as compared to budget. Department directors will review monthly reports comparing actual revenues and expenditures to the budgeted amounts. Any negative variance in any revenue or spending category (Personal Services, Supplies, Other Charges and Services, Capital Outlay) for their department as a whole projected to exceed $10,000 by year-end will be reported in writing to the Chief Financial Officer and the City Manager.

Operating Budget

- The City Manager, when submitting the proposed budget to the City Council, will submit a balanced budget in which appropriations will not exceed the total of the estimated General fund revenue and the fund balance available after applying the General Fund Reserve Policy.
- The city may annually appropriate a contingency appropriation in the General fund budget to provide for unanticipated expenditures of a non-recurring nature.
- In the event there is an unanticipated shortfall of revenues in a current year budget, the Chief Financial Officer may recommend the use of a portion of the General fund balance, not to exceed the amount of available cash or reserved for working capital or already appropriated to the General fund current budget.
- The budget will provide for adequate maintenance of buildings and equipment, and for their orderly replacement.
- The Chief Financial Officer will prepare regular monthly reports comparing actual revenues and expenditures to the budgeted amount. All significant variances will be summarized in a written report to the City Manager and City Council.
- The operating budget will describe the major goals to be achieved and the services and programs to be delivered for the level of funding provided.
- Before adding a new program or service, the city will consider the cost benefit analysis of using outside contractors versus in-house provided services.
- The city will not sell assets or use one-time accounting principle changes to balance the budget for any fund.
- The city will provide ample time and opportunity for public input into its budget setting deliberations each year, including any required public hearings.
- Directors will be responsible for administration of their departmental operating budget. Requests for budget adjustments must be submitted and approved before any program incurs cost overruns for the annual budget period.
- The budget shall be adjusted as needed to recognize significant deviations from original budget expectations. The council shall consider budget amendments each December. Budget amendments are intended to recognize changes made by the council during the year, to reflect major revenue and expenditure deviations from budgeted amounts, and to consider year-end budget requests. Budget amendments are not intended to create a budget that matches budgeted revenues and expenditures to actual revenue and expenditures.
- Administrative budget amendments may be made throughout the year by department directors to adjust line item budgets within their department as long as the total departmental budget does not change. These line item budget changes exclude personal service and capital outlay categories. Administrative budget admendments must be requested in writing and approved by the City Manager and Chief Financial Officer.

Purchasing

Purpose

To provide a guide for general purchasing, contracts and professional services. Purchasing for the City of St. Louis Park is established by the City Council under the City Charter, the City Code and State Statute. This is intended as a guide; questions regarding this document should be directed to the Chief Financial Officer or City Manager.

Policy

To ensure that the goods and services required by the City are obtained using established procedures that comply with all legal requirements for public purpose expenditures while promoting fair and open competition to ensure public confidence in the procurement process, ensure fair and equitable treatment of vendors who transact business with the City, and provide safeguards for the maintenance of a procurement system of quality and integrity.

I. Responsibility

a. The City Manager is the chief purchasing agent of the City and has the authority to approve purchases up to $175,000 per the City Charter and State Statute. The City Manager has delegated the authority to approve purchases up to $50,000 to the Chief Financial Officer and Directors. Purchases in excess of $175,000 typically require Council approval and usually require competitive bid letting.

b. The City Manager shall identify Directors or other staff who shall be responsible for each fund or department in the annual budget. These individuals shall be responsible for compliance with the annual budget and for all expenditures for their departments and funds. The responsibility lies with each department to keep the City Manager and Chief Financial Officer informed of purchases.

c. Directors or their designee are responsible to follow purchasing regulations and procedures such as, but not limited to: obtaining bids or quotes, maintain records of bids or quotes in accordance with records retention requirements, place actual orders, receive and verify deliveries, and approve invoices for payment.

General Purchasing		Required Approvals			
Contract or purchase amount	**Documentation**	**Director**	**Chief Financial Officer**	**City Manager**	**Council**
Less than $5,000	Open Market	Or Designee			
Less than $25,000	2 or more quotes if practical	X	X		
$25,000-$50,000	2 or more quotes or sealed bids – competitive bidding is allowed but not required.	X	X		
$50,000-$175,000	2 or more quotes or sealed bids – competitive bidding is allowed but not required.	X	X	X	
$175,000+	Competitive bids required	X	X	X	X

II. General purchasing

a. Under City Charter and Ordinance, it has been determined purchasing will follow the Uniform Municipal Contracting Law, Minnesota Statutes Chapter 471.345. This allows the City Manager the authority to incorporate changes to our purchasing limitations in accordance with MN Statutes. City Manager may develop a process which may be more restrictive than State Law, but may not be less restrictive. A "contract" (general purchasing) means an agreement entered into by a municipality for the sale or purchase of supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property.

b. Capital item purchases that have been authorized by the City Council through either the budget process or the Capital Improvement Plan approval may be made using these guidelines. If an item has not been specifically approved during these annual processes, then they must be taken back for explicit approval.

c. When purchasing use the **Environmentally Preferable Purchasing Policy**. The policy can be found at the following link: O:\CITYWIDE\SHARE\EP3 Environmentally Preferable Purchasing Policy .

d. When purchasing, reference resolution 10-060 supporting minority-owned business, women's business enterprises and small business in contracting, professional services and purchasing. The resolution can be found at the following link: O:\CITYWIDE\RECORDSLIBRARY\Resolution Council\2010\10-060.pdf .

III. Purchases less than $5,000.

If the amount is below $5,000, the purchase may be made in the open market. Department Directors may authorize any person in their department to make purchases at this level.

IV. Purchases less than $25,000.

If the amount is estimated to be greater than $5,000 up to $25,000, the contract may be made by quotation or in the open market. If the contract is made upon quotation it shall be based, so far as practicable, on at least two quotations. Where it is recommended to purchase from other than the low quote, the justification must be clearly presented. The documentation presented must be kept on file for at least one year. Where it is deemed impossible to obtain more than one quotation, the reason therefore will be documented and kept on file for one year.

V. Purchases from $25,000-$175,000.

If the amount is estimated to exceed $25,000 but not to exceed $175,000, the contract may be made either by upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible and without advertising for bids or otherwise complying with the requirements of competitive bidding.

VI. Purchases in excess of $175,000.

Sealed bids shall be obtained by public notice for major purchases with final award by the City Council. Bids must be advertised in the city's legal newspaper, publicly opened and approved by Council resolution. There are some exceptions to this law, including contracts that are funded in part by special assessments as set forth in M.S, 429.041, subd.1. Questions about this process or thresholds should be directed to the City's Chief Financial Officer.

Exceptions to Competitive Bidding

The following are some of the more common exceptions to the competitive bidding requirements:

- Contracts less than $175,000
- Cooperative purchasing organizations
- Intergovernmental contracts
- Noncompetitive supplies and equipment
- Real estate purchases
- Professional services including:
    - Architectural
    - Auditing
    - Engineering
    - Legal
    - Group Insurance
    - Banking Services
    - Investment Services
    - Financial Service Providers
    - Construction Management
    - Surveying
    - Emergency Purchases

Contractor's Bond

The city is required to obtain both a payment and performance bond for all public work contracts over $175,000. Payment and performance bonds protect the city as well as subcontractors and persons providing labor and materials. When the public work contract is let, the amount of the bond needs to be equal to the contract price. If the contract price increases due to change orders, unforeseen conditions, cost overruns or any other reason after the contract is signed, the city has the option of increasing the amount of the contractor's bond. Consideration may be given for the percentage of the contract that is complete in relation to the contractor's bond and the increase in the contract price.

VII. Professional Services

Contracts for professional services in excess of $175,000 shall be submitted to the City Council for approval. The term "Professional Services" applies to all advisory services such as, but not limited to: auditing, engineering, financial, legal, personnel, technical, training, or other services. Contracts for professional services shall be made only with responsible consultants who have the capability to successfully fulfill the contractual requirements. Consideration shall be given to their past performance and experience, their financial capacity to complete the project, the availability of personnel, and other appropriate criteria. The nature of the professional service is typically written as a request for proposals (RFP).

		Required Approvals		
Professional service	**Documentation**	**Director**	**City Manager**	**Council**
Up to $50,000	2 or more quotes if possible	X		
$50,000-$175,000	Multiple quotes recommended	X	X	
$175,000+	Multiple quotes recommended	X	X	X

VIII. Emergency Purchases

Minnesota Statute §12.37 gives the City the ability to declare an emergency situation for a limited period of time. During such an emergency, the City is not required to use the typically mandated procedures for purchasing and contracts. Emergency purchases require approval by the City Manager, Chief Financial Officer and, when necessary because of the dollar amount, formal City Council action. An emergency purchase is defined as one where an immediate response is required to protect the health, welfare or safety of the public or public property.

IX. Conflicts of Interest

Minnesota State Statutes §471.87 and §471.88 prohibit the purchase of goods and services wherever a conflict of interest may exist. City of St. Louis Park Personnel Rules require employees to disclose to their immediate supervisor any personal financial interest in the selling or buying of goods or services for the City of St. Louis Park. No purchase orders, contracts or service agreements shall be given to an employee of the City or to a partnership or corporation of which an employee is a major stockholder or principal. No employee shall enter into the relationship with a vendor where the employee's actions are, or could reasonably be viewed as, not in the best interests of the City. If any employee becomes involved in a possible conflict situation, the employee shall disclose the nature of the possible conflict to his or her supervisor and to the City Manager. The City Manager shall promptly notify the individual in writing of an approval or disapproval of the activity. If disapproved, the employee shall remove himself or herself from the conflict situation. In addition, any disciplinary actions may be considered.

In addition, City Charter section 12.18. Personal financial conflicts of public officials and section 12.19. Financial conflicts of association of public officials; contract and transaction voidable.

X. Federal purchases

Under uniform grant guidance (2 CFR 200.317–326) there are additional procurement requirements that need to be considered when making purchases related to a federal program. Five procurement methods are identified including: micro-purchase (<$10,000), small purchase procedures (<$250,000), sealed bid (>$175,000), competitive proposal (>$175,000), and noncompetitive proposal (>$3,500). The general purchasing policy addresses many of these requirements and the City will also consider the full requirements in relation to each method as described in 2 CFR. The micro-purchase threshold which is set by Federal Acquisition Regulation at 48 CFR Subpart 2.1 is subject to change with inflation. The City will follow changes to thresholds as modifications occur. When practicable, micro-purchasing will be distributed among qualified suppliers.

The city will review the excluded parties list (https://www.sam.gov), to ensure than no tentative parties, suspended and/or debarred contractors are contract with using federal dollars. When using federal funding and making purchases in excess of $2,000 for construction dollars are subject to the Davis-Bacon Act. Also, the city will avoid unnecessary/duplicate purchases, encourage use of excess Federal surplus property, documenting rationale for procurement method used for purchases, and documentation of selection of contract type maintained in the files. In addition, the city will consider intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

XI. Other

This document is not intended to cover all purchasing situations and regulations. For instance, purchases needed for emergency operations should follow procedures set out in the Emergency Plan and other regulations as approved by the City Manager or designee. If there are questions regarding purchasing, they should be directed to your Director or the Chief Financial Officer.

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made on the ____ day of ________, 2025, between the **CITY OF ST. LOUIS PARK**, Minnesota ("City"), whose business address is 5005 Minnetonka Boulevard, St. Louis Park, Minnesota 55416-2290, and ___ ("Consultant") whose business address is ____________.

PRELIMINARY STATEMENT

The City has adopted a policy regarding the selection and hiring of consultants to provide a variety of professional services for City projects. That policy requires that persons, firms, or corporations providing such services enter into written contracts with the City. The purpose of this contract is to set forth terms and conditions for the Consultant to assist with city manager's annual performance review.

The City and Consultant agree as follows:

1. **Scope of Services.** The Consultant agrees to provide professional services as described in Exhibit A, attached and made a part of this Agreement.

2. **Time for Performance of Services.** The Consultant agrees to perform the services provided in Exhibit A, attached and made a part of this Agreement. The term of this Agreement shall be from ________ __, 2025 through ________ __, 2025, the date of signature by the parties notwithstanding. This Agreement may be extended upon the written mutual consent of the parties for such additional period, as they deem appropriate, and upon the terms and conditions as herein stated.

3. **Compensation for Services.** The City agrees to pay the Consultant for services as described in Exhibit A. Compensation shall be in accordance with Exhibit A, attached and made a part of this Agreement and shall not exceed $19,900, excluding expenses and reimbursables, without prior written authorization by the City.

4. **Special Consultants.** The Consultant may utilize Special Consultants when required by the complex or specialized nature of the Project and when authorized in writing by the City.

5. **Extra Services.** The City will pay Consultant for extra services by the Consultant or Special Consultants only when authorized in writing by the City.

6. **City Services Provided**. The City agrees to provide the Consultant with the complete information concerning the scope of the Project and to perform the following services:
   A. Access to the Area: The City shall obtain access to and make all provisions for the Consultant to enter upon public and private lands as required for the Consultant to perform such work as surveys and inspections in the development of the Project.

   B. Consideration of the Consultant's Work: The City shall give thorough consideration to all reports, sketches, estimates, drawings, and other documents presented by the

Consultant, and shall inform the Consultant of all decisions within a reasonable time so as not to delay the work of the Consultant.

C. Standards: The City shall furnish the Consultant with a copy of any design and construction standards they may require in the preparation of the report for the Project.

D. Owner's Representative: A person shall be appointed to act as the City's representative with respect to the work to be performed under this Agreement. He or she shall have complete authority to transmit instructions, receive information, interpret, and define the City's policy and decisions, with respect to the materials, equipment, elements, and systems pertinent to the work covered by this Agreement.

7. **Method of Payment.** The Consultant shall submit to the City, on a monthly basis, itemized bills for professional services performed under Sections 1-5 of this Agreement. Bills submitted shall be paid in the same manner as other claims made to the City.

A. Progress Payment: For work reimbursed on an hourly basis, the Consultant shall indicate the following for each employee: name; job title; the number of hours worked; rate of pay; a computation of amounts due; and the total amount due for each project task. Consultant shall verify all statements submitted for payment in compliance with Minnesota Statutes Section 471.38. For reimbursable expenses, if permitted in Exhibit A, the Consultant shall provide such documentation as reasonably required by the City.

B. Abandoned or Suspended Work: If any work performed by the Consultant is abandoned or suspended in whole or in part by the City, the Consultant shall be paid for any services performed on account of it prior to receipt of written notice from the City of such abandonment or suspension, all as shown on Exhibit A attached hereto and incorporated herein by reference.

C. Payments for the Consultant's Reimbursable Costs. The Consultant shall be reimbursed for the work of special consultants, as described in Section 4, and for other items when authorized in writing by the City. This shall include items such as: transportation of principals and employees on special trips to the Project or to other locations, materials and supplies, and reproduction of reports.

8. **Accuracy of Work.** The Consultant shall be responsible for the accuracy of the work and the utilization of all determinant data, and shall promptly make necessary revisions or corrections resulting from errors and omissions on the part of Consultant without additional compensation.

9. **Authorized Agents.** The City shall appoint an authorized agent for the purpose of administration of this agreement. The Consultant is notified the authorized agent for the City is as follows:

Rita Vorpahl, human resources director
City of St. Louis Park
5005 Minnetonka Boulevard
St. Louis Park, MN 55416
952.928.2846
rvorpahl@stlouisparkmn.gov

The City is notified the authorized agent for the Consultant is as follows:

____
____
____
____
____

10. **Audit Disclosure.** The Consultant shall allow the City or its duly authorized agents reasonable access to such of the Consultant's books and records as are pertinent to all services provided under this Agreement. Any reports, information, data, etc. given to, or prepared or assembled by, the Consultant under this Agreement which the client requests to be kept confidential shall not be made available to any individual or organization without the City's prior written approval. All finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports prepared by the Consultant shall become the property of the City upon termination of this Agreement, but Consultant may retain copies of such documents as records of the services provided.

11. **Termination.** This Agreement may be terminated by either party by seven (7) days' written notice delivered to the other party at the address written above. Upon termination under this provision if there is no fault of the Consultant, the Consultant shall be paid for services rendered and reimbursable expenses until the effective date of termination. If however, the City terminates the Agreement because the Consultant has failed to perform in accordance with this Agreement, no further payment will be made to the Consultant, and the City may retain another consultant to undertake or complete the work identified in Section 1 (Consultant Services). If as a result, the City incurs total costs for the work (including payments to both the present consultant and a future consultant) which exceed a maximum Agreement amount, if any, specified under Section 3 (Compensation for Services), then the Consultant shall be responsible for the difference between the cost actually incurred and the Agreement amount.

12. **Subcontractor.** The Consultant shall not subcontract any portion of the work to be performed under this agreement nor assign this agreement without the prior written approval of the authorized agent of the City. The Consultant shall ensure and require that any subcontractor agrees to and complies with all of the terms of this agreement. Any subcontractor of Consultant used to perform any portion of this agreement shall report to and bill Consultant directly. Consultant shall be solely responsible for the breach, performance or nonperformance of any subcontractor. The Consultant shall pay any

subcontractor involved in the performance of this Agreement within ten (10) days of the Consultant's receipt of payment by the City for undisputed services provided by the subcontractor. If the Consultant fails within that time to pay the subcontractor any undisputed amount for which the Consultant has received payment by the City, the Consultant shall pay interest to the subcontractor on the unpaid amount at the rate of 1-1/2 percent per month or any part of a month. The minimum monthly interest penalty payment for an unpaid balance of $100 or more is $10. For an unpaid balance of less than $100, the Consultant shall pay the actual interest penalty due to the subcontractor. A subcontractor who prevails in a civil action to collect interest penalties from the Consultant shall be awarded its costs and disbursements, including attorney's fees, incurred in bringing the action.

13. **Independent Consultant.** At all times and for all purposes herein, the Consultant is an independent consultant and not an employee of the City. No statement herein shall be construed so as to find the Consultant an employee of the City.

14. **Non-Discrimination.** During the performance of this contract, the Consultant shall not discriminate against any employee or applicants for employment because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age. The Consultant shall post in places available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause and stating that all qualified applicants will receive consideration for employment. The Consultant shall incorporate the foregoing requirements of this section in all of its subcontracts for program work, and will require all of its subcontractors for such work to incorporate such requirements in all subcontracts for program work.

15. **Assignment.** Neither party shall assign this Agreement, nor any interest arising herein, without the written consent of the other party.

16. **Services Not Provided For:** No claim for services furnished by the Consultant not specifically provided for herein shall be honored by the City.

17. **Severability.** The provisions of this Agreement are severable. If any portion hereof is, for any reason, held by a court of competent jurisdiction to be contrary to law, such decision shall not affect the remaining provisions of the Agreement.

18. **Entire Agreement.** The entire Agreement of the parties is contained herein. This Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof as well as any previous agreements presently in effect between the parties relating to the subject matter hereof. Any alterations, amendments, deletions, or waivers of the provisions of this Agreement shall be valid only when expressed in writing and duly signed by the parties, unless otherwise provided herein.

19. **Compliance with Laws and Regulations.** In providing services hereunder, the Consultant shall abide by all statutes, ordinances, rules, and regulations, including to the extent it is

applicable the Minnesota Government Data Practices Act, pertaining to the provisions of services to be provided. Any violation shall constitute a material breach of this Agreement and entitle the City to immediately terminate this Agreement.

20. **Waiver.** Any waiver by either party of a breach of any provisions of this Agreement shall not affect, in any respect, the validity of the remainder of this Agreement.

21. **Indemnification.** Consultant agrees to defend, indemnify and hold the City, its officers, and employees harmless from any liability, claims, damages, costs, judgments, or expenses, including reasonable attorney's fees, arising from negligent acts or otherwise wrongful acts or omissions, including breach of a specific contractual duty, of the Consultant, its agents, employees, or subcontractors in the performance of the services provided by this Agreement and against all losses by reason of the failure of said Consultant fully to perform, in any respect, all obligations under this Agreement.

22. **Insurance.**

A. General Liability: During the term of this Agreement, Consultant shall maintain a general liability insurance policy with limits of at least $1,500,000 for each person, and each occurrence, for both personal injury and property damage. This policy shall name the City as an additional insured for the services provided under this Agreement and shall provide that the Consultant's coverage shall be the primary coverage in the event of a loss. The policy shall also insure the indemnification obligation contained in Section No. 21. A certificate of insurance on the City's approved form which verifies the existence of this insurance coverage must be provided to the City before work under this Agreement is begun.

B. Worker's Compensation: The Consultant shall secure and maintain such insurance as will protect Consultant from claims under the Worker's Compensation Acts and from claims for bodily injury, death, or property damage which may arise from the performance of Consultant's services under this Agreement. Said policy shall be a minimum of $500,000 liability limit.

C. Professional Liability Insurance: The Consultant agrees to provide to the City a certificate evidencing that they have in effect, with an insurance company in good standing and authorized to do business in Minnesota, a professional liability insurance policy. Said policy shall insure payment of damage for legal liability arising out of the performance of professional services for the City, in the insured's capacity as the Consultant, if such legal liability is caused by an error, omission, or negligent act of the insured or any person or organization for whom the insured is legally liable. Said policy shall provide an aggregate limit of $1,500,000.

23. **Records Access.** The Consultant shall provide the City access to any books, documents, papers, and records which are directly pertinent to the specific contract, for the purpose of making audit, examination, excerpts, and transcriptions, for six years after final payments and all other pending matters related to this contract are closed.

24. **Ownership of Documents.** All plans, diagrams, analyses, reports, models, computer files and information generated in connection with performance of the agreement shall become the property of the City. The City may use the information for its purposes. Such use by the City shall not relieve any liability on the part of the Consultant.

25. **Governing Law.** This Agreement shall be controlled by the laws of the State of Minnesota.

26. **Notices.** Any notices given under this Agreement will be served personally or by mail at the addresses stated herein.

This standard agreement has been reviewed by the City Attorney.

EXECUTED as to the day and year first above written.

CITY OF ST. LOUIS PARK	**CONSULTANT NAME**
______________________________	By ______________________________
Kim Keller	Print Name ______________________________
City Manager	Its ______________________________