Financial Management Policies
City of Bloomington, Minnesota

Originally adopted – August 31, 1987
Last revised – January 27, 2020

FINANCIAL MANAGEMENT POLICIES

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ORGANIZATIONAL MISSION

A Positive, Professional, Productive, Learning Organization

Building Community and Its Renewal

By Providing Quality Services at an Affordable Price

PREAMBLE

A. **Purpose**: The City of Bloomington has an important responsibility to its citizens to plan the adequate funding of services desired by the public, including the provision and maintenance of public facilities, prudent financial management and accurate accounting for public funds. The City strives to ensure that it is capable of adequately funding and providing local government services needed by the community. The City will maintain or improve its infrastructure on a systematic basis to encourage its citizens to maintain quality neighborhoods with rising property values and long-term affordable taxes and fees.

B. **Objectives:** In order to achieve this purpose, the following objectives are established for the City's fiscal performance:

1. To protect the City Council's policy-making ability by ensuring that important policy decisions are not controlled by financial problems or emergencies.
2. To enhance the City Council's policy-making ability by providing accurate information on the full costs of current operations, new proposals and capital requests.
3. To assist sound management of the City government by providing accurate and timely information on the City's financial condition.
4. To provide sound principles to guide the decisions of the City Council and City staff which have fiscal impacts.
5. To set forth operational principles which promote long-term cost effectiveness while providing services desired by the public with minimal financial risk.
6. To employ revenue policies and forecasting tools to identify and prevent undue or unbalanced reliance on certain revenues (especially property taxes) to distribute the costs of municipal services fairly and to provide adequate funds to operate desired programs, as determined by the Council.
7. To provide and improve essential public facilities and prevent deterioration of the City's infrastructure in order to assist in long-term cost effective provision of City services.
8. To protect and enhance the City's credit rating and prevent default on any municipal debt obligations.
9. To ensure the legal use and protection of all City funds through a good system of financial and accounting controls.
10. To maintain a Risk Management Program that will minimize the impact of legal liabilities, natural disasters or other emergencies through the following activities:

Loss Awareness – Proactive teamwork and training Citywide to increase awareness and enhance safety and comply with or exceed OSHA regulations.

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.

11. To record transactions in a manner which matches current revenues to current expenditures (full cost including benefits and depreciation).
12. To report year-end financial information in accordance with generally accepted accounting principles (GAAP) and in accordance with recommended best practices as promulgated by the Government Finance Officers Association (GFOA).

AUDIT

External Auditor Independence Policy -

In accordance with the Government Accountability Office, the authority on local government audits, in all matters relating to audit work, the external auditor shall be free both in fact and appearance from personal external and organizational impairments to independence.

- The city's external audit organization shall not be responsible for designing, developing and/or installing the City's accounting system or its operating system where this system generates information used in preparing financial statements of the City of Bloomington.
- External auditors shall not develop a performance measurement system or any other system relied upon in developing financial statements.
- City external auditors may prepare draft financial statements, schedules or perform other duties as long as they are based on management's direction and the work results in a recommendation to management.
- Decisions based on the external auditor's recommendations must be approved by City management.
- External auditors shall provide routine advise to the City of Bloomington and to management to assist them in activities such as establishing internal controls or implementing audit recommendations and can answer the technical questions and provide training, however, they may not direct or unduly influence management with those decisions.

Any non-audit work related to tax rulings, arbitrage, attestation, compilation, sales tax audits, counted value audits and financial report assistance proposed by the auditors, or for which the City wishes to hire them exceeding $100,000 must be approved by the City Council prior to hiring them.

(Revised 5/20/2002, 1/23/2012)

BUDGETARY AND FINANCIAL CONTROL

Budgetary and Financial Control Policy –

A. General budgetary and financial control is to be centralized in one department whose functions shall include, but not be limited to, the following:

(1) Budget compilation

(2) Budget monitoring

(3) Central purchasing (see Purchasing Policy and P-Card Policy)

(4) Income and expenditure projections

(5) Capital improvement financing

(6) Risk management (see Risk Management Policy and Self-Insurance Reserve Policy)

(7) Screening of Conduit Debt applications (see Conduit Debt Policy)

(8) Cash and investment management

(9) Monitoring financial data for warning signals or trends

(10) Preparation of financial summary reports for key funds at least quarterly

(11) Maintain a detailed inventory listing of all material fixed assets so as to adequately ensure proper accounting of assets.

(12) "Project Financial Analysis" to be presented as part of any proposal to the Council in connection with any new or expanded operating or capital improvement programs and other projects. The objective of the financial analysis is to provide the best possible estimate of expenditures, revenues, and staffing impacts of a proposed project. The financial analysis should be factual, informative, and concise which should enable the Council to make intelligent and informed decisions.

(13) Payroll

(14) Accounts Receivable

(15) Receipts, Collections, and Customer Billing

(16) Accounts Payable

B. The City will maintain a program for the investment of funds consistent with the City's Investment Policy.

C. The City will strive to maintain an undesignated and unreserved General Fund Balance in the range of 35%-40% of the General Fund revenues and/or expenditure of a balanced budget for the following year. Currently, the General Fund, Fund Balance is at 35%. Annually, the goal is to increase the Fund Balance ratio by 1.00% until the Fund Balance reaches the 40% ceiling. If the City has more than the required annual Fund Balance level, after each incremental 1.00% increase, any excess may be used as the City Council designates.

D. The City will also review, and update the schedule of fund balances, reserves, and working capital in all other operating funds of the City and determine adequacy of those money balances, using specified guidelines and criteria in conjunction with the budgets set annually.

E. The City will monitor the performance of the Bloomington Fire Department Relief Association pension fund through its City representatives.

F. Department Directors will be responsible for administration of their respective Department Budgets and are to submit requests for any required budget adjustments, such as supplemental appropriations, to the Budget Manager, Chief Financial Officer or the City Manager before the program incurs cost overruns for the annual budget period.

G. Primary responsibility in the management of budgeted funds lies with the Department Directors. Such management includes, but is not limited to, reviewing expenditures before authorization, reviewing monthly financial reports to detect errors and assess progress, and staying within expenditure budget authorization. All costs incurred must be reasonable and necessary. Department Directors shall be responsible for contacting the Chief Financial Officer or Budget Manager should there be any questions regarding financial management or if the issue or concern is related to internal controls. The Chief Financial Officer and Budget Manager will monitor overall budget operating progress routinely throughout the year. The city manager must strictly enforce the provisions of the budget. The city manager cannot approve any order upon the city chief financial officer for any expenditure unless an appropriation has been made in the budget resolution, nor for any expenditure covered by the budget resolution unless there is a sufficient unexpended balance. No officer or employee of the city can place any order or make any purchase as defined in City Charter Sections 6.07 and 6.08 except for a purpose and up to the amount authorized in the budget resolution.

H. The City will not use short-term borrowing, internal or external, to balance the operating budget for any fund.

I. The City will not sell assets or use one-time accounting principle changes to balance the budget for any fund.

J. The City will develop two-year budgets in even numbered years. In odd numbered years, the previously developed budget for the following year will be fine-tuned, as necessary. Each year the City will certify only the following year's budget and levy to Hennepin County.

K. The City will provide ample time and opportunity for public input into its Budget setting deliberations each year.

L. The City will establish and maintain the highest standard of accounting practices, in conformity with Generally Accepted Accounting Principles (GAAP) and with recommended best practices as promulgated by the Government Finance Officers Association (GFOA).

M. The City will arrange for an annual audit of all funds and account types by independent certified public accountants qualified and licensed to issue such reports.

N. The City will strive to obtain each year the annual GFOA Certificate of Achievement for Excellence in Financial Reporting.

O. Regular monthly reports will 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 for their department as a whole projected to exceed $100,000 by year-end will be reported in writing to the Chief Financial Officer and the City Manager.

P. The City will strive to obtain each year the GFOA Distinguished Budget Award.

Q. The City integrates performance measurement and productivity indicators to measure operational performance where practical. Performance data for individual departments are included on the budget document. Performance data should be directly related to the stated goals and objectives of the unit and focus on results and accomplishments rather than inputs. Performance measures should provide a meaningful way to assess the effectiveness and efficiency of each operational unit.

R. The City will strive to obtain each year the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting.

S. The City will adopt a balanced General Fund budget where revenues offset expenditures without the use of reserves.

(Revised 1/23/2012; 12/1/2014; 1/2/18)

CASH/INVESTMENT

Forfeited Funds Policy –

A. The City receives property and money through law enforcement seizures under Federal Law 21USCS Section 881(e) and Minnesota Statutes, Sections 609.531-609.5317. 169A.63.

B. The City will use proceeds from these seizures as defined in State law and Department of Justice guidelines. Forfeited property and cash will be used:

   (1) Only for law enforcement purposes, or;

   (2) Only as a supplement to budgeted funds, or;

   (3) Not as a source to supplant ordinary operating expenses.

C. The City will establish procedures to ensure the safekeeping of forfeited property and funds until such time as they are used for approved purposes.

D. The City will use forfeited funds for appropriate Police and City Attorney purposes. (This list is not exhaustive, but serves to describe many appropriate uses.)

   1. Vehicles

      (a) Forfeited automobiles may be used to supplement the police fleet, but not to replace existing budgeted vehicles.

      (b) Unused vehicles will be stored, sold according to City policy, and the proceeds used according to this policy.

   2. Other Property

      (a) May be used in ongoing Police and City Attorney operations.

      (b) Will be sold if no police use is imminent and cash proceeds used according to this policy.

   3. Cash

      (a) A Forfeited Funds activity budget will be presented for approval to the City Council with the regular City budget each year.

      (b) Unbudgeted proposed purchases will be presented as a budget adjustment to the City Council for approval.

   4. Examples of Appropriate Uses of Cash

      (a) Vehicles may be rented which do not supplant vehicles normally provided through City funds. Such vehicles are in addition to the regular fleet.

      (b) Equipment may be purchased providing it is not part of the regular budget.

      (c) Overtime may be paid providing it is unanticipated in the rest of the Police and City Attorney budgets.

      (d) Training costs in addition to those in the regular budget may be paid.

5. Examples of Inappropriate Uses

   (a) Purchasing any item(s) with forfeited funds, which were already approved in the regular budget.

   (b) Paying regular salaries or benefits for Drug Forfeiture funds, but permitted for DWI Forfeiture fund as part of program operation.

   (c) Purchasing anything for other City departments unless for a law enforcement purpose.

   (d) Capital purchases previously approved for purchase with City funds.

(Revised 1/23/2012.)

Investment Policy -

I. Investment Policy Statement of Purpose

This policy has been developed to serve as a reference point for the management of City assets. It is the policy of the City to invest public funds in a manner which provides for the following in order of importance: Safety; Liquidity; and Yield (return on investment) that conforms to all federal, state and local regulations governing the investment of public funds. All investments purchased by the City are expected to be held until maturity. The City will invest in securities that match the City's operational, short-term and longer term core reserve needs. The City will have two types of portfolios for reporting purposes:

- Short-Term – No less than 85 percent of the total portfolio will be under 5 years to maturity
- Long-Term – No more than 15 percent of the portfolio will be greater than 5 years to maturity

In accordance with this policy, a separate written procedures manual has been developed for the appropriate balance of risk and return for each of the funds under the City's control. The City Manager will approve periodic changes to the procedures manual.

II. Scope

This Investment Policy applies to all financial assets of the City. All cash and investments are pooled together to achieve economies of scale for each entity. These funds are accounted for in the Comprehensive Annual Financial Report and include all City, Port Authority and HRA funds:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Debt Service Funds
- Enterprise Funds
- Internal Service Funds
- Fiduciary Funds

III. Prudence

Investments shall be made with judgment and care under circumstances existing at the time the investment is made. 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. The prudent person standard requires that a fiduciary exercise discretion and average intelligence in making investments that would be generally acceptable as sound. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse situations. Investment procedures developed for the Finance Department must be complied with by those with access to and management responsibilities for City investments.

IV. Objective

The primary objective of the City of Bloomington's investment activities shall be:

A. Safety - Safety of principal is of critical importance to the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

1. Credit Risk - the risk of loss due to failure of the security issuer or backer will be minimized by:
    - Limiting investments to the types of securities listed in Section IX of this investment policy.
    - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business in accordance with Section VIII.
    - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. Insurance or collateral may be required to ensure return of principal.

2. Interest Rate Risk – the risk that the market value of securities in the portfolio will fall due to changes in market interest rates will be minimized to:
    - Provide for liquidity by reviewing cash flow requirements and make investments to meet the shorter cash flow needs, thereby avoiding the need to sell securities in the open market prior to maturity.
    - Manage the average maturity of the short-term portfolio to be consistent with the risk profile of the City, not to exceed 3.5 years.
    - Manage the average maturity of the long-term portfolio to be consistent with the risk profile of the City, not to exceed 7.5 years. An exception to this average maturity would be any Component Unit bonds purchased by the City with a longer duration.

B. Liquidity - The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements as reasonably anticipated. The portfolio will be structured so that the liquid component, a minimum of five percent of total investments, of the portfolio will be invested only in short-term securities maturing in less than thirty days. Additionally, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Furthermore, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same day liquidity for short-term funds.

C. Yield/Return on Investment - The City's investment portfolio shall be designed with the objective of attaining a market rate of return. The core of investments is limited to low-risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

V. Delegation of Authority

The investment program shall be operated in conformance with federal, state, and other legal requirements. Authority to manage the City's investment program is derived from the following:

- Minnesota Statutes 118A, Municipal Funds
- Bloomington City Charter Section 7.11, Funds to be Kept

Management responsibility for the investment program is hereby delegated by the City Manager to the Chief Financial Officer (CFO), who shall establish written procedures for the operations of the Investment Program consistent with this Investment Policy. The CFO, with assistance from finance department staff, shall:

- Monitor performance of the investment portfolio;
- Ensure funds are invested in accordance with the policy;
- Analyze, recommend and implement policy and operational procedures that will enhance the City's investment program;
- Ensure that proper internal controls are developed to safeguard investment assets.

Procedures should include reference to: safekeeping [see Procedures 1.D], delivery versus payment (DVP) [see Procedures 4.B.1.e], and investment accounting. Such procedures shall include explicit delegation of authority to persons 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 CFO. The CFO shall be responsible for all investment transactions and shall establish a system of controls to regulate the activities of subordinates.

VI. Ethics and Conflicts of Interest

The City Manager, CFO, Port Authority, HRA and Finance staff involved in the investment process shall refrain from conducting personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment staff shall annually disclose to the City Clerk any material financial interests as required by state statute on an annual Statement of Economic Interest form. Investment staff shall subordinate their personal investment transactions to those of the City, particularly with regard to the time of purchases and sales, and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

VII. Investment Committee

An Investment Committee shall meet at least semi-annually or as needed to review the performance of investments and review the investment strategy. The Investment Committee shall be made up of the following individuals:

Chief Financial Officer

Finance Manager

Assistant Finance Manager (optional)

Cash Management Accountant

Housing and Redevelopment Authority Representative

Port Authority Representative

Notes of the Investment Committee meetings shall be maintained based on the City’s retention schedule and a copy forwarded to the City Manager after each meeting.

VIII. Financial Service Providers

The Investment Committee will maintain a list of financial institutions authorized to provide investment services. Public deposit shall be made in a qualified public depository as established by state laws. The purchase of all investments must be from qualified financial service providers via established bid procedures. The City does not consider information advice from brokers on bond proceeds.

Financial service providers who desire to become qualified bidders for investment transactions must supply the Investment Committee with the following upon request:

- Audited Financial Statements
- Completed Broker/Dealer Certificate
- Certification of Having Read City's Investment Policy
- Depository Contracts
- Credit Report
- Proof of FINRA (Financial Industry Regulatory Authority) membership
- Proof of State Registration
- Evidence of Adequate Insurance Coverage

IX. Authorized and Suitable Investments

Based on the investment objectives as defined in section IV of this policy, the City will limit its investments to the following types of securities:

A. **Money Market Funds** may be held with next day withdrawal capacity to provide for daily liquidity requirements. These money markets must be AA. They may only invest in securities with a final maturity no longer than 13 months and for which the Investment Committee has obtained and reviewed the fund prospectus.

B. **Savings/demand deposits**. A financial institution that is qualified as a "depository" of public funds of government entities. The City may hold balances in qualified bank deposits. Funds may be held in savings accounts at approved depository banks. If balances are greater than the FDIC limit, collateral of 110 percent will be held for the excess balances. Non-interesting bearing deposits will be held at a minimum. However, the interest bearing demand deposit programs that banks provide for next day access to funds will be utilized.

C. **Banker's acceptances. Short term debt instruments issued by firms guaranteed by commercial banks. P**urchased on the secondary market, these should be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs), at the time of purchase. If the banker's acceptance is rated by more than two NRSROs, it must have the highest rating from all the organizations. Maximum maturity will be 270 days.

D. **Commercial paper.** Short term unsecured debt which has been issued by a United States corporation or their Canadian subsidiaries and is not a limited liability corporation (LLC) to fund their day to day operational needs. Maturities typically range from one day to 270 days. The City may only buy paper that meets the Minnesota Statute 118A with the exception that no Asset Backed or Structured Investment Vehicle (SIV) commercial paper is allowed. Only commercial paper with two of the three highest quality ratings of A1, P1, F1 and the underlying issuer of the commercial paper must have a long-term debt rating of AA to be utilized.

E. **U.S. Treasury obligations** including bonds, notes, Treasury bills, or other securities which are direct obligations of the United States. Instruments sold and issued by the U.S. government

carry the full faith guarantee of the U.S. government. These instruments provide the highest quality available to purchase and are highly liquid.

F. **U.S. Agency Government Sponsored Enterprises (GSEs)** are instrumentalities, or organizations created by an act of Congress. GSE securities have the implied guarantee of the U.S. government and are privileged to certain access to capital and support of government programs. The issuers are generally considered to have the second highest credit quality in the fixed income markets and provide higher yields than U. S. treasury obligations. The ratings on all the agencies in which the City can invest are the highest available and include the following specific issuers:

1. FHLB: The Federal Home Loan Bank System (FHLB) was created by Congress in 1932 and acts as a source of funds for its nearly 8,000 member banks. FHLB does not purchase home mortgages to the same extent as Freddie Mac and Fannie Mae, but primarily lends money to homeowners through its member financial institutions. FHLB System members include commercial banks, thrifts, credit unions and insurance companies. Each member is a shareholder in one of the 12 regional Federal Home Loan Banks; each regional bank is an individual corporate entity, which must meet strict management and capitalization criteria befitting its GSE status. The FHLB System is regulated by the Federal Housing Finance Board (FHFB) and the Office of Finance (OF).
2. FHLMC: The Federal Home Loan Mortgage Corporation encompasses Freddie Mac; it is housing GSE created by Congress in 1970 to provide liquidity and stability in the home mortgage market, thereby increasing the flow of funds available to mortgage borrowers. In order to accomplish this goal, Freddie Mac does not make individual mortgage loans to consumers. Rather, Freddie Mac purchases mortgages from lenders, thereby allowing them to lend the proceeds to more homebuyers. Freddie Mac is regulated by the Secretary of Housing and Urban Development (HUD) and by the Office of Federal Housing Enterprise Oversight (OFHEO).
3. FFCB: The Federal Farm Credit Bureau is an agency of the Federal government set up to supply credit to various classes of institutions and individuals such as farmers and farm cooperatives.
4. FNMA: The Federal National Mortgage Association chartered under the Federal National Mortgage Association Act in 1938 is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal.
5. Other issuers: There are other GSE issuers; however, they issue fewer securities and are less active in the marketplace. Therefore, yields typically are slightly higher but they provide less liquidity. The City may purchase other GSE names but will limit the amount held in the portfolio.

G. **Municipal Securities** are registered securities of state/county/local and other governmental agencies. Bonds of the state/county/local and other governmental agencies which have at the time of investment one of the three highest credit ratings of nationally recognized rating agency are allowable investments. They must have a taxing power rating of A, AA or AAA. The City will typically buy only AA or better to provide for quality investments in the portfolio. Any security which is a general obligation of any state or local government with taxing powers which is rated

"A" or better by a national bond rating service is allowed. Tax exempt or taxable bonds qualify as long as they meet the rating standards.

H. **Repurchase agreements** consisting of collateral allowable in Minnesota Statute, Chapter 118A, and reverse repurchase agreements may be entered into with any of the following entities:
   1. A financial institution qualified as a "depository" of public funds of the government entity;
   2. Any other financial institution which is a member of the Federal Reserve System and whose combined capital and surplus equals or exceeds $10,000,000;
   3. A primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or
   4. A securities broker-dealer licensed pursuant to Minnesota Statute, Chapter 80A, or an affiliate of it, regulated by the Securities and Exchange Commission and maintaining a combined capital and surplus of $40,000,000 or more, exclusive of subordinated debt. Reverse agreements may only be entered into for a period of 90 days or less and only to meet short-term cash flow needs. In no event may reverse repurchase agreements be entered into for the purpose of generating cash for investments, except as stated in Minnesota Statute, Chapter 118A.

I. **Guaranteed investment contracts**. Specific project monies may be invested in agreements or contracts for guaranteed investment contracts may be entered into if they are issued or guaranteed by United States commercial banks, domestic branches of foreign banks, United States insurance companies, or their Canadian subsidiaries, or the domestic affiliates of any of the foregoing. The credit quality of the issuer's or guarantor's short and long-term unsecured debt must be rated in one of the two highest categories by a nationally recognized rating agency. Should the issuer's or guarantor's credit quality be downgraded below "A", the government entity must have withdrawal rights.

Each type of security listed above in Sections E, F and G may have various structures such as non-callable, callable and variable rate debt.

- Non-Callable – A debt instrument issued for the purpose of raising capital by borrowing. They typically pay semi-annual coupons and have a stated final maturity.
- Callable – Debt in which the issuer has the right to redeem prior to its maturity date, under certain conditions.
- Variable – Debt in which the issuer has the right to reset the coupon rate based on specified market conditions and terms.

X. Securities Lending Agreements

Securities lending agreements, including custody agreements, may be entered into with a financial institution meeting the qualifications of Minnesota Statute 118A and further restricted within this investment policy. Securities lending transactions may be entered into with entities meeting the qualifications and the collateral for such transactions and shall be restricted to the securities described in Minnesota Statute 118A. Any future security lending contract would be subject to City Council approval.

XI. Prohibited Investments and Transactions

Prohibited investments include inverse floaters, range notes, interest only strips derived from a pool of mortgages (collateralized mortgage obligations), and any security that could result in zero interest accrual if held to maturity.

Specifically restricts:

A. Obligations whose coupon payments are determined largely or entirely by an embedded range accumulation option. For example, range notes; these securities are used primarily to enhance interest rates when an investor is confident in a forecast.
B. Obligations whose payment represents the principal stream cash flow from underlying mortgage backed securities collateral. For example, Collateralized Mortgage Obligations (CMO).
C. Obligations that the interest rate and principal repayment adjusts opposite to the changes in the market. For example, inverse floaters.
D. Obligations that under certain environments may pay no interest. For example, principal only securities.
E. Obligations that have a maturity that will extend longer than five years under certain rate environments. These include mortgage-backed securities that are defined as high risk or in certificates of deposit secured by letters of credit issued by federal home loan banks.
F. Obligations that are derivatives, financial instruments in which the value depends on, or is derived from, the value of one or more underlying assets, indexes, or asset values. And any other transaction that violates City policy or State law.

XII. Collateralizations

Collateralization will be required on the following types of investments:

- Certificates of Deposit
- Demand Deposits
- Repurchase Agreements (for investments held beyond seven days)

In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value of principal and accrued interest. The underlying securities will be subject to periodic (monthly) market valuations to ensure there is no market exposure.

Collateral is limited to the following U. S. government securities:

<u>Treasury Issues</u>
Treasury Bills
Treasury Notes
Treasury Bonds

<u>Agency Notes, Bonds, and Letters of Credit</u>
Federal National Mortgage Association
Federal Home Loan Bank
Federal Farm Credit Bank
Federal Home Loan Mortgage Corporation

<u>Mortgage-Backed Securities</u>
No mortgage-backed securities are allowed

For cash deposits on hand, clearly marked evidence of ownership (safekeeping receipt) must be supplied and retained. Collateralization shall be in the form of specific securities with an active secondary market for the City held by an independent third party. The only exceptions are Federal Depository Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) and pre-

approved insurance coverage. The City may collateralize its repurchase agreements using longer-dated investments not to exceed 5 years to maturity.

XIII. Safekeeping and Custody

Securities purchased shall be held in a segregated account for the City's benefit at a third party trustee as safekeeping agent. The investment dealer or bank in which the security is purchased shall issue a confirmation ticket to the City listing the specific instrument, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and other pertinent information. The financial service provider which executes the transaction on the City's behalf shall deliver all securities on a delivery versus payment method (DVP) to the designated third party. Delivery versus payment (DVP) is a way of controlling the risk to which securities market participants are exposed. Delivery of securities (i.e. the change in their ownership) is done simultaneously with payment. This means that neither the buyer nor the seller is exposed to the risk that the other will default.

Investments, contracts, and agreements may be held in safekeeping with:

- any Federal Reserve bank
- 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

The City's ownership of all securities should be evidenced by written acknowledgments identifying the securities by:

- The names of issuers
- The maturity dates
- The interest rates
- Any serial numbers or other distinguishing marks

The City may not invest in securities that are uninsured. Securities will be held in the City's designated accounts under their street names.

XIV. Investment Credit Rating Degradation

Credit updates should be completed on all non-insured general obligations (GOs), bankers acceptances and commercial paper with a credit rating that has declined. Credit analysis is necessary to determine if a particular investment is eligible for the City to own as part of prudent portfolio management, as determined on any date that the security is held within the portfolio. If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Investment Committee shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Investment Committee will apply the general objectives of safety, liquidity, and yield to make the decision.

XV. Diversification

The City will substantially reduce the risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, institution, or class of securities.

Diversification strategies will be implemented with the following constraints:

ISSUER TYPE	% of TOTAL PORTFOLIO

Money Market Funds	50%
Savings/Demand deposits	20%
Bankers Acceptances	10%
Commercial Paper	20%
US Treasury Obligations	100%
GSE-Agency Securities	100%
Municipal Securities:	55%
Non Component Units	20%
With Component Units	35%
Repurchase Agreements	10%
Guaranteed Investment Contracts	By Project

Due to fluctuations in the value of the portfolio, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase or maturity of a particular security. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made.

Given the smaller portfolio of the Housing and Redevelopment Authority and the Port Authority, the above restrictions will be waived on any portfolio with specific project needs.

XVI. Maximum Maturities

Fund Specific:

- A minimum of five percent of the portfolio will mature under 30 days.
- 85% of total funds will be invested to 5 years and less, and 15% of funds will be laddered out to a maximum of 10 years.
- Total weighted average maturity of total funds will not exceed 3.5 years for the 5 years and less portion.
- Maturities will be diversified to avoid undue concentration of assets in a specific sector.
- An exception to maximum maturity is in reserve funds (per bond indentures), which may be invested to a maturity date that coincides as nearly as practicable with the expected use of the funds.
- Another exception would be the City's purchase of Component Unit bonds with a longer duration, (up to 20 years) with the approval of the City Council.

XVII. Internal Control

The CFO is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the

benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments. The internal controls are addressed in the procedures manual.

The City will engage an external auditor for an annual independent review to assure compliance with policies and procedures.

XVIII. Performance Standards

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs. The City will have at least 98% of its cash funds earning interest or on deposit to reduce bank fees. The investment portfolio will be structured to meet specific criteria addressing safety, liquidity and yield. The City's reporting system will provide information concerning cash position, investment performance, and percentage of the portfolio that is invested by security issuers and maturity structure.

XIX. Market Yield/Benchmark

The City's investment strategy is conservative. The Investment Committee, based on appropriate current indexes and yields reported by similar entities with similar restrictions on investments, will periodically review whether market yields are being achieved.

XX. Responsibilities of External Investment Managers

The City may enter into contracts with third-party investment advisory firms when their services are deemed to be beneficial to the City. The advisor must comply with this Investment Policy and may have authority to transact investments on behalf of the City. The advisor may only act on a non-discretionary basis if they are hired to provide transactional services on behalf of the City.

XXI. Reporting

The CFO is charged with the responsibility of preparing a periodic investment report. This includes a management summary that provides an analysis of the status of the current investment portfolio, the individual transactions executed over the last period, and a detailed listing of portfolio securities held at the end of the period. The report summarizes data on investments by type, maturity, and call date with associated book values, portfolio percentages, and market values. The report also includes a comparison of City yields to U.S. Treasury benchmarks and other information as requested by the Investment Committee.

XXII. Investment Policy Adoption

The City's Investment Policy shall be adopted by resolution by the City Council, Housing and Redevelopment Authority Board and the Port Authority Board. The Policy shall be reviewed on a bi-annual basis by the Investment Committee and any modifications made thereto must be approved by the City Council. The Investment Policy will be consolidated within the Financial Management Policy.

(Revised 3/3/1997, 1/19/1999, 3/19/2007, 9/14/2009, 12/1/2014)

CAPITAL IMPROVEMENT PROGRAM POLICY

A. The City will develop a multi-year plan for capital improvements and update it annually. The two-year budget capital improvement will be approved and incorporated into the operating budgets. The following year's budget will be adopted with the year after that conceptually approved on a cycle consistent with the operating budgets.

B. The City will identify the estimated cost and potential funding sources for each capital project proposal before it is submitted to the Council for approval and in that process will determine the most effective financing method for the proposed project. All construction projects shall include at least a ten percent contingency prior to receiving bids and at least five percent upon acceptance of the bid.

C. The City will make all capital improvements in accordance with the adopted capital improvement program, or as it is amended by the Council. Capital purchases, shall follow the procurement policy for appropriate dollar levels of authorization.

D. The City will coordinate development of the capital improvement budget with the development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.

E. The City will use inter-governmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and City priorities, and whose operating and maintenance costs have been included in operating budget forecasts.

F. The City will maintain all its assets at a level adequate to protect the City's and its citizens' capital investment and to minimize future maintenance and replacement costs.

(Revised 1/2/2018)

DEBT

Conduit Debt Policy –

General

The City of Bloomington is granted the power to issue conduit revenue bonds and other conduit revenue obligations under Minnesota Statutes, Section 469.152-469.165, as amended, and Minnesota Statutes, Chapter 462C, as amended (the "Conduit Bonds Acts"). The Bloomington City Council, being aware that such financing may prevent the emergence of blighted land, excessive unemployment and the need for redevelopment financing from the State and Federal governments, has expressed its support for the use of such financing but has reserved the right to approve or reject projects on a case-by-case basis. The following criteria have, therefore, been developed as a guide for review of applications:

Criteria

a. The project is to be compatible with the overall development plans and objectives of the City and of the neighborhood in which the project is located.

b. New businesses locating in Bloomington must show relatively substantial new employment and tax base being generated by the project.

c. Locating in areas of the City that the City wishes to develop, redevelop, or which in any way complements any development plans or policy of the City, will constitute a prime purpose under these guidelines. It is also the City's intent to assist in business expansions or relocations within the City where it can be shown that such would have a substantial, favorable impact on employment or tax base, or both.

d. It is the City's intent to assist new or existing businesses in the acquisition of existing facilities, where such acquisition will maintain the stability of the tax base, or of employment, or both, and provided that not less than 15% of the portion of the cost of acquiring the existing facility financed with the net proceeds of the conduit bonds is to be used for rehabilitation of the existing facility.

e. The project must not put a burden on existing City services or utilities beyond that which can be reasonably and economically accommodated.

f. The applicant (and/or the lessee in the case of property to be leased) must have a good financial standing, show a substantial net worth, or equity in the project, or both, and have an acceptable earnings history or pro forma. Projects are to show in the application for financing an owner equity or other collateral (such as a bank Letter of Credit, a Bankers Acceptance, Pledge of a Certificate of Deposit, insurance company guarantee, or similar security) which will be satisfactory to the end-lender or rating agency, all determined with reference to total project costs, and applicant is to file with the City, if requested, a final statement of total costs and project equity, certified to by an authorized officer or partner, or the individual applicant, said statement to be filed at time of requesting the Final Resolution.

g. The credit rating and method of offering conduit* bonds or notes of the City are important considerations. The City will not entertain applications for such financings unless (i) the debt is rated in the "A" category (or better) by a nationally recognized rating agency or (ii) the debt is sold in a private placement. Debt will be considered sold in a private placement (i) if no advertising or solicitation of the general public occurs, and (ii) if the bonds are initially sold to not more than ten purchasers (not including any underwriter or placement agent as a purchaser) and (iii) the City receives written

certification from each initial purchaser (or each underwriter or placement agent based on its reasonable belief) that: (a) such purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and the risks of the debt, and (b) such purchaser is not purchasing for more than one account or with a view to distributing the debt.

In addition, for a private placement either (a) all bonds or notes (except for one bond or note) must always remain in minimum denominations of not less than $100,000, or (b) investment letters from not only each initial purchaser, but from any subsequent purchaser must be obtained which contains the above described certifications from the purchasers. Any offering material for a private placement must prominently state in effect that: "THE CITY OF BLOOMINGTON HAS NOT ASSUMED ANY RESPONSIBILITY TO REVIEW THIS OFFERING MATERIAL AND HAS NO RESPONSIBILITY FOR ITS ACCURACY OR COMPLETENESS. THE CITY HAS NO FINANCIAL OBLIGATION OF ANY NATURE WITH RESPECT TO THE OFFERED BONDS."

Finally, to qualify as a private placement the financing documents must require annual financial statements from the benefited private party (or the ultimate provider of credit) to be delivered to each investor (or a trustee).

*The term "conduit" refers to any type of City revenue obligation the proceeds of which are loaned to a private party and for which the City has no financial obligation.

h. Applications for acquisition of or replacement of machinery and equipment will be discouraged unless in conjunction with a totally new business in Bloomington, a physical plant expansion of an existing business, or where it is shown that the equipment acquisition is essential to the continued operation of the business in Bloomington. Also, it is the City's intent to assist where possible in the acquisition of pollution control equipment for any new or existing business being required to meet mandated standards.

i. A further permitted use under these guidelines are projects, whether profit or nonprofit, engaged in providing health care services, including hospitals, nursing homes, and related medical facilities, but only when the following findings can be made:

    (1) Number of new jobs and related payroll is relatively significant.

    (2) The project would provide a facility or service, or expansion thereof considered desirable or necessary from a community services standpoint.

    (3) The project application also meets requirements of paragraph a, e, f and g of these guidelines.

Procedures

a. The applicant shall make an application for financing on forms available from the Finance Department of the City of Bloomington. The completed application is to be returned to the Chief Financial Officer, accompanied by the processing fee, whereupon the application will be forwarded to the City Council with a Staff recommendation. Specific findings shall be made and recited regarding the criteria as well as satisfaction of public purposes of the Conduit Bonds Acts.

b. The application cannot be considered by the City until tentative City Code findings and requirements have been made with respect to zoning, building plans, platting, streets and utility services.

c. The applicant shall submit a timetable for completion of the project as part of the application and any apparent major deviation from that timetable will automatically cause the application to be brought back to the City Council for review. This timetable must relate to the State timetable for

entitlement and pool allocations. The financing must be completed within the calendar year for which application is made.

d. The applicant is to select qualified financial consultants and/or underwriters, as well as legal counsel, to prepare all necessary documents and materials. The City may rely on the opinion of such experts and the application shall be accompanied by a financial analysis (pro forma income statement, debt service coverage, mortgage terms, etc.) by the underwriter as to the economic feasibility of the project and the underwriter's ability to market the financing. Financial material submitted is to also include most recent fiscal year-end, audited, financial statements of the applicant and/or of any major lessee tenant, if readily available.

e. Further, in the case of the tax exempt mortgage placements, the applicant will be required to furnish the City, before passage of the Final Resolution, a comfort letter (but not necessarily a letter of commitment) from the lending institution, to the affect that said lending institution has reviewed the economic feasibility of the project, including the financial responsibility of the guarantors and find that, in their professional judgment, it is an economically viable project.

f. The applicant shall furnish along with the application, a description of the project, plat plan, rendering of proposed building, etc., and a brief description of the applicant company, all in such form as shall be required at the time of application. Such of this data as necessary may be furnished to members of the City Council for background information.

g. If an allocation of bonding authority is required under Minnesota Statutes, Chapter 474A, as amended ("Chapter 47 4A", the applicant shall be required to pay any required application fee and provide any required application deposit as specified in Chapter 474A, without regard to whether the application fee or application deposit will be refunded.

h. The applicant shall covenant in the applicable conduit bond documents to comply with all applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Treasury Regulations, including, but not limited to: (i) the arbitrage and rebate requirements of Section 148 of the Code; and (ii) the qualified bonds provisions of Sections 141(e), 142, 143, 144, and 145 of the Code. The applicant shall be the party responsible for monitoring the conduit bonds for compliance with such requirements and to remediate nonqualified bonds in accordance with the requirements of the Code and applicable Treasury Regulations. The applicant shall be the party responsible for monitoring compliance with the requirements of Section 148 of the Code.

i. The applicant shall covenant in the applicable conduit bond documents to reimburse the City for all costs paid or incurred by the City (including the fees of attorneys, financial advisors, accountants, and other advisors) as a result of the City's response to or compliance with an audit, inspection, or compliance check (random or otherwise), by the Internal Revenue Service, the Minnesota Department of Revenue, the Minnesota Office of the State Auditor, or any other governmental agency with respect to the conduit bonds or the project financed with the proceeds of the conduit bonds.

Administrative

a. The City Council reserves the right to deny any application for financing at any stage of the proceedings prior to adopting the final resolution authorizing issuance of the industrial development financing. The City Council may waive any provision of this Conduit Bonds Policy if the City Council determines that such waiver is in the best interests of the City.

b. The City is to be reimbursed, and held harmless, for and from any out-of-pocket costs related to the actual or proposed issuance of conduit revenue bonds. In addition, a nonrefundable processing fee of $5,000 must be submitted with the application. Upon closing, an administrative fee of 0.75% of par is due and payable to the City.

   In the case of a refinancing, the fee shall be calculated at 50% of the above schedule. The City will be reimbursed for any technical changes to a bond issue previously issued to be calculated at 25% of the above schedule.

c. All applications and supporting materials and documents shall remain the property of the City. Note that all such materials may be subject to disclosure and/or public review under applicable provisions of State law.

d. The Finance Department shall, report all conduit debt issues in the Comprehensive Annual Financial Report in accordance with Generally Accepted Accounting Principles and shall report any material events with regard to all conduit debt issued by the City, and still outstanding, to the City Council.

(Adopted by City Council - 4/10/78, Revised complete Policy and Criteria - 6/12/78, Sections lc., 1g. and 1h. amended - 4/09/79, Sections lb., 1c., 1f., 1g. and 2e. amended - 11/19/79, Section 1i. added - 10/15/80, Section 1f. and 1g. amended - 4/27/81, Section 1f. amended - 8/02/82, Section 1f. amended - 7/25/83, Section 1d. amended, 1j. added, 2d. amended, 2h. added and Section 4 added - 7/30/84, Section lg., 2b., 2g. and 3d. amended - 4/13/92, Section 3b. - amended 3/15/93, Revised complete Policy 5/17/2010, Section 2h and 2i amended – September 12, 2011; Amended Administrative Section b – 11/18/2019)

Debt Policy -

A. The City will confine long-term borrowing to capital improvements, equipment or projects that have a life of more than 4 years and cannot be financed from current revenues.

B. The City will endeavor to keep the total maturity length of general obligation bonds below 20 years and at least 50% of the principal shall be retired within 10 years. In all cases, the maturity shall be shorter than the life of the related assets.

C. Total net (after deducting sinking funds and reserves) general obligation debt (net of utilities supported portion and any portion supported by others, such as the State of Minnesota) shall not exceed 75% of the dollars per capita debt limit for the current year. For example, the 2006 per capita debt limit was $3,502, which translates into a cap of $ 2,626. Net debt as defined here is to include Port Authority and HRA debt.

D. Net general obligation debt (as defined above) will not exceed the statutory limit of 2% of the estimated Full Market Value of taxable property in the City as required by Minnesota Statute, Section 475.53.

E. Where possible, the City will use revenue (including G.O. backed revenue) or other self-supporting type bonds instead of general obligation bonds.

F. The City will not use long-term debt for current operations (including repairs).

G. 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.

H. The City will strive to maintain a full funding policy for the Fire pension plan (no unfunded liability) and will maintain a continuing overview of the investments of the Fire plan. The City will aggressively protect its rights to any positive balance in the Fire Relief Funds. Where appropriate, the City will utilize the 10% reduction allowed by Minnesota Statute, Section 69.773, Subd. 4, to reduce the Fire Pension tax levy. Any unfunded actuarial accrued liability calculated will be amortized over a period of 20 years effective December 31 in the year of the change according to Minnesota Statute, Section 69.773, Subd. 4.

I. Interfund borrowing for periods of more than one year shall only be undertaken for capital expenditures. A reasonable payment schedule for repayment of the borrowed amounts and enforceable covenants, established to ensure recourse if the schedule is not adhered to, shall be approved by the City Council. Interest charges shall be included to compensate the lender for the use of its financial resources. Interest charges for interfund loans utilizing tax increment bonding will follow Minnesota Statutes , Section 469.178, Subd. 7.

Interfund borrowing that does not meet the criteria noted above shall not be considered as a loan in financial reports.

(Revised 5/20/2002)

Post-Issuance Compliance Policy for Tax-Exempt Governmental Bonds -

The City of Bloomington (the "City") issues tax-exempt governmental bonds to finance capital improvements. As an issuer of tax-exempt governmental bonds, the City is required: (i) 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 subsequent to the issuance of such bonds to ensure the continuing tax-exempt status of such bonds; (ii) by the terms of Section 6001 of the Code and Section 1.6001-1(a) of the Treasury Regulations, to satisfy certain record retention requirements with respect to its tax-exempt governmental bonds; and (iii) by the terms of 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"), to satisfy certain continuing disclosure obligations with respect to its governmental bonds (whether tax-exempt or taxable). This Post-Issuance Compliance Procedure and Policy for Tax-Exempt Governmental Bonds (the "Policy") has been approved and adopted by the City to ensure that the City complies with its post-issuance compliance obligations under applicable provisions of the Code and Treasury Regulations. Occasionally the Housing and Redevelopment Authority in and for the City of Bloomington, Minnesota (the "HRA") and the Port Authority of the City of Bloomington, Minnesota (the "Port Authority") issue governmental bonds to finance capital improvements. The term "City" as used in this Policy includes the HRA and the Port Authority with respect to their issuances of governmental bonds.

1. Effective Date and Term. The effective date of this Policy is the date of approval by the City Council of the City (September 12, 2011) and shall remain in effect until superseded or terminated by action of the City Council of the City. This Policy amends and restates the Post-Issuance Compliance Procedure and Policy for Tax-Exempt Governmental Bonds adopted by the City Council of the City on June 22, 2009.

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

   (a) Bond Counsel (the law firm primarily responsible for providing bond counsel services for the City);

   (b) Municipal Advisor (the organization primarily responsible for providing municipal advisor services to the City);

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

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

   The Chief Financial Officer shall be responsible for assigning post-issuance compliance responsibilities to members of the Finance Department, other staff of the City, Bond Counsel, Municipal Advisor, Paying Agent, and Rebate Analyst. The Chief Financial Officer shall utilize such other professional service organizations as are necessary to ensure compliance with the

post-issuance compliance requirements of the City. The Chief Financial Officer shall provide training and educational resources to City staff who are responsible for ensuring compliance with any portion of the post-issuance compliance requirements of this Policy.

3. Post-Issuance Compliance Actions. The Chief Financial 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 City with respect to each issue of tax-exempt governmental bonds issued by the City:

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

   (b) The Chief Financial 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, or successor form ("Form 8038-G") (this action will be the primary responsibility of Bond Counsel).

   (c) The Chief Financial Officer shall prepare an "allocation memorandum" for each issue of tax-exempt governmental bonds 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 Chief Financial Officer (in consultation with the Municipal Advisor and Bond Counsel).

   (d) The Chief Financial Officer, in consultation with Bond Counsel, shall identify proceeds of tax-exempt governmental bonds 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 Chief Financial Officer shall determine whether the City is subject to the rebate requirements of Section 148(f) of the Code with respect to each issue of tax-exempt governmental bonds. In consultation with Bond Counsel, the Chief Financial Officer shall determine, with respect to each issue of tax-exempt governmental bonds of the City, whether the City 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 Chief Financial 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 tax-exempt governmental bonds of the City and each fifth anniversary thereafter to arrange for calculations of the rebate requirements with respect to such tax-exempt governmental bonds. If a rebate payment is required to be paid by the City,

the Chief Financial Officer shall prepare or cause to be prepared the Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, Form 8038-T, or successor form ("Form 8038-T"), and submit such Form 8038-T to the IRS with the required rebate payment. If the City is authorized to recover a rebate payment previously paid, the Chief Financial Officer shall prepare or cause to be prepared the Request for Recovery of Overpayments Under Arbitrage Rebate Provisions, Form 8038-R, or successor form ("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 Chief Financial Officer shall institute such procedures as the Chief Financial Officer shall deem necessary and appropriate to monitor the use of the proceeds of tax-exempt governmental bonds issued by the City, to verify that certain post-issuance compliance actions have been taken by the City, and to provide for the inspection of the facilities financed with the proceeds of such bonds. At a minimum, the Chief Financial Officer shall establish the following procedures:

   (a) The Chief Financial Officer shall monitor the use of the proceeds of tax-exempt governmental bonds 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 Chief Financial 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 minimus 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 minimus limits set forth in Section 141(b) of the Code have been provided by nongovernmental persons with respect to such bond-financed facilities. The Chief Financial Officer shall provide training and educational resources to any City 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 Chief Financial Officer shall undertake the following with respect to each outstanding issue of tax-exempt governmental bonds of the City: (i) an annual review of the books and records maintained by the City with respect to such bonds; and (ii) an annual physical inspection of the facilities financed with the proceeds of such bonds, conducted by the Chief Financial Officer with the assistance with any City staff who have the primary responsibility for the operation, maintenance, or inspection of such bond-financed facilities.

5. Record Retention Requirements. The Chief Financial Officer shall collect and retain the following records with respect to each issue of tax-exempt governmental bonds of the City and with respect to the facilities financed with the proceeds of such bonds: (i) audited financial statements of the City; (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, including letters, faxes or emails, 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) bidding of financial products for investment securities; (xix) copies of all Form 8038-Gs, Form 8038-Ts, and Form 8038-Rs filed with the IRS and any other forms or documents filed with the IRS; (xx) the transcript prepared with respect to such tax-exempt governmental bonds, including but not limited to (a) official statements, private placement documents, or other offering documents, (b) minutes and resolutions, orders, or ordinances or other similar authorization for the issuance of such bonds, and (c) certification of the issue price of such bonds; and (xxi) documents related to government grants associated with the construction, renovation, or purchase of bond-financed facilities.

   The records collected by the Chief Financial Officer shall be stored in any format deemed appropriate by the Chief Financial Officer and shall be retained for a period equal to the life of the tax-exempt governmental bonds with respect to which the records are collected (which shall include the life of any bonds issued to refund any portion of such tax-exempt governmental bonds or to refund any refunding bonds) plus three (3) years. The Chief Financial Officer shall also collect and retain reports of any IRS examination of the City or any of its bond financings.

6. Remedies. In consultation with Bond Counsel, the Chief Financial Officer shall become acquainted with the remedial actions (including redemption or defeasance) 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 Chief Financial Officer shall become acquainted with the Tax Exempt Bonds Voluntary Closing Agreement Program described in Internal Revenue Manual, Part 7.2, 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 City 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 City that is subject to such continuing disclosure requirements. The Continuing Disclosure Documents are executed by the City to assist the underwriters of the City's bonds in meeting their obligations under Rule 15c2-12. The continuing disclosure obligations of the City are governed by the Continuing Disclosure Documents and by the terms of Rule 15c2-12. The Chief Financial 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, the City Manager, the City Attorney, or the City Council, the Chief Financial Officer determines that any additional action not identified in this Policy must be taken by the Chief Financial Officer to ensure the continuing tax-exempt status of any issue of governmental bonds of the City or to ensure the continuing compliance by the City with applicable federal and state securities laws, the Chief Financial Officer shall take such action if the Chief Financial Officer has the authority to do so. If, after consultation with Bond Counsel, Municipal Advisor, Paying Agent, Rebate Analyst, the City Manager, the City Attorney, or the City Council, the Chief Financial Officer and the City Manager determine that this Policy must be amended or supplemented to ensure the continuing tax-exempt status of any issue of governmental bonds of the City or to ensure continuing compliance with applicable federal and state securities laws, the City Manager 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 tax-exempt governmental bonds then, for purposes of this Policy, the Chief Financial Officer shall treat the issue of taxable governmental 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 taxable governmental bonds. The Chief Financial Officer shall seek the advice of Bond Counsel as to whether there is any reasonable possibility of issuing tax-exempt governmental bonds 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 Chief Financial Officer, for purposes of this Policy, the Chief

Financial 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 to the extent deemed necessary or appropriate by the Finance Officer.

(Policy Adopted by the City Council June 22, 2009. Revised and Restated September 12, 2011, with amendments to sections 1, 5-7, and 9-10. Revised January 27, 2020)

ECONOMIC DEVELOPMENT

Abatement District Policy –

The City of Bloomington is authorized by Minnesota Statutes Sections 469.1812 to 469.1815 (the "Abatement Act") to grant an abatement of taxes imposed by the City of Bloomington on a parcel of property, or defer the payment of the taxes and abate the interest and penalty that would otherwise apply if:

A. It expects the benefits to the City of Bloomington of the proposed abatement agreement to at least equal the costs to the City of Bloomington of the proposed agreement or intends the abatement to phase in a property tax increase; and

B. It finds that doing so is in the public interest because it will:

1. Increase or preserve tax base;
2. Provide employment opportunities in the City of Bloomington;
3. Provide or help acquire or construct public facilities;
4. Help develop or renew blighted areas;
5. Help provide access to services for residents of the City of Bloomington;
6. Finance or provide public infrastructure; or
7. Phase in a property tax increase on the parcel resulting from the increase of 50 percent or more in one year on the estimated market value of the parcel other than increase attributable to improvement of the parcel.

C. The total amount of property taxes abated by the City of Bloomington in any one year may not exceed the greater of ten percent of the net tax capacity of the City for taxes payable in the year in which the abatement applies or $200,000 if levy is less than $2,000,000.

D. Any new abatement district or new tax increment district shall not exceed the monetary limitations set forth in Section 4 of the City's Tax Increment Policy.

E. The City of Bloomington will consider all proposals eligible for abatement districts before adopting an abatement district for any project. The City may grant an abatement for a period no longer than fifteen years. The duration may increase to twenty years in the event either the school district or the county chooses to decline the abatement or if 90 days pass after the school district or the county receive the City's abatement request and no response is provided.

F. The Business Subsidy Law, M.S. Sections 116J.993 to 116J.995 as amended requires local government agencies to adopt criteria for awarding business subsidies grants of $25,000 or more or loans of $75,000 or more. Unless an exception to the Business Subsidy Law applies, tax abatement will be considered a business subsidy.

G. The proceeds of bonds secured with abatements may be used to (1) pay for public improvements that benefit the property, (2) acquire and convey land or other property as provided in Section 469.1814, subd. 5 of the Abatement Act, (3) to reimburse the property owner for the cost of improvements made to the property, or (4) to pay the cost of issuance of the bonds.

H. Data Practices Law. The City is a governmental body and is subject to the requirements of Minnesota

Statutes Chapter 13 (the "Minnesota Government Data Practices Act"). Some of the data provided by the applicant to the City as part of the application for tax abatement may be required to be disclosed if requested pursuant to the Minnesota Government Data Practices Act.

I. Amendments to Abatement Act. The references to the Abatement Act in this Abatement District Policy shall include any and all amendments to the Abatement Act that are made after this Policy is adopted.

(Revised 5/20/2002, 11/19/2007, 01/27/2020)

Business Subsidy Policy –

The following are Bloomington's guidelines for the granting of Business Subsidy to a business or developer. Meeting the criteria does not guarantee a project will be approved, nor does it create any contractual rights on the part of the business or developer requesting assistance. The granting or denial of a request for Business Subsidy is at the sole discretion of the Grantor.

Any Business Subsidy identified under Minnesota Statutes, Sections 116J.993 through 116J.995 as a "Business Subsidy" is covered under these policies.

A. Definitions

Benefit Date means the date that the recipient receives the Business Subsidy. If the Business Subsidy involves the purchase, lease, or donation of physical equipment, then the Benefit Date begins when the recipient puts the equipment into service. If the Business Subsidy is for improvements to property, then the Benefit Date refers to the earliest date of either: (i) when the improvements are finished for the entire project; or (ii) when a business or developer occupies the property.

Business Subsidy means a City, Port Authority or HRA grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the Recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of governmental facilities given to a business. Certain forms of financial assistance set forth in Section 116J.993, subd. 3 of the Business Subsidy Act are not considered a Business Subsidy.

Business Subsidy Act means Minnesota Statutes, Sections 116J.993 to 116J.995, as hereinafter amended.

City means the City of Bloomington.

Criteria means those elements considered by a Grantor as a guide in the consideration of each requested Business Subsidy. Meeting the Criteria does not mean that a project will automatically be approved nor does it create any contractual rights on the part of any applicant.

Development Agreement means a document between the Grantor and Recipient outlining the terms and conditions under which the Business Subsidy will be provided.

Grantor means the City, HRA or Port, as defined herein.

HRA means the Housing and Redevelopment Authority in and for the City of Bloomington.

Port means the Port Authority of the City of Bloomington.

Recipient means any for-profit business entity or any nonprofit business entity meeting the requirements of Section 116J.993, subd. 6 of the Business Subsidy Act that receives a Business Subsidy.

Subsidy Agreement means an agreement between a Grantor and a Recipient that meets the requirements of Section 116J.994, subd. 3 of the Business Subsidy Act. The Subsidy Agreement may be incorporated into a broader Development Agreement for a project.

B. Business Subsidy Criteria

The Criteria set forth in this section establishes minimum requirements that a Recipient must meet in order to be eligible to receive a Business Subsidy. The Grantor reserves the right to approve a project that varies from the Criteria if a Grantor determines a valid public purpose will be served. Criteria may be amended subject to a public hearing, the notice of which shall be published ten days prior to the hearing.

A description of the Criteria is set forth below:

- The request for Business Subsidy must meet a "public purpose." The public purpose may not be limited to an increase in tax base. Examples of public purposes are contained in Section J.
- The project is unlikely to go forward "but for" the Business Subsidy.
- Developers or businesses receiving a Business Subsidy shall be in compliance with the requirements of state and local law, including conformance with the Comprehensive Plan and zoning ordinance of the City. A Grantor can conditionally approve a request for Business Subsidy; if changes in the Comprehensive Plan, the zoning ordinance or other local laws or policies are under active consideration by the City.
- The Recipient must demonstrate the ability to develop the type and size of project proposed. Upon request, the Recipient must provide a pro forma showing all sources and uses of funds, market and financial feasibility studies, appraisals, environmental reports (if applicable), information provided to private lenders regarding the project, or other information or data that the Grantor, or its financial advisor, requests in order to independently determine the need for a Business Subsidy. A Grantor may also rely on data provided by an applicant to a financial institution.
- The project will not significantly and adversely increase the demands for public services or public facilities in the City unless plans to mitigate the project's impact are approved.
- The Recipient's request for Business Subsidy must be for the minimum amount of subsidy and duration of time required to make the project financially feasible.
- The project will effectively utilize investments in existing public infrastructure and (if applicable) support public services such as transit.

C. Job and Wage Goals

- Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Business Subsidy Act, the creation of jobs is a public purpose for granting a subsidy. Creation of at least 10 Full-Time Equivalent (FTE) jobs (retained or created) is a minimum requirement for consideration of assistance. The goals for the number of jobs to be created or retained must result in job creation or retention by the Recipient within the Grantor's jurisdiction overall.
- The wage floor for wages to be paid for the jobs created shall be not less than 175% of Minnesota State minimum wage. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.

- The wage and job goals set forth in this section must be satisfied within two years of the Benefit Date.
- The wage and job goals may be set at zero if the Grantor determines that creation or retention of jobs is not an objective.

D. Requirements for Business Subsidy Recipients

The Recipient of a Business Subsidy must satisfy the following requirements:

- The Recipient must retain ownership of the project at least until the project is completed, a certificate of occupancy is obtained, and the business is operational.
- The Recipient or successor must continue operations at the site where the Business Subsidy is used for at least five years from the Benefit Date.
- The Recipient of a Business Subsidy must meet the wage and job goals set forth above.

E. Business Subsidy Agreements

Any Recipient receiving a Business Subsidy will be required by the Business Subsidy Act to enter into a Subsidy Agreement with the Grantor outlining the terms and conditions under which the Business Subsidy will be provided.

The Subsidy Agreement between the Grantor and the Recipient must meet the requirements set forth in Section L and all other requirements of the Business Subsidy Act and any other requirements which may be incorporated into the Development Agreement for the project.

For a Business Subsidy subject to Section 116J.994, subd. 5 of the Business Subsidy Act (those Business Subsidies exceeding $150,000), the Grantor must hold a public hearing with a public notice published in the official newspaper at least ten days before the public hearing. The notice must be sufficiently conspicuous in size and placement, make the information available in printed paper copies, and be posted on the City's website.

The Business Subsidy Agreement must be approved by the governing body of the Grantor, and if the Grantor is not the City, the Business Subsidy Agreement must also be approved by the City Council. The Business Subsidy Agreement must be executed by both the Grantor and the Recipient.

F. Exemptions

Under Section 116J.993, subd. 3 of the Business Subsidy Act, a Recipient proposing activities contained in Section K is exempt from the requirements of the Business Subsidy Act. Requests for financial assistance that are exempt from the Business Subsidy Act are still subject to review and approval of the Grantor. The granting of such assistance is at the sole discretion of the Grantor and may be subject to other regulatory requirements and/or policies.

G. Application Process

Business or developers seeking a Business Subsidy must complete an application for assistance. The Grantor may request additional information from the developer or business to determine whether the request for a Business Subsidy is consistent with the Grantor's policies. Failure to provide requested information will result in denial of the request for a Business Subsidy.

H. Fees

All applicants will be responsible for legal, financial, consultant and other costs associated with the review of the application.

I. Reports

The Recipient and Grantor must comply with the annual reporting requirements set forth in Section 116J.994, subd. 7 and 8 of the Business Subsidy Act.

J. Examples of Subsidy Public Purposes

Grantors may consider the following public purposes, among others, when considering the applicant's request:

- The project provides a service or meets a consumer need not currently met or which is underserved in the City.
- The project represents a significant investment in an area of the City that is economically depressed.
- The project will remove blighting influences or rehabilitate an area of the City in need of revitalization.
- The project will stimulate additional capital investment and act as a catalyst for future (re)development.
- The project will enhance the value of surrounding properties, stabilize the area or foster a "sense of community".
- The project will anchor a needed commercial center in the City.
- The project will enhance the viability of other businesses in the City.
- The project will assist in the orderly growth of the City and generate significant economic spin off.
- The project will prevent the closure of businesses due to merger, physical expansion, change in market or economic factors, downsizing, and other factors of business needed in the community.
- The project will employ underserved people in the community who are not fully employed.
- A Business Subsidy will permit the project to employ more people, pay higher wages, be of better quality, or in some way be of more value to the City.
- The project will provide a needed service in the City, including but not limited to health care or social services.
- The project will include necessary environmental clean-up of a site for development.
- The project will preserve or increase the City's tax base.

NOTE: By state law, increasing the tax base may not be solely used as a public purpose, nor can job retention be used unless job loss is specific and demonstrable.

K. Exemptions from the Business Subsidy Act

Section 116J.993, subd. 3 of the Business Subsidy Act provides that the following forms of assistance are not a Business Subsidy within the meaning of the Business Subsidy Act;

- A business subsidy of less than $150,000, (although certain exceptions exist for business loans and guarantees);
- Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- Redevelopment of property polluted by contaminants as defined in Section 116J.552, subd. 3 of the Business Subsidy Act;
- Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
- Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- Assistance of (exemptions) housing;
- Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under Minn. Stat. Section 469.174, subd. 23;
- Assistance for energy conservation;
- Tax reductions resulting from conformity with federal tax law;
- Workers' compensation and unemployment compensation;
- Benefits derived from regulation;
- Indirect benefits derived from assistance to educational institutions;
- Funds from bonds allocated under Chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- Assistance for a collaboration between a Minnesota higher education institution and a business;
- Assistance for a tax increment financing soils condition district as defined under Minn. Stat. Section 469.174, subd. 19;
- Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; and
- General changes in tax increment financing law and other general tax law changes of a principally technical nature;

- Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- Funds from dock and wharf bonds issued by a seaway port authority;
- Business loans and loan guarantees of $75,000 or less;
- Federal loan funds provided through the United States Department of Commerce, Economic Development Administration;
- Property tax abatements granted under Minn. Stat. Section 469.1813 to property that is subject to valuation under Minnesota Rules, Chapter 8100; and
- Such other exemptions as provided by amendments to Section 116J.993, subd.3 of the Business Subsidy Act, as it may be amended.

Requests for subsidies exempt from the Business Subsidy Act are still subject to review and approval of the Grantor. Such approval is at the sole discretion of the Grantor.

L. Requirements for Subsidy Agreements

Section 116J.994, subd. 3 of the Business Subsidy Act requires a Recipient must enter into a Subsidy Agreement with a Grantor that includes the following:

- A description of the subsidy, including the amount and type of subsidy and type of district if the subsidy is tax increment financing;
- A statement of the public purposes for the subsidy;
- Measurable, specific and tangible goals for the subsidy;
- A description of the financial obligation of the recipient if the goals are not met;
- A statement of why the subsidy is needed;
- A commitment to continue operations at the site where the subsidy is used for at least five years after the Benefit Date;
- The name and address of the parent corporation of the recipient, if any;
- A list of all Business Subsidies by all grantors for the project;
- Wage and job goals;
- Agreement to repay all or a portion of the subsidy if the business subsidy goals set forth in the Development Agreement are not met; and
- Such other requirements as set out in Section 116J.994, subd. 3 of the Business Subsidy Act.
- If a successor takes over operations within the five years from the Benefit Date, the Recipient is responsible to notify the Grantor

M. Data Practices Law

The City of Bloomington is a governmental body and is subject to the requirements of Minn. Stat. Chapter 13 (the "Minnesota Government Data Practices Act"). Some of the data provided by the applicant to the

City as part of the application for a Business Subsidy may be required to be disclosed if requested pursuant to the Minnesota Government Data Practices Act.

N. Amendments to Business Subsidy Act

The references to the Business Subsidy Act in this Business Subsidy Policy shall include any and all amendments to the Business Subsidy Act that are made after this policy is adopted.

(Added 11/19/2007; Amended 5/7/2012; Amended 11/18/2019)

City of Bloomington Tax Increment Policy -

For the purpose of this Policy, the term "City" or "City of Bloomington" includes the City of Bloomington, the Housing and Redevelopment Authority in and for the City of Bloomington (HRA), and the Port Authority for the City of Bloomington (Port Authority).

The City of Bloomington is granted the power to utilize Tax Increment Financing (TIF) pursuant to the Minnesota Tax Increment Financing Act, Minnesota State Statutes 469.174 through 469.1794. The fundamental purpose of TIF is to encourage desirable development or redevelopment that would otherwise not occur *but for* the assistance provided through TIF.

Policy Purpose: To establish the City of Bloomington's position relating to the use of Tax Increment Financing for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a framework for the review and processing of TIF applications in an equitable and consistent manner.

Objectives: Tax increment financing uses the increased property taxes generated by new real estate development within a tax increment district to pay for certain eligible costs associated with the development. As a matter of adopted policy, the City will consider using TIF to assist private development projects that will achieve one or more of the following objectives:

- To create opportunities for affordable housing, with an array of housing choices that meet the needs of current residents, and attract new residents to the City.
- Projects that improve the quality of life in the City by providing a desirable good or service and address an unmet demand in the community.
- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- Projects that provide value in the forms of needed transportation and other utility infrastructure improvement that would be completed in conjunction with the project.
- To facilitate the development process and to achieve development on sites which would not otherwise be developed *but for* the use of TIF.
- To support neighborhood retail services, commercial nodes, and employment.
- To contribute to the implementation of other public policies, as adopted by the City from time to time, such as the promotion of quality urban or architectural design, energy conservation, sustainability, and decreasing capital and/or operating costs of local government.
- To remove blight and/or encourage redevelopment of commercial and industrial areas in the City that will result in high quality redevelopment and private reinvestment.
- To encourage additional private development in the area, directly or indirectly, through "spin off" development.
- To offset increased costs of redevelopment (such as, contaminated site clean-up) over and above the costs normally incurred in development.
- To promote development consistent with the City's Comprehensive Plan.

General TIF Policies

1. The City Council is the coordinating governmental unit in the City of Bloomington for the review and fiscal control of all tax increment financing within the City.

2. Each proposed project must satisfy at least one of the objectives set forth above.
3. Tax increment financed projects, and all other capital projects, of the Port Authority and the HRA shall be included in the City's 5-Year Capital Improvement Program each year for prioritizing.
4. The City will not approve any new tax increment district if the resulting total projected captured increment tax capacity (net of the City's estimated contribution to the fiscal disparities pool) of all tax increment districts and abatement districts in the City (including the proposed district, but excluding TIF Project Numbers 1359 and 1369) exceeds 15.0 % of the total projected net tax capacity of all taxable property (including the proposed district) in the City (termed "Tax Capacity Used for Local Rate" by Hennepin County Taxpayer Services). Further, to allow for flexibility in the future this 15.0% shall be considered allocated between the City and the component governmental units within the ranges expressed below:

City	0.0% to 5.0%
Port Authority	0.0% to 5.0%
HRA	0.0% to 5.0%
Total	0.0% to 15.00%

Any proposed alteration of this allocation can only be changed by a super majority (5/6 vote) of a committee comprised of the City's Chief Financial Officer, Port Authority Administrator, Housing & Redevelopment Administrator, City Manager, Community Development Director and the City Attorney.

5. The City will not consider tax increment financing requests for retail, service, industrial, hotel or office development projects that lie outside City approved redevelopment, development, or economic development districts.
6. Types of tax increment financing:

   a. Tax increment financing will not, unless approved by a 5/7 vote of all members of the City Council, be guaranteed or backed by the full faith, credit, and taxing power of the City, but instead will be payable solely from the related tax increment revenue.

   b. General obligation backed, or tax levy supplemented, tax increment financing is to be used only in those cases where it is found, by a 5/7 vote of all members of the City Council, that:
      i. Such G.O. backed financing will not, in the opinion of the Council, place an undue burden on:
         - Tax rates
         - Relative debt load (as expressed in terms of per capita debt, or as a percentage of debt to Assessor's Market Value), and
      ii. No other, better, financing alternative exists, and
      iii. There is a very significant rate of return relative to the risk taken or if it is found that there are overriding socioeconomic considerations which are significant to the City overall, as determined by the City Council.

7. As required by State law, each tax increment financing (TIF) proposal will be reviewed with Hennepin County and the Bloomington School District (ISD #271), or any other affected

school district, prior to implementation. Response from these agencies received within 30 days of notification, if any, shall be forwarded to the City Council prior to approval of the plan. The City will take into consideration any official county request to fund county road costs resulting from the tax increment plan. If funds for the project are not sufficient to cover such expenditures, the TIF plan would not proceed.

8. The City reserves the right to approve or reject the use of TIF, the amount of TIF, and the total term, on a case by case basis, taking into consideration established policies, project criteria, and demand on services in relation to the potential benefits from the project.

9. The applicant will pay for all legal and consultant costs associated with the preparation, processing, review and actual use of TIF. The applicant will submit to the City a deposit equal to the total estimated costs for legal and consultant fees. The City will draw upon these funds to pay all related expenses.

10. The applicant will also pay to the City a separate non-refundable application fee to reimburse staff costs and cover all other City related costs associated with the processing of the TIF request.

11. Projects utilizing TIF are responsible for paying their share of Fiscal Disparities contributions from the project.

12. The City's consultant shall prepare the TIF plan and the applicant will provide to the City and its consultant all information necessary to conduct a financial analysis of the proposed project.

13. The applicant will be required to comply with the City's Business Subsidy Policy.

Application Process

1. Applicant submits the completed application along with a non-refundable initial application fee. The applicant will work with City staff to assure all appropriate information is supplied.

2. City staff reviews the application and completes the Application Review Worksheet.

3. Results of the Application Review Worksheet are submitted to the appropriate governing authorities for preliminary approval of the proposal.

4. If preliminary approval is granted, the applicant shall submit a deposit for legal and consultant costs. Additional deposits from the applicant may be required to pay all fees and expenses incurred by the City.

5. The process of negotiating a contract for private development commences between the City, Port Authority, and/or the HRA.

6. The Tax Increment Financing Plan, along with all necessary notices, resolutions, and certificates are prepared by City staff and/or consultant(s) and sent to the county and the school board.

7. Public Hearing notices are published.

8. Public hearing(s) on the proposed project are held.

9. The City Council grants final approval or denial of the proposal.

10. If the HRA or Port Authority are involved, the applicable board of the HRA or Port Authority must also provide approval of the proposal.

Data Practices Law

The City is a governmental body and is subject to the requirements of Minn. Stat. Chapter 13 (the "Minnesota Government Data Practices Act"). Some of the data provided by the applicant to the City as part of the application for a Tax Increment Financing may be required to be disclosed if requested pursuant to the Minnesota Government Data Practices Act.

Amendments to Tax Increment Financing Act

The references to the Tax Increment Financing Act in this Tax Increment Policy shall include any and all amendments to the Tax Increment Financing Act that are made after this policy is adopted.

(Revised 6/10/1991, 3/16/1992, 3/14/1996, 12/4/17, 1/27/2020)

FUND BALANCE YEAR-END CLASSIFICATION POLICY

(Per GASB 54)

PURPOSE: The Government Finance Officers Association's (GFOA's) guiding principle for classifying the various components of fund balance is to indicate the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.

Following governmental accounting standards, the City has three basic categories: governmental funds, proprietary funds, and fiduciary funds. This fund balance classification policy applies only to the governmental categories.

GOVERNMENTAL FUNDS

In 2009, the Governmental Accounting Standards Board (GASB) issued a new standard, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This new standard has altered the categories and terminology used to describe the components of fund balance in the governmental funds (but it does not apply to the proprietary or fiduciary funds). This standard is effective for Bloomington beginning December 2011.

The City's governmental funds include the following fund types:

A. General Fund
B. Special Revenue Funds
C. Debt Service Funds
D. Capital Projects Funds

Definitions (as they apply to Governmental Funds under GASB 54):

Fund balance – the difference between assets and liabilities reported in a governmental fund.

Nonspendable fund balance – amounts that are not in a spendable form (e.g., prepaid items and inventories of supplies). Resources that must be maintained intact pursuant to legal or contractual requirements are also considered nonspendable.

Restricted fund balance – amounts subject to externally enforceable legal restrictions (creditors, grantors, contributors, and by law through constitutional provisions or enabling regulations).

Unrestricted fund balance – the total of committed fund balance, assigned fund balance, and unassigned fund balance, as described below.

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 (City Council). Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally. The City Council must take action on these commitments before year end.

Assigned fund balance – amounts a government intends to use 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 – amounts that are available for any purpose in the general fund. Only the general fund can report a positive amount of unassigned fund balance.

A. General Fund

The General Fund is established to account for all revenues and expenditures which are not required to be accounted for in other funds. Revenue sources include property taxes, license and permit fees, fines and forfeits, program revenues, intergovernmental revenues, investment interest earnings, and transfers. The General Fund's resources finance a wide range of functions including the operations of general government, public safety, and public works.

The General Fund will have committed fund balances at year end for purchase order encumbrances and budget carryovers. The General Fund may have a portion of its fund balance classified as nonspendable if there are long term receivables, inventories, or prepaid items on the balance sheet.

The General Fund is the only fund that can have any unassigned fund balance. The working capital balance of the general fund will fall into the unassigned fund balance classification.

B. Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. Governmental accounting standards require that substantial inflows of revenues into a special revenue fund be either restricted or committed in order for the fund to be considered a special revenue fund. The City has eight different special revenue funds as follows:

1. **Community Development Block Grant** (CDBG) – this normally has a zero fund balance at year end, and if there were to be a balance it would be considered restricted based upon grant requirements.
2. **Public Health** – these grant funds are considered restricted based on grant requirements.
3. **Public Safety** – these grant funds are mostly considered restricted based on grant requirements and state statutes regarding police pensions; one area of this fund would be considered committed by the City Council for future fire pension obligations.
4. **Communications** – this fund is both restricted and committed by franchise agreements. The Public Education in Government (PEG) revenues (4302) are restricted per the franchise agreement. The cable TV franchise fees (4301) are committed per City Council.
5. **South Loop Revolving Development District** - this fund balance is considered committed. The committed revenue source is permit surcharges.
6. **Energy Efficient Block Grant** – this fund is restricted based on grant requirements.
7. **Cemetery Trust** – this is considered restricted based on state statute.
8. **Park Grants** – these funds are considered restricted by state and Metropolitan Council grant agreements.

C. Debt Service Funds

Debt service fund balances are considered restricted; they are resources that are being accumulated for payments of principal and interest maturing in current and future years. All of the City of Bloomington debt service funds are considered restricted.

D. Capital Project Funds

Capital project fund balances are considered restricted or committed; they are resources that are being accumulated for current and future projects. Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. In Bloomington, capital project funds are split into three categories:

1. **Capital Projects** – this category has balances that are considered both restricted and committed. The Carlton TIF District and the South Loop Industrial Development District I are both restricted through enabling legislation. The Art Center capital project fund is restricted per bond covenants. The Park Development and Strategic Priorities funds are both committed by the City Council for future projects. The Escrow Trust fund will be considered assigned.
2. **Improvement Construction** - these funds are considered restricted either through bond covenants or enabling legislation.
3. **State Aid Construction** - these funds are considered restricted by Minnesota Department of Transportation agreements.

Order of Fund Balance Spend-down

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, and (3) unassigned.

Carryovers and Encumbrances

For each year end, the City Council approves purchase order encumbrances and budget carryovers. Both the encumbrances and the budget carryovers will be considered committed fund balances upon approval by the City Council.

(Adopted by City Council 12/19/2011)

PUBLIC PURPOSE EXPENDITURE POLICY

Purpose
The City Council (Council) recognizes that public funds may only be spent if the expenditure meets a public purpose and the expenditure relates to the governmental purpose for which the City of Bloomington (City) was created.

The meaning of "public purpose" is constantly evolving. The Minnesota Supreme Court has followed a broad approach and has generally concluded that "public purpose" means an activity that meets ALL of the following standards:

- The activity will primarily benefit the community as a body.
- The activity is directly related to functions of government.
- The activity does not have as its primary objective the benefit of a private interest whether profit or not-for-profit.

This policy is intended to provide guidelines regarding which expenditures are for public purposes and authorized in accordance with the City's annual budget process, and which expenditures are not considered to fall within the public purpose definition and are therefore not allowed. There is a public benefit in ensuring high employee productivity and morale.

Responsibility
The City Manager is the responsible authority overseeing all City expenditures and as such is the chief purchasing agent for the City. Responsibility for administering this Public Purpose Expenditure Policy has been delegated to the Finance Department. Further, all officers and employees authorized by their Department to make purchases for the benefit of their respective departments are responsible for complying with this policy and corresponding procedures.

Policy
Expenditures of public funds must comply with the public purpose standards defined above. When reviewing an expenditure to verify the standards have been met, the City Manager, or his/her designee, should consider the time of day the event is held, the business purpose of the event, whether the event was intended to attract non-City employees, the frequency of the event, and the reasonableness of the cost. The following guidelines address specific examples of public expenditures, but examples are not meant to be all-inclusive.

Examples of Permitted Expenditures for Meals and Refreshments
Use of City funds in reasonable amounts for meals and/or refreshments for elected and appointed city officials and employees are permitted in the following circumstances, with Department Head approval:

- City-sponsored events of a community-wide interest where staff are required to be present (e.g., Summer Fete, National Night Out, Citizens Police Academy).

- City council, boards and commissions meetings held during or adjacent to a meal hour.
- Meetings related to City business at which the attendees include non-city representatives
- Professional association meetings, conferences and training when meals are included as part of the registration or program fee, or in accordance with the travel policy.
- Quarterly departmental staff or training meetings
- Annual employee recognition and appreciation events (e.g., service awards, de minimis food and beverage, Public Works Week).
- Annual recognition events for volunteer and non-employees (e.g., annual fire department banquet and volunteer appreciation lunch).
- Quarterly, City-sponsored training or work-related meetings where employees are required to participate or be available during break periods.
- Multi-departmental meetings scheduled during or adjacent to a meal hour when no other meeting time is available.
- Work activities requiring continuous service when it is not possible to break for meals (e.g., election days, water main breaks, emergency snow removal, time sensitive public safety responses).
- Healthy snacks and incentives of moderate value provided to attendees of safety, health, and wellness programs for City employees.
- Events recognizing completion of a significant work-related project (City Manager approval required).
- New employee receptions/lunches; efforts will be made to combine events for more than one new employee when possible.
- Events, meetings, programming, and incentives of moderate value that are supportive of the City's strategic priorities of inclusion and equity (e.g., food for attendees of training programs; attendance at events intended to increase, broaden, and engage the participation of ethnically and racially diverse communities in city matters).

Examples of Other Permitted Expenditures

- Retirement and annual service awards recognition (subject to Human Resources guidelines).
- Uniforms, clothing or apparel that is considered necessary for safety or for visible staff recognition by the public (e.g. safety footwear and eyewear for maintenance personnel, shirts purchased to identify staff leadership status at events).
- Staff time and equipment use for city sponsored employee events as approved by City Council and/or City Manager as allowed by state statute and/or city charter/code (e.g. set-up for annual employee picnic).
- City expenditures for non-profit organizations allowed by state statute.
- Party supplies for retirement and recognition events.

Prohibited Expenditures

Use of City funds for meals and/or refreshments for elected and appointed City officials and employees are prohibited:

- Food and refreshments for routine work meetings.
- Alcoholic beverages

- Employee functions or celebrations that are solely social in nature (e.g., birthdays, holiday luncheon, ice cream social).
- Fundraisers for non-City related events (e.g., Chamber of Commerce).
- Participation in optional activities unless included as part of an overall conference registration fee (e.g. optional golf rounds, sporting events, concerts).
- Employee-sponsored fundraising events (e.g., charitable giving campaign).
- For funeral flower arrangements upon death of an employee, elected official, or one of their immediate family members.
- Clothing or apparel that is not considered necessary for safety or for visible staff recognition by the public (e.g. sweatshirts for a job well done, departmental shirts given to staff to promote team spirit).
- Employee coffee and supplies, coffee services

Permitted Use of Assets
Specific City assets such as equipment may be used by City employees for personal reasons only when City management has established the following:

- Costs and wear resulting from use of the assets are reasonable and minimized; and
- Administrative controls are in place to ensure that the use is appropriate and not abused.
- There is a documented/demonstrated City benefit by such usage (e.g. such as the Mobile Device Policy or Information Security Policy) as approved by the City Manager.

Such permitted use may include:

- Incidental and de minimis use of City-owned electronic equipment such as City-owned mobile devices, tablets, copiers, etc. as specifically covered under other City policies.

Prohibited Use of Assets
Examples of use of City assets for personal use is prohibited in the following circumstances:

- City employees washing personal autos at the public works facility car wash.
- Employees borrowing City-owned non-motorized or motorized tools for personal use.

Documentation
All expenses allowed above must be fully documented. The expected documentation will include: date and time of the event, business reason for the event (agenda from a meeting is sufficient), staff and non-city representatives in attendance, and a receipt for the actual purchase. Supervisor approval and written documentation is required for use of City assets. Failure to provide sufficient documentation may result in a denial of the expense.

Any expenditure for meals or refreshments that exceeds $250 for one event must have prior, written authorization by the Department Head, before the purchase is made. Any expenditure for meals or refreshments that exceeds $500 for one event must have prior, written authorization by the City

Manager, before the purchase is made. Failure to obtain the necessary authorization may result in denial of the claim.

Special Requests
From time to time, there may be an event that is a proper public expenditure, but that is not contemplated by the policy above. Departments may submit to the City Manager, or the City Manager's designee, a request for such a public expenditure in writing. This request must show how the expenditure is related to a public purpose as stated in the Purpose section above. Only expenditures that meet all of the findings in the Purpose section above may be approved.

Periodic Review
This policy shall be reviewed at least once every five years by the City Manager or designee.

(Adopted by City Council 5/22/2017)

PURCHASING

Purchasing Policy –

Purpose

To establish a consistent City-wide policy for the acquisition of goods, services, repairs, construction, joint power agreements, and in-kind agreements for all Departments, Boards, Commissions and Agencies of the City, except Boards or Agencies which are required to follow their own statutory or regulatory provisions (for example, Housing and Redevelopment Authority, Port Authority, etc.), in a manner that is in compliance with the Bloomington City Charter, Bloomington City Code, and applicable State and Federal laws governing municipal contracting and the expenditure of public funds.

To establish a consistent City-wide policy for contracts to protect the City from liability and ensure that contractors perform their duties properly. Well-drafted contracts are essential to protecting the City and enforcing its rights. The absence of a contract or an unenforceable contract could easily result in costly litigation and embarrassment for the City.

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.

Responsibility

The City Manager is the chief purchasing agent for the City. Responsibility for administering established Purchasing Policies and Procedures has been delegated to the Finance Department.

Central Purchasing Authority ("Purchasing"), as established by the Bloomington City Council, has responsibility for the following functions:

a) Purchase of all materials, supplies, equipment, repairs and construction required by all Departments, Boards, Commissions, and Agencies of the City, except as hereinafter set forth, where funding has been approved during the annual budget process.

b) Coordination of all plans and specifications for such materials, supplies, equipment, repairs and construction with input from the user department.

c) Review and analysis of the purchasing activity of all City departments to obtain the best possible value from the combined volume purchasing of like commodities and services.

d) Monitoring of procedures for the retaining of professional services by all Departments, Boards, Commissions, or Agencies.

e) Coordination and oversight of the disposal of surplus, obsolete, or unused supplies, materials, or equipment.

f) Training on purchasing procedures and regulations, monitoring compliance, and reporting any violations.

g) Serving as a central contact for vendors and maintaining a central file of available vendors interested in doing business with the City.

An exception to utilizing Central Purchasing through the Finance Department is extended to the Engineering Division within the Public Works Department specifically limited to street and sewer construction/improvement projects that are subject to competitive bidding under Minnesota Statutes §429.

Procedures

Specific procurement requirements are addressed in the Purchasing Procedures.

Professional Services

Contracting for professional services, such as those provided by engineers, lawyers, architects, accountants, and other services requiring technical, scientific, or other professional training, when competitive bidding is not required, shall be the primary responsibility of the Departments, but with Purchasing oversight and compliance with established contract procedures.

Non-Monetary Contracts

Contracts with no monetary requirements including joint powers and in-kind agreements must be approved and signed by the City Manager if the agreement is for duration of less than one year. Contracts with no monetary requirements that are of duration longer than one year must be approved by the City Council and signed by the Mayor.

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.

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 Bloomington 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 Bloomington. 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.

Gifts and Gratuities

The City's Employment Rules prohibit employees from soliciting or accepting a gift or gratuity from any interested person who has a direct financial or economic interest in a decision that a City employee is authorized to make. Employees responsible for making purchasing decisions for the City may not accept, directly or indirectly, any gifts, favors, privileges, or employment from current or prospective City vendors.

Compliance

No agent or employee shall have the authority to bind the City to any contract or procurement except as provided by the City Charter (Section 7.07). Any procurement transaction made on behalf of the City which is not in compliance with established policies and procedures shall be deemed unauthorized. Any person making an unauthorized purchase may be liable for payment, restitution and/or further disciplinary action. Any obligation incurred by any City employee for any purpose not authorized in the budget or for any amount in excess of the amount authorized is considered a personal obligation of the person incurring the expenditure.

(Revised 5/20/2002, 9/12/2011)

REVENUE

Revenue Policy –

A. The City will endeavor to maintain a diversified and stable revenue system to shelter it from annual fluctuations in any one revenue source.

B. The City will conservatively estimate and budget for its annual revenues by an objective, analytical process. All existing and potential revenue sources will be re-examined annually.

C. The total expenditures sum appropriated shall be less than the total estimated revenue by a safe margin. (See Section 7.06 of the City Charter.) It is the policy of the City that this "safe margin" be no less than 2.5% of the proposed budget and will be shown as "Contingency" in the budget.

D. The City will maintain sound appraisal procedures to keep taxable property values current and a physical review of each parcel will be made at least every five years in accordance with Minnesota Statute 273.08.

E. The City will seek a balanced tax base through support of a sound mix of residential, commercial, and industrial development.

F. The City will establish all user charges and fees for General Fund program activities at a level related to the full cost of providing the services, or as adjusted for particular program goals. On-going, the City will review the full cost of activities supported by user fees to identify the impact of inflation and other cost increases and will review these fees along with the resulting net property tax costs with the City Council at budget time. Sensitivity to market rates will also be considered in setting fees.

G. The City will set fees and user charges for each enterprise fund such as water, wastewater or revenue facilities at a level that fully supports the total direct and indirect cost of the activity, including depreciation of capital assets and debt service, to maintain a positive cash flow and provide adequate working capital. Replacement (or bonding for replacement) of enterprise infrastructure will be paid for from accumulated (or annual) earnings of the particular system.

   A transfer of equity from an enterprise fund to the General Fund should only be done on a one-time exception basis, for example, to fund an unusual, extraordinary expense. Equity transfers must be approved in advance by the City Council. Recreation type enterprise funds shall be considered on a combined basis for purposes of this policy and evaluation of financial performance. In no event shall such equity transfers be made in consecutive years.

Utility Collection Policy -

The City of Bloomington uses special assessments as the primary form of delinquent utility bill collection. The collection action will be accomplished by certification to Hennepin County of the charges against the property for collection in the manner of a tax or assessment. Nonetheless, the City reserves the right to disconnect water service to properties for non-payment of the utility bill under this policy.

Instances where water disconnection may be utilized:

Vacant properties, properties that have been disconnected from gas or electric during the cold weather rule months, properties where the owners have failed to respond to maintenance requests, properties presenting the potential of a backflow condition that will introduce contaminants into the public water system, thus jeopardizing the health of the Public. Properties presenting an emergency, (for example: where a broken pipe is causing significant damage to property), water will be immediately disconnected to preserve the property until the owners are contacted and the problem is resolved.

Any company licensed to do business in the City of Bloomington that also has a delinquent utility bill, may be subject to water shut off. In addition, the above mentioned company may become ineligible for renewal of their City license under Bloomington City Code §14.08(8) and may be subject to license revocation.

(Adopted by City Council 10/21/13)

RISK MANAGEMENT

Risk Management Policy –

A. The City will maintain a separate Self-Insurance Fund within its fund and account groups.

B. The City will calculate annually an updated estimated working capital requirement for the Self-Insurance Fund. Such working capital should be an estimate of claims to be covered in the next few years plus an amount for unexpected claims. If funding is found to be too low, Council will endeavor to transfer funds from the General Fund, or from any other funds, which might be available, to the Self-Insurance Fund to complete the indicated necessary level of funding. Transfers from the Self-Insurance Fund will only be made after at least three years of funding/loss experience, or a consultants report, indicates an over-funding.

C. The City will utilize the services of a professional Risk Manager, either on-staff or by contract, to administer the City's risk avoidance program.

D. The City will periodically conduct educational safety and risk avoidance programs within the various departments.

E. Staff will report to the City Manager and the City Council, at least annually, on the results and costs of the City's risk management program for the preceding year.

F. The City will, on an ongoing basis, analyze the feasibility of purchasing outside insurance coverage to replace or supplement the self-insurance program, in order to provide the best and most economical loss coverage available.

G. The City will periodically (approximately every five (5) years) conduct, using independent outside consultants, a comprehensive risk management study, including adequacy of reserves, and will implement those recommendations for the improvement of risk management which are found to be feasible and cost-effective.

H. The City will maintain the deductible amount considered prudent in light of the relationship between the cost of insurance and the City’s ability to sustain the loss.

SELF-INSURANCE

Self-Insurance Reserve Policy –

I. Purpose

A Self-Insurance Fund has been established to provide for operations stability and to provide for needs caused by unforeseen events. The Self Insurance Fund will be the first fund to respond to claims, which will allow the City to accept higher deductibles, thereby reducing the premiums paid on its insurance policies. The Fund will also be used to pay for annual insurance policy premiums.

II. Background

The City of Bloomington continually reviews its insurance coverage, limits, deductibles, reserves and claims payments as part of its risk management program. In an effort to establish a framework within which the City's will pay all costs associated with processing and defending claims made against the City, the Self Insurance Fund (621) was established.

The Self-Insurance Fund is to be used for the following purposes:

- To pay for insured losses up to the deductible of the insurance policy responding to the claim, including any and all costs associated with defending the claim.
- To pay for costs associated with the self insured Workers' Compensation program, including reinsurance premiums.
- To pay for premium costs for the all property/casualty programs.
- To provide protection from fluctuating insurance premiums due to changes in the insurance market.

III. Policy

The Self Insurance Fund balance will be maintained at a level equal to unpaid claims liability (as prepared by an enrolled actuary at least every five (5) years). The Fund balance will be reviewed each year during the annual budget preparation.

Claim payments will be made from the Self Insurance Fund for all claims against the City. Contributions to the Self Insurance Fund are calculated annually by taking into account premiums, claims history, the insured value of property and equipment, as well as the number of vehicles assigned to each department.

Planned drawdown of the Self Insurance Fund balance below a minimum level will be permitted for operational purposes to cover extraordinary expenditures or to reduce the impact of increasing premiums or claims experience for workers' compensation or liability coverage. Reductions in the Self Insurance Fund balance are meant to be short term only and must be resolved through rate adjustments, implementation of a new permanent revenue source or reduction in expenditure levels.

Surplus fund balance above the minimum level may be used to defer or reduce payments needed to support risk management operations.

(Added 1/23/2012)

TRAVEL

Travel Policy –

Purpose and Scope

This Policy shall apply to all business trips by City employees, Mayor and Council, all Commission and Authority members, traveling in an official capacity for City business, the cost of which is borne in part or total by the City. It is the purpose of this policy statement to establish adequate internal controls to satisfy Internal Revenue Service (IRS) regulations, state laws, and to provide a framework to use as a guide to prescribe circumstances for which travel allowances will be authorized and to provide procedures for reimbursement. Reimbursements can only be claimed for accommodations and services actually utilized and when an expense is incurred. Travelers are expected to utilize the same care when incurring official expenses that a prudent person would utilize if traveling on personal business. The City will pay or reimburse travel costs. All persons conducting official City business are expected to show good judgment in the nature and amount of expenses incurred while conducting City business in accordance with this policy.

Travelers are encouraged to use their City assigned purchasing card for travel expenses other than meals. A City assigned purchasing card may NOT be utilized to pay for meal expenses requiring overnight travel, but may be used for eligible meal expenses in the metro area. Per diem allowances based on Federal rates should be used for meals associated with overnight travel.

Travel Authorization

City Employees:

In-Metro Travel:

The Traveler attending meetings, workshops, conferences, or training at the expense of the City in the Metro area (Anoka, Carver, Dakota, Hennepin, Scott and Washington Counties) shall first obtain approval from their supervisor.

Out-of-Metro Travel:

All out-of-metro travel must be electronically submitted for approval using the Munis software system in advance of booking the trip. Travel requests will be automatically routed to their supervisor and appropriate Department Head for approval. The request for travel must provide the destination and reason for the travel, list the estimated itemized expenses and amounts, and the account coding where the funds are available.

The Department Head shall determine that sufficient funds have been appropriated and are available for such purpose before approving the request.

Out-of-State Travel

All out-of-state travel must be electronically submitted for approval using the Munis software system in advance of booking the trip. Travel requests will be automatically routed to one's supervisor, then to Department Heads, and then to the City Manager for approval. The request for travel must provide the destination and reason for the travel, list the estimated itemized expenses and amounts, and the account coding where the funds are available.

Mayor/Council members/Commissions/Authorities:

The Mayor, Council, Commission, and Authority members attending meetings, workshops, conferences, or training at the expense of the City, which require out-of-state travel must obtain approval of the travel by the City Council at an open meeting and must include an estimate of the cost of the travel. Once the travel has been approved, the Council Secretary will enter it in to the Munis software system.

In evaluating the out-of-state travel request, the Council will consider the following:

- Whether the elected official will be receiving training on issues relevant to the city or to one's role as the Mayor or as a council member.
- Whether the elected official will be meeting and networking with other elected officials from around the country to exchange ideas on topics of relevance to the City or on the official roles of local elected officials.
- Whether the elected official will be viewing a city facility or function that is similar in nature to one that is currently operating at, or under consideration by the City and the purpose for the trip is to study the facility or function to bring back ideas for the consideration of the full council.
- Whether the elected official has been specifically assigned by the Council to visit another city for a public purpose.
- Whether the elected official has been specifically assigned by the Council to testify on behalf of the City at the United States Congress or to otherwise meet with federal officials on behalf of the City.
- Whether the City has sufficient funding available in the budget to pay the cost of the trip. In some cases, the City may require the elected official to pay for a part of the travel costs as condition of approval.

Commission member travel requests require approvals from the City Manager and Department Head/Program Manager responsible for the budget funding the trip.

Extending Business Travel with Personal Travel

Travelers should be discouraged from extending business travel and combining it with personal travel. When a Traveler combines personal and business travel, reimbursable expenses will cease to accrue as of the expected return date and time. The City will reimburse the Traveler only for the documented expenses that are directly related to the business portion of the trip. Excess travel time and activities not required for the business trip purpose shall be at the Traveler's own expense.

City Reimbursement of Travel Costs that Require Overnight Travel

Transportation

The Traveler should choose the most efficient and economical method of transportation. Travel days should be as close to the conference start and end times. Transportation costs include transportation to and from destination, to and from the airport, and the place of lodging or event. Travel must be by the most direct or normally traveled route unless approved in advance by the Traveler's supervisor. The Traveler will be responsible for any additional costs exceeding the business purpose related expenses. In situations where Traveler would normally travel by air (convenient and time-saving), but a Traveler

chooses to drive or use other forms of ground transportation instead, reimbursement will be the lower of the two options, driving or flying.

a. Air Travel - Coach airplane passage is considered standard for travel out of the five state region (Minnesota, North Dakota, South Dakota, Wisconsin, and Iowa) as air travel is usually more economical in time and money than other modes of transportation when making long trips.

- The City will reimburse for economy/coach air only. Business or First Class is not reimbursable. Upgrades are not reimbursable. In unique circumstances, the Department Head will review and determine if additional costs are reimbursable.
- The City will reimburse the cost of the first checked bag only. Additional checked bags are not reimbursable. In unique circumstances, the Department Head will review and determine if additional costs are reimbursable.

Documentation: Receipt showing flight details and cost must be submitted.

b. Automobile –

- City Vehicle: When traveling in a City vehicle, the Traveler should use a City assigned purchasing card for fuel expenses or one's own credit card if a City purchasing card is not available. Due to potential liability considerations, transportation of family members not on official City business is prohibited in City vehicles.

- Personal Vehicle: When personal vehicles are used as a mode of transportation for travel within the five state region (Minnesota, North Dakota, South Dakota, Wisconsin, and Iowa), reimbursement will be made at the mileage or allowance rate in effect at the date of travel. Payment of mileage will be based on the most direct route from the point of departure to the point of destination. Please refer to the City's Mileage Policy. The City is not responsible for damage to one's personal vehicles while on official business, as the Traveler's vehicle is not covered by the City's insurance coverage. The Traveler must maintain appropriate insurance when using personal vehicle for business travel.

- Car Rental at Travel Destination: When selecting a method of local transportation, the Traveler should consider public transit or courtesy shuttle first and then taxi/commercial ride-share or a rental car if more economical means is inappropriate or unavailable. Prior approval by the Department Head is required if it is necessary to rent a car at the travel destination. Pre-payment of a car rental can be made using a City purchasing card.

    - No personal use of car rental is allowed to be claimed.

    - The City's automobile insurance coverage applies to rental vehicles. Under normal circumstances, should a rental car be damaged while being used for business purposes, the City will defend and indemnify the Traveler against any claims made by the rental company for damage to the rental car. Minnesota law

requires one's personal insurance company to provide coverage when the rental car is being used for personal activities in most instances.

- Car rental insurance will not be reimbursed by the City. If car rental insurance is purchased, it would be at the Employee's personal expense.

- Fuel for a car is reimbursable, however, fuel pre-payment is not allowed and will not be reimbursed.

c. Commercial Ride-Share/Taxi/Train/Bus/Shuttle – The cost of taxi or commercial ride-share (Uber, Lyft, etc.) to and from places of business, hotels, airports or railroad stations is reimbursable.

d. Parking –

- Airport parking of personal automobiles is reimbursable and is limited to the lowest rate daily parking.

- Parking at destination hotel and destination business site is reimbursable and is limited to the lowest rate daily parking.

- Valet parking is not reimbursable.

Documentation: Itemized receipt from rental agency and payment documentation, if not shown on the receipt. Fuel receipts must be submitted. Receipts for parking and other transportation must be submitted.

Lodging

Hotel or motel accommodations should be appropriate to the purpose of the trip. Lodging costs will be reimbursed at the single occupancy rate for a standard room. The Traveler is responsible for paying the difference in rate if selecting an upgrade. Other notes to consider:

a. When a companion travels with the Traveler on official business, reimbursement for the Traveler's lodging will be at the single occupancy rate for the accommodations. It is the responsibility of the Traveler to obtain the lodging rate for both single and double occupancy and to present the supporting documentation.
b. Business telephone calls and reasonable personal telephone calls incurred during overnight stays are reimbursable. When assigned, a City mobile device or cell phone should be used for telephone calls.
c. Internet access for business purposes is reimbursable.
d. Non-reimbursable examples are: movies in your hotel room, fees to use the hotel's health club, dry cleaning, and personal items (such as toothpaste, shampoo, etc.)

Documentation: Actual receipts must be submitted. Hotel booking confirmation instead of the receipt for payment of the hotel bill is not acceptable.

Meals and Incidental Expenses

The per diem allowance is a daily payment for meals and related incidental expenses when overnight travel accommodations are necessary, in accordance with published federal per diem rates instead of receipt based reimbursement. The City intends for its Travelers to pay for meals, tips and service charges using the current per diem schedules as set by the federal government. These schedules can be found at: https://www.gsa.gov/travel/plan-book/per-diem-rates/per-diem-rates-lookup (M&IE column). The Traveler may claim an amount not to exceed the allowable per diem rate in accordance with the Standard Federal Per Diem Rate Schedule in effect at the time of travel as published by the U.S. General Services Administration (GSA). The per diem allowance is separate from lodging, transportation, and other miscellaneous expenses. The per diem allowance covers all charges, including taxes and service charges where applicable for:

1. Meals including expenses for breakfast, lunch, dinner, and related taxes (specifically excluded are alcoholic beverage and entertainment expenses, and any expenses incurred for other persons) and

2. Incidental expenses, including:

    a. Fees and tips given to wait staff, baggage carriers, maids, and

    b. Transportation and tips between places of lodging or business and places where meals are taken, if suitable meals can't be obtained at site.

Meals for which the City pays directly, such as meals included in a conference registration fee or as part of airfare, or hotel costs, must be excluded from per diem and will not be further reimbursed. The Traveler must note on the expense claim if a meal is included in the cost of the travel fare, conference fee, or hotel lodging. If a lodging facility provides a hot breakfast, the breakfast allowance is excluded from the per diem amount. This provision does not apply to "continental breakfast". When the Traveler receives a meal at no cost, the Traveler is not eligible to be reimbursed for that meal and that meal allowance must not be included in the combined total. On "travel days", defined as the first and last day of travel (departure and return), per diem amount equals 75% of total M&IE regardless of departure time.

Reimbursement may be allowed if the Traveler has special dietary needs that cannot be accommodated by the available meal options included in the conference registration or event programming. The Department Head reviews the circumstances and determines when reimbursement is warranted.

If actual expenses exceed the applicable per diem rate, the excess amount is a personal expense of the Traveler. If actual expenses are less than the per diem rate, the Traveler is not required to refund the difference to the City.

If Traveler travels on a conference day, Traveler is allowed the full per diem regardless of departure time.

Travelers should NOT submit receipts for any meal purchases when requesting overnight travel reimbursements. A City assigned purchasing card may NOT be utilized to pay for meal expenses requiring overnight travel.

Documentation: Receipts are not required for M&IE

Example 1: Traveler travels to Orlando, FL for a 3 day conference and travels the day before and after the conference. Lunch is provided for all 3 days. Below is the per diem breakdown for Orlando based on the GSA schedule:

Primary Destination	County	M&IE Total	Continental Breakfast/ Breakfast	Lunch	Dinner	Incidental Expenses	First & Last Day of Travel
Orlando	Orange	$59	$13	$15	$26	$5	$44.25

Traveler's allowed per diem per day for days 2-4 is $44:

$59 M&IE Total

$15 Lunch

$44 Allowed per diem per day

Since lunch is provided, lunch allowance is deducted from the total and Traveler is allowed $44 per day for days 2-4. On travel days, day 1 & day 5, the Traveler is allowed $44.25 per day as found on the schedule.

Other Expenses

- Conference, seminar or convention registration fees may be pre-paid once approval is received from the Department Head.
- Other expenses such as fees for social events, activities and tour opportunities during the conference are reviewed on a case-by-case basis. The Department Head will determine if reimbursement is warranted.
- In unique instances involving lost luggage, Traveler may need to purchase clothing and toiletries for the duration of their travel. The Department Head will review and determine if additional costs are reimbursable.

International Travel

For domestic travel purposes, the IRS definition of the United States includes the 50 states and the District of Columbia. The purpose of travel outside the United States for City business must be unquestionably professional in content and should only be considered if a similar meeting, conference, or training of similar quality cannot be found within the continental limits of the United States.

The per diem rates when traveling abroad are determined by the US Department of State and can be found at https://aoprals.state.gov/web920/per_diem.asp.

For foreign travel, all reimbursable expenses that were not paid using a credit card or US currency must be converted to US currency before listing them on the travel expense claim.

City Reimbursement of Travel Costs that do not Require Overnight Travel

Travel plans involving expenses that do not require overnight travel accommodations will be reimbursed based on actual cost substantiated by appropriate receipts. This includes training or meetings within the metro area.

Transportation

When multiple Travelers are attending the same business activity, Travelers are strongly encouraged to carpool. Mode of transportation:

- City Vehicle: When traveling in a City vehicle, Traveler should use a City assigned purchasing card for fuel expenses or one's own credit card if a City purchasing card is not available. Due to potential liability considerations, transportation of persons not on official City business is prohibited in City vehicles**.**
- Personal Vehicle: When personal vehicles are used as a mode of transportation for travel within the five state region (Minnesota, North Dakota, South Dakota, Wisconsin, and Iowa), reimbursement will be made at the mileage or allowance rate in effect at the date of travel. Payment of mileage will be based on the most direct route from the point of departure to the point of destination. Please refer to the City's Mileage Policy. The City is not responsible for damage to one's personal vehicles while on official business, as the Traveler's vehicle is not covered by the City's insurance coverage. Traveler must maintain appropriate insurance when using personal vehicle for business travel.

Meals

The Traveler is entitled to reimbursement of meal expenses after submitting actuals receipts. No reimbursement is authorized if meals are provided during the meeting or event. When available, the assigned City purchasing card should be used for these type of activities. Per diem is NOT allowed for travel that does not require overnight accommodations.

Other

Falsification of travel documents/expense reporting, resulting in overpayment of the City's assets, may be cause for disciplinary action**.**

It is the Traveler's responsibility to:

- Maintain accurate records;
- Provide receipts as applicable for reimbursement
- Make a conscious effort to minimize expenses while maintaining an adequate level of comfort and convenience;
- Request reimbursement in an accurate and timely manner, 60 days or less.

Definitions

Traveler: City employee, Mayor and Council, Commission and Authority members

Reimbursable: Paid either directly by City of Bloomington or to Traveler

Per Diem: Daily allowance for meals and incidental expenses

Metro Area: The 7-county Twin Cities region comprises of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

(Revised 11/80, 11/85, 8/87, 1/89, 1/92, 6/93, 1/8/96, 1/5/98, 6/5/00, 2/6/06, 8/12/2011, 12/19/11, 12/21/17, 2/4/19)

Mileage Reimbursement Policy

Purpose and Scope:

The purpose of this policy is to define the terms and conditions under which the City will reimburse employees when using their personal vehicles while engaged in City business. This policy shall also apply to elected officials and board/commission members, but only when traveling outside of the seven-county metro area while engaged in City business.

Policy:

Employees using their personal vehicles while engaged in City business are entitled to reimbursement for the lesser of: 1) miles actually driven to and from a meeting, training, or temporary work location; or 2) the miles that would have been driven had the employee traveled directly from and returned directly to their City workspace.

The business mileage reimbursement is clarified in the following two examples:

- An employee is attending an all-day training session that is 15 miles from his or her workspace at Bloomington Civic Plaza but only 10 miles from his or her home. The employee opts to drive directly from home to the training and directly back home at the end of the day, without going to his or her workspace at Civic Plaza. This employee would be eligible for reimbursement for 20 miles total (10 miles each way). Another employee who is based at Civic Plaza lives 25 miles from the training and also drives directly from home to the training and back again. This employee would be reimbursed for 30 miles total (15 miles each way), because the distances from Civic Plaza to the training is the lesser of the two amounts. The principle is that the City will not reimburse more than the actual miles driven, nor will it reimburse more than the mileage from Civic Plaza to the event simply because an employee happens to live further out.
- A second example would be an employee traveling from home to his or her regular workplace at the Water Treatment plant and then leaving mid-day to attend a work-related function 12 miles away in Minneapolis. The employee then drives directly home after the function, which is a distance of 15 miles. This employee would be eligible for reimbursement for a total of 24 miles – the actual miles traveled to the event and an equivalent amount back, because that is the lesser of the distance back to the Water Treatment plant and the distance to their home.

Terms and Conditions:

1. Employees seeking mileage reimbursement are responsible for submitting a mileage reimbursement form electronically through CityBiz within sixty days. This mileage reimbursement claim form is required for federal accountability requirements and allows the reimbursement to be nontaxable to the employee.
2. The supervisor is responsible for reviewing mileage reimbursement claim forms for accuracy prior to approving in a timely manner.
3. Mileage reimbursement rates are set by the City of Bloomington to coincide with the standard rate at the time of travel allowed by the IRS which changes annually.
4. The mileage reimbursement is included on the employee's paycheck.

5. Mileage will be reimbursed based on the most direct route from the pointof departure to the point of destination.
6. Mileage reimbursement is the only form of reimbursement that will be provided when using a personal vehicle for City business. The City will not reimburse for gasoline, parking tickets, speeding tickets or any other costs arising out of the use of the personal vehicle.

(Policy should be updated every 5 years. Last Revised: April 20, 2018)

FINANCIAL MANAGEMENT POLICIES ADOPTION

The Financial Management Policies shall be adopted by resolution by the City Council. The policies shall be reviewed by the Finance and Accounting staff on an ongoing basis and any modifications made thereto must be approved by the City Council.

Adopted by City Council August 31, 1987; Adopted by Bloomington Housing and Redevelopment Authority and Bloomington Port Authority November 10, 2009.

POLICY	ORIGINATION DATE	LAST REVISION DATE	Page #
Financial Management Policies	08-31-1987	01-27-2020	Entire Policy
External Auditor Independence Policy	05-20-2002	01-23-2012	3
Budgetary and Financial Control Policy	01-23-2012	01-02-2018	4
Forfeited Funds Policy	undated	01-23-2012	7
Investment Policy	03-03-1997	12-01-2014	9
Capital Improvement Program Policy	undated	01-02-2018	19
Conduit Debt Policy	04-10-1978	11-18-2019	20
Debt Policy	undated	05-20-2002	24
Post-Issuance Compliance Policy for Tax-Exempt Govt. Bonds	06-22-2009	01-27-2020	25
Abatement District Policy	05-20-2002	01-27-2020	31
Business Subsidy Policy	11-19-2007	11-18-2019	33
Tax Increment Policy	06-10-1991	01-27-2020	40
Fund Balance Year-End Classification Policy	undated	12-19-2011	44
Public Purpose Expenditure Policy	undated	05-22-2017	47
Purchasing Policy	05-20-2002	09-12-2011	51
Revenue Policy	08-31-1987	01-23-2006	54
Utility Collection Policy	10-21-2013	10-21-2013	55
Risk Management Policy	undated	01-19-2006	56
Self-Insurance Reserve Policy	01-23-2012	01-23-2012	57
Travel Policy	11-01-1980	02-04-2019	58
Mileage Reimbursement Policy	undated	04-20-2018	65