



FINANCIAL MANAGEMENT GUIDELINES





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Referenced Attachments:

- Code of Ethics
- Fund Balance Policy Resolution
- Fixed Asset Accounting and Reporting System Policy
- Debt Issuance and Management Policy
- Continuing Disclosure Policy
- Post Issuance Compliance Policy
- Investment Policies
- Purchasing and Contracting Manual
- Purchase Card Policies and Procedures
- Economic Development - Firm Data Sheet

City of Garden City, KS
Financial Management Guidelines

PURPOSE

The Financial Management Guidelines assemble all of the City's financial policies in one document. These guidelines collectively ensure the City is financially able to meet its immediate needs, plan for long-term goals and keep accountability to the public at all times.

The City of Garden City is committed to the highest standard of excellence and transparency in the use of public funds, consistent with the City's Code of Ethics (attached). These guidelines are collected, reviewed and used for the purpose of holding appointed and elected officials to that standard.

OBJECTIVES

In order to achieve its purpose, the Financial Management Guidelines have the following objectives for the City's fiscal performance.

- To promote a culture where our Code of Ethics is embodied in our financial management practices.
- To guide the City Commission in policy decisions that have significant fiscal impact.
- To set forth for the administration operating principles that minimize the cost of government and financial risk.
- To employ balanced and fair revenue policies that provide adequate funding for desired programs.
- To maintain appropriate financial capacity for present and future needs.
- To promote sound financial management by providing accurate and timely information to the City Manager, and the City Commission and the public, on the City's financial condition.
- To secure a favorable credit and bond ratings by meeting or exceeding the requirements of bond rating agencies through sound, conservative financial decision making.
- To ensure the legal use of financial resources through an effective system of internal controls.
- To promote cooperation and coordination with other governments and the private sector in financing the construction of projects and the delivery of services.
- To link long-term financial planning with short-term daily operations.

Fund Balance and Reserves

Fund balance measures the net financial resources available to finance expenditures of future periods as defined by the Governmental Accounting Standards Board (GASB). Rating agencies examine fund balance when considering the overall economic health and credit quality of the City. Reserves protect the City's essential service programs during periods of economic downturn, which may temporarily reduce actual resources or cut the growth rate of City resources below that necessary to maintain pre-existing service levels.

- It is a performance goal of the City to achieve and maintain a minimum Unreserved Fund Balance of 15% of the General Fund's annual operating budget, as noted in the Fund Balance Policy as required by GASB 54 (attached).
- The Unreserved Fund Balance of the City's General Fund should not be used to support recurring operating expenditures outside of the current budget year. A decision by the City Commission to do so should include an explanation as to the extraordinary circumstances which exist and compel on action in opposition to this policy.
- The City's Community Trust Reserve will be maintained to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies, withstand local and regional economic shocks, and unexpected declines in revenue without borrowing. While the City Commission may choose to use these funds to temporarily finance one-time expenses in other City funds, it should only be done when in conjunction with a repayment schedule. It is a performance goal of the City to achieve and maintain a minimum fund balance of \$2,000,000 in the Community Trust Reserve.

Budgeting

The Annual Budget is one of the most important documents the City prepares since it identifies the services to be provided and how the services are to be financed. Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. During the budget process, the City will reorganize both short-term needs and objectives in relation to the long-term goals of the City. The annual budget will be prepared and adopted in accordance with state laws.

- The City Manager will prepare a budget in accordance with the guidelines established by the State Law.
- The City Manager will develop annually a Budget Preparation Calendar outlining the preparation and adoption timelines for the proposed budget.
- Budget packages for the preparation of the budget, including forms and instructions, will be distributed to City departments to complete. Departments will prepare and return their budget proposals to the City Manager, as required in the Budget Preparation Calendar.
- During the annual budget development process, the existing base budget will be thoroughly examined to assure removal or reduction of any services that could be eliminated or reduced in cost.
- Financial Management procedures will be designed to account for distinct functions, activities, and operational budgets, therefore, will be prepared accordingly.
- Duplication of services and inefficiency in delivery should be eliminated wherever identified. The City will continue to examine alternative service delivery options for all City functions. Alternatives for improving the efficiency and effectiveness of the City's programs and the productivity of its employees will be considered during the budget process.
- Performance measures will be utilized and reported in department budgets. The City will prepare trends, comparisons to other cities, and other financial management tools to monitor and improve service delivery in City programs.
- Officials and department heads are required to monitor revenues and control expenditures to prevent exceeding the amount of expenditures budgeted for their department as well as accurately tracking and projecting revenues.

Budgeting (cont.)

- The City will maintain a Vehicle and Equipment Replacement Schedule which provides a multi-year estimate of the funds necessary to maintain and replace the City's vehicles and equipment. The Vehicle and Equipment Replacement Schedule will be updated as part of the budget process and will be presented to the City Commission as part of the annual budget document.
- The City will maintain a Capital Improvement Plan which provides a multi-year estimate of the funds necessary to finance the City's capital projects. The Capital Improvement Plan will be updated as part of the Capital Improvement Program and will be presented in the City Manager's Proposed Budget for final funding consideration by the City Commission.
- The Finance Department will maintain a system for monitoring the City's budget performance. The Finance Department will analyze the budgeted revenues and expenditures in accordance with the monthly budgets prepared by the Department Heads. This system will provide the City Manager and City Commission with monthly reports on the most recent revenue and expense information, and the relationship of both to the adopted Annual Budget.

Revenues

The City collects revenues, primarily in the form of property taxes, sales taxes, permits, fines, and user fees to provide services and meet operational needs. The structure, fluctuation, and collection of revenues are examined by rating agencies to determine the City's credit quality.

- The City will maintain a diversified and stable revenue system to shelter it from short-term fluctuations in any one revenue source.
- The City's overall revenue structure should be designed to recapture for the residents and property owners some of the financial benefits resulting from communities economic and community development projects.
- The City will strive to keep a total revenue mix that encourages growth and keeps Garden City economically competitive, and a preferred City in which to live and do business.
- The Finance Director will monitor trends in major revenue streams and report findings to the City Manager and City Commission on a monthly basis.

Major revenue sources should provide for the following principles:

- Revenue sources should provide appropriate treatment of taxpayers at different levels of economic well-being.
- The collection of revenue administration and enforcement should not absorb an undue percentage of total revenue.
- The City will establish all user charges and fees at a level related to the cost of providing the services. Decisions to subsidize a user fee with another revenue source will be clearly presented to, and approved by the City Commission.
- The City will estimate its annual revenues by an objective and analytical process.
- It is a goal of the City that all Enterprise Funds will be self-supporting.

Capital Improvement Program and Fixed Assets

The City's assets are held primarily in the form of infrastructure, physical assets, or capital plants, such as streets, buildings, and equipment. Sound infrastructure is an important aspect of the quality of life, economic development, and credit quality of the City.

Dedicating resources to capital investment is appropriate for a growing city such as Garden City. Committing to and implementing the City's Capital Improvement Program will protect its capital assets and minimize future maintenance and replacement costs.

- The City Manager will submit annually a multi-year Capital Improvement Plan (CIP) for review by the City Commission. The CIP should include capital improvements for all agencies for which the City sets tax rates, makes levies or approves budgets or programs. The CIP will include an estimate of the cost and of the anticipated sources of revenue for financing the capital improvements and an estimate of the impact of each capital improvement on City revenues and the capital and operating budget.
- The City Commission will, by resolution, formally adopt the multi-year Capital Improvement Plan.
- Upon completion of any capital project, remaining appropriated funds in that project will be returned to the undesignated capital projects fund, or when required, used to buy down or retire existing debt.
- Safeguarding the investment in Fixed Assets is accomplished by identifying and fixing responsibility for their custody to each respective Department Head and establishing a capitalization policy whereby dollar values assigned to fixed assets are permanently recorded (see Fixed Asset Accounting and Reporting System Policy).

Debt Management

The City will maintain a high credit rating in the financial community to: 1) assure the City's taxpayers that the City government is well managed and financially sound; 2) obtain reduced borrowing costs.

- Debt financing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures. The City will use debt financing as noted in the Debt Issuance and Management Policy (attached) only for one-time capital improvement projects, unusual equipment purchases, and in the following circumstances:
 - when the project is included in the City's multi-year Capital Improvement Plan; or
 - when the project involves acquisition of equipment that cannot be purchased outright without causing an unacceptable spike in the property tax rate, or unacceptable depletion of reserves; or
 - when the project is the result of growth-related activities within the community that require unanticipated and unplanned infrastructure or capital improvements by the City; or
 - when the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing; or
 - when there are designated revenues sufficient to service a debt, whether from project revenues, other specified and reserved resources, or infrastructure cost sharing revenues.

- The following criteria will be used to evaluate pay-as-you-go versus debt financing in funding capital improvements:

Factors which favor pay-as-you-go financing include circumstances where:

- the project can be adequately funded from available current revenues and fund balances;
- the project can be completed in an acceptable timeframe given the available revenues;
- additional debt levels could adversely affect the City's credit rating or repayment sources; or
- market conditions are unstable or suggest difficulties in marketing a debit.

Debt Management (cont.)

Factors which favor long-term debt financing include circumstances where:

- revenues available for debt issues are considered sufficient and reliable so that long-term financing can be marketed with an appropriate credit rating, which can be maintained; or
 - market conditions present favorable interest rates and demand for City debt financing; or
 - a project is mandated by state or federal government and current revenues or fund balances are insufficient to pay project costs; or
 - a project is immediately required to meet or relieve capacity needs and existing unprogrammed cash reserves are insufficient to pay project costs; or
 - the life of the project or asset financed is ten years or longer
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- City debt will be structured to achieve the lowest possible net interest cost to the City given market conditions, the urgency of the capital project, and the nature and type of any security provided. City debt will be structured in ways that will not compromise the future flexibility to fund projects. Moreover, to the extent possible, the City will design the repayment of its overall debt issues so as to rapidly recapture its credit capacity for future use. As a benchmark, the City will strive to repay issues over a ten year period for City internal improvement projects.
 - The decision on whether or not to assume new general obligation bonds will, in part, be based on (a) costs and benefits, (b) the current conditions of the municipal bond market, and (c) the City's ability to assume new general obligation bonds as determined by the aforementioned benchmarks.
 - The City may issue bonds secured solely by dedicated non-advalorem revenue streams if doing so will yield clearly identifiable advantages. For the City to issue revenue bonds, a primary objective will be to minimize risk through the use of adequate coverage requirements while remaining in compliance with overall debt management policy objectives. The City will adhere and where necessary take actions to ensure compliance with all outstanding revenue bond covenants.
 - The City will not assume more debt than it retires each year if it will cause the City to exceed the Kansas statutory limit of 30% of the City's assessed valuation.

Debt Management (cont.)

- The City will consider debt financing for the acquisition, replacement, or expansion of physical assets (including land) only if a capital project has a useful life longer than the term of the bond issue supporting it. Debt will be used only to finance capital projects and equipment, except in the case of unforeseen emergencies. Debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed.
- City debts will be amortized for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users, and in keeping with other related provisions of this guideline.
- The City normally will issue bonds with a maximum life of 10 years or less for general obligation bonds, discretionary bonds, and revenue bonds.
- Unless specific compelling reasons exist there will be no “balloon” bond repayment schedules, which consist of low annual payments and one large payment of the balance due at the end of the term. There will always be at least interest paid in the first fiscal year after a bond sale and principle repayment starting no later than the second fiscal year after the bond issue.
- Call provisions for bond issues will be made as short as possible consistent with the lowest interest cost to the City. Unless specific compelling reasons exist, all bonds will be callable only at par.
- At a minimum, the City will seek to amortize general obligation bonds with level principal and interest costs over the life of the issue. Pushing higher costs to future years in order to reduce short-term budget liabilities will be considered only when natural disasters or extraordinary or unanticipated external factors make the short-term cost of general obligation bonds prohibitive.
- Any capital financing proposal of a City division, agency, or utility involving the pledge or other extension of the City's credit through sale of bonds, execution of loans or leases, or otherwise involving directly or indirectly the lending or pledging of the City's credit, will be referred to the Finance Department for review before such pledge is considered by the City Commission.
- All payment of general obligation bonds and special assessment bonds will be from the City's Bond & Interest Fund. The fund balance in the Bond & Interest Fund will be liability. Maintained at a level equal to or greater than 5% of the total principal and interest payable from that Fund for the upcoming semi-annual debt service

Debt Management (cont.)

payment. Furthermore, the fund balance will be managed to eliminate or minimize arbitrage rebate liability.

- The City will utilize external bond counsel for all debt issues. All debts issued by the City will include a written opinion by Bond Counsel affirming that the City is authorized to issue the debt, stating that the City has met all Federal and State constitutional and statutory requirements necessary for issuance, and determining the federal income tax status of the debt.
- The City will retain an external financial advisor. The utilization of the financial advisor for each debt issuance will be at the discretion of the Finance Department on a case-by-case basis. For each City bond sale the financial advisor will provide the City with information on pricing and underwriting fees for comparable sales by other issuers.
- Use of short-term borrowing, such as temporary notes, will be undertaken only if the transaction costs plus interest on a debt are less than the cost of internal financing, or available cash or reserves are insufficient to meet both project needs and current obligations.
- Credit enhancement (letters of credit, bond insurance, etc.) may be used if the costs of such enhancements will reduce the net debt service payments on the bonds or provide other significant financial benefits to the City.
- The use of lease/purchase agreements in the acquisition of vehicles, equipment and other capital assets will be considered carefully relative to any other financing option or a "pay-as-you-go" basis. The lifetime cost of a lease typically will be higher than other financing options or cash purchases. Nevertheless, lease/purchase agreements may be used by the City as funding options for capital acquisitions if operational or cash-flow considerations preclude the use of other financing techniques.
- The City, as a matter of policy, will seek to issue its general or revenue bond obligations in a competitive sale unless it is determined by the Finance Director and City Financial Advisor that such a sale method will not produce the best results for the City. In such instances where the City, through a competitive bidding for its bonds, deems the bids received as unsatisfactory or does not receive bids, it may, at the election of the Finance Director, enter into negotiation for sale of the bonds.

Debt Management (cont.)

- Periodic reviews of all outstanding debts will be undertaken to determine refunding opportunities. Refunding will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding or the refunding is essential in order to modernize covenants essential to operations and management. City staff and the financial advisor will monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debts. As a general rule, current refundings will be undertaken only if the present value savings of a particular refunding will exceed 2% of the refunded principal. As a general rule, advance refundings will be undertaken only if the present value savings of a particular refunding will exceed 2% of the refunded principal.
- Federal arbitrage legislation is intended to discourage entities from issuing tax-exempt obligations unnecessarily. In compliance with the spirit of this legislation, the City will not issue obligations except for identifiable projects with very good prospects of timely initiation. Temporary notes and subsequent long term bonds will be issued timely as project contracts are awarded so that debt issues will be spent quickly.
- The City is committed to full and complete primary and secondary financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, City departments and agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The City is committed to meeting secondary disclosure requirements on a timely and basis, as documented in the City's Continuing Disclosure Policy (attached).
- Official statements accompanying debt issues, Annual Financial Reports and continuous disclosure statements will meet (at a minimum) the standards articulated by the Government Accounting Standards Board (GASB), the National Federation of Municipal Analysts, the Securities and Exchange Commission (SEC), and Generally Accepted Accounting Principles (GAAP). The Finance Director will be responsible for ongoing disclosure to established national information repositories and for maintaining compliance with disclosure standards promulgated by state and national regulatory bodies. The Post Issuance Compliance Policy (attached) documents existing practices and establishes procedures and systems designed to identify and monitor facts relevant to demonstrating the City's compliance with Code requirements applicable to Bonds and which must be satisfied after Bonds during the time Bonds are outstanding to maintain the exclusion of interest paid on the Bonds from gross income for federal tax purposes. The City recognizes that complying with the applicable provisions of the Code is an on-going process, required for the entire time Bonds remain outstanding, and is an integral component of the City's debt management.

Cash Management and Investments

Cash management is the practice of safeguarding and maximizing the income earned on liquid assets. Cash, liquidity and investment management activities will be conducted prudently. The City will maintain adequate management procedures, controls, and policies for the City's liquid assets.

- Effective cash management is recognized as essential to good fiscal management. An aggressive cash management and investment policy will be pursued to take advantage of investment interest as a viable and material revenue source for all operating and capital funds. The City's portfolio will be designed and managed in a manner responsive to the public trust and consistent with state and local law.
- Investments will be made with the primary objectives of:
 - Security of City funds and investments.
 - Preservation of capital and protection of principal.
 - Maintenance of sufficient liquidity to meet operating needs.
 - Diversification of investments to avoid unreasonable or avoidable risks.
 - Maximization of return on the portfolio.
- Earnings from investments will be used in a manner which will best serve the interests of the City and comply with Kansas statutes.
- The Investment Policies (attached) adopted by the City will apply uniformly to all employees, officials, departments, agencies, boards, commissions, representatives and authorized agents in the performance of their official duties and to the processing and management of all investment transactions on behalf of the City. These policies will apply to all funds handled and managed by the City.
- The primary objectives, in priority order, of investment activities will be safety, liquidity, and yield:
 1. Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner seeking to ensure the preservation of capital in the overall portfolio. The objective will be to reduce credit risk and interest rate risk.

Cash Management and Investments (cont.)

a. Interest Rate Risk

The City will minimize the risk that the market value of securities in the portfolio will decline due to the changes in general interest rates by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby minimizing the need to sell securities on the open market prior to maturity.
 - Investing idle funds in securities with maturities of two years or less or the Kansas Municipal Investment Pool (MIP).
 - Limiting investments to a maximum stated maturity of two years.
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- The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This will be accomplished by structuring the portfolio so that securities mature concurrently with cash needs to meet anticipated demands.
 - The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and liquidity needs. Return on investment is a lower priority than the safety and liquidity objectives described above.
 - Officers and employees involved in the investment process will refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials will disclose any material interests in financial institutions with which they conduct business.
 - Responsibility for the operation of the investment program is delegated to the Finance Director, who will establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director. The Finance Director will be responsible for all

Cash Management and Investments (cont.)

transactions undertaken and will establish a system of controls to regulate the activities of subordinate officials.

- All investments of the City should be bid to insure competitive pricing. In addition, investments with the Kansas Municipal Investment Pool or money market mutual funds are not considered biddable securities.
- A list will be maintained of financial institutions authorized to provide investment services. An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Finance Director.
- The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the investments of the City are protected from loss, theft or misuse. The internal control structure will 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 by management.
- The investment program will be subject to an annual independent review by an external auditor to assure adequate internal controls. The internal controls will address the following points:
 - Control of collusion.
 - Separation of transaction authority from accounting and record keeping.
 - Custodial safekeeping.
 - Avoidance of physical delivery securities other than certificates of deposit.
 - Clear delegation of authority to subordinate staff members.
 - Written confirmation of transactions for investments and wire transfers.
 - Development of a wire transfer agreement with the lead bank and third-party custodian.

Cash Management and Investments (cont.)

- The investments authorized for idle funds under this policy will be in conformance with K.S.A. 12-1675, K.S.A. 12-1677b and any other applicable statutes and amendments thereto. The following list represents the range of investments which the City will consider and will be authorized for the investment of funds.
 - In temporary notes or no-fund warrants issued by such investing governmental unit.
 - In time deposit, open accounts, certificates of deposit or time certificates of deposit with maturities of not more than two years.
 - In United States treasury bills or notes with maturities as the governing body will determine, but not exceeding two years.
 - In the municipal investment pool fund established in K.S.A. 12-1677a, and amendments thereto.
- The investments authorized for the proceeds of bonds (other than industrial revenue bonds for which the City is merely a conduit issuer) or temporary notes under this policy will be in conformance with K.S.A. 10-131 and amendments thereto.
- To qualify as a depository under K.S.A. 9-1401 et seq., a bank, trust company, savings and loan association, or savings bank must collateralize City deposits in accordance with K.S.A. 9-1402.
- The City will attempt to match its investments with anticipated cash flow requirements.
- The investment portfolio will be managed in accordance with the parameters specified within the policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The investment portfolio objective is for the short-term portfolio to exceed the 91-day U.S. Treasury Bill and the long-term portfolio to exceed the 1-year U.S. Treasury Bill average rate of return, the benchmark for risk-free investment transactions.

Cash Management and Investments (cont.)

- The market value of the portfolio will be calculated at least monthly and a statement of the market value of the portfolio will be issued at least monthly.
- The City of Garden City will designate by official action recorded upon its minutes the banks, savings and loan associations and savings banks which will serve as depositories of its funds and the officer and official having the custody of such funds will not deposit such funds other than at such designated banks, savings and loan associations and savings banks as outlined in Kansas Statute 9-1401. The City of Garden City will solicit bids for banking services every three years from all banks, savings and loan associations and savings banks that have main or branch offices in Finney County.

Enterprise Fund Management

The City will continue to maintain all enterprise funds on a self-sustaining basis, with no support from property tax or general fund sales tax revenues.

- Enterprise Fund rates and fees will be reviewed annually by staff and the results of the review will be presented to the City Commission with recommendations which consider net revenue requirements, realistic sales forecasts, contractual obligations including bond covenants, and utility conservation goals. Revenue requirements may include funds programmed for rate stabilization, utility capital projects, and reimbursement of indirect costs to the General Fund.
- Enterprise Funds rates and fees will be adjusted when necessary to meet revenue requirements, bond covenants, or to support the adopted budget.
- The City will continue to fund Capital Reserve accounts for each of its Enterprise Funds.
- It is a goal of the City Commission to maintain operating cash reserves at an amount equal to or greater than 15% of operating revenues to provide the City with sufficient working capital and to offer a comfortable margin of safety to address emergencies and unexpected declines in revenue.

Accounting, Auditing, and Financial Reporting

Accounting and financial reporting provide the informational infrastructure for the City. Credit rating agencies consider reporting based on Generally Accepted Accounting Principles (GAAP) a credit strength.

- The City will comply with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) pronouncements as applicable in its accounting processes and reporting, as contained in the following publications.
- Monthly financial data will be made available electronically through the City's online accounting system to all department administrators allowing them to summarize financial activity and compare actual revenues and expenditures with budgeted amounts.
- A financial audit, including an audit of federal grants according to the U.S. Office of Management and Budget Circular A-133, will be performed annually by an independent public accounting firm. The independent public accounting firm will express an opinion on the City's Financial Statements. The firm will be selected by the City through a Request for Proposals process for audit services every three (3) years.
- The City will prepare its annual financial report in compliance with the principles and guidelines established by the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.
- Full disclosure will be provided in the City's annual audit and budget reports and bond documents.
- The City will provide annual disclosure to the rating agencies and national bond disclosure libraries.
- A system of internal accounting controls will be maintained to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions of the City.
- The City's annual audit, budget, and monthly report of the Finance Director will be made available electronically through the City website for viewing by the general public.

Risk Management

Risk Management functions to protect City resources such as employees, buildings, equipment, vehicles, and financial assets. The City will manage its risk and limit risk exposure in a professional and prudent manner.

- The City will make diligent efforts to protect and preserve City assets against losses that could deplete City resources or impair the City's ability to provide services to its citizens. The City will reduce its exposure to liability through training, safety programs, risk financing and the transfer of risk when cost effective.
- When cost effective, the City will manage its exposure to risk through self-insurance and/or the purchase of traditional insurance in the following areas:
 - a) General liability
 - b) Automobile liability
 - c) Public officials' errors and omissions
 - d) Police professional liability
 - e) Property loss and workers' compensation
 - f) Employee health
 - g) Short-term disability
- When cost effective, the City will further control its exposure to risk through the use of hold harmless agreements in City contracts and by requiring contractors to carry liability insurance.
- When cost effective, the City will utilize the services of a Third Party Risk Manager. The Third Party Risk Manager will examine, analyze, and advise on all aspects of the City's risk exposure. The Third Party Risk Manager will be retained under a fee-for-service contract and will not receive a commission. The Third Party Risk Manager services will be retained on a year-to-year basis and re-bid every three (3) years.

Procurement

Procurement utilizes monetary assets of the City to purchase products and services. All acquisitions must be performed in accordance with applicable laws and regulations.

- Expenditures will be controlled by an annual budget at the departmental level.
- All purchases will be made in accordance with the City's purchasing policies and procedures as well as applicable state and federal laws. The City will endeavor to obtain supplies, equipment and services as economically as possible.
- The City will maintain a purchasing system which provides needed materials in a timely manner to avoid interruptions in the delivery of services.
- The Purchasing and Contracting Manual (attached) and the Purchase Card Policies and Procedures (attached) have the detailed guidelines in which to follow.

Intergovernmental Revenues

Many service costs of the City are influenced by other governments, either because of service overlap or service mandates imposed by the county, state, or federal government. The City should take advantage of opportunities to enhance service delivery through intergovernmental cooperation, shared revenues, and grants while aggressively opposing mandates that distort local service priorities.

- The City will refrain from using grants to meet ongoing service delivery needs. In particular, the City will not apply for grants that involve the hiring of personnel either on a one-year or multi-year basis for which the City will ultimately have to provide the total cost of hiring personnel without first having ascertained whether or not future funds will be available to offset the expense of hiring additional personnel. A judgment will also be made prior to applying for such a grant as to whether additional personnel are indeed needed on a long-term basis for the best service provision to the citizens of Garden City. In the City's financial planning, grants will be treated in the same manner as all other temporary and uncertain resources and will not be used to fund ongoing, basic service needs.
- All grant agreements will be reviewed by the appropriate City staff, including the Finance Department, City Attorney's Office and sponsoring department, to ensure compliance with state, federal and City regulations.
- When possible, the City will budget expenditures for grant-funded programs only after the grant award notice or letter of commitment has been received, and only for the amount of the grant award. City overhead or indirect costs for grant funded programs will be included in all grant proposals, where permitted.
- The City will aggressively oppose state or federal actions that mandate expenditures which the City Commission considers unnecessary. The City will pursue intergovernmental funding to support the incremental cost of those mandates.
- The City will work with other governments to identify the jurisdiction most capable and appropriate to provide specific public services. All intergovernmental agreements and contracts for service delivery will be brought forward to the City Commission for approval.

Economic Development

The City's economic base is an important element in determining the City's credit rating and has a dramatic influence on the City's financial health.

- The City will continue to expand and diversify its economic base by attracting industrial and commercial firms. Special emphasis should be given to industrial and commercial enterprises that will employ the local labor force. Additional emphasis will be made to recruit and expand the available workforce. Such business and industry will be in accordance with the plans and ordinances of the City.
- The City will promote and assist residential development when a demand for housing exist as evidenced by a recent and creditable Housing Assessment.
- The City will continue to partner with Finney County in funding the Finney County Economic Development Corporation.
- The City will continue the current economic development incentives as spelled out in the Tax Abatement Policy, and other defined programs offered by the City, and customized incentives presented to the City Commission as part of a Developer's Agreement for review consideration and approval.
- The City will perform a fiscal impact analysis on each economic development investment see Firm Data Sheet (attached) that evaluates the economic costs, economic benefits, intrinsic benefits and the levels of each type of risk associated with the economic development investment.

Guideline Review

- The City Commission will annually review, amend if necessary, the policies contained in this document.
- The City Manager will provide the City Commission a written status report concerning the City's compliance with the policies contained in this document on an annual basis.

Referenced Attachments

Code of Ethics

BE IT RESOLVED, by the City Commissioners of the City of Garden City, Kansas, that the following be a "Code of Ethics for the Public Service of the City of Garden City, Kansas."

1. Declaration of Policy:

The proper operation of democratic government requires that public officials and employees be independent, impartial, and responsible to the people; that governmental decisions and policy be made in the proper channels and that the public have confidence in the integrity of its government. In recognition of these goals, there is hereby established a Code of Ethics for all officials and employees, whether elected or appointed, paid or unpaid. The purpose of this Code is to establish ethical standards of conduct for all such officials and employees by setting forth these acts or actions that are incompatible with the best interests of the City of Garden City, Kansas.

2. Responsibilities of Public Office :

Public Officials and employees are agents of public purpose and hold office for the benefit of the public. They are bound to uphold the Constitution of the United States and the Constitution of this State and to carry out impartially the laws of the nation, state, and municipality and thus to foster respect for all government. They are bound to observe in their official acts the highest standards of morality and to discharge faithfully the duties of their office regardless of personal considerations, recognizing that the public interest must be their primary concern. Their conduct in both their official and private affairs should be above reproach.

3. Dedicated Service:

All officials and employees of the municipality should be loyal to the political consensus formally expressed by the electorate and the programs developed to attain those objectives. Appointed officials and employees should adhere to the rule of work and performance established as the standard for their positions by the appropriate authority. Officials and employees should not exceed their authority or breach the law or ask others to do so, and they should work in full cooperation with other public officials and employees unless prohibited from so doing by law or by officially recognized confidentiality of their work. (10/29/03)

4. Fair and Equal Treatment:

- A. Interest in Appointments. Canvassing of members of the City Commission, directly or indirectly, in order to obtain preferential consideration in connection with any appointment to the municipal service shall disqualify the candidate for appointment except with reference to positions filled by appointment by the City Commission.
- B. Use of Public Property. No official or employee shall request or permit the use of city-owned vehicles, equipment, materials, or property for personal convenience or profit, except when such services are available to the public generally or are provided as municipal policy for the use of such official or

employee in the conduct of official business.

- C. Obligations to Citizens. No official or employee shall grant any special consideration, treatment, or advantage to any citizen beyond that which is available to every other citizen.

5. Conflict of Interest :

No City Commissioner or other official or employee, whether paid or unpaid, shall engage in any business or transaction or shall have a financial or other personal interest, direct or indirect, which is incompatible with the proper discharge of his official duties in the public interest or would tend to impair his independence of judgment or action in the performance of his official duties. Personal as distinguished from financial interest includes an interest arising from blood or marriage relationships or close business or political association.

Specific conflicts of interest are enumerated below for the guidance of officials and employees:

A. Incompatible Employment

No City Commissioner or other official or employee shall engage in or accept private employment or render services for private interests when such employment or service is incompatible with the proper discharge of his official duties or would tend to impair his independence of judgment or action in the performance of his official duties.

B. Disclosure of Confidential Information

No City Commissioner or other official or employee, shall, without proper legal authorization disclose confidential information concerning the property, government, or affairs of the city. Nor shall he use such information to advance the financial or other private interest of himself or others.

C. Gifts and Favors

No City Commissioner or other official or employee shall accept any valuable gift, whether in the form of service loan, thing, or promise, from any person, firm, or corporation which to his knowledge is interested directly or indirectly in any manner whatsoever in business dealings with the City; nor shall any such official or employee.

1. Accept any gift, favor, or thing of value that may tend to influence him in the discharge of his duties, or
2. Grant in the discharge of his duties any improper favor, service, or thing of value.

D. Representing Private Interests Before City Agencies or Courts

No City Commissioner or other official or employee whose salary is paid in whole or in part by the City shall appear in behalf of private interests in any

action or proceeding against the interests of the City in any litigation to which the City is a party.

A City Commissioner may appear before city agencies on behalf of constituents in the course of his duties as a representative of the electorate or in the performance of public or civic obligations. However, no City Commissioner or other official or employee shall accept a retainer or compensation that is contingent upon a specific action by a city agency.

E. Disclosure of Interest in Legislation

A City Commissioner who has a financial or other private interest in any legislation shall disclose on the records of the Commission or other appropriate authority the nature and extent of such interest. This provision shall not apply if the Commissioner disqualifies himself from voting.

Any other official or employee who has a financial or other private interest, and who participates in discussion with or gives an official opinion to the City Commission, shall disclose on the records of the Commission or other appropriate authority the nature and extent of such interest.

6. Political Activity:

A. No appointive official or employee in the administrative service shall use the prestige of his position in behalf of any political party.

B. No appointive official or employee in the administrative service shall orally, by letter, or otherwise, solicit or be in any manner concerned in soliciting any assessment, subscription, or contributions to any political party; nor shall he be a party to such solicitation by others. Such appointed officials and employees shall not take an active part in political campaigns for candidates

C. No official or employee, whether elected or appointed, shall promise an appointment to any municipal position as a reward for any political activity.

7. Sanctions:

Violations of any provisions of this Code should raise conscientious questions for the City Commissioner or other official or employee concerned as to whether voluntary resignation or other action is indicated to promote the best interests of the City. Violation may constitute a cause for suspension, removal from office or employment, or other disciplinary action.

Mission Statement

The scope and purpose of the City's mission statement is to serve as a goal by which measurable performance oriented objectives and criteria may be established, by each department, with the sincere intentions to achieve equality, effectiveness and efficiency in providing facilities and services to the City of Garden City.

Mission

The Mission of the City of Garden City is to effectively, efficiently, and equitably provide services and facilities which meet the public needs of the people of the City, and enhance the quality of life in the community.

Organizational Values: Service, Community, and Performance

The City of Garden City, as an organization, places heavy emphasis on the values of Service, Community and Performance. As new employees entering into the City of Garden City, please take a moment to review what we mean when we say "our core values are comprised of Service, Community and Performance."

Service

As public servants, service to the public is our priority external value. We also value service within the organization, helping each other fulfill the organization's goals.

Community

The City organization is one piece of a complex network of public and private entities working to make Garden City a better place to work, live and play. We value being part of this progressive community and commit to recognizing those times when we are called upon to lead and those times when it is in the community's best interest to play a supporting role. As individual members of the City organization, we value the same character trait in each other and place no individual higher than another even though we are charged with performing varying tasks and responsibilities.

Performance

Externally and internally, the City organization and its employees undergo regular performance measurement, expect to have honest and open discussions about the results, and be rewarded or corrected consistent with those results.

(Published in the Garden City Telegram on the 27th day of December, 2011)

RESOLUTION NO. 2450-2011

**A RESOLUTION ESTABLISHING FUND BALANCE POLICIES AS
REQUIRED BY GASB 54.**

WHEREAS, the Governmental Accounting Standards Board ("GASB") has adopted Statement 54 ("GASB 54"), a new standard for governmental fund balance reporting and governmental fund type definitions that became effective in governmental fiscal years starting after June 15, 2010; and

WHEREAS, the City of Garden City, Kansas (the "City") elects to implement GASB 54 requirements, and to apply such requirements to its financial statements beginning with the current (January 1, 2011 to December 31, 2011) fiscal year.

THEREFORE, BE IT RESOLVED that City of Garden City hereby adopts the following policy:

FUND BALANCE POLICY

Fund balance measures the net financial resources available to finance expenditures of future periods.

The City's Unassigned General Fund Balance will be maintained to provide the City with sufficient working capital and a margin of safety to address local needs without borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the City.

Fund Balance of the City may be committed for a specific source by formal action of the City's Governing Body. Amendments or modification of the committed fund balance must also be approved by formal action of the City's Governing Body.

When it is appropriate for fund balance to be assigned, the City Commission delegates authority to the City Manager or the City Finance Director.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, and lastly, unassigned fund balance.

THEREFORE, BE IT RESOLVED that City of Garden City Governing Body commits the following amounts, as follows:

- Fund balance in Cemetery Endowment
- Fund balance in the Community Trust Fund
- Fund balance in local temporary note proceeds
- Fund balance in hail damage proceeds
- Fund balance in Community Development Loan Fund

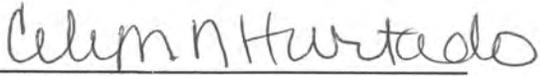
AND BE IT RESOLVED that City of Garden City's financial goal is to have a sufficient balance in the General Fund with sufficient working capital and a margin of safety to address local needs without borrowing. The City shall strive to maintain a yearly fund balance in the General Fund in which the total fund balance is 15% of the total operating expenditures and within that amount the Unassigned fund balance is 4%.

APPROVED AND PASSED by the Governing Body of the City of Garden City, Kansas, this 20th day of December, 2011.



JOHN DOLL, Mayor

ATTEST:



CELYN HURTADO,
City Clerk

APPROVED AS TO FORM:



RANDALL D. GRISELL,
City Counselor

**FIXED ASSET ACCOUNTING
AND REPORTING SYSTEM POLICY**

POLICY OBJECTIVE:

To provide the City with a framework to effectively use the fixed asset system:

1. Safeguarding the investment in fixed assets is accomplished by identifying and fixing responsibility for their custody to each respective Department Head and establishing a capitalization policy whereby dollar values assigned to fixed assets are permanently recorded.
2. The fixed assets system should be used as a management tool for the replacement of reoccurring items and avoiding duplication and inefficient use of fixed assets.
3. Comply with State laws and regulations concerning municipal accounting, auditing, and reporting requirements and, thereby, provide information for the preparation of financial statements in accordance with generally accepted accounting principles.
4. Provide information essential to the operation of enterprise type activities.
5. The fixed assets system will work in conjunction with the City's risk management program to ensure that assets are insured adequately to cover losses.

POLICY STATEMENT:

I. Definitions

The following definitions should be included in the system to assist in determining whether a particular transaction should enter the system:

- A. **Fixed Assets** are tangible property of significant value at acquisition with a useful life of more than one (1) year. Fixed assets fall into two main categories:
 1. General Fixed Assets – those which are not related to a specific service from which revenue is obtained. These are recorded in the balance sheet of the "General Fixed Asset Group of Accounts".
 2. Enterprise Fixed Assets – those directly related to a revenue producing activity conducted by an enterprise, inter-governmental service, or in

certain instances, a trust fund. For financial statement purposes, these assets and related depreciation are recorded in the balance sheets of these related funds.

- B. **Land** includes all real estate owned by the municipality, exclusive of improvements.
- C. **Buildings** include all permanent walled and/or roofed structures.
- D. **Improvements Other Than Buildings** include any permanent improvements to land which cannot be classed as buildings. (Examples are streets, bridges, and lighting systems.) These assets are immovable and of value only to the municipality.
- E. **Construction Work in Process** includes all costs of labor, material, and overhead accumulated in the construction of a fixed asset. Upon completion of the project, this account must be cleared out by the transfer of costs to another class of fixed assets.
- F. **Furnishings/Equipment** includes movable personal property and is distinguished from supply items with the following characteristics:
 - 1. It retains its original shape and appearance with use.
 - 2. It is nonexpendable; that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to repair it rather than replace it with an entirely new unit.
 - 3. It represents an investment of money which makes it feasible and advisable to capitalize the item.
 - 4. It does not lose its identity through incorporation into a different or more complex unity or substance.
 - 5. It is not permanently built into the building.
- G. **A Supply Item** cannot be a fixed asset. A supply item is any article or material which meets one or more of the following conditions:
 - 1. It is consumed in use.
 - 2. It loses its original shape or appearance with use.

3. It is expendable; that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to replace it with an entirely new unit rather than repair it.
4. It is an inexpensive item, having characteristics of equipment, but whose small unit cost makes it inadvisable to capitalize the item.
5. It loses its identity through incorporation into a different or more complex unit or substance.

II. Capitalization

In determining whether fixed assets as defined above should be capitalized, the following items should be considered:

- A. The cost, estimated cost or market value (where acquired by gift), of the fixed asset must be of significant value. Significant value will be established at \$5,000 as a minimum amount and will be adjusted every three years.
- B. At the time of capitalization, the asset must not have been in use beyond its normal estimated life.
- C. In accordance with the option provided by generally accepted accounting principles, "General Fixed Assets" classified as improvements other than building will not be capitalized. Improvements that are installed, attached, and/or added onto a building or project must be added to the value of the fixed asset.

III. Depreciation

Generally accepted accounting principles require that depreciation be computed only on depreciable assets of enterprise, inter-governmental service, and certain trust funds. Depreciation will not be recorded on general fixed assets.

Regardless of whether or not all assets are depreciated, all initially inventoried assets shall be assigned an estimated useful life for purposes of the capitalization test. Straight-line depreciation will be utilized using estimated useful life expectancy of various classes of assets as follows:

Equipment and vehicles	3 – 10 years
Land and building improvements	20 years
Buildings	40 years

IV. Initial Inventory of Fixed Assets

A complete beginning inventory record of all fixed assets is required to implement the Fixed Asset Accounting System. Continuous reference to the various fixed asset definitions is necessary during the inventory process. All fixed assets, as defined, shall be inventoried regardless of whether or not they will be capitalized. (Example: a piece of equipment which has been in use longer than its normal useful life should be inventoried, but will not be capitalized.)

V. Valuation of Initial Inventory

Fixed asset accounting is to account for total fixed asset costs rather than current market or replacement values. Fixed assets which are to be capitalized shall be assigned a dollar value in accordance with one of the following bases:

- A. Actual historical cost – This cost can be obtained by reference to documents such as invoices, checks, vouchers, contracts, or purchase orders.
- B. Estimated historical cost – Although historical costs are more desirable, they may be impossible or impractical to obtain. In this case an estimated fair market value (estimated cost) as of the date of acquisition should be placed on each item. Estimated costs may be obtained from such sources as minutes, contracts, purchase orders, bond indentures, vendors, appraisers, newspaper articles, or inquiries of person on hand at the time the asset was acquired.
- C. Estimated fair market value – Gifts or donations shall be valued at fair market value at the time of receipt. This value can generally be obtained from the donor.

VI. Updating the System

All acquisitions and dispositions should be recorded when they occur. Some problem areas may arise with regard to the updating of the system:

- A. Trade-in. Recording a trade-in of one asset for another will be affected by the depreciation policy. For all assets being depreciated, the original value and accumulated depreciation of the old asset should be deleted. The amount to record for the new asset will be the net book value of the old asset plus the difference paid.
- B. Partial disposition. A problem may arise when part of a unit recorded as a single amount is destroyed, sold, or otherwise disposed of. Ordinarily, the

cost of that portion (and accumulated depreciation) would be deleted and the cost of its replacement added.

- C. Maintenance costs. Maintenance is defined as expenditures which neither materially add to the value nor appreciably prolong its life, but merely keep it in an ordinary efficient operating condition.

VII. Financial Reporting

The fixed asset accounting system shall provide information for the preparation of financial statements in accordance with generally accepted accounting principles. The system will provide information sufficient to produce a set of financial statements. The system must also provide information sufficient to produce complete balance sheets and income statements for enterprise, inter-governmental service, and certain trust funds.

The Finance Department, on a quarterly basis, will provide Department Heads with a means of updating the fixed assets system. The use of quarterly monitoring will ensure that all additions or deletions to the fixed assets system are made.

RESPONSIBILITY FOR ENFORCEMENT:

The enforcement and records management of fixed asset policy shall be under the jurisdiction of the Finance Director with day-to-day assistance from Department Heads.

CITY OF GARDEN CITY, KANSAS

DEBT ISSUANCE AND MANAGEMENT

POLICY

DEBT MANAGEMENT AND FISCAL POLICIES

A. GENERAL POLICIES

1. The city will conduct its debt management functions in a manner designed to maintain or enhance its existing credit ratings.
2. Debt issuance will be utilized by the city only in those cases where public policy, equity and efficient use of limited resources favor debt over contemporary financing. Decision criteria considered shall include but not be limited to the following:
 - (a) Debt shall be self-supporting whenever possible. Self-supporting is the use of special revenues for revenue bonds, special assessments, or other capital improvement charges. Self-supporting is the requirement that the city authorize and identify certain specific revenues to meet the debt service requirement. It is designed to avoid conflicts in providing necessary funding to meet the debt service requirements.
 - (b) Debt shall be primarily used to finance capital projects with a relatively long life expectancy, i.e., 10 years or greater.
 - (c) Debt shall be issued in such a way so that the term of the financing does not exceed the useful life of the asset.
3. The various types of debt instruments available to the city are as follows:
 - General Obligation Bonds -- Bonds which are secured by the full faith and credit of the issuer.
 - Revenue Bonds -- Bonds payable from a specific sources of revenue and which do not pledge the full faith and credit of the issuer.
 - Sales Tax Bonds -- Bonds secured by the pledge by a specific tax or category of taxes limited as to rate or

amount.

Lease Purchase Agreements -- Payments are conditioned on the city's budgeting and appropriating the money for that purpose.

Certificates of Participation -- Devise to market shares of lease purchase agreements when the agreement is substantial in amount.

4. The city has the capability to issue industrial revenue bonds (IRB's) to provide financing of private business facilities. The facility is owned by the city while the bonds are outstanding. The Federal Tax Reform Act of 1986 severely limited the types of IRB's that are exempt from federal income taxes. Generally, tax exempt IRB's are now available only to construct "manufacturing" facilities and other facilities for certain non-profit entities.

B. MANAGEMENT

1. It shall be the responsibility of the Finance Director to maintain all necessary files associated with the issuance of the city debt including all requirements consistent with Resolution No. 1615 of the City which is attached as Schedule 1 to this policy.
2. The City Manager shall submit for Commission consideration a fiscal impact statement prior to any Commission action to authorize a project involving the issuance of debt. The fiscal impact statement shall contain, at a minimum, an estimate of the debt service levy to be required at the time of long term debt issuance and a calculation showing the impact of this additional levy on the existing debt service levy. The fiscal impact statement shall provide information on any projected user fee rate increases in the case of revenue bond financing.
3. The Finance Director will maintain records indicating the particular type of debt

incurred by the city on an annual basis. Care will be taken by the city so as to not incur a preponderance of one type of debt over another, particularly those that constitute a general obligation of the city.

C. CAPITAL IMPROVEMENTS PROGRAM.

1. A capital improvements program shall be prepared and submitted to and approved by the City Commission annually.
2. The capital improvements program shall consist of a 5-year priority listing of capital projects, accompanied by a financing plan which finances all projects in the plan, and is supported by the appropriate sources of revenue. The financing plan shall be in accordance with the debt management policies contained herein.
3. It is the intent of these policies that authorized projects must be part of an adopted capital improvements program.

D. DEBT ISSUANCE PURPOSES AND REVENUE SOURCES

1. Benefit district debt shall be issued in conformance with the city's policies on benefit district creation and financing as governed by many specific Kansas statutes. The following provisions shall apply:
 - (a) Bonds shall be secured by the full faith and credit pledge of the city, but assessment payments shall be adequate to pay 100% of debt service, unless otherwise stipulated by the creation document. The City may elect to provide additional faith and credit through insurance purchased specifically for that purpose, if in the opinion of the Finance Director, Fiscal Advisor or Governing Body the additional cost will be justified by a more beneficial credit rating or interest rate.
 - (b) Benefit district project costs shall include all construction, engineering,

financing, legal and administrative costs of the program. For financing purposes, construction, temporary financing, outside engineering services, and legal services shall be calculated at the actual cost for those services.

- (c) Assessments for benefit district improvements will include a maximum of 5% of the total cost of the improvement to reimburse the city for services rendered by the city in the administration and supervision of the improvement by its general officers (KSA 12-6a01(d)). Engineering services that are provided by the City staff, will be charged to the improvement and reimbursed to the City. Reimbursement will be charged in accordance with the following schedules for administration and engineering:

<u>Total Project Cost</u>	<u>Administrative Costs Not to Exceed</u>	<u>Engineering Costs Not to Exceed</u>
1 - 500,000	5%	7%
500,001 - 1,000,000	4%	6%
1,000,001 - 2,500,000	3%	5%
2,500,001 -	2%	4%

- (d) Outstanding bonds will be retired when sufficient revenues are accumulated as set forth in the repayment schedules of the bond documents.

2. General capital improvements shall be financed in accordance with the capital improvements program. Funds shall be available for the financing of general capital improvements in accordance with the following:

- (a) Current property tax revenues and future property tax revenues generated by increases in valuation, together with sales tax revenues, and other tax revenues as may be authorized by state statute, shall be used to fund the city's operating budget.
- (b) To the extent funds described in paragraph D 2(a) above are in excess of that required by the city's general fund operating budget, the excess amount shall

first be used to fully fund the operating capital general fund reserve to the level required by these policies and then used for pay-as-you-go financing of general capital improvements.

- (c) It shall be a goal of the city to maximize the city-at-large capital improvement budget with pay-as-you-go financing from current resources.
 - (d) Debt service payments on non-benefit district general obligation bonds, not abated by other revenues, shall be paid from the debt service property tax levy or sales tax revenue.
3. Debt issued for electric, water, sewer, solid waste and other purposes, for which operating and capital needs are supported by user fees, shall be in the form of revenue bonds secured by the appropriate user fees. User fees shall be adequate to support operating requirements and revenue bond covenants and reserves for each purpose.

E. DEBT ISSUANCE LIMITS AND REPAYMENT SCHEDULES

1. The city shall use the following limits as customarily used and established by Moody's and Standard & Poors to guide issuance of general obligation and revenue debt:
- (a) The aggregate debt limit of the city shall not exceed 30% of its assessed valuation without a specific act of the Governing Body.
 - (b) Outstanding general obligation debt shall not exceed a direct debt burden ratio of 3%.

$$\text{Direct debt burden ratio} = \frac{\text{Outstanding general obligation debt}}{\text{Appraised value of City}}$$
 - (c) Debt service shall not exceed 25% of budgeted expenditures for general fund operations and general obligation debt service combined.
2. Repayment schedules shall be designed to relate to the useful life of the asset and

generally be in accordance with the following:

- (a) 10 years for most general obligation public improvement debt.
- (b) 10 years for benefit district debt. Debt will be structured with even principal payments over the life of the issue.
- (c) Up to 20 years for capital improvements of city wide significance and where justified by the magnitude of the project.
- (d) On an overall basis, all general obligation debt and special revenue debt of the city shall be structured to retire on a basis that considers the impact of the debt issuance with regard to the total overlapping debt of all community public agencies for the term of the issuance. Consideration will also be given to the existing debt service pattern for the type of debt to be issued from the city's perspective.
- (e) Both general obligation and revenue bond issues shall be structured to permit the City to make advance payments to retire the issue if sufficient funds are available or a more desirable interest rate is accessible.

F. OPERATING RESERVES

1. The maintenance of adequate operating reserves is essential to the financial strength and flexibility of the city as a whole. Adequate operating reserves are an integral part of the financial structure of the city and help make it possible for the city to issue debt. Operating reserves are a significant factor considered in evaluating and assigning credit ratings by the bond rating agencies.
2. The city shall seek to maintain the following reserves:
 - (a) An annual unencumbered cash balance carried forward in the general fund operating budget not less than 10% of annual expenditures.
 - (b) A 60 day reserve in enterprise operating funds in order to meet potential

unanticipated needs.

- (c) All those reserves required by revenue bond indentures are to remain in complete compliance with bond issue covenants.

CONTINUING DISCLOSURE POLICY GARDEN CITY, KANSAS

This Continuing Disclosure Policy (the "Disclosure Policy") establishes specific policies of Garden City, Kansas (the "Issuer") designed to supplement existing policies and undertakings and ensure satisfaction of the Issuer's continuing disclosure obligations undertaken in connection with the Issuer's bonds and other securities pursuant to Rule 15c2-12, as amended, promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

I. Definitions

The definitions below apply to any capitalized term used in this Disclosure Policy unless the term is otherwise defined herein. In addition to such terms and the terms defined above, as used in this Disclosure Policy, the following capitalized terms have the following meanings:

"Annual Financial Information" means the financial information or operating data with respect to the Issuer, provided at least annually according to the applicable Undertaking, of the type included in portions of the Final Official Statement and described on Exhibit A to the applicable Undertaking and shall include the Audited Financial Statements.

"Audited Financial Statements" means the Issuer's annual financial statements or Comprehensive Annual Financial Report, prepared using generally accepted accounting principles and audited as required or permitted by the laws of the State of Kansas according to auditing standards generally accepted in the United States, and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

"Disclosure Administrator" means the Finance Director of the Issuer.

"Governing Body" means the City Commission.

"Employee" means any person who, as part of his or her employment with the Issuer, has regular responsibility for the administration of matters related to Obligations.

"EMMA" means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org/>.

"Event" means any of the events listed in Schedule I of this Disclosure Policy.

"Fiscal Year" means the fiscal year of the Issuer, being the period commencing on January 1 and ending on the following December 31.

"MSRB" means the Municipal Securities Rulemaking Board or any other board or entity which performs the functions currently delegated to the Municipal Securities Rulemaking Board by the Rule.

"Obligations" means any bonds, notes or other securities issued by, or whose payment is guaranteed by, the Issuer and for which the Issuer is an "Obligated Person" as defined by the Rule.

"Operating Data" means the Issuer's financial information and operating data disclosed pursuant to this Disclosure Policy and described on Exhibit A to any applicable Undertaking.

"SEC" means the U.S. Securities and Exchange Commission.

"Undertaking" means any agreement, ordinance or other undertaking by the Issuer to make continuing disclosure with respect to Obligations pursuant to the Rule.

II. Submission of Annual Financial Information

1. Not later than December 31 following the end of each fiscal year of the Issuer, or an earlier date set forth in an Undertaking (September 15), and annually thereafter while any Obligations described in an Undertaking remain outstanding, the Disclosure Administrator shall submit or cause the Issuer's Annual Financial Information to be submitted to the MSRB through EMMA.

2. Not more than five (5) days after the submission of the Annual Financial Information to the MSRB, the Disclosure Administrator shall provide to the Governing Body written confirmation from EMMA that the Annual Financial Information has been submitted and filed properly with the MSRB through EMMA, which confirmation shall be acknowledged at the next regular meeting of the Governing Body.

3. In the event that the Annual Financial Information is not completed in time to submit the Annual Financial Information to EMMA at the time specified in paragraph 1 above, the Disclosure Administrator will file a notice of occurrence of that Event according to the policy and procedures set forth below under "Reporting of Events," and as described in the Rule, and the Issuer's Annual Financial Information shall be submitted as soon as it is available.

III. Reporting of Events

1. The Disclosure Administrator shall file a notice of the occurrence of any Event or Events with the MSRB via EMMA with respect to any Obligations to which the Event or Events apply, in a timely manner, but not in excess of ten (10) business days after the occurrence of the Event. The Disclosure Administrator shall provide notice of an Event to the MSRB through EMMA, as required by the Rule. The Events to be disclosed are listed on Schedule I of this policy. The Disclosure Administrator shall consult with legal counsel and update Schedule I if there are changes to the Rule with respect to Events to be reported.

2. Not less than three (3) business days after providing notice of an Event to the MSRB, the Disclosure Administrator shall provide a copy of the notice submission filed with the MSRB to the Governing Body, along with written confirmation from EMMA that such notice submission was properly filed with the MSRB through EMMA, as required by the Rule, which confirmation shall be acknowledged at the next regular meeting of the Governing Body.

3. If an Employee obtains actual knowledge of an Event, the employee must inform the Disclosure Administrator in writing as soon as possible. If the Disclosure Administrator is made aware of any occurrence and he or she is uncertain whether it constitutes an Event, the Disclosure Administrator shall confer with legal counsel regarding the occurrence. If such consultation cannot occur by the deadline established in Section III, Subsection 1, the Disclosure Administrator shall nonetheless file notice of the occurrence as required for any Event.

IV. Manner of Submission

The documents, reports and notices required to be submitted to the MSRB pursuant to the Disclosure Policy shall be submitted through EMMA in an electronic format, shall be accompanied by identifying information, in the manner prescribed by the MSRB, or in such other manner as is consistent with the Rule, and shall be linked directly to each applicable Obligation on EMMA according to any SEC, MSRB, or EMMA rules and regulations in effect from time to time. A description of such format and information as presently prescribed by the MSRB is included in Exhibit A.

The Annual Financial Information may be provided to the MSRB through EMMA in one document or a set of documents, or may be included by specific reference to documents available to the public on EMMA, including official statements of Obligations. The Disclosure Administrator shall clearly identify each document provided by cross reference.

V. Disclosure Training for Issuer Employees

1. The Disclosure Administrator shall conduct conducting annual training of Issuer Employees regarding this Disclosure Policy, or arrange for the Issuer's financial advisor, bond counsel, or other outside resources to conduct training. The training shall include a complete review of this Disclosure Policy, the Rule, and the Events listed on Schedule 1, and shall include a complete overview of the Issuer's obligations under the federal securities laws.

2. Not later than fourteen (14) business days after the end of each fiscal year of the Issuer, the Disclosure Administrator shall provide annual written certification to the Governing Body that the annual disclosure training has been completed.

VI. Public Statements Regarding Financial Information

Whenever the Issuer makes statements or releases information relating to its finances to the public that is reasonably expected to reach investors and the trading markets (including, without limitation, all Event notices, statements in the Annual Financial Information, and other financial reports and statements of the Issuer), the Issuer is obligated to ensure that such statements and information are complete, true, and accurate in all material aspects. The Disclosure Administrator shall have primary responsibility for ensuring that such statements and information are accurate and not misleading in any material aspect. The Mayor, the Disclosure Administrator, and Issuer Employees shall work together to ensure that all public statements and information released by the Issuer are accurate and non-misleading in all material aspects.

VII. Future Issuance

Whenever the Issuer issues Obligations subject to the Rule a preliminary official statement and a final official statement shall be prepared in consultation with the Issuer's financial advisor. Each of these official statements contains information relating to the Issuer's finances and operations. The Mayor, the Disclosure Administrator, and Issuer Employees shall have primary responsibility for ensuring that all such information is accurate and not misleading in any material aspect. The official statement shall also include a certification by the Mayor that the information contained in the official statement regarding the Issuer, as of the date of each official statement, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the information contained in the offering statement, in light of the circumstances under which it was provided, not misleading. The Mayor and Disclosure Administrator shall also ensure that each official statement shall contain a description of any instances in the previous five years in which the Issuer failed to comply, in all material respects, with any Undertakings.

VIII. Records

The Disclosure Administrator shall be responsible for retaining records demonstrating compliance with this Disclosure Policy. At a minimum, the Disclosure Administrator shall retain the following:

A. Master Obligation List. A master list of all Obligations (including those not subject to the Rule) in the form and including the information shown on the table set forth on Schedule II to this policy. The Disclosure Administrator may add any relevant information or categories to the Master Obligation List from time to time as it determines appropriate.

B. Disclosure Files. An electronic or paper file for each Obligation subject to the Rule. Each Disclosure File shall include the final version of the applicable Undertaking; written confirmations of all disclosures made to EMMA related to the applicable Obligation; and a copy of this Disclosure Policy. Notwithstanding any other existing or future records retention policy, each Disclosure File shall be maintained in a central depository for a period of five years after the date the applicable Obligation is no longer outstanding.

IX. Additional Information

Nothing in this Disclosure Policy shall be deemed to prevent the Issuer from disseminating any other accurate information using the means of dissemination set forth in this Disclosure Policy or any other means of communication.

X. Bond Counsel

The Issuer has previously engaged Triplett, Woolf & Garretson, LLC, and may from time to time engage Triplett, Woolf & Garretson, LLC and others as the Issuer's Bond Counsel with respect to the issuing Obligations. The Issuer understands that such engagement does not constitute a lawful substitute for the exercise of the continuing diligence of its Disclosure Administrator, Governing Body or its employees, as outlined in this Policy. To the extent Bond Counsel has assisted the Issuer with development of this Policy, is requested in the future to assist or opine on matters of training or continuing disclosure pursuant to this Policy, or may

assist the Issuer with reporting under any SEC actions or programs, the City acknowledges that a potential conflict of interest may exist, as it relates to Obligations where Triplett, Woolf & Garretson, LLC served as Bond Counsel. The Issuer has had an opportunity to consider the consequences with other counsel (including the potential need for Bond Counsel to withdraw from representation of the Issuer in the event a non-waivable conflict should arise) and has been provided sufficient information to allow it to evaluate the representation. The Issuer waives such conflict of interest and consents to such representation, training and reporting assistance by its adoption of this Policy.

This Continuing Disclosure Policy was adopted and approved by a majority of the members of the Governing Body of the Issuer at its regular meeting on December 16, 2014.

GARDEN CITY, KANSAS

[seal]

Celyn N. Hurtado, City Clerk

SCHEDULE I

The Rule requires reporting to EMMA of the occurrence of any of the Events listed as (1) through (14) below with respect to any applicable Obligation. Reporting of Events occur in a timely manner, but not more than ten (10) business days an Event has occurred. Reporting Events are as follows:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or a Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to tax status of the Obligations, or other events affecting the tax status of the Obligations;
7. Modifications to rights of registered owners of the Obligation, if material;
8. Bond calls (excluding mandatory sinking fund redemptions of term bonds), if material, and tender offers;
9. Defeasances (usually occurs in connection with advance refunding);
10. Release, substitution or sale of property securing repayment of the Obligations;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or a similar proceeding by an obligated person;
13. Consummation of a merger, consolidation, acquisition involving an obligated person, or sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or determination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.

EXHIBIT A

MSRB PROCEDURES FOR SUBMISSION OF CONTINUING DISCLOSURE DOCUMENTS AND RELATED INFORMATION

Securities and Exchange Commission Release No. 34-59061 (the "Release") approves an MSRB rule change establishing a continuing disclosure service of the MSRB's Electronic Municipal Market Access system ("EMMA"). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 ("Rule 15c2-12") under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information is to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, financial statements or other financial information or operating data; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, date, maturity date and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the submitter. Submissions to the MSRB are to be made as portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, as of January 1, 2010, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB's continuing disclosure service are to be made through password protected accounts on EMMA by: (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligated persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under the continuing disclosure undertaking. The issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the authority of such party to act as a designated agent.

The MSRB's Internet-based electronic submitter interface (EMMA Dataport) is at www.emma.msrb.org.

* * *

CITY OF GARDEN CITY, KANSAS
TAX-EXEMPT OBLIGATION POST-ISSUANCE COMPLIANCE POLICY

This Tax-Exempt Obligation Post-Issuance Compliance Policy (the "Policy") sets forth specific policies of the City of Garden City, Kansas (the "City") designed to monitor post-issuance compliance of tax-exempt qualified obligations issued by the City ("Bonds") with applicable provisions of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (collectively, the "Code").

The Policy documents existing practices and establishes procedures and systems designed to identify and monitor facts relevant to demonstrating the City's compliance with Code requirements applicable to Bonds and which must be satisfied after Bonds during the time Bonds are outstanding to maintain the exclusion of interest paid on the Bonds from gross income for federal income tax purposes. The City recognizes that complying with the applicable provisions of the Code is an on-going process, required for the entire time Bonds remain outstanding, and is an integral component of the City's debt management. Accordingly, the Policy will require on-going monitoring and consultation with bond counsel beyond the scope of its initial engagement with respect to outstanding Bonds. The requirements of the Code are generally related to investment, use and expenditure of Bond proceeds and restrictions on the use of Bond financed facilities or purposes (the "Project").

I. Coordinator

The City's Finance Director shall be the coordinator responsible for monitoring post-issuance compliance under this Policy (the "Coordinator"). The Coordinator shall consult bond counsel, rebate analysts, financial advisors, IRS publications and other resources as are necessary to understand and meet the requirements of this Policy. The Coordinator may delegate responsibilities under this Policy to other employees and outside agents. The Coordinator, however, shall review the work performed by any person performing work under this Policy and shall remain responsible for requirements under this Policy. All monitoring requirements under this Policy shall be performed by the Coordinator no less than once each calendar year with respect to all outstanding Bonds of the City. The City anticipates performing the annual responsibilities set forth in this Policy on or before September 1 of each calendar year Bonds are outstanding.

The Coordinator shall seek training from bond counsel with respect to proper maintenance of records, identification of private use, proper use and allocation of Bond proceeds, arbitrage and rebate requirements/restrictions, and other Code requirements. Bond counsel will provide such training in connection with adoption of this Policy and during a review session conducted at least once each five (5) years thereafter. Training shall also be obtained when significant changes in the Code or other applicable law occur or when a new individual becomes the Coordinator or a new person is hired for a position that the Coordinator has delegated responsibility to under this Policy.

II. Transcripts and Other Documents

The Coordinator shall cause the City Clerk to obtain from bond counsel a transcript of proceedings for each issuance of Bonds, which transcript shall contain, at a minimum:

- A. All bond documents, including bond counsel opinions;
- B. Appropriate IRS Form 8038;
- C. Minutes, resolutions, ordinances and certificates authorizing or relating to issuance of Bonds and authorizing the Project;
- D. Certifications of issue price from the underwriter;
- E. Information relating to refunded bonds if applicable;
- F. Formal elections required by the IRS; and
- G. Tax compliance certificates and/or agreements.

The form of the transcript of proceedings may be in hard copy or electronic form and shall be maintained by the City Clerk in the City's records.

In addition to the transcript, the Coordinator shall also create a file for each particular issue of Bonds that includes the transcript, contains the records required by this Policy and:

- H. Any opinions of bond counsel not included in the transcript;
- I. Amendments, modification or substitution of any agreement or document found in the transcript;
- J. Correspondence with the IRS relating to the Bonds, including any records of an audit by the IRS or any Voluntary Closing Agreement Program proceedings;
- K. For Bonds that refund a prior issue of Bonds, the transcript and any related documents for the refunded Bonds, including the records required by this Policy;
- L. The annual compliance checklist described in Section V; and
- M. Other documents or evidence relating to Bonds relevant to the goals of this Policy.

III. Use of Proceeds

A. For each issue of Bonds and each project financed with proceeds of Bonds, the City shall adopt, or cause its duly authorized corporate trustee to adopt, an accounting methodology that separately maintains each source of funding for a project and identifies the use of such sources of funding by individual project, and monitors and identifies the expenditure of proceeds of the Bonds.

B. The Coordinator shall maintain or ensure the following records are maintained by the City or a duly appointed corporate trustee:

- 1. records showing the deposit of Bond proceeds into funds and accounts established for Bond proceeds by authorizing documents;

2. a list of all facilities, equipment or purposes financed by Bond proceeds and comprising the Project as defined herein; and
3. requisitions, draw requests, invoices and bills requesting payment from Bond proceeds and records of the payment of Bond proceeds that evidence allocation of the proceeds and any investments earnings on such proceeds to pay Project costs or make other permitted expenditures, including any reimbursement of expenditures made before Bonds were issued;
4. records showing the investment of and interest earnings on Bond proceeds and reserve funds, including records of any investment contracts, credit enhancement transactions, and the bidding of financial products related to Bond proceeds;
5. records showing allocation of funds other than Bond proceeds spent for Project costs or other permitted expenditures;
6. records of, including copies of any and all contracts, leases or other documents, evidencing any private use (i.e., use by a non-governmental person or entity) of projects financed with Bond proceeds.

C. The Coordinator shall monitor the use of all Projects financed with Bond proceeds to ensure no unqualified private use is made of such projects. Examples of possible private use include:

1. sale of the Project;
2. lease or sublease of the Project or portions thereof;
3. management contracts (in which the City authorizes a third party to operate a Project or any portion thereof), research contracts and naming rights contracts with respect to a Bond financed Project;
4. preference arrangements (in which the City authorizes use of a Project by a third party on a preferential basis, e.g., specific rights to parking facilities);
5. contracts for purchase of output from public utilities or other contracts for use of Bond financed improvements to public utilities (e.g., sales of water or electricity to large non-governmental users);
6. joint-ventures, limited liability companies or partnership arrangements relating to the Project or the use of the Project;
7. agreements or contracts that provide for guaranteed payments from non-governmental third parties with respect to Bond financed facilities;

8. a grant or loan made to non-governmental entities from Bond proceeds;
and
9. any changes in the use of Project.

Before the City enters into any arrangement or contract which may result in private use of Bond-financed facilities, the Coordinator shall present such arrangement or contract to bond counsel for review.

The Code provides certain remedial actions available to the City in the event that post-issuance use of a Bond-financed Project causes private use, which includes redemption of the non-qualified portion of the Bonds, alternative use of any disposition proceeds, and alternative use of the facility.

If the Coordinator identifies any possible private use of Bond financed Projects, the Coordinator will consult with bond counsel to determine whether such use will have any adverse effect under the Code and whether any remedial action is necessary.

D. Following completion of a Bond-financed Project (or thirty (30) months from the date of issuance of a Bond, whichever occurs first), the Coordinator shall:

1. review the expenditures of Bond proceeds to determine whether all Bond proceeds have been allocated to the Project as intended;
2. direct the use of unspent proceeds in accordance with the limitations of the bond documents, and if no provision is otherwise made therefore, to the redemption or defeasance of outstanding Bonds of the same issue;
3. consult with bond counsel regarding potential yield restriction or yield reduction payments if unspent Bond proceeds remain after three years from issuance.

If there are any questions or concerns regarding unspent Bond proceeds and the use or allocation thereof, the Coordinator shall consult bond counsel.

IV. Arbitrage/Rebate Compliance

A. The Coordinator shall review and cause the City Clerk to execute and file the appropriate IRS Form 8038 by the fifteenth (15th) day of the second calendar month following the quarter in which the Bonds are issued.

B. The Coordinator shall review with bond counsel each Certificate Related to Arbitrage and Tax Matters, Arbitrage Rebate Compliance Agreement, or other tax certificate/agreement related to Bonds and shall:

1. obtain from the underwriter or financial advisor a computation of the yield on each issuance of Bonds, computed in compliance with the Code;
2. monitor the investment and expenditure of Bond proceeds to comply with the temporary periods and reasonable expectations set forth in such certificate/agreement;
3. if applicable, monitor and ensure all Bond proceeds are spent in accordance with one or more of the applicable spending exceptions to rebate as set forth in such certificate/agreement;
4. monitor the purchase of investments with Bond proceeds to ensure such investments are purchased a fair market value and in compliance with the Code;
5. consult with bond counsel prior to engaging in any post-issuance credit enhancement transactions or hedging transactions.

C. In the event any expenditure of Bond proceeds has failed, or will fail, any temporary period or rebate spending exception, the Coordinator shall immediately notify and consult with bond counsel and a rebate analyst to procure a computation of any rebate liability and any necessary yield reduction payments, all as required by the Code.

D. The Coordinator shall, or shall cause another appropriate officer to, monitor and ensure that no formal or informal fund is created which is reasonably expected to be used to pay debt service on any Bonds without first consulting bond counsel.

V. Checklist; Record Retention

As soon as practical after this Policy is adopted the Coordinator will work with bond counsel and/or the city attorney to develop an annual compliance checklist to be completed for all outstanding Bonds. The annual compliance checklist shall be substantially in the form attached to this document as **Exhibit A** and shall be completed annually for each series of Bonds outstanding.

The Coordinator shall ensure the following records are retained by the City Clerk during the time any Bond remains outstanding (or the time that any issue that refunds the Bond remains outstanding) and for a period of three (3) years thereafter:

- A. The transcript of proceedings and additional documents, as described in Section II of this Policy.
- B. Documentation evidencing the expenditure and use of Bond proceeds, as described in Section III.

- C. Documentation evidencing use of Bond financed facilities by both public and private entities (including all leases, contracts, and other arrangements).
- D. Documentation evidencing the investment of Bond proceeds (including the purchase and sale of securities, SLGs subscriptions), yield calculations for each class of investments, actual investment income received by the investment of Bond proceeds, guaranteed investment contracts, and rebate calculations.
- E. Copies of all certificates and returns filed with the IRS and all reports regarding IRS examinations of the City or its Bonds.
- F. Copies of all documentation used to establish valuation of a Bond-financed facility, including appraisals, demand and feasibility studies and grant contracts.
- G. Copies of all construction and purchase contracts for Bond financed Projects.
- H. All other documentation necessary to establish qualification for tax-exemption of the Bonds.
- I. Documentation evidencing all monitoring and compliance performed by the Coordinator pursuant to this Policy.

VI. “Bank Qualified” Bonds. If the City issues Bonds in any calendar year that it designates as “qualified tax-exempt obligations” under the Code, the Coordinator shall monitor all tax-exempt obligations issued by the City in that calendar year (including lease purchase contracts and Bonds issued by the City on behalf of qualified 501(c)(3) organizations under the Code) to determine if the City will comply with the limitation of the amount of “qualified tax-exempt obligations” which may be issued in such calendar year (established by the Code, currently \$10,000,000 per calendar year). If it appears a proposed issue of Bonds or other tax-exempt obligation may cause the limit to be exceeded in a calendar year, the Coordinator will consult with bond counsel before proceeding to issue the Bonds or other obligations.

VII. Industrial Revenue Bonds – Conduit Bonds. If the City issues tax-exempt industrial revenue bonds or other conduit bonds on behalf of a third party borrowers, the City will consult with bond counsel and require that before such bonds or obligations are issued, the documents prepared in connection with such issues require appropriate post-issuance compliance measures be undertaken by the conduit borrower or the bond trustee or both.

VIII. Advance Refunding Bonds Before the City issues Bonds to advance refund any outstanding Bonds, the Coordinator shall consult with bond counsel, the City’s financial advisor (if any) and others to determine if proposed refunding complies with all applicable requirements of the Code, including a determination that the Bonds to be advance refunded remain “tax-exempt obligations” in compliance with all applicable provision of the Code.

IX. Tax Exempt Bond – Voluntary Closing Agreement Program

Tax Exempt Bonds (“TEB”) is a division of the Tax Exempt and Governmental Entities division of the IRS. TEB administers a program known as the Voluntary Closing Agreement Program (“TEB VCAP”) to assist governmental issuers in resolving violations of the federal tax laws applicable to tax-exempt bonds. TEB VCAP allows a governmental issuer to conclusively resolve such violations through the execution of closing agreements with the IRS.

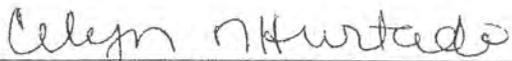
The City is aware of the TEB VCAP program and the TEB VCAP procedures set forth in the Internal Revenue Manual sections 7.2.3.1 – 7.2.3.3.6 and section 4.81.6. If the Coordinator discovers a deficiency in compliance under the terms of the Policy or the applicable provisions of the Code or otherwise, the Coordinator shall consult with bond counsel and follow the procedures identified by the Code or the TEB VCAP to remediate noncompliance. If the Coordinator and bond counsel determine a TEB VCAP request is necessary, the Coordinator shall obtain approval from the governing body before submitting such request.

X. Continuing Disclosure – SEC Rule 15c2-12

The Coordinator shall review the Continuing Disclosure Undertaking for each issue of Bonds and determine the financial information and operating data the City is required to include in an annual report filed with the MSRB or EMMA and cause the annual report to be filed as required by the applicable Continuing Disclosure Agreement. The Coordinator will review the Continuing Disclosure Undertaking to determine which “material events” related to an issue of Bonds will require filing of a notice with the MSRB. If the Coordinator has knowledge of any event the Coordinator believes may require disclosure as a “material event” under the Continuing Disclosure Agreement, the Coordinator will consult with bond counsel. If the Coordinator and bond counsel conclude that notice of a “material event” should be provided, the Coordinator will cause appropriate notice to be filed as provided in the Continuing Disclosure Agreement.

I hereby certify that the foregoing Tax-Exempt Obligation Post-Issuance Compliance Policy was adopted by the governing body of the City of Garden City, Kansas by motion at its regular meeting on October 16, 2012.

[seal]



Celyn N. Hurtado, City Clerk

EXHIBIT A
Form of Compliance Checklist



POST ISSUANCE COMPLIANCE CHECKLIST

The National Association of Bond Lawyers (“NABL”) and the Government Finance Officers Association (“GFOA”) have jointly developed the following checklist to assist bond counsel in discussing with issuers and conduit borrowers, as applicable, post issuance compliance matters. The checklist is divided into three parts: tax, securities and State law matters. The checklist can serve as a framework for discussion at an appropriate time during the transaction or as a written document prepared by bond counsel and furnished to the issuer or conduit borrower after completion of the financing. Bond counsel may need to explain various items on the checklist to provide the issuer with a more complete understanding of the noted concept. The checklist can be amended or supplemented as needed to address the particular financing issue. Issuers and conduit borrowers are encouraged to contact bond counsel at any time they may have questions or concerns pertaining to tax, securities or State law issues.

In the “document reference” column, where applicable, the financing document pertaining to the referenced point should be named. This will assist others on the finance team – present and future – to be able to locate the original notation. The “responsibility” column should list the various offices/desks within the government or legal or other professional that have been engaged for the purpose of that section who is/are responsible for maintaining the noted task. This list covers a broad spectrum of financing purposes of which only some will apply to your financing. Instances where each line will be completed are unlikely. However, you are encouraged to review the entire document and complete the lines that are applicable to your financing.

The checklist is intended to help issuers and/or borrowers throughout the entire lifetime of the financing to identify matters that need to be analyzed by the issuer and perhaps by counsel. Issuers are encouraged to retain and distribute the checklist to all “responsible” parties and others who may find it useful during the lifetime of a financing. **Keeping the checklist throughout the lifetime of the financing is important. Thus, issuers are encouraged to keep the document with the transcript.**

The completion and distribution of this checklist does not presume a contractual obligation on parties to complete these tasks.



National Association of Bond Lawyers

POST ISSUANCE COMPLIANCE CHECKLIST

TRANSACTION PARTIES		
Overall Responsible Office for Debt Management Activities	_____	
Bond Counsel	_____	
Trustee	_____	
Paying Agent	_____	
Rebate Specialist	_____	
Other:	_____	
Other:	_____	
Other:	_____	
A. TAX LAW REQUIREMENTS	Document Reference	Responsibility
1. General Matters.		
(a) Proof of filing Form 8038, 8038-G or 8038-GC. Copies of Form 8038, etc., to State authorities as required by State procedures.		
(b) "Significant modification" to bond documents results in reissuance under Treas. Reg. § 1.1001-3. Proof of filing new Form 8038, etc., plus final rebate calculation on pre-modification bonds.		
2. Use of Proceeds: Governmental Bonds or Qualified 501(c)(3) Bonds.		
(a) No private business use arrangement with private entity (includes federal government) beyond permitted <i>de minimis</i> amount unless cured by remedial action under Treas. Reg. § 1.141-12.		
(i) Sale of facilities.		
(ii) Lease.		
(iii) Nonqualified management contract. Rev. Proc. 97-13.		
(iv) Nonqualified research contract. Rev. Proc. 97-14.		
(v) "Special legal entitlement."		

(b) Additional requirements for qualified 501(c)(3) bonds.		
(i) No unrelated business activity income in facility beyond permitted <i>de minimis</i> amount.		
(ii) No activities jeopardizing 501(c)(3) exemption of 501(c)(3) borrower.		
(c) Remedial action may consist generally of redemption or defeasance of bonds (with notice of defeasance to IRS). Where disposition is a cash sale, remedial action may be an alternative qualifying use of proceeds. If bonds are 501(c)(3) bonds, alternative use must have "TEFRA" hearing and elected official approval prior to sale of original facilities. Proof of filing new Form 8038, etc.		
3. Private Activity Bonds. IRC §142.		
(a) Exempt facilities—in general.		
(i) Continuing use of exempt facilities in accord with basis of tax exemption.		
(ii) Use excess proceeds for redemption or defeasance (with notice of defeasance to IRS) within 90 days of determination that proceeds will not be spent, or date financed facility is placed in service. Treas. Reg. § 1.142-2(c).		
(b) Residential rental project bonds.		
(i) Meet low-income requirements for qualified project period. IRC §142(d).		
(ii) Proof of filing annual reports of compliance by project operator on Form 8703.		
(c) Qualified mortgage bonds.		
(i) Good faith compliance efforts for mortgage eligibility. IRC §143(a)(2).		
(ii) Spend proceeds or redeem bonds within 42 months of issuance; use mortgage prepayments after first 10 years to redeem bonds at next semiannual debt service date after receipt.		

(iii) Proof of filing annual reports of mortgagor income due 8/15. Treas. Reg. § 1.103A-2(k)(2)(ii).		
(d) Small issue manufacturing bonds using \$10,000,000 (\$20,000,000 for 2007) capital expenditure limit: monitor capital expenditures during three years after issuance for compliance with limit. IRC §144(a).		
(e) Acquisition of existing facilities: make qualifying rehabilitation within 24 months unless covered by exceptions. IRC §147(d).		
4. Arbitrage.		
(a) Rebate. IRC §148(f).		
(i) First installment of arbitrage rebate due on fifth anniversary of bond issuance plus 60 days.		
(ii) Succeeding installments every five years.		
(iii) Final installment 60 days after retirement of last bonds of issue.		
(iv) Monitor expenditures prior to semi-annual target dates for six-month, 18-month, or 24-month spending exception.		
(b) Monitor expenditures generally against date of issuance expectations for three-year or five-year temporary periods or five-year hedge bond rules.		
(c) For advance refunding escrows, confirm that any scheduled purchases of 0% Securities of State and Local Government Series are made on scheduled date.		
5. Special Rules for Pool Bonds.		
(a) Redeem bonds at one-year and three-year expenditure target dates. Pay 95% of costs of issuance within 180 days. IRC §149(f), as amended 2006.		
(b) 501(c)(3) pools: redeem bonds at one-year expenditure target date. IRC §147(b)(4).		
6. Record Retention.		

(a) Maintain general records relating to issue for life of issue plus any refunding plus three years.		
(b) Maintain special records required by safe harbor for investment contracts or defeasance escrows. Treas. Reg. § 1.148-5.		
(c) Maintain record of identification on issuer's books and records of "qualified hedge" contract. Treas. Reg. § 1.148-4(h)(2)(viii) and § 1.148-11A(i)(3).		
(d) Maintain record of election not to take depreciation on leased property that must be treated as owned by a governmental unit. Treas. Reg. § 1.103(n)-2T Q/A7.		
(e) Maintain record of agreements and assignments between governmental units that affect volume cap allocations under IRC §146. Treas. Reg. § 1.103(n)-3T Q/A8, 13 & 14.		
(f) Maintain record of election to utilize the \$10,000,000 small issue bond limit on the books and records of the issuer. Treas. Reg. § 1.103-10(b)(2)(vi).		
<p>7. Allocations of Bond Proceeds to Expenditures.</p> <p>Make any allocations of bond proceeds to expenditures needed under Treas. Reg. § 1.148-6(d) and § 1.141-6(a) by 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than the earlier of five years after the bonds were issued or 60 days after the issue is retired.</p>		
B. DISCLOSURE REQUIREMENTS		
1. SEC Rule 15c2-12 Requirements.		
(a) Determine applicability of continuing disclosure undertaking ("CDU").		
<p>(b) Identification of "obligated person" for purposes of Rule 15c2-12.</p> <p>Governmental Bonds: Issuer. Private Activity Bonds: Issuer or Borrower.</p>		
(c) Name of Dissemination Agent, if applicable.		
(d) Periodically determine that required CDU filings have been prepared, sent to and received by NRMSIR's.		

(e) Information required to be provided to NRMSIR and SID:		
(i) Annual Reports.		
(1) Quantitative financial information and operating data disclosed in official statement.		
(2) Audited financial statements.		
(ii) Other information.		
(1) Change of fiscal year.		
(2) Other information specified in CDU.		
(f) Material Event Disclosure. Notification by obligated person to SID and each NRMSIR, in timely manner, of any following events with respect to bonds, if event is material within the meaning of the federal securities laws:		
(i) Principal and interest payment delinquencies.		
(ii) Non-payment related defaults.		
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.		
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.		
(v) Substitution of credit or liquidity providers, or their failure to perform.		
(vi) Adverse tax opinions or events affecting the tax-exempt status of the bonds.		
(vii) Modifications to rights of holders of the bonds.		
(viii) Bond calls.		
(ix) Defeasances.		
(x) Release, substitution or sale of property securing repayment of the bonds.		

(xi) Rating changes.		
(g) Failure of the obligated person to timely file financial information (including audited financial statements) and operating data with SID and either each NRMSIR or MSRB.		
<p>2. Notification to Underwriters of Bonds.</p> <p>Determination of whether bond purchase agreement requires issuer of the bonds to notify underwriters for a specified period of time of any fact of event that might cause the official statement to contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.</p>		
3. Information Required to be Filed with Other Entities.		
(a) Trustee.		
(b) Rating Agency(ies).		
(c) Bond Insurer.		
(d) Credit Enhancer.		
Examples:		
(i) Financial records.		
(1) Annual.		
(2) Quarterly.		
(ii) Budgets.		
(iii) Issuance of additional bonds.		
(iv) Events of default.		
(v) Notices of redemption.		
(vi) Amendments to bond documents.		
<p>4. Local Disclosure.</p> <p>State and/or local requirements.</p>		

C. MISCELLANEOUS STATE LAW AND DOCUMENT REQUIREMENTS		
1. Security.		
(a) Proof of filing UCC statements with appropriate authorities as required by State procedures.		
(i) Initial UCC financing statements filed with appropriate authorities. UCC 9-515(a).		
(ii) Continuation statements filed by fifth anniversary. UCC 9-515(d).		
(iii) Transfer by government or governmental unit not requiring a UCC statement. UCC 9-102(a)(45) (UCC exception adopted in certain jurisdictions).		
(iv) Public finance transaction in connection with debt securities (all or portion of securities have initial stated maturity of 20 years; obligated party is State or State governmental unit) qualifies for 30-year filing. UCC 9-515(b)		
(v) Other local requirements or exceptions.		
(b) Proof of filing recorded mortgages, deeds of trust with appropriate authorities and proof of delivery of originals to trustee or custodian.		
2. Insurance.		
(a) Proof of receipt of final title policy and proof of delivery to trustee or custodian.		
(b) Monitor compliance with property and casualty insurance requirements.		
3. Financial Covenants.		
Monitor compliance with rate covenant or other covenants not included in B(3) above.		
4. Transfer of Property.		
(a) Restrictions on transfer of cash.		
(b) Restrictions on releases of property.		
(c) Restrictions on granting liens or encumbering property.		

<p>5. Investments.</p> <p>Compliance with permitted investments.</p>		
<p>6. Derivatives.</p> <p>Entering into and ongoing compliance of derivatives contracts is complex and a universe in and of itself. GFOA has created a Derivatives Checklist and a Recommended Practice on the Use of Debt-Related Derivatives Products and the Development of a Derivatives Policy to assist issuers with understanding these products. These documents can be found at: http://gfoa.org/services/rp/debt.shtml.</p>		

CITY OF GARDEN CITY, KANSAS

INVESTMENT POLICIES

I. SCOPE

This investment policy applies to all financial assets held or controlled by the City of Garden City other than pension fund assets which are held by a third party custodian.

II. INVESTMENT OBJECTIVES

The following investment objectives will be applied in the management of the City's funds.

The primary objective of the City of Garden City's investment activities is the preservation of capital and the protection of investment principal.

In investing public funds, the City will strive to maximize the return on the portfolio and to preserve the purchasing power but will avoid assuming unreasonable investment risk.

The City's investment portfolio will remain sufficiently liquid to enable the City to meet operating requirements which might be reasonably anticipated.

The City will employ mechanisms to control risks and diversify its investments regarding specific security types or individual financial institutions.

The City will comply with all applicable State and Federal requirements with regard to investment practices, including the type of investment instrument.

III. PRUDENCE

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

IV. AUTHORIZED INSTRUMENTS

The Finance Director may purchase investment securities, at prevailing market rates, in an

appropriate amount thereof in:

- (a) Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government and their agencies; or
- (b) Non-negotiable interest bearing time certificates of deposits or savings accounts in banks organized under the laws of this state, in national banks organized under the laws of the United States and doing business and situated in this state, in savings and loan associations which are under state supervision, or in federal savings and loan associations located in this state and organized under federal law and federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law; or
- (c) Temporary notes issued by the City of Garden City.
- (d) Repurchase agreements as authorized herein.
- (e) Municipal Investment Pool (instruments limited by Kansas statute).

Additional discussion of these instruments and the limits on issues, issuers and maturities is provided in the section titled "Instrument Selection".

V. INVESTMENT COMMITTEE

The Finance Director will establish an Investment Committee for the purpose of formulating alternative investment strategies and short-range directions and for monitoring the performance and structure of the City's portfolio. Members of the Committee shall include the Finance Director as Chairman, the City Manager, and other members as may be designated by the City Manager from time to time.

The Finance Director will provide the committee members with current market information, an updated portfolio listing and analysis, and various related financial data. The Committee shall meet as often as deemed necessary under the given conditions, to review, discuss and affirm or alter the then current investment strategy.

VI. INVESTMENT MATURITY

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than two (2) years from the date of purchase, unless specifically authorized taking into account the need for liquid assets of the investing fund and the overall liquidity needs of the City.

VII. RISK AND DIVERSIFICATION

It is the policy of the City of Garden City to diversify its investment portfolios. Assets held shall be diversified to control the risk of loss resulting from over concentration of assets in the specific maturity, a specific issuer or a specific instrument and /or class of instruments. Diversification strategies shall be reviewed and revised periodically as necessary by the investment committee or other appropriate designee.

VIII. CRITERIA FOR SELECTION OF FINANCIAL INSTITUTIONS

Investments shall be purchased only from financial institutions which qualify under Kansas Law. These institutions must meet capital adequacy guidelines as determined by their respective regulatory agencies and certify that no material adverse events have occurred since the issue of their most recent financial statements. They must also agree to notify the City in the event of material adverse events affecting their capital adequacy. Repurchase agreements shall be negotiated only with the financial institutions with whom the City has negotiated a Master Repurchase Agreement. Lists of authorized institutions of the various security types will be maintained by the Investment Committee or the appropriate designee.

Criteria for addition to or deletion from the lists will be based on the following: 1) State Law, City's Ordinance Code, or investment policy requirements where applicable; 2) perceived and actual financial difficulties; 3) consistent lack of competitiveness; 4) lack of experience or familiarity of the account representative in providing service to large institutional accounts; 5) request of the institution and or 6) when deemed in the best interest of the City.

IX. INTERNAL CONTROLS

The Finance Director shall establish and monitor a set of written internal controls designed to protect the City's assets and ensure proper accounting and reporting of the transactions related thereto.

Such internal control procedures shall include details of delivery vs. payment procedures and trust receipt documentation.

A. DELIVERY VERSUS PAYMENT

All securities purchased or sold will be transferred when possible only under "delivery versus payment" method to insure that funds or securities are not released until all criteria relating to the specific transaction are met. Only after advising the City Manager shall the responsible official be authorized to deliver securities free of payment.

B. TRUST RECEIPT AND CONFIRMATION

The Finance Director is authorized to accept, on the behalf of and in the name of the City of Garden City, Kansas, bank trust receipts or confirmations from a third party custodian in return for investment of temporarily idle funds as evidence of actual delivery of the obligations or securities. Any such trust receipt or confirmation shall fully describe the various obligations or securities held, together with the specific number of each obligation or security held, for the City. The actual obligations or securities, whether in book-entry or physical form, on which trust receipts or confirmations are issued may be held by any bank/depository chartered by the State of Kansas.

C. OTHER

Internal controls will also encompass at a minimum the following additional issues:

- transfers of all funds (purchases, sales, etc.)
- separation of functions including transaction authority from accounting and record-keeping
- custodial safekeeping
- avoidance of delivery of bearer-form or non-wireable securities
- delegation of authority to subordinate staff members
- written confirmation of telephone transactions
- supervisory control of employee actions
- identification and minimization of authorized investment officials
- documentation of decisions made at the committee level and transactions by investment officials

X. INSTRUMENT SELECTION

The following are the authorities for investments and limits on security issues, issuers, and maturities as established under the authority as provided in Section 2-6 of the City's Code. The Investment Committee or other appropriate designee shall have the option to further restrict investment in selected instruments to conform to short-range strategies.

A. PORTFOLIO MATURITY

The average maturity of the portfolio as a whole may not exceed two (2) years. This calculation excludes the maturities of the underlying securities of a repurchase agreement or temporary notes issued by the City.

B. GOVERNMENT SECURITIES

1. Authority to Purchase

The Finance Director may invest in negotiable direct obligations of the U.S. Government. Such securities will include but may not be limited to the following:

Direct Obligations:

Treasury Bills
Treasury Notes
Treasury Bonds

2. Maturity Limitations

The maximum length to maturity of any direct investment in government obligations is two (2) years except for repurchase agreements (see E5: Repurchase Agreements Limits on Maturities), and Section VI of this policy.

C. NON-NEGOTIABLE INTEREST BEARING TIME CERTIFICATES OF DEPOSIT

1. Authority to Purchase

The Finance Director may invest in non-negotiable interest bearing time certificates of deposits or savings accounts in banks or savings and loans organized under the laws of this state provided that any such deposits are secured by collateral as may be prescribed by law.

2. Limits on Individual Issuers

a. All issuers must be approved as required under Section IV (b) of this policy.

3. Maturity Limitations

a. The maximum length to maturity of any non-negotiable interest bearing time certificate of deposit is two (2) years, unless modified under Section VI of this policy.

D. TEMPORARY NOTES ISSUED BY CITY

1. Authority to Purchase

The Finance Director may invest in temporary notes issued by the City of Garden City.

2. Maturity Limitations

The maximum length to maturity of any temporary note will not exceed two (2) years.

E. REPURCHASE AGREEMENTS

1. Authority to Purchase

All banks with whom the City enters into repurchase agreements will have in place and executed the City's Master Repurchase ("Repo") Agreement.

Such an agreement will address at a minimum the following issues:

- a. Source of policies allowing repurchase agreements such as state law, local ordinance, written policies, and/or unwritten management practices.
- b. The securities underlying the repurchase agreements must be periodically valued (marked-to-market), as specified herein (or in formalized procedures).
- c. Independent third parties acting as custodians shall hold securities underlying repurchase agreements separate from its assets and from the seller's assets.
- d. Each party's rights in repurchase agreements and the significant conditions of those rights. Significant conditions could include:
 - (1) specifications for the delivery and complete identification of the underlying securities
 - (2) the rights of the purchaser (the City) to liquidate the underlying securities in the event of default by the seller
 - (3) the required margin of market value of the securities over the cost of the agreements
 - (4) specifications for review (repricing) of market value of the underlying securities, as necessary, depending on the term of the repurchase agreement
 - (5) rights and/or specifications regarding substitution of securities
 - (6) the purchaser's (the City's) rights to additional securities or a return of cash if the market value of the underlying securities falls below the required amount.
 - (7) remedial action should violation of agreement provisions occur.
- e. Securities authorized for purchase: negotiable direct obligations of the U.S. Government or any specified agency thereof.

2. Limits on Individual Sellers

- a. To provide flexibility for short-term cash management needs, the Investment Committee shall determine the maximum percentage of the portfolio which may be invested with the City's primary bank.
- b. The institution/dealer must be on the current approved list.

3. Limits on Transaction Maturities

- a. The maximum length to maturity of any repurchase agreement is thirty (30) days from date of purchase.

4. Limits on Maturities of Underlying Securities

The maximum length to maturity for securities underlying these agreements is ten (10) years for treasury securities.

F. MUNICIPAL INVESTMENT POOL

1. Authority to Purchase

The Finance Director may invest in the Municipal Investment Pool only after local banks or savings and loan associations will not match the investment rate defined by Kansas statute. Securities in the Municipal Investment Pool will include but may not be limited to the following:

Direct Obligations of the US Government
Interest bearing time deposits
Repurchase agreements fully collateralized

2. Maturity Limitations

The maximum length to maturity of any investment in the Municipal Investment Pool will not exceed two (2) years.

XI. POLICY AMENDMENT:

This policy may be amended upon full consideration and presentation by the Finance Director and approval by the City Commission.

Recommended and Approved By:

(Finance Director)

Date

(City Manager)

Date

Approved by the City Commission on this ____ day of _____, 19__.

City of Garden City, Kansas

Attest/Witness:

CITY CLERK



GARDEN CITY

— KANSAS —

**PURCHASING &
CONTRACTING MANUAL**

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Adopted by City Commission, Resolution No. 2436-2011, September 20, 2011.

1. AUTHORITY

The City of Garden City purchasing and contracting policies are based upon State Statutes, City Ordinances, and Administrative Regulations adopted by the City Commission. These policies serve as the regulations and procedures that are employed in daily operations of the City.

- **Objectives:**

- To secure the greatest value for dollar spent (economy in quality).
- To obtain lower prices through bid competition and group purchasing.
- To improve budgetary control.
- To standardize specifications, where practical.
- To purchase for the City of Garden City in accordance with the City's Ordinances and in accordance with the Statutes of the State of Kansas.
- Strive to interest all vendors and contractors in competing.
- Treat all vendors and contractors fairly.
- Consider Cooperative Purchasing with other local governments or with the State of Kansas.
- Conduct ourselves with honesty and truth and demand same of vendors.

- **Conflict of Interest:**

No City official or employee shall accept any valuable gift, (caps, coffee mugs, pens, pencils, note pads, etc., and items under \$25 in value are excluded) whether in the form of service, loan, thing, or promise, from any person, firm, or corporation which to his knowledge is interested directly or indirectly in any manner whatsoever in business dealings with the City; nor shall any such official or employee:

- Accept any gift, favor, or thing of value that may tend to influence him in the discharge of his duties or
- Grant in the discharge of his duties any improper favor, service, or thing of value.

- **Contracts:**

Unless otherwise approved by the Governing Body, the Mayor is the only individual authorized to contractually bind the City by the execution of a contract. Any official signature shall be attested to by the City Clerk.

- **Used Equipment:**

The City does not generally purchase used equipment. However, if it can be demonstrated that it is advantageous to do so, used equipment may be purchased from an established and reliable vendor of the type of equipment to be purchased. Normal bidding procedures are required for this type of purchase.

2. DEFINITIONS

- *Bids* – refers to the quotation or proposal from a vendor for the commodity or service required. Sealed bids are those to be received at a specified time and place for opening. Informal bids may be received orally or in writing and will be a firm price quotation.

- *Bonds* – Bonds used in the purchasing and contracting process are the Bid Bond, Contract and Maintenance Bond and Statutory Bond.
- *Department* – refers to any office, institution, department, division, board, commission, or agency of the City government except as specifically excluded by law.
- *Emergency Purchases* – refers to only those made for commodities or services to meet unforeseen emergencies that would otherwise cause a loss to the City.
- *Open Market Orders* – refers to bids taken by the Department, either orally or in writing with or without advertising, in lieu of the procedure followed in receiving sealed bids.
- *Price Agreement (Sub-Orders)* – refers to that procedure whereby contracts are awarded on the basis of bids for supplying an indefinite amount of commodity or commodities, service or services. Price agreements will contain either certain unit prices or a varying price scale, for stipulated periods of time, and such other terms as may be set forth in the agreement.
- *Public Works and Public Improvement Projects* – refers to those contractual services and materials purchased for capital construction which is stationary and has a depreciation schedule of a relatively long period, such as, the construction or repair of buildings, streets, bridges, municipal enterprises, etc.
- *Purchasing Card (City Credit Card)* – a credit card issued for official City business.
- *Specifications* – refers to an adequate description of the commodity or service required, including all data necessary to provide the bidder with the exact needs and desires of the using agency.

3. GENERAL PURCHASING PROCEDURES

A. Authority

The City Manager and each Department and/or Division Head have purchasing authority for the City of Garden City. Department and/or Division Heads are authorized to delegate purchasing authority within their department or division as needed for efficient operations. Department and/or Division Heads shall cooperate in joint purchasing plans through which the best interests of the City will be served. Department Heads shall receive authorization to proceed on non-budgeted capital outlay purchases exceeding \$5,000 from the City Manager.

B. Responsibility

Department and/or Division Heads have the responsibility for procurement of suitable materials, supplies, equipment and services at the best possible prices for quality required.

Each Department and/or Division Head has the authority and responsibility to determine and prepare purchase requirements, specifications, conduct purchase transactions and process necessary operational purchases.

Department and/or Division Heads shall obtain and engage in as much competition as possible in the solicitation of bids, pricing and procurement.

The Finance Department may conduct periodic purchasing audits to determine if purchasing procedures are being properly followed. Such audits will check for: unauthorized items are being purchased, purchases are being split up into small increments in order to bypass procedures for larger purchases, and to see how effectively Departments are making follow-up inquiries for delinquent deliveries, shortages, damaged, and/or incorrect materials, verify invoice prices and extensions are correct and the items were actually received and used by the Department, and whether adequate departmental control records are being kept. Departmental delegated purchasing authority will be revoked for an employee if abuse or irresponsible purchasing is discovered.

C. Purchases Excluded from Purchasing Procedure

Any purchase which is a "sole source of supply" if approved by the City Manager's office may be exempted from procedural purchase requirements of the City. For the purposes of this manual, "sole source of supply" shall mean:

- Any supplier who is the only seller of goods or services available to the City.
- Specific equipment which is the standard item used by the City in multiple operations or locations when equipment from a different supplier would require additional expense to maintain a second set of repair parts.
- A seller whose product or service is necessary for the well-being of the City which, if purchased elsewhere, would be economically impractical. This exception shall not be applicable to the use of Federal Funds and is not intended to be a waiver of federal, state, or local laws prohibiting discrimination.
- Contracts for independent audits, special legal, special engineering and construction, special financial and administrative survey service.
- Utilities, advertising and like services.

D. Emergency Purchases

Emergency Purchases which do not follow the normal purchasing policies for commodities or services to meet unforeseen emergencies that would otherwise cause a loss to the City require Department Head approval.

E. Requisitions and Purchase Orders

Department Heads determine whether a purchase needs a requisition or can be placed directly on a purchase order. A requisition is used to record information about the

purchase, such as the initiating department, the commodities being ordered and the accounting distribution to be pre-encumbered as a result of the request.

A purchase order authorizes a vendor to supply goods or services to the City and is the document that authorizes the Finance Department to pay an invoice.

- A short form purchase order is used for most daily operations
- A long form purchase order authorizes a purchase following a requisition

F. Purchasing (City Credit) Cards

City Policy is that all commodities and services will be paid with a Purchasing (City Credit) Card, unless the vendor does not accept credit cards, then it will be paid using a purchase order.

G. Construction Projects

The policy of the City of Garden City regarding construction of public improvements is developed under the authority of Charter Ordinance No. 25, which exempts the City from the provisions of K.S.A. 13-1017. Construction projects include: the construction or reconstruction of any street, highway, sidewalk, bridge, sewer main, water main, storm sewer, traffic signals, electric transmission or distribution line, or any other public improvement, other than emergency repairs thereto.

H. TAXES ON PURCHASES

All Departments, except the Electric Department, are exempt from all federal, state and county taxes with the exception of state tax on gasoline and room tax. For purchases of goods and services, an exemption form will be provided to the vendor; this form may be obtained from the Finance Department. For construction projects, a Sales Tax Exemption Certificate will be provided to the contractor; this form is obtained through the City Engineer.

On all Electric Department activities, an in-state vendor is required to add Kansas sales tax and the applicable county tax. The Electric Department and Finance Department will be responsible to ascertain that the applicable sales tax is added to all orders.

4. PURCHASING VALUE LEVELS & REQUIREMENTS

For the purchase of any budgeted or approved non-budgeted capital outlay, all City Departments shall adhere to the following procedures.

- The Department Head shall prepare written specifications for the item(s) to be purchased. These specifications shall be thorough in nature and provide the bidder with the necessary information in which to respond back to the City. Specifications shall include the name of

the contact person and their phone number as well as the deadline to submit a bid quotation.

- A list of all potential local vendors shall be identified by the Department. Each local vendor shall receive a copy of the specifications. If less than three vendors are identified, advertisements may be placed in the newspaper.
- Upon receipt of the bids or quotations, the Department Head shall review bids or quotations and prepare a tabulation for the departmental files or for review with the City Manager and/or City Commission as identified in the Table below. After obtaining the necessary approval, the Department Head shall have authorization to proceed with a requisition and/or purchase order or contract and notification of the bid award to the vendor with the lowest bid who meets the specifications.

TABLE 1			
PURCHASING & CONTRACTING VALUE LEVELS			
<i>Bid Process</i>	<i>Purchase Value</i>	<i>Approval of Purchase</i>	<i>Format of Purchase</i>
Verbal or written quotes	< \$5,000	Department Head	Purchasing Card or PO
3 written quotes required	\$5,000 to \$30,000	Department Head	Purchasing Card or PO
Formal Bids, short process	\$30,000 to \$50,000	City Manager	Contract or PO
Formal Bids, long process	> \$50,000	City Commission	Contract or PO
<i>See Appendix A for additional requirements</i>			

- **Purchases Under \$5,000:**
Small dollar purchases are defined as a commodity or service under \$5,000. All purchases should be made competitively. Purchases under \$5,000 may be made by Purchasing Card or Purchase Order, if approved by the Department/Division Head in advance.
- **Purchases Between \$5,000 and \$30,000:**
Competitive bids or written quotes on purchases between \$5,000 and \$30,000 will be obtained by the Department. Purchases between \$5,000 and \$30,000 may be made by Purchasing Card or Requisition and Purchase Order.
- **Purchases Between \$30,000 and \$50,000:**
All purchases estimated to between \$30,000 and \$50,000 shall require a contract or requisition and purchase order and shall utilize the formal bid – short process.
- **Purchases Exceeding \$50,000:**
All purchases in excess of \$50,000 shall require a contract or requisition and purchase order and shall utilize the formal bid – long process.

5. SPECIFICATIONS

Specifications are the responsibility of the Department Head or other qualified personnel. All specifications shall be definite, certain and permit competition. All technical content of specifications constitutes that information which describes the commodity, service or construction desired.

Modification or interpretation of specifications after their distribution must be by addendum only. These will be issued by the Department Head to every prospective bidder who received a copy of the original specifications.

The Department Head shall prepare standard specifications. After preparation, these standard specifications shall apply alike in terms and effect to future purchases and contracts for the commodity or service described.

Specifications common to all bids are as follows:

- Any bid which stipulates that the work will be performed in a greater period of time than that specified shall be deemed irregular.
- The successful bidder may be required to satisfy the City as to his experience, competence, integrity, reliability and his resources.
- No bidder shall be interested in more than one (1) bid.
- Bidders may be required to provide an acceptable bidding bond of five percent (5%) of the total bid as guarantee that he will file all bonds required and enter into the contract.
- In obtaining material or equipment which meets the requirements for performance and quality, the preparation of clear and complete specifications is essential.
- Specifications may be as simple as a list of requirements or very complex, requiring detailed explanation in writing.
- Specifications should not be prepared in a manner which would effectively exclude any responsible bidder from offering a comparable product or service.
- Specify the brand and model number of the desired equipment, including the names and model numbers of two or more manufacturers, whenever possible.
- Identify the features and/or characteristics considered essential to the function or intended use of the product. Specifications should be edited for nonessential proprietary features or characteristics of the names brands which tend to effectively exclude competition in bidding.
- Minor deviations in size and operational characteristics from those set forth in the specifications may be considered when such deviations do not adversely affect the intended use or function at the desired level of performance.

6. BIDS AND CONTRACTS

Bidding documents should state whether or not the project is subject to sales tax. Except for the Electric Department, all City Departments are exempt from state and local sales tax. On non-

exempt projects, the cost of applicable sales tax on material, equipment and supplies incorporated in the work shall be included in the Contract prices for the work. The City Engineer will coordinate issuance of the sales tax Project Exemption Certificate.

Projects involving state or federal aid or grants usually have additional contract and bidding requirements such as front-end documents (boilerplate), specifications and/or provisions, or certifications that are submitted with the proposal. The Department Head is responsible for getting those items to the City Engineer in a timely manner. The City Engineer will assist the Department Head with necessary documentation for reporting to the grant authority.

Bidding procedures and required documents are listed in Appendix A. The bidding process shall allow at least two weeks from when the documents are available to contractors to the bid opening. Bid openings for projects requiring City Commission approval shall be scheduled in advance of the City Commission meeting so that the bid tabulation and recommendation of award can be transmitted in the agenda packet. Additional time should be allowed for complex projects, if references must be checked or concurrence of the award is required by an outside agency.

Bidders do not have to be in attendance. Bid openings are open to the public; after checking and tabulation, the results may be distributed to the bidders or other interested parties. Bids received after the scheduled bid opening time shall be returned unopened, NO EXCEPTIONS. No bidder may withdraw his bid for at least thirty days after the bid opening. The City reserves the right to reject any or all bids, to waive informalities, and to accept the bid deemed to be in the best interest of the City.

Modified bids are prohibited. The Department Head shall not permit any modification of bids after the expiration of the time deadline. Any changes in bids such as type, quality, price or price items, guarantees, service terms, delivery, or any other changes of commodities or services is not permitted except by negotiated bid. Whenever circumstances warrant and if authorized by the Governing Body, the City Manager may negotiate bids submitted. The low qualified bidder must be made part of all negotiations.

Projects under \$5,000

For any construction estimated to cost less than \$5,000, an informal process may be used. The Department Head will obtain at least three quotes, which may be by telephone or in writing. Local contractors should be given the opportunity to respond. Publication of a Notice to Bidders in the newspaper is not required. Written specifications and/or plans shall be provided. In lieu of obtaining Governing Body acceptance and approval of such bids, the Department Head may submit the tabulation of bids/quotes to the City Manager with a Requisition for approval and issuance of a Purchase Order, which takes the place of a written contract and is the authorization to proceed.

Projects between \$5,000 and \$30,000

For any construction estimated to cost between \$5,000 and \$30,000, a shortened formal bidding process administered by either the Department Head, or City Engineer, will be followed. Written specifications and/or plans shall be provided. Sealed bids submitted at a

public bid opening are required. The bid opening may be held at the City Engineer's office. Bid security (5%) may be required. A Notice to Bidders shall be published twice in the newspaper, at least a week apart. Local contractors should also be notified by direct mail. An Engineer's Estimate is usually provided. The Department Head will submit a tabulation of bids to the Governing Body for approval.

Projects exceeding \$50,000

For any construction estimated to cost over \$50,000, a formal bidding process administered by the City Engineer will be followed. Written specifications and/or plans shall be provided. Sealed bids submitted at a public bid opening are required. The bid opening will be held at the City Engineer's office. Bid security shall be required on construction projects. A Notice to Bidders shall be published twice in the newspaper, at least a week apart. Local contractors should also be notified by direct mail. An Engineer's Estimate is required. The City Engineer will submit a tabulation of bids to the Governing Body for approval.

On construction projects exceeding \$100,000 contractors shall be required to furnish surety bonds. For contracts under \$100,000 which do not require surety bonds, the City requires the Contractor to certify that subcontractors and suppliers are being paid in a timely manner.

AWARD OF BIDS

The bid tabulation and recommendation of award shall be transmitted to the City Commission in the agenda packet. The recommendation for awarding a contract shall also request authorization for the Mayor and City Clerk to execute the contract when all required documents have been returned by the Contractor.

The Governing Body shall let all work by written contract to the lowest responsible bidder, reserving the right to accept the bid deemed to be in the best interest of the City, if there is any whose bid does not exceed the Engineer's Estimate, subject to the following:

- A. In determining the bid "deemed to be in the best interest of the City", in addition to price, the Governing Body shall consider the following:
 - The ability, capacity, and skill of the bidder to perform the contract or provide the service required.
 - Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
 - The character, integrity, reputation, judgment, experience, and efficiency of the bidder.
 - The quality of performance of previous contracts or services by the bidder.
 - The previous and existing compliance of the bidder with the laws and ordinances relating to the contract or service.
 - The number and scope of conditions attached to the bid.

- B. For all public improvements not utilizing federal or state funds, in determining the lowest responsible bidder, the Governing Body may also consider the domicile of a bidder. If there are bids from a bidder having a principal place of business in Finney County, Kansas (local

bidder) and a bidder with a principal place of business outside of Finney County, Kansas and the lowest bid is submitted by a bidder which is not a local bidder, the Governing Body may award the bid to the local bidder, if all other factors set forth above are substantially in conformity with those factors as applied to the low bidder and 1) if the project cost is \$250,000 or less, and the local bidder is not more than 1% greater than the low bid, or if the project cost is more than \$250,000, and the local bidder is not more than .5% greater than the low bid, and 2) the local bidder agrees in writing to meet the low bid within 48 hours (two business days) after receiving notification from the City.

- C. If no responsible bidder proposes to enter into the contract at a price not exceeding the engineer's estimated cost or if no responsible bidder submits a bid that is within two percent (2%) of the Engineer's Estimate, all bids shall be rejected and the same proceedings as before shall be repeated. In the event a responsible bidder submits a bid that is the lowest bid and the bid only exceeds the Engineer's Estimate by two percent (2%) or less of the total estimated cost of the project, the Governing Body may let the contract to such lowest responsible bidder, if the lowest responsible bidder agrees to reduce its bid to an amount equal to the Engineer's Estimate, within 48 hours (two business days) of notice of the results of the bidding procedure. In the event such a bidder does not choose to reduce its bid to meet the Engineer's Estimate, the Governing Body shall reject all bids.

BONDS

There are three types of Bonds used in the purchasing and contracting process: Bid Bond, Contract and Maintenance Bond and Statutory Bond. These Bonds must be issued by a bonding company authorized to do business in Kansas by the Kansas State Department of Insurance. Bonds must delete any reference to a notice period or claims period that is less than the five (5) year Statute of Limitations applicable under Kansas's law. Said Bonds shall be furnished along with the other contact documents within fifteen (15) working days.

- *Bid Bond*

Bid Bonds are required to ensure that the vendor honors his bid and signs a contract. If Bid Bonds are required, but not included in the sealed bid, the bid is rejected and not read. When bid security is required, it may be by a Bid Bond, or by a certified or cashier's check. Bid security shall be in the amount of five percent (5%) of the total bid.

- *Contract and Maintenance Bond*

All construction projects, exceeding \$100,000 in value will require a Contract and Maintenance Bond in the amount of one hundred percent (100%) of the total bid. The maintenance period shall run for one year after the date of final acceptance of the project.

- *Statutory Bond*

K.S.A. 60-1111 requires in all contracts exceeding \$100,000 entered into by the City for the purpose of making public improvements, constructing or repairing any public building that the contractor provide a bond guaranteeing payment of all indebtedness incurred for labor furnished, materials, equipment or supplies used or consumed in connection with or in or

about the construction, improvements or repairs. The bond is issued to the State of Kansas and filed with the Clerk of the District Court.

- *Certification of Payment*

For contracts under \$100,000 which do not require Statutory Bonds, the Contractor is required to certify that subcontractors and suppliers are being paid in a timely manner. The *Certificate of Subcontractor and Supplier Payment* will be the certifying document.

7. PROFESSIONAL SERVICES CONTRACTS

The City uses a Qualifications Based Selection (QBS) process for obtaining professional services (i.e. engineering, architectural, legal). Professional services are not subject to competitive bidding, but are determined by a QBS process based upon the qualifications of the individual or firm to provide the necessary services. For the purpose of selecting and retaining professional consultant services the following process shall be followed. Projects involving state or federal aid or grants may be subject to procedures prescribed by that agency.

REQUEST FOR QUALIFICATIONS

The City shall solicit professional services through a Request for Qualifications (RFQ) from at least five, generally no more than ten, professionals deemed qualified to provide the necessary services. The City may invite only pre-selected professionals to respond to the RFQ or it may publish an open notice to any and all interested professionals in such newspapers or newsletters as deemed appropriate to reach the maximum audience. All local qualified consultants shall be invited to respond. The City may also use a listing of pre-qualified professionals developed by a state agency, such as KDOT or KDHE.

The RFQ should include the following information to assist the consultants with their response:

- project location,
- scope of work (the more detail the better),
- specific design standards or regulations that will be met,
- desired bid letting date,
- other time constraints.

The RFQ shall, at a minimum, request the following information in the form of a "Letter of Interest":

- name of the firm or individual,
- description of the firm's or individual's background, capabilities and relevant experience,
- names and numbers of personnel that would or could be assigned to the project, including their qualifications and relevant experience,
- personnel and support services available to the project compared to the current workload of the firm,
- evidence of the implementation of a functioning Affirmative Action program for the firm.

SELECTION PROCESS

Following receipt of Letters of Interest, a selection committee will review them and reduce (shortlist) the candidate field to a minimum of three. The selection committee shall be comprised of three to five members from the following group: Governing Body, City Manager, City Engineer, Public Works Director, Public Utilities Director, Community Development Director and the Department/Division Head who would be directly involved with the consultant.

The selection committee may conduct personal or telephone interviews. A member of the Governing Body should be included, if one was not on the original selection committee. The final selection will be based upon the following criteria, as applicable:

- capability to provide the services
- recent experience with comparable projects
- reputation for personal and professional competence, ethics, and integrity
- current workload
- capability to meet the schedules and/or deadlines
- professional background and caliber of key personnel
- capability and evidence of projects being completed on time and within budget
- quality of previous projects
- if a branch office is to be used, capability of that office to complete the project and/or the availability of support from the main office to provide support
- approach and conceptual understanding of the proposed project
- individual or firm's experience on other City of Garden City projects
- references

NEGOTIATION OF CONTRACT

After the selection committee has ranked the consultants, a recommendation shall be forwarded to the Governing Body to begin negotiations with the top ranked consultant. The top ranked consultant will be asked for a cost proposal. The proposal shall preferably be a detailed cost with a not to exceed limit based upon actual costs however the proposal may also be on a percentage of construction cost. If the proposal is acceptable or can be negotiated to an acceptable amount, the proposal shall be recommended to the Governing Body for acceptance and award of a contract. If the proposal is unacceptable or cannot be negotiated to an acceptable level, negotiations will cease with that consultant and be undertaken with the second ranked consultant. The professional services contract shall normally be a City standard format document. Non-standard format contracts may be used, but shall require review by the City Attorney.

ADMINISTRATION OF CONTRACT

The City Engineer shall have administrative responsibilities over the professional services contract (processing payments, etc.) and shall maintain the official City contract file. While the Department/Division Head is responsible for general oversight of the project, consultant

payments will be initiated and/or approved by the Department/Division Head prior to forwarding to the City Engineer for processing.

8. DESIGN-BUILD CONTRACTS

AUTHORITY

The policy of the City of Garden City regarding construction of public improvements is developed under the authority of Charter Ordinance No. 25, which exempts the City from the provisions of K.S.A. 13-1017. As an alternative to the standard design-bid-build procedure, the Governing Body may, if deemed in the best interest of the City, utilize the following design-build procedure and award a contract to a designer/contractor team.

REQUEST FOR QUALIFICATIONS

The City shall solicit design-build services through a Request for Qualifications (RFQ) from a suitable number of design professionals and general contractors deemed qualified to provide the necessary services. The City may invite only pre-selected professionals to respond to the RFQ or it may publish an open notice to any and all interested professionals in such newspapers or newsletters as deemed appropriate to reach the maximum audience. The City may secure professional services to define the project needs or scope of work which may include facility size, performance needs, finish requirements, capacities, etc.

The RFQ should include the following information to assist the consultants with their response:

- project location
- scope of work (the more detail the better)
- specific design requirements and needs
- specific design standards, codes or regulations that will be met
- budget constraints
- time constraints

The RFQ shall, at a minimum, request the following information in the form of a "Letter of Interest":

- name of the design-build team
- description of the design-build team's background, capabilities and relevant experience
- names and numbers of personnel that would or could be assigned to the project, including their qualifications and relevant experience
- personnel and support services available to the project compared to the current workload of the firm

SELECTION PROCESS

Following receipt of Letters of Interest, a selection committee will review the letters of interest and reduce (shortlist) the candidate field to a minimum of three. The selection committee shall be comprised three to five members from the following group: Governing Body, City Manager, City

Engineer, Public Works Director, Public Utilities Director, Community Development Director and the Department/Division Head who would be directly involved with the consultant.

The selection committee may conduct personal or telephone interviews. A member of the Governing Body should be included, if one was not on the original selection committee. The selection committee may use the professional services selection criteria to reduce the candidate field.

QUALITATIVE PROPOSALS

After the selection committee has completed the shortlist, a recommendation shall be forwarded to the Governing Body to begin the design and cost proposal (qualitative proposal) phase. The qualitative proposal requirements may be further refined from the RFQ information and may include preliminary design solutions, construction management plans, other qualitative issues, and a firm price proposal. The firm price proposals will be submitted in separate sealed envelopes. The selection committee will conduct interviews with the shortlist teams. The selection committee will rank the design-build teams based upon the interviews and the qualitative proposals. After the interviews have been completed and the ranking established, the firm price proposals are opened and read.

FINAL SELECTION

The final selection may be made by two methods – the Weighted Criteria Method and Adjusted Low-Bid Method.

Weighted Criteria Method

For example, out of a possible score of 100 points, 60 points would come from the qualitative interview criteria and 40 points would come from the firm price proposal. Points for the firm price proposal would be given in inverse order, with the lowest cost proposal receiving the most points. If a project budget has been previously set, maximum points would be given for the lowest firm price which is under the budget. The final ranking is based on total points.

Adjusted Low-Bid Method

The final selection is based upon the adjusted firm price. For example, out of a possible 100 points, a team scores 85 points on the interview and their firm price proposal is \$500,000. The price is divided by the interview score, in this example, the adjusted price is \$588,235. The final ranking is based upon the adjusted price, with the lowest price being highest ranked.

The selected design-build proposal will then be forwarded to the Governing Body for approval and authorization to proceed. The design-build team may be asked to present their concept to the Governing Body. The Governing Body may award a contract as proposed or authorize negotiations. If negotiations are unsuccessful, the Governing Body may cease negotiations with that team and begin with the second ranked team.

EXECUTION OF CONTRACTS

The design-build contract shall be prepared by the team and presented to the City Attorney for review prior to submission to the Governing Body. The contract shall require Professional Liability

Insurance for the design phase and the normal bonding required for a public improvement project for the construction phase. The City Engineer will issue a Sales Tax Exemption Certificate at the appropriate time.

ADMINISTRATION OF CONTRACTS

The City Engineer shall have administrative responsibilities over all construction contracts (processing contractor payments, etc.) and shall maintain the official City contract files. When the Department Head is responsible for construction oversight, contractor payments will be initiated and/or approved by the Department Head prior to forwarding to the City Engineer for processing.

Change orders to contracts may be authorized by the City Engineer in those cases when sufficient project funding is available.

9. AMENDMENT OF CONTRACT DOCUMENTS

The standard contract documents may be amended from time to time to meet the requirements of city ordinances, state and/or federal law or regulations. The City Engineer shall coordinate any amendments with the City Attorney. Substantive changes shall require approval by the Governing Body before becoming effective.

10. PRICE AGREEMENTS

Price Agreements are used to purchase commodities in which 1) there is no adequate storage space, 2) cannot be stored because of spoilage, or 3) no definite estimate of required amounts can be made. Such commodities include concrete, street construction and surfacing materials, drugs, chemicals, gas, oil and certain replacement parts. By purchasing such commodities through Purchase Agreements, the City can lower per unit costs and eliminate the need for repetitive procedures.

- **Gas Cards**

A fuel purchase agreement, which provides Gas Cards, has been established to provide a convenient, efficient means to purchase fuel from a local vendor. A Gas Card is assigned to a vehicle or specified equipment and is intended only for use for City vehicles and equipment. Misuse of a Gas Card will result in disciplinary actions against the card user. This may include personal financial responsibility for the purchase and consideration of disciplinary action up to and including removal from position and possible criminal prosecution. The Gas Card user will turn in documentation of fuel purchases daily to the Department.

11. RECEIVING, INSPECTION AND ACCEPTANCE OF MERCHANDISE

Receiving, inspection, and acceptance of goods transported by common carrier are the responsibility of the Ordering Department. Shipments should be delivered directly to the Ordering Department. As merchandise arrives at the delivery point, it should be received and inspected

without delay. Acceptance of merchandise occurs when the receiver signs the carrier's bill of lading or other delivery document. Any shortages, overages, evidence of damage or other inconsistencies must be clearly noted and outlined by the receiver on the carrier's bill of lading or other delivery document. If merchandise is accepted without notation of inconsistencies or if evidence of damage is not noted, the City is at risk of losing their rightful claim to reimbursement, credit or replacement.

When the receiving personnel are unable to determine the validity of grade certificates or other certification regarding the quality of the goods received, the items in question should be received for storage only pending clear certification.

On F.O.B. destination shipments, the seller owns the goods while in transit and title does not pass on to the City until the merchandise has been received and accepted in satisfactory condition. The receiver must carefully note any inconsistencies or evidence of damage and immediately notify the vendor to establish this claim. On F.O.B. shipping point transactions, the receiver should exercise the same care in receiving because the City owns the merchandise while in transit and is responsible for filing the required claims.

- **Concealed Damage:**

In order to reduce the possibility of concealed damage, request that merchandise deliveries are shipped F.O.B. destination, uncrated, set-up or erected and ready for use in a specific location. Avoid moving crated or carton-packaged merchandise and perform the detailed inspection as soon as possible after receipt of merchandise (within seven to ten days). Report discovery of concealed damage to the carrier and request an inspection, then notify the vendor.

- **Freight and Express Payments:**

Normally freight charges should be included in the purchase order and designated as F.O.B. destination prepaid and allowed. Departments should closely analyze all freight invoices to determine their liability for payment. Identify each shipment to the related freight or express bill and to the related order.

12. PURCHASING CARD (CITY CREDIT CARD)

PURPOSE

This Policy provides for the authorization, handling and use of the City of Garden City Purchasing (Credit) Cards. This Policy is applicable to all City Departments. It applies to all purchases and purchase-related documents prepared or processed by the City of Garden City Departments regardless of the source of funds. The objectives in using the Purchasing Card are to expedite procurement and reduce purchasing and related payment paperwork by reducing the number of purchase order transactions and administrative processing costs. Purchasing Cards are intended only for City business transactions.

This Program is designed to delegate authority and responsibility to purchase items directly to the Departments. The Finance Department is responsible for managing the Program and each Department is responsible for managing their cardholder accounts in a manner that conforms to the City's Purchasing Policy. A number of unique controls have been developed for the Purchasing Card Program to ensure the cards can be used only for specific purchases and within specific daily and monthly dollar limits. In addition, each Cardholder is required to certify all purchases, with verification performed by the Department/Division Head before the bill is submitted for payment.

AUTHORIZATION

The Purchasing Card is the preferred means to purchase and pay for eligible goods and services that normally cost less than \$5,000. With authorization from the Finance Director, a Department Head may request a higher purchasing level for selected Cardholders. Under no circumstances is the Purchasing Card to be used for personal purchases. Cardholders are encouraged to use the Purchasing Card instead of other modes of payment for City purchases to the maximum extent practicable. The Purchasing Card is specifically designed showing "*Official City Use Only*" imprinted on it to avoid being mistaken for a personal credit card. Most Cards are also imprinted with "*Tax Exempt*".

OBTAINING A PURCHASING CARD

- ***Department Head will:***
 - Designate a Program Administrator for their Department, who is assigned the responsibility of Purchasing Card coordination including security, monthly reconciliation and tracking the use of the card accounts for their Department
 - Decide who, within their Department, may apply for a Purchasing Card
 - Recommend transaction and daily and monthly purchase limits for their Cardholders
 - Forward Purchasing Card Application Forms to the Finance Department
- ***Program Administrator will:***
 - Track the use of the card accounts for their Department
 - Make sure lost/stolen credit cards are reported to the Department Head and Finance Department
 - Reconcile monthly statements for their Department
- ***Finance Department will:***
 - Approve or deny Purchasing Card applications
 - Set daily and monthly spending limits
 - Submit approved applications to the Purchasing Card vendor
 - Distribute Purchasing Cards to Cardholders
 - Retain Cardholder Agreement Forms
- ***Card applicant will:***
 - Read and sign a Cardholder Agreement Form before receiving their Purchasing Card
 - Follow City Purchasing Policy and Procedures

AUTHORITY AND RESPONSIBILITY

- **Finance Department**

The Finance Department is responsible for the implementation and oversight of the Program. The Finance Department will:

- Develop a process for Program Administrators to reconcile card accounts each month
- Monitor accounts for inappropriate or illegal use
- Revoke card privileges for inappropriate or illegal use
- Suspend card privileges for failure to provide transaction documentation in a timely manner
- Increase or decrease card spending limits as necessary

- **Department Head:**

The Department Head is responsible for overseeing the Department's Purchasing Card purchases. The Department Head will:

- Monitor accounts for inappropriate or illegal use
- Revoke card privileges for inappropriate or illegal use
- Increase or decrease card spending limits as necessary
- Reconcile the Program Administrator's Purchasing Card transactions with the monthly statement.
- Department Head purchases shall be approved by the City Manager or Finance Director.

- **Program Administrator:**

An Administrator is designated for each Department/Division to be the point person for the Purchasing Card Program. The Administrator will:

- Receive and distribute information from the Finance Department pertaining to the Purchasing Card
- Gather all supporting purchase documentation from employees for each purchase transaction
- Identify and record the account number for each purchase transaction
- Review and approve cardholder documentation and reconciliation
- Route documents to approving official for signature on credit card purchase certification sheet
- Notify the Department Head of suspected inappropriate or illegal use
- Notify the Department Head and the Finance Department of lost/stolen cards
- Forward all documentation to Accounts Payable

Department Heads will review and approve the Programs Administrator's reconciled Purchasing Card transactions with the monthly statements. Program Administrator purchases shall be approved by the Department Head.

- **Cardholder:**

This Purchasing Policy places direct responsibility for the proper and lawful execution of purchasing actions upon the Cardholder. The Purchasing Card bears the Cardholder's

name and may only be used by the cardholder. No other person is authorized to use the Card. No employee of the City of Garden City has authority to issue instructions or approve a procedure that is in direct violation with the law or City policies or procedures. Any act exceeding an individual's authority is no longer an act of the City but becomes a personal responsibility. This may include personal financial responsibility for the purchase and consideration of disciplinary action up to and including removal from position and possible criminal prosecution. Cardholder understands that the City of Garden City may withhold his/her final paycheck until the Purchasing Card is returned.

All employees must maintain the highest standard of conduct. Any conflict of interest or appearance thereof between an employee's City responsibilities and his/her personal life must be avoided. Cardholder responsibilities are to:

- Make eligible purchases within authorized spending limits and funds availability. Use the card for purchasing items in accordance with City policies.
- The Cardholder must inform the merchant that the purchase is for "Official City Business" and not subject to state or local sales tax, unless it is for the Electric Department. For large purchases where the merchant refuses to waive the tax, the Cardholder can present a State Tax Exemption Form. Cardholders can get a copy of the exemption form from the Program Administrator or Finance Department. If the merchant refuses to waive the sales tax, contact the Program Administrator or Finance Department who can fax or email an exemption form to the merchant.
- Maintain Purchasing Cards in a secure fashion and prevent unauthorized charges to the account.
- Record a brief description of each purchase on the purchase log. This responsibility includes documentation of funds availability, receipts, packing lists, invoice, etc.
- Give purchase documentation to Program Administrator in a timely manner to ensure prompt payment.
- Assist with reconciling the purchase documentation with the monthly card statement.
- Notify the Program Administrator if the Card is lost or stolen. The Program Administrator will notify the Department Head and Finance Department.

PURCHASING CARD USE

- ***Over-the-Counter Purchases***

Although the process may vary slightly, the following steps give a general overview of how the Purchasing Card works. A Cardholder using the Purchasing Card should:

- Identify the purchase needed and determine funds availability
- Determine if the purchase amount is within their pre-approved daily and/or monthly purchase limit. If yes, proceed to the next step. If no, check with their supervisor for details on how to proceed.
- Purchase goods/services. Provide merchant with the Purchasing Card. Inform the merchant that the purchase is for "Official City Business" and not subject to state or local sales tax, unless it is for the Electric Department.
- If the merchant refuses to waive the sales tax, contact the Program Administrator or Finance Department who can fax or email an exemption form to the merchant.

- Provide merchant with the card number and expiration date
 - Retain receipt (i.e. cash register receipt, purchasing card charge slip).
 - Give receipt and supporting documentation to the Program Administrator.
- **Telephone and Internet Orders**
 An employee using the Purchasing Card to order by telephone or internet should:
 - Identify the purchase needed and determine funds availability
 - Determine if the purchase amount is within the pre-approved daily and/or monthly purchase limit. If yes, proceed to the next step. If no, check with their supervisor for details on how to proceed
 - Contact the merchant and place the order
 - Purchase good/services. Inform the merchant that the purchase is for "Official City Business" and is not subject to state or local sales tax unless it's for the Electric Department. Provide merchant with the card number and expiration date
 - If the merchant refuses to waive the sales tax, contact the Program Administrator or Finance Department who can fax or email an exemption form to the merchant.
 - Relay all pertinent information to supplier, e.g., Cardholder name, shipping address, etc.
 - Inspect and verify order accuracy, quality, and price when merchandise arrives
 - Retain shipping documents and receipts received with the merchandise
 - Give all related documents to the Program Administrator

SALES TAX EXEMPTION

Most Purchasing Cards are imprinted with the statement "**Tax Exempt**". Charges for most purchases billed directly to the City of Garden City are exempt from sales tax except the Electric Department. Merchants can determine whether an account is exempt from sales tax by looking at the account number. For large purchases where the merchant refuses to waive the tax, the Cardholder can present a State Tax Exemption Form, which may be obtained from the Program Administrator or Finance Department. If the merchant refuses to waive the sales tax, contact the Program Administrator or Finance Department who can fax or email an exemption form to the merchant.

CARD SECURITY

The Cardholder is responsible for safeguarding the Purchasing Card at all times. The Cardholder should never allow anyone else to use the Card or account number and should never use the Purchasing Card to procure personal items.

LOST OR STOLEN CARD

When a Purchasing Card is lost or stolen, the Cardholder should contact the Program Administrator. The Program Administrator will notify the Department Head and the Finance Department. Contact should be immediate so that the highest level of detail regarding account activity leading up to the lost/stolen date can be provided.

SEPARATION OF CARDHOLDER

Prior to separation from the Cardholder's department or assignment to another function that does not require Cardholder authority the Cardholder will surrender the Card to the Program Administrator, who will return it to the Finance Department. The Cardholder will review with the Program Administrator the status of any unreconciled, questionable, partially approved, unresolved and disputed transactions, and identify any supplies and/or services which have been ordered but not yet received, so appropriate action can be taken to complete these activities. Cardholder understands that the City of Garden City may withhold his/her final paycheck until the Purchasing Card is returned and all items have been reconciled.

PURCHASING CARD CHANGES

There may be occasions when the information about the Cardholder in the bank's master file must be changed (e.g. location change, default accounting change, authorization limits). The Department Head will make the request and the Finance Department will make the appropriate change.

CARD MISUSE/FRAUD

Misuse of the Purchasing Card will require the Purchasing Card to be withdrawn from the Cardholder. Disciplinary actions may be taken against the Cardholder. This may include personal financial responsibility for the purchase and consideration of disciplinary action up to and including removal from position and possible criminal prosecution.

13. TRAVEL

The City reimburses the City Commission and City Employees for the expenses of travel provided such travel is approved and performed in the course of conducting City business and proper documentation is submitted. The City of Garden City *Employee Handbook* prescribes the acceptable guidelines for expenses incurred by the City Commission and City Employees while attending authorized meetings and related travel.

AUTHORIZATION

Attendance by City Employees at professional meetings, educational seminars and training sessions shall be approved by the Department Director and/or the City Manager. For meetings, seminars and training located outside of Finney County, travel shall be requested in advance with a Personnel Action Report and Travel Expense Report – Budget. To the maximum extent possible, all travel expenses should be paid by City Purchasing Card.

The Travel Expense Report – Budget shall include the dates to be gone, purpose of travel, anticipated budgeted expenditures for meals, lodging, transportation and registration fees. Any prepaid expenses shall be documented. Upon return to the city, the employee will complete the Travel Expense Report – Actual, with detailed receipts for all expenses for final approval and payment or reimbursement. Failure to provide a detailed receipt or other

appropriate documentation of an expense may result in the employee being personally responsible for the cost.

All Departments shall keep travel expense files for each employee who incurs travel expenses along with all records pertaining to such travel. These files are subject to random checks by the Finance Department and City's financial auditors.

14. INVENTORY

An inventory shall be kept for recording acquisition and dispensing/use of equipment and supplies. Supervision and control of the stockroom(s) shall be the responsibility of the Department Head. Inventory of stock, as determined by the Finance Director, shall be maintained by an approved electronic file system.

15. FIXED ASSETS

The Finance Department maintains a fixed assets data base. Department Heads track and monitor purchases meeting the fixed asset threshold value and reports qualifying items to the Finance Department. A *Fixed Asset/Vehicle Form* must be filled out along with a copy of the invoice attached.

Equipment and vehicle information shall also be entered into the Vehicle Replacement Program database as needed. Department Heads shall be responsible for proper data maintenance and utilization of the Vehicle Replacement Program database.

16. VEHICLE REGISTRATION

The City Clerk maintains records of State Registration of ALL City vehicles, handles the annual purchase of vehicle licenses, and records vehicle transfer with the State of Kansas. Department Heads track and monitor new vehicle purchases and coordinate with the City Clerk for new or replacement tags when required.

Upon delivery of a new vehicle, a *Fixed Asset/Vehicle Form* must be filled out along with a copy of the invoice attached. All information pertaining to the vehicle should be completed except for the tag number and registration fee. At this point, a title should also be given to the City Clerk. The City Clerk will add the insurance to the vehicle, purchase the tag and registration title and order a new Gas Card if needed.

If an invoice is not received upon delivery of the vehicle, and the Department needs to use the vehicle, then all paperwork except the invoice attachment should be turned in to the City Clerk. Insurance is added only at the time the paperwork is completed and turned in. Once the paperwork is turned in, the City Clerk will process the license, registration and title. After the license has been acquired, the Department will be contacted to pick up the license, registration, and proof of insurance. Be sure to put the registration pocket in the glove box of the vehicle.

When transferring a vehicle, **both** departments must complete and turn in a *Fixed Asset/Vehicle Form*. The vehicle being transferred keeps the original car tag. The receiving department may need a different tag if the vehicle comes from the Water or Electric Departments. Please bring this to the City Clerk's attention at the time the paperwork is turned in. Gas Cards are not transferred with the vehicle.

When deleting a vehicle, whether it is being sent to auction or is being used as a trade-in, a *Fixed Asset/Vehicle Form* must be completed. Insurance remains on the vehicle until paperwork has been received. Your department should turn in the paperwork for the vehicles going to auction at the time you submit the initial information to the Police Department.

If a Department makes changes to the vehicle numbering, the Department Head is responsible for completing the *Fixed Asset/Vehicle Form* or providing a list showing the old number and the new number that has been assigned. It is important that the Clerk's Office has their master vehicle list accurate.

17. SURPLUS EQUIPMENT

Whenever a Department Head determines that various equipment and materials are beyond use, or are of no further use to the Department, the City Manager shall be notified. No Department shall permit any such materials to be loaned, destroyed or removed from the City's custody without prior approval of the City Manager.

- Materials and equipment which are of no further use by a Department may be transferred to another Department, if usable, if a need for said materials or equipment has been established by that department. If no Department demonstrates a need for said materials or equipment, the City Manager will proceed to dispose of items as soon as practicable through public auction. Impounded vehicles are also sold at this time.
- When title transfers are involved, the City Clerk shall handle the transactions.
- If the Department Head determines the equipment in question should be junked, they will be responsible for the actual disposal of the equipment. The Department Head will also be responsible for ensuring the "Fixed Asset Form" is completed and forwarded to the Finance Department and entered into the Vehicle Replacement Program database as needed.
- If equipment can be reassigned to another Department, the receiving Department Head will be responsible for affecting the physical transfer of the equipment within a reasonable period of time. The initiating Department Head will be responsible for ensuring the "Fixed Asset Form" is completed and forwarded to the Finance Department and entered into the Vehicle Replacement Program database as needed.
- If the equipment is neither junked nor transferred, it will be declared to be surplus and then be placed in the Surplus Equipment Auction. The Department Head will be responsible for ensuring that the "Fixed Asset Form" is completed and forwarded to the Finance Department and entered into the Vehicle Replacement Program database as needed.

APPENDICES

APPENDIX A PURCHASING AND CONTRACTING PROCEDURES

APPENDIX B PURCHASING CARD FORMS

APPENDIX C TRAVEL EXPENSE REPORT

APPENDIX A

PURCHASING AND CONTRACTING PROCEDURES

APPENDIX A

TABLE 1 PURCHASING PROCEDURE					
Documentation	Purchase Value				State Aid involved
	under \$5,000	\$5,000 to \$30,000	\$30,000 to \$50,000	over \$50,000	
Written or telephone quotes	X				
Sealed Bids - Short Format		X	Optional		
Sealed Bids - Long Format		Optional	X	X	X
Public Bid Opening		X	X	X	X
Publish Notice to Bidders		X	X	X	X
City Commission Approval		X	X	X	X
Sales Tax Exemption Certificate	X	X	X	X	X

TABLE 2 CONTRACTING PROCEDURE					
Documentation	Contract Value				State Aid involved
	under \$5,000	\$5,000 to \$30,000	\$30,000 to \$50,000	over \$50,000	
Written or telephone quotes	X				
Engineer's Estimate of Cost		X	X	X	X
Sealed Bids - Short Format		X	X		
Sealed Bids - Long Format		X	X	X	X
Public Bid Opening		X	X	X	X
Bid Bond or Certified Check		Optional	X	X	X
Publish Notice to Bidders		X	X	X	X
City Commission Approval		X	X	X	X
Sales Tax Exemption Certificate	X	X	X	X	X

TABLE 3 CONTRACTING ~ REQUIRED DOCUMENTS					
Document	Contract Value				State Aid involved
	under \$5,000	\$5,000 to \$30,000	\$30,000 to \$50,000	over \$50,000	
Notice to Bidders		X	X	X	X
Information for Bidders			X	X	X
EEO clauses			X	X	X
Nondiscrimination clauses			X	X	X
Special Attachment			X	X	X
General Conditions		Optional	X	X	X
Technical Specifications/Provisions	X	X	X	X	X
General Specifications		X	X	X	X
Special Provisions	X	X	X	X	X
Contract Document (City)	X	X	X	X	
Contract Document (State version)					X
C&M and Statutory Bond				Over \$100,000	X
Cert. of Subcontractor Payment	X	X	X	Under \$100,000	
Bidders Checklist		X	X	X	X
Cert of Nonsegregated Facilities		X	X	X	X
Proposal	X	X	X	X	X
Plans and/or drawings	X	X	X	X	X
Bid Bond or Certified Check		See Table 2	X	X	X
Addenda (as needed)		X	X	X	X
Change Orders (as needed)		X	X	X	X

APPENDIX B

PURCHASING CARD FORMS

CITY OF GARDEN CITY, KANSAS
PURCHASING CARD CARDHOLDER AGREEMENT

<hr/> Name of Cardholder	<hr/> Cardholder Business Address
<hr/> Department/Division	<hr/> Cardholder Business Phone Number
<hr/> Supervisor's Name and Title	<hr/> Supervisor's Phone Number

Cardholder agrees to accept responsibility for the protection and proper use of the Visa Purchasing Card in accordance with the terms and conditions below:

1. Cardholder agrees to provide the supporting receipts from the vendor and/or a transaction log for each transaction as designated by the Department Coordinator under the Department Policies and Procedures. Failure to report or document any purchase may be deemed an improper use of the Purchasing Card.
2. If the Card is lost or stolen, Cardholder shall notify the Department Coordinator immediately.
3. Cardholder's department shall be responsible for all charges, including fees and interest incurred from the proper use of the Purchasing Card.
4. **THE CARDHOLDER MAY NOT MAKE PERSONAL PURCHASES ON THE CARD.** Cardholder understands that he/she shall be personally liable for any improper use of the Purchasing Card and agrees to pay to the issuer of the Card (City) for any such improper use, as the result of a lost or stolen Card which was immediately reported as required in Paragraph 2, including fees and interest assessed against the improper purchase. Cardholder understands that his/her improper use of the purchasing may be cause for disciplinary action by the Department including termination and that improper use of the Purchasing Card may subject Cardholder to criminal prosecution.
5. Cardholder understands that should his/her employment with the Department be terminated for any reason the Purchasing Card must be returned to the Department Coordinator. Cardholder understands that Department may withhold his/her final paycheck until the Purchasing Card is returned. Cardholder also understands that Department may withdraw authorization to use the Purchasing Card and require the return of the Purchasing Card at any time for any reason.
6. Cardholder understands that use of the Purchasing Card is for the purchase of commodity and non-inventory capital items only of less than **\$5,000** per purchase subject to individual card limitations on expenditures for use in Official City Business. All purchases must comply with City accounting and purchasing statues, regulations and policies including all policies the Cardholder's Department implements in the use of the Card. Items on contracts may be acquired from the contract vendor with the Purchasing Card. The following items may not be purchased with the Purchasing Card, however, the list is not all inclusive:

- Alcoholic beverages
- Capital purchases (subject to inventory)
- Cash advances
- Construction, renovation or installation
- Purchase involving trade-ins

- Blind and Handicapped Made Products
- Correctional Industries catalog
- Hazardous Materials
- Personal Items
- Weapons, ammunition

If in doubt that a purchase is authorized under this Agreement through the use of the Purchasing Card, Cardholder understands that he/she should seek prior approval from the Department Coordinator. Such approval presumes the proper use of the Purchasing Card.

7. Cardholder acknowledges by his/her signature to this agreement, that he/she has received training in the proper use of the Purchasing Card, has received, read and understands the City's Purchasing Card policy and has read and understands this agreement.

 Cardholder signature

 Date

For Department Use Only

Daily Limit _____ (not to exceed without authorization)

Cycle Credit Limit _____ (not to exceed without authorization)

Approval: Print Name: _____ Title: Department Head

Signature: _____ Date: _____

Approval: Print Name: _____ Title: Department Coordinator

Signature: _____ Date: _____

Approval: Print Name: _____ Title: Finance Department

Signature: _____ Date: _____

VISA PURCHASING CARD DISPUTE FORM

ACCOUNT INFORMATION

Name

Account Number

Department/Division

Business Phone

TRANSACTION INFORMATION

Merchant Name

Amount of Dispute

Date of Transaction

Reference Number of Transaction from Statement

DISPUTE DETAILS

Please mark the appropriate dispute reason listed below and if indicated, provide the requested documentation.

- Need a copy of the transaction in order to submit payment.
- Need a copy of the transaction for our records only.
- Amount is to be billed to a different UMB card number. UMB card number: _____
- Incorrect Amount. Must provide copy of receipt. I was billed: _____ should have been _____
- Duplicate Posting. The original transaction posted to my statement for _____ on _____ date.
- I returned the merchandise to the merchant on _____ date. The reason for return is listed below.
Must provide proof of return.
- I have a credit slip and the credit has not posted to my account. *Must provide copy of credit slip.*
- I did not participate in the transaction and I do not know what the transaction is for.
- I have not received the merchandise and it was to be delivered on _____ date.
Must give dates when the merchant was contacted to check on the status of the order and their response below.
- I cancelled a guaranteed late arrival hotel reservation on _____ date at _____ time and
cancellation number is _____
- Other. Details of the dispute have been provided below.

ADDITIONAL INFORMATION REGARDING THE DISPUTED CHARGE

Cardholder's signature

Date

APPENDIX C

TRAVEL EXPENSE REPORT

**CITY OF GARDEN CITY
TRAVEL EXPENSE REPORT**

Attach supporting documents when reporting actual expenses for reimbursement

Name: _____ Department: _____
 Date(s): _____ to _____ Purpose of Travel: _____
 Destination: _____

MEALS - (PER DAY TOTALS)

Date	BUDGET	ACTUAL
_____ \$35/day		
_____ per diem		
_____ \$45/day		
_____ High Area		
_____ per diem		
_____ (Tips Included)		
(1) TOTAL MEALS	\$ -	\$ -

LODGING

	BUDGET	ACTUAL
# of days _____ at _____	\$ -	\$ -
# of days _____ at _____	\$ -	\$ -
(2) TOTAL LODGING	\$ -	\$ -

AIRFARE

	BUDGET	ACTUAL
FROM: _____		
TO: _____		
FROM: _____		
TO: _____		
(3) TOTAL AIRFARE	\$ -	\$ -

PURCHASE CARD ACTIVITY - INFORMATION

Description	Amount
registration	\$ -
meals	\$ -
motel	\$ -
fuel	\$ -
(8) TOTAL PURCHASE CARD	\$ -

MILEAGE OR FUEL

Budget	BUDGET	ACTUAL
_____ miles @ \$0.51/mile		
Actual		
Beginning _____ Ending _____	\$ -	\$ -
_____ 0 miles @ \$0.51/mile		
Fuel		
Date _____		
Date _____		
Date _____		
TOTAL MILEAGE/FUEL	\$ -	\$ -

Rate changes annually, see Accounts Payable for rate.

TAXI/SHUTTLE SERVICE

	BUDGET	ACTUAL
From _____ To _____		
(5) TOTAL TAXI/SHUTTLE	\$ -	\$ -

(6) REGISTRATION FEE

BUDGET	ACTUAL

OTHER

Date	Description	BUDGET	ACTUAL
_____	_____		
_____	_____		
_____	_____		
(7) TOTAL OTHER		\$ -	\$ -

PREPAID BY CITY

Description	Amount

(9) TOTAL PREPAID BY CITY	\$ -

BUDGET _____ ACTUAL _____

Signed _____ Date _____

Approved _____ Date _____

Department Director and/or City Manager

To be used for reporting out-of-town travel expenses, including all Professional Development/CPE expenses. Submit budgeted expense amounts to Department Director and/or City Manager for approval prior to incurring travel expense. 9/12/11

SUMMARY

	Budget	Actual
(1) Meals	\$ -	\$ -
(2) Lodging	\$ -	\$ -
(3) Airfare	\$ -	\$ -
(4) Mileage/Fuel	\$ -	\$ -
(5) Taxi/Shuttle	\$ -	\$ -
(6) Registration	\$ -	\$ -
(7) Other	\$ -	\$ -
Subtotal	\$ -	\$ -
(8) Less Purchase Card Activity		\$ -
(9) Less Prepaid by City		\$ -
TOTAL - Reimburse/(Refund) Due	\$ -	\$ -

CITY OF GARDEN CITY

Purchasing Card Policies and Procedures

Use of the Purchase Card

The purchasing card works like a personal credit card, except that all charges are paid in full by the City. It is to be used only for the purchase of goods and services in support of City business.

Cardholders should always treat the purchasing card with at least the same level of care as one does their personal credit cards. The card should be maintained in a secure location and the card account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. The card may not be lent to another person for any reason.

Requesting a Purchase Card

A request for a card must be made by the Department Director and submitted to the Finance Director. The Finance Director reviews and approves all requests. All disapproved requests are returned to the Department Director indicating the reason for the disapproval.

Training

Each new cardholder will receive the Purchasing Card Policies and Procedures that guide card use and the procedural elements of the program. A card will not be distributed until the cardholder signs a Purchasing Card Cardholder Agreement.

Purchasing With the Card

The purchasing card may be used to purchase goods or services in person (at the point of sale), over the telephone, or over the Internet. When using your card over the Internet, please be sure that you are using a secure site.

A cardholder must:

- Ensure that the card is used only for legitimate City business purposes.
- Ensure that only the cardholder uses the card; use by anyone other than the approved cardholder is strictly prohibited.
- Obtain all sales slips and register receipts.
- Avoid cash transactions such as accepting cash in lieu of a credit to the purchasing card account or using the card to obtain a cash advance.

Sales Tax

The City is tax-exempt. The tax-exempt status appears on the front of the card. If the vendor insists upon charging sales tax, terminate the transaction. If sales tax is billed incorrectly to the cardholder's account, it is the responsibility of the cardholder to dispute the charge.

Lost of Stolen Card

Report any lost to stolen card immediately to the Finance Director in the Finance Department.

Credits

The vendor should issue a credit to your card for any item they have agreed to accept for return. Under no circumstances should you accept cash in lieu of a credit to the purchasing card account.

Disputes and Billing Errors

Cardholders may dispute a charge that appears on their purchasing card statement. The cardholder is responsible for following up with a vendor regarding any erroneous charges, disputed items or returns within ten (10) business days from receipt of the statement. Disputed charges can result from failure to receive goods, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc. The cardholder should contact the vendor first to resolve any outstanding issues.

If the cardholder is unable to reach agreement with the vendor, the next step is to complete the Cardholder Statement of Questioned Item form and send it to the Finance Director in the Finance Department.

Misuse of Fraudulent Use of Card

1. The term "misuse or abuse" shall mean the use of the purchasing card outside of the employee's authorized parameters. Misuse or abuse of the card includes, but is not limited to:
 - Using the card for personal or unauthorized purposes
 - Using the card to obtain a cash advance or cash in lieu of a credit to the purchasing card account
 - Using the card to purchase alcoholic beverages or any substance, material, or service which violated policy, law or regulation pertaining to the City
 - Allowing use of the card by another individual
 - Splitting a purchase or using another cardholder's card to circumvent the purchasing limit of the card
 - Failing to provide the Department Director with required receipts
 - Failing to complete and submit the purchasing Log of Transaction (PLOT) within five (5) business days after the close of each billing cycle
 - Failing to prove, when requested, information about any specific purchase
 - Not adhering to all of the City Purchasing Card Policy and Procedures

2. The term “fraudulent use” shall mean the use of the purchasing card with a deliberately planned purpose and intent to deceive and thereby gain a wrongful advantage for oneself or anyone else other than the City.

Depending on the severity of the violations(s), any employee may be subject to any of the following activities:

- Immediate suspension of card privileges
- Removal of cardholder’s purchasing authority
- Required employee reimbursement to the City for any unauthorized purchases; and
- Formal disciplinary action which may result in termination of employment

These actions, with the exception of formal disciplinary action, may be initiated at the discretion of the Finance Director after consultation with the appropriate Department Director. Further, the Department Director may ask the Finance Director to initiate any of the above actions at any time. The Department Director in accordance with the City’s Personnel Policies and Procedures must initiate formal disciplinary action.

Employee Termination or Transfer

A cardholder who terminates employment with City must return the purchasing card to the Finance Director in the Finance Department.

A cardholder who transfers to a position within the City that does not require a purchasing card to perform the duties and responsibilities of the position must return the card to the Finance Director in the Finance Department. Failure to comply will result in progressive disciplinary action against the employee.

In each instance, and irrespective of the timeliness of the return of the card, the purchasing card account will be cancelled immediately upon notice of termination or transfer.

Audit of Individual Accounts

The Finance Department may elect to audit a cardholder’s account and Purchasing Lot of Transactions (PLOT) at any time and without notice. It is, therefore, important that cardholders maintain accurate records of all transactions at all time. The cardholder is responsible for the transactions identified on their card statement. When an audit of the cardholder’s account is conducted, the cardholder must be able to produce receipts, and/or proof that the transaction occurred.

Documentation

The cardholder is responsible for maintaining adequate documentation to verify and explain all purchasing card transactions. To facilitate reconciliation and approval of statements, it is essential that cardholders obtain and retain vendor documentation for purchases, including:

- Itemized vendor sales receipts
- Itemized packing slips or shipping orders, and
- Purchasing card charge slips with items descriptions

On an ongoing basis, the cardholder must maintain a Purchasing Log of Transactions (PLOT) to document transactions made with the card, whether the transaction was made at the point of sale, by telephone or on the Internet. Adequate documentation, as described above, must be attached to the PLOT for each transaction.

Each month, the cardholder will receive a statement, which lists charges made during the previous billing cycle. Upon receiving the statement, it is essential that the cardholder perform the following:

- Review the statement; compare the back-up documentation (receipts, packing slips, charge slips, etc) to the transactions listed on the statement
- Reconcile each and every transaction on the PLOT to assure that it is correctly listed on the statement; it is, however, possible that transactions listed on the PLOT will not appear until the next statement
- Reconcile each and every transaction on the statement to assure that it is correctly listed on the PLOT and that adequate documentation for each transaction is attached to the PLOT

If the cardholder is disputing a charge listed on the statement, attach a copy of the Cardholder Statement of Questioned Item form that has been completed to dispute the charge.

Upon reconciliation, the statement and PLOT (including all supporting documentation) should be forwarded to the Department Director within five (5) business days after the close of each billing cycle. The Department Director will review and approve the statement by:

- Ensuring that each purchase is an appropriate use of City funds
- Confirming that receipts and written explanations are attached for each listing on the statement
- Confirming that the attached receipts match the dollar amount of each listing on the statement
- Ensuring that the card is not used for personal purposes, and
- Ensuring that the card is used and only the cardholder signs receipts

The Department Director must approve (by signing) the statement. By signing and approving the statement, the Department Director certifies the statement's compliance to the established policies and procedures governing the purchasing card program. The Department Director must forward the approved statement to the Finance Director in the Finance Department within then (10) days after the close of each billing cycle.

Cardholder Statement of Questioned Item Form

If the cardholder cannot resolve the matter with the vendor, (s) he should initiate a dispute by immediately completing this form and contacting the Purchasing Agent in the Finance Department.

Cardholder name: _____
Please Print or Type Telephone Number

The transaction(s) in question is described below:

Transaction Date	Vendor	Amount	Items(s) in Dispute
------------------	--------	--------	---------------------

Please read carefully each of the following situations and circle the most appropriate to your particular dispute:

1. **Sales Tax:** Sales tax was included with my transaction. I have notified the vendor that this sales tax charge should be reversed.
2. **Unauthorized Mail, Internet or Phone Order:** I have not authorized this charge to my account. I have not ordered this merchandise or received any goods or services.
3. **Duplicate Processing:** The transaction listed above represents a multiple billing to my account. I only authorized on charge from this vendor for this amount.
4. **Goods or Services Not Received:** My account has been charged for the above listed transaction but I have not received the goods or services.
5. **Order Cancelled:** My account has been charged for the above listed transaction. I have contacted the vendor on _____ and cancelled the order. I will refuse delivery should the goods still be received.
6. **Goods Returned:** My account has been charged for the above listed transaction but the goods have since been returned.
7. **Credit Not Received:** I have received a credit voucher for the above listed charge but it has not appeared on my account. A copy of the credit voucher is attached.
8. **Alteration of Amount:** The amount of this charge has been altered since the time of the purchase. Attached is a copy of the sales receipt showing the amount for which I signed.
9. **Other:** I dispute this transaction because: _____

Note: Provide a complete description of the problem, attempted resolution, and outstanding issue. Use a separate sheet of paper, if necessary.

Cardholder Signature: _____
Date

Distribution: The original should be sent to the Finance Director. Retain a copy of this form to attach to your PLOT sheet.

Purchasing Card Cardholder Agreement

I, _____, hereby request a Commerce Bank Purchasing Card. As a Cardholder, I agree to comply with the following terms and conditions regarding my use of the card:

1. I understand that I will be making financial commitments on behalf of the City of Garden City and will seek to maximize the purchasing value of public funds.
2. I understand that the City is liable to commerce Bank for all charges made with this card.
3. I agree to use this card for business purposes only. Misuse or abuse of the purchasing card will result in suspension or revocation of the card. Misuse or abuse of the card includes, but is not limited to:
 - Using the card for personal or unauthorized purposes
 - Using the card to obtain a cash advance or cash in lieu of a credit to the purchasing card account
 - Using the card to purchase alcoholic beverages or any substance, material, or service which violates policy, law or regulation pertaining to the City
 - Allowing use of the card by another individual
 - Splitting a purchase or using another cardholder's card to circumvent the purchasing limit of the card
 - Failing to provide the Department Director with required receipts
 - Failing to complete and submit the purchasing Log of Transaction (PLOT) within five (5) business days after the close of each billing cycle
 - Failing to prove, when requested, information about any specific purchase
 - Not adhering to all of the City Purchasing Card Policy and Procedures
4. Fraudulent use of the card, defined as the use of the purchasing card with a deliberately-planned purpose and intent to deceive and thereby gain a wrongful advantage for oneself or anyone else other than the City will result in the following actions being taken:
 - Immediate suspension of card privileges
 - Removal of cardholder's purchasing authority
 - Required employee reimbursement to the City for any unauthorized purchases; and
 - Formal disciplinary action which may result in termination of employment
5. I agree to return the card immediately upon request by the Department Director or Finance Director, or upon termination of employment.
6. If the card is lost or stolen, I agree to immediately notify the Finance Director in the Finance Department.
7. I have been given a copy of the Purchasing Card Policies and Procedures and have attended a training session on the proper use of the purchasing card.
8. I agree that if I violate the terms of this agreement, I will reimburse the City for all charges incurred and any fees related to the collection of those charges.

Employee Signature

Social Security Number

Department

Date

Firm Data Sheet
(To be completed by the Firm)

Firm and Its Employees _____

Name of firm: _____

Description of the firm's location or expansion in the community:

SIC (NAICS Code as shown on tax return) _____

Market value of the firm's initial new or additional investment in:

Land	\$ _____
Building and improvements	\$ _____
Furniture, fixtures and equipment	\$ _____

Project expansions:

Expansion 2:

Year of expansion _____

Additional investment in:

Land	\$ _____
Building and improvements	\$ _____
Furniture, fixtures and equipment	\$ _____

Expansion 3:

Year of expansion _____

Additional investment in:

Land	\$ _____
Building and improvements	\$ _____
Furniture, fixtures and equipment	\$ _____

Expansion 4:

Year of expansion _____

Additional investment in:

Land	\$ _____
Building and improvements	\$ _____
Furniture, fixtures and equipment	\$ _____

New or additional sales of the firm (please fill in for all 10 years)

<u>Year</u>	
1	\$ _____
2	\$ _____
3	\$ _____
4	\$ _____
5	\$ _____
6	\$ _____
7	\$ _____
8	\$ _____
9	\$ _____
10	\$ _____

Percent of sales subject to sales taxes in the:

City	_____ %
County	_____ %
State	_____ %

Annual net taxable income, as a percent of sales, on which state corporate income taxes will be computed: _____ %

Annual Additional Purchases of the Firm (please fill in for all 10 years)

<u>Year</u>	
1	\$ _____
2	\$ _____
3	\$ _____
4	\$ _____
5	\$ _____
6	\$ _____
7	\$ _____
8	\$ _____
9	\$ _____
10	\$ _____

Percent of additional purchases subject to sales taxes in the:

City	_____ %
County	_____ %
State	_____ %

Additional Annual utilities that will be used by the firm:

Water	\$ _____
Wastewater	\$ _____
Telephone	\$ _____
Electricity	\$ _____
Gas	\$ _____
Garbage	\$ _____
Cable	\$ _____
Other:	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Number of new employees to be hired each year (please fill in for all 10 years):

<u>Year</u>	
1	_____
2	_____
3	_____
4	_____
5	_____
6	_____
7	_____
8	_____
9	_____
10	_____

Number of new employees moving to the county each year (please fill in for all 10 years):

<u>Year</u>	<u>From out-of-state</u>	<u>Total</u>
1	_____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____
6	_____	_____
7	_____	_____
8	_____	_____
9	_____	_____
10	_____	_____

Average annual salaries of employees (please fill in for all 10 years- this is not total salaries for the firm):

<u>Year</u>	
1	\$ _____
2	\$ _____
3	\$ _____
4	\$ _____
5	\$ _____
6	\$ _____
7	\$ _____
8	\$ _____
9	\$ _____
10	\$ _____

Household size of a typical new worker _____

Number of school age children in the household of a typical new worker _____

Construction

Initial construction or expansion:

Cost of construction at the firm's new or expanded facility: \$ _____

If construction is by an outside contractor, estimated
Percent profit on the cost of construction: \$ _____

Amount of taxable construction materials purchased in:

Kansas \$ _____
The County \$ _____
The City \$ _____

Amount of taxable furniture, fixtures and equipment
purchased in:

Kansas \$ _____
The County \$ _____
The City \$ _____

Total construction salaries \$ _____

Amount paid to an average construction worker
during the construction period \$ _____

Household size of an average construction worker \$ _____

Number of construction workers \$ _____

Expansion 2:

Expansion construction costs \$ _____

If construction is by an outside contractor, estimated
percent profit on the cost of construction: \$ _____

Amount of taxable construction materials purchased in:

Kansas \$ _____
The County \$ _____
The City \$ _____

Amount of taxable furniture, fixtures and equipment
purchase in:

Kansas \$ _____
The County \$ _____
The City \$ _____

Total construction salaries \$ _____

Amount paid to an average construction worker
during the construction period \$ _____

Number of construction workers _____

Expansion 3:

Expansion construction costs \$ _____

If construction is by an outside contractor, estimated percent profit on the cost of construction: \$ _____

Amount of taxable construction materials purchased in:

Kansas \$ _____
The County \$ _____
The City \$ _____

Amount of taxable furniture, fixtures and equipment purchase in:

Kansas \$ _____
The County \$ _____
The City \$ _____

Total construction salaries \$ _____

Amount paid to an average construction worker during the construction period \$ _____

Number of construction workers _____

Expansion 4:

Expansion construction costs \$ _____

If construction is by an outside contractor, estimated percent profit on the cost of construction: \$ _____

Amount of taxable construction materials purchased in:

Kansas \$ _____
The County \$ _____
The City \$ _____

Amount of taxable furniture, fixtures and equipment purchase in:

Kansas \$ _____
The County \$ _____
The City \$ _____

Total construction salaries \$ _____

Amount paid to an average construction worker during the construction period \$ _____

Number of construction workers _____

Visitors

Number of out-of-town visitors expected at the firm:

Year

1	_____
2	_____
3	_____
4	_____
5	_____
6	_____
7	_____
8	_____
9	_____
10	_____

Number of days that each visitor will stay in the area _____

Number of nights that a typical visitor will stay in a local hotel or motel:

In the City	_____
Anywhere in the County	_____