

ANOKA COUNTY FINANCE AND CAPITAL IMPROVEMENTS COMMITTEE AGENDA

and Meeting of the Anoka County Board of Commissioners**

Commissioners Look (Chair), Braastad, Schulte, Gamache

February 18, 2020 - 1:00 P.M.

Master Conference Room #772 - Anoka County Government Center

1. Consider recommending the County Board approve Contract #C0007789 with Barnum Companies Inc., 23950 Lake Blvd North, Forest Lake MN 55025 for installation of Anoka County Sheriff's Office North and South Gates for \$247,670. Other project expense to include: \$20,000 contingency – **See attached** action item worksheet.
2. Consider recommending the County Board adopt Resolution 2020-F4 approving amendments to the Anoka County Disbursement Policy within the Anoka County Financial Policies – **See attached** action item worksheet.
3. Consider recommending the County Board adopt Resolution No. 2020-F5 providing for the prepayment and redemption of the County's outstanding General Obligation Airport Improvement Bonds (AMT), Series 2008D – **See attached** action item worksheet.
4. Consider for information purposes, the Investment Report for the quarter ended December 31, 2019 – **See attached** informational worksheet
5. Consider for information purposes, the committee approve the third Tuesday of the month be established as regular Finance and Capital Improvements Committee meeting days for 2020 with the exceptions of:
 - July 21, which meeting will be held on July 23, 2020
 - December 15, which meeting will be held on December 10, 2020
6. Other - Public Comments are welcome at this time. In consideration of others wishing to speak, please limit comments to two minutes.

*** Actions taken by this Committee do not bind the County Board. In addition to the County Commissioners appointed to this committee, additional County Commissioners may attend. Non-committee Commissioners may choose to participate in the discussions and/or ask questions, but they will not vote on any item, nor will they agree to take a specific action on business conducted by the committee. If their attendance and limited participation in the committee meeting is considered a meeting of the County Board, this shall serve as notice of a County Board meeting. This shall also serve as notice of a County Board Meeting for any committee comprised of four or more members of the board.*



FINANCE & CAPITAL IMPROVEMENTS COMMITTEE

ACTION ITEM

February 18, 2020

FACILITIES MANAGEMENT & CONSTRUCTION

ACTION REQUESTED	<p>Consider recommending the County Board approve Contract #C0007789 with Barnum Companies Inc., 23950 Lake Blvd North, Forest Lake MN 55025 for installation of Anoka County Sheriff's Office North and South Gates for \$247,670.</p> <p>Other project expense to include:</p> <ul style="list-style-type: none">• \$20,000 contingency
BACKGROUND	<p>The Anoka County Sheriff's Office gates are an integral part of their facility and its overall security. The gates allow authorized vehicle traffic to leave and enter the secured, non-public areas of the Sheriff's Office while keeping unauthorized parties out.</p> <p>The gates are highly utilized and include all personnel coming to and leaving work, all emergency vehicles coming to and leaving the facility, as well as other commercial and vendor traffic that have business there. Over the years there have been regular problems with the gates breaking down and not opening or closing properly. When the gates are down the gates must be left in the open position which leaves the facility and secure areas vulnerable.</p> <p>The proposed replacement of current gates with the guillotine style gate which is at the Highway Department in Andover is the Sheriff's Office preferred choice.</p> <p>Anoka County Purchasing issued a request for proposals (RFP) for replacement gates. The RFP resulted in 2 proposers: Century Fence and Barnum.</p> <p>The submissions were reviewed by a committee whose members included individuals from Facilities Management & Construction and Purchasing, using qualitative criteria (and price) as outlined in the RFP.</p> <p>The selection process for this RFP was necessarily subjective, and the County selected the Contractor who, in the County's best judgment, provides the best value.</p>
FUNDING	Building Fund



FINANCE & CAPITAL IMPROVEMENTS COMMITTEE

ACTION ITEM

February 18, 2020

Finance & Central Services

ACTION REQUESTED	Consider recommending the County Board adopt Resolution 2020-F4 approving amendments to the Anoka County Financial Policies, Section I, which is the Disbursement Policy.
BACKGROUND	The Disbursement Policy has been completely re-written to conform with MN State Statute Section 471.425 and establish proper internal controls around disbursements related to electronic payments.
SOLUTIONS	The Office of the State Auditor has requested how we are conforming to the new MN Statutes and addressing Electronic Payments. This re-write of the policy addresses both the Statutory requirements and internal control concerns around electronic payments.

RESOLUTION 2020-F4

**APPROVING AMENDMENTS TO THE ANOKA COUNTY FINANCIAL POLICIES, SECTION I, WHICH IS THE
DISBURSEMENT POLICY**

WHEREAS, the Anoka County Board has established Financial Policies which were adopted by the County Board on December 22, 1992 and revised last in March of 2019 (“Financial Policies”); and

WHEREAS, pursuant to said approvals, the Finance and Capital Improvement Committee has jurisdiction over the Financial Policies and is responsible for recommending policy changes and amendments to the County Board; and

WHEREAS, the committee is recommending changes to Section I, Disbursement Policy that amends the policy through a complete re-write to satisfy requirements under §471.425 and create proper internal controls for managing disbursements; and

WHEREAS, a copy of the Disbursement Policy is in on file in the Office of the Anoka County Finance & Central Services Division and will be made available within the Financial Policies document on the Anoka County Website; and

NOW, THEREFORE BE IT RESOLVED, that the Anoka County Board of Commissioners hereby approves and adopts the Anoka County Procurement Policy which shall amend Section I of the Financial Policies.

Disbursement Policy

Policy Statement

The Anoka County Disbursement Policy is established to:

- Ensure accountability of the public funds entrusted to Anoka County
- Ensure that all disbursement activity complies with applicable Federal, State, and local statutes, laws, codes, ordinances, and rules
- Maintain controls necessary for the County to operate efficiently, effectively, and in a transparent responsible manner
- Provide governance for the disbursement activity of all funds to satisfy claims against the County

Definitions

- Electronic Funds Transfers (EFT) refers to a method of transferring funds to pay for claims against the County that include the following payment types:
 - a. Automated Clearing House (ACH)
 - b. Virtual credit card
 - c. Wire payment
- Standard Payment Period is 35 days and refers to MN Statute ^A
- Late payment interest is required to be paid in accordance with MN Statute ^B
- Delegate will be defined as an individual within the County with appropriate signing authority to approve claims against the County
- Unclaimed Checks refer to issued checks that have not been cashed by the payee within the dormancy period in accordance with MN Statute ^C

Policy Guidelines

1. The County Board by Resolution has delegated the authority to review and pay claims to the Finance & Central Services Division Manager ^D
2. A list of claims paid by check or EFT shall be provided to the County Board at each regularly scheduled board meeting for informational purposes only, with the claims register on file with the clerk of the County Board
3. Annually the County Board shall designate the authority to make electronic fund transfers (EFT) to satisfy claims against the County to the Finance & Central Services Division Manager and their designees, with a copy of the annual designation being provided to the County's designated disbursing bank(s)
4. Elected Officials serving offices, appointed division managers and department heads, or their authorized delegate with appropriate separation of duties, shall authorize pertinent claims against the County after review of the following:
 - a. Notify the Finance & Central Services Division of any new vendor(s) and provide the information necessary to establish the vendor prior to disbursement
 - b. Review invoices or other payment documents for accuracy
 - c. Confirm quantities and prices are consistent with the order

I. Disbursement Policy

- d. Ensure sufficient documentation exists to identify the claim
 - e. Provide appropriate general ledger account coding
 - f. Provide an authorized signature, either handwritten or electronic, kept on file in the Finance & Central Services Division
 - g. Notify the Finance & Central Services Division when submitting overdue obligations that are not delayed due to a good faith dispute
5. The County is obligated to pay authorized claims that have been validated as follows:
- a. In accordance with any contract terms that apply
 - b. Within the standard payment period for non-contract claims, unless the County in good faith has disputed the obligation
 - c. Discounts with vendors should be taken whenever possible
 - d. Utility payments may be paid within the vendors terms to avoid service fees and billing complications
 - e. Payments not processed within the terms of any contract or the standard payment period, which are not in dispute are subject to a late payment interest penalty payable to the vendor as prescribed by Minnesota Statutes ^B
 - f. Claims in excess of \$500,000 require a final approval by the Finance & Central Services Division Manager, or in their absence the signature of a designated director within the Finance & Central Services Division, the County Administrator, or the Deputy County Administrator
6. The Finance & Central Services Division shall review and process payments of invoices and claims against the County as authorized by the appropriate elected official, division manager, department head, or authorized delegate
- a. The Finance and Central Services Division shall maintain a record of authorized original and /or electronic signatures for each office, division, and department
7. The Finance & Central Services Division Manager will be responsible for developing procedures related to vendor management that will accomplish the following:
- a. Verify the authenticity of all new vendors requested by authorized staff
 - b. Verify the authenticity of any vendor changes to name, address, tax identification, and bank information
8. Electronic Funds Transfers (EFT) will be authorized and coordinated through the Treasury Unit within the Finance & Central Services Division as designated by the Finance & Central Services Division Manager
- a. Wire disbursements will be verified according to procedure to ensure legitimacy prior to initiation
 - b. Employees within the Finance & Central Services division who are also authorized as an account signer shall also be authorized to initiate electronic payments
 - c. Payments that have been validated in accordance with Section 5 of this policy shall be considered approved and must be delivered to staff authorized to initiate the EFT
 - d. The disbursing bank shall provide written confirmation of the electronic payment transfer no later than one business day after that transfer was initiated. Written confirmation may be in electronic form and shall be used in lieu of a check or warrant to support transactions paid by EFT

I. Disbursement Policy

- e. Vendor bank information shall be maintained in a secure environment with access to such information limited to individuals designated by the Finance & Central Services Division Manager for those vendors paid via the EFT process
 - f. Automatic debit transactions are not permitted by vendors unless approved by the Finance Committee
9. Check disbursements shall have the following criteria:
- a. Electronically signed by the Chair of the County Board and the Finance & Central Services Division Manager or their respective designees upon vacancy
 - b. The printing and distribution of checks shall be through the Finance & Central Services Division as designated by the Finance & Central Services Division Manager
10. The Treasury Unit under the authority of the Finance & Central Services Division Manager shall:
- a. Maintain control over the electronic check signing system
 - b. Conduct a monthly check reconciliation
 - c. Report unclaimed checks annually to the State of Minnesota
 - d. Be responsible for changes to vendor payment preference after validation according to procedure

References:

- A. Minnesota Statute 471.425 (subdivision 2); Prompt Payment of Local Government Bills
- B. Minnesota Statute 471.425 (subdivision 4); Prompt Payment of Local Government Bills
- C. Minnesota Statute 345.41; Report of Abandoned Property
- D. Anoka County Resolution 2019-107



FINANCE & CAPITAL IMPROVEMENTS COMMITTEE

ACTION ITEM

February 18, 2020

Finance & Central Services

ACTION REQUESTED	Consider recommending the County Board adopt Resolution No. 2020-F5 providing for the prepayment and redemption of the County's outstanding General Obligation Airport Improvement Bonds (AMT), Series 2008D.
BACKGROUND	<p>In July of 2008, the County sold \$1.395 Million in General Obligation Airport Improvement Bonds to finance the construction and installation of additional airplane parking apron space and other related improvements at the Anoka County / Blaine Airport. The bonds are being paid through an annual debt service levy.</p> <p>The bonds are currently callable, and as of February 18, 2020, there is \$280,000 in outstanding principal on the bonds, which have a final maturity of February 1, 2024. This will translate into a 2021 Budget Savings by reducing the planned debt service levy by \$129,675.</p>
SOLUTIONS	<p>The Call requires proper notice of final redemption be prepared and distributed. The final redemption date under the call will be April 1, 2020 for a total amount of \$282,333.33, which is \$280,000 in Principal and \$2,333.33 in interest payments (coupon being prepaid is 5%).</p> <p>Based on review and analysis by Finance, funds are available within the Airport Debt Service Fund to prepay the bonds as disclosed.</p>
CONCLUSION	Recommend the County Board adopt the attached resolution providing for the prepayment and redemption of the County's outstanding General Obligation Airport Improvement Bonds (AMT), Series 2008D.

ANOKA COUNTY, MINNESOTA

RESOLUTION NO. 2020-F5

RESOLUTION PROVIDING FOR THE PREPAYMENT AND REDEMPTION OF THE COUNTY'S OUTSTANDING GENERAL OBLIGATION AIRPORT IMPROVEMENT BONDS (AMT), SERIES 2008D

BE IT RESOLVED by the Board of Commissioners (the "County Board") of Anoka County, Minnesota (the "County") as follows:

1. The County previously issued and sold its General Obligation Airport Improvement Bonds (AMT), Series 2008D, dated July 17, 2008 (the "Series 2008D Bonds"), in the original aggregate principal amount of \$1,395,000, of which \$280,000 in principal amount is outstanding. Series 2008D Bonds maturing on or after February 1, 2019, are subject to call for prior redemption on February 1, 2018, or on any date thereafter at a price of par plus accrued interest.

2. It is determined that it is in the best interests of the sound financial management of the County that the remaining Series 2008D Bonds, comprised of a term bond with a final maturity date of February 1, 2024, and subject to mandatory sinking fund redemption on February 1 in the remaining years 2021 through and including 2023, be prepaid and redeemed on April 1, 2020 (or on the first date thereafter on which the County elects to redeem the Series 2008D Bonds and for which U.S. Bank National Association, as registrar of the Series 2008D Bonds (the "Registrar") can provide proper notice to the holders of the Series 2008D Bonds) (the "Redemption Date"), and those Series 2008D Bonds are hereby called for redemption in the aggregate outstanding principal amount of \$280,000.

3. The Registrar is authorized and directed to mail notice of call for redemption of the Series 2008D Bonds, in the form attached hereto in EXHIBIT A, to The Depository Trust Company, as the registered owner of the Series 2008D Bonds to be redeemed, at the address shown on the registration books kept by the Registrar. The Registrar is hereby authorized to take any and all other actions deemed by the Registrar to be necessary or appropriate for the cash redemption and prepayment of the outstanding Series 2008D Bonds, and for all other actions related thereto.

4. The redemption price of the Series 2008D Bonds, comprised of the outstanding principal amount of the Series 2008D Bonds plus accrued interest to the Redemption Date, will be paid from: (i) available cash revenues of the County; and (ii) the debt service fund previously established for the Series 2008D Bonds, if any.

(The remainder of this page is intentionally left blank.)

Approved by the Board of Commissioners of Anoka County, Minnesota this 25th day of February, 2020.

ANOKA COUNTY, MINNESOTA

Chair

Attest:

County Administrator

EXHIBIT A

**NOTICE OF OPTIONAL REDEMPTION
Series 2008D Bonds**

NOTICE OF OPTIONAL REDEMPTION

**ANOKA COUNTY, MINNESOTA
GENERAL OBLIGATION AIRPORT IMPROVEMENT BONDS (AMT)
SERIES 2008D
DATED July 17, 2008
(CUSIP Number 036213 Z7 4)**

Notice is hereby given that by order of the Board of Commissioners of Anoka County, Minnesota (the "County"), there has been called for optional redemption and prepayment on

April 1, 2020

(the "Redemption Date") the entire outstanding principal amount of the General Obligation Airport Improvement Bonds (AMT), Series 2008D, dated July 17, 2008 (the "Series 2008D Bonds"), with the stated maturity date, in the amount and interest rate, and with the CUSIP number set forth below:

<u>Maturity Date</u>	<u>Amount</u>	<u>Rate</u>	<u>CUSIP</u>
February 1, 2024*	\$280,000	5.00%	036213 Z7 4

**Term bond subject to mandatory sinking fund redemption on February 1 in the remaining years 2021 through and including 2023.*

The Series 2008D Bonds to be prepaid are subject to redemption at the redemption price of one hundred percent (100%) of the principal amount thereof plus accrued interest to the Redemption Date (the "Redemption Price"). U.S. Bank National Association, as Bond Registrar, shall pay the Redemption Price to The Depository Trust Company in accordance with the provisions of the Letter of Representations. No interest shall accrue on the Series 2008D Bonds subject to redemption and prepayment after April 1, 2020.

In compliance with the Interest and Dividend Tax Compliance Act of 1983 and Broker Reporting Requirements, the County is required to withhold a specified percentage of the principal amount of the redemption price payable to the holder of any Series 2008D Bonds subject to redemption and prepayment on the Redemption Date, unless the County is provided with the Social Security Number or Federal Employer Identification Number of the holder, properly certified. Submission of a fully executed Form W-9, Request for Taxpayer Identification Number and Certification (Rev. December 2014) will satisfy the requirements of this paragraph.

Publication of a notice of redemption of the Series 2008D Bonds is not required by applicable Minnesota law.

The County is not responsible for the selection or use of the CUSIP numbers with respect to the Series 2008D Bonds. The CUSIP numbers in this Notice of Optional Redemption are provided solely for the convenience of the holders of the Series 2008D Bonds and no representation is made by the County as to the accuracy of such CUSIP numbers.

Dated: [Date of submission to DTC].

ANOKA COUNTY, MINNESOTA



FINANCE & CAPITAL IMPROVEMENTS COMMITTEE

INFORMATIONAL ITEM

February 18, 2020

FINANCE & CENTRAL SERVICES

ACTION REQUESTED	Consider, for informational purposes, the Investment Report for the year ended December 31, 2019.
BACKGROUND	Attached is the December 31, 2019 investment update per the request of the Committee. The amounts shown are year-to-date for 2019.



Anoka County

FINANCE & CENTRAL SERVICES DIVISION

Respectful, Innovative, Fiscally Responsible

MEMORANDUM

DATE: February 18, 2020

TO: Commissioner Matt Look
Chair, Finance & Capital Improvements Committee

FROM: Cory Kampf, F&CS Division Manager

SUBJECT: 2019 4th Quarter Investment Update

The Finance Committee has requested receiving information on investments on a periodic basis.

For the year ended December 31, 2019, the County had investments totaling \$344.82 million. Within the investment management system, we have broken down our investments into portfolios, which are defined below:

- **Investment Manager – RBC:** Represents funds managed by RBC.
- **MAGIC Fund:** Represents short-term CD's, Term Notes, and liquid funds.
- **OPEB Irrevocable:** Investments with State Board of Investments (SBI) tied to our Retiree Health Care Liability.
- **US Bank - Fixed Income:** Represents portfolio managed internally.
- **US Bank – Liquid Assets:** Represents short-term liquid funds.
- **Wells Fargo – Sweep:** Represents short-term overnight funds associated with main checking account.

Investing Strategy

The County's investing strategy focuses on safety, liquidity, and then yield. The yield is impacted by the constraints of the fixed income market and is secondary to maintaining safety in the investments chosen and the liquidity needed to manage operations. We strive for the best yield possible using a ladder maturity philosophy. The OPEB Irrevocable Trust represents Pension Assets and are invested in an Index Fund that includes equities.

Anoka County Summary of Investments by Portfolio – December 31, 2019

Description	Beginning Face Amount/Shares	Ending Face Amount/Shares	Buy Principal	Sell Principal	Interest Earned During Period-Book Value	Realized Gain/Loss-Book Value	Investment Income-Book Value
Investment Manager - RBC Capital	37,271,655.77	38,399,559.70	10,940,621.13	9,837,870.13	1,034,686.78	(37,926.71)	996,760.07
MAGIC Fund	86,165,957.80	55,625,307.78	252,323,975.03	282,864,625.05	1,677,246.06	-	1,677,246.06
OPEB Irrevocable	61,978,649.56	79,547,622.41	24,477,102.10	1,644,400.59	1,449,837.20	-	1,449,837.20
US Bank - Fixed Income	120,707,560.52	161,975,910.24	68,369,080.30	25,457,277.69	2,929,249.55	2,466.23	2,931,715.78
US Bank - Liquid Assets	5,219,453.52	7,656,176.05	898,241,164.13	895,804,441.60	894,351.96	-	894,351.96
Wells Fargo - Sweep	2,479,869.01	1,611,222.07	112,989,165.27	113,864,929.39	58,107.11	-	58,107.11
Total / Average	313,823,146.18	344,815,798.25	1,367,341,107.96	1,329,473,544.45	8,043,478.66	(35,460.48)	8,008,018.18

GASB YE Market Value Change	2,518,124.58
Less OPEB Investment Income	(1,449,837.20)
Less Interest allocated to Other Funds	(771,128.00)
Net Investment Income	8,305,177.56
2019 Investment Income Budget	2,900,000.00
Investment Income (deficit) surplus	5,405,177.56

Portfolio Performance

Total investment income earned for the year ended totaled just over \$8.0M, with \$(35.5K) related to one time realized losses due to regular activity by our RBC Capital Asset Manager (\$37.9K) and one time realized gains in our Internal activity (\$2.4K). The overall portfolio performance for the year ended December 31, 2019 is an average book yield of 2.21% compared with 2.06% at the end of 2018. The OPEB Trust saw a large market value gain due to the market movements throughout 2019, posting a 28.3% increase or \$17.6 million gain (unrealized).

See chart below for a breakdown by Portfolio:

