

## CITY COUNCIL CONFERENCE MINUTES

February 8, 2011

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a conference at 5:35 p.m. in the Municipal Building Conference Room on the 8th day of February, 2011, and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray, and the Norman Public Library at 225 North Webster 48 hours prior to the beginning of the meeting.

PRESENT: Councilmembers Atkins, Butler, Cubberley, Dillingham, Ezzell, Griffith, Kovach, Quinn, Mayor Rosenthal

ABSENT: None

Item 1, being:

CHANGE ORDER NO. ONE TO CONTRACT NO. K-1011-136 WITH PETROLEUM MARKETERS EQUIPMENT COMPANY, INC., DECREASING THE CONTRACT AMOUNT BY \$5,922 FOR THE UPGRADE OF THE FUEL PUMP DISPENSER, FUEL KEYS, AND FUEL CONTROLLER FOR THE FLEET MANAGEMENT DIVISION.

Mr. Shawn O'Leary, Director of Public Works, said the City's Fuel Facility located at 1301 DaVinci is antiquated and repair parts have become obsolete. He said the system currently provides 21,000 gallons of unleaded fuel and 28,000 gallons of diesel fuel to 684 City vehicles/ equipment and compressed natural gas (CNG) will soon be provided as well. He said the new fuel control system will be run by modem that must be routed to a separate computer network via underground cables. The underground fuel tanks located at Westwood Park, 2400 Westport Drive, will be connected to the network with underground cables as well. He said the new system will save \$864 per year.

Mr. O'Leary said fuel keys programmed per employee are currently used, but the current fuel system identifies errors made by employees who enter wrong equipment numbers, mileage, or fuel types and each error must be researched by Staff to maintain integrity of the system. He said the new system will be programmed for equipment/vehicles requiring fuel rather than by employee and limits can be placed on each vehicle, which will ensure more accurate data.

Fleet Staff collaborated with Information Technology (IT) Staff to prepare the bid package and IT Staff determined that copper wiring in lieu of fiber optic cable can be used to save costs and resulted in eliminating several items on the original bid. Change Order No. One decreasing the contract amount by \$5,922 allows for those savings.

Councilmember Kovach asked how speed would be affected by using copper instead of fiber optic cable and Ms. Kari Madden, IT Network Manager, said the amount of data collected is very small so speed requirement will be minimal. The possibility of changing to fiber optics will always be a future option, the copper cable definitely meets current needs.

Items submitted for the record

1. Text File No. K-1011-136 dated December 27, 2010, from Mike White, Fleet Superintendent
2. Change Order No. One to Contract No. K-1011-136
3. Aerial photo of the City of Norman Fuel Facility, 1301 DaVinci Street, photo of Fuel Dispenser and Key Reader Station, and Net Budget Increase cost detail

Item 2, being:

CHANGE ORDER NO. TWO TO CONTRACT NO. K-0910-103 WITH DIVERSIFIED CONSTRUCTION OF OKLAHOMA, INC., INCREASING THE CONTRACT AMOUNT BY \$41,653.17 TO ADD A FUTURE FUEL TANK AND STORAGE BUILDING TO THE FIRE STATION NO. EIGHT CONSTRUCTION PROJECT LOCATED ON 36TH AVENUE N.W., ONE-FOURTH MILE NORTH OF TECUMSEH ROAD.

Mr. James Fullingim, Fire Chief, said Contract No. K-0910-103 with Diversified Construction of Oklahoma, Inc., for the construction of Fire Station No. 8 was approved by Council on December 22, 2009. He said plans have been added for an exterior storage building to provide space for chemical and lawn equipment storage as well as infrastructure to accommodate a possible future diesel fueling site. He said the storage building will be constructed from the same material as the fire station so there will no unsightly metal building at the location. He said fuel site infrastructure will allow for less expensive and complicated installation of a possible future fuel site and Change Order No. Two will fund these projects.

Councilmember Kovach asked if those funds would be derived from the Public Safety Sales Tax (PSST) and Mr. Anthony Francisco, Director of Finance, said yes.

Items submitted for the record

1. Text File No. K-0910-103 CO #3 dated January 25, 2011, from James Fullingim, Fire Chief
2. Change Order No. Two to Contract No. K-0910-103

Item 3, being:

UPDATE REGARDING POTENTIAL REFINANCING TERMS FOR TH UNIVERSITY NORTH PARK TAX INCREMENT FINANCE DISTRICT.

Mr. Francisco introduced Mr. Rick Smith, Municipal Finance Services. Mr. Smith said the Norman Tax Increment Finance Authority (NTIFA) approved the 2009 Tax Apportionment Note with the University North Park Tax Increment Finance District (UNPTIF) on June 23, 2009, and the transaction closed on June 30, 2009, structured as follows:

<b>Project</b>	<b>1st Funding</b>	<b>2nd Funding</b>	<b>Total Funding</b>
Traffic and Initial Project Activity	\$1,011,844	\$1,270,500	\$ 2,282,344
Legacy Park Construction	\$ 210,500	\$4,889,500	\$ 5,100,000
Rock Creek Overpass	\$6,750,000	No additional	\$ 6,750,000
Total	\$7,972,344	\$6,160,000	\$14,132,344

Mr. Smith said the first funding authorization provided the NTIFA with the ability to draw funds on an as needed basis, up to \$8.4 million, to complete the Rock Creek Road Overpass Project including the 24th Avenue N.W. and Rock Creek Road intersection, Legacy Park design costs, and pay for initial project activity costs and costs associated with the financing. The second funding authorization was to provide the NTIFA with the ability to draw funds on an as needed basis, up to \$6.16 million, to construct Legacy Park including the intersection of Legacy Park Drive and 24th Avenue N.W. and other project roadway improvements to the extend funding would allow.

Mr. Smith said the second funding authorization from the OU Foundation, as the lender, is contingent on an agreement between the City, the NTIFA, and the OU Foundation for Development Agreement No. 5, which primarily focuses on road improvement sequencing taking into consideration the recently released I-35 Frontage

Road Study, the future Lifestyle Center, and remaining roadway improvements; however, no agreement with the Foundation for Agreement No. 5 has been reached at this time.

Mr. Smith said Bank of America and Republic Bank and Trust are interested in refinancing the OU Foundation Note, but the Bank of America's proposal requires repayment of net revenues on an annual basis, which did not provide the flexibility the City wanted. He said there are ongoing discussions with Republic Bank and Trust regarding a variable rate option and fixed rate option. He said Republic had originally bid a fixed rate of 5% and has amended that proposal to a 3.75% fixed rate through 2013 and 5% thereafter. Mr. Smith highlighted the economical factors of a fixed rate and variable rate tax exempt scenario. He said, to be viable, a variable rate would have to be around 4.7% over the next fifteen years and the OU Foundation Note would have to average 4.3% over the next fifteen years; however, the possibility of the note staying at or under that rate is highly unlikely.

Mr. Smith said if the Authority decides to refinance, he recommends the fixed rate option that would allow the City to lock in on the 3.75% rate through 2013 then the 5% fixed rate. He said Republic Bank and Trust also offers the opportunity for the NTIFA to redeem or prepay the bonds at any time with no penalty, which is a feature not found in most financial markets for a fifteen year fixed rate scenario.

Councilmember Ezzell felt there was more stability with the two tiered fixed rate and had the added benefit of taking the OU Foundation out of the transactional picture. He said the City would no longer be under pressure to arrive at a consensus agreement with the Foundation on Development Agreement No. 5. Councilmember Kovach asked what the estimated final maturity date would be and Mr. Smith said the 2026 date did not change.

Mr. Charles Thompson, Republic Bank and Trust, said any prepayment can be proportioned and would not have to be paid in full.

Councilmembers were all in agreement that the two tier fixed rate scenario made the best economical sense.

Items submitted for the record

1. Memorandum dated February 3, 2011, from Anthony Francisco, Finance Director, to Honorable Mayor and Councilmembers
2. Norman Tax Increment Finance Authority (University North Park (UNP) Refinancing Project) Finance Proposal Comparison
3. Norman Tax Increment Finance Authority Comparison of Financing Options dated January 24, 2011
4. Comparison of Current University of Oklahoma (OU) Note to Republic Bank Offer

The meeting adjourned at 5:58 p.m.

ATTEST:

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City Clerk

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Mayor