

FINANCE COMMITTEE MINUTES

December 21, 2011

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 5:30 p.m. in the Municipal Building Study Session Room on the 21st day of December, 2011, and notice and agenda of the meeting were posted in 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: Members Dillingham, Gallagher, Griffith, and Chair Quinn

ABSENT: Member Ezzell

OTHERS PRESENT: Cindy Rosenthal, Mayor
Tom Kovach, Council Member
Linda Lockett, Council Member
Steve Lewis, City Manager
Anthony Francisco, Finance Director
Suzanne Krohmer, Budget Manager
Clint Mercer, Chief Accountant
Keith Humphrey, Police Chief
Jeff Bryant, City Attorney
Ken Komiske, Utilities Director
Chris Mattingly, Superintendent-Water Treatment Plant
Rick Smith, Municipal Finance Services, Inc.
Harold Heiple, Citizen
Steven Ledgerwood, Citizen
Steven Tyler Holman, Citizen
Mary Francis, Citizen
Joy Hampton, Norman Transcript

FURTHER DISCUSSION REGARDING THE FYE 11 COMPREHENSIVE ANNUAL FINANCIAL REPORTS AND TRANSFER INTO THE NET REVENUE STABILIZATION FUND (RAINY DAY FUND)

Dan Quinn, Committee Chair, said the Committee would continue question and answer processing on the FYE 11 CAFR until later date.

Anthony Francisco presented letters from Cole & Reed, P.C., auditing firm.

- Assumptions made by Accounting Staff
- Later meeting to discuss assumptions (depreciation, income, etc.)
- Will meet in August early in audit process to discuss assumption with Council in future
- No audit adjustments

- No material misstatements
- Cost of audit is approximately \$96,000
- Have a 3-year contract with two additional years option with Cole & Reed as auditors – in 3rd year
- Letter from Cole & Reed responding to State Auditor on specifically Sewer Sales Tax and Public Safety Sales Tax.
- In FYE 2006 Budget showed that a transfer of \$58,000 would be made because a project called for \$58,000 more than could be spent from the Sewer Sales Tax - transfer will be made
- PSST – headcount of positions – Fire Department and Police Department budgeted positions are accurate according to Staffing Plan in PSST Ordinance; Police Department actual positions are accurate according to PSST Ordinance Staffing Plan, Fire Department short (positions for Fire Station 9 are currently being filled)

Items submitted for the record

1. Letter from Cole & Reed, P.C. to the Finance Committee, dated December 9, 2011, (Management Letter)
2. Letter from Cole & Reed, P.C. to the Finance Committee, dated December 9, 2011, (Required Communication Letter)

DISCUSSION AND REVIEW OF THE PROPOSALS RECEIVED TO PROVIDE BANKING SERVICES TO THE CITY OF NORMAN

- Proposals are submitted approximately every five years for banking services for City of Norman
- Banks need to be federally chartered and fairly large
- Banks must be able to provide the following services:
 - Checking services
 - AC House – automated payments and credits/debits
 - Collateralized deposits
 - Merchant credit card processing services and purchasing cards
 - For incoming credit card purchases (utilities, permits, court costs, in-person, on-line and by telephone IVR)
 - Large currency availability
 - Contract costs approximately \$5,000/month or \$60,000/year – deposit services, \$100,000/year credit card processing (partially recovered through user fees)
 - Investing of “sweep accounts” nightly
 - Returns offset costs
- Responses from UMB, BancFirst, Chase, Bank of Oklahoma, and Bank of America
- Committee recommendation to Steve Lewis in early January, 1st meeting in February to Council to adopt
- Request for Proposals sent to 11 banking institutions
- Republic Bank & Trust and First American chose not to respond

- We have worked with Bank of America institution (several name changes) over 20 years in some capacity
- Kovach – how does local buying preference play? – concerned with corporate citizenship of Bank of America

Items submitted for the record

1. RFP #1112-33, Request for Proposal for Depository Banking and Credit/Debit Card Processing Services

DISCUSSION REGARDING THE 2012 GENERAL OBLIGATION BOND ISSUANCE FOR AUTHORIZED PROJECTS

Anthony Francisco and Rick Smith, President of Municipal Financial Services, Inc., Financial Advisor for City of Norman, made presentation.

- FYE 12 – GO Bond projects list
 - Animal Shelter – 5 year payoff – voted in 2011
 - Library Improvement – 2 year payoff – voted in 1999
 - Street Resurfacing – 5 year payoff – voted in 2010
- 50 year low for interest rates
 - 1 offering – 3 different series
- Mayor – How do citizens participate in buying bonds?
 - Contact their own financial advisor
 - Or successful bidder to purchase direct
 - \$5,000 is customary minimum to purchase
- Bid packets will be sent to 85 – 90 firms across the United States
- Bids will be received and reviewed – Council will be notified of successful bidder
- January 24th - Resolution to Council for Bond Sale date
- 1st meeting in February - sale of bonds
- Funds will be in hand in March

Items submitted for the record

1. Summary of 2012 General Obligation Bonds prepared by Rick Smith, Financial Advisor

DISCUSSION AND REVIEW OF THE WATER UTILITY FUND

Ken Komiske made presentation.

- Water rate renewal/increase for required treatment changes
- Water Supply Plan – last one in 2001
- Currently receiving proposals from engineering firms for new Plan – approximately 9 months to complete
- Concentration on new water source and renewable water source
- Received ARRA \$2 million dollar grant for Phase I of Water Treatment Plant improvements

- Drought has increased revenues - \$1.9 million additional unexpected revenue
- \$4.6 million in projects in 2014 eliminated (additional well connections)
- All of these projects postponed – still have need for future rate increase
- Will select supply plan proposals by Fall of 2012

Items submitted for the record

1. Presentation on Water Fund prepared by Ken Komiske, Utilities Director

DISCUSSION REGARDING REVENUE/EXPENDITURE REPORT

No discussion.

Items submitted for the record

1. Summary of Major Funds-General; Capital; Westwood; Water; Wastewater; Sewer Maintenance; New Development Excise; Sewer Sales Tax; and Sanitation Fund Revenue Sources vs. Budget, Financial Report dated November 30, 2011.

DISCUSSION REGARDING REPORT ON OPEN POSITIONS

Firefighter positions – 14 authorized versus the ones on hold. Further information on Vacancy Report to be provided to Council.

Items submitted for the record

1. City of Norman/Human Resources Department Recruitment and Selection Report dated December 14, 2011

MISCELLANEOUS DISCUSSION

No discussion.

The meeting adjourned at 6:31 p.m.

ATTEST:

City Clerk

Mayor