

## MEMORANDUM

**TO:** Michael G. Herring, City Administrator

**FROM:** Jan Hawn, Director of Finance and Administration

**DATE:** September 9, 2002

**SUBJECT: FINANCE AND ADMINISTRATION COMMITTEE MEETING**

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The Finance and Administration Committee met Wednesday, August 28, 2002. Those in attendance included: Chairperson Bruce Geiger, Councilmember Jane Durrell, Ward I, Councilmember Dan Hurt, Ward III, Councilmember Connie Fults, Ward IV, Mayor John Nations, City Administrator Mike Herring, Director of Finance and Administration Jan Hawn, and Executive Secretary Shirley Yost. The meeting was called to order by Chairperson Geiger at 5:30 p.m.

(\* Items to be discussed/approved by City Council)

**1. Approval of Minutes – June 12, 2002**

Councilmember Hurt made a motion to approve the minutes from June 12, 2002. Councilmember Durrell seconded the motion. The motion was approved 4-0.

**\*2. Refunding of Public Works Facility Certifications of Participation**

Ms. Hawn presented a recommendation to refund the Certificates of Participation, Series 1995, which were used to pay for the construction of the Public Works Facility. She indicated that she had received a recommendation from Michelle Bock of US Bancorp Piper Jaffray, the City's Financial Advisor, based on the current low interest rates.

Councilmember Hurt inquired about paying the bonds off sooner and expressed an interest in seeing a structure, which would retire the bonds in 2010.

Councilmember Hurt made a motion to recommend that City Council refund the Public Works Facility Certificates of Participation. Councilmember Durrell seconded the motion. The motion passed 4-0. Councilmember Hurt made another motion to submit the structure/timeframe (as proposed by the City's financial advisor) to City Council, as well as the analysis of another structure, which would pay the debt off by 2010. The motion was seconded by Councilmember Fults and passed 3-1, with Councilmember Durrell voting against the motion. This proposal will be forwarded to City Council at the October 7, 2002 meeting.

**3. Discussion regarding the amount budgeted for merit pool increases**

Mr. Herring discussed merit pool increases. He indicated that per Council direction and as specified in the 5-Year Budget, staff already includes a 3% pool for merit pay increases in each proposed budget. He noted that under the policy recently adopted by City Council, all pay scales will be adjusted upward by .4% (June CPI) and that those employees falling below the minimum in their particular pay grade would be adjusted to the new minimum by this same .4%. He recommended that an additional .4% be added to the 3% merit pool dollars, to help deal with “compression.” The Committee discussed the recommendation. Councilmember Geiger made a motion to maintain the budgeted amount at 3% for merit pool increases for Fiscal Year 2003. Councilmember Durrell seconded the motion. The motion was approved 3-1, with Councilmember Hurt voting no.

**4. Second Quarter Financial Statement**

Ms. Hawn presented the second quarter 2002 financial statement to the Committee. Councilmember Geiger presented an executive summary of year-to-date and projected revenues. Ms. Hawn distributed an executive summary of year-to-date expenditures. The Committee discussed the information that was presented to them and accepted the reports as information, with no additional action taken.

**\*5. Recommendation to Update the City’s Investment Policy**

Ms. Hawn told the Committee that the Investment Policy, adopted in 1992, has become somewhat outdated. In 1992, the City did not have any special revenue, capital projects or debt service funds, so no language was included pertaining to these types of funds. Secondly, the Government Finance Officers Association of the United States and Canada (GFOA) now has a sample investment policy which organizes the document better and includes more discussion of pertinent issues, such as internal controls and the recommendation of a glossary. Ms. Hawn proposed two substantive changes: a higher level of reporting, as recommended by GFOA, and an increase in the maximum maturity on investments from two (2) years to five (5) years.

Councilmember Geiger made a motion to remove “banker acceptances” and “commercial paper” from the investment policy. Dan Hurt seconded the motion. The motion was approved 4-0.

Councilmember Durrell made a motion to recommend that City Council approve the revised Investment Policy. Councilmember Fults seconded the motion. The motion was approved 4-0.

**6. Discussion regarding Citizen of the Year Process**

Councilmember Durrell made a motion to table this item until the next Finance and Administration Committee meeting. Councilmember Fults seconded the motion. The motion was approved 4-0.

**\*7. Budget Revision for TIF Funds**

Ms. Hawn presented an amendment to the Committee to modify the Fiscal Year 2002 budget based on the sale of the TIF bonds approved earlier this year. After discussion, Councilmember Durrell made a motion to recommend that City Council pass the budget amendment for the TIF bonds. Councilmember Fults seconded the motion. The motion was approved 4-0.

**8. Budget for Fiscal Year 2003**

Ms. Hawn presented the Committee with the budget preparation calendar for Fiscal Year 2003. She noted that the City Council would hold their annual budget workshop sometime during the period October 15<sup>th</sup> to November 15<sup>th</sup>. The Committee accepted this as information.

**9. Other/Next Meeting**

The next meeting of the Finance and Administration Committee is scheduled for Wednesday, October 23, 2002 at 5:30 p.m.

Councilmember Hurt made a motion to adjourn the regular meeting of the Finance and Administration Committee and to go into Executive Session. The motion was seconded by Councilmember Fults and passed on a roll call vote, as shown below:

Chairperson Geiger – Yes  
Councilmember Hurt – Yes  
Councilmember Fults – Yes  
Councilmember Durrell - Yes

The meeting adjourned at 6:48 p.m.