MINUTES
Investment Committee Meeting
January 23, 2013 – Wednesday – 10:00 a.m.
Wayne Gilley Conference Room

Members Present:	Councilman Doug Wells Pat Henry Brian Henry
Others Present:	Bryan Long, Asst. City Manager Julie Magness, Financial Services Supervisor Krystal Urbanski, Accountant Susan N. Schlecht, Recording Secretary
Absent:	Rick Endicott, Finance Director Kathy Sheppard, Internal Auditor

Meeting called to order at 10:00 a.m. by Magness. Notice of meeting and agenda were posted on the New City Hall notice board as required by law.

CONSIDER APPROVAL OF MINUTES FOR JULY 25, 2012 MEETING.

MOTIONED by, Wells **SECOND by**, Pat Henry to approve the minutes of July 25, 2012. AYE: Pat Henry, Wells, Brian Henry. NAY: None. MOTION CARRIED.

OLD BUSINESS:
None Discussed

NEW BUSINESS:

REVIEW 2nd QUARTER INVESTMENT INFORMATION (October 2012 – December 2012)

Urbanski read over the investment charts and figures.

Magness explained that the FTN Financials (1.06%) are CD's and the FTN Safekeeping is treasuries and those types of investments. She also pointed out that we have several investments in the 1 to 2 year range, but if you invest for a longer period they will get called early. We hardly ever have anything go to maturity. The 1 to 2 year range offers a higher percentage rate.

Urbanski continued to read the figures and charts.

Magness commented that Morgan Keegan/Raymond James was a company that the Pension Fund used for several years until the fund management switched to Jerry Armstrong and they were no longer used. A Morgan Keegan/Raymond James representative approached Magness and asked if the City would consider reinvesting with them. Magness discussed this idea with Endicott and both he and Magness agreed that because the City has invested with them before that they were not a new investment firm. As a result of this decision we are now investing with them.

Magness went on to mention that the City still has a lot of money invested ($46.2 million). A lot of that money is from the 2005 CIP that we are holding to pay off the Southeast Water Treatment Plant. We have talked with Water Resources Board about paying that note off, but right now the answer is no. The reason for this is that if we pay them the money they would have to turn around and loan that money back out to somebody else and apparently they do not have the ability to do so. We will continue to try and pay the loan off early.

Pat Henry asked what the amount of the loan is.

Magness stated it is 40 million dollars.

Wells commented that there are actually two notes. One for 10 million and one for thirty million. Those are not scheduled to be paid off until 2027/2028. We have to sit here and hold that money to make the regular payments instead of being able to pay it off. The original idea I guess was to make more money on interest. Unfortunately that is not the way it is working out.

Pat Henry clarified that out of the $46.2 million $40 million is held.

Magness reaffirmed that is the case and we are reinvesting that money and using it to make the regular loan payments.

MOVED by Wells, SECOND by Pat Henry, to accept the 2nd Quarter Investment Report for (October 2012 – December 2012) AYE: Wells, Pat Henry, Brian Henry. NAY: None. MOTION CARRIED.

DISCUSS 4th QUARTER Financial Report (July 2011-June 2012)

Magness said that Endicott did the Financial Report prior to him leaving on vacation, but he asked her not to discuss it with the committee. She went on to say that he will discuss it with any of the committee members after he returns next Thursday.

Wells asked isn’t the problem there that the State did something strange on the sales tax.

Magness said that there is an issue with the sales tax. Although she does not remember exactly what is wrong. Oklahoma Tax Commission (OTC) didn’t calculate it correctly or something like that. Certain cities have received either too much or not enough taxes.

Wells asked too much or not enough?

Long stated not enough. The OTC underestimated what was owed to the recipients.

Wells said he thinks Endicott thinks that we are going to get more back than what we got. If you look at the report it is down 6% or so.

Magness stated that it is still too early in the budget year to see exactly where we are going to be. What you are seeing in the report is actually Octobers collections. We still have some bigger deposits coming.

Wells said that is not going to reflect this report though because the one I am talking about the one we got in January.

Magness agreed yes it will be the next report.

Pat Henry stated we do not know how December sales taxes are yet.

Schlecht said no, not yet, not until February.

Pat Henry said she didn't know that when she looked at the report.

Wells told Long that he thought he said something about them having the sales tax for December already.

Long stated that Schlecht released the information off of the OTC website.

Schlecht reiterated that those are not the figures for actual December sales. The stores actually collect sales tax in December. They take it in at the time of the sale. The stores in turn have one month to report it to the OTC. OTC takes a month to create the distribution reports and get the deposits to us. So it will always be two months behind. The December 2012 sales tax will show up in the first two weeks of February 2013 and then I will create the report and it will be dated February.

Pat Henry said then it will be compared to February of last year.

Schlecht agreed.

Wells asked if the underestimated sales tax is for the month of November collections not December.

Schlecht stated that she has not seen anything on the OTC website referencing this short payment. She has heard that the OML has released a letter to this fact, but has not heard anything else.

Wells said that it was in the paper too. The newspaper reported that they added some city sales tax into their total collections for the State twice which made it look as though they set a record. Then when they corrected that it dropped down and was no longer a record. The question is did they or did they not give out the correct amount.

Brian Henry asked how do you make that big of a mistake that quick?

Long stated that the OTC is not being very forthcoming with information either. So it is very hard right now to know what is going on.

Pat Henry asked what the projection of the hotel/motel tax is for this year?

Magness answered we budgeted $1.2 million and at the end of November we averaged about $40 thousand short.

Brian Henry said that on the Chamber's side they were trying to project what it was going to look like at the end of the year. It is very difficult because each month is so different.

Pat Henry asked when the hotel convention center is expected to open? What year. I think we are going to be in a real big crisis as far as hotel/motel taxes collections. It doesn't look good and for the next ten years we will not be able to utilize the taxes from the convention center.

Bryan Henry said 2014/2015. He went on to say that the interesting piece about that is how many people will pay the $169 or $149 to stay there when they can buy a nice room for $89 or $99. Is it convenience for the convention center, we already have a convention center. The biggest concern to the hotels now is that the two hotels on Fort Sill are so inexpensive and they are not requiring overnighters to have a military ID to stay there. We tested that theory and it is true. Even if the hotels off post were to meet that price it would be deadly to the hotels. They cannot meet it.

MOVED by Wells, SECOND by Brian Henry, to accept the 2nd Quarter Financial Report for (July 2012 – December 2012) AYE: Brian Henry, Wells, Pat Henry. NAY: None. MOTION CARRIED.

OTHER DISCUSSION:

The committee members had a lengthy discussion about the current state of affairs between Fort Sill and the Lawton community. There is definitely concern by the members that if the current policies of Fort Sill regarding food establishments, rental agreements, hotel prices, and new housing continue it is going to cause real concerns for the business people of Lawton.

ADJOURNMENT:

There being no other business to discuss the meeting adjourned.

MOVED by Wells, SECOND by, Pat Henry to adjourn. AYE: Pat Henry, Wells, Brian Henry. Meeting adjourned at 10:30 a.m.