

**MINUTES
FINANCE COMMITTEE MEETING
CITY OF DOUGLAS
COUNCIL CHAMBERS
425 TENTH STREET
DOUGLAS, AZ 85607**

Tuesday, October 18, 2011

7:30 am

1. CALL TO ORDER/ROLL CALL

Meeting was called to order at 7:30 a.m.

Members Present:

Mitch Lindemann

Mike Nava

Ana Bernal

Margaret Morales

Members Not Present:

David Caveny (excused)

Victor Varela (excused)

Also Present:

Curtis Shook, City Manager

Juan Pablo Flores, City Attorney

Luis Pedroza, Finance Manager

Lorenza Rascon, Committee Secretary

**2. PERSONS WISHING TO ADDRESS THE COMMITTEE IN WRITING OR
VERBALLY ON ANY ITEM NOT ON THE AGENDA**

None.

3. APPROVAL OF MINUTES FOR SEPTEMBER 12, 2011

Mr. Mike Nava entertained a motion to approve the minutes as presented. Ms. Ana Bernal seconded the motion.

Ms. Margaret Morales noted a correction on page 5. She would like a comment that she made about not resigning as Liaison included on the minutes.

Changes noted. Motion passed 3 – 0. Liaison member did not vote.

4. DISCUSSION AND/OR APPROVAL ON FINAL RECOMMENDATION TO MAYOR AND COUNCIL ON PROPOSED RESOLUTION No. 11-853 AMENDING RESOLUTION NO. 703, 723 and 96-115 AND CLARIFYING MEMBERSHIP, APPOINTMENT TERMS, DUTIES AND PURPOSE OF THE FINANCE COMMITTEE

City Attorney Juan Pablo Flores explained that by recommendation at the last meeting he made some changes to the Resolution. The recommendations are that the Committee consists of five members with a maximum of one representative from Mayor, Council or City Manager. Additionally there is a provision that the current liaison member complete her term. In reference to the duties of the Committee, everything will pretty much stay the same except that the word monitor has been removed. In reference to membership, the Finance Committee shall have a member, a voting member, who will be the chairperson who will serve for two terms and if a new person is not appointed within 30 days of the term expiration the term automatically renews itself. The Chairperson is given authority to place items on the agenda in such order as is necessary and is given the authority to change the order on those items on the agenda. Since it will be a five member committee then the quorum will be three. Also two members of the Committee can place an item on the agenda.

Mr. Mike Nava entertained a motion to adopt the recommendations to Resolution No. 11-853 as originally presented.

Ms. Ana Bernal asked if on the second page, under Purpose and Duties of Committee the word monitor could be left and not deleted.

Attorney Flores explained to her that the corrections made were part of amendments by substitution and other suggestions made by the Committee on the previous meeting.

Mr. Curtis Shook explained that most of the changes made are as a result of the last meeting. Resolution 11-853 is the result of suggestions made by the Committee members.

Mr. Mitch Lindemann seconded the motion.

Mr. Nava questioned the membership portion. He said that the liaison member is not defined in the enclosed document. He made a motion to change the phrase "and shall be designated by Mayor and Council as its liaison with the Finance Committee" be added to the third sentence of item number 2. Otherwise there is no standing for a liaison.

Attorney Flores explained that the liaison member came to be as an addition when there should have been no liaison member.

Mr. Nava answered that he understands that but that if Mayor and Council which to have a designated liaison whether it is characteristic or not it should be stated in the Resolution. That would give that person stamina.

Mr. Lindemann asked if this would be an amendment to the Resolution.

Mr. Nava said yes that he will move it as an amendment under section 2 added to the end of the third sentence saying "and shall be designated".

Ms. Bernal seconded the motion.

Motion did not pass with a 2 – 1 vote.

Mr. Nava entertained a motion that the wording as contained in the present Resolution 11-853 be changed from "will" to "shall" and adding "on a regular basis" replace the proposed wording on the first sentence and the introductory phrase of the second sentence to replace with the wording "The Finance Committee shall on a regular basis study, review, and monitor the City budget, including income and expenditures and shall make recommendations to the Council as appropriate."

Mr. Lindemann asked if there was a second to that amendment. Hearing no second the amendment dies.

Mr. Nava entertained a motion that the following sentence should be added to the beginning of section 6, "The Finance Committee shall meet at least once each quarter" and that in the original first sentence the phrase twice a year be deleted and that all of the words "will" be changed to "shall".

Mr. Lindemann asked if there was a second. Hearing no second the motion dies.

Mr. Nava entertained a motion on section 6 to add to the end of the third sentence "in consultation with the City Manager, the City Attorney and the City Treasurer".

Attorney Flores asked what line he was looking at.

Mr. Nava answered it would be line 16 for the sentence to read "The meeting agenda shall be set by the Chairperson who shall place such items on the agenda and in such order, as is necessary to accomplish the purpose of the Committee, in consultation with the City Manager, the City Attorney and the City Treasurer." And his motion would continue to delete in the fourth sentence the word "unilaterally" and add to the end of the third sentence the wording "only with the consent of the Committee by majority vote".

Mr. Lindemann asked if there was a second on that amendment. Hearing no second the amendment dies.

Mr. Nava also asked on item 6 with the phrasing “will meet at least twice a year”, with that provision, how effective will the phrasing “any Committee member missing more than three consecutive meetings” be. The combination of those two items means that a Committee member would run the risk of being off the Committee because if it meets only twice a year then the fourth meeting will be at the end of the second year. And if further the absent member would not be absent a fourth meeting then within the member’s term of four years this provision would not kick in.

Attorney Flores explained that the way this provision reads is that the Committee will meet at least twice a year and as many more times as it should take to conduct business. He explained that this year the Committee has met at least five times. He believes it works really good the way it is written.

Mr. Shook would like to point out that it does say without an excuse acceptable to the majority. Being ill is one thing, having business is another and just not coming is another. This is a citizens committee and there are a number of legitimate reasons why a member may not be able to attend.

Ms. Bernal commented that with her job it is very hard for her to leave her job to attend the meetings especially when the meetings are in the evening. It is much easier for her to attend the morning meetings.

Mr. Nava explained that the net results of the changes will emasculate the duties of the Committee. Make the Committee simply a Committee that will recommend on the City Administration’s proposed budget.

Attorney Flores explained that even if the votes have been taken on the discussion this discussion will be part of the original motion.

Mr. Nava continued by explaining that the minimum of two years of serving will be maximized.

Mr. Lindemann asked if there was any other discussion. Hearing none he continued to ask for a vote on the approval of Resolution 11-853.

Motion passed 2 – 1.

5. CHAIRMAN’S REPORT

None.

6. FINANCE COMMITTEE MEMBERS REPORT

Mr. Mike Nava said that at the City Council meeting there were two items on the agenda that should have been reported to the Finance Committee. One was the request for approval for staff to begin the search for a new aerial ladder truck for the Fire Department. He feels that it will impose itself upon either this year's budget or next year's budget or a combination of both. The estimated cost is about one million dollars. He feels that the Finance Committee should have discussed this. The second item is that Mr. Pedroza made a report to City Council about the financial condition of the City. He commented it was a good report and had good information. He requests that such report be presented to the Finance Committee at the next meeting.

7. MANAGER'S REPORT

Mr. Curtis Shook commented in reference to Mr. Nava's comment. He explained that City Management asked for Council's authorization to find a ladder truck and to find appropriate financing. It has no effect on the budget until such time as it's approved for financing. He continued by explaining that he didn't feel asking the Council whether they agree or not is something that should be brought to the Finance Committee until such time that it will make an impact on the budget. He continued by saying that if at any time during the course of the fiscal year, if Management or the Finance Director determine that the City is not meeting expectations as revenue or expenditures are not what was expected then a meeting will be called of the Finance Committee to discuss whatever is believed to be causing this problem. When the original Charter was written and the Ordinance and Resolutions were passed, there is a difference between the Resolutions, Ordinances and the Charter, some people try to use them to interchange but they don't. The fact is that there is Professional Management, people that are bonded and secured, there are third party CPA who audit the City on an annual basis and Management and Administration to try to keep everyone at rest of where the City is at. Reports are given to Mayor and Council at least four times a year to keep them notified of the City's financial status. He also commented that he cares about his career, credibility and his honesty and if he felt that the City was significantly astray from the budget then he would be the first to notify the Committee.

Mr. Mike Nava commented that nothing of what Mr. Shook stated had any direct bearing on his request that the Committee be better informed. He never challenged his professionalism, he did not challenge anything. He believes that the ladder truck is a needed item and the case might be made that the savings from an individual and a business stand point will be great but he would like to see the two figures side by side explaining how it will affect the budget. If Mayor and Council have a recommendation from the lay advisory group that this is needed and they understand the expense involved then they will be in a better condition all the way around. He addressed Mr. Shook directly and explained that he did not in any way impune his character.

8. ADJOURMENT

Mr. Mike Nava entertained a motion to adjourn at 8:01 a.m. Ms. Ana Bernal seconded the motion. Motion passed 3 – 0. Liaison member did not vote.

Respectfully submitted by

Lorenza M. Rascon
Finance Committee Secretary