

JOINT SPECIAL MEETING MINUTES

**BROKEN ARROW CITY COUNCIL AND
THE BROKEN ARROW MUNICIPAL AUTHORITY
COUNCIL CHAMBERS
220 SOUTH FIRST STREET
BROKEN ARROW, OKLAHOMA 74012
January 25, 2011**

6:30 PM

1. Call to Order the City Council

Section Minutes: Mayor Lester called the City Council to order for the special joint meeting of the City Council and the Broken Arrow Municipal Authority at approximately 6:30 p.m.

2. Call to Order the Broken Arrow Municipal Authority (BAMA)

Section Minutes: Chairman Lester called the Broken Arrow Municipal Authority (BAMA) to order for the special joint City Council and BAMA meeting at approximately 6:30 p.m.

3. Roll Call for City Council and the Broken Arrow Municipal Authority

Section Minutes: Mayor Lester asked for the roll call for the City Council.

Present:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Absent:	Craig Thurmond

Chairman Lester then asked for the roll call for the Broken Arrow Municipal Authority.

Present:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Absent:	Craig Thurmond

4. Pledge of Allegiance to the Flag

Section Minutes: Mayor Lester led the Pledge of Allegiance to the Flag.

5. Consideration by the City Council of the Consent Agenda

Section Minutes: Mayor Lester asked for a motion to approve the City Council Consent Agenda.

Motion:	Move to approve the Consent Agenda as presented
Motion by:	Richard Carter
Second by:	Wade McCaleb
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

- A. Acceptance of a Sewer Line Easement and a Temporary Construction Easement located approximately 130 feet South and 2,116 feet East of the intersection of E 23rd St (193rd E Ave) and E Kenosha St (E 71st St) from Melissa Foutch (S6 T18N R15E)(Project: Adams Creek NW Sewer Improvements Phase 1 #S.0405)

6. General Council Business

- A. Consideration, possible approval of and authorization to execute the Fiscal Year 2010-2011 Agreement with the International Association of Fire Fighters Local # 2551

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Motion: Move to approve the Consent Agenda as presented

Motion b Richard Carter

Second b Wade McCaleb

Ayes. Jill Norman, Wade McCaleb, Richard Carter, Mike Lester

Nays: None

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Special Joint Meeting of Broken Arrow City Council and BAMA Minutes Page 1 of 7 January 25, 2011

Item Minutes: City Manager Dave Wooden said this contract concludes the City's negotiations with the International Association of Fire Fighters for this year. He said it includes a 1% stipend for the membership and a \$100,000 one-time payment to their medical plan as requested by the International Association of Fire Fighters, a solution equal to the settlements the city had with the other two unions. Mr. Wooden said all of the changes shown on the Fact Sheet are in place, adding that the union requested one additional change: to increase testing time for lieutenant from two years to five years; he said the City has no problem with that particular item. Noting that the union has not yet held their official vote, Mr. Wooden asked that the Council approve the Amended Fiscal Year 2010-2011 Agreement with the International Association of Fire Fighters subject to ratification by the International Association of Fire Fighters membership.

Mayor Lester asked if there were any questions; there being none, he then asked for a motion.

Motion:	Move to approve the Fiscal Year 2010-2011 Agreement between the International Association of Fire Fighters and the City of Broken Arrow and authorize execution subject to ratification by the International Association of Fire Fighters membership
Motion by:	Wade McCaleb
Second by:	Jill Norman
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

- B. Consideration and possible approval of El Paso Street closure east of Olive Avenue for construction of Olive Avenue Widening Between Washington and Kenosha

Item Minutes: Mr. Wooden said as part of the construction process between Kenosha and Houston the bridge just north of Houston and adjacent to El Paso Street must be widened. He stated that the bypass constructed cut close to El Paso Street, making it dangerous for drivers to exit El Paso Street onto that roadway. Mr. Wooden said he approved the temporary closure subject to the City Council's ratification and approval of the closure until the construction project is completed.

Mayor Lester asked if there were any questions; there being none, he then asked for a motion.

Motion:	Move to approve the closure of El Paso Street east of Olive Avenue for a period of up to six weeks for the replacement of a drainage structure
Motion by:	Richard Carter
Second by:	Jill Norman
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

- C. Consideration of and possible approval of Resolution No. 686, a Resolution of the City Council of the City of Broken Arrow, Oklahoma in support of and calling for citizens to vote in the upcoming Union Public Schools, Independent District #9 Bond Election on February 8, 2011

Item Minutes: City Manager Dave Wooden said the Union Public Schools Independent District #9 approached City Council about supporting their bond election scheduled for February 8th, as the City has supported Broken Arrow school bond issues in the past. He stated that Staff has provided information on the bond issue in the Fact Sheet, and has added that information to the City's website and television channel. Mayor Lester asked if there were any questions; there being none, he then asked for a motion.

Motion:	Move to approve Resolution 686 and authorize its execution
Motion by:	Wade McCaleb
Second by:	Richard Carter
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

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Motion b Wade McCaleb

Second b Jill Norman

Ayes: Jill Norman, Wade McCaleb, Richard Carter, Mike Lester

Nays: None

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Motion b Richard Carter

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Motion b Wade McCaleb

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Nays: None

Special Joint Meeting of Broken Arrow City Council and BAMA Minutes Page 2 of 7 January 25, 2011

7. **General Council and Broken Arrow Municipal Authority Business**

A. City of Broken Arrow General Fund Financial Presentation for the six months ending December 31, 2010

Item Minutes: Finance Director Tom Caldwell said the General Fund has operated very well compared to what was budgeted for this six month period, resulting in just under \$900,000 in net income where a loss of just over \$1,130,000 was budgeted. He said revenues are continuing to track ahead of budget at just under 53% (on an annualized basis of 50%), with sales tax revenues at 54-55%. Mr. Caldwell said salaries and other expenses were \$450,000 under budget for the first six months. He noted that the city is beginning to fill some of the unfunded positions, which will have an impact on overall expenses in the future. Mr. Caldwell also touched on a comparison with the first six months of Fiscal Year 2009 (this comparison was not included in the Fact Sheet) showing the bottom line to be about \$55,000 better than it was during that period of time, noting that the first six months of Fiscal Year 2009 was a good period. He then offered to answer questions.

Councilor McCaleb asked why revenue from licenses and permits had decreased; City Manager Dave Wooden said this is primarily due to a decline in new construction (housing permits are about a third of what they usually are) and a general decline in business, resulting in fewer permits being issued. When Councilor McCaleb questioned whether or not the budgeted amount had been decreased in anticipation of this trend, Mr. Wooden confirmed that it was decreased, but the numbers still came in below the budgeted amount.

No action was required or taken.

B. Broken Arrow Municipal Authority Financial Presentation for the six months ending December 31, 2010

Item Minutes: Finance Director Tom Caldwell said the Broken Arrow Municipal Authority had budgeted a loss of almost \$3,000,000 but realized a net income of \$2,200,000 for the six months ended December 31, 2010. He noted that the overall bottom line is somewhat skewed because some major capital projects have been budgeted but not yet undertaken, such as \$2,000,000 for automatic meter reading. Mr. Caldwell also said the debt service for the year is almost complete. He pointed out that utility revenues are tracking right at 50%, and water is a little above budget with the budget reflecting some adjustment for the rate increases which took effect at the beginning of the last year. He added that expenses are being kept below budget and the six-month Average Fund Balance has now exceeded 100% of the required amount.

Trustee McCaleb asked what "Property Services" were, and Mr. Caldwell answered that they are primarily services not performed by City personnel, such as outside vehicle repair, outside contracts, the Municipal Utilities Authority, and the purchase of water. Trustee McCaleb noted that these expenses were below budget and asked if the City were using less outside services; Mr. Caldwell responded that it's likely most of those expenses occur in the second half of the fiscal year.

No action was required or taken.

C. Consideration and possible approval of preliminary General Fund Emergency Reserve Fund Balance Levels for Fiscal Year 2011-2012

Item Minutes: Finance Director Tom Caldwell said this projection is based on some parameters to be covered by the City Manager later in the meeting. Referring to the estimated results for the rest of this year, he explained the two approaches used: for revenues, he took the first six months of revenue and then used the actual revenue received from January to June in Fiscal Year 2010 with a few exceptions (primarily sales tax and use tax, the large dollar amounts that are already known for

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January), resulting in total revenues of \$42,370,000 projected for the year. For expenditures, Mr. Caldwell explained that he took the actual expenditures for the first six months, and then used the budgeted expenditures for the last six months. He noted that personnel costs are a significant portion of the General Fund budget, and pointed out that the first six months have one three-payroll month and one month with only 1.3 payrolls; two months in the last six months have three payrolls. He said this has a tremendous impact on the bottom line, since the impact of one payroll is about \$800,000. Based on these approaches, Mr. Caldwell said the budget indicates an overall break-even for the last six months of the year. He described this projection as a worst-case scenario, and said he anticipates the actual numbers will be better. He said the Emergency Reserve Fund balance is projected to be 4.5 million at the end of Fiscal Year 2011; the target is \$4,060,000.

Mr. Caldwell then said the preliminary Reserve Fund balance for Fiscal Year 2012 is \$4,247,900, roughly 10% of estimated revenue for this year; for the following year he took the current year revenues of the \$42,369,000 and carried that forward to 2012, excluding the final payment for the December 2007 ice storm which was received in December. He said personnel costs were increased at 4% of the budgeted amount, while other costs will be held at present levels. City Manager Dave Wooden pointed out that the personnel costs are at 104% of the *budgeted* costs for 2011, not the *actual* costs, allowing the city to incorporate into the budget several positions held vacant during the first half of the year during the hiring freeze. In almost everything else, Mr. Wooden said, estimated actual costs were used rather than budgeted costs. Mr. Caldwell said the only other change from this year's budget to next year's is the 9 million dollar loan related to the Flight Safety downtown tax increment financing, which has a requirement that the City reserve one-eighth of the one cent sales tax. He said this reserve is treated as debt service for this presentation and listed at \$1,300,875, an additional expense not incurred in previous years, and is the primary reason the projected final Emergency Reserve Fund balance is about \$2,300,000 (about 2.2% below the projected balance) at the end of the year. Mr. Caldwell added that there is a small deficit of \$900,000 resulting from being very conservative on revenues while increasing the projected expenditures for next year. As a result of taking this conservative approach, he said projections are that the Emergency Fund Balance will be below the amount required by the budget policy. He recommended that Council approve the exception to the fund balance policy for this one year only. Mr. Caldwell then offered to answer questions.

Mr. Wooden pointed out that the projected fund balance at the end of next year is \$2,408,593; if the \$1,300,000 set aside for the tax increment financing is added to that, the total is very close to the requirement at \$3,700,000. He said although the money is there, accounting rules require it to be set aside, and the City can safely assume it will realize a substantial portion of that next year from property and sales taxes. Mr. Wooden stated that he is, therefore, very comfortable in recommending to the Council the \$2,400,000 as a lowered target for the Emergency Reserve Fund balance.

Councilor McCaleb asked if the City can draw interest off the tax increment financing funds, and Mr. Caldwell said yes.

Motion:	Move to approve the General Fund estimated preliminary Emergency Reserve Fund balance levels for Fiscal Year 2012
Motion by:	Wade McCaleb
Second by:	Richard Carter
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

D. Consideration and possible approval of preliminary Broken Arrow Municipal Authority Emergency Reserve Fund Balance Levels for Fiscal Year 2012

Item Minutes: Finance Director Tom Caldwell said the same basic approach was used to predict the Municipal Authority Emergency Reserve Fund balance levels as was used for the General Fund

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Motion: Move to approve the General Fund estimated preliminary Emergency Reserve Fund balance levels for Fiscal Year 2012

Motion b Wade McCaleb

Second b Richard Carter

Ayes: Jill Norman, Wade McCaleb, Richard Carter, Mike Lester

Nays: None

D. Consideration and possible approval of preliminary Broken Arrow Municipal Authority Emergency Reserve Fund Balance Levels for Fiscal Year 2012

Item Minutes: Finance Director Tom Caldwell said the same basic approach was used to predict the Municipal Authority Emergency Reserve Fund balance levels as was used for the General Fund Special Joint Meeting of Broken Arrow City Council and BAMA Minutes Page 4 of 7 January 25, 2011

Emergency Reserve Fund balance levels. He pointed out that last year's numbers were used due to the more seasonal nature of the Municipal Authority's revenues. He said he expects to end the year at \$9,440,000, a small loss for the last six months of about \$1,364,000, and doesn't expect to spend the bulk of the capital outlay money referred to earlier. That's why the budgeted capital outlay is just \$2,000,000 for the last six months of the year. For next year, Mr. Caldwell said personnel costs are at 4% above this year's budget and non-personnel costs are the same as this year's. Regarding capital outlays net of loan proceeds, he said \$2,400,000 is an estimate of non-bond projects and does not include the capital outlay program yet to be put together. He mentioned that the transfers in and out net to zero with the exception of the net transfer out of \$137,500 for the Broken Arrow Economic Development Authority. Mr. Caldwell stated that debt service is a number that will need to be looked at again but is probably fairly accurate for this year. He pointed out the anticipated small loss of \$151,000 for the year which will result in a \$9,290,000 fund balance. Mr. Caldwell stated that the method of determining the Broken Arrow Municipal Authority's Emergency Reserve Fund balance is different from the General Fund's: six months of expenses for certain departments are used, four months of another one, then debt service is added in; using this method, the required fund balance (subject to change) will be about 9.3 million dollars. Noting that the expected Fund balance level is short of the anticipated required Fund balance, he asked the Authority to approve this level for this year only.

Trustee McCaleb asked if any type of rate increase needs to be considered; City Manager Dave Wooden responded that he would address this in the next item, but although rate increases need to be considered, he doesn't see that as an issue that needs to be considered at this time.

Motion:	Move to approve the Broken Arrow Municipal Authority estimated preliminary Emergency Reserve Fund balance levels for Fiscal Year 2012
Motion by:	Richard Carter
Second by:	Jill Norman
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

E. Consideration and possible approval of budget preparation parameters for Fiscal Year 2012

Item Minutes: City Manager Dave Wooden said this year he's recommending that revenues be projected equal to the estimated actual revenues for all of the funds for 2011. He also recommends holding intergovernmental funds at the same level but taking out the Federal Emergency Management Agency reimbursement that was used for the stipend. Although he's not recommending any fee or rate changes right now, he said this is something that needs to be considered in the future due to some pending cost increases for the City. Mr. Wooden noted that rates have not been raised in water, sewer, storm water, and sanitation since 2009. He said transfers are equal to Fiscal Year 2011 transfers. Mr. Wooden also said personnel expenses are budgeted at 104% of the current budgeted expenses; although he anticipates that this amount will be sufficient, he reserves the right in the future to suggest that either less positions be filled or more funds be allocated for personnel. He stated that the debt service and capital outlay for Fiscal Year 2012 is based on anticipated needs. Mr. Wooden added that general pay increases are not in the budget this year, but continuing step increases are recommended.

Councilor McCaleb asked if the City has reserves in the fuel budget; Mr. Wooden answered that it's getting closer but is difficult to predict due to the volatility of fuel prices.

Mayor Lester asked about the source of the Department of Environmental Quality fee increases; Mr. Wooden said those increases are coming from the state, who has told the agencies that their permits and fees need to be sufficient to make them fully self-supporting. He added that he expects to see fee increases from other state agencies as well. In response to a question from Councilor McCaleb,

Emergency Reserve Fund balance levels. He pointed out that last year's numbers were used due to the more seasonal nature of the Municipal Authority's revenues. He said he expects to end the year at \$9,440,000, a small loss for the last six months of about \$1,364,000, and doesn't expect to spend the bulk of the capital outlay money referred to earlier. That's why the budgeted capital outlay is just \$2,000,000 for the last six months of the year. For next year, Mr. Caldwell said personnel costs are at 4% above this year's budget and non-personnel costs are the same as this year's. Regarding capital outlays net of loan proceeds, he said \$2,400,000 is an estimate of non-bond projects and does not include the capital outlay program yet to be put together. He mentioned that the transfers in and out net to zero with the exception of the net transfer out of \$137,500 for the Broken Arrow Economic Development Authority. Mr. Caldwell stated that debt service is a number that will need to be looked at again but is probably fairly accurate for this year. He pointed out the anticipated small loss of \$151,000 for the year which will result in a \$9,290,000 fund balance. Mr. Caldwell stated that the method of determining the Broken Arrow Municipal Authority's Emergency Reserve Fund balance is different from the General Fund's: six months of expenses for certain departments are used, four months of another one, then debt service is added in; using this method, the required fund balance subject to change) will be about 9.3 million dollars. Noting that the expected Fund balance level is short of the anticipated required Fund balance, he asked the Authority to approve this level for this year only.

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Motion: Move to approve the Broken Arrow Municipal Authority estimated preliminary Emergency Reserve Fund balance levels for Fiscal Year 2012

Motion b Richard Carter

Second b Jill Norman

Ayes: Jill Norman, Wade McCaleb, Richard Carter, Mike Lester

Nays: None

E. Consideration and possible approval of budget preparation parameters for Fiscal Year 2012
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Mr. Wooden gave an example of a water permit fee which would increase seven-fold from about \$8,000 per year to about \$56,000 per year over the course of five years.

Motion:	Move to approve the General Fund budget preparation parameters for Fiscal Year 2012
Motion by:	Richard Carter
Second by:	Wade McCaleb
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

Motion:	Move to approve the Broken Arrow Municipal Authority budget preparation parameters for Fiscal Year 2012
Motion by:	Wade McCaleb
Second by:	Jill Norman
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

- F. Consideration and possible approval of personnel funding for Fiscal Year 2011-2012, to include, but not be limited to, an increase in the number of funded positions, authority to conduct Police and Fire Academies, and budget for step increases

Item Minutes: City Manager Dave Wooden prefaced his comments by saying if sales tax revenues go south, all bets associated with this are off. He said in 2010 there were 15 unfunded positions in General Fund and 11 unfunded positions in the Broken Arrow Municipal Authority, and these positions remained unfunded for 2011. Although the economic outlook is better, Mr. Wooden said it's not great, and he cautioned against adding employees too quickly. He noted that all departments have been understaffed, and said the recommendation for Fiscal Year 2012 is to fill six General Fund unfunded positions (with one position being eliminated), and nine Broken Arrow Municipal Authority unfunded positions. If the economic condition gets better by the end of the year, Mr. Wooden said he may ask the Council to approve filling more positions.

Mr. Wooden next addressed Public Safety, noting the need for training in an academy before graduates are prepared to work in the field. He said he's currently planning for a police academy and a fire academy to start on July 1st; the Police Department is planning to fill seven positions, and the Fire Department is planning to fill eleven positions. At a minimum, Mr. Wooden said academies need to be held to refill current vacancies in both departments. He said the process of accepting applications, interviewing, and testing for both academies will begin this Spring, but the City needs to evaluate the economic situation before committing to this plan.

Mr. Wooden said Staff believes the personnel increases proposed are reasonable and prudent, and asked that Council approve limited increases in personnel, training academies for police and fire if the funding is available, and budgeting for step increases, but no general wage increase. He then offered to answer questions.

Mayor Lester asked if there were any questions; there being none, he then asked for a motion.

Motion:	Move to approve limited increases in personnel and budgeting for step increases but no general wage increase for the Fiscal Year 2011-2012 for the Broken Arrow Municipal Authority
Motion by:	Wade McCaleb
Second by:	Jill Norman
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

Mr. Wooden gave an example of a water permit fee which would increase seven-fold from about \$8,000 per year to about \$56,000 per year over the course of five years.

Motion: Move to approve the General Fund budget preparation parameters for Fiscal Year 2012

Motion b Richard Carter

Second b Wade McCaleb

Ayes: Jill Norman, Wade McCaleb, Richard Carter, Mike Lester

Nays: None

Motion: Move to approve the Broken Arrow Municipal Authority budget preparation parameters for Fiscal Year 2012

Motion b Wade McCaleb

Second b Jill Norman

Ayes: Jill Norman, Wade McCaleb, Richard Carter, Mike Lester

Nays: None

F. Consideration and possible approval of personnel funding for Fiscal Year 2011-2012, to include, but not be limited to, an increase in the number of funded positions, authority to conduct Police and Fire Academies, and budget for step increases

Item Minutes: City Manager Dave Wooden prefaced his comments by saying if sales tax revenues go south, all bets associated with this are off. He said in 2010 there were 15 unfunded positions in General Fund and 11 unfunded positions in the Broken Arrow Municipal Authority, and these positions remained unfunded for 2011. Although the economic outlook is better, Mr. Wooden said it's not great, and he cautioned against adding employees too quickly. He noted that all departments have been understaffed, and said the recommendation for Fiscal Year 2012 is to fill six General Fund unfunded positions with one position being eliminated), and nine Broken Arrow Municipal Authority unfunded positions. If the economic condition gets better by the end of the year, Mr. Wooden said he may ask the Council to approve filling more positions.

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Mayor Lester asked if there were any questions; there being none, he then asked for a motion.

Motion: Move to approve limited increases in personnel and budgeting for step increases but no general wage increase for the Fiscal Year 2011-2012 for the Broken Arrow Municipal Authority

Motion b Wade McCaleb

Second b Jill Norman

Ayes: Jill Norman, Wade McCaleb, Richard Carter, Mike Lester

Nays: None

Special Joint Meeting of Broken Arrow City Council and BAMA Minutes Page 6 of 7
January 25, 2011

Motion:	Move to approve limited increases in personnel, training academies for police and fire departments if the funding is available, and budgeting for step increases but no general wage increase for Fiscal year 2011-2012
Motion by:	Wade McCaleb
Second by:	Richard Carter
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

9. **Adjournment**

Section Minutes: The City Council meeting adjourned at approximately 7:13 p.m.

Motion:	Move to adjourn the Broken Arrow City Council meeting
Motion by:	Wade McCaleb
Second by:	Jill Norman
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

Section Minutes: The Broken Arrow Municipal Authority meeting adjourned at approximately 7:13 p.m.

Motion:	Move to adjourn the Broken Arrow Municipal Authority meeting
Motion by:	Wade McCaleb
Second by:	Jill Norman
Ayes:	Jill Norman, Wade McCaleb, Richard Carter, Mike Lester
Nays:	None

City Council:



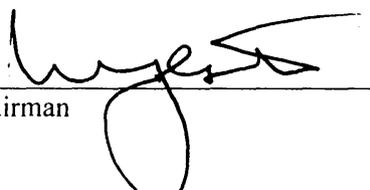
 Mayor



Attest:


 City Clerk

Broken Arrow Municipal Authority:



 Chairman



Attest:


 Secretary

Motion: Move to approve limited increases in personnel, training academies for police and fire departments if the funding is available, and budgeting for step increases but no general wage increase for Fiscal year 2011-2012

Motion b Wade McCaleb

Second b Richard Carter

Ayes: Jill Norman, Wade McCaleb, Richard Carter, Mike Lester

Nays: None

9. Adjournment

Section Minutes: The City Council meeting adjourned at approximately 7:13 p.m.

Motion: Move to adjourn the Broken Arrow City Council meeting

Motion b Wade McCaleb

Second b Jill Norman

Ayes: Jill Norman, Wade McCaleb, Richard Carter, Mike Lester

Nays: None

Section Minutes: The Broken Arrow Municipal Authority meeting adjourned at approximately 7:13 p.m.

Motion: Move to adjourn the Broken Arrow Municipal Authority meeting

Motion b Wade McCaleb

Second b Jill Norman

Ayes.- Jill Norman, Wade McCaleb, Richard Carter, Mike Lester

Nays: None

City Council:

Nal Authority: k

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Attest:

Special Joint Meeting of Broken Arrow City Council and BAMA Minutes Page 7 of 7 January 25, 2011

c. Attest:

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