



## CITY OF NORMAN, OK STAFF REPORT

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**MEETING DATE:** 12/09/2025

**REQUESTER:** City Council Finance Committee

**PRESENTER:** Kathryn L. Walker, Assistant City Attorney

**ITEM TITLE:** CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF RESOLUTION R-2526-86: A RESOLUTION APPROVING THE CREATION OF THE NORMAN PARKING AND TRANSIT AUTHORITY AND ACCEPTING A BENEFICIAL INTEREST IN THE TRUST CREATED BY THE TRUST INDENTURE FOR THE NORMAN PARKING AND TRANSIT AUTHORITY FOR AND ON BEHALF OF THE CITY OF NORMAN, OKLAHOMA, IN ALL RESPECTS IN ACCORDANCE WITH THE TERMS OF SAID TRUST INDENTURE.

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### **BACKGROUND:**

Cities are generally limited in the long-term contracts it can enter by virtue of what is commonly referred to as the constitutional debt limitation. This refers to a provision of the Oklahoma Constitution (Article 10, Section 26) that requires a municipality to fund all of its expenditures for a fiscal year out of the income and revenues of that year. When a municipality fails to fund a contract or claim at the time the municipality incurs the obligation by the use of revenues from the current fiscal year, it has incurred a debt.

Many of the City's capital investments are longer term and require debt financing through bonds. Oklahoma's Public Trust Act allows for public trusts to be created with a municipality as the beneficiary to facilitate long-term obligations for the benefit of the municipality. Public trusts operate as distinct and separate legal entities from their municipal beneficiaries. The City is not liable for trust activity and the Trust is not liable for City activities. For example, the Norman Regional Hospital Authority is a public trust having the City of Norman as its only beneficiary. When the Hospital is sued, the City cannot be held responsible, financially or otherwise, for any liability found on the part of the hospital system.

Public trusts have broad authority – they may issue debt, commit to long term financial obligations, engage in eminent domain, and sell real or personal property as long as it serves the purpose of the trust. Trustees manage the trust. In Norman, the City Council serves as Trustees of four public trusts – the Norman Utilities Authority, the Norman Municipal Authority, the Norman Tax Increment Finance Authority, and the Norman Economic Development Authority. The City Council does not serve as the Trustees of the Norman Regional Hospital Authority. Trustees of public trusts have a fiduciary relationship; that is, they must exercise the duty of care and the duty of loyalty to the trust authority. This fiduciary duty exists separate and

apart from the fiduciary duty owed as Councilmembers to the City; the interests of the trust may at times differ from the best interests of the City organization.

Annual financial reports and audits are required of public trusts and they must comply with many of the same laws as cities, such as the Open Meeting Act, Open Records Act and regulations related to competitive bidding. Prior to a trust issuing debt or entering into financial obligations related to real or personal property, 2/3 of the governing body of the beneficiary must approve.

The City began discussing the creation of a public trust for parking operations and management in 2014, when the topic was referred to the Economic Development Advisory Board for review, discussion and recommendation. The City, in cooperation with Cleveland County, engaged Jacobs Engineering to conduct a parking study that evaluated parking needs and made recommendations regarding parking management and operations. This resulted in a formal recommendation to create a public trust for parking management.

In 2018, the County, in cooperation with the City, engaged Kimley Horn to examine and make recommendations for parking strategies. Although this study ultimately recommended a hybrid model for parking management, it identified the parking authority model as one of the five most successful and commonly used organization models for parking management.

As a result of these recommendations, Council has considered the creation of a public trust dedicated to parking operations for several years. In 2019, the City took over the operation of the transit system from the University of Oklahoma. In the current fiscal year, for the first time, parking and transit functions are now managed within the same division of the Public Works Department. Transit operations can also involve long-term capital investments. The creation of additional public trusts was identified as a Council priority during the Council retreat in August, 2025. In October, the City Council Finance Committee revisited the creation of a possible parking or a parking and transit trust.

## **DISCUSSION:**

Resolution R-2526-86 approves the creation of the Norman Parking and Transit Authority, a public trust having the City of Norman as its sole beneficiary. It also formerly accepts the beneficial interest in the Trust on behalf of the City. The trust indenture is attached to this item. As previously discussed, it grants broad authority to the public trust to act in furtherance of its purposes related to parking and transit. This will create a vehicle for the lawful obligation of parking and transit revenues beyond the current fiscal year. This trust is proposed to be governed similarly to most of the other trusts having the City of Norman as its sole beneficiary; that is, the Councilmembers will serve as trustees of the trust, the City Manager will serve as General Manager of the Trust, the City Clerk will serve as Secretary to the Trust, and the City Finance Director will serve as the Treasurer for the Trust.

## **RECOMMENDATION:**

Staff forwards Resolution R-2526-86 to Council for its consideration.