

**Pima County Bond Advisory Committee
Meeting**

**The Manning House
450 W. Paseo Redondo
Friday March 19, 2010
8:00 a.m.**

SUMMARY OF MEETING

Committee Members Present

Larry Hecker, Chair
Carolyn Campbell, Vice Chair
Pat Benchik (arrived after first vote)
Gary Davidson
Pete Delgado
Brian Flagg (arrived after first vote)
Rene Gastelum
Harry George
Jesus Gomez
Byron Howard
David Lyons
A.C. Marriotti
Wade McLean (arrived after first vote)
Rebecca Manoleas
Ted Prezelski
Patty Richardson
Chris Sheafe
Thomas Six
Dan Sullivan
Tom Warne (arrived after first vote)
Greg Wexler

Committee Members Absent

Terri Hutts
Peter Backus
Kelly Gomez

1. Welcome

Meeting began at 8:05 a.m. with a quorum.

2. Approval of the December 18, 2009 Meeting Summary

MOTION: Mr. Howard moved, and Mr. Wexler seconded, approval of the January 14, 2010 meeting summary. Motion approved 17-0.

3. Semi-annual Status Report – 1997, 2004, and 2006 bond programs

Mary Tyson, County Finance Department, presented the semi-annual status report on current bond programs. Additional materials were sent to committee members prior to the meeting. T Van Hook for Town of Marana, AC Marriotti for Town of Sahuarita, Ainsley

Legner for Town of Oro Valley, Olga Osterage for City of Tucson, Marilyn Solistein for Tohono O'odham Nation, spoke briefly on the written reports provided to the Committee prior to the meeting.

MOTION: Mr. Howard moved, and Mr. Wexler seconded, to accept the current bond program status reports. Motion approved 21-0.

4. Amendments to the 1997 and 2004 bond programs

Nicole Fyffe summarized the reasons for and the process for amending bond ordinances, and then provided short explanations for each of the projects included in the proposed amendments. According to the County's Truth in Bonding Code, at least two public hearings must take place prior to a substantial change to a project (Bond Advisory Committee public meeting, notice in newspapers, Board of Supervisors public hearing). A staff report detailing the proposed amendments was provided to the Committee prior to the meeting.

Mr. Huckelberry clarified that the Tangerine Landfill is able to remain open longer than expected due to commercial haulers hauling trash to other landfills instead of Tangerine.

MOTION: Tom Six moved, seconded by Greg Wexler, to recommend approval of the proposed amendments to the 1997 General Obligation and Sewer Revenue Bond Program. Motion approved 20-0 with one abstention.

MOTION: Chris Sheaf moved, seconded by Tom Six, to recommend approval of the proposed amendments to the 1997 Transportation Bond Program. Motion approved 20-0 with one abstention.

Mr. Huckelberry and Paul Wilson, Sheriff's office, provided information on proposed updates to the Regional Communications project. There was a discussion regarding the impact of the Tucson Airport Authority and Town of Marana no longer participating.

Ms. Fyffe clarified that the funding for Tumamoc Hill would not be used for biological monitoring activities.

Ms. Fyffe clarified that the County has been unable to purchase the Kelly Ranch property and therefore is requesting the use of a portion of the Kelly Ranch funds for two properties to the north along Oracle Road that are critical to an important wildlife crossing. Vice-Chair Campbell explained that these properties were included in the bond program under a different category, but that there are no funds left in that category, which is why there was a request to the Town to use funds originally earmarked for Kelly Ranch. She thanked the Town for their support

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to recommend approval of the proposed amendments to the 2004 General Obligation and Sewer Revenue Bond Program. Motion approved 21-0.

5. 2011 Bond Election Planning Process

- A. Update from County Administrator on February 2, 2010 Board of Supervisors Meeting – discussion and possible action by Committee on revised timeline for 2011 bond election planning

Mr. Huckelberry had previously provided a written update to the Committee regarding the Board of Supervisors decision not to hold a 2010 bond election and to request that the Committee continue working towards a 2011 bond election date. A revised planning and Committee meeting schedule was provided.

B. Update from County Administrator on financing of required sewer improvements – discussion and possible action by Committee

Mr. Huckelberry provided materials to the Committee prior to the meeting, and explained at the meeting that the Board had requested the Committee's consideration of the County's use of non-voter approved sewer obligations, as opposed to voter approved sewer revenue bonds, to fund sewer system improvements required by the Arizona Department of Environmental Quality (ADEQ). Mr. Huckelberry further explained that most utilities are using this financing mechanism. The improvements must be made regardless of voter approval. This financing mechanism is the most cost effective way to fund these required improvements. Because the obligations are issued in increments, the Board and Bond Committee can always consider returning to voter-approved sewer revenue bonds in the future if needed.

AC Marriotti stated that the Town of Sahuarita's Finance Director supported the County's use of this financing instrument. Byron Howard stated that that it needs to be made more clear to the public that the County does not have a choice in whether to make the improvements to the sewer system. The County is required to.

MOTION: Chris Sheaf moved, seconded by Dan Sullivan, to support the issuance of non-voter approved sewer obligations to fund required sewer system improvements. In addition they stated their appreciation for the Board's willingness to take this difficult step, and agree it is a necessary step. Motion approved 20-0, with one abstention.

In response to a question from Ted Prezelski asking why utilities would ever bother with trying to get voter approval for sewer revenue bonds, Mr. Huckelberry stated that traditionally lenders felt that voter-approved bonds were the safest because they were backed by the will of the voters, but now it is becoming more typical for utilities to issue obligations backed by the utilities revenues and the cost is almost the same.

C. Continued discussion and prioritization of projects that fall in Group 2 – Subcategory B (Projects where the County Administrator recommended less than the Subcommittees)

MOTION: Vice-Chair Campbell moved, seconded by Brian Flagg, to agree with the Board of Supervisors sentiment to delay a 2010 bond election, and work towards a 2011 bond election. Motion approved 21-0.

Chairman Hecker presented a chart drawn by Diana Durazo showing how much the Committee has tentatively approved (\$260 M) compared to an estimated total cap of \$700 million for general obligation bonds for a future bond election. A discussion followed regarding whether a \$700 M cap was too high or too low, how much debt

could be issued per year (current estimates of \$40 million to \$50 million a year), and who established when a project would be built compared to the timing of other projects (Bond Advisory Committee and Board approve implementation schedules in a bond ordinance prior to early voting).

Memo from Conservation Acquisition Commission on proposing specific funding for the conservation of State Trust land

Vice-Chair Campbell presented Mr. Huckelberry's proposal of a separate funding allocation of \$100 million for the conservation of State Trust land, in addition to the \$120 million already recommended by Mr. Huckelberry for open space land acquisition (OS2 & OS3). Discussion included a comment on whether \$120 million for open space was already too much in comparison to the needs for Parks projects, why the \$100 million would be considered above the \$700 million cap, whether it was worth waiting to see if State Trust land reform actually occurs and then holding a special election just for those needed funds, support for the \$100 million if a sunset provision was included because it may bring more people out to vote, Mr. Huckelberry's explanation of the \$100 million being outside the \$700 million because the \$700 million would have no contingencies whereas the \$100 million would be contingent on State Trust land reform and subject to not displacing the schedule for other projects, support for a separate question for this \$100 million due to the fact that conserved natural areas attract high tech companies to Tucson, decisions on which properties to purchase would still be the purview of the Conservation Acquisition Commission, the \$120 million already recommended could be spent on State Trust land, past support for open space has been very high, support if it doesn't displace projects particularly for societal needs such as neighborhood reinvestment and affordable housing, questions about when County would need to show the State it had a dedicated funding source, concern that the \$100 million may never get spent because of unlikelihood of reform, and concern about considering this issue now because of the large dollar amount associated with it while not having an idea of what other projects may be worth funding.

Vice-Chair Campbell agreed with deferring consideration of the proposal to give more time to address questions posed.

MOTION: Vice-Chair Campbell moved, seconded by Dan Sullivan, to defer consideration of the \$100 million for State Trust land proposal, along with the other two existing open space acquisition projects, in order to address unanswered questions. Motion approved 21-0.

Group 2 – Subcategory B (Projects where the County Administrator recommended less than the Subcommittees)

Mr. Huckelberry briefly went through each of the projects in Group 2B Table 2 and provided an explanation for why he recommended less than the subcommittees. Most of these justifications were previously provided to the Committee in his November 19 memorandum to the Committee. The Committee then voted on each of the projects separately, and continued the remaining projects in Group 2B to the next meeting because of time constraints.

MOTION: Dan Sullivan moved, seconded by Chris Sheaf, to tentatively approve the County Administrator's recommendation for \$2 million for FM 9 Green Valley Gov. Center. Motion approved 21-0.

MOTION: Dan Sullivan moved, seconded by Chris Sheaf, to tentatively approve the County Administrator's recommendation for \$40 million for FM 11 Pima County Community College Health Education/Nursing facility. Motion approved 21-0.

MOTION: Dan Sullivan moved, seconded by Chris Sheaf, to tentatively approve the County Administrator's recommendation for \$2 million for FM 34 Legal Service Building Asbestos Abatement. Motion approved 21-0.

MOTION: Dan Sullivan moved, seconded by Chris Sheaf, to tentatively approve the County Administrator's recommendation for \$6 million for FM 35 West Valencia Branch Library. Motion approved 21-0.

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to tentatively approve the County Administrator's recommendation for \$3 million for FM 84 Marana Health Center Expansion. Motion approved 21-0.

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to tentatively approve the County Administrator's recommendation for \$320,000 for FM 92 Ajo Community Golf Course. Motion approved 19-2. Carol Peek submitted a speaker card in support of this action, but did not wish to speak.

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to tentatively approve the County Administrator's recommendation for \$5 million for FM 96 Art of the American West – Tucson Art Museum. Motion approved 20-1.

MOTION: Dan Sullivan moved, seconded by Pat Benchik, to tentatively approve the County Administrator's recommendation for \$4 million for FM 97 Theresa Lee and Tuberculosis Clinic Relocation. Motion approved 21-0.

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to tentatively approve the County Administrator's recommendation for \$5 million for FM 107 Tucson Children's Museum. Motion approved 21-0.

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to defer to the next meeting consideration of FM 108 East Side Gov/Community Center. Motion approved 21-0. Elizabeth Webb commented that adding \$4 million to this project as the County Administrator recommended at the last meeting would enable the addition of a park to this project and make it more appealing.

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to tentatively approve the County Administrator's recommendation for \$16 million for PR 75 Green Valley Performing Arts/Learning Center Phase III. Motion approved 20-1.

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to tentatively approve the County Administrator's recommendation for \$1 million for CD 3 Pima County Comprehensive Housing Center. Motion approved 21-0.

6. Other Future Agenda Items and Next Meeting

Next meeting is scheduled for April 16, 2010. Agenda items will include (1) continued deliberation by the Committee on projects in Group 2B and (2) deliberation on Group 3A projects (projects not heard by subcommittees but recommended by the County Administrator –12 projects).

7. Call to the Audience

Chuck Catino spoke in support of the food bank in Green Valley.

8. Adjournment

Chairman Hecker thanked the committee for their service and encouraged those members whose terms are expiring to stick around.

Meeting was adjourned at 10:30 a.m.