

**Pima County Bond Advisory Committee
Meeting**

**Randolph Golf Course Club House
Copper Room
600 S. Alvernon Way
Friday, August 28, 2009
8:00 a.m.**

SUMMARY OF MEETING

Committee Members Present

Larry Hecker, Chair
Carolyn Campbell, Vice Chair
Pat Benchik
Gary Davidson
Rene Gastelum
Jesus Gomez
Byron Howard
Terri Hutts
David Lyons
Rebecca Manoleas
A.C. Marriotti
Ted Prezelski
Patty Richardson
Thomas Six
Dan Sullivan
Greg Wexler
Kit Donley (non-voting)

Committee Members Absent

Peter Backus
Pete Delgado
Paul Diaz
Harry George
Kelly Gomez
Wade McLean
Chris Sheafe
Tom Warne

1. Welcome

Meeting began at 8:07 a.m. with a quorum.

2. Call to the Audience

Harry Paxton spoke in support of funding the next phase of the Green Valley Performing Arts Center.

Richard DeBernardis spoke in support of funding the Arizona Veladrome, and stated that his organization was actively seeking approximately \$1.5 million in private funds to put towards the capital costs associated with the project.

3. Approval of Meeting Summary

The meeting summary from the May 1, 2009 meeting was approved 16-0.

4. End of Year Status Report – 1997, 2004, and 2006 Bond Programs

- A. Mary Tyson, Program Manager for Pima County Finance Department, presented an overview of the County's implementation of the 1997, 2004, and 2006 bond programs over the past fiscal year. Prior to the meeting, the Committee members received more detailed information including an overview brochure and CD. The 1997 GO and Sewer Revenue Bond Program is substantially complete. For the 1997 Transportation Program, 12 years into the 16 year long program, 70 percent of the funds have been expended and 79 percent of the projects are either completed or under construction. For the 2004 and 2006 GO and Sewer Bond Programs, 5 years into the 12 year bond program, 54 percent of the funding has been expended and 64 percent of the projects are either complete or under construction.

MOTION: Terri Hutts moved, seconded by Patty Richardson, to approve the County's End of Year Status Report on the 1997, 2004, and 2006 bond programs. Motion passed 16-0.

- B. Each of the cities and towns and the two tribes submitted written reports prior to the Bond Committee meeting on County bond projects that were being implemented by their jurisdictions. The following were available for questions at the meeting: City of Tucson, Town of Sahuarita, Town of Marana, Town of Oro Valley and Tohono O'dham Nation. The City of Tucson representative Jane Duarte noted that the City was correcting portions of the report associated with Neighborhood Reinvestment projects, and would be resubmitting an updated report to the Committee shortly. Chuck Catino from Green Valley, with BAJA sports, provided an update on the softball field, donation of land, and the letter to the Committee recommending a certain level of funding for the project in 2010.

MOTION: David Lyons moved, A.C. Marriotti seconded, to accept the status reports from the cities, towns, and tribes. Motion approved 15-1, with Terri Hutts opposing.

5. Amendments to the 1997, 2004, and 2006 Bond Ordinances

Nicole Fyffe, Assistant to the County Administrator, provided a summary of the staff report on proposed amendments to the 1997, 2004, and 2006 bond ordinances. Gary Davidson asked what would not be purchased if the funding was reallocated from 1997 project SD-5 Tortolita Mountain Park to RW-16 Cienega Creek. Ms. Fyffe responded the County had had difficulty expending the SD-5 funding because of the amount of State Trust land in northwest Tucson and the lack of willing sellers at reasonable prices. Byron Howard asked if the oversight committee for conservation acquisitions had approved these amendments to the conservation acquisition program, and the response was yes. A question was asked about the Arivaca Sewer project, and John Bernal, Deputy County Administrator for Public Works replied that the developer-funded portion of the project may be underway in the near future.

MOTION: Terri Hutts moved, seconded by David Lyons, to approve the amendments to the 1997 GO and Sewer bond ordinance. Motion approved 15-1, with Vice-Chair Carolyn Campbell abstaining.

MOTION: Byron Howard moved, seconded by Dan Sullivan, to approve the amendments to 1997 Transportation bond ordinance. Motion approved 15-1, with Vice-Chair Carolyn Campbell abstaining.

Regarding amendments to the 2004 and 2006 bond ordinances, Tom Six and David Lyons asked questions about the addition of the SportsPark concession stand improvements to the project P-4.20 Lighting of Existing and New Sports Fields. The response was that yes there was funding available for these improvements, and no the new entity under contract for concessions does not have the ability, nor the obligation, to pay for these necessary improvements.

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to approve the amendments to the 2004 and 2006 bond ordinances. Motion approved 16-0.

6. Committee Deliberation Regarding a 2010 Bond Election

- A. County Administrator Chuck Huckelberry provided the Committee with two tables that showed forecasts of net secondary assessed values of properties, bonding capacity and tax rate necessary to fund debt service, for Fiscal Year 2008/09 through Fiscal Year 2016/17. The difference between the two tables was that one forecast was made in January 2009 and the other in April 2009. Both tables show a drop in assessed values, but the April forecast shows a smaller drop than the January forecast. Bonding capacity is constrained by assessed values, the tax rate ceiling the Bond Committee and the Board set for repayment, the term of the debt service. This applies to general obligation bonds, not sewer revenue bonds. In short, Mr. Huckelberry told the Committee that the County would continue to monitor these forecasts, and that a conservative estimate for a total bond dollar amount for a 2010 bond election could be in the range of \$600 million, where as a more optimistic view may put the amount at as high as \$800 million.

Committee members and Mr. Huckelberry discussed the bonding capacity issue, including:

- Whether the State's ability to issue debt impacts the County's ability (No, not unless it results in substantial shifts of costs from the State to local governments)
- Whether the tax rates included in the tables were already authorized debt or proposed 2010 authorized debt (already authorized debt)
- Staff's confidence in forecasts (County conducts such forecasts often)
- If the tax rate is at 80 cents, whether there is room for additional bond debt (maybe a cent or two)
- The issue of front loading and back loading debt.
- These forecasts do not impact sewer revenue bonds which are repaid with sewer user and connection fees.
- Assumed 5 percent interest rates in the future, while current rates are substantially lower.
- Even if voters approve bonds in 2010, it takes 2 to 3 years before selling substantial amount of bonds since that is typically when projects are under design. It is during construction that the projects expend the majority of funds. The only exception is land acquisition, which doesn't require design time.
- There was discussion on the suggestion of recommending the conservative target of \$600 million in total bond projects, and another suggestion for the optimistic target of \$800 million.

- It was clarified that if voters authorize debt, the debt does not have to be incurred. However, it was noted that voters may not be happy if they vote for projects and the projects are not built due to lack of bond sales.
 - Whether the County has not built projects previously approved (County has an extensive accountability process to ensure that projects get built).
 - The survey showed that a deeper level of education for the public is needed regarding these issues.
- B. Discussion on whether to allocate capacity between questions/categories of projects: Dan Sullivan and Vice-Chair Campbell stated that they were not in favor of allocating caps to questions or categories of projects.
- C. Discussion on how to proceed with prioritizing projects: The Committee discussed spending the next meeting, September 11, getting a recap of the subcommittees' previous recommendations. It was emphasized that this be a high level recap of past subcommittee reports and not a project-by-project summary. It appeared the Committee was in agreement that subcommittees do not need to meet again and that deliberations should occur at the full Committee level and should begin occurring after the next meeting. It was suggested that those that served on subcommittees prepare for this process by reviewing the side-by-side comparisons of Mr. Huckelberry's recommendations versus the subcommittees' recommendations. There was a suggestion that the Committee Chair, Vice-Chair, and subcommittee chairs meeting with Mr. Huckelberry prior to the September 11 meeting in order to develop a work plan for how to move forward with prioritizing projects. (Note that this meeting was unable to take place.)
- D. Cost estimates of projects: It was suggested by staff that once the Committee has decided on a total dollar amount to recommend for the next bond election, that the Committee limit themselves to selecting projects that total about \$50 to \$100 less than that amount. Staff could then schedule the projects over the 10 to 12 year bond program, allocate that \$50 to \$100 million to the projects that are scheduled for the later term of the program, and bring the schedule and revised cost allocation back to the Committee. This would occur prior to the Board acting on the recommendations and calling the election. Mr. Huckelberry noted that no matter what, cost estimates are always wrong.
- E. Public outreach: There appeared to be agreement that the County place ads in the Arizona Star, Green Valley News, and NW Explorer notifying the public that the Bond Committee would be holding public meetings to continue the bond election planning process, and asking for input from the public either at these meetings, via email, mail, or phone.

7. Future Agenda Items and Next Meeting

It was agreed that the next meeting would be held on September 11, 2009, at the same time and location. The meeting agenda would include a review of subcommittee reports and discussion of a work plan for how to move forward at the following meeting with prioritizing projects.

8. Call to the Audience

A member of the public spoke regarding the Green Valley Performing Arts Center.

9. Adjournment

Meeting was adjourned at 9:40 a.m.