MEMORANDUM

Date: January 20, 2012

To: Chairman and Members
Pima County Bond Advisory Committee

From: C.H. Huckelberry
County Administrator

Re: House Bill 2656 – Creating a Regional Bond Accountability Committee

Enclosed is a copy of recently introduced legislation, House Bill (HB) 2656, which would apparently supersede the current Pima County Bond Advisory Committee (BAC) and create a committee comprised of one member appointed by the Board of Supervisors, one member appointed by the council of each incorporated city, and one member appointed by the council of each incorporated town. Under present incorporated city and town status, this would mean a committee of six. It appears the Pascua Yaqui Tribe and Tohono O’odham Nation would be excluded from membership.

This substantially limited special-interest committee would be responsible for formulating and must approve any recommendation of future bond issue to the Board of Supervisors before it can be put to a vote by the County electorate.

The population limits established in HB 2656 for such a committee would result in this legislation being applicable only to Pima County and the present BAC.

This proposed committee does not come close to establishing reasonable representation of the electorate or the taxpayers who pay for County bonds. This proposal would essentially disenfranchise 36 percent of the population living in the unincorporated area, who are the taxpayers who pay the most for County bonds. Taxpayers in the unincorporated area represent 43 percent of the total County assessed value – the highest of any city or town (see table below).

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>FY 2011/12 Secondary Taxable NAV</th>
<th>% Share of NAV</th>
<th>2010 Population</th>
<th>% Share of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Tucson</td>
<td>$3,487,959,628</td>
<td>41.29</td>
<td>520,000</td>
<td>53.04</td>
</tr>
<tr>
<td>City of South Tucson</td>
<td>24,687,760</td>
<td>0.29</td>
<td>5,762</td>
<td>0.59</td>
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<tr>
<td>Town of Oro Valley</td>
<td>624,180,464</td>
<td>7.39</td>
<td>40,984</td>
<td>4.18</td>
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<tr>
<td>Town of Marana</td>
<td>454,567,513</td>
<td>5.38</td>
<td>35,051</td>
<td>3.57</td>
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<tr>
<td>Town of Sahuarita</td>
<td>206,283,811</td>
<td>2.44</td>
<td>25,347</td>
<td>2.59</td>
</tr>
<tr>
<td>Unincorporated Area</td>
<td>3,050,602,410</td>
<td>43.21</td>
<td>353,319</td>
<td>36.04</td>
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<tr>
<td>Total</td>
<td>$8,448,281,586</td>
<td>100.00</td>
<td>980,463</td>
<td>100.00</td>
</tr>
</tbody>
</table>
There are more substantial problems associated with this ill-formulated legislation.

CHH/mjk

Attachment

c: The Honorable Chairman and Members, Pima County Board of Supervisors
   Martin Willett, Chief Deputy County Administrator
   Nicole Fyffe, Executive Assistant to the County Administrator
State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
201?

HB 2656

Introduced by
Representatives Proud, Gowan, Judd, Stevens, Williams, Senators Antenori,
Griffin, Smith; Representative Vogt, Senators Melvin, Shooter

AN ACT

AMENDING TITLE 11, CHAPTER 4, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 6;
RELATING TO THE REGIONAL BOND ACCOUNTABILITY COMMITTEE.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 11, chapter 4, Arizona Revised Statutes, is amended by adding article 6, to read:

ARTICLE 6. REGIONAL BOND ACCOUNTABILITY COMMITTEE

11-691. Regional bond accountability committee; membership; duties; applicability; definitions

A. Any county with a population of at least nine hundred thousand persons but not more than one million five hundred thousand persons shall establish a regional bond accountability committee consisting of the following members:

1. One member appointed by the county board of supervisors, who may be a member of the board of supervisors.

2. One member appointed by the city council of each incorporated city in the county, who may be a member of the city council.

3. One member appointed by the town council of each incorporated town in the county, who may be a member of the town council.

B. Members of the regional bond accountability committee serve at the pleasure of the governing body that appointed the member.

C. The regional bond accountability committee shall select from the committee membership a chairperson and may adopt all rules and procedures necessary or convenient for the conduct of the committee's business.

D. All meetings of the regional bond accountability committee are subject to title 38, chapter 3, article 3.1.

E. All working papers and records of the regional bond accountability committee are public records and subject to title 39, chapter 1.

F. The clerk of the county board of supervisors shall act as the clerk of the regional bond accountability committee, and is responsible for maintaining the records of the regional bond accountability committee and performing all reasonable administrative functions supporting the regional bond accountability committee.

G. The county shall pay all reasonable administrative costs authorized by the regional bond accountability committee as necessary for the committee to carry out its functions as described in this section, including facility usage fees, publication costs, printing costs, mileage reimbursement fees, office, equipment costs, independent auditor fees and attorney fees. Administrative costs shall be minimized by using existing member jurisdiction facilities and staff whenever it is reasonably feasible to do so. Member jurisdiction facilities and staff shall be reimbursed at the member jurisdiction's actual cost.

H. In addition to any other requirements of law and before any required vote of the qualified electors of the county, the county shall not issue or sell general obligation bonds until the following has occurred:

1. The board of supervisors shall submit to the regional bond accountability committee a report identifying the proposed allocation of amounts and specific project uses of the county general obligation bonds.
2. The Regional Bond Accountability Committee shall hold a public hearing on the report after publishing notice of the public hearing in an advertisement that is no less than one-eighth of a full page in a newspaper with general circulation published in the county where the hearing will be held or, if no newspaper with general circulation is regularly published, in a newspaper with statewide general circulation.

3. At the conclusion of the public hearing, the Regional Bond Accountability Committee shall, by a majority vote of the full membership of the committee, do one of the following:
   (a) hold another public hearing at a later time and date.
   (b) authorize the county to issue or sell the proposed bonds.
   (c) return the report to the county board of supervisors for revision or additional information.
   (d) reject the proposed bonds. If the committee fails to take one of the other actions authorized in this paragraph, the proposed bonds are deemed rejected.

I. After a general obligation bond has been issued or sold or approved by a vote of the qualified electors of the county, the county shall not change the proposed amounts allocated for a specific project use or the specific project uses of any county general obligation bonds from the amounts and uses authorized by the Regional Bond Accountability Committee without the prior approval of the Regional Bond Accountability Committee, pursuant to the following procedure:

1. The county board of supervisors shall submit to the Regional Bond Accountability Committee a report identifying the proposed changes to the amounts allocated for a specific project use and the specific project uses of the County General Obligation Bonds. Any proposed changes to the amounts or uses of a County General Obligation Bond shall be consistent with the amounts and uses approved in the election authorizing the bonds.

2. The Regional Bond Accountability Committee shall hold a public hearing on the report after publishing notice of the public hearing in an advertisement that is no less than one-eighth of a full page in a newspaper with general circulation published in the county where the hearing will be held or, if no newspaper with general circulation is regularly published, in a newspaper with statewide general circulation.

3. At the conclusion of the public hearing, the Regional Bond Accountability Committee shall, by a majority of the full membership of the committee, do one of the following:
   (a) hold another public hearing at a later time and date.
   (b) approve the proposed changes to the amounts allocated for a specific project use or specific project uses of the general obligation bonds.
   (c) return the report to the county board of supervisors for revision or additional information.
(d) REJECT THE PROPOSED CHANGES TO THE AMOUNTS OR USES OF THE GENERAL OBLIGATION BONDS. IF THE COMMITTEE FAILS TO TAKE ONE OF THE OTHER ACTIONS AUTHORIZED IN THIS PARAGRAPH, THE PROPOSED BONDS ARE DEEMED REJECTED.

J. THE REGIONAL BOND ACCOUNTABILITY COMMITTEE MAY ORDER AN AUDIT OF THE COUNTY’S BOND PROGRAM AT ANY TIME BY MAJORITY VOTE OF THE FULL MEMBERSHIP OF THE REGIONAL BOND ACCOUNTABILITY COMMITTEE, THE COSTS OF WHICH SHALL BE PAID BY THE COUNTY PURSUANT TO SUBSECTION G OF THIS SECTION.

K. THE GOVERNING BODY OF ANY JURISDICTION REPRESENTED ON THE REGIONAL BOND ACCOUNTABILITY COMMITTEE MAY ORDER AN AUDIT OF THE COUNTY’S BOND PROGRAM AT ANY TIME BY ADOPTING A RESOLUTION ORDERING AND COMMITTING TO PAY ALL COSTS OF THE AUDIT.

L. FOR THE PURPOSES OF THIS SECTION, A CITY OR TOWN IS CONSIDERED TO BE IN THE COUNTY IF ANY PORTION OF ITS JURISDICTIONAL LIMITS IS LOCATED IN THE COUNTY.

M. FOR THE PURPOSES OF THIS SECTION:

1. "AN AUDIT OF THE COUNTY’S BOND PROGRAM" MEANS AN AUDIT EXAMINING THE USES OF ALL PROCEEDS OF ALL COUNTY GENERAL OBLIGATION BONDS THAT ARE NOT FULLY REDEEMED ON THE DATE THE AUDIT IS ORDERED.

2. "GENERAL OBLIGATION BONDS" MEANS ALL BONDS, OBLIGATIONS OR OTHER INDEBTEDNESS FOR WHICH THE FULL FAITH AND CREDIT OF THE COUNTY ARE PLEDGED AS A SOURCE OF REPAYMENT.

N. NOTHING IN THIS SECTION authorizes a county or the regional bond accountability committee to change the total amount or general use of any general obligation bond approved by a vote of the qualified electors of the county.