

**Pima County Bond Advisory Committee
Meeting**

**The Manning House
450 W. Paseo Redondo
Tucson, Arizona 85701**

**March 30, 2012
8:10 a.m.**

SUMMARY OF MEETING

Committee Members Present

Larry Hecker, Chair
Carolyn Campbell, Vice Chair
Peter Backus
Pat Benchik
Donald Chatfield
Gary Davidson
Brian Flagg
Rene Gastelum
Jesus Gomez
Kelly Gottschalk
Terri Hutts
Wade McLean
Ted Prezelski
Patty Richardson
Thomas Six
Dan Sullivan
Tom Warne (arrived at 8:12 a.m.)
Greg Wexler

Committee Members Absent

Pete Delgado
Harry George
David Lyons
A.C. Marriotti
Susan Romero
Chris Sheafe

MOTIONS

MOTION: Terri Hutts moved, seconded by Gary Davidson to approve the January 27, 2012 meeting summary. Motion approved 17-0.

MOTION: Tom Ward moved, seconded by Peter Backus, to support the proposed ordinance amendments to the 1997 General Obligation Bond Ordinance. Motion approved 17-0. Vice-chair Campbell abstained from the vote.

MOTION: Dan Sullivan moved, seconded by Don Chatfield, to support the proposed ordinance amendments to the 1997 HURF Bond Ordinance. Motion approved 17-0. Vice-chair Campbell abstained from the vote.

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to support the proposed ordinance amendments to the 2004 and 2006 General Obligation Bond Ordinances. Motion approved 18-0.

MOTION: Tom Warne moved, seconded by Dan Sullivan, to suggest to the Board of Supervisors that they form a committee, three members from the Bond Advisory Committee and three members from the community at large. It was noted that this would be a standing subcommittee of the Bond Advisory Committee, but would include outside members. Motion was approved 17-1.

MEETING SUMMARY

1. Welcome

The meeting began at 8:10 a.m. with a quorum.

2. Approval of the January 27, 2012 Meeting Summary

MOTION: Terri Hutts moved, seconded by Gary Davidson to approve the January 27, 2012 meeting summary. Motion approved 17-0.

3. Semi-Annual Bond Update Report for 1997, 2004 and 2006 Bond Programs

Per the County's Truth in Bonding Code, materials were provided to the Committee providing the status of the 1997, 2004 and 2006 bond programs. These materials and additional details are also available via the County's web site. Mary Tyson, Pima County Finance, provided an overview at the meeting.

Written reports were submitted by the following jurisdictions: City of Tucson, City of South Tucson, Town of Marana, Town of Oro Valley, and Town of Sahuarita.

Wade McLean, Chairman Hecker, Gary Davidson and Ted Prezelski asked Marana representative T. VanHook questions about the recent State legislation concerning the bond program, including why Marana officials had not come to this Committee directly with their concerns. Ms. VanHook replied that she was not the right person to respond to such questions, but that she would invite the intergovernmental liaison to attend the next meeting. Chairman Hecker replied that the Town Manager or Mayor should be the one's attending. The only project that Ms. VanHook provided as an example of a delay or funding issue was the Honea Heights Affordable Housing project.

Mr. Huckelberry explained that the Honea Heights affordable housing project was approved by the Housing Commission and the Board of Supervisors, pending certain other approvals. Lack of wastewater capacity at the

Marana Wastewater Treatment Facility has held up project implementation. There is physical capacity at the plant, but the remaining capacity has been reserved via subscriptions to other customers. ADEQ rules state that additional connections cannot be made until the plant capacity is expanded. Pima County applied for and received an Aquifer Protection Permit to expand the capacity of the plant. However, the Town of Marana is now the owner and must apply and receive its own permit, which would require it to prove to ADEQ that it can financially support a \$40 million plus capacity expansion. The Housing Commission did approve a time extension for the project.

Dan Sullivan, Marana's appointee to the Committee, then announced that he would be resigning from the Committee after this meeting, that he was proud of what the Committee had accomplished and his role on the Committee, but was disappointed that the recent events were overshadowing those accomplishments.

Ainsley Legner, representing the Town of Oro Valley, offered to answer questions about Oro Valley's report. She confirmed that there were no problems with their projects and all were either completed or the funds had been transferred with the permission of the Oro Valley Mayor and Council to projects that are still underway.

Town of Sahuarita representative Debbie Summers responded to a question from Terri Hutts concerning a transportation project that is listed in their report as completed but costing zero dollars. Ms. Summers explained that the project was complete and the bond funding was transferred with the Town's permission. Mr. Huckelberry added that Federal funding covered the cost of the project.

City of Tucson Manager, Richard Miranda, offered to answer questions about the City's report. Several Committee members thanked him for attending. Mr. Miranda noted that as part of the PCWIN project there was a need to build a backup emergency operations facility and \$4 million of the County bond funds, along with City of Tucson funding, will be funding the project, which is underway.

There was discussion concerning a proposal to relocate the Northwest Community Center to Jacobs Park, as opposed to the last location recommended at Rillito Park. Originally the community center project was to include land acquisition. A location large enough could not be found in the northwest area of the City. A parcel was purchased adjacent to Rillito Park with the idea the center would be placed on it. Because of the historical nature of the parcel, that became problematic. Another location at Rillito Park was considered. The project was put on hold because the City lacked funding to operate the facility. Since then, multiple proposals for future uses of Rillito Park have been made which could make locating the center there problematic. The Ward office for this area supports Jacobs Park as an alternative. Terri Hutts expressed concern that Jacobs Park was quite a

distance from Rillito Park. Mr. Miranda said he would take her concern back to Mayor and Council.

Mr. Miranda also responded to a request for a status update on the City's role in the Joint Courts facility.

Brian Flagg asked why County bond funds were being used to support 3 City of Tucson related RTA projects, and why the Houghton Road project report stated that no IGA was in place. Mr. Huckelberry responded that the County had committed in 1997 to fund portions of these projects with HURF bonds. As part of the RTP these funds were committed as other funding. Jim DeGrood, representing the RTA, stated that 2 IGAs do exist for segments of the Houghton Road project.

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

Per the County's Truth in Bonding Code, the Committee received a staff report describing each of the projects that would be impacted by the proposed ordinance amendments, including the procedures for ordinance amendments. Nicole Fyffe provided a brief verbal summary of each of the 1997 GO, 1997 HURF, 2004 GO and 2006 GO projects that would be impacted by the ordinance amendments. Ms. Fyffe noted which projects had received the necessary approval during public hearings held by the Town of Marana and the City of Tucson.

Gary Davidson asked for clarification that Marana supported the amendment to their 1997 project.

Regarding the amendments that would affect the 2004 Psychiatric Hospital Project and 2006 Crisis Care Center, questions were asked by Ted Prezelski and Tom Warne about the parking garage. Mr. Huckelberry responded that yes the parking garage would be on the same campus, only the design costs would come from the bonds, and Certificates of Participation would likely be used to construct the facility to be paid off with revues from employees who would be required to park at the facility.

In response to concerns raised by Terri Hutts concerning the amendment to the City's 2004 Eastside Sports Complex project that would enable the replacement of lighting at Udall Park, Mr. Huckelberry responded that he typically would not support the use of bond funds for maintenance, but this was a public safety issue. Fred Gray, City of Tucson Parks Director, emphasized that the funding would be used to replace ball field lighting that had exceeded their useful life.

MOTION: Tom Ward moved, seconded by Peter Backus, to support the proposed ordinance amendments to the 1997 General Obligation Bond Ordinance. Motion approved 17-0. Vice-chair Campbell abstained from the vote.

MOTION: Dan Sullivan moved, seconded by Don Chatfield, to support the proposed ordinance amendments to the 1997 HURF Bond Ordinance. Motion approved 17-0. Vice-chair Campbell abstained from the vote.

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to support the proposed ordinance amendments to the 2004 and 2006 General Obligation Bond Ordinances. Motion approved 18-0.

5. Committee Deliberation Regarding Future Bond Election Planning

Mr. Huckelberry explained that a memorandum had been provided to the Committee prior to the meeting that summarized the future bond election planning process since its initiation in 2006, and also included an updated list of tentatively approved projects. Mr. Huckelberry then stated that it was up to the Committee on how to proceed next. Chairman Hecker asked that this item be deferred as the audit could affect the next steps. After the discussion on the audit, Chairman Hecker stated that it was his view that it did not make sense to continue planning for a bond election until the results of the audit are in. Gary Davidson added that it may be worth discussing again after the audit is underway.

6. Update on State Legislation that May Affect County Bonding

Mr. Huckelberry reported that HB2656 had been amended substantially to remove anything regarding bonding and instead affects lease-purchasing and use of certificates of participation by everyone in the state, not just Pima County. The most onerous section requires a vote of the governing board for debt with a length of more than 15 years. Pima County's debt is typically paid off in less than 15 years.

Regarding HB2805, it would require the Auditor General's Office to audit Pima County's bond program. The most onerous section would require an auditor to determine if a change in funds was made to reward or punish an entity, party or official. It was signed by the Governor yesterday.

Regarding HB2826, it would limit bond elections to even years only. Pima County's Election's Director is concerned that this may cause a need for 2 page ballots, which could be confusing to voters.

Discussion on the audit bill included the lack of need, the waste of time and money, how involved the Committee may be, how long it may take, and who would pay for it. Kelly Gottschalk, Finance Director for the City of Tucson, shared her experience with a recent audit of the Rio Nuevo program. It was confirmed that Representative Proud, sponsor of the bill, had never attended a Bond Advisory Committee meeting even though she and other sponsors had been invited.

Mr. Huckelberry summarized what he'd learned in responding to these bills, including the fact that the County has been highly successful in completing

bond projects as stated originally to voters, and where changes were necessary, they were made according to the process put in place to provide the utmost in public disclosure. Unlike what Representative Proud stated, the public got more than “cactus”. In fact the bulk of the projects were transportation or sewer related. The County’s debt is not out of control. We carry higher debt levels than other counties because we are the only county in the state to run a regional wastewater system. Our per capita debt is much lower than the City of Phoenix and lower than the Town of Marana. 80 percent of our debt is voter authorized. The majority of the Town of Marana’s debt is not voter authorized, it is incurred by a simple vote of Mayor and Council.

7. Recommendation to the Board of Supervisors to Create an Audit Committee

Chairman Hecker stated that it was his request that the County create an audit committee to show the Governor that this was a local issue and that we had a process in place to deal with it. But now that the Governor signed the bill, he was unsure if a committee was necessary. There was discussion about whether the auditors would reach out to individual bond committee members regardless of whether they were on an audit committee, the role the committee may play in the audit, whether it should be a subcommittee to the Bond Committee, the membership of the audit committee, and potential benefits of an audit committee. During this discussion, Mr. Huckelberry stated that he did not expect the County to have to pay for the audit and that he supports creation of an audit committee as a group that is independent from him that can provide input into the audit process.

MOTION: Tom Warne moved, seconded by Dan Sullivan, to suggest to the Board of Supervisors that they form a committee, three members from the Bond Advisory Committee and three members from the community at large. It was noted that this would be a standing subcommittee of the Bond Advisory Committee, but would include outside members. Motion was approved 17-1.

8. Future Agenda Items and Next Meetings

Next meeting will be September 21, 2012 and the agenda will include the Committee’s end of fiscal year responsibilities – updates on the bond programs and consideration of any necessary bond ordinance amendments.

9. Call to the Audience

No members of the audience spoke at this time.

10. Adjournment

Meeting was adjourned at 9:48 a.m.