

**Pima County Bond Advisory Committee
Meeting**

**Manning House
450 West Paseo Redondo
Friday, December 12, 2008
8:00 a.m.**

SUMMARY OF MEETING

Committee Members Present

Larry Hecker, Chair
Carolyn Campbell, Vice Chair
Peter Backus
Pat Benchik
Gary Davidson
Paul Diaz
Rene Gastelum
Harry George
Kelly Gomez
Byron Howard
Terri Hutts
A.C. Marriotti
John Neis
Ted Prezelski
Patty Richardson
Chris Sheafe
Thomas Six
Dan Sullivan
Tom Warne
Greg Wexler

Committee Members Absent

Pete Delgado
Jesus Gomez
David Lyons
Rebecca Manoleas
Wade McLean

1. Welcome

Meeting began at 8:10 a.m. with a quorum.

2. Approval of Meeting Summary

The meeting summary from the September 26, 2008 meeting was approved 16-0.

3. County Administrator Recommendations Regarding a Future Bond Election

Mr. Huckelberry summarized his November 14, 2008 memorandum to the Committee regarding his recommendation against holding a 2009 bond election, and his criteria for recommending individual projects. Mr. Huckelberry also updated the Committee on his recent meeting with Arizona Department of Environmental Quality (ADEQ) concerning the deadline for regulatory compliance with substantial improvements to the County's

Wastewater reclamation system. The options provided by ADEQ are not advantageous to the County, and therefore it is imperative that \$565 million in sewer revenue bonds be placed on the November 2009 ballot as the only other alternative is to pay for these improvements on a pay-as-you-go basis, which would substantially and significantly increase both sewer connection as well as sewer revenue fee increases.

There was considerable discussion regarding whether or not to continue deliberating on a bond package for November 2009:

- Deadline for Committee recommendations for November 2009 election – June 2009 last practical month – earlier is preferable.
- Ways to expand bonding capacity so that more projects can be included – increase the tax rate and/or extend the pay back period for bonds from 12 years to 15 or more years.
- County's bond rating - AA without insurance, and County will be rated again in January if we proceed with another issuance of bonds for the 1997 and 2004 bond program at that time.
- Reasons to hold a November 2009 election – people are engaged, have momentum from working on this for last two years, and inflation will make projects more expensive if we wait.
- City's plan for bond election – November 2009 \$200 million for water revenue bonds, \$250 million for GO bonds for park and recreation projects. Unknown if City will create a bond oversight committee.
- Does adding a GO bond package to the sewer revenue bond package hurt or help the chances of sewer package passing? Historically it has made no difference.
- Sewer bonds can no longer be voted on in May because of a change in state statute.
- Recent bids on construction projects are down, but not drastically yet. However, we should see substantial reductions in construction costs soon.
- Federal stimulus package and local matches – No coordinated effort within this region. County's top project should be the City/County Justice and Municipal Courts complex since it meets the criteria of completed right-of-way, completed permitting, and completed design.
- Potential bond sale bidders – Municipal bonds are a very stable investment so there should be potential bidders out there. However, last year we only had 2 bidders and neither of those companies exists anymore (Lehman Brothers and Merrill Lynch).

A call to the audience was made at this time.

Michael McDonald – Habitat for Humanity: \$5 million recommended by County Administrator is for the affordable housing program insufficient, is in support of a bond election in November 2009, feels this can be the County's stimulus package, will target HUD matching dollars to support the program, and will commit resources to supporting the election.

Al Saterback – Green Valley Performing Arts Center: Received a \$250,000 challenge grant from Freeport-McMoran and matched the grant with many individual donations. Performing Arts Center will open in January, but still need support for future phase. Will work to get a bond issue passed in November 2009.

James Stevenson – President of La Tierra Buena HOA: The momentum exists now, costs lower today than they will be in the future, give the public the opportunity to vote, improvements will add value to the County.

Chuck Catino – Born Again Jocks Association (BAJA): Construction cost decreasing, maybe \$800 million if costs are down, but construction costs will increase if we delay too long, support project PR137 softball fields in Green Valley.

Michael Luria – Tucson Children’s Museum: Supports a bond election in November 2009 and will promote the bond election.

Nancy Karsa – Green Valley Performing Arts Foundation: The third phase of this project meets all of the County Administrator’s criteria (regional, education and training, and partnerships). There is broad based and persistent support for this project.

Scott Nelson – Town of Oro Valley: As a Pima County resident, thanks to the Committee for all your efforts. Oro Valley’s bond election was not successful. Keep in mind that if we wait there may be new projects to consider.

Robert Knight – Tucson Museum of Art: Supports bond election in 2009 and will match dollar for dollar County bond funds.

Sandra Stone – Chair of Canoa Oversight Committee: Need full allocation of \$20 million for Canoa Ranch to get it operational for the public to experience.

Corky Poster - In support of historic preservation, neighborhood reinvestment, and affordable housing projects, and a modest bond package in 2009. Our historic buildings are fragile and may not survive much longer without funding for stabilization. There are huge needs in the area of neighborhood reinvestment and affordable housing. We need to spend our way out of this economic downturn. Consultants and contractors at all levels are in need of work as witnessed at a recent bid for a Town of Oro Valley project.

Dan Eckstrom - Historically our voters have been very educated and well informed. We should go forth and educate, empower, and motivate.

Elizabeth Webb (Carolyn Campbell spoke for Ms. Webb) - Feels strongly that there should be a bond election in 2009 and will bring lots of support from Vail.

Bill Adamson - Supportive of green issues such as biking and conservation. Met with Mr. Huckelberry to discuss his reduced recommendation for bike paths and think we can do more with public/private partnerships. Supports bond election in 2009.

Call to the Audience ended. Discussion from Committee members continued:

- Lots of support in this room but need to hear from others that may not support a bond election in 2009. Should hold town halls, or survey the public by web or newspaper.
- How much of our bond funds go to local companies and local workers?
- If we move ahead we need to be committed to lots of education about the benefits.
- Land prices have been dropping.
- If a bond election was held in November 2009, bond would not be sold until late 2010, early 2011.
- Projects like the veladrome and tournament sites will attract tourism dollars.

MOTION: Greg Wexler moved, seconded by Dan Sullivan, to meet in January to continue discussing November 2009 bond election.

SUBSTITUTE MOTION: Chris Sheafe moved, seconded by Dan Sullivan, to meet in February and to recommend a sewer revenue bond election in November 2009.

Greg Wexler withdrew his motion.

Discussion on the motion:

- If wait until February, will have to meet often after that in order to present a package to the Board in a timely manner.
- Mr. Huckelberry said he'd provide several reports to the Committee: public outreach plan, report on partnership projects, report on construction costs, report on the last 3 years of construction contracts and their local benefits.
- Frustration with how slow the RTA projects are being implemented, but is scheduled to pick up in 2009.

AMENDMENT TO MOTION: Chris Sheaf moved to amend the motion to specify February 6, 2009. Mr. Sullivan seconded the motion. Motion passed 20-0.

Discussion continued:

- Mr. Huckelberry will talk with the City Manager regarding the City's intent to hold a bond election in 2009.
- Byron Howard stated that a City parks and recreation bond election would not necessarily decrease the City requests for projects in the County bond election.
- What do other stakeholders like SAHBA and the Chamber think about this?
- Individually Committee members should get out and talk to people about how they feel about a 2009 bond election.
- Neighborhood and conservation groups need to be reached out to and input sought.

Call to the Audience

No one spoke during this time.

Adjournment

Meeting adjourned at 9:55 a.m.