Minutes of the Special Meeting of the Citizens Advisory Committee (CAC) of the City Council of the City of South Tucson, Arizona, held Tuesday, April 30, 2024, at 5:30 p.m., at the City of South Tucson Council Chambers, 1601 S. 6th Avenue, South Tucson, Arizona.

Staff Present: Veronica Moreno, Interim City Manager (Excused)
Lourdes Aguirre, Finance Director
Jon Paladini, City Attorney
Mark Reader, Stifel (via Zoom)

CAC Members Present: Karen Karl, Chair
Melissa Brown-Dominguez, Vice Chair
Dan Eckstrom
Arlene Lopez
Dennis Luttrell
Dwight Metzger
Scott Sears

1. CALL TO ORDER

Chair Karl: I will call this April 30th Citizens Advisory Committee meeting to order. Roll Call just to establish a quorum.

2. ROLL CALL

Mr. Eckstrom: I'm here.
Ms. Brown-Dominguez: Here.
Ms. Arlene Lopez: Here.
Mr. Sears: Here.
Mr. Metzger: Here.
Mr. Luttrell: Here.
Ms. Karen Karl: Present.

3. APPROVAL OF MINUTES

There are none.

4. BRIEFING

a. City Staff - Recap / Update

Ms. Aguirre: Just to briefly go over some of the discussion that was had during the last meeting, last week, Monday, April 22nd. What Mr. Reader did was identify bonding capacity under the 20% which is all funding that goes toward capital improvements, equipment, things of that nature, and the 6% bonding capacity which goes to fund anything else. It's a little more flexible on that side. He also, in your packets, the ones he provided you last week, gave you a scenario of how much would be needed under each category in order to obtain the necessary funding for fire operations and equipment. So, towards the end of that meeting there was a question by one of the members, I believe, as to what it would take to pay down on the remaining bond, the 2019 bond that the City has because as you all recall, it requires an annual payment of $600,000. The scenario that was presented would help alleviate the general fund budget by paying off about $400,000, but that would still leave quite a bit of expense on the table. I think it was about $2.5 million on that existing 2019 bond, and so the question was, how much would it take, what would that scenario look like to be able to fund and pay off the remainder of that debt and therefore free up the rest of that general fund expense. And that is exactly what Mr. Reader is going to be talking to you about today. Hi Mark, can you hear us?

Mr. Reader: Lourdes, can you hear me?

Ms. Aguirre: I can hear you; can you hear me?

Mr. Reader: Thank you. Hello everybody, I might go in and out, but as long as everyone can hear me. You are intermittent but hopefully you can hear me, and I will do my best to listen to you all.

Ms. Aguirre: Alright, thank you.

b. Review Financing Option Scenarios

Mr. Reader: Good evening, everybody. Thanks for your hard work. Hello Jon, Veronica, Lourdes and Committee Members. Some of this will be a little bit of a repeat. This is a new slide from our meeting last week and I hope this is helpful to you. As you recall, the City is suggesting that it is going to take about $2.1 million in operating costs to fund fire service in the City of South Tucson whether that is through an IGA with the City of Tucson or whether or not the City of South Tucson proceeds on its own. Ok, let's go with that for now. Lourdes has indicated to us that there is currently budget capacity within the current budget to help fund the operations of a Fire Department of about $1.7 million. So, this is the shortfall we have all been dealing with. How do we fund roughly a $400,000 shortfall? We thought we would put a slide on this together and then you can see in the center of the page, we are going to talk about an analysis herein regarding budget shortfall alternatives through a hopefully successful general obligation bond election in November 2024, if that is the recommendation of the Committee to the City Council. And of course, we have the 6% money and the 20% money, and the 6% money we want to use to pay down the 2019 bonds, if you remember, and we have a plan in place to do that and I will walk you through that in a moment, to achieve the $400,000. And of course, on the capital side for fire station improvements, a fire truck and apparatus, $1.5 million is the current estimate to have good facilities, if you will, and equipment. A little bit of a repeat from last time, ok. Here's our numbers again on our capacity, so the 6% as you recall, we currently have about $2.6 million, and we're ok on the capital over here, we have $8.7, we only need $1.5. Here's our pie chart that we talked about. These are the 2019 revenue bonds that are currently being paid at about $600,000 per year, hopefully you can see my cursor, out of the general fund. So, is there a way for us to reduce this amount of $600,000 per year to create budget capacity of $400,000. We think we can achieve that and come back to this. If the bond election is successful, we would go ahead and probably by the end of the year, give or take, we would take about $2.5 million and we are going to pay down the $600,000 payments here, right. And we are going to re-amortize it so that our payments go from $600,000 down to $200,000. You see the $200,000 on the schedule here? That's a savings of $400,000, so we would simply re-amortize with a pay down of about $2.5 million and adjust the principal payments over here. We're still going to pay 2.94% interest, that's good, and we are going to achieve a new debt service payment over the next four budget years of $200,000 instead of $600,000. So then we just kind of put that into a simple schedule here for you, and in the yellow, this shows that under our financial plan that we are all working hard together on to come up with what we believe to be a reasonable solution at a reasonable cost, that I believe that if the election is successful, we can achieve

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this $400,000 savings all the way through 2028-2029. Now remember, after '28-'29, we still have some debt outstanding, so the thought, I'm going to jump ahead here, sorry for all the numbers here, the thought would be to create some additional capacity. Now remember, we generated bonding capacity, borrowing capacity, each year in the 6% category through two ways: a growth in your tax base. We had 6% current year. We're up 4.5% for next budget year. We are only assuming 3% growth here in column 3, that's good. And then this is the principal, in the box, so I had to adjust this principal a little bit to create about $2 million of additional capacity. In 2029 we would then issue new bonds in 2029 and pay off the remaining revenue bonds outstanding from 2019, thereby freeing up about $600,000 per year. So, under that model, we would be able to achieve the shortfall estimate right here on page 1, and we would do it through the bond election and two sales of bonds, and take the money to pay down 2019's. I'm going to pause there. It will have an impact on our tax rate calculation and our monthly cost, which at the end of the day is still on my mind reasonable. But before I get into that detail, I wanted to share with you what has changed from our meeting last week and how I revised the structure to achieve the savings level that the City needs for your fire and your emergency department. With that, Madam Chair, Members of the Committee, I'll pause and take your questions and then I will take you to the tax rates. Thank you.

Mr. Metzger: Mark, for the new bonds in 2029, is it another property tax increase?

Mr. Reader: Yeah, so let's go to the table on the tax page, ok. Now I am going to jump ahead just a little bit, bear with me. I'm going to take you to this table, remember this table from last week? These are our average tax rates up here. You see here, for the payoff of the revenue bonds, it's going to be about $1.16 cents average. Now where did I get that number? This is our 6% tax rate to pay down the revenue bonds, right. A very astute question and so sin order for us to structure a bond issue and achieve $2 million, can you see my cursor? That's the number we needed to pay off the remaining amount of bonds. So, how I got there was I went ahead and increased the principal on the $2.6 that we are going to issue this year, right, and it does drive up our tax rate here a little bit because I had to add some principal so I could get to the capacity needed. Relatively straightforward mathematics. So, you can see the tax rate then on the 6% money, which starts out about $1.91, and it would start going down from there, and especially after I get these principal payments paid off to achieve the $2.2 million, so we start at $1.91 and we would go down to $.60 cents. So, the average, and this is what would be included in the voter information pamphlet to our citizens who str registered voters, would be $1.15, $1.16. So that is how we came up with the $1.16. We then go to this table here. You see $1.16 here, and we apply it toward the average value of a residential home in the City, about $80,000, and it would be $7.60 a month, ok, fair to midland, and on the $1.5 million capital bond issue for our fire station, our pumper and any apparatus, it's only about $3.00 a month, for a total of $10.59 per month to support the bond issue. So, I hope that answered your question.

Mr. Metzger: Yeah, I think so.

Chair Karl: So, Mark, in order to achieve that we went from $3,600,000 to $6,620,000.

Mr. Reader: Total bond issue?

Chair Karl: Yeah.

Mr. Reader: We would go $1.5 million, plus $2.6, plus $2 million, about $6.1 million total authorization from your voters broken down between the 6% on this page, broken down between two sales, and one sale on the capital at $1.5 million.

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Chair Karl: What's the interest on the 2019? Was that 2.94%?

Mr. Reader: Yeah.

Chair Karl: And that's money that is going to be 6.5.

Mr. Reader: Yeah, so on the new money, I appreciate everybody's questions, on the new money, the $1.5, right, that's tax-exempt money. That's tax-free interest to the bond holders. We are estimating that at around 4.5. Interest rates are up from 2019, but that's about 4.5, and that's the market rate at the time we sell it, and then on this project here, this will be taxable because we are not financing capital improvements. This will be a little higher rate, around 6, 6.5, and bear with me on that. We are going to have to proceed with the credit rating process and go through that whole process. But it is higher interest rates because we are in a little higher interest rate environment, but as you know, we're taking it, we are shifting it from the general fund to the property tax base in order to achieve our objectives. Here's our chart for the $400,000, right, after the first sale of $2.5, $2.6, this is the general funds savings and then in 2029 issue the $2 million that we need in capacity to completely pay off the 2019 bonds. These right here will completely go away. That's good news. In fact, the City would have $600,000 in savings after we pay them off for a cushion and help to address other budgetary issues of the City.

Mr. Metzger: Mark, last week you had a good presentation with an elephant in the room with an unpaid pension fund debt. If I am jumping ahead, just stop me. I'm curious, how much is the City paying on that annually and is there something we can do to address that with this scenario, and yeah, how does this factor into the 15-year plan or 19-year plan?

Mr. Reader: Well, we shared this with you, you're right. The City, once hopefully you address your fire and emergency services challenge that you all working together on, then the City has their eye on this. And to just give you a reminder, this is the unfunded liability on your balance sheet. So, in Arizona, our police and fire pensions are Constitutionally protected, so they have to be paid. Over the years, and again, we could have a whole study session on how this happened and why this happened, but you can see the police unfunded liability is $10.1 million. That is the present value of the future payments to the retirees who work for the City of South Tucson. That has to be paid. It comes out of the City's budget every year. There is what is called a minimum annual required contribution that comes from the State Pension Fund, and Lourdes can tell you what that is, and so then the cities pay in their minimum contribution to the pension fund, and the City is trying to send a little bit of additional contributions each year to help pay down this $10.1 million. So, it is likely growing every year depending on what additional contributions, but you are only 4.3% funded.

Mr. Metzger: And that's at 7% interest.

Mr. Reader: And you are accruing 7.3% every day. We've got some more work to do on this and once we pay off the '19 bonds after that second sale in 2029, we don't have that $600,000 payment anymore. We've got our $400,000 freed up for fire service and we would have a couple hundred thousand dollars more a year to help make additional contributions to pay down this $10 million.

City Attorney Paladini: Mark, let me ask. Lourdes, do you know what the annual payment is on just the fire PSPRS?

Ms. Aguirre: The annual required?

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City Attorney Paladini: What do we pay out of the general fund?

Ms. Aguirre: So, the annual required is about $250,000. That is what is published on the PSPRS, Public Safety Retirement System actuarial reports. Of course, we tie the percentage that they recommend to payroll amounts on our budget, so if it turns out to be slightly larger, we always make sure to save that budget capacity and pay it off.

City Attorney Paladini: So, I guess my question then is, based on if the initial bond issue, Mark, is $2.6 million and we put that against, to basically pay down the one excise tax bond, that frees up about $400,000 a year. If we took that same $2.6 million and paid off the fire PSPRS, it would only free up about $250,000 a year.

Ms. Aguirre: Correct.

City Attorney Paladini: So, it makes more sense to pay down the excise tax with that same money because you are freeing up more money for the fire service.

Ms. Aguirre: Correct.

Chair Karl: But it is also accumulating at a faster rate because the interest rate is significantly higher.

Ms. Aguirre: Mark, are you sure that it is daily, the interest rate?

Mr. Reader: Yep. It's a 7.2, 7.3% accrual per year. You can break it down to a monthly or a daily.

City Attorney Paladini: It's not 7.5% a day.

Ms. Aguirre: No.

City Attorney Paladini: It's annually 7.5%.

Ms. Aguirre: Right.

Mr. Metzger: So, if it's $250,000 a year for fire, that would make the police about $1 million or more a year?

Ms. Aguirre: No, I believe it's half a million. I could show you all on the website because we post all that on the site, just so we have some more accurate numbers information. I'm going to minimize you here briefly, Mark, while I take them through this.

Mr. Reader: I'll share there and can bring it back up as necessary.

Ms. Aguirre: Ok, thank you. So, this is the pension funding policy that Mayor and Council adopted for the current fiscal year and the numbers are down here. These are the annual required amounts listed here. The annual required combined is $282,000.

City Attorney Paladini: Oh, combined. So, fire alone is,

Ms. Aguirre: So, Fire is around $582,000. So, it's around $300,000 for police. So, we are chipping away at that.

Mr. Eckstrom: And you're making some pretty good progress, too, considering where you were.

Ms. Aguirre: Yes.

Mr. Eckstrom: You're making some pretty good progress, I mean, it's like anything else, you know.

City Attorney Paladini: And the question for this Committee is, what is the purpose of these bonds. Is the purpose of these bonds to pay down some of the debt, the PSPRS debt that is accruing at sort of a higher rate, but not freeing up enough money to provide fire service or is it to free up enough money to provide fire service. I can tell you that the latter is way more sellable to the public than the former. People hate having to property tax bonds to pay down public pensions, as a general rule.

Mr. Eckstrom: I think, though, that the opportunity that exists, if you're going to have an item that is on the ballot, obviously the first thing we want to do is take care of the Fire Department situation. I mean, that has to happen anyway, but if we can get some relief on some of these others, I think it's a good way, and I think you can prove to the public that it is something that I think they will understand, because if we continue with some of this, it's going to take a long time. And again, though, bear in mind, they will be the ones that will decide whether we do it or not. I don't think that we try to put everything together in one package.

City Attorney Paladini: You don't have the bonding capacity.

Mr. Eckstrom: No, what I'm saying is, I know that, I'm familiar with this stuff, but what I am seeing is that what we can do, though, is have something to show that it is being chipped away, but then again, what do I know.

Ms. Aguirre: And it also goes hand-in-hand because the whole purpose of Mark's option here is to free up general fund dollars. If we use a portion of that towards the expenditures related to personnel, which is pension as well.

Mr. Sears: How much is left on the 2019 bond?

Ms. Aguirre: About $4.5 or $5 million. Mark, how much is left on the 2019?

Mr. Reader: How much is left?

Ms. Aguirre: Yeah.

Mr. Reader: That's here, so $5.3 million and Lourdes is going to write a check coming up in June to pay down $123,000 and by the end of the year right after the bond election you will pay down another $226,000, so it will be $4.959 million would be your amount of revenue bonds outstanding after the election.

Mr. Luttrell: I have a question. The PSPRS, the balance on it this year versus last year, what's the actual balance difference when you paid down on your payments? Did you go up, did you go down?

Ms. Aguirre: Here is the actuarial report that is based off of, I believe this one was off 2022, so you can see here, $13.1 million, and you can look at the one from the prior year, $11.8 million, so it increased. But the reason for that is eligibility that was met on the Fire Reserve side. They are kept to a minimum amount of hours. And prior to that, you can see where it kind of levels off. So, it's $13.3 million, down to $11 million, $13.1 million.

Mr. Luttrell: I'm sorry, what year was that?

Ms. Aguirre: So, this was basically 2020, 2021, 2022. The City made huge payments towards that liability that it incurred on the eligibility that Fire Reserves had met over the course of a 20-year span because we went that far back. The City put about $2.1 million towards that debt to sell it.

Mr. Luttrell: So, I might have missed what you say here, three years ago it was at $13 something, right?

Ms. Aguirre: $13.3.

Mr. Luttrell: So, then now?

Ms. Aguirre: $13.2.

Mr. Luttrell: We haven't really made any progress in lowering it, and we're paying 7% money on it.

Ms. Aguirre: We haven't, we have, but we haven't. We've been throwing extra payments toward the unfunded liability balances that Mark showed you, but there was that anomaly that we had creep up where some of the Reserve firefighters were found to be eligible because of the number of hours they had worked. And that is what we found after analyzing two decades worth of historical payroll information. So, we made things right and they were given credit for that time, so the City paid what it owed on that, and it paid it right away. That's kind of why you see it level up that way. I expect it to be lower than the $13.2 once we receive our, once we prepare these documents for next fiscal year.

Mr. Luttrell: Thank you.

Chair Karl: So, we had it bumped to the principal, basically, because of these.

Ms. Aguirre: Slight bump, yes.

Chair Karl: Ok. Jon and Mark, do you know the answer to this question. The predictors seem to indicate as best they can that the interest rates are going to be lower this year. What would be our next election that we could maybe bring a bond?

City Attorney Paladini: 2025.

Chair Karl: Ok.

City Attorney Paladini: November. It has to be in November.

Chair Karl: Why 2025?

City Attorney Paladini: Because that's the next election. So, bond elections have to occur on a November ballot.

Chair Karl: So, if the interest rate goes down,

City Attorney Paladini: It could be odd numbered Novembers, but it has to be in November, right?

Mr. Reader: It's every November. It used to be four times a year, but now it's in November when all the winter visitors are in town.

City Attorney Paladini: General election. It would be, for this City, it would be a special election.

Chair Karl: Ok.

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City Attorney Paladini: The other thing, and it's really not for this Committee necessarily as it formed, but the PSPRS issue is something that should be contemplated when/if this bond passes and the Council starts looking at the model of service, the PSPRS issue is the factor that should be added into the decision making, because if you have a South Tucson Fire Department with six or seven full-time firefighter employees, plus back filling with Reserves, those six or seven or eight full-time employees are all in that PSPRS system, so that could be, actually, it will affect our unfunded liability and it could be substantial. And that is why police is so much higher because we have one firefighter who is in the system in the Drop Program, and we have how many police officers in the system?

Ms. Aguirre: About 13.

City Attorney Paladini: Yeah.

Mr. Metzger: Mark, at the last meeting towards the end it came up, the idea of what if we took out more money in a bond. Did you look at any numbers or scenarios for that?

Mr. Reader: In other words, do we have, you are concerned with this which we appreciate, very complicated, and the 4.3 funding ratio needs to be improved upon. But to answer your question, there are a couple of ways the City could maybe address the PSPRS situation. We could, I suppose, we haven't seen any cities do this yet to my knowledge to address PSPRS, right. Jon mentioned this last week, the City of Prescott passed a half-cent sales tax in their community to address their 20% unfunded liability. I take that back; they were about 75% unfunded. You are 4% funded, so you are 95% unfunded, right, everybody. You're 4% funded, so you are 95%, I'm rounding, 96% unfunded, to address the unfunded liability. You only have about $1 million in your account and PSPRS to meet over $10 million in future liabilities. So, I think you are the lowest in the State at 4% funded, and yes, it needs to be addressed. You are addressing it each year with your minimum annual required contribution to the fund, plus, whenever Lourdes and Veronica and the City can apply in terms of those additional contributions. So, this needs to go up, so how do we do it. Well, you do it with additional contributions, and how do we get additional contributions. We don't have a revenue stream right now. We could, this will complicate the election. Most people out there, and it depends on the community, they are not real crazy about paying property taxes for public pensions, fair?

Ms. Lopez: Yep.

Mr. Reader: I'm not saying every community is that way. Jon, you were in Prescott. That city, conservative city as you know, maybe it had something to do with the horrible fire they had up there, if you remember, when those four firefighters got caught in the fire, and they are a chartered city and they had to get voter approval and the voters overwhelmingly approved a half-cent sales tax that generated a couple million dollars a year that they used for additional contributions to improve their funding ratio. Ok, now that was a sales tax. I am not aware of any city in the state that has used their bonding capacity, and by the way, it would be in the 6% money category if your city wanted to pursue this. It would be in this category. So, we go back to our mathematics here, our little spreadsheet, on our 6% money, we do have a problem over here in column 10. It shows you when you would have additional 6% capacity, but after we issue this $2 million in '29, you can see where we're going to have a couple million more. See this here? So, if you wanted to add additional bond money in your 6% category and sell it as you have capacity, that is an option. We could run that for you. Let's say, I don't know, five years after we do this one, we have $1.7 million. Maybe we have a couple million. Maybe we get some growth in our tax base; we accelerate that. That's one option. The other option that has

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kind of been kicked around for you all is to not do it through the 6% general obligation but to maybe consider an election to increase your primary property tax. That generates about $50,000 a year right now under statute. I shared with you last week that one of our clients, the City of San Luis, has elected to proceed with a primary property tax election to generate $2.5 million per year off their tax base to be used for general fund purposes as deemed fit. You know, we could, after this bond election, hopefully it is successful, to address your fire service. Another option would be go come back and consider another property tax increase at, let's pick a number, $500,000 per year tax levy, run a tax rate calculation, and every year $500,000 would come in the coffers and the City would make annual additional contributions to the pension fund to go ahead and address your 4% funding ratio.

City Attorney Paladini: Mark, that's primary property tax, right?

Mr. Reader: That second discussion was primary.

City Attorney Paladini: The Prescott model, one of the selling points of the TPT increase was that it had a sunset clause that said once the city's unfunded liability got to $1 million, whichever came first, either $1 million of unfunded liability or ten years, the tax would sunset. It was earmarked specifically for unfunded liability, and they reached it in like seven years. The problem with the primary tax is that it never sunsets. It's permanent, right? Can the Council then lower it from the rate?

Mr. Reader: Yes, you could. It's levy, the election is based on the annual dollar amount. You have $2.5 million and each budget year the City Council will decide to levy $2.5 million, that's the max, or less. And so that is just a Council action on the primary side, and it would be a consistent revenue stream each year. We could run the numbers for you to show you, for example, if you contributed, I'm picking numbers, $300,000, $500,000 a year, add to our police unfunded liability, how fast your funding ratio would go up. It's not something that is going to be addressed; it's going to take a while but that would be wonderful if something like that could be achieved. The challenge is it is going to increase property taxes.

City Attorney Paladini: So, are you saying if the $500,000 a year is the target, as the valuation of property goes up for that additional tax rate per average goes down, but the $500,000 is still a permanent number.

Mr. Reader: Yes.

City Attorney Paladini: So, the relief to the property owners is the increased valuation of the property over time.

Mr. Reader: Yeah, so let's just play around here real quick. Just keep this in the back of your mind, and I am just throwing out $500,000. Obviously, the more you can do, the better, but we also have to be certainly sensitive to taxes in our community. So, I don't know, look at column 8. Your debt service is about $550,000, see that? See my number here. Column 8, page 11, that's the debt service, so if we had a primary property tax, it looks like your tax rate would be somewhere around $1.90. And then we would have to calculate that as to what it looks like here. This is down the road on the primary. Now, if you want to see some numbers if we were to add to this, remember, we are already at 4.6 on the 6% money. That is the same category as for pensions. If you wanted to add a couple more million dollars and make it $6.6, then down the road it looks like we are going to have some capacity. You can see my cursor in column 10, page 11, to issue the bonds, take the proceeds and pay down the PSPRS. That is going to raise our tax rate from $1.16 to you know, another two million, I don't know, another $.50. So, we are complicating it but those are the other two

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options as I see it. Again, we don't have any room on the local sales tax revenue stream to address your unfunded pension liabilities.

Ms. Brown-Dominguez: I think if we did that, we would have to add the language on the ballot saying that some of that money is going to the pension, right, so it also complicates language on the ballot for people?

Mr. Reader: Yeah, we would have to, this is the ballot question that we currently drafted. This would be in the voter pamphlet and when they go into the voting booth, we fill the numbers in and shall the City of South Tucson be authorized to issue and sell general obligation bonds in the principal amount of blank, and we are over $6 million with our current model, right, to provide funds for fire projects including acquisition vehicles and equipment and repair of our Fire Station, and Jon, we will need you to edit this for us a little bit, free up revenues to be used to pay for fire protection services. Maybe that would include emergency services, Jon, I don't know.

City Attorney Paladini: Yep.

Mr. Reader: Ok, that are currently pledged to the payment of a 2019 bond issue, our 2.94% money, by providing funding to refinance, I use the word paydown, such financing, the proceeds of which refinance the cost of settling a lawsuit and constructing, renovating, equipping, improving, and acquiring land for various City facilities. So, all of the debt that we would pay down, I was hoping that we didn't have to put all of this language in there, Jon. Can we just put we want to pay down the 2019 revenue bonds, but right now we have what the 2019 revenue bonds financed over the years, and refinanced, and refinanced. Remember all that discussion?

City Attorney Paladini: I'll defer to Paul on that, the bond lawyer.

Mr. Reader: Ok.

City Attorney Paladini: As to how specific the language has to be, but I would agree that we would want to put in emergency, medical and fire service or something like that.

Mr. Reader: Ok.

City Attorney Paladini: Because emergency medical is probably 80% of the calls anyway.

Mr. Reader: So, then to answer the question, if there was a component for the pension buy down, we have a third bullet point for the voters to read that would say: and to provide funds when bonding capacity is available, I'm ad libbing here, the proceeds of which would be used to repay the City's current unfunded pension liabilities. So, what would the voters think of that? Why do we have an unfunded pension liability? What happened? It's a long story. So, that's the good and the bad of the discussion, and a very good idea to keep your eye on the unfunded pension liability of your city because of the low-funding ratio.

Mr. Eckstrom: Madam Chair, I think that's a good idea but doesn't necessarily have to mean that we have to include it in this election.

Mr. Reader: No.

Mr. Eckstrom: Because we have to be realists. What is the most important thing right now?

Ms. Lopez: Fire.

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Chair Karl: Public safety.

Mr. Eckstrom: Public safety? Ok. So, I think if we can just knock them off one at a time and then see if we can have some potential options, because it is going to be pretty tough because if you have to get this thing, I don't know, you probably have to get it on the ballot sometime in July.

City Attorney Paladini: May or June, actually.

Mr. Eckstrom: I'll bet you it's in July.

City Attorney Paladini: The County Recorder is telling Sahuarita not later than July 3rd but we don't want to push that, though.

Mr. Eckstrom: See, I remember that stuff.

City Attorney Paladini: She may change it.

Mr. Eckstrom: Yeah, she may change it, but either way, I think what we ought to do is go step-by-step get those things we want to do, and then the things that we might want to do, and then get an idea as to whether or not that's something that will be something that we can take out and sell to the public. We could come up with the best package with all the numbers and everything else, and people are going to look at the stuff that they don't want to pay, and that is going to impact fire service.

Chair Karl: Can we put the options on the ballot?

City Attorney Paladini: Well, if you are going to spend any of the bond money on the pension, you have to put it on the ballot. It gives you the option, but it also can affect the public's willingness to go for it.

Chair Karl: What I am suggesting is can we put different options for the public to vote on. In other words, this is option number one.

City Attorney Paladini: I don't think so. Mark, have you ever seen, I haven't, a bond election that says, we're going to borrow $4 million, and we are either going to use it for streets and roads, so vote yes on this, or e are going to use it for a swimming pool, you know, pick one. Voters are going to vote on both, so I've never seen that happen that way. Usually, you come up with your list of goodies or things that you are going to spend it on, and you ask the voters to approve it.

Chair Karl: Can we do it?

City Attorney Paladini: I don't know if it's ever been done and just from an election standpoint, it may be confusing.

Mr. Eckstrom: Your ballot is going to be.

Chair Karl: The ballot already is going to be confusing.

City Attorney Paladini: You have two different Propositions, you have a and a 402 and if they both pass, then it would be the one with the higher number of votes that would go into effect if one passes or one didn't, or they both fail, so I don't know.

Mr. Eckstrom: That's on the State ballot, right?

City Attorney Paladini: It would go on the November Presidential ballot.

Chair Karl: The general election.

City Attorney Paladini: The general election, so it's going to be, I think somebody said yesterday, if you are going to go out and tell voters to vote, work from the bottom up.

Chair Karl: Yep.

City Attorney Paladini: You know, so you don't get tired because there literally is ballot fatigue happens. A lot of people don't vote on judges, it's like, I don't care about that.

Mr. Eckstrom: They may now, though.

City Attorney Paladini: Yeah, on a few, but you know, people do get tired of it and the question I think for this group, too, is to figure out how informed are voters in this City. How much are they going to read? It's going to be in Spanish and in English. How much are they going to read, how much are they going to understand? A lot of people, in my experience, vote no when they don't understand it because it's just easier, or they just don't vote on it at all, you have an under vote, which may or may not help. It's better than a no vote, so the simpler, I always say the simpler the better. The more precise you are, the simpler you are, the better people are going to understand it and more likely to vote yes on it. That's why the $10 a month number is a good thing. You keep it under $9.98 a month, it's like when you buy a car, is it $38 something or $42 something? So, there's a psychology to it all but at the same time, Mark's putting out there, these are the sort of the numbers if you want to do what you want to do to free up enough money for fire emergency services, we have to free upfront about $400,000, regardless of the model. I think my recommendation, but of course, this is your call as to what you recommend to the Council, is the PSPRS problem has been a problem for a long time. It's going to continue to be a problem for a long time. I think that is problem number two, you know, for the next phase as Mark was sort of describing. We don't even have the time to put a primary tax on the ballot because we have to wait a year. So, ask yourself, what is our most urgent need? And given the limited amount of money that we can cobble together out of this bond, what are we going to use that money for that is the most important thing. That's for you all to decide and make a recommendation.

Ms. Lopez: If they see that, you know, if the bond passes, hopefully, and they see that the Fire Department is running, whether it's the City or South Tucson or whatever, then the voters will say, hey, you know, I see where my tax money went to, and they might be amenable to doing additional bonds.

City Attorney Paladini: Usually, general obligation bonds are done for things people can see, roads, public safety, things that they can actually see a benefit from. Excise tax bonds are used for like improvements to City Hall, rec centers, swimming pools, sort of like luxury items. Those don't necessarily need to go to the voters. People want good roads, and they want good public safety. That's why this public safety thing makes sense as a general obligation question.

Mr. Luttrell: The last bond election, I've got extras of these if you want to pass them out, they are saying on the last bonds that there would be a cost of $6.57 a month from the public, and the reason the bond issue was, what it said was to help pay down existing loan debt, help keep central services such as community policing, Fire Department, emergency medical services, both A1 service with quick response time within five minutes. That is the last bond election that went up was to supply these things. My question is, are we still supplying these things or are we paying a debt service on money that we spent?

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City Attorney Paladini: What bond election was that?

Ms. Aguirre: That was just a presentation.

Mr. Luttrell: It was in search of the new bond issue though, right, the last bond issue?

Ms. Aguirre: Well, no, we didn't issue bonds through a property tax, no.

Mr. Eckstrom: GOB's, general obligation bonds?

Ms. Aguirre: No.

Mr. Luttrell: It was sales tax, right, that that was for.

Ms. Aguirre: No.

Mr. Eckstrom: You're talking about general obligation bonds, which is full faith and tax credit to the City.

Ms. Aguirre: No, we don't have general obligation bonds. That was just a presentation when we were throwing out options for, you know, revenue.

Mr. Luttrell: Yes, but this is what you were saying if the option would be and we followed that option, right?

Ms. Aguirre: No.

Mr. Luttrell: We didn't?

Ms. Aguirre: No. I would have to look at the presentation to see what context it was in.

City Attorney Paladini: It would be a similar message, but this one is a bond election, GOB election; it is a similar message to that, you know, paying down debt, helping with fire and emergency services, wouldn't necessarily include police, so that's just some general slides, not the final language.

Ms. Aguirre: No.

Mr. Luttrell: It's not the language, but it's what the financing was for.

City Attorney Paladini: Right, so it's a similar question, I guess, from 2017.

Mr. Metzger: This is the refinancing when we refinanced the revenue.

City Attorney Paladini: Yeah.

Mr. Luttrell: Yeah, we did that with the 4% money, right, or 2% money. We used that to do this, I think.

City Attorney Paladini: This never passed, though.

Ms. Aguirre: It was not a general obligation bond.

Mr. Luttrell: Ok, after this was shown, was it after this that the last bond election was out?

Ms. Aguirre: We never had a bond election.

Mr. Luttrell: Ok, alright.

Mr. Eckstrom: Essentially, South Tucson is benefitting from general obligation bonds from Pima County.

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Chair Karl: The $6 million that we got to address this, I think that is what he is referring to.

Mr. Luttrell: Right.

Chair Karl: That came from basically a loan, right?

City Attorney Paladini: It was an excise revenue bond.

Ms. Aguirre: Yes, it was a revenue bond that was issued, and it was just a refinance of our already existing revenue bond to reduce the interest rate on that.

City Attorney Paladini: The City pledges its excise tax to pay down that debt, so it is essentially using the tax collection as security to pay your loan, as opposed to the general obligation bond, you are securing the debt payment with people's houses, people's property tax.

Ms. Aguirre: I think, just from the date on this, 2017, I think this was another time when we were trying to address this issue because it goes off our back when we were giving options, but Mayor and Council did not go with this option at that time.

Mr. Luttrell: What money were you going to use to take care of that obligation? Was it the new excise bond issue, I mean, you must have had the same problem.

Ms. Aguirre: It was taken care of.

City Attorney Paladini: It looks like there was a proposed $7 million bond issue.

Ms. Aguirre: Instead, we increased sales tax rates.

City Attorney Paladini: Right, but at this point it looked like $2 million was going to be general obligation and $5 million was going to be revenue or excise tax bonds. That was the proposed tax, it was a combo package. The voters don't need to approve the revenue or excise tax bonds. The Council can do that on its own, but when you are obligating people's property, that's when the votes have to occur.

Chair Karl: Oh, this is exactly what that was because the annual payment is $600,000. It says annual payment of $600,000, excise tax, $7.4 million.

Ms. Aguirre: We refinanced that, yes, and we are still dealing with it.

Chair Karl: Any other questions?

Ms. Aguirre: Any other questions? What was that, Mark?

Ms. Reader: I was just curious what the Committee members, obviously you are going to be, once the plan is finalized here over the next 30 days or so, I think we got a little more wiggle room here hopefully, the last four bond elections last year, there were five bond elections in the State, four out of five won. The one in El Mirage lost because the projects were considered controversial. They were capital improvement projects. All the other ones, the cities out there were able to get them passed, and so I was just curious with the Committee here, once you make a recommendation to the Council and agree with this financing plan we have come up with, which I hope you all think or feel like this is a reasonable plan. I sure do. I've never had to do this before, as I mentioned to you before, my career, and it's a very creative way to address a major challenge in your community the way we have kind of set it up. I hope you feel that way. $10 a month is kind of the

Minutes presented in verbatim format from recorded audio

number, we are $10.60 right now, no tax increase is popular but to have a fire service and emergency services in your town, it would seem to me, hopefully residents who are registered voters will agree and come to the voting booth and remind me, Veronica and Lourdes, how many yes votes do you think the City of South Tucson needs to win the election.

Ms. Aguirre: Mark, Veronica is not here, but if I recall it is about 350.

Mr. Eckstrom: That's in a primary election.

Ms. Aguirre: Oh.

Mr. Eckstrom: That's in a primary election because you have, I think your primary election is that if you get over 50% plus one, you don't have a general election.

Ms. Aguirre: Oh, you're right.

Mr. Eckstrom: But the general election is a higher voter turnout.

City Attorney Paladini: Are you going to have a higher voter turnout in November here in the City?

Mr. Eckstrom: Yeah.

Chair Karl: I don't think so.

Mr. Eckstrom: So, you look at the precinct that City of South Tucson is in, it's a joint precinct that also includes some city, so you've got to separate just to see how many total registered voters there are within the legal limits of South Tucson.

City Attorney Paladini: Yeah, you've just kind of have to figure that out.

Mr. Eckstrom: You look at a voter registration list, there's people on there that are no longer around, ok, because that list, it's not always something that's always updated, but I think if you've got an idea, you could probably get what the total number of registered voters there are within the City of South Tucson.

City Attorney Paladini: We can get that list.

Mr. Eckstrom: But not everybody is going to vote, but you will have a higher turnout because it's a general election.

City Attorney Paladini: We can look at it from four years ago, voter turnout rates, Presidential election, very controversial, it's going to critique this year, obviously State-wide races for, not State-wide, but races for House and Senate races, State level, so it's very similar to four years ago, so we can pull that data; what was the voter turnout in South Tucson four years ago, assuming we stayed roughly the same population/registered voter numbers, and figure out what the likely turnout is going to be.

Mr. Eckstrom: Of course, that's something that this Committee doesn't deal with.

Ms. Aguirre: Correct.

City Attorney Paladini: Right.

 Minutes presented in verbatim format from recorded audio

Mr. Eckstrom: Unless individuals of the Committee want to be part of something that works, because ultimately, what happens is in a campaign there are campaign committees that are formed to either promote or to oppose an election, and they do have to register with the city because it is a city issue.

Mr. Metzger: Like the voters do?

Chair Karl: No.

City Attorney Paladini: No, the Committee does, you have to fill out forms and file it with the Clerk.

Mr. Eckstrom: So, it's almost like your candidacy right now and all the things you have to do. Perhaps, we don't really need to make a motion tonight at all, do we?

Chair Karl: We're going to try to give a recommendation before the next City Council on Tuesday, May 7th.

City Attorney Paladini: We've got some time given the Council has to adopt the Resolution calling for a special election because that's technically what it is and come up with the ballot language basically before the end of June. So, you've got some time if you want to think about it some more, have another meeting. Now that you've got all the information from Mark and the numbers, if you want to digest it all and come back for another meeting and sort of hash out what you all want to do, that might be a good thing because there's a lot of information being thrown at you in two meetings.

Ms. Aguirre: If you guys had consensus on some other direction or other figures to look at, other options, then we can give those to Mark right now so he can run them for the next meeting.

Mr. Eckstrom: I think we have probably covered everything that we can think of and now it's just a basis of selecting which one we want to go after. Obviously, the first one is the fire service issue, right? I mean, that's the reason this thing was formed, right.

Mr. Sears: Yeah, that's all we are here to talk about basically, is the Fire Department.

Mr. Eckstrom: But yet, it's good that we are looking at other things to try to make our City whole.

Mr. Sears: You would have to rebuild it from the ground up.

Mr. Eckstrom: But see, I've got to tell you, you might think that we look bad. There are other communities that are worse than we are.

Mr. Sears: Yeah.

Mr. Eckstrom: I mean, this is a problem in all municipalities throughout.

Mr. Sears: I know, I'm just saying the only way for the City of South Tucson to basically recover is to start from scratch, to build from within and start all over again, and that's a fact.

Mr. Eckstrom: It's debatable.

Mr. Sears: No, it's proven.

Chair Karl: But we really haven't gotten a bare bones option, have we? Like, what is the minimum.

Mr. Eckstrom: I think the minimum was public safety.

Minutes presented in verbatim format from recorded audio

Chair Karl: True.

Mr. Eckstrom: Would that be part of whatever we come up with just on the public safety, if we can say that that's a recommendation that we will continue to consider? Does that make any sense?

City Attorney Paladini: What Mark presented at the start of the meeting on this page here was sort of the minimum money that you need.

Mr. Luttrell: What page was that on, Jon?

City Attorney Paladini: It's on the first page.

Chair Karl: So, this would be, say option number one.

City Attorney Paladini: So, you have two sort of factors going in. How much money do you need and how much money can we get. On the get side, it's $1.5 million for infrastructure, trucks, things like that, hard purchases, and that is $2.6 million for pay down, basically.

Ms. Aguirre: Correct.

City Attorney Paladini: That's the max. So, Mark did something where basically you borrow $2.6 million, and it may be this way. Mark, how did you go from the 6% money that generated $325,000 to generating $400,000?

Mr. Reader: Because we have, go on page 11 everybody, and page 11 is our $2.6 in column 4, and $2 million in column 6 with the second bond sale in 2029.

City Attorney Paladini: On the $2.6, does that generate $400,000 right off the bat?

Mr. Reader: Yes. The $2.6 would be used to get to page 6, go to page 7. So, page 6 is $600,000, page 7 is $(break in audio) and I re-amortized it in the principal column to achieve the $200,000 in debt service. $600,000 minus $200,000 is $400,000 savings.

City Attorney Paladini: So, based on $2.6 million under the 6% category, and $1.5 million under the 20% category, you have enough funds to buy a truck and equipment and fix up the Fire Station or what have you, and maybe some excess, and then enough savings out of the general fund to make up the difference between what the City currently has available to pay for fire and emergency services and what it needs. That's the $400,000.

Ms. Aguirre: Correct.

City Attorney Paladini: So, that's kind of the bottom line of it. I guess it sounds to me like it's sort of an all or nothing. If you don't free up $400,000, in other words, if you issue less than $2.6 on the 6% bond, and you free up $300,000, are you really accomplishing anything, because remember the cost in either model is roughly $2.1 million.

Mr. Eckstrom: Wasn't the total $6.1 when you had $1.5 for tax-free, then $2.6, then that $2.0 would be the additional amount which was the optional amount, right?

City Attorney Paladini: Yes. Eventually, as that bonding capacity gets freed up in five years, you get to take another $2 million.

 Minutes presented in verbatim format from recorded audio

Mr. Eckstrom: So, in reality, though, the first thing that we could start with is the $1.5 and the $2.6.

City Attorney Paladini: Yes. And that gets you to the projected numbers you need to have a full-service fire service regardless of the model.

Chair Karl: That's not paying down any of the debt.

City Attorney Paladini: That doesn't touch PSPRS.

Chair Karl: Well, not PSPRS, but the excise.

Ms. Aguirre: A portion of it.

City Attorney Paladini: It does pay a portion of the debt.

Chair Karl: The excise is what, $200,000 a year?

Ms. Aguirre: $2.6.

Chair Karl: $200 grand?

Ms. Aguirre: $400,000 a year.

Chair Karl: If we just stay at the $1.5 and the $2.6?

Mr. Eckstrom: Yeah, $400,000.

City Attorney Paladini: It frees up the necessary funding.

Mr. Eckstrom: I think that would be a good place to start and then if we want to look at the other, let's assess it to see how. I think it would be difficult to add it to the second. We could probably sell the $1.5 and the $2.6.

City Attorney Paladini: Plus another $2 million potentially as the debt -

Mr. Eckstrom: Right, if that's something we want to add to it.

City Attorney Paladini: It may be wise, Mark, to do that because if you do that, your overall is still ten cents, right, Mark?

Mr. Reader: Yeah.

City Attorney Paladini: So, in other words, it's lower at first on average with just the $2.6. Once you pull that $2 million out, that's where you get that ten cents, so we are still at $10.16 average per month. And residential, and of course commercial is a different rate, and like we talked about by the time this bond sells or property tax goes into effect, you start collecting in March, maybe, depending on how quickly Pima County gets it on the Assessor rolls, but remember at the end of December, the rental TPT goes away. That's 5% on average rent, and some 80% of the residents are renters, even if the landlord passes that $10 through, they are still paying less than what the TPT pass through is.

Mr. Metzger: Is the TPT 2%?

City Attorney Paladini: 5%.

Ms. Aguirre: It's 2.5%.

City Attorney Paladini: Oh, it's 2.5%, ok. So, what does that come to if the average rent is $800.

Ms. Aguirre: Well, on $500 it was $10.00, so double that. $1,000 rent, that's $20.00.

City Attorney Paladini: So, tax goes away, new tax comes in, but it is half of the old tax.

Ms. Aguirre: Correct.

City Attorney Paladini: So, there is sort of a sales pitch in that, I think.

Mr. Eckstrom: We can't forget this chart right here.

City Attorney Paladini: Right.

Ms. Aguirre: Yeah.

City Attorney Paladini: I don't know, that would be a good analysis of who owns the commercial properties in town, or in the City. Are they out of town, do City residents own these, or are they city resident percentages, are they city residents who own it because if the commercial property owners are from out of the City, they don't get to vote.

Mr. Eckstrom: They don't get to vote, no. Rental occupation right now in South Tucson is what?

Ms. Aguirre: Rental occupation, like 85%.

Mr. Eckstrom: You know, like those of us who live here, you know, we are owner-occupied so when you look at it, the number is within less than 36% that are impacted, but even in that 36%, there are some that are rental-owned properties who the owner doesn't live in South Tucson and who doesn't vote.

City Attorney Paladini: And arguably same with commercial property.

Mr. Eckstrom: Most of the commercial property is out-of-City people.

City Attorney Paladini: Out-of-City people?

Mr. Eckstrom: Yeah, mostly.

City Attorney Paladini: Because that's two-thirds of your tax base.

Mr. Eckstrom: You have some.

[Multiple members talking at the same time]

Chair Karl: We have a couple here that are. How do you feel about it, you know, owning commercial property and having to pay $50 a month on $200,000?

Mr. Eckstrom: And then there's another factor, too, that anybody's taken into consideration is, our fire rating right now, what is it, for insurance purposes? Everyone of us who pays fire insurance on our home, if we were with the City of Tucson.

Minutes presented in verbatim format from recorded audio

City Attorney Paladini: Your insurance rating, I forget what it is called, your insurance rating in the City is the same as the City of Tucson, because the City of Tucson is providing your fire response. So, you can benefit from having -

Ms. Aguirre: It's a little lower. It's a 2.

City Attorney Paladini: It's a 2 which is on a scale of 10.

Ms. Aguirre: That's because they help answer the calls.

City Attorney Paladini: It may be a little lower but it's very good.

Ms. Aguirre: They're a 1.

Mr. Eckstrom: But see, that makes a difference, too, for people who will be looking to see how much they will be putting out.

City Attorney Paladini: I think the counter argument to that is if you don't do something,

Mr. Eckstrom: It's going to get worse.

City Attorney Paladini: Or decides not to show up, your rating is going to progressively creep up that number.

Mr. Eckstrom: So, would it be appropriate, Madam Chair, if we at this point look at the $1.5 and the $2.6 as the initial recommendation that we can work on. We don't have to have a motion, but it's something we could look at. And then, as an option, we then have the $2.0 million that we're looking at something else. Would that be an appropriate point of discussion for our next discussion to have that as part of our discussion? Does that make any sense?

Chair Karl: It's open, what do you guys think?

Mr. Sears: What do you think the voters are going to say? If it's not based on fire and public safety, it's not going to go anywhere.

Mr. Eckstrom: Well, it includes fire and public safety, that's one thing.

Mr. Sears: For $2 million, that goes into the general fund.

Chair Karl: The extra, extra $2 million?

Mr. Eckstrom: No, that's the $2.6, not the $2 million. The $2.6.

Chair Karl: I think he was referring to, correct me if I am wrong, Mr. Sears, but I think you were talking about the additional $2 million.

Mr. Sears: Yes.

Chair Karl: When it becomes freed up when we get the money.

Mr. Eckstrom: Thank goodness we are not the ones that have to decide, it's the Mayor and Council.

City Attorney Paladini: Well, the Council does want a recommendation.

Chair Karl: They do, right.

City Attorney Paladini: So, one of the choices is to include that in the recommendation, that later funding of $2 million, which would free up about what, another $200,000, something like that?

Ms. Aguirre: Correct.

City Attorney Paladini: So, I don't know if part of that can go to public safety, that $200,000 additional for fire employees or -

Ms. Aguirre: It's general fund. It can go entirely to fund expenditures related.

City Attorney Paladini: I think for purposes of the bond, the ballot language is what you are really talking about. The ballot language specifically says what it is going to be used for. So, essentially you are going to take away this debt to use the freed up money for fire.

Ms. Aguirre: Correct.

City Attorney Paladini: It's a good point, if you are going to recommend that additional $2 million and you think it is going to be best used for public safety like Police, additional Police and/or Fire, and your Fire Department costs grow, either way, your Fire Department costs are going to grow. Whether you have a South Tucson Fire Department with six or eight employees, every year they are going to look for 2.5% increases.

Ms. Aguirre: And administrative costs.

City Attorney Paladini: And same with the City of Tucson, they have an automatic 2.5% increase every year. So, that $2.1 million works for the first few years. As the costs go up you are going to need more money. I 100% agree with you, if you are going to include that $2 million, you probably want to recommend specifically what it is can be used for, because you get one shot at this and if you free up, if there's too many extra monies at some point down the road you could turn $1,000 in stock to go to something you earmark for specific that the public could benefit from, you lose the election.

Chair Karl: Quick question, Mark?

Mr. Reader: I'm sorry to interrupt. I wanted to, I really encourage you to proceed with the $2.6 and the $2. Now remember, if we take out the $2, that's going to help our tax rate a little bit and our cost will go from $10.59 to $9 something. It's not that much of a difference to get $2 million and remember if we don't sell the $2 million in 2029, then you are going to have these payments down here at $425,000. You've only got $200,000 in savings. So, in order to achieve the $400,000 annually, we pay this off, all this comes off the books, and you will have your $400,000 on a continuous basis and you will have some extra money to build up pensions. Does that make sense?

Ms. Aguirre: Thank you for pointing that out, Mark.

Mr. Reader: I would really encourage you as you address for an extra dollar a month or so, I can calculate the number for you, I'd encourage you to go ahead with $1.5 new money tax exempt, $2.6 and $2. $6,120,000 election. The bond sale would be $1.5 and $2.6, that's $2.6, $4.1 million initial sale and we will come back and issue the $2 million as fast as we can somewhere around '28 or '29.

Mr. Eckstrom: That's what my motion, my suggestion was.

Mr. Reader: Yeah.

Ms. Aguirre: For the $1.5 under the 20%, and under the 6% the $2.6 and the $2 at a later date.

Mr. Eckstrom: At a later date.

Ms. Aguirre: Yeah.

Mr. Reader: Yeah.

Ms. Aguirre: That's smart, because without the additional $2 million, then after five years we lose that $400,000. It becomes $200,000.

Ms. Brown-Dominguez: We're back in the same place we are now.

Ms. Aguirre: Yes.

Ms. Brown-Dominguez: Not being able to pay.

Chair Karl: Mark, do you have a model on the $9.00 one we just talked about? Was that in the very first proposal?

Mr. Reader: I don't remember, I can bring that up.

Chair Karl: I just want to confirm that was the difference. I think it is in the first model.

Mr. Reader: Yeah, that's right because remember, we're starting to better understand this better here, and we weren't able to get there based on the $2.6 million, and so that's where we went to work, we started to craft these little higher principal payments here, remember, to achieve the $2 million out to then to pay the rest of the 2019 bonds off, to free up all that money for general fund purposes. Let me see what I have on our last presentation, see if I can find it here.

Ms. Brown-Dominguez: On the last presentation it looked like we wouldn't get to the $2 million until 2033.

Chair Karl: Right, it was a little bit lower.

Mr. Reader: Was that April 22nd?

Ms. Aguirre: Yes.

Mr. Reader: April 22nd, I found it in our file. Let me bring it up. I think this was it here. April 22nd, can you see this?

Ms. Aguirre: Yes.

Mr. Reader: Ok, April 22nd, revised from the April 15th, on this one we met while this was familiar, right, and there was the paydown there, it didn't get us to where we wanted, remember we were $325, remember, and we needed $4. So that is why we had to go to this second model, and it was $2.6 and $1 million. I needed another $1 million, so we did that through manipulation of principal to get to the $2 million, if you remember, and to answer your question, it was $8.85. So, by adding another $1 million, it's $10.53 or whatever it is, right, and allows us to take that extra million and free up all that general fund capacity for you. Does that answer your question, Madam Chair?

Chair Karl: Yep. So, $120 a year for a homeowner with an average meaning valued house?

Mr. Eckstrom: That's $80,000.

Chair Karl: That's a lot of money.

Mr. Metzger: $78-$80,000. I think you've got to keep it under $10.

Chair Karl: Keep it under $10? $9.99? Any more questions? Do we feel ready to vote, or do you want to consider it?

Mr. Eckstrom: We don't need to vote, I mean,

Chair Karl: Meet next week?

City Attorney Paladini: We can meet again.

Chair Karl: We haven't quite kept to the agenda. We didn't do the Open Meeting Law, so can we move that to our next meeting's agenda?

City Attorney Paladini: I'm not sure if your next meeting is your last one but we can cut it if that's alright.

Chair Karl: Right.

Mr. Eckstrom: So far we have been doing pretty good on the Open Meeting.

Chair Karl: That we know of.

Ms. Aguirre: Is there any other direction you would all like to provide Mark? Would you like Mark to work on anything else. Maybe just work on revised wording on the ballot?

Ms. Lopez: Yep.

City Attorney Paladini: We'll add Paul for that.

City Attorney Paladini: Next Tuesday is the Council meeting day.

Ms. Aguirre: When would you all like to meet?

Mr. Eckstrom: Today is Tuesday, right?

Ms. Aguirre: Today is Tuesday.

Ms. Brown-Dominguez: Monday?

Ms. Aguirre: Are you all available on Monday? The date is the 6th.

Ms. Brown-Dominguez: Question. If we were to vote and agree on a recommendation on Monday, we could put it on Tuesday's ballot, Tuesday's agenda.

City Attorney Paladini: We could put it on Tuesday and just agendize Committee Recommendation to the Council.

Ms. Aguirre: As an update and possible recommendation.

City Attorney Paladini: Update and possible recommendation, and then if you don't, -

Mr. Eckstrom: Because if we meet at 5:30, your Council meeting is at 6, right?

City Attorney Paladini: We're talking about Monday, right?

Mr. Eckstrom: I know, but that's 24 hours, right?

Ms. Aguirre: Well, it would be on the agenda at the end of this week for next week.

City Attorney Paladini: We would just put it on the agenda as an Item, and if there is nothing to report or recommend, then I guess we can just go to the next item.

Ms. Aguirre: Jon, do you think that would be appropriate for us to go back to Mayor and Council and present the most recent version of this?

City Attorney Paladini: I think if this Committee makes a recommendation, then I think we would have Mark present the details of that recommendation, what it looks like in terms of dollars per month, all the structure of it.

Ms. Aguirre: Ok.

Mr. Eckstrom: Because you've got until July 3rd, possibly, right.

Ms. Aguirre: Ok.

City Attorney Paladini: Yeah, we wouldn't have the Council vote on a Resolution on the 7th, even if you came up with a recommendation because they are going to need to debate it a few times.

Ms. Lopez: Yeah, they will debate.

Ms. Aguirre: Mark, would you be available next Monday? I think that's when everybody said they would be available, Monday the 6th at 5:30?

Mr. Reader: Yeah, Monday the 6th. Lourdes, can I dial in like this, would that be ok?

Ms. Aguirre: Yeah.

City Attorney Paladini: I'm probably going to have to Zoom in as well.

Ms. Aguirre: That's ok.

Mr. Eckstrom: Ok.

Mr. Reader: Yeah, that works for me.

Ms. Aguirre: Perfect.

Chair Karl: Any questions? Comments? Motion to Adjourn.

Mr. Eckstrom: So moved.

Mr. Luttrell: Second.

Chair Karl: So adjourned.

Mr. Reader: Good night, everybody.

Minutes presented in verbatim format from recorded audio

Chair Karl: Good night, thank you, Mark.

Ms. Lopez: Thank you very much.

The meeting adjourned at 7:07 p.m.

____
Chair

ATTEST:

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Veronica Moreno, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Special Meeting Minutes of the Citizens Advisory Committee (CA) of the City of South Tucson, Arizona, held on the 30th day of April, 2024. I further certify the meeting was duly called and a quorum was present.

Dated this ________ day of ______________________, 2024.

____
Veronica Moreno, City Clerk