

**PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS
SPECIAL/EXECUTIVE MEETING HELD ON
TUESDAY, JUNE 20, 2025**

A special meeting of the Cochise County Board of Supervisors was held on Tuesday, June 20, 2025 at 10:00 a.m. in the Board of Supervisors' Executive Conference Room, 1415 Melody Lane, Building G, Bisbee, Arizona.

Present: Frank Antenori, Chairman; Tom Crosby, Vice-Chairman; Kathleen L. Gomez, Supervisor

Staff Present: Sharon Gilman, County Administrator
Joe Casey, Deputy County Administrator
Paul Correa, Chief Civil Deputy County Attorney
Lara Loewenheim, Clerk of the Board

Attendees: Mark Reader, Stifel Investment Broker
Zachary Sakas, Counsel for Greenberg Traurig
Monica Miranda, Finance Director
Billy Cloud, Recorder
Stacy Fenhaus, Budget Manager
Tom Alinen, Chief of Staff

Chairman Antenori called the meeting to order at 10:00 a.m.

ACTION

Board of Supervisors

This executive session is authorized under A.R.S. § 38-431.03, (A)(3) and/or (A)(4).

1. Discussion and possible direction with Stifel Public Finance regarding bond financing structure, jail construction budget planning, and excise tax ballot language.

Pursuant to A.R.S. § 38-431.03(A)(3) and/or (A)(4) to receive legal advice or to discuss contract negotiations.

Ms. Gilman stated that representatives from Stifel Public Finance were invited to discuss recent conversations regarding bond financing for the jail district. She also noted that Zach Sakas from Greenberg Traurig, who serves as bond counsel, would speak about proper ballot language. She stated his role includes ensuring future bond-related ballot wording is legally sound.

Mark Reader, Investment Broker, explained that his role includes helping with economic analysis, voter pamphlet content, and ultimately raising capital through the

issuance of Cochise County Jail District revenue bonds if the election is successful. He noted his experience with similar projects across Arizona and expressed appreciation for the opportunity. He began the presentation by outlining the policy objectives related to designing and constructing jail facilities and mentioned that while the estimated construction budget is still being finalized, current projections fall between \$120 and \$130.

The Board and staff acknowledged a \$20 million allocation from the state, described as a set-aside, though not yet finalized. The Board and staff highlighted that the allocation is set to expire next year, and an extension for five years was proposed but not yet adopted. The group agreed to monitor the situation closely and remain hopeful it will be reinstated during budget negotiations.

Mr. Reader emphasized that the length of the sales tax and bond repayment is a key concern and assured the Board that the financing model addresses it. He explained that if the tax passes, the revenue will solely fund jail construction and bond repayment, with the tax ending once bonds are fully paid. He noted that any excess revenue or external funding could allow early debt repayment, and bond provisions will support that flexibility. He confirmed the county intends to dissolve the jail district once the bonds are repaid in full.

Mr. Reader presented a 10-year chart of Cochise County's local sales tax Transaction Privilege Tax (TPT) revenue, highlighting its fluctuations and sensitivity to economic changes. He pointed out that revenue nearly doubled from around \$7 million in 2013–14 to approximately \$11 million in 2023–24, with notable spikes like in 2021, possibly driven by local projects like the border wall. He stressed the importance of acknowledging this volatility when structuring a financial plan and election strategy for the jail district sales tax.

The Board and staff discussed the current opportunity to evaluate the jail sales tax performance since it is being collected alongside the existing county sales tax. The Board and staff explored options for shorter bond terms, acknowledging that doing so might require supplementing debt payments with general fund revenue while still maintaining essential county services.

Mr. Reader explained that if the election passes in November 2025, the Cochise County Jail District would issue pledged revenue bonds, not property tax-based, to fund the project. He stated the estimated \$10 million annual revenue from the half-cent sales tax would support bond repayment, and an additional \$6.3 million in maintenance of effort funds would help cover operational costs. He emphasized that while these funds can be pledged for better credit ratings, debt payments take priority. He stated the cash flow and pledged revenue are key to structuring the bonds, and although the statute allows for 25-year amortization, a shorter term is expected for Cochise County due to its strong credit profile.

Mr. Reader confirmed that projected pledged revenues would include \$10 million annually from the proposed half-cent sales tax and \$6.3 million in maintenance of effort funds, totaling \$16.3 million. He also noted that if the election passes in November 2025, the Department of Revenue would begin collecting the new tax in July 2026, allowing time to build up cash reserves that could reduce borrowing needs or help cover unexpected costs.

Mr. Reader started with a conservative 20-year amortization model at a 4.5% interest rate for \$100 million in bonds, resulting in a \$7.5 million annual debt payment leaving a \$2.5 million annual cushion. He stated the excess could be used to pay down the

debt faster, and flexible bond terms such as shorter call provisions could be built in. He stressed that decisions don't need to be finalized for about 18 months, giving the county time to refine the construction budget and consider options like capping the bond amount or structuring early payoff mechanisms.

The Board and staff discussed the potential for shorter bond amortization periods to save on interest and maximize financial flexibility. The Board and staff explored using any excess annual revenue, such as the estimated \$900,000 not required for debt service, to reduce the principal balance early. They discussed the advantages of structuring shorter-term bond segments and confirmed there would be no penalties for early payoff.

The Board and staff discussed structuring the bonds and making annual decisions based on available excess revenue and general fund strength to pay down debt more quickly.

Vice-Chairman Crosby made a motion to enter Executive Session pursuant to A.R.S. § 38-431.03(A)(3) and/or (A)(4) to talk about excise ballot language for the potential jail district. Supervisor Gomez seconded the motion.

Chairman Antenori called for the vote and it was approved 3-0.

The Board entered into the Executive Session at 10:58 a.m.

The Board came out of Executive Session at 11:51. All Board members were present.

Chairman Antenori adjourned the meeting at 11:52 a.m.

APPROVED:

Frank Antenori, Chairman

ATTEST:

Lara Loewenheim, Clerk of the Board