



**MINUTES
BOND COMMITTEE
CITY HALL, 4th FLOOR CONFERENCE ROOM
5850 W. GLENDALE AVE.
GLENDALE, ARIZONA 85301
NOVEMBER 2, 2021
5:30 P.M.**

1. CALL TO ORDER

The meeting was called to order at 5:32 p.m.

2. ROLL CALL

Roll call was conducted.

Members Present:

Lisa Baker

Jon Froke

Connie Kiser

Roger Powers

Alicia Rubio

Michael Socaciu

Members Absent:

None

Other Attendees:

Vicki Rios, Assistant City Manager

Lisette Camacho, Director, Budget and Finance

Levi Gibson, Assistant Director, Budget and Finance

Amy Lindsay, Budget Administrator

Jim Burke, Director, Public Facilities, Recreation & Special Events

Julie Patterson, Budget and Finance Management Assistant

Kurt Freund, RBC Capital Markets

Kathryn Pong, RBC Capital Markets

Tom Carlson, RBC Capital Markets Tom Carlson, RBC Capital Markets

William DeHaan, Greenberg Traurig

3. **CITIZEN COMMENTS**

If citizens wish to speak on a matter concerning the Citizen Bond Election Committee that is not on the printed agenda, please complete a Citizen Comments Card and provide it to the designated staff person prior to the beginning of the meeting. Once your name is called by the Chairperson, please proceed to the podium and state your name and address for the record. Please limit your comments to a period of three minutes or less.

None.

4. **ADMINISTER OATH OF OFFICE**

Presented by: Lisette Camacho, Director, Budget & Finance

5. **INTRODUCTION OF COMMITTEE MEMBERS**

Presented by: Lisette Camacho, Director, Budget & Finance

Introductions were made.

6. **NOMINATION OF CHAIR AND VICE CHAIR FOR COUNCIL APPROVAL**

Presented by: Lisette Camacho, Director, Budget and Finance.

Ms. Camacho announced that recommendations to Council were needed for Chair and Vice Chair of the Committee. The floor was opened for nominations.

Committee Member Rubio volunteered to serve as Vice Chair. There were no other nominations.

A motion was made by Committee Member Alicia Rubio, second by Committee Member Lisa Baker, to recommend Committee Member Alicia Rubio as Vice Chair of the Citizen Bond Election Committee.

AYE:

Lisa Baker, Committee Member
Jon Froke, Committee Member
Connie Kiser, Committee Member
Roger Powers, Committee Member
Alicia Rubio, Committee Member
Michael Socaciu, Committee Member

NAY:

None

Item passed

A motion was made by Committee Member Connie Kiser, second by Committee Member Alicia Rubio, to recommend Committee Member Lisa Baker as Chair of the Citizen Bond Election Committee.

AYE:

Lisa Baker, Committee Member
Jon Froke, Committee Member

Connie Kiser, Committee Member
Roger Powers, Committee Member
Alicia Rubio, Committee Member
Michael Socaciu, Committee Member

NAY:

None

Item passed.

7. APPROVAL OF AUGUST 12, 2020 MINUTES

A motion was made by Committee Member Lisa Baker, second by Committee Member Jon Froke, to approve the Citizen Bond Election Committee August 12, 2020 meeting minutes as written.

AYE:

Lisa Baker, Committee Member
Jon Froke, Committee Member
Connie Kiser, Committee Member
Roger Powers, Committee Member
Michael Socaciu, Committee Member

NAY:

None

ABSTAIN:

Alicia Rubio, Committee Member

Item Passed

8. PURPOSE AND ROLE OF THE BOND COMMITTEE

Presented by: Vicki Rios, Assistant City Manager

Presented by: Lisette Camacho, Director, Budget and Finance

Ms. Rios presented the following information regarding the Purpose and Role of the Bond Committee:

- Review Financial Information
 - Understand the City's Capital Improvement Plan
- Review Ballot Language
 - Make recommendations to City Council
- Community Outreach
 - Member of the Bond Committee
 - Private citizen / resident of Glendale

Ms. Rios announced that, as private citizens, the Committee Members could advocate for or against the bonds in the election. She indicated, however, that the Committee Members could not advocate as a Committee Member or on behalf of the Committee, as this was prohibited by state law.

Ms. Rios provided information on the Role of City Staff, which included the following:

- Educate and Inform

- Bond Committee, Community, and Voters
- Support the Bond Committee
 - Facilitate meetings
 - Provide information:
 - Financial
 - Election
 - Federal, state, and local laws

Ms. Rios stated that staff's role was to educate and inform the Committee and community. She announced that staff could not advocate or attempt to sway the opinions of the Committee or voters.

Committee Member Rubio asked if there would be bilingual materials for the bond election. Ms. Rios announced that the ballot language would be in both English and Spanish. Ms. Rios noted that materials would also be provided in English and Spanish when staff was conducting community outreach. Mr. DeHaan stated that this was required by the Federal Voting Rights Act. Ms. Camacho explained that information on the City's website could also be translated into other languages.

9. **OVERVIEW OF THE CITY'S BUDGET PROCESS AND CAPITAL IMPROVEMENT PLAN (CIP)**

Presented by: Lisette Camacho, Director, Budget and Finance

Presented by: Amy Lindsay, Budget Administrator

Ms. Lindsay gave a presentation, which included information on the following:

Budget Overview

- Budget Process
 - Staff Prepares 5-Year Financial Forecast
 - Develop Base Operating Budget Requests
 - Develop and Balance CIP
 - Present Draft Budget
 - Council Adopts Final Budget
 - Staff Prepares Budget Book
- Budget Components
 - Revenues
 - Expenditures: Operating, CIP, Debt Service, Contingency
- Balanced Budget
- FY21-22 Total Budget Appropriation: \$1.244 billion
 - Operating Budget: \$731 million (59%)
 - Capital: \$281 million (23%)
 - Contingency: \$139 million (11%)
 - Debt: \$ 93 million (7%)
- FY21-22 Operating Budget: \$731 million / Departmental breakout was provided.

CIP Overview

- Elements of a Capital Improvement Plan
 - Assets valued over \$50,000 with a useful life of 5 or more years.
 - Land, buildings, streets, and improvements, plants, large

- equipment
- Ten-Year Plan (only FY21-22 is adopted as part of the FY21-22 Budget)
- Projects in Years 1 to 5 have identified funding sources.
- The City's Financial Policy:
 - Improve existing assets
 - Replace existing assets as needed
 - Construct new assets
- CIP Funding Sources
 - Enterprise Funds
 - Water/Sewer:
 - Funding can come from G.O. Bonds, revenue bonds, revenue obligations, or cash financing
 - Debt service paid from future Water/Sewer fee revenue
 - Landfill: Paid by Landfill user fees
 - Solid Waste: Paid by Solid Waste user fees
 - General Obligation Bonds (G.O. Bonds)
 - Debt issuance must be authorized by the Voters
 - Streets, Public Safety, Parks, Government Facilities, Open Space/Trails, Libraries, and Flood Control
 - Debt service paid by Secondary Property Tax
 - Pay-As-You-Go: Cash-funded projects
 - Transportation Sales Tax
 - Half-cent sales tax
 - Improve service for all modes of transportation
 - Highway User Revenue Funds (HURF)
 - Restricted Special Revenue Fund
 - Right of Way acquisition, construction, reconstruction, maintenance, and repair
 - Development Impact Fees
 - One-time charges to developers for new development
 - New or expanded infrastructure
 - Grants
 - Federal or state grant funding
 - Often require a City match contribution to the project
- 10-Year Draft CIP by Project Type: \$1,310.7 million / Departmental breakout was provided.
- 10-Year Draft CIP by Funding Source \$1,310.7 million / Source breakout was provided.

Ms. Lindsay gave a briefing of the organization and contents of the Bond Election binders provided to the Committee Members.

Committee Member Rubio asked if there was an official mechanism to show the voters the bond projects that were approved, funded, and unfunded. She likened the question to having some sort of a report card or mechanism to track the City's progress on use of the bonds. Mr. DeHaan stated that school districts were obligated to have a hearing each year on what they have done with bond funds, however, cities were not. Committee Member

Socaciu asked if this information could be provided to voters in the election pamphlet. Ms. Rios confirmed the information could be provided, but it could not be used to persuade voters. Committee Member Socaciu said that it would be good for the citizens to see how the bond funds were used in the past.

Committee Member Rubio clarified that she was looking for transparency for the public. She said she would like to also look at any inequities in the projects, for example, if there were projects in south Glendale. She said she would like to review past performance in use of the bond funds. Ms. Rios stated that staff could bring information on how past bond funds have been spent.

Committee Member Socaciu asked if the debt of \$93 million, 7% of budget, was reasonable. Ms. Rios explained that the City issued a lot of debt to fund some very expensive projects, such as Camelback Ranch and the arena. Ms. Rios stated that Glendale may have more debt than other cities, but it also has return on investment from those projects. Mr. Freund stated that it was more relevant to look at the City's property tax compared to other valley cities. He said it was important to invest in the community. He added that the City has a policy that manages the amount of debt that can be taken on.

10. **PRESENTATION ON GENERAL OBLIGATION BONDS**

Presented by: Lisette Camacho, Director, Budget and Finance

Presented by: Levi Gibson, Assistant Director, Budget & Finance

Guest Presenter: Kurt Freund, RBC Capital Markets

Mr. Gibson gave a presentation on General Obligation (G.O.) Bonds, which included details on the following:

- o G.O. Bonds
 - o Paid for using Secondary Property Tax. Assumes a flat levy.
 - o Must be authorized by voters
 - o Constitutional limits
 - Based on Net Assessed Full Cash Value
 - Outstanding G.O. debt may not exceed:
 - 20% for combined water, sewer, public safety, streets, transportation, open space and parks; within the City boundaries
 - 6% for general municipal purposes
 - o 2021 legislation allows for repurposing bond authority. This has to be voted upon and authorized by the voters.
- o Property Tax
 - o The levy is a dollar amount that is set by the state. The rate is the percentage applied. Property values multiplied by the rate results in the levy.
 - o Primary Levy Limit
 - Can be used for any General Fund expense
 - Allowable 2% increase per year
 - o Secondary Levy Limit

- Debt service on G.O. bonds only
- Currently flat levy. A slight growth is assumed for construction.
- Glendale's Property Tax is comprised of (approximately):
 - Schools 62%
 - City of Glendale (Primary Levy) 4%
 - City of Glendale (Voter Approved) 13%
 - County 14%
 - Special Districts 7%
- An example of a Property Tax Bill for a home was displayed which showed the difference between the rate and levy for 2019 versus 2020. This shows how the levy can remain flat, while the rate changes due to change in property value.
- Debt Management Policy
 - Adopted by City Council in October 2020.
 - The City Council will not authorize the issuance of new G.O. bonds if the levy amount required to pay the debt service on the existing G.O. bonds plus the new G.O. bonds exceeds the amount of the current year's tax levy plus an amount of up to 2% per year for new growth (i.e. new property added to the tax rolls)
 - Existing G.O. Debt Service + New G.O. Debt Service must be less than or equal to the Current Levy + 2% Growth
 - Council is recognizing a policy of managing the City within its means and trying to keep the levy flat.
- The following charts were displayed and explained:
 - Secondary Property Tax History: FY15 through FY22
 - G.O. Debt Service Capacity – Principal and Interest: 2020 through 2038

The agenda item was concluded.

11. **GENERAL OBLIGATION BOND ELECTION PROCESS**

Presented by: Lisette Camacho, Director, Budget & Finance

Presented by: William DeHaan, Greenberg Traurig

Ms. Camacho presented the November 8, 2022 Election Calendar.

Ms. Camacho provided detailed information on the Prohibition on Use of City Resources regarding elections. Ms. Camacho announced that city-owned resources cannot be used to influence the outcome of an election.

Ms. Camacho stated that the Committee Members could advocate for or against the bonds as private citizens, but not as a Committee Members. Committee Member Rubio asked if the Committee Members would be provided with a script for answering questions from the public, so that all Committee Members were answering consistently and providing the same information. Mr. DeHaan commented that the Committee Members could all be provided with the same facts, however, if they had a personal opinion, it must be stated first that it was their personal opinion. Mr. Freund

concurrent.

Ms. Rios commented that some citizens may not be aware that the City does not put up any signage regarding passing a bond and any signage was put up by citizens or political action committees. Committee Member Rubio asked if the police or fire departments could put up signage. Ms. Rios explained that the unions could come out for or against a bond, however, they could not advocate within their own cities. Committee Member Baker stated that she saw signage on street corners during the last bond election and asked how she could find out who installed the signage. Ms. Rios stated that elected officials could also put up signs and campaign for bond elections, however, cannot use the City's resources to do so. Ms. Rios noted that the signage usually includes information in fine print regarding who paid for the signs.

Committee Member Baker suggested including information regarding the potential for re-purposing bond funds, as well as a clarification of what could and could not be done with the funds.

12. **REVIEW AND APPROVE TIMELINE OF FUTURE MEETINGS**

Presented by: Lisette Camacho, Director, Budget and Finance

Ms. Camacho presented the proposed future Committee meeting dates.

A motion was made by Committee Member Connie Kiser, second by Committee Member Michael Socaciu, to approve the following meeting dates for the Citizen Bond Election Committee, all at 5:30 p.m. at the 4th Floor Conference Room in City Hall.

- November 2, 2021
- December 7, 2021
- January 4, 2022
- February 1, 2022
- March 8, 2022

AYE:

Lisa Baker, Committee Member
Jon Froke, Committee Member
Connie Kiser, Committee Member
Roger Powers, Committee Member
Alicia Rubio, Committee Member
Michael Socaciu, Committee Member

NAY:

None

Committee Member Kiser requested a copy of the publicity ballot from the previous bond election. Ms. Camacho will forward the pamphlet to the Committee Members.

13. **COMMITTEE COMMENTS AND SUGGESTIONS**
Presented by: Lisette Camacho, Director, Budget and Finance

Committee-member Socaciu asked if the City could have resources for residents to talk about the bond spending process. He suggested showing the residents the latest successes on the City's website and then residents could be directed to this information. Ms. Rios replied that this could be done as long as it was strictly factual. Ms. Rios indicated the suggestion could be put on a future meeting agenda and staff could prepare something for the Committee to review and potentially recommend to Council.

14. **NEXT MEETING**

The next regular meeting of the Citizen Bond Election Committee will be held on December 7, 2021 at 5:30 p.m. in the 4th Floor Conference Room, located at 5850 West Glendale Avenue, Glendale, Arizona, 85301.

15. **ADJOURNMENT**

A motion was made by Committee Member Alicia Rubio, second by Committee Member Roger Powers, to adjourn the meeting at 7:08 p.m.

AYE:

Lisa Baker, Committee Member
Jon Froke, Committee Member
Connie Kiser, Committee Member
Roger Powers, Committee Member
Michael Socaciu, Committee Member

NAY:

None

The Citizen Bond Election Committee meeting minutes of August 12, 2020 were submitted and approved this 2nd Day of November 2021.

Lisette Camacho
Director, Budget and Finance