



Pursuant to ARS #38-431.02, notice is hereby given to the members of the 2018 Parks + Connections Bond Oversight Commission and to the general public that the **2018 Parks + Connections Bond Oversight Commission** will hold the following meeting, which will be open to the public.

2018 PARKS + CONNECTIONS BOND OVERSIGHT COMMISSION
Meeting: Monday, August 19, 2019 at 5:30 p.m.
Tucson Parks and Recreation Administration, Mesquite Room
900 S. Randolph Way Tucson, AZ 85716

MEETING MINUTES

1. Call to Order/Roll Call

Commission chair Ron Spark called the meeting to order at 5:30 p.m. Roll call was taken and a quorum was established.

Bond Oversight Commission Members

Present		Absent
John Anderson City Manager – 5:39 pm	Frank Flasch Ward 2	Ryan Anderson Ward 3
Nicole Fyffe City Manager	Ian Johnson Mayor – 5:31 pm	Willie Blake Ward 5
Kathy Kretschmer City Manager	Kendall Kroesen Ward 4	Elizabeth Soltero Ward 1
Krista Romero-Cardenas City Manager	Ron Spark Ward 6	

Ex-Officio Members Present		Staff Members Present	
Diana Alarcon	Annemarie Medina	Ann Chanecka	Ryan Fagan
Brent Dennis		Amber Kerwin	Jasmine Chan
		Greg Jackson	

2. Approval of June 17, 2019 Meeting Minutes

Dr. Spark briefly went over the minutes.

A motion was made by Commission member Kathy Kretschmer to approve the meeting minutes from June 17, 2019. Commission member Nicole Fyffe seconded the motion and the minutes were passed by a roll call vote of 7-0.

3. Call to the Audience

No members of the public wished to address the Commission.

4. Overview of City's Procurement Practices/Rules – Nathan Daou

Nathan Daou, City of Tucson Procurement Administrator, gave an overview presentation of the Procurement Process and the Approach for Proposition 407 purchases.

Mr. Daou went over the rules and regulations in the procurement process, which include Tucson Procurement Codes, Arizona Revised Statutes, Federal Requirements and Values and Guiding Principles of Public Procurement, that govern what procurement does. Dr. Spark asked when the Values and Guiding Principles of Public Procurement was adopted and/or revised by the NIGP (the Institute for Public Procurement, an international organization that is the professional association for public procurement). Mr. Daou said it was adopted around 2007/2008 and has never been revised.

Mr. Daou discussed competitive thresholds and what was required with purchases less than \$10,000, purchases between \$10,000 and \$100,000 (informal process), and purchases of more than \$100,000 (formal process). He went on to explain the process for acquiring non-construction goods and services, which uses an invitation to bid and a request for proposal. Dr. Spark asked if there is preference for local vendors. Mr. Daou said no. He continued to talk about the process for design and construction services, which follows A.R.S. Title 34 guidelines and uses an invitation to bid and a request for qualifications (RFQ). Commission vice chair Krista Romero-Cardenas asked what the timeline was for incoming solicitations and bids. Mr. Daou said bids are due 30 days from when notice is published on the website, however that could be extended and RFQs are about one to two months but could be as many as three months. He also mentioned a few exceptions sometimes used during the selection process, which do not have set criteria. These exceptions are on a case-by-case basis.

Mr. Daou talked about the approach for Proposition 407 purchases, which include existing contracts, cooperative contracts and/or establishing a new contract. He talked about the types of contracts that will likely be used and their monetary limits. He mentioned Job Order Contracts (JOC), which have 10 vendors (existing contracts), On-Call Contracts for landscape architectural services (new contracts) and Mohave Educational Services (cooperative contracts).

5. Overview of General Obligation Bonds – Lisa Lopez/Marcela Ceballos

Lisa Lopez, City of Tucson Business Services Finance Manager, and Marcela Ceballos, City of Tucson Finance Specialist, gave an overview presentation of the General Obligation Bond Basics. Ms. Lopez and Ms. Ceballos oversee issuances of general obligation bonds, merchant services, commercial banking and investments.

Ms. Ceballos went over what general obligation bonds are and how they work. She stated that general obligation bonds are financial instruments that government entities have that are more beneficial than other financial instruments in that they are usually issued tax-exempt which creates more interest from investors. General obligation bonds require voter authorization, the security of the bonds are backed by full faith and credit from the City and are secured by future property taxes. Dr. Spark asked if the property tax was a County tax. Ms. Ceballos said that the City sets the tax rate, sends it to the County and then the City receives the tax revenue from the County. Commission member Frank Flasch asked about fees for issuing bonds. Ms. Ceballos said the cost of issuance is included in the initial bond sale. Dr. Spark asked if a bond rating is acquired before issuance and if a firm is paid for the rating. Ms. Ceballos said yes and the payment is also included in the cost of issuance. Commission member Ian Johnson asked what the City's full cash net assessed value is. Ms. Ceballos said \$4.1 billion for FY 2019/2020.

Ms. Ceballos talked about the proposed bond issuance schedule. She said there are three phases. Phase 1 starts in the spring of 2020, Phase 2 in the spring of 2023 and Phase 3 in the spring of 2026. She reiterated that this schedule is not set in stone, it's flexible and it depends on timing, the amount of issuance and market conditions. Dr. Spark asked if financial consultants are hired to help with financial advice. Ms. Ceballos and Ms. Lopez both said yes.

Ms. Ceballos went on to talk about the commitments of Proposition 407. She said that no more than \$225 million would be issued over a nine-year period with a maximum 9 percent interest rate. The monies would only be used for the projects that were approved by the voters. She talked about the secondary property tax rate and said that it would not increase from the rate set for FY 2021.

Ms. Ceballos talked about spending goals and requirements. She talked about the spending timeline and said that a minimum of 10 percent of monies must be spent within the first six months, 85 percent within three years and that the goal is to spend 100 percent within those three years. She said that the Business Services Investment team would be conducting an ongoing review of bond issuances, voter-approved expenditures, qualified expenses, spending within the timeframe and the annual disclosures. Commission member Nicole Fyffe asked if there was a debt limit of \$1.50 per \$100 and you have \$100,000 home, would it be \$150 or \$15 in additional taxes a year. Ms. Ceballos said that it would be \$150. (Program Manager Ann Chanecka provided an answer a few days after the meeting to Ms. Fyffe's tax question; ***The tax impact on an owner-occupied residence valued by the County Assessor at \$250,000 is estimated to be \$112.61 per year.***)

6. Overview of Financial Reporting – Jasmine Chan/Amber Kerwin

Jasmine Chan, City of Tucson Financial Specialist for Tucson Delivers Proposition 407 and Proposition 101 and Amber Kerwin, City of Tucson Program Manager, presented several financial documents and project status reports.

Ms. Chan went over the first financial document regarding bond sales and expenditures. Mr. Flasch asked if expenditures were paid back once the bonds were issued. Ms. Chan said yes. She talked about the fund balance and showed each program's funding amounts. She talked about Phase 1 programs and their allocation amounts for the first three years. She also mentioned the

encumbrances for the programs. Encumbrance refers to how much they are committed to spend. The second document Ms. Chan talked about was in regards to cumulative expenditures, encumbrances and allocations for Phase 1 as of August 2019, which repeated the information of the first document. Ms. Chan talked about the third document and said it was a non-cumulative version of the previous document. The fourth document Ms. Chan discussed was about the allocations versus the expenditures and the encumbered amounts for each program category. Commission member John Anderson wanted clarification of encumbrance and asked if it was related to design fees. Ms. Chan said that it would be a combination of design contracts and construction contracts but are not yet completed. Mr. Anderson asked if some projects had already begun. Ms. Chan said yes. Dr. Spark asked if there are payment guidelines. Ms. Chan said it depends on the contract.

Ms. Chan talked about active projects and their status. She mentioned that the estimated completion dates are subject to change. Dr. Spark asked if these financial documents and project status reports could be included in the agenda for future meetings. Ms. Chanecka said yes, it would become a standing agenda item where reports would be shared and could later be uploaded to the website.

7. Advancing Project (s) – Brent Dennis

- a. Menlo Park Irrigation** - Brent Dennis, Director of Parks and Recreation, talked about an issue on a soccer field at Menlo Park (Ward 1). He said there is a sinkhole that needs to be addressed. In order to address the sinkhole, they would have to dig up the field. Therefore, he requested the advancement of funding for the Menlo Park irrigation project, which is not scheduled until Phase 3, to utilize the maintenance work being done and possibly save money in doing so.

Ms. Cardenas-Romero asked if while irrigation repairs were being done would there be any more trees or green space added. Mr. Dennis said that they are always in an ongoing conversation with Tucson Clean & Beautiful and Trees for Tucson in regards to enhancing the green infrastructure. Mr. Johnson asked about the criteria list for advancing projects. Dr. Spark said in a previous meeting a criteria list was approved that would be used in these situations. Commission member Kendall Kroesen asked if other monies would be used for repairs. Mr. Dennis said no. Ms. Cardenas-Romero asked if they had already received a quote for the irrigation repair. Mr. Dennis said no. Ms. Chanecka briefly talked about the criteria list. Mr. Johnson asked if the irrigation project was advanced would another opportunity be lost because of the advancement. Mr. Dennis said no. Mr. Anderson asked if there was a timeline for completion. Mr. Dennis said no but if the project was combined with the Sears Park package then it would follow that timeline for completion. Mr. Kroesen asked if anyone knew what caused the sinkhole. Mr. Dennis said no.

A motion was made by Commission member John Anderson to advance the Menlo Park irrigation system project at Menlo Park. Commission member Kathy Kretschmer seconded the motion and was passed by a roll call vote of 8-0.

8. Update on Education Materials

Program Manager Ann Chanecka presented a video with City of Tucson Mayor Jonathan Rothschild talking about Proposition 407 projects. Ms. Chanecka talked about ward maps and said they would be available at the next meeting. Ms. Chanecka presented the final brochure and said more would be printed and available for distribution. She also mentioned a Spanish version is being worked on.

9. Next Steps

- a. **Next Meeting** - Dr. Spark announced that the next meeting would be on Monday, October 21, 2019. After that, the next meeting would be in January but the third Monday is a holiday, so Staff would look to figure out a different date in January to hold the meeting.
- b. **Agenda Items for Future Meetings** - Financial documentation and project status reports were requested to be added by Commission members.
- c. **Commissioner Announcements** - Ms. Chanecka mentioned the City of Tucson is conducting an online survey regarding a proposed Green Infrastructure fee and said the survey is available on the City's website.

10. Adjournment

Dr. Spark adjourned the meeting at 7:10 p.m.