

**THE REGULAR MEETING
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD SEPTEMBER 14, 2015 AT 7:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

CALL TO ORDER:

Mayor King called the meeting to order at 7:00 p.m. with the Pledge of Allegiance. Mayor King then introduced Brother Robbie Robinson from the Church of Christ who offered the invocation.

ROLL CALL:

Present were: Mayor Toney D. King, Sr., Vice Mayor Lori McGoffin, Councilmembers Pat Boyle, Jeff Cook, Joe Konrad, David Lambert and Chris Moncada.

EMPLOYEE RECOGNITION:

Mayor King recognized Tim Behr for 20 years of service and Peggy Scott for 25 years of service with the City of Benson. Mr. Behr and Ms. Scott were not in attendance.

PROCLAMATION: None

PUBLIC HEARING: None

CALL TO THE PUBLIC:

Larry Catten, Economic Development Planner of SEAGO (SouthEastern Arizona Governments Organization) stated the Executive Board of SEAGO passed a resolution supporting the City of Benson regarding the Villages at Vigneto. Mr. Catten read the resolution then stated the executive board passed it for 2 reasons; first they recognized the economic impact on Benson, Cochise County and the region and secondly, they recognized the challenges the Council has to make sure all issues are addressed, adding they expressed support that the Council will do so. Mr. Catten then stated he could answer any questions the Council may have. Mayor King thanked Mr. Catten for SEAGO's support. Councilmember Cook asked how the voting went with Mr. Catten stating 14 or 15 of the voting members voted for the resolution and 2 or 3 members did not vote for it, adding 1 member did not agree with the proposed project, while the other 2 members felt the resolution was not part of SEAGO's role. Mr. Catten then presented the City Clerk with the resolution, which will be retained with the Council packet.

Tricia Gerodette, Eagle Ridge Drive, Sierra Vista, stated she was curious if the bonds for the CFD (Community Facility District) are being planned as tax-exempt or not, adding she hopes she will be hearing the answer later tonight. Ms. Gerodette then stated she has a personal sense that the Council may be planning on seating themselves as the CFD board and she wondered if that would also be answered tonight. Ms. Gerodette then asked if the new development agreement will be subject to a public hearing or some kind of public comment, adding she would like more than a day or two to read it and be able to comment. Ms. Gerodette then gave information to the Council on residential building permits which will be retained with the Council packet. Ms. Gerodette then referred to the information, stating it was assembled by Robert Carrera, who works at the Cochise College Center for Economic Research. Ms. Gerodette stated she wanted to draw attention to the first column of numbers, which were for the entire County, adding the Council can see that in the height of the housing boom, there were only 4 years that had more than 1,000 housing starts in the entire County. Ms. Gerodette then stated the reason she is distributing this is to ask the Council to think about the reality of the proposal for the Villages at Vigneto, which projects more than 2,000 housing starts on average every year in permitting 27,000+ homes, adding she doesn't think 20 years is realistic. Ms. Gerodette then asked the Council to consider that the timeframe is not likely to be a mere 20 years when the Council relies on and plans for the proposed project.

Anna Lands, Cascabel Road, Benson stated she wanted to give the Council a heads up about an issue that was delicate and required some discretion. Ms. Lands then gave information to the Council which will be retained with the Council packet. Ms. Lands stated she had asked the City Clerk to distribute this previously. Ms. Lands then read from the information, stating several years ago, she was involved in the selection of a new City Manager and soon realized she'd been snookered, adding in an effort to make that up to the City, she was going to send the Council a copy of an Oregon court case, but Mr. Lotsof's information (on his website) was quicker and more thorough and she was grateful to Mr. Lotsof. Ms. Lands then stated while she is no longer a resident of Benson, she does own property and pays taxes in Benson and deliberately supports local businesses, adding she does have social, financial and emotional investments in Benson and is a stakeholder. Ms. Lands then continued reading, stating an "Oregon case was brought against Mr. Reinbold and others by the Oregon Public Employees' Retirement Fund Board. Mr. Reinbold's conviction of fraud was overturned on appeal, but the judgment against him for shareholder liability based on 'milking' corporate assets was affirmed." Ms. Lands then stated there was a footnote in the case, reading "An authoritative source defines 'pilpul' as follows: 1. An inflated form of analysis and debate used in Talmudic study: i.e., unproductive hair-splitting that is employed not so much to advance clarity or reveal meaning as to display one's own cleverness. 2. (Colloquially) Any hair-splitting or logic-chopping that leaves the main boulevard of a problem to bog down in the side streets. With respect, the parties' mathematical pilpul, while engaging as an abstract exercise, largely misses the practical point: In the real world of investment, did the reduction of \$2 million in assets materially affect the corporation's prospect of attracting an additional \$10 million in investment, so that it could ultimately have been able to pay its corporate debt?" Ms. Lands stated she didn't read all of the information and would leave it for the Council to read. Ms. Lands then stated it is important to her that Benson be a success, adding she was not reading this information to embarrass anyone. Ms. Lands then again stated she wants Benson to be a success, noting Benson's success is her success.

Paul Lotsof, a non-Benson resident and Manager of the CAVE FM radio station stated in addition to the information Council has, he made a few phone calls in an effort to learn more about Community Facilities Districts (CFDs) that have been applied for by El Dorado, adding if El Dorado's website is to be believed, they own property in Maricopa, Phoenix, Gilbert, Buckeye, Chandler and in an unincorporated area. Mr. Lotsof then stated El Dorado developed in Maricopa, adding he called Maricopa and found they don't have a CFD and Chandler doesn't have a CFD either, then noted there is one CFD in Phoenix, but it is not related to El Dorado's property. Mr. Lotsof then stated he found a list of special taxing districts statewide, but located no evidence of any CFD for El Dorado and asked if El Dorado was able to develop in these other communities without any CFD, why it was so vital to have one in Benson. Mr. Lotsof then stated several companies have done developments in Benson and others are in the works, asking why they haven't requested a CFD, adding no other developer has made that request and again questioned why El Dorado needs it. Mr. Lotsof then stated his opinion of a CFD is that it is a huge can a worms and has the vast potential to make Benson a haven for white-collar crime, adding a typical scenario might be raising more bond money than needed, administrators walking away with huge salaries, contractors being bound to charge more than fair market value for their services, kickbacks and people being paid under the table. Mr. Lotsof then stated there are many possible ways corruption can happen and the Council won't be in a position to control it. Mr. Lotsof then stated he wanted to bring the Council's attention to the Oregon matter, stating the State of Oregon hired a consulting company to look after the State's interests and years later the consulting company was named as a defendant in the lawsuit filed with Oregon's Attorney General, adding it was found that the consulting company didn't do their job. Mr. Lotsof then stated the State of Oregon lacked the resources to look after its interests and asked the Council what made them think Benson could. Mr. Lotsof then stated last month, he asked a question and would bring it up again, asking what would happen if the Council didn't form the CFD. Mr. Lotsof then stated El Dorado paid over \$26 million for their Benson land and asked if the Council seriously thought El Dorado would abandon their project and just let the land sit there. Mr. Lotsof then stated very rarely is the best solution to a problem the simple solution, but in this case, it just might be, adding the simple solution is to do nothing and not form the CFD. Mr. Lotsof then stated his feeling is that if El Dorado wants to build thousands of houses that may not sell, the Council should let them, adding he knows the Council is under a lot of pressure to form a CFD, but they should leave the City out of financing this project.

Mike Reinbold of El Dorado, 426 N. 44th Street, Phoenix, stated he would like to speak to a couple issues brought to Council's attention, adding he spent his life developing real estate and has created tens of thousands of

jobs and has created multiple billions of dollars in economic benefit in many communities. Mr. Reinbold then stated in terms of the Oregon litigation, Mr. Lotsof's conclusion on his website is correct in that Mr. Lotsof doesn't know what the conclusion was. Mr. Reinbold then stated the fact of the matter is the Oregon courts ruled in his favor and there are no outstanding issues with the State of Oregon, adding the cases are settled and dismissed and there is nothing there. Mr. Reinbold then stated if there was enough time and Mr. Lotsof had spent the time and learned more, he would see that it didn't point to what was pointed out to the Council. Mr. Reinbold then stated on that front, the issue is closed. Mr. Reinbold then stated El Dorado has successfully developed before and after that and the reason they have not requested a CFD (Community Facilities District) in the past is simply because CFDs weren't available in counties, adding it's not a real challenging question to help the Council flip that equation. Mr. Reinbold then stated CFDs are created and formed on El Dorado's property and are totally independent. Mr. Reinbold then stated in terms of markets, he can understand someone who has never been exposed to a market large enough to have dealt with that wealth, but El Dorado's history is building communities that have developed at a rate of 6,000 units a year and many of their developments increase by a couple thousand plus units a year. Mr. Reinbold then stated there may be some people who don't understand the market and he appreciates that, but the reality is that El Dorado does and that is what they do, adding they know where that market is and have generated that market many times. Mr. Reinbold then stated in going forward, the proposed development is an opportunity. Mr. Reinbold then stated it's easy to be a critic, adding it takes no effort and energy, but El Dorado works extremely hard at making people's lives better, in creating opportunities, in creating jobs and all sorts of benefits, again stating it's easier to tear something down than it is to build it.

Dave Thompson, La Cuesta Drive, Benson, stated he has been in business all his life, mostly for himself, adding he has made mistakes in the past and cost people including himself money, but people can learn from their mistakes. Mr. Thompson then stated El Dorado has Mike Reinbold, adding he has met Mr. Reinbold and has looked into his past, then stated Mr. Reinbold has character, integrity and is a gentleman. Mr. Thompson then stated the people in Maricopa liked Mr. Reinbold, noting Mr. Reinbold did exactly what he said he was going to do in Maricopa. Mr. Thompson then stated he wished some of Mr. Reinbold's character would wash off on some people in Benson, adding everyone would be better for it.

Barbara Nunn, La Cuesta Drive, Benson, stated Mr. Lotsof, the manager of the CAVE radio station lives in Tucson, unlike the residents who live in Benson and fight in the trenches every day. Ms. Nunn then stated Mr. Lotsof vilified Mr. Reinbold in an editorial on the radio and asked if Mr. Lotsof really doesn't want Benson to succeed. Ms. Nunn then asked if Mr. Lotsof talked to Mr. Reinbold about his accusations, then stated the people in the beautiful town of Maricopa must all be stupid because El Dorado built there and those people obviously believed in El Dorado and Mr. Reinbold. Ms. Nunn then stated the Cascabellians, Sierra Vistites and Tucsonians keep coming in to run Benson residents' lives, adding they are a very small group of malcontents. Ms. Nunn then asked the Council to ask themselves why Mr. Lotsof was hell-bent on stopping the proposed project and asked what a coincidence it was that all these outsiders showed up tonight to tell Benson residents how to live their lives. Ms. Nunn then stated she was a proud resident of Benson.

George Scott, Director of SAEDG (Southeast Arizona Economic Development Group), 168 E. 4th Street, Benson, stated he would like to follow up on Larry Catten's comments and thanked Mayor King, the other mayors in cities and City and County individuals throughout the SEAGO region for supporting the Villages of Vigneto. Mr. Scott then stated this is a big endorsement for this project, which shows the Council that Santa Cruz County, Cochise, Grant and Greenlee Counties and the mayors and cities support the development. Mr. Scott stated he knows the Council is doing and will do their due diligence. Mr. Scott then stated the proposed development is a great project which is why SAEDG applied for the endorsement from SEAGO. Mr. Scott then thanked Mayor King and City Manager William Stephens, the Council and others for their efforts, adding this is a big project for the City of Benson and he looks forward to it getting started.

Andrew Abernathy, representing the Western Heritage Cultural Center, 168 E. 4th Street, Benson, stated he wanted to add the Center's voice of support for the Villages at Vigneto not from the standpoint of economic purposes or other issues, but for the simple reason that El Dorado believes in who we are as a culture and as a people. Mr. Abernathy then stated often Mr. Reinbold and Mr. Krahn (El Dorado) talk about the project and that this area is an authentic cultural region. Mr. Abernathy stated the Western Heritage Cultural Center is here to

support and tell the stories of the 4-county region of Graham, Greenlee, Cochise and Santa Cruz Counties, but a key component of their message to the community is to help raise awareness of who we are as a people and the culture we come from. Mr. Abernathy stated he applauded the sincere and honest efforts of Mr. Reinbold and Mr. Krahn and their whole team in moving the Villages of Vigneto forward as a response to the authentic cultural heritage that is here and especially is in northern Cochise County. Mr. Abernathy stated Mr. Reinbold and Mr. Krahn understand that the story of heritage and our authentic lifestyle is a big reason why people will come here, adding some people may doubt that El Dorado can sell the number of units they propose to, but he doesn't. Mr. Abernathy then stated he has seen this kind of development happen over and over again in small communities in Texas where he lived for almost 30 years; where the use of a CFD is the whole reason why these facilities and the developments came about and became so successful. Mr. Abernathy then stated people don't hear about CFDs very much in Arizona, but in other states, he can say as a past professional urban designer and architect, these kinds of facilities are key financial tools to be able to accomplish a project like the proposed development. Mr. Abernathy then stated he was happy to support the project, adding from a professional standpoint, El Dorado will be one of the greatest voices to get the message out beyond our borders and to others in faraway places within the U.S., Canada and beyond, that our place is one of an authentic lifestyle and that still represents the heart and soul of Arizona's beginnings.

CITY MANAGER REPORT:

City Manager William Stephens addressed Council, giving the dates of upcoming meetings and events.

Wednesday, September 16, 2015 – Community Watershed Alliance, 6:30 p.m., City Hall
Saturday, September 19, 2015 – Historic Preservation Commission, 9:00 a.m., City Hall
Monday, September 28, 2015 – City Council Meeting, 7:00 p.m., City Hall

Mr. Stephens then stated for more events in Benson, the public could visit the City's website: www.cityofbenison.com under "What to do Today."

NEW BUSINESS:

1. Discussion and possible action on the Consent Agenda

- 1a. Minutes of the July 13, 2015 Worksession
- 1b. Minutes of the August 10, 2015 Regular Meeting
- 1c. Invoices processed for the period from August 14, 2015 through September 3, 2015

Councilmember Lambert moved to approve the Consent Agenda. Seconded by Vice Mayor McGoffin. Councilmember Konrad asked City Manager William Stephens to let the Council know what the invoice for the Airport Booster Station from BJ Drilling was for with Mr. Stephens stating he would get the information to Council. Motion passed 7-0.

2. Discussion and possible action regarding the Benson Butterfield Rodeo Committee's request for assistance by providing and assisting with set up of serpentine fencing, providing equipment and personnel to assist with chalking the parking lot at the Arena, giving access to water for prep and dust control and becoming a sponsor for the Benson Butterfield Rodeo

Heather Floyd, President of the Benson Butterfield Rodeo Committee addressed Council stating this would be the third year they will host a 2-day rodeo if the Council would like to sponsor it as such. Ms. Floyd stated in the past, the committee hosted a 1-day rodeo before expanding the event. Councilmember Moncada moved to approve \$4,650 to sponsor the rodeo. Seconded by Vice Mayor McGoffin. Mayor King stated this is an amazing 2 days and he has had a great time when he went. Mayor King then encouraged attendance. Councilmember Moncada then amended his motion to approve sponsorship of the rodeo in the amount of \$4,650 and to provide assistance as requested. Amended motion seconded by Vice Mayor McGoffin. Motion passed 7-0.

3. **Discussion and possible action to designate up to \$2,500.00 to advertise the Butterfield Stage Days**

Councilmember Lambert asked why the budgeted amount was increased from \$1,000 last year to \$2,500 this year with the answer being the original budgeted amount of \$2,500 was cut to \$1,000 last year due to the City's financial situation in that year. Vice Mayor McGoffin then moved to approve \$2,500 to advertise Butterfield Stage Days. Seconded by Councilmember Moncada. Motion passed 7-0.

4. **Discussion and possible direction to staff to solicit bids and enter into a contract with a Fireworks vendor for the 2016 4th of July Festivities for an amount of up to \$10,000.00, to include an addendum for the purchase of additional Fireworks, as sponsorship funds are available, once staff has executed the procurement code process**

Recreation Coordinator Laura Parkin stated she would like to move the process along in a timelier manner this year and start working to get bids and pricing and hopefully secure a contract by January, adding she can get a lot of footwork out of the way so it doesn't interfere with summer programs, the pool opening and summer hires. Mayor King asked Ms. Parkin if she would start soliciting donations earlier with Ms. Parkin indicating she would. Councilmember Moncada then stated last year's fireworks were excellent, adding he heard from everyone who attended that it was one of the best fireworks shows they had seen in a long time. Ms. Parkin stated she hoped to have another one like it, if not better. Councilmember Boyle asked if this was the same amount of money as last year; then stated if the City could get the same fireworks for the same price, it would be great. Ms. Parkin stated a majority of the many fireworks companies she spoke to charge \$1,000 a minute with a \$10,000 or \$20,000 minimum, but the company the City has used for several years has been much less, adding she will see what can be done. Councilmember Moncada moved to approve \$10,000 for fireworks. Seconded by Councilmember Konrad. Vice Mayor McGoffin asked if the motion needed to contain the other language listed on the agenda item with City Attorney Paul Loucks stating it wasn't necessary. Motion passed 7-0.

5. **Discussion and possible action to designate up to \$4,000.00 to secure entertainment for the 2016 4th of July Festivities**

Recreation Coordinator Laura Parkin stated she would like to secure entertainment now as opposed to waiting until spring to see how much sponsorship money comes in. Ms. Parkin then stated once the entertainment is secured, she would be able to move forward in promoting the event earlier and then would use incoming sponsorship money in amount of \$4,000 to advertise the event, as planned in the budget. Ms. Parkin then stated last year, \$6,362.00 was raised in sponsorship funding and the Adopt-a-Fireworks program raised \$2,750. Ms. Parkin stated when there is additional sponsorship money, it is used to purchase additional fireworks to expand the fireworks show. Councilmember Boyle asked if this was in line with last year's budget with Finance Director Dustin DeSpain stating it was, adding the Council allots \$25,000 a year to accommodate donations. Councilmember Cook asked if the funding was being used for entertainment or advertising with Ms. Parkin stating the 4th of July Committee struggled one year and had to ask entertainers to perform for free, adding after that happened, the Council then designated \$4,000 to purchase advertising so the Committee could raise funds for entertainment. Ms. Parkin then stated she is asking to utilize the budgeted advertising funds to secure entertainment now and then will replace this funding with sponsorship funds as they come in, as opposed to doing it backward and having money for advertising, but not knowing how much can be spent for entertainment, noting securing entertainment takes longer than advertising. Councilmember Lambert moved to approve the designation of \$4,000 to secure entertainment for the 4th of July festivities. Seconded by Councilmember Moncada. Mayor King thanked Ms. Parkin for acting on this early. Councilmember Konrad then stated it makes sense to secure entertainment so Ms. Parkin will know what entertainment the City would be advertising. Motion passed 7-0.

6. **Discussion and possible action regarding the Benson Senior Bingo**

Recreation Coordinator Laura Parkin stated Staff is making the request to take over the operation of bingo so the program can continue past December 31, 2015. Councilmember Boyle asked if the seniors who play bingo appreciate this and are excited or if they were against it. Ms. Parkin stated she has been working with the current bingo volunteers, Ms. Wright and Ms. Weaver, since November of last year trying to come up with feasible

solutions for both the City and the senior bingo board, all of which weren't feasible for either the board or the Recreation Department for one reason or another, adding with furloughs, her department has been extremely short-staffed. Ms. Parkin then stated no one wants this important program to go away, adding she thinks the City has a shortfall in working with senior citizens and getting to know them, what they are interested in and what activities they enjoy, noting this is an opportunity to work directly with them through bingo and it will help Staff increase opportunities for seniors as far as programs the City can offer. Ms. Parkin then stated she understood Ms. Wright and Ms. Weaver resigned and there is someone who will run the program until the end of December, but not past that. Councilmember Boyle asked how much this would cost the City with Ms. Parkin stating it would mostly be Staff time, adding there are cash prizes, but all the money is recovered through fees with participants paying a certain amount per card. Vice Mayor McGoffin asked if the City was going to have to hire someone to run the bingo program with Ms. Parkin stating no additional Staff would be necessary, adding the Recreation Staff will learn a lot about bingo if the Council directs them to take the program over, but she has a member of Staff who is good at running the program it would be delegated to and Staff would then work with the current volunteers if they choose to stay and volunteer as well as seek additional volunteers to come and call bingo.

Councilmember Konrad stated bingo was a good activity and he was for the program, then asked if other communities operated a game of chance that the City could use as a benchmark. Ms. Parkin stated there are bingo programs in other city-owned facilities, adding she found approximately 72 bingo halls online, but not all of them are city-owned, adding some are structured different than Benson is. Ms. Parkin then stated prior to moving forward, she contacted ADOR (Arizona Department of Revenue) and spoke with someone in the bingo department who told Ms. Parkin it was a fairly simple process to change the program over to the City. Ms. Parkin then stated she also spoke to Finance Director Dustin DeSpain who will handle the reporting aspect, adding the City will keep track of the expenses weekly and will file the required annual report.

Mayor King stated the Lions Club does bingo every Friday night and they may be a resource, especially regarding volunteers to call bingo. Councilmember Lambert then stated he had spoken to Ms. Parkin several times but wanted to discuss the issue in the open meeting. Councilmember Lambert then stated if Staff takes this over, the community center becomes a City gambling facility and asked about bingo programs in other cities' facilities and if they were run by those cities or if the programs were just held in their facilities with Ms. Parkin stating volunteers run the programs and they are essentially structured like the current bingo program. Councilmember Lambert then stated the current bingo program has donated money to other organizations and he knows some benefit Benson and some benefit nationwide, like the Salvation Army with Ms. Parkin stating any money the Salvation Army receives locally stays local. Councilmember Lambert then asked if the City would continue donations with Ms. Parkin stating she was not sure, but she knew there were limitations on what could be done with the collected money, adding her thought would be to put that funding back into recreation programs. Councilmember Lambert stated the money could possibly be used to advertise the bingo program to seek more participants with Ms. Parkin stating during the winter a lot more people attend and it's usually full. Councilmember Lambert then asked Ms. Parkin if the program was something she wanted to do with Ms. Parkin stating it was. Mayor King then stated he was confident that between Staff and the City Attorneys, the program would be facilitated in the right manner and he had no doubt it will be done correctly.

Councilmember Cook asked about additional Staff needed to run this program and if the City was going to recoup the fees the City should have been charging the senior bingo board to use the community center with Ms. Parkin stating if the Recreation Department takes on the bingo program, it will be considered a City program and would be no different than swimming lessons or summer camps and no additional Staff would be needed. Councilmember Cook then stated seniors seem to be a declining population and asked if there was a trigger when the City would not run the program anymore with Ms. Parkin stating the current policy is to require a minimum of 5 participants to continue programs. Ms. Parkin then stated currently, there is a group of people who like to come to bingo more for the social aspect, adding as with any other program, as trends change and wants and needs change, Staff will examine the program, adding it's her job to make sure residents are being provided with what they want.

Councilmember Boyle then stated this discussion is similar to the golf course and the restaurant in terms of whether or not this was really a function of government, adding he wanted to mention that for consideration. Mayor King stated the program gives the senior citizens a social benefit which is a good thing for our community and he was glad that Ms. Parkin was willing to step up to the plate. Mayor King then moved for the City to take over the Benson Senior Bingo program. Seconded by Councilmember Lambert. Councilmember Konrad asked City Attorney Paul Loucks if he had anything to offer as far as legalities of the City operating a bingo hall with Mr. Loucks stating he had nothing at this point, but would continue to work with Ms. Parkin to make sure everything was fine. Motion passed 6-1 with Boyle voting nay.

7. **Discussion and possible action regarding authorization of funds from the Community Enrichment Fund and direction to Staff to plan coordinate and execute a Light Parade**

Recreation Coordinator Laura Parkin stated she wanted to move forward with the parade, adding CCS meals participants chose the theme and the applications to have a float in the parade are now ready. Councilmember Lambert asked what the theme was with Ms. Parkin stating it would be “The Musical Magic of Christmas.” Councilmember Cook asked if the City put \$1,000 toward previous parades with Ms. Parkin stating in the past, the parade was combined with the tree lighting ceremony, but this year, the City was only doing the parade as the museum would be hosting the tree lighting. Ms. Parkin then stated the previous expenses for the parades were prize money the City donates to the winner’s charity of choice and Santa’s gas money. Councilmember Lambert stated Ms. Parkin has done an excellent job on this event, adding he has been to all of them and the event has grown each year. Mayor King agreed, stating this is a fun event for the community and it’s great to see the kids visit Santa at the tree lighting. Ms. Parkin reiterated that the City would be doing the parade only and that the museum would continue the tree lighting event on their own, adding the museum will be hosting the tree lighting event the same evening as the light parade, noting after the parade, Santa will go to the museum and visit with the kids.

Councilmember Konrad stated after last year, he didn’t want an irate crowd discussing whether or not it was a Christmas Light Parade or a Light Parade, adding the agenda reads a Light Parade, but he wanted to highlight the theme being “The Musical Magic of Christmas” and he hoped the public would remember it. Council concurred. Councilmember Lambert then moved to approve the authorization of funds from the Community Enrichment Fund and direct Staff to plan, coordinate and execute a Light Parade. Seconded by Councilmember Konrad. Motion passed 7-0.

8. **Report by staff and/or counsel about the status of the Villages at Vigneto, and possible discussion thereon. This Report will include a discussion about the role of Mark Reader/Stifel, Nicolaus & Co.’s as the underwriter/placement agent for securities issued in relation to a Villages at Vigneto Community Facilities District**

Mayor King stated this item was for a report only with no action. Councilmember Konrad stated he asked for this item to be on the agenda to get some clarity on CFD (Community Facilities Districts) roles, adding back in January, the Council received a letter of engagement with Stifel, Nicolaus & Co., to be the bond underwriter, but he thinks over time, some of that has gotten lost and misunderstood and he wanted to make sure everyone was clear where the Council stands with Stifel being the bond underwriter. Councilmember Konrad then stated the letter of engagement makes it clear that is Stifel’s role at this point in time. City Manager William Stephens stated Councilmember Konrad was correct, adding in the letter of engagement, Mark Reader of Stifel, Nicolaus & Co. also volunteered to take on the role of financial advisor if Council elects not to have Stifel as bond underwriter, then noted the third alternative is that the Council can terminate the contract at any time. Mr. Stephens stated he wanted it clear to Council what their options are, then added, as a point of order, this won’t become an issue until a CFD is formed and a board is appointed, which would be in conjunction with the legal services of Kutak Rock.

Councilmember Konrad asked if it would be the role of Council to hire the bond underwriter or if it would be the role of the CFD board. Mayor King stated Mr. Reinbold of El Dorado is asking to speak and then asked Mr. Reinbold to come forward. Mr. Reinbold then addressed Council stating as the formation process takes place, it is

customary for the district, once formed, to engage various consultants that would be part of that district. Mr. Reinbold then stated the submission by Mark Reader was way in advance with no discussion between El Dorado and the City, adding he thinks it was putting the cart before the horse. Mr. Reinbold then stated the district needs to be formed and then it can engage its own underwriter, just like the additional consultants would be selected after the district was formed. Councilmember Konrad then asked if the same would be true for bond counsel and why the bond counsel would be engaged so much in advance of a CFD being formed with Mr. Reinbold stating he thinks it was done in an effort to jump in ahead of any discussion, adding it was never discussed with El Dorado. Mr. Reinbold then stated he didn't believe the City has had much exposure to CFDs at all and he thinks it was premature. Councilmember Konrad then stated his question was regarding the legal services of Kutak Rock with Mr. Reinbold stating Kutak Rock was retained by the City for the CFD formation process.

Mayor King asked Mr. Reinbold if he could give the Council a timeline as far as when the Council would start forming the CFD and El Dorado would move forward and the timeline of hiring consultants. Mr. Reinbold stated El Dorado's goal is to complete the documentation this week and submit it to the City and then have the City put it on the agenda for the formation of the CFD, adding immediately after the formation, that new entity would start selecting its consultants, including special counsel for the district and other consultants to deal with the management aspects of the district. Mr. Reinbold then stated the district is responsible for accounting and reporting and those consultants are hired and paid for by the district, not by the City. Mr. Reinbold then stated timewise, El Dorado will complete the application process and the documents this weekend, noting there are a number of documents they are working on, and Council will see it shortly. Mayor King then asked about the timeline from the time a CFD board is completed and El Dorado starts working with Mr. Reinbold stating immediately after a CFD is formed and the board is appointed, the board would schedule meetings to meet and select consultants so it maybe a couple of weeks after the formation.

9. **Review of City Finances with emphasis on July financial results, and the City's financial position at July 31, 2015**

Finance Director Dustin DeSpain addressed Council stating July is a tough month for the City, being one of the lower months for revenue. Mr. DeSpain then reviewed Citywide Financial highlights stating the City's unrestricted cash is \$1.2 million, due to the bond payment and other payments. Mr. DeSpain then stated the bond proceeds remain just over \$1 million, noting no bond proceeds were used in the last year. Mr. DeSpain then stated revenues for the month of July did not exceed the expenditures for the month of July, noting the City's monthly and year-to-date fund balance was -\$31,000. Mr. DeSpain then stated revenues for the month of July and year-to-date were \$733,000; monthly and year-to-date personnel costs were \$314,000 which is a decrease of \$58,000 compared to July of last year and other expenses for the month of July and year-to-date were \$132,000, which is a decrease of \$18,000 compared to July, 2014.

Mr. DeSpain then reviewed the General Fund stating revenues for the month of July and year-to-date were \$417,000 which is a decrease of \$38,000 from last July. Mr. DeSpain stated General Fund personnel costs for the month of July and year-to-date were \$210,000, which is a decrease of \$41,000 from last July. Mr. DeSpain then stated other expenses in the General Fund for the month of July and year-to-date were \$76,000, which is a decrease of \$24,000 from July, 2014. Mr. DeSpain then stated General Fund revenues did not exceed General Fund expenditures, noting the expenditures were \$183,000 more than revenue.

Mr. DeSpain then reviewed Enterprise Funds stating the Gas Fund revenue for the month of July and year-to-date was \$38,000 and the fund balance was \$7,000; the Water Fund revenue for the month of July and year-to-date was \$65,000 and the fund balance was \$35,000; the Wastewater Fund revenue for the month of July and year-to-date was \$61,000 and the fund balance was \$31,000; the Sanitation Fund revenue for the month of July and year-to-date was \$50,000 and the fund balance was \$48,000. Mr. DeSpain then stated the Golf Course Operations fund balance was \$6,000 and the Golf Course Food & Beverage was fund balance was \$661.00.

Mr. DeSpain then reviewed sales tax stating the City total sales tax is down from the previous year but Bed Tax has increased slightly from last year. Mr. DeSpain then stated Construction Sales Tax is lower than it was last July, adding the decrease is primarily due to new tax laws on remodeling projects. Mr. DeSpain then stated the

total City sales tax collections are down from last July, and noted the State sales tax is also slightly lower than it was last year at this time.

Councilmember Cook mentioned the Gas Fund balance, then asked about the Gas Department being short 3 employees and 1 employee needing to be certified as required by law with Finance Director Dustin DeSpain stating some employees were shifted and the Gas Department was now short 2 employees, adding a dedicated employee has been assigned to the Gas Department permanently and is being trained as the supervisor. City Manager William Stephens stated the employee deficit has been reduced from 3 to 2. Councilmember Cook asked how long the employee would be in training with Mr. DeSpain stating it would be approximately 2 months, adding as part of the new program, the employee is in training every Friday. Mr. Stephens then stated the training schedule submitted and approved by the ACC (Arizona Corporation Commission) meets the requirement for the mandatory training. Councilmember Cook then stated his concern is as Gas Department employees are hired, the fund balance will become less and less unless something is done about it, adding a rate study needs to be done. Mr. DeSpain agreed, stating Staff is working on a rate study, but colder months are coming and the Gas Department receives higher revenue during those months, noting the fund balance should grow even if additional Gas Department employees are hired.

Mayor King stated he had total confidence in the City Manager, the Public Works Director and the Finance Director hiring who is needed when they are needed. Mayor King then stated he has been on Council for 14 years and knows this is the time of year when revenues go down, but it's no cause to worry right now because it's due to timing. Mayor King then stated things will start to turn around in the coming months, adding he is confident in Staff and if something comes up, Staff will notify Council immediately.

DEPARTMENT REPORTS: No comments from Council.

ADJOURNMENT:

Mayor King moved to adjourn at 8:21 p.m. Seconded by Councilmember Konrad. Motion passed 7-0.

Toney D. King, Sr., Mayor

ATTEST:

Vicki L. Vivian, CMC, City Clerk