

**WORKSESSION  
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA  
HELD OCTOBER 29, 2019 AT 6:00 P.M.  
AT THE BENSON COMMUNITY CENTER, 705 W. UNION STREET, BENSON, ARIZONA**

**CALL TO ORDER:**

Mayor King called the meeting to order at 6:02 p.m. with the Pledge of Allegiance.

**ROLL CALL:**

Present were: Mayor Toney D. King, Sr., Vice Mayor Joe Konrad, Councilmembers Larry Dempster, Lupe Diaz, and Nick Maldonado. Absent were: Councilmember Pat Boyle and Barbara Nunn who were both excused by the Mayor.

**NEW BUSINESS:**

1. **Discussion and possible direction to Staff regarding a Potential Municipal Securities Transaction for the City of Benson, Arizona, \$3.0 million (estimated) Excise Tax Revenue Refunding Bonds and Possible New Money Bonds for City Projects with Stifel, Nicolaus & Company, Inc.; discussion to include possible City projects including but not limited to City Hall Facilities, Park Improvements and other Quality of Life enhancements**

City Manager Vicki Vivian opened the discussion explaining that at the September 23, 2019 Council meeting Council approved an Underwriter/Placement Agent Engagement Agreement for a potential Municipal Securities Transaction with Stifel, Nicolaus & Company, Inc. for the City of Benson, \$3.0 million (estimated) Excise Tax Revenue Refunding Bonds and possible new Money Bonds for City projects.

Ms. Vivian explained that Staff spoke to representatives from Stifel, Nicolaus & Company, Inc. about options Council could consider to not only refinance the current bond debt to a lower interest rate but to approve additional funding for City projects, adding possible projects include City Hall facilities, park improvements and other quality of life enhancements such as the Quiet Zone. Ms. Vivian explained that Staff provided several financing options to share at this worksession for Council to discuss, consider, and provide should they choose to do so and any action to proceed would be addressed at a regular Council meeting. Ms. Vivian then stated she didn't want anyone to think the Council would take any type of action at the worksession other than to explore and discuss financing options and possibly give Staff direction.

Ms. Vivian distributed three printouts: 1) 1989 Council approved Lions Park Master Plan showing three ball fields; 2) 2008 Council approved Lions Park Master Plan; 3) City of Benson Parks, Trails and Open Spaces Master Plan presented to and approved by Council in 2016. Ms. Vivian then noted that the 2016 plan included the comment that stakeholders preferred the 1989 Lions Park Master Plan over the plan approved in 2008, but there were certain elements of the 2008 plan that should be incorporated into the 1989 plan. Ms. Vivian then stated the handouts also included the approved Master Plan for Apache Park, noting the plan went through the Historical Preservation Commission chaired by Ms. Ruth Wilson, adding the plan was designed to keep Apache Park in line with the historical characteristics of the neighborhood, which was a prerequisite when the park was first donated to the City.

Ms. Vivian then stated her intent was to provide Council with funding options to explore, stating the first page in the worksession packet showed a synopsis of three of the four funding options. Ms. Vivian then stated funding option #4 was to simply refinance the City's current outstanding bond debt of about \$3.2 million, adding refinancing without additional funding would save the City \$264,914.

Ms. Vivian then spoke about funding option #1, stating in this option, the City has no contribution and keeps the annual debt service payment approximately \$450,000, which is close to the current annual debt service payment, and gives the City \$5.3 million in addition to refinancing the current \$3.2 million. Ms. Vivian then stated this option results in debt payments being made for 30 years with the last payment being made on July 1, 2050,

noting the current bond debt payments mature in 2030, so the result is annual debt payments for an additional 20 years.

Ms. Vivian then spoke about funding option #2, stating this option requires the City to contribute the current bond proceeds in the amount of \$868,351.15, adding these bond proceeds were kept by the City to use as an emergency contingency fund. Ms. Vivian then stated that by contributing \$868,315.15, the annual debt payment would be around \$500,000 which is the maximum payment she would like to consider, adding this would give the City \$5.3 million and refinance the current \$3.2 million and would result in extending the loan out for approximately 10 years, to 2040.

Ms. Vivian then spoke about funding option #3, stating this option lets the City take the \$868,315.15 in bond proceeds and use it for needed projects like street pavement, park improvements or other similar projects, adding this allows the City to explore options for specific projects. Ms. Vivian then stated this option also gives the City \$5.3 million and refinances the current \$3.2 million, adding the annual debt payment would be about \$490,000, but would extend the loan for an additional 14 years, to 2024.

Ms. Vivian explained that Staff's goal in sharing these options is to allow Council to discuss interest in moving forward and provide an opportunity to finance some of the CIP (Capital Improvement Projects) projects needed by the City, including the Council deciding what those projects might be. Ms. Vivian explained that one of her own questions for Mark Reader of Stifel, Nicolaus & Company was if there were prepayment penalties, and our Financial Consultant Pat Walker also had numerous questions about their fees, the interest rate, the number of years financed and other considerations. Ms. Vivian explained that neither she nor Finance Director Seth Judd have experience or have been through something like this before so having Ms. Walker involved has been very valuable. Ms. Vivian shared that since this is in the preliminary stages, the level of fees and number of years will change, hopefully in the City's favor, but there was no need to delve too far into this matter prior to Council exploring their interest.

Finance Director Seth Judd stated these are high estimates based on what Staff has learned from Mr. Reader and Ms. Walker so as the process moves farther along, Staff, with Council's approval, will be able to fine-tune the numbers and bring those back to Council.

Ms. Vivian further explained when she asked Mr. Reader about pre-paying the debt, he informed her that in bond transactions, a percentage rate is locked in and to offset that, there is an 8 to 10-year window where the debt cannot be paid off. Ms. Vivian then stated if the City's sales tax revenue suddenly doubled and construction sales tax was rolling in, the City would not be able to pay off this bond debt for 8 to 10 years, but these funding options keep the annual debt payment close to what it currently is for the next 10 years as currently scheduled and then the City would have the option of paying it off with no pre-payment penalties at that point. Ms. Vivian then stated if Council had questions, she could take those and have them addressed in future discussions with Mr. Reader and bring the answers back to Council. Ms. Vivian then reiterated that she is very grateful the City retained Ms. Walker as a consultant because she can look after the City's best interest on financial matters Staff hasn't experienced yet.

Mayor King stated he realized this was only a preliminary discussion, but it would be nice if the Council ended up looking at much lower numbers than presented, and he agreed that having Ms. Walker involved is beneficial as the Council considers this and makes a decision. Mayor King then stated there are projects needed such as a new City Hall, and improving the west side of Lions Park, which has been looked at for years. Mayor King explained when he first ran for Council, he ran for the parks, and when Mr. Roush, who was the City Manager at that time, was here, he along with Lori McGoffin who was on Council at that time, worked for 2 years on a new park plan and when Mr. Roush left, the plan disappeared. Mayor King stated that today you can see kids practicing at the parks, at the schools and any other place they can find because the City does not have enough space for our kids to practice at the park. Mayor King shared that back in the day, the Council talked about bringing in more softball tournaments, adding there have been some Little League tournaments, but the problem is the City does not have enough fields to properly host softball tournaments. Mayor King then stated it's good to put things together now because even though there is the possibility of a large development coming, Benson's downtown area will always need to be taken care of; the City always has people in downtown Benson and the schools are here, noting our schools use the parks' softball fields, and there are adult leagues that could bring in

adult softball tournaments to Benson. Mayor King stated there is a need to develop the west side of Lions Park and he is positive that the bridge was placed in the wash with the hopes of that happening. Mayor King also shared he felt it would be beneficial for the community to have more room to play in, for soccer, softball, football and so on, and they would not be on top of each other trying to find room to do it. Mayor King then stated the current City Hall property was purchased years ago when the previous City Hall was failing, adding the current location is now paid for, the property is very useable, and the future of a new City Hall is important. Mayor King then stated it is time to take a very serious look at planning projects, adding he would like to see a water splash pad for our kids to enjoy in the summer. Mayor King then stated the splash pad in Thatcher is used continuously, and again, it is very important to do improvements like this. Mayor King reiterated that the Council has some important decisions and he looks forward to seeing everything come together. Mayor King then stated he knew other Councilmembers wished to speak and opened the discussion.

Vice Mayor Konrad stated of all the amenities the City can provide, he feels the park is one everyone can possibly use, adding, he knows there is always someone who wouldn't but as far as benefitting the most people for the least amount of money, investing in City parks is where the Council needs to put an emphasis. Vice Mayor Konrad said he was new on the Council back when the last Master Plan was before Council and there are a lot of good ideas in it, adding the complete streets are rolled into that plus there are a lot of things to consider, but on a macro scale, he feels the parks are a priority. Vice Mayor Konrad then spoke about City Hall, stating the City does have some buildings falling apart and it is something Council needs to look at, adding some preliminary engineering was done awhile back, but he did not know if it was ever really delved into to look at the most efficient use of the property, space, etc. so there is a lot of work to be done and the Council is not going to pull the trigger on anything until they go through this. Vice Mayor Konrad then stated one of the key components he sees is education, adding the citizens of Benson must be educated on where this money is coming from and the value of this money. Vice Mayor Konrad then stated currently money is cheap and the cost of money now is lower than he has ever seen it, adding if the Council decides to do something, now is the time to do it, but as far as earmarking what goes where, the Council has a lot of work to do to start sorting out what is priority. Vice Mayor Konrad then suggested the Council keep in mind that the City is where it is, noting we see growth on the horizon, but it has not hit yet. Vice Mayor Konrad then stated one of the biggest things he sees is if money is available and the Council can save a quarter of a million dollars, it is worth looking at. Vice Mayor Konrad shared that refinancing debt is something that seems to be popular with anyone in business right now because it is so cheap, and he feels it is worth looking into.

Councilmember Maldonado stated he mentioned before that there are a lot of grants out there available for libraries, adding the City does have a fairly new library, and if a new City library was built with grant funds, City Hall could be moved into the current library building. Councilmember Maldonado stated this would save a lot of money that would not have to come out-of-pocket. Mayor King stated his only concern with the library scenario is parking, adding the Council needs to make wise decisions for the future because as the City grows there will be more employees and other changes, and City Hall will need proper parking and a lot of other elements as well. Councilmember Maldonado stated that the building at the back of the library is old and falling apart and needs a lot of work so it could be turned into a parking lot, adding he knows the building is being currently being used for book storage and by the Benson Food Bank, but if the City was able to get free grant money, the Council could then find somewhere else for storage and the food bank.

Councilmember Dempster stated he agreed with all the ideas discussed and that this all goes back to the upcoming strategic planning session so the Council can prioritize projects, adding he agrees there is certainly cheap money now, but you can go broke getting cheap money. Councilmember Dempster then stated bonding over a long term doesn't bother him because it gives a municipality the use of that money during the whole time, adding even though the payback period is long, the funding is still being used all that time; probably well beyond our years. Councilmember Dempster then stated the City has priority issues, and how to pay for projects, what is to be done first and how big of a pill can be swallowed, noting all of this leads back to the strategic plan so the Council can line everything up in some order. Councilmember Dempster then stated he feels all of the projects mentioned are good projects and there are more to consider that have been identified in the past, but the Council can get it all figured out in a master planning way.

Ms. Vivian stated even if the entire Council came to the next meeting and wanted to vote on this matter, nothing could be done until April, so there is time to do a lot of preliminary information gathering and educating; then

noted there is a tentative worksession scheduled on December 16 from 1-4 pm for strategic planning. Councilmember Dempster stated the trick is to line it all up in order, not just to prioritize the projects but the financing too, adding if the City can't get any money until April, there is a lot that can be done now so that if the financing is obtained, everything is ready to go.

Councilmember Diaz stated that he feels refinancing the bond proceeds as shown on the last page of the packet is a really good idea and the Council should move in that direction since it will save the City a quarter million dollars; then stated Councilmember Dempster's comment about looking at all the finances is very important. Councilmember Diaz then stated the City has a 1% sales tax that is going to sunset in two or two and a half years and the Council must look at what they can do to offset some of that, because it means a reduction of about \$1 million from the City's operating budget, adding his concern is stretching the budget too much and staying within limits. Councilmember Diaz then stated with the possibility of El Dorado coming in and bumping revenues, there are a lot of things to consider including the overall plan, the strategic plan, the financial side of it, and the City's other obligations such as the retirement program where the City still owes money, and the Council needs to watch how all that ties together, adding there is also the golf course that always fluctuates and is something the Council needs to watch.

Mayor King stated he was about to make a comment about that as well, adding there are some tough decisions the Council will be making in the future, especially as they talk about being financially strong and responsible, adding the Council has some critical decisions to make going into next year and those decisions might be a part of being able to afford some of the costs of the projects being considered.

Councilmember Dempster stated maybe this is not the right time but one of the principles that should be kept in mind when making these decisions is that with cheap money available, it is time to look at what capital money can be used to improve operating costs, adding when cheap money can be put into capital, then operating costs can be decreased. Councilmember Dempster then stated one example would be doing some things at the golf course that will increase revenues and decrease costs with low capital money. Councilmember Diaz stated the option that sounds really good to him is just refinancing what is outstanding to save money and he wanted to make sure he made that point. Councilmember Dempster agreed, stating that is a slam dunk; then asked if the savings discussed were net savings, after the costs of refinancing with Mr. Judd stating the net present value savings is about \$240,000 after costs.

Mayor King stated between now and April there is some time to put this together. Ms. Vivian stated Ms. Walker has already reviewed the numbers and has been bringing up very good points and questions to consider. Mr. Judd then stated he spoke with Ms. Walker and she said there is another option she would like Mr. Reader to present to Council. Mr. Judd shared that along with Ms. Walker's vast experience, she also discussed this with the former Finance Director of the City of Mesa as he also used to work for a company very similar to Stifel, Nicolaus & Company and he also came up with some questions regarding the options. Mr. Judd then stated Staff will be on a phone call tomorrow morning with him, Ms. Walker and Mr. Reader to not only address questions, but to ensure Staff understands everything as well because this is something current Staff has not been deeply involved in before and are learning as the process moves forward, noting it is great to have Ms. Walker and her former colleague as resources available to the City.

Mayor King stated he started crunching some of these numbers and called a couple of his friends who work in finance, and he arrived at the conclusion that some of this could not only be more conservative but cheaper as well. Mayor King then stated he may have some questions as well so perhaps he could join in on a phone call because he may have some of the same questions and all of this is very important to consider.

Ms. Vivian stated Staff is very conservative and one thing that concerned her was entering into a long-term debt agreement that the City could struggle with in the future should something happen, adding when she first started discussions with Mr. Reader, she told him the maximum payment she would like the Council to even consider would be \$500,000. Mr. Judd then stated \$500,000 is about \$100,000 more than the City's current debt payment. Ms. Vivian then stated when Mr. Reader approached her a few months ago and asked how much more money the City needed for a loan, she replied nothing because she was not going to commit the City to another loan payment, but Mr. Reader knew a new City Hall and other projects were needed, and that money is at a great rate right now. Ms. Vivian then stated she still didn't want to commit the City to two separate loans with one payment

being the current \$405,000 and another payment on top of that. Ms. Vivian then explained that is when they started discussing refinancing options and one of the things stressed was that she would prefer to have the exact same payment as the City currently has and that the most she would be willing to stretch it to was \$500,000, adding she feels she would still be comfortable the City could make that payment, but she did not want to put the City in jeopardy or into a position where something like furloughs would have to be done, noting this is one of the things Staff is very cautious about. Ms. Vivian then stated she and Mr. Judd were happy to involve Ms. Walker in the process because of her experience and knowledge. Ms. Vivian then stated anyone offering funding is out to make money whether they are bond holders, financiers, developers or anything else, adding that is their job and Ms. Walker knows all the tough questions to ask and she will be looking out for the City's best interests.

Vice Mayor Konrad stated by this time tomorrow the word on the street will be that the City is going to spend \$5.3 million dollars on a new City Hall and asked what Staff could offer to be proactive and get the word out about what is really going on, what this discussion really was, what the intent of the discussion was, what the timeline is and so on with Mr. Judd stating he and Ms. Vivian had talked about doing some kind of public forum inviting the public to go over things like this because there is a lot to public/government finance that others do not understand and it is pretty easy if they listen to a presentation. Mr. Judd then stated they also talked about holding different public forums informing the public on how the different funds work together, how this debt would be paid, and other topics. Mr. Judd then stated there is an option to send out information or a newsletter with utility bills, or other possible ways to inform residents if the Council would like. Vice Mayor Konrad stated he liked all the ideas, but getting the word out is very important to him, and the City needs to be smart about how to present it and of course be very transparent because he doesn't want people to have a bad flavor for what is going on. Vice Mayor Konrad then stated the City does have some needs and those needs do need to be met in the best interest of the people, the stakeholders, the voters, and the taxpayers, but the better information we can get out there quickly, the better off everyone will be. Mayor King stated he believes along with Vice Mayor Konrad that educating the public is important and he believes that if we are looking at parks and different projects, having public input is also important. Mayor King then stated this should be a community forum and by involving the community, they can feel a part of it and understand what is happening, adding it's not just about educating residents. Mayor King then stated as Vice Mayor Konrad said, there are different things going on and the Council wants that information out there, adding the Council doesn't want a fire storm spreading with incorrect information, again reiterating that the Council wants to make sure the correct information gets out. Mayor King stated he would enjoy and was quite willing to participate as the Mayor and he believes every Councilmember would be willing to meet with the public and hold public forums to allow the Council to discuss it with the public. Mayor King then stated a few years ago, he, along with Councilmember Lori McGoffin met with the City Manager every Thursday to work on the parks plan and when it comes to City Hall and other things, as long as he is in his position, he will do whatever he can to give the public the opportunity to speak with Council and ask questions.

Ms. Vivian stated she and Mr. Judd met with the Huachuca City Town Manager to talk about the Community Town Hall held there on a regular basis. Ms. Vivian then stated she doesn't believe their Council participates in those meetings, but she wanted to look into holding those types of meetings here to share information about the City, its financial situation and financing options, projects in the CIP (Capital Improvement Projects) or other projects people would like to see done, adding these meetings could provide a great educational component as well as provide a mechanism for people to come and tell us what they want to see the Council or City achieve. Mayor King stated that back in the days, he and John Lodzinski used to open City Hall and invite people to come talk to them on certain days of the week, and although they didn't have a lot of people who did, it was nice to talk to the people who did come in to ask questions or talk. Mayor King stated he doesn't think this would be much different than holding a town hall, adding he would love to have Council involved; then noted the need for research or information from the City Attorney regarding Council attendance as a whole or partial Council, adding even though no decisions would be made at those meeting, the Council would need to make sure it was done the correct way. Mayor King then stated he knew all the Council would enjoy attending some kind of forum to listen to the public's concerns and ideas about what the City's future should be. Ms. Vivian stated it could certainly be an option to have Council attend, but it would also be an option to have Staff conduct these meetings and then report back to Council, adding Huachuca City holds this meeting with Staff only and focuses on one subject at a time placing a notice in the paper that details the subject. Ms. Vivian then stated she was told their meetings were controversial at first, but soon people were attending, asking questions and asking for information. Ms. Vivian stated she recalled Mr. Lodzinski coming in to City Hall twice a month or so meeting

with one person at a time; then stated people who do not come and participate in government are usually pretty happy with things, and it is usually the people who are upset about an issue who are the ones who attend Council meetings or want to participate. Ms. Vivian explained that she has always tried to encourage people to vote, to participate in their local government, to run for Council, to look on the City's website and get information, and she feels town hall meetings would be a good starting place to expand participation and education. Ms. Vivian then stated these meetings could evolve not just to this particular subject but on all subjects in the future such as discussing different funds and how they are to operate independently, the general fund and what it should support, property taxes, and other City issues, and be held on a regular continuing basis.

Ms. Vivian stated she didn't know if this will make it on the local radio station, but she wanted to say that her office is always open and she has recently met with several people, written letters to others addressing their concerns, and Staff is always willing to share information, adding people are always welcome to call and make an appointment or stop in to see if someone has time to talk right then. Ms. Vivian then stated a town hall forum might be a great start for those who don't stop in.

Vice Mayor Konrad stated he feels a public forum is a great route, if Staff decides to hold it; then asked Staff to remember that there are also people on the outside willing to come and speak including experts on certain subjects who can articulate things better than we can as we are not all experts in everything.

There was no further discussion.

**ADJOURNMENT:**

Vice Mayor Konrad moved to adjourn at 6:44 p.m. Seconded by Councilmember Maldonado. Motion passed 5-0.

\_\_\_\_\_  
Toney D. King, Sr., Mayor

ATTEST:

\_\_\_\_\_  
Vicki L. Vivian, CMC, City Clerk