

**BOARD OF SUPERVISORS MEETING MINUTES  
GILA COUNTY, ARIZONA**

Date: January 6, 2015

**MICHAEL A. PASTOR**  
Chairman

**MARIAN E. SHEPPARD**  
Clerk of the Board

**TOMMIE C. MARTIN**  
Vice-Chairman

By: Laurie J. Kline  
Deputy Clerk

**JOHN D. MARCANTI**  
Member

Gila County Courthouse  
Globe, Arizona

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PRESENT: Michael A. Pastor, Chairman; Tommie C. Martin, Vice-Chairman (via telephone); John D. Marcanti, Member; Don E. McDaniel, Jr., County Manager; Bryan B. Chambers, Deputy County Attorney/Civil Bureau Chief; Marian E. Sheppard, Clerk of the Board; and Laurie J. Kline, Deputy Clerk.

**Item 1 – CALL TO ORDER - PLEDGE OF ALLEGIANCE - INVOCATION**

The Gila County Board of Supervisors met in a regular session at 10:00 a.m. this date in the Board of Supervisors' hearing room. Bryan Chambers led the Pledge of Allegiance and Reverend Charles Proudfoot of the Community Presbyterian Church in Payson delivered the invocation.

**Item 3-A. Information/Discussion/Action to recognize newly elected and re-elected public officials for the period January 1, 2015, through December 31, 2018, as follows: Tim Wright, Judge of the Superior Court, Division 2; Anita Escobedo, Clerk of the Superior Court; Jesse Bolinger, Globe Regional Justice of the Peace; Dorothy Little, Payson Regional Justice of the Peace; Ruben Mancha, Globe Regional Constable; and Colt White, Payson Regional Constable. The Honorable Peter Cahill, Gila County Presiding Judge, will immediately administer the Oath of Office to all officials.**

Eric Mariscal, Elections Director, stated that the Honorable Judge Peter Cahill would be administering the Oaths of Office for the aforementioned elected public officials.

The Honorable Peter Cahill, Gila County Presiding Judge, administered the Oaths of Office to the following newly elected and re-elected public officials for the period January 1, 2015, through December 31, 2018, as follows: Tim Wright, Judge of the Superior Court, Division 2; Anita Escobedo, Clerk of the Superior Court; Jesse Bolinger, Globe Regional Justice of the Peace; Dorothy

Little, Payson Regional Justice of the Peace (via ITV); Ruben Mancha, Globe Regional Constable; and Colt White, Payson Regional Constable.

Chairman Pastor allowed a few minutes for photos to be taken at this time before proceeding to the next agenda item.

## **Item 2 – PUBLIC HEARINGS:**

**A. Information/Discussion/Action that the Board of Supervisors has, on January 6, 2015, held the public hearing to consider incurring a long term financial obligation which is not secured by the full faith and credit of Gila County, in accordance with Arizona Revised Statute §11-391; that the Board of Supervisors considered an analysis of the need for the Copper Administration Building project, the need to use long term financing and any other available options to accomplish this project; and further, that all oral and written comments offered by the public before, during and after the public hearing will be received and made a part of the permanent record on this matter before considering the adoption of a resolution to incur long term financial obligations at their January 27, 2015, meeting.**

Don McDaniel, County Manager, stated that it is important to have the following information provided to the public; therefore, this time and date has been scheduled for a public hearing regarding this issue. He then provided a brief timeline as to the events that have transpired in accordance with the direction of the Board in the furtherance of the Copper Administration Building project. He stated that Jeff Hessenius, Finance Division Director, would provide specific details as to the project and Mark Reader, Managing Director for Stifel, Nicolaus & Company (Stifel), would provide a presentation with regard to the particulars regarding the financing of the project. Stifel has contracted with Gila County to be its placement agent and underwriter for the financing of this project.

Mr. Hessenius provided a summary and stated that at the Board of Supervisors' August 6, 2013, regular meeting, the Board authorized staff to explore alternatives to acquire office space including, if appropriate and economically feasible, submitting proposals on properties that would satisfy the Board's goal of eliminating the need to occupy leased office space. After that meeting, Steve Stratton, Public Works Division Director, began exploring various alternatives for additional office space. At the Board of Supervisors' July 29, 2014, work session, it was suggested by Supervisor Marcanti that the County possibly utilize County-owned property such as the Four Amigos site or the old auto/equipment shop site as a potential location to place a used modular building. The Finance Division's purchasing staff researched the feasibility of purchasing a new modular building and it was discovered that the cost to purchase an 8,000 square foot building and to set it on County property

could exceed \$1.5 million. Research then continued to purchase a used modular building to be situated on existing County property. A slightly used approximately 20,000 square foot modular building, which was previously owned by the Town of Maricopa, was identified and it was concluded that it would fit at the old auto/equipment shop site. Mr. Hessenius added that because of the large size of the modular building, it would be possible to relocate the Probation Department to an area of the used modular building. Also, the Child Support Division, which currently occupies space at the Michaelson Building in downtown Globe, would relocate to the Guerrero Building. County staff that currently occupies the Guerrero Building would be relocated to the used modular building. The financing for the used modular building on a monthly basis will be slightly more than the total of the current monthly lease payments. Mr. Hessenius added that a cash purchase for this project was considered; however, it was decided that financing this project over the long term would be more cost effective because of the use of funds and cost of funds during the finance period. He advised that the used modular building has been acquired and it is being placed on County property.

Chairman Pastor opened the public hearing at this time and he inquired if anyone would like to comment on the information that was presented thus far on this issue. Jon Cornell of KQSS radio station asked for clarification regarding the County incurring a long-term financial obligation which is not secured by the full faith and credit of Gila County. Mr. Hessenius replied that according to federal and state guidelines, counties are not permitted to secure financing by incurring full faith and credit debt, but rather are required to secure financing with private placement financing and a pledge to repay the debt using tax revenue. Mr. Hessenius added that today's public hearing was posted on the Gila County website and published in both the Arizona Silver Belt and the Payson Roundup newspapers. He has not received any questions or comments regarding this issue as of this date. Chairman Pastor also asked Marian Sheppard, Clerk of the Board, if she received any public comments to which she replied that no public comments have been submitted thus far to her office.

Mark Reader provided the Board and other County staff with a handout of his PowerPoint presentation and it was also projected on a screen for the benefit of the audience. He advised that per Arizona Revised Statute §11-391, counties are required to conduct a public hearing any time consideration is being given to financing public infrastructure. He proceeded to review the table of contents and he complimented Mr. Hessenius on his presentation of the actions taken thus far by the Board of Supervisors and County staff regarding this project.

Arizona County financing that is allowed to finance the various projects. The Copper Administration Building project would fall under the "Administrative Facilities" type of infrastructure improvement. One of the allowable types of financing for this project includes a General Obligation Bond, which requires a

vote of the people and an increase in property taxes. Mr. Reader stated that another option and one that is the focus of Gila County is an Excise Tax Revenue Bond, which is a very common financing mechanism for Arizona counties and does not require voter approval. The County will secure financing with its pledged excise tax revenues. A chart of municipal tax-exempt interest rates was reviewed and Mr. Reader advised that the interest rates at present are at near historical lows over the last sixty years. He added that while this is the current bond market, Stifel is not proposing that the County issue bonds in a public bond sale as was done in 2009. The reason is that the economy has been soft over the last couple of years. A lot of banking institutions have cash on their balance sheets and they are looking to deploy the cash. Since there isn't a lot of commercial or industrial loan demand at present, certain banks have approached Stifel about their willingness to compete and bid on bonds or obligations. As a result, Stifel has been receiving some very attractive bids which are lower than if they went into the bond market on relatively small transactions. He added that \$2 million dollars, such as the amount the County anticipates is needed, is a relatively small amount in the bond market. Stifel intends to move forward and test the private placement market. Stifel is hoping that the bids will result in the low 2% range based on the bids that have been submitted to date.

To take advantage of the current favorable bond market, Supervisor Marcanti inquired of Mr. Reader if the County's existing bond obligations could be rolled over with this bond debt into one new bond. Mr. Reader replied that County staff earlier asked that same question of him. He referred to page 12 of the presentation and explained that Gila County's bonds are callable bonds; however, they aren't callable until July 2019. Should the County refinance existing bonds, there would be a penalty because they aren't callable until 2019 and it would dissipate some of the County's savings. Mr. Reader assured the Board that Stifel will be watching the bond market over the next few years and as it gets closer to July 2019, Stifel will explore various financing options with a goal of reducing that bond obligation.

Mr. Reader then reviewed the County's historical pledged revenues as outlined on page 13 of the presentation. Page 14 entitled "New Money Obligations Summary and Preliminary Debt Service Structure" was reviewed. He explained that the Request for Proposals (RFP) would state that the \$2 million dollars of financing would have a 10-year level debt service at approximately \$235,000 per year. Current lease payments are approximately \$160,000 per year so the net difference would add approximately \$70,000-\$75,000 to the County's budget to implement this project. Mr. Reader advised that the County has \$4.72 of revenue to cover every dollar of County debt; if an issue arose, investors would favorably view this ratio. Mr. Reader reiterated that he is hopeful that the financing will not be greater than 2% and he added that it could possibly be in the high 1% range.

Lastly, Mr. Reader reviewed the financing calendar. He advised that the Board of Supervisors may not adopt a resolution to approve the financing and delegate authority to the County Manager or Finance Director to approve the final terms of the financing until 15 days after today's public hearing, so it is anticipated that the Board will adopt a resolution at its January 27<sup>th</sup> meeting. Once the resolution is adopted, it is anticipated that the transaction would close mid-February or sooner if the Board so chooses.

Vice-Chairman Martin thanked Mr. Reader and County staff for their efforts on this endeavor as she fully believes in this project. She is especially pleased with the anticipated cost to obtain the financing for this project. Supervisor Marcanti also complimented Mr. Reader and County staff. He supports the decision to finance this project over the long term as he believes it will be best for the County overall. Chairman Pastor stated that leasing County office space has been a "thorn in my side" since he was first elected into office, in particular, leasing office space for property the County at one time owned. He hopes the taxpayers will appreciate that the Board has looked into the issue of leased County office space and has now found a solution. He also thanked Mr. Reader and County staff for their efforts.

At this time, Chairman Pastor asked if anyone else wished to provide comments. Mr. Cornell inquired if the amount to be borrowed was \$2 million or \$2.35 million. Mr. Reader replied that the total amount the County is financing is up to \$2 million, and the expected interest to borrow the money is approximately \$545,000. There being no further public comment, Chairman Pastor closed the public hearing and asked the Board for a motion.

Upon motion by Vice-Chairman Martin, seconded by Supervisor Marcanti, the Board unanimously acknowledged that it had conducted its January 6, 2015, public hearing to consider incurring a long term financial obligation which is not secured by the full faith and credit of Gila County, in accordance with Arizona Revised Statute §11-391; it considered an analysis of the need for the Copper Administration Building project, the need to use long term financing and any other available options to accomplish this project; and further, it acknowledged that all oral and written comments offered by the public before, during and after the public hearing will be made a part of the permanent record on this matter before the Board will consider the adoption of a resolution to incur long term financial obligations at its January 27, 2015, meeting.

**B. Information/Discussion/Action to approve two liquor license applications submitted by Michael Richard Jelinek for the Creekside Steakhouse & Tavern located in Payson, as follows: 1) Order No. LL-14-07 for a person transfer of a Series 7 beer and wine license with an interim permit to operate; and 2) Order No. LL-14-08 for a new Series 12 restaurant license with an interim permit to operate.**

Marian Sheppard, Clerk of the Board, stated that the statutory requirements of the two liquor license applications received from Michael Richard Jelinek for the Creekside Steakhouse & Tavern have been met. The applications were posted at the location for a period of 20 days and an affidavit of posting has been received from the Gila County Sheriff's Office. There has been an internal review process conducted by the Building and Permitting Department, Health Department and the Treasurer's Office; there were no issues with regard to these applications. There have been no written objections received by the Clerk of the Board Department.

Chairman Pastor opened the public hearing and no comments were received; therefore, he closed the public hearing. Upon motion by Supervisor Marcanti, seconded by Vice-Chairman Martin, the Board unanimously approved two liquor license applications submitted by Michael Richard Jelinek for the Creekside Steakhouse & Tavern located in Payson, as follows: 1) Order No. LL-14-07 for a person transfer of a Series 7 beer and wine license with an interim permit to operate; and 2) Order No. LL-14-08 for a new Series 12 restaurant license with an interim permit to operate.

### **Item 3 – REGULAR AGENDA ITEMS:**

#### **B. Information/Discussion/Action to adopt Proclamation No. 2015-01 proclaiming 2015 as "The Year of Reading" in Gila County and encourage all citizens to commit to reading and/or listening to their children or grandchildren read daily to develop the skills for success in school and life.**

Pamela Beerens, Public Services Librarian, stated that Read On Globe/Miami, Northern Gila County, and the newly formed Read On Copper Corridor, which will include Hayden, are a part of a local collaboration with over 120 community partners that promote reading as the critical pillar in the education of the students and which is committed to building an early literacy system that improves language and literacy outcomes for children aged from birth through age eight by delivering the right program at the right time to every child through numerous events that are held in Gila County. She added that other counties have adopted similar proclamations and that it aids in backing events that promote literacy awareness in the community.

Dr. Linda O'Dell, Gila County School Superintendent, stated that she is thrilled that this is the first proclamation of 2015 and that it is helping educate children. She added that it is the goal of the School Superintendent's Office to expand the general conversation regarding literacy in the County. Ms. Beerens then read aloud the proclamation.

Upon motion by Supervisor Marcanti, seconded by Vice-Chairman Martin, the Board unanimously adopted Proclamation No. 2015-01 proclaiming 2015 as

"The Year of Reading" in Gila County and encouraged all citizens to commit to reading and/or listening to their children or grandchildren read daily to develop the skills for success in school and life. **(A copy of the Proclamation is permanently on file in the Board of Supervisors' Office.)**

**C. Information/Discussion/Action to authorize the expenditure of \$5,000 out of the Natural Resources Fund to the Coalition of Arizona/New Mexico Counties for stable economic growth as a contribution to the Coalition's Litigation Fund.**

Don McDaniel, County Manager, stated that this funding item is a request from the Coalition of Arizona/New Mexico Counties (Coalition) is separate from the \$2,600 for annual dues that the County pays to be a part of the Coalition. The requested funds will contribute to the Coalition Litigation Fund. He added that there are sufficient funds in the County's Natural Resources Fund to assist in the legal pursuits of the Coalition.

Vice-Chairman Martin stated that she feels that the jaguar issue will be the next major upcoming issue and that this contribution will bridge the gap to finance the attorneys who work hard for the County at very little cost. Supervisor Marcanti commented that the County needs to be proactive in dealing with these issues. Upon motion by Vice-Chairman Martin, seconded by Supervisor Marcanti, the Board unanimously authorized the expenditure of \$5,000 out of the Natural Resources Fund to the Coalition of Arizona/New Mexico Counties for stable economic growth as a contribution to the Coalition's Litigation Fund.

**Item 4 – CONSENT AGENDA ACTION ITEMS: (Any matter on the Consent Agenda will be removed from the Consent Agenda and discussed and voted upon as a regular agenda item upon the request of any member of the Board of Supervisors.)**

**A. Approval of Amendment No. 2 to a Prevention Services Agreement between Cenpatco Behavioral Health of Arizona, LLC, and Cenpatco of Arizona, Inc. (collectively referred to as "Cenpatco") and Gila County Health and Emergency Services Division to extend the term of the agreement for the period October 1, 2014, to June 30, 2015, and to add funding in the amount of \$53,483.**

**B. Approval of Amendment No. 11 to an Agreement for Energy Wise Low-Income Weatherization Program Implementation (Contract No. 700518523) between Arizona Public Service (APS) and the Gila County Division of Community Services, Weatherization Program, whereby APS will provide funding in an amount not to exceed \$106,429 to be used to provide weatherization services to eligible low-income citizens residing in**

**Gila County for the period from January 1, 2015, through December 31, 2015.**

**C. Approval of an Intergovernmental Agreement between Gila County and Mammoth-San Manuel Unified School District, whereby Mammoth-San Manuel Unified School District will become a designated "Access Point" under the Workforce Investment Act for the period of December 1, 2014, through June 30, 2015.**

**D. Approval of a Memorandum of Understanding between Gila County and Empowerment Systems, Inc., whereby Empowerment Systems, Inc. will become a designated "Access Point" under the Workforce Investment Act for the period of November 1, 2014, through June 30, 2015.**

**E. Approval of a Memorandum of Understanding between Gila County and Maricopa Chamber of Commerce, whereby Maricopa Chamber of Commerce will become a designated "Access Point" under the Workforce Investment Act for the period of January 1, 2015, through June 30, 2015.**

**F. Approval of a Memorandum of Understanding between Gila County and the Pinal Hispanic Council, located in Eloy, Arizona, whereby the Pinal Hispanic Council will become a designated "Access Point" under the Workforce Investment Act for the period of January 20, 2015, through June 30, 2015.**

**G. Approval of Modification No. 1 to Federal Highway Administration, Federal Lands Highway Agreement No. DTFH68-13-E-00043 to extend the period of performance to March 31, 2015, for the reimbursable portion of this agreement; all of which is for the construction of two bridges on Houston Mesa Road and one bridge on Control Road.**

**H. Approval of a contract increase of up to \$3,230.85 to Contract No. 101413 with McSpadden Ford to cover the additional cost for lighting, which was inadvertently omitted from the original Invitation to Bid for the purchase of five new police interceptors.**

**I. Acknowledgment of the November 2014 monthly activity report submitted by the Payson Regional Constable's Office**

**J. Acknowledgment of the November 2014 monthly activity report submitted by the Clerk of the Superior Court's Office.**

**K. Acknowledgment of the November 2014 monthly activity report submitted by the Payson Regional Justice of the Peace's Office.**

**L. Approval of the December 2, 2014, December 9, 2014, and December 16, 2014, Board of Supervisors' meeting minutes.**

**M. Acknowledgment of the Human Resources reports for the weeks of December 2, 2014, December 9, 2014, and December 16, 2014, December 23, 2014, and December 30, 2014.**

**N. Acknowledgment of contracts under \$50,000 which have been approved by the County Manager for weeks of December 1, 2014 to December 5, 2014; December 8, 2014 to December 12, 2014; and December 15, 2014 to December 19, 2014.**

**O. Approval of finance reports/demands/transfers for the weeks of December 23, 2014, December 30, 2014, and January 6, 2015.**

**December 23, 2014**

\$2,211,484.65 was disbursed for County expenses by check numbers 267106 through 267274.

**December 30, 2014**

\$148,050.81 was disbursed for County expenses by check numbers 267275 through 267348.

**January 6, 2015**

\$1,496,600.443 was disbursed for County expenses by check numbers 267349 through 267482. **(An itemized list of disbursements is permanently on file in the Board of Supervisors' Office.)**

Upon motion by Supervisor Marcanti, seconded by Vice-Chairman Martin, the Board unanimously approved Consent Agenda action items 4-A through 4-O.

**Item 5 – CALL TO THE PUBLIC: Call to the Public is held for public benefit to allow individuals to address the Board of Supervisors on any issue within the jurisdiction of the Board of Supervisors. Board members may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. §38-431.01(H), at the conclusion of an open call to the public, individual members of the Board of Supervisors may respond to criticism made by those who have addressed the Board, may ask staff to review a matter or may ask that a matter be put on a future agenda for further discussion and decision at a future date.**

1. Susan K. Imperatrice of the KQSS radio station requested an outside investigation of an incident at the Globe jail involving Sergeant Keith Johnson

regarding his demotion. She also inquired about County dump trucks taking dirt to private property.

2. Bonnie Lewis of Globe requested that the County Attorney take a look at recent events that have occurred at the Gila County jails. She then expressed concerns regarding Gila County Animal Control no longer providing traps for skunks and other small animals at no charge as was done in the past. Ms. Lewis also requested that the County research the reason certain laws are enforced by Animal Control and other laws are not enforced. She believes that there are more problems with animal control in Ice House Canyon than in other areas of the County.

**Item 6 - At any time during this meeting pursuant to A.R.S. §38-431.02(K), members of the Board of Supervisors and the County Manager may present a brief summary of current events. No action may be taken on issues presented.**

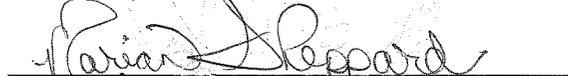
Each Board member and the County Manager presented information on current events.

There being no further business to come before the Board of Supervisors, Chairman Pastor adjourned the meeting at 11:15 a.m.

APPROVED:

  
Michael A. Pastor, Chairman

ATTEST:

  
Marian Sheppard, Clerk of the Board