

**MINUTES OF THE REGULAR MEETING
OF THE HONORABLE TOWN COUNCIL
OF THE TOWN OF PINETOP-LAKESIDE, ARIZONA,
HELD ON THURSDAY, MARCH 4, 2021
IN THE TOWN COUNCIL CHAMBERS LOCATED AT
325 W. WHITE MOUNTAIN BOULEVARD, LAKESIDE, AZ 85929**

➤ **Call to Order**

Mayor Irwin called the meeting to order at 6:00 p.m.

➤ **Roll Call**

The following Council Members were present:

Stephanie Irwin	Mayor
Jerry Smith	Vice Mayor
Lynn Krigbaum	Council Member
Jim Snitzer	Council Member
Mazie Hastings	Council Member
Sterling Beus	Council Member
Paul Watson	Council Member

Also Present:

Keith Johnson	Town Manager
Kevin Rodolph	Finance Director
Jill Akins	Town Clerk
Dan Barnes	Police Chief
Tony Alba	Community Services Manager

➤ **Pledge of Allegiance and Invocation**

Mayor Irwin led the Pledge of Allegiance to the Flag.

Ron Everingham delivered the Invocation.

B. Call to the Public

Mayor Irwin called for Public comments. No comments were offered.

C. Consent Agenda

Mayor Irwin announced consideration of the Consent Agenda and explained that all items listed would be acted upon by a single vote of the Council, unless a member of the Council asked that specific items be removed from the Consent Agenda, discussed and voted upon separately.

Vice Mayor Smith moved for passage of the Consent Agenda. Councilmember Watson seconded the motion and by show of hands the following vote was recorded:

<u>AYES</u>	<u>ABSTAIN</u>	<u>NAYS</u>
Mayor Irwin		
Vice Mayor Smith		
Council Member Snitzer		
Council Member Hastings		
Council Member Krigbaum		
Council Member Beus		
Council Member Watson		

Mayor Irwin then declared that all consent agenda items in these minutes were approved, passed and adopted with a 7-0 vote.

C.1 Consider approval of the Minutes of the Town Council Meeting held on February 18, 2021.

By a unanimous vote under the Consent Agenda, Town Council approved the minutes of the Town Council Meeting held on February 18, 2021.

C.2 Consider appointments of Shayla Grzelak, Parker Rigg and Brindy Blake to the Mayor's Youth Advisory Committee (MYAC).

By a unanimous vote under the Consent Agenda, Town Council approved the appointments of Shayla Grzelak, Parker Rigg and Brindy Blake to the Mayor's Youth Advisory Committee (MYAC).

C.3 Consider a Special Event Liquor License for the 2021 White Mountains Chili Cook-Off, scheduled for Saturday, May 8, 2021 at Mountain Meadow Recreation Complex, 1101 S. Woodland Road, Lakeside, AZ 85929.

By a unanimous vote under the Consent Agenda, Town Council approved the Special Event Liquor License.

C.4 Consider approval of the Town Check Register for the period January 1 through 31, 2021.

By a unanimous vote under the Consent Agenda, Town Council approved the Town check register for the period January 1 through 31, 2021.

D. Business Before the Council

Mayor Irwin announced that Public Comment will be taken at the beginning of each agenda item, after the subject has been announced by the Mayor and explained by Staff. Any citizen, who wishes, may speak one time for five minutes on each agenda item before or after Council discussion. Questions from Council Members, however, may be directed to staff or a member of the public through the Mayor at any time.

D.1 Presentation and update from Navajo County Public Health Services.

Ms. Janelle Linn, Navajo County Health Director, presented the following:

- Current Case Counts:
 - New cases in Navajo County – 5
 - New Monitored Households – 3
 - New School Related Cases – 2
- Navajo County Rate per 100,000 and Percent Positivity – February 28, 2021
 - 19 / 100,000 = Minimal
 - 2.4% positivity = Minimal
 - COVID-19 like illness as of 2-21-21
 - Hospital In-Patient 4.2 %
 - ED Visits 3.0%

- Variant Strains – 3/3/21
 - South African Strain B.1.351 (65 identified in US, spread in 17 states)
 - Brazilian Strain P.1 (10 identified in US, spread in 5 states)
 - UK Strain B.1.1.7 (14 identified in Arizona, 2506 identified in US, spread in 46 states)

Pfizer and Moderna mRNA vaccines to date, showing efficacy against all three variant strains.

- Vaccination Rate Comparison – March 3, 2021
 - Navajo County Non-Tribal Administered Vaccines: 21,738
 - 1st Dose: 15,032
 - Completed Doses: 6,737
 - Navajo County Population: 110,924
 - AZ Administered Vaccines: 1,902,637
 - 1st Dose: 1,260,533
 - Completed Doses: 645,044
 - AZ State Population: 7,278,717
- Arizona Department of Health Services data through 3/3/2021:
 - Doses in Navajo County:
 - Total Number of COVID-19 vaccine doses administered: 21,738
 - Total Number of COVID-19 vaccine doses ordered: 20,000
 - Percent of COVID-19 vaccine doses utilized: 108.7%
 - People in Navajo County:
 - Total number of people who have received at least one dose of COVID-19 vaccine: 15,032
 - Percent of people vaccinated: 13.3%
 - Number of people who are fully vaccinated against COVID-19: 6,737

In response to Vice Mayor Smith, Ms. Linn stated that the local public libraries have been assisting seniors, people that struggle with technology and that have limited access to technology sign up for vaccine appointments. She explained that appointments are not opened up until Navajo County has physically received the vaccines and appointments are being added as vaccines become available.

In response to Vice Mayor Smith, Ms. Linn stated that picking which vaccine you want depends on the supplies of the vaccines. Currently they do not have a consistent pattern for which brand of vaccines they will receive and be able to allocate. The allocation depends on what the State allocates to each County and she said that Navajo County does not have control on the vaccine's brands received and doses received.

In response to Councilmember Watson, Ms. Linn said that Navajo County received 900 doses of the Johnson and Johnson vaccine on Monday, March 1st. She said that they try to administer the vaccines they receive within seven days of receiving them to each site. She said that the 900 Johnson and Johnson vaccines have been allocated to public health workers.

Catrina Jenkins, Emergency Manager with Navajo County, presented the following:

Navajo County Points of Distributions (PODs):

- PODs have been practiced with partners for years
- The public is used to the system
- Partners have participated in

Navajo County Points of Distributions (PODs):

- Will be put into place once consistent supplies of vaccines are available under Tier 2.
- Appointments will continue to be necessary
- There are 8 locations throughout the county that have agreed to be POD sites.
- Some or all may be activated depending on supply.

Mayor Irwin expressed her appreciation to Ms. Linn and Ms. Jenkins and said that she feels that we are starting to see the light at the end of the tunnel.

D.2 Consideration and approval of Resolution No. 21-1573 approving the sale, execution and delivery of pledged revenue obligations, in one or more series; approving the form and authorizing the execution and delivery of necessary agreements, instruments and documents and delegating authority to determine certain matters with respect to the foregoing.

Finance Director Kevin Rodolph stated that due to a lot of reasons, including investment underperformance at PSPRS, the Town has an estimated unfunded liability in our Police Department retirement obligations (PSPRS) in the amount of \$6.4M currently. The Town also has a great need to remodel and add on to our existing Police Department facility as it is in poor shape and does not meet the Department needs. He said that staff recommends approval of Resolution No. 21-1573 authorizing the execution and delivery of all documents necessary to move forward with the issuance of revenue bonds in an amount not to exceed \$10,000,000.

The Town has an estimated unfunded liability in our Police Department retirement obligations (PSPRS) of \$6.4M. The Town pays a “blended” rate to PSPRS in benefits for the retirement obligation to PSPRS each year. Currently the Town pays around \$350K a year to cover this liability. If we do not do something to reduce this liability, the annual amounts needed to cover our obligations will eventually increase to just under \$1M a year which we cannot afford. The Town also has a great need to remodel and add on to our existing Police Department facility as it is in poor shape and does not meet the Department needs. Since October of last year, staff has been working with Nick Dodd from the firm of Piper/Sandler to come up with a solution to these two issues. The proposed solution presented hereby to Council is to issue revenue bonds in an amount not to exceed \$10M as follows:

- Series A, non-taxable bonds in an amount not to exceed \$3.1M for the Police Department facility;
- Series B, taxable bonds in an amount not to exceed \$6.9M for the unfunded PSPRS retirement obligation.

Director Rodolph explained that paying off our unfunded PSPRS liability through bond proceeds would stabilize our cash outflow needs in future years. Payment requirements on the bonds would be approximately \$580,000 per year. The Bonds would be paid off over twenty-five (25) years. As a result of prepayment of the unfunded liability, savings are currently estimated to be approximately \$5.7M over

twenty-five (25) years. The choice is to approve the bonds and continue paying off our unfunded liability in PSPRS retirement obligations each year, as well as constructing and remodeling the Police Department facility over a period of several years as current revenues allow.

Mr. Nick Dodd, Piper/Sandler, explained that he has continued to work with PSPRS regarding the pre-funding solution and said the numbers keep changing but Director Rodolph has the updated numbers reflecting the changes to the PSPRS assumptions with regards to the Towns projected payments. The projections have been updated regarding interest rates, if the Town decides to proceed in this direction. He believes that the Town would be able to save over 5 million or more over the next 26 to 27 years by prefunding the PSPRS liability based on selling bonds today. He explained that this would also provide budget stability for the Town because the PSPRS payment moving forward would remain the same. He explained that the resolution presented is a parameters resolution which means it defines the parameters by which the transaction could move forward and delegates the authority to the staff and the Mayor to execute documents in the future. The interest rates would not be locked in until early May 2021. The rating process would be first and then the selling of bonds and the transaction would be closed on July 1, 2021.

In response to Vice Mayor Smith, Mr. Dodd said that in 2017 the Town received a rating of AA- and they believe that currently the rating agencies would view the pre-payment of the PSPRS liability as a “wash” taking it from the PSPRS side and over to record on Town’s financial statements, being viewed as neutral to positive. This would allow for the additional 3 million dollars for the public safety facility funding.

In response to Vice Mayor Smith, Mr. Dodd said that an estimated interest rate for the public safety building is 3% and the PSPRS prefunding interest rates is 3.59296%. The blended aggregate rate is 3.411222%.

In response to Vice Mayor Smith, Director Patterson said that the plan is to only get the police department building up to standards and this does not include any extra space at this time.

In response to Councilmember Watson, Mr. Dodd explained that after the end of their fiscal year, PSPRS releases a report for each jurisdiction in the state and he said that there are two factors that go into the Town’s PSPRS liability. The present value of the actuarial benefits associated with the Towns particular pool or tier 1

and Tier 2 officers that is unique to Pinetop-Lakeside. He said that every city and town have their own, depending on tier 1, tier 2, or tier 3. The second part is the valuation of the allocated percent of their portfolio and the estimated investment return year after year. He explained that from last year to this year the Towns liability went up by approximately \$300,000.00.

Mayor Irwin said there will probably be fluctuations and that it will not solve all of the problems forever or permanently and she said a concern of hers has been that the unfunded liability will creep up again. She said she has spoken to PSPRS and others she trusts in this line of work and asked Mr. Dodd for more details on the unfunded liability.

Mr. Dodd said that PSPRS has talked about certain things they can control, for example cost of living or increases in benefits for current tier 1 and tier 2 employees and he said that PSPRS has committed to making a more reasonable adjustment moving forward and he feels there has been consideration regarding investment returns. He said that the biggest risk is the change in assumptions from 7.3% to something lower. If they change to 7% your liability would not be 6.4 million it would be 7.5 or 8 million and that would affect everyone around the state.

Mayor Irwin said that she has done a lot of research regarding this because it is a big decision and said that she feels it is the right move for the Town of Pinetop-Lakeside.

Mr. Dodd said that Manager Johnson, Director Rodolph and the council has worked long and hard on this issue and he believes that the Town has done their due diligence thinking through this and making this decision.

Vice Mayor Smith moved to adopt Resolution No 21-1573 authorizing the execution and delivery of a purchase agreement, a trust agreement, a continuing disclosure undertaking and an obligation purchase contract; approving the sale and executive and delivery of pledged revenue obligations, in one or more series, evidencing a proportionate interest of the owners thereof in such purchase agreement; approving an official statement; adopting post-issuance continuing disclosure compliance procedures in connection with issuance of obligations of the Town; delegating the determination of certain terms of such obligations and matters related thereto to the Manager and Finance Director of the Town and authorizing the taking of all other actions necessary to the consummation of the

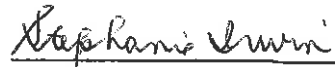
transactions contemplated by this Resolution. Councilmember Beus seconded the motion and by show of hands the following vote was recorded:

<u>AYES</u>	<u>ABSTAIN</u>	<u>NAYS</u>
Mayor Irwin		
Vice Mayor Smith		
Council Member Snitzer		
Council Member Hastings		
Council Member Krigbaum		
Council Member Beus		
Council Member Watson		

Mayor Irwin then declared Resolution No. 21-1573 approved with a 7-0 vote.

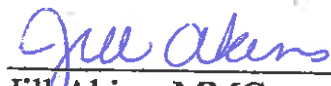
E. Adjournment

There being no further business at this time, the meeting was adjourned at approximately 6:57 p.m.



Stephanie Irwin
Mayor

ATTEST:




Jill Akens, MMC
Town Clerk



CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular meeting of the Town Council of Town of Pinetop-Lakeside, Arizona, held on the 4th day of March 2021. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 4th day of March 2021.



Jill Akens, MMC
Town Clerk

