Notice is hereby given to the members of the Executive Committee and to the general public that the Executive Committee will hold a meeting open to the public on August 20, 2014 at 11:45 a.m. Members of the Executive Committee will attend either in person or by telephone conference call. The Executive Committee may vote to recess the meeting and move into Executive Session on any item on this agenda. Upon completion of Executive Session, the Executive Committee may resume the meeting, open to the public, to address the remaining items on the agenda. A copy of the agenda is available at the League office building in Suite 200 or on the League website at www.azleague.org.

**Agenda**

*All items on this agenda are scheduled for discussion and possible action, unless otherwise noted.*

1. Review and Adoption of Minutes
2. Report on Legislative Issues / League Outreach & Legislative Tour
3. TPT Implementation Update
4. Report on PSPRS Task Force
5. Recognition of Outgoing Executive Committee Member
6. Executive Session: Annual Evaluation of League Executive Director

*Additional informational materials are included in the agenda packet but are not part of the agenda.*
<table>
<thead>
<tr>
<th><strong>Agenda Item #1</strong></th>
<th><strong>Review and Adoption of Minutes</strong></th>
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<tbody>
<tr>
<td><strong>Summary:</strong></td>
<td>Minutes of the previous meeting are enclosed for your review and approval.</td>
</tr>
<tr>
<td><strong>Responsible Person:</strong></td>
<td>President Doug Von Gausig</td>
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<td><strong>Attachments:</strong></td>
<td>May 9, 2014 Executive Committee Minutes</td>
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<td><strong>Action Requested:</strong></td>
<td>Approval</td>
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MINUTES

LEAGUE OF ARIZONA CITIES AND TOWNS

EXECUTIVE COMMITTEE MEETING

Friday, May 9, 2014 at 10:00 a.m.
League Office Building
1820 West Washington, Phoenix

MEMBERS

President
Doug Von Gausig, Mayor, Clarkdale*

Vice President
Mark Mitchell, Mayor, Tempe

Treasurer
Jay Tibshraeny, Mayor, Chandler

Thomas L. Schoaf, Mayor, Litchfield Park
Ed Honea, Mayor, Marana
Kenny Evans, Mayor, Payson
Bob Barrett, Mayor, Peoria
Greg Stanton, Mayor, Phoenix*
Harvey Skoog, Mayor, Prescott Valley
Lynne Skelton, Councilmember, Sahuarita
W.J. "Jim" Lane, Mayor, Scottsdale*
Rob Adams, Mayor, Sedona
Rick Mueller, Mayor, Sierra Vista
Sharon Wolcott, Mayor, Surprise*
Bob Rivera, Mayor, Thatcher
Jonathan Rothschild, Mayor, Tucson*

Marie Lopez Rogers, Mayor, Avondale
Gilbert Lopez, Councilmember, Coolidge
Lana Mook, Mayor, El Mirage
John Lewis, Mayor, Gilbert
Jerry Weiers, Mayor, Glendale
Mark Nexsen, Mayor, Lake Havasu City

*Not in attendance

League Vice President Mark Mitchell called the meeting to order at 10:01 a.m.

The meeting began with Agenda Item 10:

RESOLUTION OF APPRECIATION FOR FORMER MESA MAYOR SCOTT SMITH

League Vice President Mark Mitchell asked to move agenda item # 10 – Resolution of Appreciation for Former Mesa Mayor Scott Smith – to be the first item on the agenda.

Vice President Mitchell read the Resolution of Appreciation to Scott Smith, former mayor of Mesa. He recognized him for his work as a mayor and member of the Executive Committee, as well as his work serving as president of the United States Conference of Mayors. Mayor Marie Lopez Rogers moved to pass the Resolution of Appreciation; Mayor Bob Rivera seconded the motion and it carried unanimously.

1. REVIEW AND ADOPTION OF MINUTES

Executive Director Ken Strobeck noted that there was a correction to be made on the Executive Committee Minutes from Friday, February 14. The correction was made to read: “The Executive
Committee Further discussed SB1413 and decided to oppose the bill unless the issues of concern to cities and towns were successfully addressed.”

Mayor Kenny Evans moved to approve minutes of February 14, 2014 Executive Committee meeting with correction; Mayor Harvey Skoog seconded the motion and it carried unanimously.

3. TPT IMPLEMENTATION UPDATE

Vice President Mark Mitchell recognized League Deputy Director Tom Belshe to discuss the progress between the League and the Department of Revenue (ADOR) in the TPT Implementation. Mr. Belshe introduced David Raber, Director of the Arizona Department of Revenue. Mr. Raber noted that ADOR had developed a great relationship with the League and several of its member cities, meeting weekly to discuss TPT reform.

Mr. Raber then introduced John Millster from ADOR to present the new system that will eventually be implemented. Mr. Millster demonstrated for the group how an online program was created to establish maps with boundaries of all the cities and counties utilizing a locator to enable individual taxpayers to determine the specific jurisdiction where they are doing business.

Deputy Director Belshe told the Committee that the League was maintaining the IT schedule in order to complete everything by January 1, 2015. Mr. Belshe also told the Committee that on August 11, there will be a “deep dive” into the ADOR system to assess where the project is and the amount of work still needed. The group should have this information by the next Executive Committee Meeting.

Mr. Belshe then recognized the city of Mesa, as well as Sandy Shilling and Neil Young of the city of Phoenix, who had been working continually with the League, spearheading this particular project. He also noted that in relation to audits, there would be a manual developed so that cities and towns would have policies and guidelines for conducting audits. An intergovernmental agreement will be signed by all of the cities.

Mr. Belshe told the Committee that one of area of concern had been with the construction sales tax, making sure that businesses in either construction or retail or both have their necessary system in place. He said there had also been some challenges regarding confidentiality, however, most of these concerns have been addressed.

2. LEGISLATIVE UPDATE

Vice President Mark Mitchell introduced League Executive Director Ken Strobeck and League Legislative Director René Guillen to give a legislative update. Mr. Strobeck told the committee that the session ended on April 24, 2014 – officially the 101st day of the session. He noted that it was a successful legislative session for cities and towns.

Legislative Director Guillen informed the Committee that the League’s legislative team would be conducting their annual legislative roadshows throughout the state during the summer months. He gave an overview of the presentation to the committee. Mr. Guillen told the Committee that the effective date will be July 24, 2014 of all laws passed, noting that many of the issues this year don’t directly apply to cities and towns. In his presentation, Mr. Guillen noted several high profile topics in this session legislative session that consumed a great deal of time and attention but that weren’t specifically city issues: Common Core and education bills, CPS Reform, campaign finance, ride sharing services, and solar panels.
He also discussed bills relating directly to cities and towns including pension, elections, streetlight improvement districts, graffiti abatement, State Parks funding, bills relating to the Model City Tax Code and the update to last year’s bill dealing with transaction privilege tax changes.

Mr. Guillen also mentioned the possibility of a special session on PSPRS.

4. LEAGUE BUDGET FOR 2014-2015

Mayor Mark Nexsen, Chairman of the League Budget Subcommittee, presented the League Budget for 2014-2015. He noted that the budget included was the same as was shown at the Executive Committee Meeting on February 14, 2014.

Mayor Nexsen noted that there was an estimated surplus for FY 2014, compared to an estimated deficit for FY 2015. He noted that there were increases in salaries and benefits in FY15. There was a brief discussion on the increase in benefits, as well as the coverage of full benefits to League employees. An inquiry was also made regarding reductions in professional expenses, which Executive Director Ken Strobeck noted were primarily from legal contracting.

Mayor Harvey Skoog moved to approve the FY15 budget as recommended by the subcommittee; Mayor Bob Rivera seconded the motion and it carried with one objection from Mayor Rob Adams.

5. 2014 LEAGUE CONFERENCE UPDATE

Vice President Mark Mitchell welcomed League Communication and Education Director Matt Lore to update the Executive Committee on the preparations for the upcoming 2014 League Annual Conference. Mr. Lore briefed the members on a meeting held in March with members of the League Conference Planning Committee. He described the sessions that will be included at the upcoming conference, in addition to an Arizona gubernatorial debate and traditional conference items such as the youth program, Opening General Session and Showcase of Cities.

Mr. Lore updated the Committee on sponsorships for the conference, thanking the members for contacting former sponsors to discuss renewals and for suggesting new potential sponsors.

6. GOVERNANCE COMMITTEE UPDATE

Executive Director Ken Strobeck reminded the Executive Committee that there was a discussion held during the February 14, 2014 Committee Meeting regarding the proposal of a new League charter. Several members of the Committee had made comments and provided changes to the draft document. Mr. Strobeck indicated that the current document reflected all of the previous comments and changes. He requested approval for the new governance document to be sent to the full membership. He noted that it would be voted upon at the Annual Business Meeting on Thursday, August 21, during the League Annual Conference.

Mayor Rob Adams moved to refer the revised governing documents to the full membership for approval; Councilmember Lynne Skelton seconded the motion and it carried unanimously.
7. RESOLUTIONS PROCESS UPDATE

League Executive Director Ken Strobeck presented on the resolutions process, telling the Executive Committee that the proposal before them is to make the process more inclusive and to be able to more fully vet proposed resolutions before they are presented to the full membership at the Annual Conference. He noted that there are often times that the League will receive a resolution that may not be applicable to all cities or towns or only concern cities and towns locally, and other times something that could have a larger result on cities or towns isn’t always included in the list.

Mr. Strobeck explained that the new system, as outlined in the memo, creates five policy committees that will focus on specific topics. The committees would formulate the development of resolutions within their specific topic area. The chairman of the committee would be responsible for deciding which resolutions would be presented to the full resolutions committee. Mr. Strobeck indicated that this change would be implemented in the next year.

Councilmember Lynne Skelton moved to approve the new resolution process as presented; Mayor Rob Adams seconded the motion. Vote: unanimous.

8. AZ CITIES @ WORK UPDATE

League Communication and Education Director Matt Lore presented an update on the AZ Cities @ Work campaign, reminding the Committee that the campaign works to constantly engage with the public through positive stories about cities and towns. Mr. Lore summarized the activities of the AZ Cities @ Work program during the spring. Highlights included a booth at a spring training game in Glendale to honor First Responders Day and multiple features on Channel 3 promoting city and town services, elected officials and municipal employees for the work they are doing.

Mr. Lore informed the Committee that the campaign’s major spring project was the creation of the “Your Input Matters” video, an educational video primer that was created to inform citizens about their municipal budget process. He then played the video for the Committee.

9. REPORT ON BI-NATIONAL ECONOMIC FORUM IN NOGALES, SONORA

Vice President Mark Mitchell invited Avondale Mayor Marie Lopez Rogers and Coolidge Mayor Gilbert Lopez to discuss the Bi-National Economic Forum, held in Nogales, Sonora, April 10-11. The League was a co-sponsor of the event, which included approximately 60 Arizona delegates.

Mayor Lopez Rogers said that during the forum, mayors met and created their own league organization in Sonora, something that had never been done before. She indicated that the meeting was a beneficial relationship-builder, linking with other nations and building economic stability with neighboring countries.

League Executive Director Ken Strobeck noted that there would be Sonora mayors attending the League’s Annual Conference in August.

The committee moved to adjourn the Executive Committee meeting to move into the League Property Corporation: Motion by Mayor Bob Rivera; seconded by Mayor Rick Mueller.

Vice President Mark Mitchell adjourned the meeting at 11:37 a.m.
Agenda Item #2  Report on Legislative Issues / League Outreach & Legislative Tour

Summary: The next Arizona Legislature will face a major budget challenge as the result of a court decision in mid-July regarding school funding. The impact on the state budget could have ramifications for our shared revenue system. Other likely issues include more challenges to impact fees and possible changes to the TPT system regarding construction sales tax. League staff has toured the state in recent months reporting on the 2014 legislative session as well as meeting with mayors, council members and staff regarding League programs and services. The League has also made contact with all candidates for State House and Senate positions as well as candidates for Governor. The results of our gubernatorial questionnaire are included in the agenda packet.

Responsible Person: Ken Strobeck, Executive Director
Legislative staff members

Attachments: Arizona Republic news story and editorial on school funding decision
Legislative Tour / League Outreach Locations 2014
Legislative Report PowerPoint Slides
Letter sent to all legislative candidates
Responses from Gubernatorial questionnaire
Arizona must pay schools $317 million

Arizona Republic columnist EJ Montini and reporter Richard Ruelas discuss the $1.6 billion in court decision in favor of Arizona Schools.

Mary Jo Pitzl, The Republic | azcentral.com 10:45 a.m. MST July 12, 2014

Arizona public schools will get $317 million in new funding next year, after a judge Friday did the math on a state Supreme Court decision that found the state shorted the public-school system for four years during the recession.

The total tab could be $2.9 billion.

For the next five years, the ruling could cost the state $1.6 billion as it resets the starting point for school funding. The state may also have to come up with an additional $1.3 billion for inflation costs lawmakers didn't fund during the recession, but that has yet to be decided.

School groups and education advocates hailed the ruling by Maricopa County Superior Court Judge Katherine Cooper. But a key legislative leader signaled an appeal is likely, and Gov. Jan Brewer warned that the decision could take needed funding from other state programs, such as public safety and protection of vulnerable populations.
READ: Ruling on school funding

MACEACHERN: Stop bashing lawmakers on education spending

ROBERTS: Courts strike a blow for Arizona's school children

MONTINI: Lawmakers smacked down for stealing kids' 'lunch money'

The ruling will present next year's Legislature — and the new governor — with weighty decisions on where to find the money in a budget that already is stretched so thin that some lawmakers are predicting a budget shortfall in the next two years.

In the court pleadings, legislative leaders argued that the state can't afford the funding.

Cooper directed the Legislature to increase the base per-pupil funding to $3,560 in the budget year that starts next July — a 5 percent increase from the current $3,373. But school advocates say that won't restore funding to pre-recession levels.

"For anyone to characterize this as a windfall for the schools, that would be a mistake," said Chris Thomas, general counsel for the Arizona School Boards Association.

Even with the extra $317 million, the schools are still shy of the $3,776 per student in base funding the state provided in 2008, before the Great Recession sent state tax collections plummeting.

The ruling carries out the findings of the Arizona Supreme Court, which last fall determined the Legislature failed to honor the direction voters gave in 2000, when they approved a ballot measure calling for annual inflation adjustments to the school-funding formula.

The Legislature failed to provide that funding for four years, citing the strains of the recession, triggering a lawsuit on behalf of school districts.

Lawmakers resumed the inflation payments for the fiscal 2014 budget year and the current fiscal year, which began July 1, but did not retroactively adjust the base funding for inflation. They also did not make up for what was lost during the next four years, an amount all parties agree totals $1.3 billion.

"This is a good day for education in Arizona," said Tim Ogle, executive director of the school boards group. The 5 percent increase will allow schools to move ahead with reforms they've been trying to implement on the cheap, he said.

"The sad point is, we are more than five years into this, so one-third of our K-12 students have never attended a fully funded classroom," he said. "Isn't that scary?"
The Cave Creek Unified School District was one of the plaintiffs in the case. The district's superintendent, Debbi Burdick, called the ruling "huge."

"I am thrilled that when it seems like so often things have not gone positively for public education, this is a huge victory for public schools, both districts and charters," she said. "I'm looking forward to having a few more dollars to educate my students as they should be."

Senate President Andy Biggs, R-Gilbert, said in a statement that the case is not over, noting that the judge has required another hearing on the $1.3 billion in back payments.

"Because of that, I am going to refrain from commenting on the case until all issues are resolved and we have clarity on what lies ahead," he said.

Brewer's spokesman, Andrew Wilder, said funding the higher base rate, plus the back payments, could come at the expense of other state programs. He said Brewer has tried to balance education needs with other state priorities, something the courts don't have to do.

Brewer agreed with an early offer from school groups, made as the state started to cut programs during the recession, to continue funding the inflation mandate, Thomas said. They suggested cuts be made elsewhere in the school budget, such as classroom equipment, and that suggestion was followed for one year.

After that, lawmakers decided to halt the inflation funding, and school groups turned to the courts for relief.

Sen. Lynne Pancrazi, D-Yuma, called the ruling a "momentary thrill for education," saying it will offer relief for crowded classrooms and could help rural schools boost salaries to attract teachers. But she said she expects the Legislature to appeal.

Pancrazi said the state may want to look at the "rainy-day fund," which has about $458 million, to help fund the education mandate. The state could eliminate some of the tax credits it has granted, as well, she said, adding that she, like most lawmakers, doesn't want to increase taxes.

"It always seems the Legislature can find the money when they need it," she said. "Except for education."

At the same time the Legislature was cutting budgets, including K-12, lawmakers approved tax cuts that started to phase in last summer. So far, an estimated $183 million in tax reductions have taken effect, aimed at attracting business to the state.
State schools Superintendent John Huppenthal, in a statement, said the court's ruling honors the voters' will. He urged schools to make judicious choices about how to spend the increased funding, but he also suggested the money may not be immediately forthcoming.

Cooper set a hearing for next Friday to determine how, or whether, to make $1.3 billion in back payments.

"The court must determine whether the facts support the disbursement of yesterday's funds today," she wrote. The schools have argued that they can put the money to work on classroom equipment, such as computers and building renovations.

Thomas said schools are open to "reasonable" negotiations on how to pay out the $1.3 billion, but won't budge on the fact schools are owed the money.

One business leader sees a downside to the decision.

The Arizona Business and Education Coalition has been working to reform the state's school-finance model to give schools more flexibility as well as increased accountability in spending.

Susan Carlson, executive director of the group, said she fears the influx of money after the court ruling could delay that discussion.

"This could derail the conversation about what we will do about this system going forward," she said. "And the timing is right to have that conversation now."

*Republic reporter Mary Beth Faller contributed to this article.*
Forget border: Budget is next governor's challenge

Arizona Republic columnist EJ Montini and reporter Richard Ruelas discuss the $1.6 billion in court decision in favor of Arizona Schools.

Editorial board, The Republic | azcentral.com / 2:27 p.m. MST July 12, 2014

Our View: Judge orders Arizona to find $317 million more for education this year. Where will our next leader find it?

Reality came calling last week for those Republican gubernatorial candidates promising to call out the National Guard and build border fences.

ROBERTS: Court strikes blow on behalf of kids

A judge ordered the state to add $1.6 billion to public school funding over the next five years. The Legislature did not budget the $317 million needed for this fiscal year, though the bill was inevitable. The next governor will have to pay it.
The Supreme Court last year ruled voters meant it in 2000 when they approved a ballot measure requiring annual inflation adjustments to the school-funding formula. The Legislature suspended the increases for four years during the Great Recession. When they resumed, lawmakers did not account for inflation during those four years.

The courts said they must. And there could be more. Judges have yet to take up the question of whether the state must pay $1.3 billion in back payments.

MONTINI: **Lawmakers stole kids' 'lunch money'**

So, next governor, what are you going to do about this? Unlike the border, this is an issue the governor not only is authorized to deal with, but must face. If you're spending millions upon millions on border fencing and the National Guard, it will be harder, maybe impossible, to come up with money for voter-mandated education funding.

We understand why candidates are focusing on the border. Recent events have made it top of mind. Polls lead to pandering.

CANDIDATES: **1 idea to improve education**

But thoughtful voters want more. The state faces a crisis of the Legislature's making, exacerbating expectations that revenues will fall short for the 2016 budget.

The new governor will face a tremendous challenge. Voters should hear from the candidates how they would face it. What would they cut from the rest of the budget? Will they try to sweep local government accounts? Will they take a page from Gov. Jan Brewer's book and push for a temporary sales tax?

MACEACHERN: **Lawmakers did best they could**

None of the potential solutions are palatable. Each will make someone angry.

Securing the budget is not nearly as sexy a rallying cry as securing the border. But it will be the new governor's first chore. Voters deserve to know how the candidates would approach it.
Legislative Recap Tour Schedule 2014

April 23
Lake Havasu City/Tri-City Council

May 16
Tusayan/GAMA

June 10
Benson
Sierra Vista

June 11
Safford

June 12
Show Low

June 24
Yuma
Parker

June 26th
Winslow
Williams

July 10
Maricopa
2014 Legislative Overview

League of Arizona Cities and Towns
Session at a Glance

- Adjourned *sine die* on April 24 (102^nd^ day)
- General Effective Date: July 24
- 1,205 bills introduced
- 303 bills sent to the Governor
- 278 bills signed
- 25 vetoes
High-Profile Issues of Session

- Exercise of Religion (SB 1062)
- CPS Reform
- Common Core
- School Vouchers
- Campaign Finance
- “Ridesharing services”
- Taxability of Solar Panels
Sales Tax Reform Update

• HB 2111 Implementation
• Workgroups
  – Portal/Administration
  – Auditing/IGA
  – Contracting
• Tax Policy Analyst, Lee Grafstrom
  – TPT implementation
  – MCTC oversight
Legislative Recap:

Laws Introduced, Passed and Signed
HB 2126: municipal annexation; size; exception

• League Position: Support.
• Overview: Contains session law provisions of SB 1415 relating to the calculation of votes in local elections.
HB 2148: improvement districts; lighting; streets; parks

- Overview: The bill outlines the procedure for a county street light improvement district (SLID) to be converted to a municipal SLID.
HB 2389: NOW: transaction privilege tax changes

• League Position: Neutral.

• Overview: Enacts numerous changes as follow up to last year’s major TPT initiative (HB 2111), including creating a uniform licensing structure, eliminating license renewal fees and phasing out the Municipal Tax Hearing Office.
HB 2571: criminal damage; economic costs

- Overview: Prescribes the types of costs in determining damages for the offenses of criminal damage and aggravated criminal damage.
HB 2694: theme park districts; formation; bonds

• League Position: Support.
• Overview: Allows theme park districts to include a combination of a county with a population between 125,000 and 150,000 persons and a city with a population between 3,000 and 5,000 persons that is located entirely in that county.
SB 1413: taxes; manufacturers' electricity sales; exemption

• League Position: Neutral.
• Overview: SB 1413 exempts electricity and gas used in manufacturing and smelting operations from state TPT and stipulates that if a city or town wishes to provide a similar exemption it must be provided to all manufacturers and must have the same definitions as the state.
Legislative Recap:

Laws Introduced, but not Passed
HB 2093: S/E: lobbyist; false statement; authorization

• Resolution: Defeated in Senate COW.
• League Position: Oppose.
• Overview: Prohibits a lobbyist that represents a political subdivision from providing any information to a public official or state employee in support of or in opposition to any legislative or administrative action without receiving prior approval from the political subdivision's governing body by majority vote in a public meeting.
HB 2419/HB 2414: NOW: public records; burdensome requests

• Resolution: HB 2419 held awaiting House Rules. HB 2414 Failed on Senate 3rd Read.
• League Position: Support.
• Overview: Could have provided cities and towns with additional tools to prevent abuse of Arizona’s public records law.
HB 2448: NOW: just compensation; tax credits

- Resolution: Failed Senate 3rd Read on reconsideration.
- League Position: Oppose.
- Overview: This bill allows a property owner to bypass the current process for compensation for land use decisions by establishing a new tax credit that can be claimed if the property owner believes a property’s market value has been diminished. It creates a convoluted system where credits can be taken before proving eligibility and the Department of Revenue is wrongly placed in the untenable position of having to be the arbiter of the claims. They must honor the claims as if valid even if the claims are ultimately proven to be false. Additionally, tax credits claimed on city and county land use changes are paid out of shared revenue.
HB 2692: DPS; operating expenses; appropriation; intent

- Resolution: Held awaiting Senate Rules.
- Overview: Appropriates $119,247,100 and 1041.7 FTE positions in each of FY 2015 and 2016 from the state General Fund to the Department of Public Safety for operating expenses in lieu of appropriations made from HURF.
SB 1151: fowl regulation; prohibition

• Resolution: Defeated in House COW.
• League Position: Oppose.
• Overview: Prohibits municipalities from adopting zoning ordinances that forbid residents in single-family detached homes from keeping fowl in their backyards.
SB 1161/HB 2422: municipal policies; authority

• Resolution: SB 1161 Held in Senate GE. HB 2422 Held in House TI.
• League Position: Oppose.
• Overview: The bill creates recommended policies that can already be adopted voluntarily today by municipalities. The opposition was due in large part to the bill's preamble, which said the "authority granted to municipalities may encourage the exercise of local government power that is threatening to general public health, safety and welfare, frustrating to economic development [and] inimical to fiscal responsibility."
SB 1227/SB 1133: municipalities; counties; energy efficient codes

• Resolution: SB 1227 held off of Senate 3rd Read. SB 1133 held off of House Gov.
• League Position: Oppose.
• Overview: Prohibits municipalities and counties from certain actions relating to energy efficiency, energy conservation or green construction regulations in new construction.
Legislative Recap:

Laws Introduced, Passed and Vetoed
HB 2339: firearms; permit holders; public places

• League Position: Oppose.
• Overview: States that if a public entity wants to deny access to public buildings to concealed weapon permit holders, the public entity has to have electronic metal detection screening equipment and security personnel at the entrances of their public buildings.
HB 2517: firearms; state preemption; penalties

• League Position: Oppose.
• Overview: States that political subdivisions can be enjoined from carrying out rules, taxes, actions or ordinances that violate the state preemption on firearms. It also allows for civil penalties and possible court action towards the responsible party who knowingly or willfully passes such a regulation.
Potential Upcoming Issues

- Special Taxing Districts
- Income Tax Reform
- Budget Transparency/Accountability
- Impact Fees
What’s Next?

• Pension Reform (PSPRS)
• League Conference
  – Gubernatorial Debate
• 2014 Elections – Candidate Questionnaire
• 52nd Legislature, First Regular Session
The League is...

A voluntary, nonpartisan, nonprofit association comprised of the 91 incorporated cities and towns in the state.
Mission Statement

The League of Arizona Cities and Towns exists to provide vital services and tools to all its members, focusing principally on representing the interests of cities and towns before the Legislature, and secondarily on providing technical and legal assistance, coordinating shared services, and producing high quality conferences and educational events.
Questions?

1820 W. Washington Street
Phoenix, AZ 85007

www.azleague.org

602-258-5786
June 10, 2014

(To Legislative Candidates)
«Salutation» «First_Name» «Last_Name»
«Title»
«Address»
«City», «State» «Zip»

Dear «Title» «Last_Name»:

Congratulations on your decision to run for reelection to the «Wing». You are to be commended for your willingness to continue to provide leadership and service to your fellow citizens.

The League of Arizona Cities and Towns also represents people who are serving their constituents—the elected Mayors and Council Members in each of the state’s 91 incorporated cities and towns. Chances are very good that you are a resident of one of them or live close to one—nearly 80% of our state’s population resides within a city or town.

The state’s economic health is also heavily dependent on the vitality of cities and towns, where the vast majority of economic activity occurs. About 92% of all state income tax proceeds come from people and businesses located in cities and towns, and 93% of the state sales tax is generated within municipal borders.

Cities and towns provide the fundamental day-to-day services that make Arizona a great place to live and work. Our primary job is public safety—providing police and fire services. But, we also are the principal providers of water and wastewater services, parks & recreation, planning and zoning, streets and roads, garbage and recycling, libraries and many other important services that add to our quality of life.

Cities and towns must balance their budgets each year and live within their means. Our budgeting process includes public hearings and deliberations open to the public. Each city and town undergoes an annual audit of its finances. Arizona cities and towns are constantly working on ways to provide services more efficiently, to be responsive to the needs of their local citizens and businesses, and to keep local taxes as low as possible. The current shared revenue system is a critical component of municipal finances that strengthens both municipalities and the state.

The state government and local government have a very important relationship of mutual dependence. The state is prosperous when our cities are prosperous, and together we are able to attract and retain good employers.
Sometimes interest groups try to persuade the legislature to give their members special tax treatment or preempt decisions that are best made at the local level. When these issues come up, we will ask members of the legislature to oppose them, and to stand with the elected officials at the local level.

We know that you are very busy during the campaign season and we want to offer the resources of the League to you as an information source. We encourage you to meet with the Mayors and Council Members of the cities and towns in your district, and we are willing to help facilitate those meetings. If you have any questions about cities and towns in Arizona, we encourage you to visit the League websites, www.azleague.org, or www.azcitieswork.com or give me a call. Regardless of the local issue, we want to be of assistance to you during the campaign and the legislative session.

Again, thank you for your willingness to offer your time and skills to serve your fellow Arizonans, and I look forward to hearing from you.

Sincerely,

Ken Strobeck
Executive Director
602-258-5786
kstrobeck@azleague.org

Enclosures
GUBERNATORIAL CANDIDATES QUESTIONNAIRE  
RESULTS

Below are the responses received from gubernatorial candidates on state issues that have direct impact on cities and towns.

QUESTION 1: Shared Revenue  
The shared revenue system in Arizona was created by a series of ballot propositions in the 1940s and 1970s. It provides for the allocation of a portion of the state income tax (15%) and state sales tax (25% of a limited base), in addition to Vehicle License Tax and Highway User Revenue Fund (HURF), to be distributed to cities and towns across the state on a population basis. Revenue sharing generally makes up the second largest source of municipal revenue, behind only the local sales tax, and provides a stable source of revenue for cities and towns throughout the state.

As Governor, will you uphold the existing municipal revenue sharing system?

Ken Bennett – For decades, our municipalities have depended on Arizona’s revenue sharing system. As a former City Councilman I understand how important these funds are to our cities and towns. I also understand how tempting it is sweep them away as a state legislator. That’s why as Senate President I fought against harmful reductions our communities depend on.

As Governor, I would fight to ensure that this vital source of revenue for our localities is assured. In addition, I would eliminate the practice damaging sweeps to the Highway User Revenue Funds (HURF.) These highway construction and improvement funds are essential for our cities, towns and counties. In addition, we need to urge the federal government to fully fund I-11 and major improvements to our interstate highways. As we get our economy growing faster, we should invest a significant portion of state spending to infrastructure.

Doug Ducey – Did not respond.

Fred Duval – The greatest challenges facing Arizona are jobs and education. Right now, too many of our children aren’t getting a good enough education and half of our high schools send almost no kids to college. And many working families who were crushed by the Great Recession are still struggling to find a job, or their new job pays less than the one they lost.

There is a lot more we can do to attract high-quality, good paying jobs and improve our transportation infrastructure, including giving local governments the tools they need for
economic development and redevelopment and utilizing new tools to grow our economy. We can create jobs and secure sustainable growth for our communities by connecting our universities and community colleges to local businesses.

**Christine Jones** – Did not respond.

**Frank Riggs** – Yes.

**Scott Smith** – Yes. Arizona's 91 cities and towns, with their own cultures, histories, geographies and industries, each face unique challenges and opportunities. Local stakeholders will have the best perspective into the funding priorities of their own communities. As Mayor, I saw first-hand how important a stable and consistent shared revenue system was for running a city and making long-term investments in critical infrastructure. As Governor, I will not renege on the promise of the shared revenue system Arizona created.

**Andrew Thomas** – Did not respond.

**QUESTION 2: Local Authority**

The authority to create cities and towns is established by the Arizona Constitution. Each city and town in the state is unique, with differing levels of service, differing community standards and expectations, and different geographic and financial circumstances. As much as practicable, cities and towns enact local ordinances that reflect their unique character and diverse population.

**Do you support the principle of local control and oppose state preemptions of local authority?**

**Ken Bennett** – Absolutely! Serving on the Prescott City Council, I’ve been on the receiving end of onerous state mandates that erode local decision-making. If elected Governor, I would continue to resist any attempts to usurp local control.

**Doug Ducey** – Did not respond.

**Fred Duval** –

**Christine Jones** – Did not respond.

**Frank Riggs** – Yes.

**Scott Smith** – Yes. I support local control and the right of each city to make its own policy. As Governor, I will work with our state agencies and legislature to adopt a 'Facilitate, Don't Regulate' state governance culture. The state will be service-oriented, providing technical assistance to local municipalities to help them accomplish their development and service goals while maintaining competitive tax environments. Further, I will work to phase out state-level policies that unnecessarily infringe on local control. The state should be a supportive partner in cities’ and towns’ growth plans, not a paternalistic bureaucrat.
**Andrew Thomas** – Did not respond.

**QUESTION 3: Income Tax**
According to the Joint Legislative Budget Committee (JLBC), Arizona’s income tax provides more than 40% of the state's annual tax revenues (more than $4 billion) -- the second highest source behind the state sales tax. Arizona's cities and towns receive 15% of the state income tax (more than $600 million this fiscal year) through revenue sharing.

*Do you support reducing or eliminating the state income tax and the revenue it generates for both the state and for cities and towns? If Yes, how do you propose to replace that revenue in light of the upcoming projected budget deficits?*

**Ken Bennett** – No. While I support phasing out the income tax in favor of a broader based consumption tax, it can only be done if it is revenue neutral and contains the sharing component on which cities and towns depend.

If Arizona is to become a magnet for job growth and economic development we must implement pro-growth tax policies — both for the businesses we want to attract and for those already here. It doing so, the pie will grow for both state and local governments.

**Doug Ducey** – Did not respond.

**Fred Duval** – Eliminating the income tax in Arizona is bad math and bad policy. Supporters of this radical notion need to be honest with the people and tell us what schools they’re going to close or what prisons they’re going to close because our state won’t be able to educate all of our children or detain criminals if we blow a $3.5 billion hole in our budget.

**Christine Jones** – Did not respond.

**Frank Riggs** – No. I've proposed eliminating the corporate welfare and special interest tax breaks in the state tax code that favor certain businesses and industries, and using the resulting "savings" to lower both individual and business income taxes. However, my tax reforms would be revenue neutral and would not reduce or negatively impact revenue sharing between state government and local government.

**Scott Smith** – No. Arizonans have long appreciated the economic growth potential of low tax rates. As Governor, I will be steadfast in my commitment to clear the way for economic prosperity for Arizonans, and this means not just protecting our currently low income tax rate, but also supporting what works for our education system, investing in the infrastructure projects our communities and businesses need, and shoring up our rainy day fund and broad-based tax credits that keep our state's market climate competitive and predictable. As Mayor I have seen how making strategic investments can spur greater economic growth. It would be bad business practice to undercut our state’s ability to make these strategic investments by draining our rainy
day fund or transferring the investment burden to our cities and towns or implementing less equitable tax structures. As Governor I will be a champion for a state system that facilitates business growth and supports our communities’ development.

Andrew Thomas – Did not respond.

QUESTION 4: Fund Sweeps
The Legislature has eliminated or severely restricted a number of programs that benefit the residents of cities and towns by sweeping the funding specifically dedicated to these programs and placing it in the general fund. These include things such as State Lake Improvement Fund (SLIF), funding for airports, the 9-1-1 emergency communications system, Local Transportation Assistance Fund (LTAF), the Heritage Fund, and HURF.

Do you support sweeping dedicated funding from these programs for use in the general fund?

Ken Bennett – We must eliminate the tricks and gimmicks that have become commonplace within the state’s budget. While I understand difficult decisions had to be made during the economic downturn, I believe sweeps from dedicated funds for specific programs represent a broken promise to these groups. When I served as Senate President, we eliminated these sweeps.

Doug Ducey – Did not respond.

Fred Duval –

Christine Jones – Did not respond.

Frank Riggs – No.

Scott Smith – No. The state has an obligation to taxpayers to honor the commitment made by the shared revenue system. Even in the depth of the recession, I ensured that Mesa did not compromise designated fees for the purpose of balancing our city’s budget. Meanwhile, we shouldered the burden of the state’s inability to do this, including watching our roadways deteriorate as the state swept HURF funds year after year to balance its checkbook. As Governor, I will ensure cities and towns’ portions of shared revenues are protected while we live within our means as a state.

Andrew Thomas – Did not respond.

QUESTION 5: Transportation
Transportation infrastructure is a key element of our economic development activities. The state participates in funding transportation through an 18-cent per gallon state gas tax which is deposited to the HURF account. This tax has not been increased in more than 20 years, and cities and towns are prohibited from enacting any local fuel taxes. Additionally, the state legislature has taken $119 million per year for the last three fiscal years (well beyond the statutory limit of $10 million per year) from this fund to pay for Department of Public Safety (DPS) operations.
Do you support the diversion of HURF monies away from transportation infrastructure? What is your plan for addressing the state’s transportation needs?

Ken Bennett – Sweeps made to the state’s Highway User Revenue Fund (HURF) are especially egregious. These highway construction and improvement funds are essential for our cities, towns and counties. As we get our economy growing faster, we should dedicate a more significant portion of state spending to infrastructure.

Doug Ducey – Did not respond.

Fred Duval – A healthy economy depends on a healthy infrastructure that supports people and the businesses that make our state work. The first step towards investing in infrastructure is to stop the sweeps of HURF funds. Adequately funding HURF spurs economic activity in our towns and communities, brings tourists into our state, and keeps our roads safe for travelers.

Christine Jones – Did not respond.

Frank Riggs – No. We need to stop the "sweep" of HURF funds so that those funds can be used for their intended purpose of highway and roadway construction and maintenance. This is especially important in rural Arizona where there are no public transit options and people travel great distances.

I've proposed a state infrastructure investment bank (a public-private partnership) that would use a relatively small amount of state taxpayer funding (as the first loss and debt payment reserve) to leverage significant private capital for major infrastructure projects. We also need to amend the state constitution to allow a prudent level of bonded indebtedness for a state our size. The original provision limiting "aggregate debt" to $350K is obviously antiquated. This would enable the state to borrow in the bond/capital markets for infrastructure projects that have a useful life of 50-100+ years and will be used by several generations of taxpayers.

Scott Smith – No. HURF funding must be restored and protected from future sweeps to balance the State’s general fund. It is essential to our state’s economic health that we have a safe, well-maintained transportation system that can grow and adapt to our residents’ and industries’ needs.

Arizona’s future as a competitive player in the global economy hinges on our ability to develop and upgrade our state’s infrastructure. We need to commit to a specific, consistent vision for improving and expanding our highways, creating dynamic trade corridors, and maximizing connectivity.

As Governor, I will see that the infrastructure projects Arizona’s communities and businesses need, like I-11, the South Mountain Freeway and the State Route 189A port expansion, are brought to fruition. To begin, HURF funding must be restored and protected from future sweeps to balance the state’s budget. Further, I will work with leaders in Washington and the Arizona
legislature to secure adequate funding for our public infrastructure needs. Strategic investments in infrastructure lay the foundation for economic growth.

Andrew Thomas – Did not respond.

QUESTION 6: Local TPT Authority
During the 2013 legislative session, HB 2111 (transaction privilege tax changes) was enacted. This bill made major changes to our transaction privilege tax (TPT) system, including consolidating collections and auditing with the state revenue system and converting repair and maintenance contractors to a point-of-service retail tax on materials.

Do you support additional changes to the TPT system? If Yes, what would you propose?

Ken Bennett – Yes, for purposes of spurring economic development, but with only broad based support from those affected by it.

Doug Ducey – Did not respond.

Fred Duval – I support Governor Jan Brewer’s move to enact reforms to the TPT system; her reforms were necessary and effective.

Christine Jones – Did not respond.

Frank Riggs – Yes. I would like to phase-in a broad-based consumption tax to replace the TPT, consistent with my view that tax policy should encourage savings and investment and tax consumption. This would give taxpayers more control since they would be taxed when they choose to consume, get at the underground economy, and make our out-of-state guests and seasonal visitors pay their fair share for government services and infrastructure.

Scott Smith – No. At this time it is essential that the state focus on successful implementation of the changes made to the TPT system. With as significant of an overhaul as HB 2111 represents, we need to monitor implementation closely. Clean-up and refinement may be necessary, but substantial changes would be ill-advised for now.

Andrew Thomas – Did not respond.

QUESTION 7: Unfunded Mandates
The legislature sometimes passes bills that impose unfunded mandates on cities and towns.

Will you support or oppose the imposition of unfunded mandates on local government?

Ken Bennett – Having started my public service career on the Prescott City Council, I believe it is wholly inappropriate that one government entity pass along unfunded mandates upon another.
Doug Ducey – Did not respond.

Fred Duval – I do not support unfunded mandates. These mandates are burdensome to local communities, forcing them to dip into their existing local funds to implement new policies. As governor, I will advocate for mandates to be properly financed.

Christine Jones – Did not respond.

Frank Riggs – Oppose. As a U.S. Congressman, I co-sponsored and voted for legislation prohibiting the federal government from imposing unfunded (or underfunded) mandates on state government.

Scott Smith – Oppose. As Mayor of Mesa I know the burden placed on local governments by unfunded mandates, and have consistently stood in opposition to proposed legislation that did not provide the resources to back the mission. If the state feels something is in its best interest it must secure the funding required to make the new policy a success. As Governor I will be very transparent with the legislature about the vision we are working towards as a state and the priorities that support that vision. For those priorities we will find the resources, whether fiscal, capital or human resource, that are needed to properly implement the necessary policy and projects.

Andrew Thomas – Did not respond.

QUESTION 8: Communication
Mayors and council members are very close to their local communities and regions and have a keen understanding of the issues their residents face. The League also communicates regularly with city and town officials on a wide variety of issues that are of concern to their citizens.

What is your plan of action as Governor to consistently communicate with cities and towns and the League?

Ken Bennett – I intend to have the best working relationship between the League and the Governor’s office that has ever existed. We must improve communication between Arizona’s cities and towns and state government if we are to move forward.

Doug Ducey – Did not respond.

Fred Duval – I am committed to working together with local municipalities to solve local problems, and in navigating state government. Our communities are important, they are the backbone of our state. As governor, I will establish a direct line of communication with our cities and towns and the league. I will attend League of Arizona Cities and Towns events.

Christine Jones – Did not respond.
Frank Riggs – I will have a local government liaison on my staff, as an integral member of my team. I want a partnership with the League and its members. The League is an important voice and advocate for local government and it will always have my ear and always find my door is open. In addition, I will be highly visible and accessible and will conduct regular meetings with locally-elected officials throughout the state, by going to them, and town-hall meetings with our mutual constituents. I regard locally elected and appointed officials as the "front line" of government, most in tune with the communities they represent and the concerns and needs of Arizonans from all walks of life.

Scott Smith – Both as a CEO of a homebuilding company and as Mayor of Mesa, my leadership style was one of open communication and bringing people together. This will not change when I am Governor. We must have open dialogue and working groups where all stakeholders are represented, and this in no small part includes leaders of cities and towns. As Governor I will work with our state agencies to ensure we are facilitating these communication channels. We will succeed as a state when we work together for the shared vision of a better Arizona.

Andrew Thomas – Did not respond.

QUESTION 9: What is your general opinion of cities and towns in Arizona?

Ken Bennett – They are the best and most responsive level of government to our shared constituents.

Doug Ducey – Did not respond.

Fred Duval – Our communities are important, they are the backbone of our state.

Christine Jones – Did not respond.

Frank Riggs – The cities and towns of Arizona are what give our state such remarkable diversity and character, and make our state unique. The cities and towns of Arizona provide vitally essential governmental services and each one is a "hub" of its own contributing to the economy and culture of Arizona.

Scott Smith – Cities and towns make our state. They define our culture and are the keepers of our history. They are also the key to our future. When our cities and towns flourish, our state succeeds.

Andrew Thomas – Did not respond.
QUESTION 10: Is there anything else Arizona municipal officials should know about your candidacy for Governor?

Ken Bennett – Arizona’s economy is still extremely fragile and we have many complex issues facing our state. We need steadfast leadership to guide us through these still uncertain times.

My experience includes a successful career in business with public service experience at the state, legislative AND local level. Arizona is at a crossroads. If we are to live up to our potential, we must select a leader who can get the job done.

Doug Ducey – Did not respond.

Fred Duval – Our state faces many challenges, but none of them more great for us to handle as long as we work together - in a bipartisan fashion - and stay focused on the issues that matter: improving K-12 education, and creating jobs.

Christine Jones – Did not respond.

Frank Riggs – I have the deepest, most proven leadership record of any candidate for governor. I’m an Army vet, former police officer and deputy sheriff, successful small businessman, and former school board president and CEO of the largest nonprofit in Arizona dedicated to helping public charter schools finance and build their facilities. I’m also a former three-term U.S. Congressman and reformer and leader of that institution who served on the Public Works and Transportation, Appropriations, and Education and Workforce Committees (including chairing the Subcommittee on Children, Youth and Families).

Scott Smith – In the coming years our state will make decisions and set a direction that will impact the next generation. Arizona needs a leader who can bring people together and achieve common goals. I have a proven track record as a leader in business and as a Mayor. In the private sector, my team and I turned a struggling homebuilding business into an Arizona success story – a $200 million a year operation employing over 350 people. Following this, I served as Mayor of Mesa for over six years, which was one of the most rewarding and formative experiences of my professional life. By applying my private sector CEO mentality, our city overcame a $62 million deficit, made our government services more efficient and attracted business that created thousands of jobs. As Governor, I will take this approach statewide. Together we can Build a Better Arizona.

Andrew Thomas – Did not respond.
Agenda Item #3  

**TPT Implementation Update**

**Summary:** The passage of HB 2111 last year has resulted in the creation of work groups and the re-structuring of a number of local and state systems. The League and several individual cities are actively working with the DOR to work out issues prior to the effective date of January 1, 2015. This agenda item is to provide you with a report on progress and challenges to date.

**Responsible Person:** Tom Belshe, Deputy Director

**Attachments:** HB 2111 progress update
Overall the League and the Arizona Department of Revenue have made significant progress toward State administration of all city and town sales taxes beginning in January 2015.

- The new **Single Audit Program** is nearing completion, with meaningful input from all parties including business interests and tax practitioners.
  - The revised State Field Audit and Desk Audit manuals have been prepared,
  - Revised versions of the standard audit workpapers and all audit related correspondence have been developed,
  - Auditor training outlines are complete, with a series of classes in five locations statewide scheduled for the month of October,
  - An efficient process for audit selection and assignment is being finalized, and
  - The Unified Audit Committee’s form, function and authority are being revamped to address collective audit issues anticipated under the new system.

- Standardized processes, policies and correspondence have been created to allow for ongoing **tax license inspection** activity by city staff after 2014.

- Cities will continue to do **collections** of any taxes and fees owed through the December 2014 tax period, with ADOR handling all collection activities for subsequent periods.

- New **license application and tax return forms** have been designed to capture detailed information at the city and town level, and processes have been agreed upon to handle the exchange of returns erroneously filed with the cities, and pre-2015 returns and amends filed with the State.

- The ADOR online tax return filing website, **AZTaxes.gov**, is being redesigned to capture city details for all cities and towns, and it will also provide a tool for taxpayers to look up an address and identify the correct tax rate and jurisdiction that applies.

- **Taxpayer outreach and education programs** are being developed and implemented through a cooperative effort between the cities and ADOR.

- We continue to work together identifying and **matching taxpayer licenses**, both to facilitate 2015 license renewal by ADOR, and also to maximize the number of city taxpayers in the ADOR system when they generate the January tax return.

- Vastly **improved reports** are being developed for all cities and towns, with an emphasis on expanding the specific data available from tax returns and licenses.

To further these last two items in particular, the cities have entered into an agreement with ADOR whereby we provided funding for temporary IT assistance that will be focused on developing the reports ADOR will be sending to the cities, and working to convert unmatched municipal tax licenses into the ADOR system.
Agenda Item #4  
Report on PSPRS Task Force

Summary: There have been several developments regarding possible reforms of the PSPRS pension system. A proposal advanced by the firefighters for action in a special legislative session did not advance, and the PSPRS Director has been removed from his position. Meanwhile the League, in partnership with the Arizona City/County Managers Association and the Government Finance Officers of Arizona, has created a Task Force to examine the PSPRS system from the position of the employers and to try to develop our own reform proposal. The group had its first meeting in mid-July.

Responsible Person: Rene Guillen, Legislative Director

Attachments: Arizona Republic new article
Task Force Overview Presentation
The League of Arizona Cities and Towns is forming a task force to recommend how communities should deal with the growing costs of funding pensions for police officers and firefighters.

Rene Guillen Jr., legislative director for the group that represents 91 incorporated cities and towns, said communities do not have money to hire additional public-safety officers "because it's all going out to pensions."

He added that cities and towns also are transferring funds from other departments to hire more police and firefighters because of the problem.

The league is partnering with the Arizona City/County Management Association and the Government Finance Officers Association of Arizona to form the task force. Its first meeting is scheduled for July 11. A list of recommendations is expected by Aug. 20.

The move comes after the Public Safety Personnel Retirement System board asked Gov. Jan Brewer last month to call a special session for lawmakers so they could again try to fix the financially troubled retirement system that manages pensions for police and firefighters.

The PSPRS trust, which also provides pension benefits for elected officials and corrections officers, is currently valued at $7.9 billion.

Government employers, through tax dollars, for more than a decade have had to pay increasingly more into a system hurt by investment losses and benefit increases. The PSPRS trust is in no immediate danger, but it is far short of the money needed to pay all current and future liabilities.

The funded ratio — the percentage of pension-fund liabilities that could be paid with current assets — is about 57 percent for the portion of PSPRS dedicated to police officers and firefighters.

As the funded ratio drops, more money is needed from taxpayers to shore up the trust.

Guillen said the task force may consider proposing a less-generous pension plan for future hires to save money. "We understand the benefits of a defined-benefit (pension) plan, but when the cost prevents you from meeting the needs of your citizens, then that is a concern," he said.

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Pension Task Force

Brought to you by the Arizona City/County Management Association
Government Finance Officers Association
and the League of Arizona Cities and Towns
Introductions
Overview of PSPRS

According to this schedule the Unfunded Actuarial Liability increased by $178.54 million during fiscal year 2013.
Overview of PSPRS

![Bar chart showing employer and employee rates from 2004 to 2013.](image-url)
## Overview of PSPRS

### Retired Member and Survivor Data

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Normal</th>
<th>Disability</th>
<th>Survivors</th>
<th>Totals</th>
<th>Annual Pensions</th>
<th>Average Pension</th>
<th>Ratio of Active to Retired</th>
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<tr>
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<td>4,563</td>
<td>942</td>
<td>891</td>
<td>6,396</td>
<td>224,162,361</td>
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<td>1,012</td>
<td>943</td>
<td>6,688</td>
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<td>1,061</td>
<td>978</td>
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<td>880</td>
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<td>6,557</td>
<td>1,252</td>
<td>1,145</td>
<td>8,954</td>
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<td>7,015</td>
<td>1,314</td>
<td>1,193</td>
<td>9,522</td>
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<td>47,739</td>
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<td>1,344</td>
<td>1,239</td>
<td>9,802</td>
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<td>1.9 to 1</td>
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<td>1,305</td>
<td>1,410</td>
<td>10,159</td>
<td>503,588,291</td>
<td>49,571</td>
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### Active Member Data

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<th>Fiscal Year Ended</th>
<th># Active Members</th>
<th>Payroll +000</th>
<th>Age (Years)</th>
<th>Service (Years)</th>
<th>Avg. Pay</th>
<th>Increase in Avg. Pay</th>
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<td>15,852</td>
<td>911,718</td>
<td>37.1</td>
<td>9.5</td>
<td>57,514</td>
<td>1.4%</td>
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<td>16,317</td>
<td>974,863</td>
<td>37.6</td>
<td>9.5</td>
<td>59,745</td>
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<td>17,324</td>
<td>1,073,685</td>
<td>37.4</td>
<td>9.0</td>
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<td>18,624</td>
<td>1,228,037</td>
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<td>8.9</td>
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<td>8.9</td>
<td>69,472</td>
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<td>19,867</td>
<td>1,415,643</td>
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<td>9.4</td>
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<td>1,400,547</td>
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<td>10.0</td>
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<td>1.0%</td>
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<td>18,638</td>
<td>1,325,350</td>
<td>38.6</td>
<td>10.2</td>
<td>71,110</td>
<td>-1.2%</td>
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<td>2012</td>
<td>18,542</td>
<td>1,349,252</td>
<td>39.1</td>
<td>10.6</td>
<td>72,767</td>
<td>2.3%</td>
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<td>2013</td>
<td>18,436</td>
<td>1,370,609</td>
<td>39.5</td>
<td>11.1</td>
<td>74,344</td>
<td>2.2%</td>
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Formation of the Pension Task Force

• Increasing Costs
• GASB
• *Fields* Decision
• Need for a municipal voice
• ACMA/GFOAz/League collaboration
Ground Rules for PTF

• Discretion
• Municipal Employer Focus
• No Whining
• No personal attacks
• You are responsible for you
• Open Meetings?
• Others?
Parameters for Reform

• PSPRS only
• Focus on policy, statutes, constitution(s)
• Both legislative and non-legislative solutions
• Employers must take ownership of their mistakes
• Reforms must “move the needle”
• Don’t forget about Clifton Fire (5%)
Options for PTF

Create a “Tier 3” within PSPRS

- **Pro**
  - Don’t have to pay to close
- **Con**
  - Less flexibility/options

Close PSPRS and create new DB plan

- **Pro**
  - No debt.
  - Greater control over plan design
  - Can be more aggressive
- **Con**
  - How do you pay to close?
Tier 3: What/When is “healthy?”

**What**
- Contribution Rates?
  - 3:1
  - 2:1
  - 1:1
  - Other
- Funded Status?
  - 80%
  - 100%
  - 120%
  - Other

**When**
- 20 years
- 30 years
- Multiple generations
- Other
Tier 3: Who Goes In?

**New Hires Only**
- Pro – Unquestionably legal
- Con – Very slow/long recovery

**Everyone**
- Pro – Rapid Recovery
- Con
  - Likely need a change to AZ constitution
  - May still violate US constitution
# Tier 3: Other Options

## Admin Elements
- **Contribution Rates**
  - Maintain
  - Increase EE Rates
  - 50/50
- **Assumptions**
  - Growth
  - Pay Increases
  - Amortization Period
- **COLA/PBI**
  - Maintain Current
  - Board Issued
  - Dedicated COLA
  - Indexed
  - None

## Plan Elements
- **Retirement**
  - Years of Service
  - Age
  - Both
- **Payout**
  - Multipliers
  - Compensation Definition
  - Caps
- **DROP**
  - Current DROP
  - Modified DROP
  - No DROP
- **Return to Work**
  - Maintain/Eliminate
  - ACR/No ACR
New Plan

- ER/EE Contribution Rates
- COLA/PBI
- DROP
- Conditions for Retirement
- Pension Calculations
- Return to Work
- Assumptions
- Local Boards vs. Pooled Plan
- How do we close the old plan?
Next Meetings

• Potential Dates
  – 8/1
  – 8/15

• Potential Topics
  – PSPRS Presentation
  – PFFA Presentation
  – Proposals
<table>
<thead>
<tr>
<th>Agenda Item #5</th>
<th>Recognition of Outgoing Executive Committee Member</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summary:</strong></td>
<td>A Resolution of Appreciation for former Mayor Marie Lopez Rogers of Avondale is enclosed for action by the Executive Committee.</td>
</tr>
<tr>
<td><strong>Responsible Person:</strong></td>
<td>President Doug Von Gausig</td>
</tr>
<tr>
<td><strong>Attachment:</strong></td>
<td>Resolution of Appreciation</td>
</tr>
<tr>
<td><strong>Action Requested:</strong></td>
<td>Approval</td>
</tr>
</tbody>
</table>
RESOLUTION OF APPRECIATION FOR

Marie Lopez Rogers

A RESOLUTION EXPRESSING THE APPRECIATION OF THE EXECUTIVE COMMITTEE OF THE LEAGUE OF ARIZONA CITIES AND TOWNS TO MARIE LOPEZ ROGERS for her DEDICATED SERVICE TO LOCAL GOVERNMENT IN ARIZONA.

WHEREAS, MARIE LOPEZ ROGERS served the citizens of the City of Avondale for ten years on the council and for eight years as Mayor; and

WHEREAS, MARIE LOPEZ ROGERS has provided outstanding service to the League as a member of the Executive Committee from 2006-2014; and

WHEREAS, MARIE LOPEZ ROGERS served on the League Nominating Committee, the League Resolutions Committee and other special League committees; and

WHEREAS, MARIE LOPEZ ROGERS was an active participant in League meetings and Conferences as a speaker and a presiding officer; and

WHEREAS, MARIE LOPEZ ROGERS made frequent visits at the request of the League with Legislators and the Governor; and

WHEREAS, MARIE LOPEZ ROGERS was elected to the position of President of the National League of Cities in 2013 and represented the organization and the City of Avondale in meetings with President Obama and other federal political leaders and frequently appeared in national print and broadcast media.

NOW, THEREFORE BE IT RESOLVED, that the grateful appreciation of the League of Arizona Cities and Towns be extended to MARIE LOPEZ ROGERS for her service to city government in Arizona and to the League.
<table>
<thead>
<tr>
<th>Agenda Item #6</th>
<th>Executive Session: Annual Evaluation of League Executive Director</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summary:</strong></td>
<td>Pursuant to A.R.S. 38-431.03(A) 1, the Executive Committee will meet in Executive Session to discuss the annual performance evaluation of League Executive Director Ken Strobeck.</td>
</tr>
<tr>
<td><strong>Responsible Person:</strong></td>
<td>Doug Von Gausig, President</td>
</tr>
<tr>
<td><strong>Attachments:</strong></td>
<td>Executive session materials can be found in a sealed envelope in the back pocket of this binder.</td>
</tr>
</tbody>
</table>
Additional Informational Materials
Not Part of the Agenda
June 30, 2014

The Honorable Barbara Boxer
Chairman
Senate Environment and Public Works Committee
United States Senate
Washington, DC 20510

The Honorable Bill Shuster
Chairman
House Committee on Transportation and Infrastructure
US House of Representatives
Washington, DC 20515

The Honorable David Vitter
Ranking Member
Senate Environment and Public Works Committee
United States Senate
Washington, DC 20510

The Honorable Nick Rahall
Ranking Member
House Committee on Transportation and Infrastructure
US House of Representatives
Washington, DC 20515

Dear Chairmen Boxer and Shuster, and Ranking Members Vitter and Rahall:

We are writing on behalf of the 19,000 cities represented by our associations to request your support for local government surface transportation priorities as you take action on a long term reauthorization of the Moving Ahead for Progress in the 21st Century Act (MAP-21).

Local governments play a primary role in the nation’s transportation network and are a critical link in the intergovernmental partnership that keeps our national economy moving. The nation’s vast transportation network is essential to the health of our local economies and job creation. Eighty-five percent of our nation’s residents live in metropolitan areas and rely on local transportation networks to travel to work and school every day. The businesses in those same areas depend on modern and reliable transportation options to move goods and provide services throughout our communities and across the country.

Across the nation, local governments own 78 percent of the nation’s road miles, 50 percent of the nation’s bridges, and operate the majority of the nation’s transit systems. At the same time, local governments are involved in less than a quarter of the $41 billion in federal funds spent on highways each year and have little say in how federal transportation dollars are invested in our communities.

We urge your support for a new long-term transportation program that includes local decision-making authority, invests in long term equitable transportation solutions, supports sustainable multimodal choices and maintains a strong federal role. We respectfully ask you to address the following local government priorities in the next surface transportation bill:

- **Provide local governments with long term funding**: Provide local governments with the certainty of a multi-year program so they can plan and fund transportation in their communities by addressing the shortfall in the Highway Trust Fund through an increase
in the federal gasoline tax or alternative sources of revenue that do not interfere with local government ability to finance local needs.

- **Send funding directly to the projects where people live and work by giving local leaders a stronger role in selecting projects:** Increase the roles for local officials to make decisions about project funding through metropolitan planning organizations and rural planning organizations.

- **Support alternative financing:** Fund the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, incentivize local innovation, and preserve the federal tax exemption for municipal bonds.

- **Streamline the planning and approval process:** Continue MAP – 21 provisions that help cities deliver transportation projects quickly, eliminate red tape, and maintain environmental standards.

- **Support public transportation systems of all sizes:** Continue to fund transit programs from federal gas tax revenues and provide discretionary funding for both rural and urban transit systems to address major investments.

For additional information on local priorities in MAP-21 reauthorization, please contact Leslie Wollack at the National League of Cities, Wollack@nlc.org.

Thank you for your leadership on these issues and your consideration of local priorities as you move forward towards passage of a new surface transportation bill.

Sincerely,

Clarence E. Anthony, Executive Director
National League of Cities

Ken Smith, Executive Director
Alabama League of Municipalities
P.O. Box 1270 (535 Adams Avenue)
Montgomery, Alabama 36102

Kathie Wasserman, Executive Director
Alaska Municipal League
217 Second Street, Suite 200
Juneau, Alaska 99801

Ken Strobeck, Executive Director
League of Arizona Cities and Towns
1820 West Washington Street
Phoenix, Arizona 85007
Don Zimmerman, Executive Director
Arkansas Municipal League
P.O. Box 38
(301 W. 2nd Street)
North Little Rock, Arkansas 72115

Christopher McKenzie, Executive Director
League of California Cities
1400 K Street, 4th Floor
Sacramento, California 95814

Sam Mamet, Executive Director
Colorado Municipal League
1144 Sherman Street
Denver, Colorado 80203

Bruce Wollschlager, Interim Executive Director & CEO
Connecticut Conference of Municipalities
900 Chapel Street, 9th Floor
New Haven, Connecticut 06510

George C. Wright, Executive Director
Delaware League of Local Governments
P.O. Box 484 (1210 White Oak Road)
Dover, Delaware 19903

Michael Sittig, Executive Director
Florida League of Cities
P.O. Box 1757 (301 South Bronough, Suite 300)
Tallahassee, Florida 32302

Lamar Norton, Executive Director
Georgia Municipal Association
201 Pryor Street, S.W.
Atlanta, Georgia 30303

Ken Harward, Executive Director
Association of Idaho Cities
3100 South Vista Ave, Suite 310
Boise, Idaho 83705

Larry G. Frang, Executive Director
Illinois Municipal League
P.O. Box 5180 (500 E. Capitol Avenue)
Springfield, Illinois 62705

Matthew C. Greller, Executive Director
Indiana Association of Cities and Towns
200 S. Meridian Street, Suite 340
Indianapolis, Indiana 46225
Alan Kemp, Executive Director
Iowa League of Cities
317 Sixth Avenue, Suite 800
Des Moines, Iowa 50309

Erik Sartorius, Executive Director
League of Kansas Municipalities
300 S.W. 8th Street
Topeka, Kansas 66603

Jonathan Steiner, Executive Director & CEO
Kentucky League of Cities
100 East Vine Street, Suite 800
Lexington, Kentucky 40507

Ronnie Harris, Executive Director
Louisiana Municipal Association
P.O. Box 4327 (700 North 10th Street)
Baton Rouge, Louisiana 70821

Christopher G. Lockwood, Executive Director
Maine Municipal Association
60 Community Drive
Augusta, Maine 04330

Scott A. Hancock, Executive Director
Maryland Municipal League
1212 West Street
Annapolis, Maryland 21401

Geoffrey Beckwith, Executive Director
Massachusetts Municipal Association
One Winthrop Square
Boston, Massachusetts 02110

Dan Gilmartin, Executive Director
Michigan Municipal League
P.O. Box 1487 (1675 Green Road)
Ann Arbor, Michigan 48106

James F. Miller, Executive Director
League of Minnesota Cities
145 University Avenue, West
St. Paul, Minnesota 55103

Shari Veazey, Executive Director
Mississippi Municipal League
600 East Amite Street, Suite 104
Jackson, Mississippi 3920
Dan Ross, Executive Director  
Missouri Municipal League  
1727 Southridge Drive  
Jefferson City, Missouri 65109

Alec Hansen, Executive Director  
Montana League of Cities and Towns  
P.O. Box 1704 (208 North Montana - Suite 201)  
Helena, Montana 59624

L. Lynn Rex, Executive Director  
League of Nebraska Municipalities  
1335 L Street  
Lincoln, Nebraska 68508

Wes Henderson, Executive Director  
Nevada League of Cities and Municipalities  
310 South Curry Street  
Carson City, Nevada 89703

Judy Silva, Executive Director  
New Hampshire Municipal Association  
P.O. Box 617 (25 Triangle Park Drive)  
Concord, New Hampshire 03302

Suzanne M. Walters, President  
New Jersey State League of Municipalities  
222 West State Street  
Trenton, New Jersey 08608

William F. Fulginiti, Executive Director  
New Mexico Municipal League  
P.O. Box 846 (1229 Paseo de Peralta)  
Santa Fe, New Mexico 87504

Peter A. Baynes, Executive Director  
New York State Conference of Mayors and Municipal Officials  
119 Washington Avenue  
Albany, New York 12210

Paul Meyer, Executive Director  
North Carolina League of Municipalities  
215 N. Dawson St.  
Raleigh, North Carolina, 27602

R. Blake Crosby, Executive Director  
North Dakota League of Cities  
410 E. Front Ave.  
Bismarck, North Dakota 58504
Susan J. Cave, Executive Director
Ohio Municipal League
175 South Third Street, Suite 510
Columbus, Ohio 43215

Carolyn Stager, Executive Director
Oklahoma Municipal League
201 North East 23rd Street Oklahoma City, Oklahoma 73105

Michael J. McCauley, Executive Director
League of Oregon Cities
P.O. Box 928 (1201 Court Street, N.E., Suite 200)
Salem, Oregon 97308

Rick Schuettler, Executive Director
The Pennsylvania Municipal League
414 North Second Street Harrisburg, Pennsylvania 17101

Daniel Beardsley, Executive Director
Rhode Island League of Cities and Towns
1 State Street, Suite 502 Providence, Rhode Island 02908

Miriam Hair, Executive Director
Municipal Association of South Carolina
P.O. Box 12109 (1411 Gervais Street)
Columbia, South Carolina 29211

Yvonne Taylor, Executive Director
South Dakota Municipal League
208 Island Drive
Ft. Pierre, South Dakota 57532

Margaret Mahery, Executive Director
Tennessee Municipal League
226 Capitol Blvd., Room 710
Nashville, Tennessee 37219

Bennett Sandlin, Executive Director
Texas Municipal League
1821 Rutherford Lane, Suite 400
Austin, Texas 78754

Kenneth Bullock, Executive Director
Utah League of Cities and Towns
50 South 600 East, Suite 150
Salt Lake City, Utah 84102
Dear Speaker Boehner, Leader Pelosi, Majority Leader Reid and Leader McConnell:

On behalf of the national organizations that represent state and local officials, we urge Congress to ensure the continued solvency of the Highway Trust Fund (HTF), while committing to pass a long-term agreement on surface transportation funding as part of a multi-year reauthorization of the Moving Ahead for Progress in the 21st Century Act.

As the owners and operators of 97 percent of the nation’s interconnected surface transportation systems, state and local governments know that a long-term vision and funding certainty are best for our country’s infrastructure. Jobs, infrastructure projects and the safe and timely movement of freight are now at risk because of the impending insolvency of the HTF.

State and local governments have had to find ways to fix, fund and finance transportation infrastructure to meet the needs of the nation’s communities. However, we cannot do it all. We believe that a commitment to surface transportation at all levels of government is necessary and that each level – including the federal government – has a crucial role to play to achieve overall success and keep America competitive in a 21st century economy.

Federal inaction and short-term extensions create uncertainty at the state and local levels, which hinders transformative transportation investments and prevents our nation’s economy from moving forward. Our national organizations stand together to collectively urge Congress to find a long-term fix for the HTF and pass a multi-year surface transportation authorization bill. Let’s get it done together.

Sincerely,
Dan Crippen  
Executive Director  
National Governors Association

William T. Pound  
Executive Director  
National Conference of State Legislatures

David Adkins  
Executive Director  
The Council of State Governments

Matthew D. Chase  
Executive Director  
National Association of Counties

Clarence Anthony  
Executive Director  
National League of Cities

Tom Cochran  
CEO and Executive Director  
The U.S. Conference of Mayors

Robert J. Oneill, Jr.  
Executive Director  
International City/County Management Association

CC: Members of the United States Senate and House of Representatives
### Ordinary Income/Expense

<table>
<thead>
<tr>
<th>Item</th>
<th>Jul '13 - Jun '14</th>
<th>Budget</th>
<th>$ Over Budget</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>4057 · Valley Schools Health Pool</td>
<td>25,000.00</td>
<td>25,000.00</td>
<td>0.00</td>
<td>100.0%</td>
</tr>
<tr>
<td>4000 · Affiliate Group Contribution</td>
<td>124,849.96</td>
<td>131,200.00</td>
<td>-6,350.04</td>
<td>95.2%</td>
</tr>
<tr>
<td>4005 · Annual Conference</td>
<td>385,064.78</td>
<td>350,000.00</td>
<td>35,064.78</td>
<td>110.0%</td>
</tr>
<tr>
<td>4010 · Dues</td>
<td>1,818,690.00</td>
<td>1,818,423.00</td>
<td>267.00</td>
<td>100.0%</td>
</tr>
<tr>
<td>4012 · Executive Recruitment Income</td>
<td>24,000.00</td>
<td>3,000.00</td>
<td>21,000.00</td>
<td>800.0%</td>
</tr>
<tr>
<td>4020 · Miscellaneous</td>
<td>16,875.19</td>
<td>13,500.00</td>
<td>3,375.19</td>
<td>125.0%</td>
</tr>
<tr>
<td>4030 · Risk Pool</td>
<td>138,898.96</td>
<td>135,400.00</td>
<td>3,498.96</td>
<td>102.6%</td>
</tr>
<tr>
<td>4035 · Seminars &amp; Meetings</td>
<td>27,340.00</td>
<td>50,000.00</td>
<td>-22,660.00</td>
<td>54.7%</td>
</tr>
<tr>
<td>4040 · Interest Income</td>
<td>3,086.34</td>
<td>5,000.00</td>
<td>-1,913.66</td>
<td>61.7%</td>
</tr>
<tr>
<td>4055 · US Communities Purchasing Prog</td>
<td>8,758.84</td>
<td>13,000.00</td>
<td>-4,241.16</td>
<td>67.4%</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>2,572,709.07</td>
<td>2,544,523.00</td>
<td>28,186.07</td>
<td>101.1%</td>
</tr>
</tbody>
</table>

### Expense

<table>
<thead>
<tr>
<th>Item</th>
<th>Jul '13 - Jun '14</th>
<th>Budget</th>
<th>$ Over Budget</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>5005 · Annual Conference (Expense)</td>
<td>207,078.16</td>
<td>220,000.00</td>
<td>-12,921.84</td>
<td>94.1%</td>
</tr>
<tr>
<td>5010 · Benefits</td>
<td>467,329.19</td>
<td>510,000.00</td>
<td>-42,670.81</td>
<td>91.6%</td>
</tr>
<tr>
<td>5015 · Capital Outlay</td>
<td>6,304.45</td>
<td>20,000.00</td>
<td>-13,695.55</td>
<td>31.5%</td>
</tr>
<tr>
<td>5025 · Contingency</td>
<td>0.00</td>
<td>10,000.00</td>
<td>-10,000.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>5030 · Equipment Rental &amp; Maintenance</td>
<td>22,219.66</td>
<td>25,000.00</td>
<td>-2,780.34</td>
<td>88.9%</td>
</tr>
<tr>
<td>5035 · Executive Committee</td>
<td>10,186.62</td>
<td>12,000.00</td>
<td>-1,813.38</td>
<td>84.9%</td>
</tr>
<tr>
<td>5043 · Executive Recruitment</td>
<td>3,982.89</td>
<td>2,000.00</td>
<td>1,982.89</td>
<td>199.1%</td>
</tr>
<tr>
<td>5050 · Insurance</td>
<td>6,357.51</td>
<td>7,600.00</td>
<td>-1,242.49</td>
<td>83.7%</td>
</tr>
<tr>
<td>5055 · Postage &amp; Shipping</td>
<td>3,488.08</td>
<td>4,000.00</td>
<td>-511.92</td>
<td>87.2%</td>
</tr>
<tr>
<td>5057 · PR &amp; Communications</td>
<td>80,697.35</td>
<td>110,000.00</td>
<td>-29,302.65</td>
<td>73.4%</td>
</tr>
<tr>
<td>5060 · Printing</td>
<td>10,645.09</td>
<td>12,000.00</td>
<td>-1,354.91</td>
<td>88.7%</td>
</tr>
<tr>
<td><strong>Total 5065 · Professional Services</strong></td>
<td>120,283.02</td>
<td>162,000.00</td>
<td>-41,716.98</td>
<td>74.2%</td>
</tr>
<tr>
<td>5065-1 · Accounting Services</td>
<td>41,852.85</td>
<td>42,000.00</td>
<td>-147.15</td>
<td>99.6%</td>
</tr>
<tr>
<td>5065-3 · Legal Services</td>
<td>23,230.25</td>
<td>80,000.00</td>
<td>-56,769.75</td>
<td>29.0%</td>
</tr>
<tr>
<td><strong>5065-2 · Contract Lobbying &amp; Consum...</strong></td>
<td>55,199.92</td>
<td>40,000.00</td>
<td>-15,199.92</td>
<td>138.0%</td>
</tr>
<tr>
<td><strong>Total 5065 · Professional Services</strong></td>
<td>218,613.19</td>
<td>282,000.00</td>
<td>-63,386.81</td>
<td>76.2%</td>
</tr>
<tr>
<td>5070 · Rent</td>
<td>105,000.00</td>
<td>105,000.00</td>
<td>0.00</td>
<td>100.0%</td>
</tr>
<tr>
<td>5071 · Salaries</td>
<td>1,152,869.53</td>
<td>1,190,000.00</td>
<td>-37,130.47</td>
<td>96.9%</td>
</tr>
<tr>
<td>5075 · Seminars and Meetings</td>
<td>44,793.61</td>
<td>50,000.00</td>
<td>-5,206.39</td>
<td>89.6%</td>
</tr>
<tr>
<td>5085 · Subscriptions &amp; Dues</td>
<td>54,624.40</td>
<td>52,000.00</td>
<td>2,624.40</td>
<td>105.0%</td>
</tr>
<tr>
<td>5090 · Supplies</td>
<td>37,922.35</td>
<td>35,000.00</td>
<td>2,922.35</td>
<td>108.3%</td>
</tr>
<tr>
<td>5095 · Telecommunications</td>
<td>27,139.00</td>
<td>32,000.00</td>
<td>-4,861.00</td>
<td>84.8%</td>
</tr>
<tr>
<td>5100 · Travel</td>
<td>19,938.63</td>
<td>25,000.00</td>
<td>-5,061.37</td>
<td>79.8%</td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td>2,380,859.54</td>
<td>2,583,600.00</td>
<td>-202,740.46</td>
<td>92.2%</td>
</tr>
</tbody>
</table>

### Net Ordinary Income

<table>
<thead>
<tr>
<th>Item</th>
<th>Jul '13 - Jun '14</th>
<th>Budget</th>
<th>$ Over Budget</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Ordinary Income</strong></td>
<td>191,849.53</td>
<td>39,077.00</td>
<td>230,926.53</td>
<td>-491.0%</td>
</tr>
</tbody>
</table>

### Net Income

<table>
<thead>
<tr>
<th>Item</th>
<th>Jul '13 - Jun '14</th>
<th>Budget</th>
<th>$ Over Budget</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>191,849.53</td>
<td>-39,077.00</td>
<td>230,926.53</td>
<td>-491.0%</td>
</tr>
</tbody>
</table>
### Property Corporation
#### FY 2013-2014 Budget vs. Actual
July 2013 through June 2014

<table>
<thead>
<tr>
<th>Ordinary Income/Expense</th>
<th>Jul '13 - Jun 14</th>
<th>Budget</th>
<th>$ Over Budget</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4000 · Rental Income</td>
<td>122,852.40</td>
<td>127,800.00</td>
<td>-4,947.60</td>
<td>96.1%</td>
</tr>
<tr>
<td>4005 · Miscellaneous</td>
<td>3,675.76</td>
<td>2,700.00</td>
<td>975.76</td>
<td>136.1%</td>
</tr>
<tr>
<td>4010 · Interest</td>
<td>67.09</td>
<td>75.00</td>
<td>-7.91</td>
<td>89.5%</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>126,595.25</td>
<td>130,575.00</td>
<td>-3,979.75</td>
<td>97.0%</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5000 · Maintenance Services/Agreements</td>
<td>34,436.41</td>
<td>31,000.00</td>
<td>3,436.41</td>
<td>111.1%</td>
</tr>
<tr>
<td>5015 · Utilities</td>
<td>33,299.96</td>
<td>36,000.00</td>
<td>-2,700.04</td>
<td>92.5%</td>
</tr>
<tr>
<td>5020 · Repairs and Maintenance</td>
<td>14,674.24</td>
<td>14,000.00</td>
<td>674.24</td>
<td>104.8%</td>
</tr>
<tr>
<td>5025 · Operating Expenses</td>
<td>4,770.97</td>
<td>7,500.00</td>
<td>-2,729.03</td>
<td>63.6%</td>
</tr>
<tr>
<td>5030 · Accounting and Auditing</td>
<td>6,200.00</td>
<td>6,550.00</td>
<td>-350.00</td>
<td>94.7%</td>
</tr>
<tr>
<td>5035 · Insurance</td>
<td>3,757.49</td>
<td>4,900.00</td>
<td>-1,142.51</td>
<td>76.7%</td>
</tr>
<tr>
<td>5040 · Capital Outlay</td>
<td>20,121.74</td>
<td>28,000.00</td>
<td>-7,878.26</td>
<td>71.9%</td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td>117,260.81</td>
<td>127,950.00</td>
<td>-10,689.19</td>
<td>91.6%</td>
</tr>
<tr>
<td><strong>Net Ordinary Income</strong></td>
<td>9,334.44</td>
<td>2,625.00</td>
<td>6,709.44</td>
<td>355.6%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>9,334.44</td>
<td>2,625.00</td>
<td>6,709.44</td>
<td>355.6%</td>
</tr>
</tbody>
</table>