

MINUTES

LEAGUE OF ARIZONA CITIES AND TOWNS

EXECUTIVE COMMITTEE MEETING

Friday, May 10, 2019 at 10:00 a.m.
League of Arizona Cities and Towns
1820 W. Washington St.
Phoenix, Arizona

MEMBERS

President

Christian Price, Mayor, Maricopa

Vice President

Cathy Carlat, Mayor, Peoria*

Treasurer

Douglas Nicholls, Mayor, Yuma

Tom Brady, Mayor, Bullhead City*
Craig McFarland, Mayor, Casa Grande
Kevin Hartke, Mayor, Chandler
Doug Von Gausig, Mayor, Clarkdale
Robert Uribe, Mayor, Douglas
Coral Evans, Mayor, Flagstaff
Jenn Daniels, Mayor, Gilbert
Jerry Weiers, Mayor, Glendale
Georgia Lord, Mayor, Goodyear
Thomas L. Schoaf, Mayor, Litchfield Park
Ed Honea, Mayor, Marana
John Giles, Mayor, Mesa

Greg Mengarelli, Mayor, Prescott
Gail Barney, Mayor, Queen Creek
W.J. "Jim" Lane, Mayor, Scottsdale
Sandy Moriarty, Mayor, Sedona
Daryl Seymore, Mayor, Show Low
Rick Mueller, Mayor, Sierra Vista
Mark Mitchell, Mayor, Tempe
Bob Rivera, Mayor, Thatcher
Anna Tovar, Mayor, Tolleson*
Jonathan Rothschild, Mayor, Tucson*

*not in attendance

+ attended via phone

President Christian Price called the meeting to order at 10:00 a.m. He then led the Executive Committee in the Pledge of Allegiance.

1. REVIEW AND ADOPTION OF MINUTES

President Christian Price requested a motion on the adoption of the minutes. Mayor Coral Evans moved to approve the minutes of the February 8, 2019 Executive Committee Meeting; Mayor Kevin Hartke seconded the motion and it carried unanimously.

2. LEGISLATIVE POLICY OVERVIEW AND SESSION UPDATE

League President Christian Price welcomed League Legislative Director Nick Ponder to provide a legislative policy update.

Legislative Director Ponder directed the Committee to their meeting packet, which included several documents for review and reference relating to this legislative session.

Mr. Ponder informed the Executive Committee that the League had been very active on social media this legislative session. He said he believed this presence allowed the League to make issues known to groups outside of the Capitol, both informing citizens and directing media attention.

Mr. Ponder noted that session has been largely successful this year. Having a different approach to creating relationships and re-introducing the League to the legislators is one reason for this success.

Mr. Ponder specifically touched on the issue of Wayfair. He thanked the Executive Committee for their responsiveness on this topic. Last year, when the decision about Wayfair from the Supreme Court was first brought up, it was thought that the League would have to conform the local retail tax base to the State's, which was done in the Municipal Tax Code Commission on February 22. The alternative was to allow the retail section of the Model City Tax Code to be put into State statute and in return get protection of the 20 other classes within the Model City Tax Code through a moratorium, which would help redefine what the Model City Tax Code is, and how it brings revenue back to rural communities. This solution was presented to the House and they have largely accepted, though there is still discussion on the number of years applied to the moratorium. Mr. Ponder said that he will continue to communicate as they receive an outcome.

Mayor Mark Mitchell asked Mr. Ponder if there was an action plan set for the moratorium. Mayor Mitchell mentioned there needs to be a strategic plan set for the protection of the classes beyond the six years.

Mr. Ponder responded that there is messaging being developed for protection of the Model City Tax Code. Mr. Ponder wrote a paper, included in the Executive Committee packet, on the policy and how much revenue it represents for the cities and towns. Mr. Ponder stated there will be more active communication externally about the Model City Tax Code.

League President Christian Price asked Mr. Ponder to inform the Board about strategies that take place and some of the good will gotten from the legislature through the negotiations.

Mr. Ponder informed the Committee that the League has great relationships within the Senate, but cannot rely solely on this, which is why they also have focused on creating relationships in the House.

Mr. Ponder also touched on the Digital Goods bill, which would have created a \$65 million dollar hit to the cities and towns. A conservative economist spoke to legislators about the League's position on Digital Goods and legislators now understand the financial impact of this

bill, why cities and towns cannot give up this substantive amount of revenue for adequate future financial planning.

Mr. Ponder explained that last year there had been an agreement with a legislator and Arizona Tax Research Association, for the legislator's bill was being used to formulate the agreement. There was a five-year moratorium agreement but this year the legislator failed to follow through with his agreement saying the agreement was through ATRA, not him. This year the League wanted to avoid this scenario so, the League asked for an intent clause in the legislation; one legislator cannot bind a future legislature. The League is looking for 90 names on a vote of yes or no with the proposal, which is inclusive of the intent clause, that says the League is protecting the other 20 classes of the Model City Tax Code.

Mr. Ponder noted there is much support for Wayfair for two reasons: to bring tax equity to local retailers and because money can be used for other projects. There is a commitment from the legislature for the moratorium from legislature and Senate President Karen Fann has been strongly supportive. The League will continue to educate legislators on what the League is and about the Model City Tax Code.

Executive Director Ken Strobeck thanked the Executive Committee for their participation and commended the legislative team for their work.

Mayor Christian Price also welcomed new Executive Committee Members, Prescott Mayor Greg Mengarelli and Douglas Mayor Robert Uribe, who are attending their first Executive Committee Meeting.

3. LEAGUE BUDGET FOR 2019-2020

League President Christian Price welcomed Mayor Thomas Schoaf, Budget Subcommittee Chair, to discuss the league 2019-2020 Budget.

Mayor Thomas Schoaf explained to the Board that the budget is similar to the FY19 budget. The budget for this year proposes revenue over expenditures of \$13,000 dollars. The budget and budget narrative is included in the agenda packet.

Mayor Jenn Daniels questioned the amount of reserves in the budget, asking whether the Executive Committee has a strategic plan in place for the amount or if there was an obligation for using the reserves.

Executive Director Ken Strobeck let the Board know this is a topic that has been brought up amongst other League Executive Directors where most do not have a strategic plan in place and others having a 9-12-month reserve policy.

Mayor Price indicated that the Budget Subcommittee might look at the reserve amount and develop suggestions.

Mayor Thomas Schoaf motioned to approve the League FY20 Budget; Mayor Jim Lane seconded the motion and it carried unanimously.

4. 2019 LEAGUE ANNUAL CONFERENCE UPDATE

League President Christian Price welcomed League Communication and Education Director Matt Lore to provide an update on the League Annual Conference.

Communication and Education Director Lore informed the Committee that the Conference would be held at the JW Marriott Starr Pass in Tucson, August 20 – 23, 2019 and that registration would be opening at the end of May. He reminded the Executive Committee of the registration process, asking them to inform their staff so that they can register and secure hotel rooms for the conference.

Mr. Lore also directed the Executive Committee to their meeting packet to look at the current 2019 League Annual Conference sponsors. He reminded the Executive Committee that the conference is the second highest revenue source of the League's annual budget and is due in large part to sponsorships. He asked the Committee members to inform staff if they had any additional sponsors they would like League Staff to reach out to for the upcoming conference sponsorship opportunities.

President Christian Price informed the Executive Committee that an interested sponsor of the League Annual Conference is a medicinal marijuana dispensary and asked the Executive Committee for feedback or a decision. The Executive Committee decided that they did not wish to move forward with that particular sponsorship and discussed potentially creating a future policy regarding sponsorships.

5. REPORT ON AMRRP PRODUCTS AND SERVICES FOR CITIES AND TOWNS

League President Christian Price welcomed League Executive Director Ken Strobeck to discuss the Arizona Municipal Risk Retention Pool. He said that AMRRP and the League have been partners for many years, working together to serve municipalities.

Executive Director Strobeck introduced Ed Bantel and Sheri Reintjes, administrators of AMRRP. Mr. Bantel and Ms. Reintjes discussed the history and importance of the relationship between the League and AMRRP. They indicated that League Deputy Director Tom Belshe serves as the Chair on the AMRRP Finance Committee and League Executive Director Ken Strobeck serves as an Advisory Member on the Board.

Mr. Bantel also reviewed some of the services that AMRRP provides, including affordable insurance protection and risk management services designed for Arizona cities and towns. Mr. Bantel pointed out that these are just a few of the many services and programs that AMRRP provides as a benefit to member cities and towns.

League President Price thanked them for the update and their work with the League and the cities and towns in Arizona.

6. REVIEW AND POSSIBLE ADOPTION OF LEAGUE BYLAWS

League President Christian Price introduced the review and possible adoption of the proposed League bylaws. The bylaws were first presented at the February 2019 Executive Committee and it was suggested to move the discussion to the May meeting so that members would have additional time to review.

Mayor Jenn Daniels recommended tabling the agenda item for the August 2019 Executive Committee Meeting. Mayor Rick Mueller seconded the motion and it carried unanimously.

7. LEAGUE PROPERTY CORPORATION MEETING

President Christian Price recessed the League Executive Committee at 11:16 a.m. to move into the League Property Corporation Meeting.

Seeing no further business, President Christian Price adjourned the Property Corporation Meeting at 11:18 a.m.

10. EXECUTIVE SESSION DISCUSSION OF EXECUTIVE DIRECTOR EMPLOYMENT CONTRACT

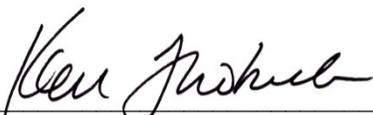
Mayor Jerry Weiers motioned to move into Executive Session; Mayor Tom Schoaf seconded, and the meeting adjourned into Executive Session at 11:19 a.m.

The Executive Committee reconvened from their Executive Session and Mayor Craig McFarland motioned to approve the League of Arizona Cities and Towns First Amendment to Employment Agreement, Mayor Bob Rivera seconded the motion and it carried unanimously.

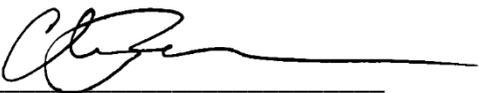
11. EXECUTIVE SESSION DISCUSSION OF EXECUTIVE RECRUITMENT

Mayor Douglas Nicholls motioned to authorize League officers to negotiate a contract or a successor for the League Executive Director, Mayor Bob Rivera seconded the motion and it carried unanimously.

The Executive Committee adjourned at 12:40 p.m.



EXECUTIVE DIRECTOR



PRESIDENT