

DEBT OVERSIGHT COMMISSION

Arizona Department of Administration



Minutes of Meeting

Monday, August 7, 2023

1:00 PM

*Elizabeth
Alvarado-Thorson
ADOA Director*

Arizona Department of Administration

Virtual Meeting via Google Meets

*Michael DiMaria
Member*

Members Present

Elizabeth Alvarado-Thorson, Chair

Jennifer Stielow, Member

Jason Baran, Member

Benjamin Rieck, Member

*Jennifer Stielow
Member*

*Jason Baran
Member*

*Benjamin Rieck
Member*

Members Absent

Michael DiMaria, Member

Others Present

Ray Diccio, ADOA Director's Office Staff

Ashley Retsinas, ADOA General Accounting Office Staff

Angela Dillard, ADOA General Accounting Office Staff

Joanna Greenaway, ADOA General Accounting Office Staff

Ryan Westlake, ADOA General Accounting Office Staff

Jolene Teeters, ADOA General Accounting Office Staff

Myrna Lopez, ADOA General Accounting Office Staff

Not Present

None

A. Call to Order

Commission Chair Elizabeth Alvarado-Thorson called the Debt Oversight Commission meeting to order at 1:01 PM

B. Member Roll Call

Commission Chair Alvarado-Thorson noted attendance for the record.

C. Staff Introductions

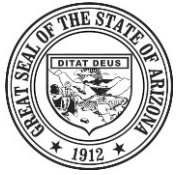
D. Approval of Minutes

Jason Baran moved to approve the minutes of the December 19, 2022 meeting as presented with the correction of the spelling of member's Baran last name. Jennifer Stielow seconded the motion.

Commission member votes on the motion were conducted via email after the meeting. The members unanimously approved the minutes of the December 19, 2022 meeting as presented.

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E. Review the Credit Lending and Support Program Report

A copy of the report was distributed to the Commission members for review prior to the meeting. ADOA General Accounting Office (GAO) staff, Angela Dillard, provided a summary of the Credit Lending and Support Program Report. The attached presentation was reviewed.



Debt Oversight
Commission Present

Staff provided responses to the following:

Member Baran asked for clarification on how staff defined the cost of likely default.

The ADOA GAO staff stated that the cost of default is not clearly defined in the legislation; therefore entities are referred to their attorneys for further clarification as needed.

Member Stielow inquired if staff reached out to the Governor's Office of Strategic Planning and Budgeting (OSPB) concerning their program, as she was unaware of it. She was wondering if it was related to the Public Credit Enhancement program.

The ADOA GAO staff stated that they did not contact the OSPB for further clarification concerning their program, however, after further research subsequent to the meeting, it was determined that there was communication in the month April, 2023. The ADOA GAO staff asked for additional information on the Arizona Public School Credit Enhancement Program, as we believed that this program may be within the scope of credit lending and support programs. Consequently, the OSPB staff completed the Credit Lending and Support Programs Questionnaire and advised us that the OSPB, in conjunction with ADOA and the State Treasurer's Office operates that program pursuant to A.R.S. § 14-855. The questions inquired are all listed at the back of the Credit Lending and Support Program Report.

Member Stielow asked if it is a possibly an error that the ADOA Division of School Facilities and School Facilities Oversight Board (ADOA-SFA) did not respond to staff inquires.

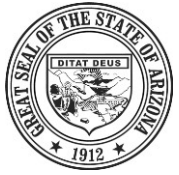
The ADOA GAO staff stated that the ADOA-SFA lack of response was most likely due to changes in leadership and lack of understanding of the reporting requirement.

Jennifer Stielow made a motion to approve the FY 2022 Report of Credit Lending and Support Programs as presented. Jason Baran seconded the motion. Commission member votes on the motion were conducted via email after the meeting. The members unanimously approved the Credit Lending and Support Program Report as presented.

F. FY 2022 Report of Outstanding Indebtedness updates recommended at the Commission's

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Monday, December 19, 2022 meeting.

The ADOA GAO staff provided update on the following:

- Split out Class A and Class B bonds for School Districts
 - Data is currently being collected. School Districts do not seem to understand the differences and do not answer correctly. Our attempt to correct that on entities behalf would be inappropriate, as it is each entities responsibility to provide the data.
- Split out bonds for Cities/Towns into 6% and 20%
 - The ADOA GAO staff attempted separating out the percentages for the Report of Outstanding Indebtedness the first year, but found it to be extremely difficult since entities' reporting are not informed or do not have a background on this and could cause undue reporting delays.

Jennifer Stielow stated that ADOA GAO staff should follow up on the above two recommendations later. She would like us to consider educating the entities on this topic and believes these items would improve the report going forward.

There was no formal commission motion on this request. No formal action adopted by the Commission.

Ben Rieck inquired on how the debt report data is gathered.

The ADOA GAO staff responded that data collection is primarily from the debt form which is through an Excel spreadsheet, and other document submitted by each entity. Staff review this information and may follow-up via email or phone if the form was completed incorrectly or if required form information is missing. The ADOA GAO staff stated that there is no web based tool to gather data and it is primarily accomplished via emails and phone calls. Consideration to obtain an online reporting tool was discussed, but due to lack of funding, we have not pursued further.

G. Call to the Public

Commission Chair Alvarado-Thorson made a Call to the Public. There was no one from the public in attendance.

H. Adjournment

Commission Chair Alvarado-Thorson motioned to adjourn the Debt Oversight Commission meeting. Benjamin Rieck made a motion to adjourn. Jennifer Stielow seconded the motion. The meeting was adjourned at 1:21 PM.

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