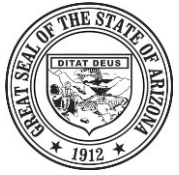


DEBT OVERSIGHT COMMISSION

Arizona Department of Administration



Minutes of Meeting

Thursday, March 27, 2025
2:30 PM

Arizona Department of Administration

Virtual Meeting via Google Meets

Members Present

Ashley Dimaggio-Retsinas, Chair
Jennifer Stielow, Member
Jason Baran, Member
Benjamin Rieck, Member

Members Absent

Michael DiMaria, Member

Others Present

Angela Dillard, ADOA General Accounting Office Staff
Celine Baker, ADOA General Accounting Office Staff
Jolene Teeters, ADOA General Accounting Office Staff
Michael Williams, ADOA General Accounting Office Staff

Ashley Dimaggio-
Retsinas
**ADOA Director
Delegate**

Michael DiMaria
Member

Jennifer Stielow
Member

Jason Baran
Member

Benjamin Rieck
Member

A. Call to Order

Commission Chair Ashley Dimaggio-Retsinas called the Debt Oversight Commission meeting to order at 2:33 PM and provided members with an introduction

B. Member Roll Call

Commission Chair Dimaggio-Retsinas noted attendance for the record.

C. Staff Introductions

D. Approval of Minutes

Member Stielow moved to approve the minutes of the December 12, 2023 meeting as presented.
Member Rieck seconded the motion.

The members unanimously approved the minutes of the December 12, 2023 meeting as presented.

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E. Review the FY2024 Report of Outstanding Indebtedness

A copy of the report was distributed to the Commission members for review prior to the meeting. ADOA General Accounting Office (GAO) staff, Celine Baker, provided a summary of the Report. The attached presentation was reviewed.



Debt Oversight
Commission Present

Staff provided responses to the following:

Member Stielow noted that the Percent Capacity or the Percent Capacity Debt are missing in every section. She also inquired about the addition of Section 4 “Additional Details Reported” in the report, and proposed that it would be valuable to add an introduction to this section explaining to the public why the changes were made.

ADOA Staff Teeters responded that section 35-501 required the additional details.

Member Stielow also mentioned that in the school district section starting on page 43 only included Class A bonds and that most of the GO bonds for Class A should be gone by now. This significant change was noticed a few years ago in FY2019 where we listed both Class A and Class B bonds. She added that the lower debt limits of Class B bonds should also displayed, and this is a major flaw in the report. She stated that when the Department of Revenue had this report, they reported it correctly, and that she cannot support this report as it sits unless there is some change in it. Member Stielow asked for input from other members.

Member Rieck responded that the Percent Capacity is shown in other parts of the report such as starting on page 45.

Member Rieck mentioned that a footnote might suffice for the additional details part of the report or any other changes that are made, but that a notation would be a good idea.

Member Stielow noted that Kyrene and Peoria school districts only have Class As displayed and inquired about the Class B debt. The tax rate and levy sheets delineates the Class A and Class B debt that a school district has. If we have a school district that would rely on this report and a lawsuit is filed stating that the Debt Commission has approved this report stating they have capacity, then the Commission could be in real trouble. Member Stielow further noted that beginning on page 50, in the past, the Report used to show Class A and Class B separately and that is where that information should be displayed.

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Member Stielow suggested that the information should be focused on the individual tables, but that it all should be corrected.

Member Baran inquired if the interest percentages are correct in Section 4.

ADOA Staff Baker responded that we utilized the interest percentages received from the entities and there were different rates with irregularities.

Member Baran inquired about the Agenda, and asked if the members are able to approve the Report based on the Agenda. He also inquired if edits could be made based upon Member Stielow's requested edits including: formatting, adding the 2 missing columns, including the Class A and Class B bonds, and capacity used.

ADOA Staff Teeters responded that usually there is a review and approval of the Report. Non-compliance and late submittals are completed after the Report is completed. The place in the slide presentation is a reminder to approve the Report.

ADOA Staff Dillard mentioned that typically before we post the final report online, we get a motion and an approval from the Commission members.

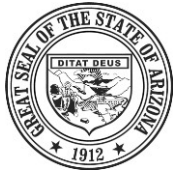
Chair Dimaggio-Retsinas shared that ADOA staff need to report on the issues that Member Stielow has mentioned.

ADOA Staff Dillard responded that staff believes there is a contradiction between the statute that requires ADOA to produce the report vs. other statutes, specifically ARS 15-1021. ADOA staff produces the report according to ARS 35-501.D and ARS 35-503, which specifically refer us to the debt limits referenced in the Arizona State Constitution. When we attempted to split out the Class A and Class B bonds in FY18 and FY19, for school districts submitting data, unfortunately a lot of the information received was incorrect, so it forced ADOA to make decisions on whether the data needed to be changed to be presented in the report correctly. The information in the report is supposed to be self-reported by the entities, so the back and forth with the districts caused unnecessary delays and put ADOA in a position to make decisions on changing the data submitted on behalf of the entities. We would like to seek legal counsel on our position because we feel that using the debt limit in the Constitution simplifies the production of the report.

Member Stielow disagreed with how the ADOA staff interpreted the language. Member Stielow continued stating the legislature made changes to ARS 15-1021 in 2013, the Report is ignoring these debt limits that were put in place at that time. This change to the Report was made without consulting the Commission. Furthermore, responses that Member Stielow received was about staffing and that the Department of Revenue created this report for 2 decades, even before the commission was created. First time this was changed was in 2020 without input from the Commission and she will be a "No" unless there are any changes to the current report.

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Chair Dimaggio-Retsinas responded that for 2024 we will not be able to make those changes. We can make note of the changes that were in the report from 2019.

Member Stielow asked if going forward, would ADOA staff make the changes to show Class A and Class B debt.

Chair Dimaggio-Retsinas responded that ADOA staff would not have the information of the change that was made.

Member Stielow responded that she would still not be in support of this report

Chair Dimaggio-Retsinas asked if at this time the members would approve with the additions to the Report.

Member Baran inquired if the Commission was properly noticed to do a final approval.

Member Stielow replied that a major portion of the report is missing and that is the whole purpose of the report showing the debt capacity.

Chair Dimaggio-Retsinas suggested that ADOA staff should be able to get that information turned around and sent to the commissioners and then we will try to set a meeting next week.

F. Call to the Public

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

G. Adjournment

After mentioning that staff will amend the agenda and the Report and call another meeting within the next two weeks, Commission Chair Dimaggio-Retsinas motioned to adjourn the Debt Oversight Commission meeting. Member Baran, with appreciation for the staff and their time called for the meeting to be adjourned. Member Rieck seconded the motion. The meeting was adjourned at 3:09 PM.