

Minutes

MAYOR AND COUNCIL

The City of Douglas Mayor and Council met in a Special Meeting on Monday, May 26, 2021 at 5:30 p.m. in the Council Chamber of City Hall, 425 10th Street. The Honorable Mayor Huish called the meeting to order.

1. **CALL TO ORDER:** 5:30 p.m.
2. **PLEDGE OF ALLEGIANCE:** by Council
3. **ROLL CALL.**

	PRESENT	ABSENT
MAYOR, DONALD C. HUISH	X	
MAYOR PRO TEMPORE, MARGARET MORALES	X	
COUNCILMEMBER, MITCH LINDEMANN	X	
COUNCILMEMBER, DANYA ACOSTA	X	
COUNCILMEMBER, RAY SHELTON	X	(excused) back at 5:46 p.m.
COUNCILMEMBER, MICHAEL BALDENEGRO	X	
COUNCILMEMBER, JOSE GRIJALVA		X (excused)
INTERIM CITY MANAGER/CITY TREASURER, LUIS PEDROZA	X	
CITY ATTORNEY, DENIS FITZGIBBONS	X	
CITY CLERK, ALMA ANDRADE	X	

4. **DISCUSSION/DECISION on APPROVAL of Employee HEALTH INSURANCE Contracts for FY 2021/2022.**

Motion by Council Member Acosta, **second** by Council Member Baldenegro to approve contract renewals with Marpai Health, Aetna, American Health Holding, Broadreach Medical Resources and Swiss Re; set the monthly city contributions for employee only at \$560.86 and for employee + family at \$906.46; and to accept all other voluntary and customary benefits, as submitted.

Roll call: Voted in Favor: Mayor Donald Huish, Council Members: Margaret Morales, Mitch Lindemann, Danya Acosta, and Michael Baldenegro. **Voted Against:** None.

5. **PRESENTATION/DISCUSSION by STIFEL regarding PROPOSED PENSION BOND OBLIGATION.**

Interim City Manager, Luis Pedroza introduced STIFEL presenter, Mark Reader. Mr. Pedroza reminded Mayor and Council on September 30, 2020, STIFEL presented information for pension bond obligation options. Luis Pedroza provided background information.

Mark Reader presented on the following.

Slide 1 (destinyhosted.com)

Mr. Reader asked Mr. Pedroza about the City of Douglas rating.

Mr. Pedroza confirmed the City of Douglas received an A rating in 2015 by Fitch. Mr. Pedroza explained to Mayor and Council that the rating was essentially the City's credit score.

Council Member Shelton thanked Mr. Pedroza for putting the city in the position to receive such a rating.

Mayor Huish inquired of the reserve portion; was there any advantage to pay off the call center and use it to build the reserves.

Mr. Pedroza informed Mayor and Council the call center was not callable until 2023. Furthermore, the bonds cannot be opened until 2023 and options would be considered after. Mr. Pedroza continued by saying the debt service was

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structured around opening the bonds in 2023 and the call center lease expiration in 2023. Additionally, Mr. Pedroza stated the city would have to create extra cash for loan payments or renew the lease until the bonds end in 2028. Mr. Pedroza informed Mayor and Council that they had a 5-year period to come to a conclusion regarding the bonds.

Mr. Reader concluded with the presentation.

Mayor Huish commented Mr. Reader was looking at ten other possible sales and it would be advantageous to move briskly.

Mr. Reader confirmed and stated the City of Douglas was on the right track. There is very good demand for pension structures so we think unless the market changes we should be in good shape.

Additionally, Mr. Pedroza planned the ordinance to be adopted by emergency due to the time sensitivity of the issuance because the market tends to change. Mr. Pedroza emphasized the importance to lock in the interest rate because of the favorable market.

Mayor Huish asked Mr. Reader for his opinion on what he has witnessed over the past years; does it look like they are doing a better job as far as policies and such.

Mr. Reader believed the 10-month return was estimated at 18%. The fiscal year returns are not over yet, but they are up significantly by 16% or 18%. Furthermore, Mr. Reader stated the biggest risk factor was the sale of bonds at a certain percent, that money is advanced to PSPRS, and money cannot be earned at that certain percent. Mr. Reader concluded by stating clients that are moving forward have confidence in the system right now.

Denis Fitzgibbons requested Mr. Pedroza to explain why we closed it in July as opposed to the end of June.

Mr. Pedroza explained July was looked at because of the budget capacity issue. Mr. Pedroza explained the budget capacity was being built for next year's budget. Mr. Pedroza stated the unfunded liability year after year looked bad, but now there would be a better image that showed control.

Mayor Huish thanked Mr. Reader for the presentation.

6. **ADJOURNMENT.**

Motion by Council Member Morales, **second** by Council Member Baldenegro to adjourn the meeting at 6:03 p.m.

Prepared by:



Jesalen Luna, Deputy City Clerk