

**TOWN OF PAYSON
TOWN COUNCIL MEETING
MINUTES OF THE REGULAR MEETING
December 10, 2009**

CALL TO ORDER: Vice Mayor Vogel opened the meeting at approximately 5:30 p.m. in the Town Hall Council Chambers, 303 North Beeline Highway, Payson, Arizona in Mayor Evans absence.

INVOCATION: An invocation was offered by Senior Pastor Kelly Wooldridge, First Assembly of God.

PLEDGE OF ALLEGIANCE

PRESENT: Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed Blair, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

STAFF PRESENT: Mayor Kenny J. Evans, Debra Galbraith - Town Manager, Sam Streichman - Town Attorney, Don Engler - Police Chief, Marti deMasi - Fire Chief, LaRon Garrett - Public Works Director, Cindy Smith - Chief Fiscal Officer, and Silvia Smith - Town Clerk.

OTHERS PRESENT: Tim Wright - Deputy Town Attorney, Firefighter Jerome Lubetz, and Gaye Stidham - Deputy Town Clerk.

A. PUBLIC COMMENTS (SPEAKER'S REQUEST FORM SUBMITTED)

Cathy Boone, Project Manager, thanked those who helped with the Electric Light Parade including Arizona Public Service, two Council members who helped as judges, the Payson Unified School District, Gordon Whiting, Fire Marshal Bob Lockhart, Judy Pittman and all those who worked as judges, announcers, spotters and staggers. She thanked Mr. Moss for numbering the floats and the Civil Air Patrol for participating as the Color Guard for the parade. Ms. Boone also thanked the businesses along Main Street for their holiday decorations.

B. CONSENT AGENDA

Council Member Blair asked that Items K.6 and K.7 be removed from the Consent Agenda.

Motion: to approve the Consent Agenda except for Items K.6 and K.7.
Moved by Council Member John Wilson, seconded by Council Member Su Connell.

Vote: Motion carried 5 - 0

Yes: Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed

Blair, Council Member John Wilson, and Council Member Richard Croy.

Council Member Hughes recused himself from the vote.

C. CURRENT EVENTS PRESENTATION BY THE TOWN MANAGER, MAYOR, AND/OR COUNCIL MEMBER

Public Works Director LaRon Garrett reported that the recent storm blew down between 20 and 30 street signs and several trees. A street sweeper was out of commission and it will take a few days to get it all swept up. Anyone with a street sign that needed replacing should call his office.

Council Member Wilson noted that \$8,800, 40% of the cash goal, had been donated for the Payson Area Food Drive.

Council Member Connell wished everyone a merry Christmas and happy and healthy New Year.

2. Documents, materials and information for Council review. (The Council will not discuss or take action on the attached; they are provided for information only) There were no documents for review.

D. CEREMONIAL; ANNOUNCEMENTS; PRESENTATIONS; INTRODUCTIONS

1. There were no items in this section.

E. MINUTES

1. Council Meeting Minutes:
11.05.09 Regular Meeting Minutes Pages 1 -14
11.19.09 Special Meeting Minutes Pages 1 -3
11.19.09 Regular Meeting Minutes Pages 1 -7
CONSENT APPROVED

BOARDS/COMMISSIONS MEETING MINUTES (Note: Minutes of various boards/commissions/committees are for Council information only and may or may not have been approved by the respective board/commission.

2. * Parks and Recreation Commission:
09.09.09 Regular Meeting Minutes Pages 1 -4
CONSENT INFORMATION ONLY
3. * Design Review Board:
10.27.09 Regular Meeting Minutes Pages 124 -125
CONSENT INFORMATION ONLY

4. * Green Valley Redevelopment Area Commission:
11.05.09 Regular Meeting Minutes Pages 657 -658
CONSENT INFORMATION ONLY

F. HEARINGS AND APPEALS

1. This was a Public Hearing concerning an application for a Series #12 Liquor License (#12043068) filed by John Michael Makosiej, agent, Famous Sam's, 307 South Beeline Highway Suite J, Payson, Arizona.

Vice-Mayor Vogel opened the public hearing. Mr. Makosiej was present to answer questions. There were no comments from the public and Vice-Mayor Vogel closed the public hearing.

Motion: to Approve an application for a Series #12 Liquor License (#12043068) filed by John Michael Makosiej, agent, Famous Sam's, 307 South Beeline Highway Suite J, Payson, Arizona.
Moved by Council Member John Wilson, seconded by Council Member Richard Croy.

Vote: Motion carried 6 - 0

Yes: Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed Blair, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

G. RESOLUTIONS AND ORDINANCES

1. * As Council, staff, and the audience have the titles to all resolutions and ordinances, authorization to forego verbal title readings.
CONSENT APPROVED
2. The following two items were heard together: Discussion/possible action concerning Resolution No. 2472 and the Second Reading and Public Hearing of Ordinance No. 775.

A. Resolution No. 2472 captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, AMENDING CHAPTER 95 (AIRPORT) OF THE CODE OF THE TOWN OF PAYSON AND DECLARING SUCH AMENDMENTS TO BE A PUBLIC RECORD.

B. Second Reading and Public Hearing of Ordinance No. 755 captioned as follows: AN ORDINANCE OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, AMENDING CHAPTER 95 OF THE CODE OF THE TOWN OF PAYSON AND ADOPTING SUCH AMENDMENTS BY REFERENCE. (AIRPORT)

Deputy Attorney Wright explained that since the airport was leased the PRAA passed rules and minimum standards. The Town Code is now obsolete concerning the airport and this ordinance amends the Code to concur with the current situation. If the lease with the PRAA is terminated, then the rules would revert back to the original Town Code requirements. The PRAA Board was in support of this change.

Vice-Mayor Vogel opened the public hearing concerning Ordinance No. 755. Council Member Hughes explained this was a procedural requirement for the PRAA lease. It allows the Town to set aside its responsibility to enforce their minimum standards. However, the safety standards are still the responsibility of the Town. Council Member Blair asked if the FAA was asking the Town to do something about the gate and whether the gate was involved in this matter. Deputy Attorney Wright explained that the gate was an issue relating to the airport but more of a day to day operation issue.

Mayor Evans and Chief Engler arrived at the meeting at approximately 5:40 p.m.

Vice-Mayor Vogel closed the public hearing.

Motion: to Approve Ordinance No. 755 captioned as follows: AN ORDINANCE OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, AMENDING CHAPTER 95 OF THE CODE OF THE TOWN OF PAYSON AND ADOPTING SUCH AMENDMENTS BY REFERENCE. (AIRPORT)
Moved by Council Member John Wilson, seconded by Vice-Mayor Mike Vogel.

Vote: Motion carried 6 - 0

Yes: Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed Blair, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

3. Discussion/possible action concerning Resolution No. 2532, captioned as follows: A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$1,525,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, (PROJECT OF 2003) SERIES 2009; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF AN AGREEMENT FOR THE SERVICES OF A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT; APPROVING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS HEREIN AUTHORIZED; RATIFYING THE ACTIONS OF TOWN OFFICERS AND AGENTS CONCERNING THE

BONDS AND THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT PERTAINING TO THE BONDS; PROVIDING CERTAIN TERMS, COVENANTS AND PROVISIONS REGARDING THE BONDS; AND DECLARING AN EMERGENCY.

Grant Hammil, Managing Director of Stone & Youngberg, presented a Summary of General Obligation Bond Sale Results to the Council. He reviewed the document explaining that \$1,525,000 in bonds were approved by Council for sale and there was successful authorization for that sale. Page one in the Summary described the preparation for the bonds and the results. Four bids were received for the bonds. The Town received an A+ rating. Mr. Hammil explained this was a fairly short issue of only 7.6 years. Page six detailed the bond debt service schedule. There was no expectation over the life of the bonds that there would be any increase in property taxes. Fred Rosenfeld of Gust-Rosenfeld said they were prepared to accept the low bid, authorize bonds and signatures, and to take all actions to complete the sale of the bonds. He explained that the debt service is tailored to put the major portion of the principal to be paid at the end of the bonds. Although there is the possibility, the best job was done to protect the Town from having to raise property taxes. Mr. Hammil added that he has already received calls from residents about purchasing the bonds and he expects to be advertising the sale in about a week.

Motion: to Approve Resolution No. 2532, captioned as follows: A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$1,525,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, (PROJECT OF 2003) SERIES 2009; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF AN AGREEMENT FOR THE SERVICES OF A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT; APPROVING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS HEREIN AUTHORIZED; RATIFYING THE ACTIONS OF TOWN OFFICERS AND AGENTS CONCERNING THE BONDS AND THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT PERTAINING TO THE BONDS; PROVIDING CERTAIN TERMS, COVENANTS AND PROVISIONS REGARDING THE BONDS; AND DECLARING AN EMERGENCY.

Moved by Vice-Mayor Mike Vogel, seconded by Council Member Su Connell.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed Blair, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

4. Discussion/possible action concerning Resolution No. 2534, captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE THE SECOND AMENDMENT TO THE AGREEMENT BETWEEN THE TOWN OF PAYSON AND THE HUMANE SOCIETY OF CENTRAL ARIZONA, INC.

Motion: to Approve Resolution No. 2534, captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE THE SECOND AMENDMENT TO THE AGREEMENT BETWEEN THE TOWN OF PAYSON AND THE HUMANE SOCIETY OF CENTRAL ARIZONA, INC.

Moved by Vice-Mayor Mike Vogel, seconded by Council Member Ed Blair.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed Blair, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

5. Discussion/possible action concerning Resolution No. 2535, captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE AN INTERGOVERNMENTAL AGREEMENT BETWEEN GILA COUNTY AND THE TOWN OF PAYSON REGULATING THE CONSTRUCTION OF PUBLIC PROPERTY IMPROVEMENTS IN EACH OTHER'S RESPECTIVE JURISDICTIONS.

Motion: to Approve Resolution No. 2535, captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE AN INTERGOVERNMENTAL AGREEMENT BETWEEN GILA COUNTY AND THE TOWN OF PAYSON REGULATING THE CONSTRUCTION OF PUBLIC PROPERTY IMPROVEMENTS IN EACH OTHER'S RESPECTIVE JURISDICTIONS.

Moved by Council Member John Wilson, seconded by Vice-Mayor Mike Vogel.

Fire Chief deMasi suggested removing the fire prevention aspects of this agreement. Based on his conversation with the State Fire Marshal, if we go forward with the fire aspects in the contract, the State Fire Marshal would cancel their MOU with the Town. This MOU allows the Town the ability to provide fire inspection services for the school district, etc. Waiting for the State Fire Marshal to

provide these services might mean costly delays in plan reviews, inspections for construction and other periodic inspections. Council Member Wilson suggested amending his motion to delete any references to fire prevention.

Motion: to amend the original motion to delete any references to fire prevention. Moved by Council Member John Wilson, seconded by Council Member Su Connell.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed Blair, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

Mayor Evans asked for a vote on the original motion with the approved amendment.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed Blair, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

H. UNFINISHED BUSINESS There are no items in this section.

I. NEW BUSINESS

1. * Council Decision Request filed by Cindy L. Smith, Chief Fiscal Officer, to approve the payment of \$29,428.87 in LTAF II funds to the Payson Multi-Purpose Senior Center to fund the expenses related to providing daily transportation for Payson seniors and handicapped. The Senior Center must provide a separate report on the use of these funds by June 30, 2010. *CONSENT* APPROVED
2. Council Decision Request filed by LaRon Garrett, Public Works Director, for the Town of Payson to partner with Payson Unified School District on applying for a "Safe Routes to School" grant that would construct a crosswalk across Longhorn Road at Forest Park Drive that will include a striped crosswalk on the pavement and manually actuated flashing lights on the side of and within the roadway pavement to alert the motorists that a pedestrian is crossing the roadway contingent on there being no financial costs to the Town.

Public Works Director Garrett explained that the Payson Unified School District requested the Town install a crosswalk on Longhorn Road at the intersection of S. Forest Park Road. A flashing light was recommended to indicate pedestrian traffic. Mr. Garrett pointed out that the busiest time for pedestrians was also the busiest time for traffic which can cause a backup

of traffic. Federal money would be used for this project, but he was not sure the good will gesture outweighed the other concerns. Police Chief Engler agreed with Mr. Garrett. Chief Engler said there were no current problems with jaywalking in that area and there was a crosswalk down the block at McLane and Longhorn. The Beeline Highway poses a much larger jaywalking concern. Mr. Garrett did not believe the crosswalk could be done safely.

Vice-Mayor Vogel spoke in opposition of the crosswalk because he did not believe there was a safe place along Longhorn Road for a crosswalk. Mr. Garrett explained that this Safe Route to School grant only funded elementary and middle school projects so the area of a crosswalk was limited. Council Member Wilson said his concern was the difference between safety for the children and possible accidents for vehicles. Since there was not a current jaywalking problem, he did not see the need to fix it. Council Member Blair said there were previous attempts to slow down traffic on Longhorn and maybe one of those suggestions would be an option. Council Member Hughes stated that a crosswalk at Longhorn and Forest Park would only serve Forest Park and not Trailwood or pedestrain traffic needing to cross McLane. There was no motion made.

3. Council Decision Request filed by LaRon Garrett, Public Works Director, to approve the contract with Sunrise Engineering, Inc. for Preliminary Engineering Design of the C.C. Cragin Raw Water Pipeline and authorize the Mayor to sign the necessary contract documents.

Mr. Garrett noted that representatives of Sunrise Engineering, Inc. were available for questions.

Motion: to Approve a Council Decision Request filed by LaRon Garrett, Public Works Director, to approve the contract with Sunrise Engineering, Inc. for Preliminary Engineering Design of the C.C. Cragin Raw Water Pipeline and authorize the Mayor to sign the necessary contract documents. Moved by Council Member John Wilson, seconded by Council Member Richard Croy.

Council Member Blair asked if the \$8,775,000 of stimulus money was in the bank and available immediately. Manager Galbraith reminded him that the loan through WIFA would be a reimbursement.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed Blair, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

4. Council Decision Request filed by Martin A. deMasi, Fire Chief, to approve the award of the bid to American Fire Training Systems, Inc., in the amount

of \$173,785 for the purchase of a mobile live fire training unit.

Fire Chief deMasi introduced Fire Fighter Jerome Lubetz who had overseen this project. Fire Fighter Lubetz explained that there were four bud proposals submitted. The two lowest bids did not meet specifications. Of the remaining, American Fire Training Systems was selected.

Vice-Mayor Vogel asked if other fire departments were involved in the selection. Fire Chief deMasi answered that the grant funds for this project are for the Payson Fire Department only. An attempt to apply for a regional grant was made, but other entities were not able to get the information needed by the submittal in time. The Town's grant came in first. The project is 95% funded through the grant. Regional partners will help to pay for the facility as they use it.

Motion: to Approve a Council Decision Request filed by Martin A. deMasi, Fire Chief, to approve the award of the bid to American Fire Training Systems, Inc., in the amount of \$173,785 for the purchase of a mobile live fire training unit.

Moved by Vice-Mayor Mike Vogel, seconded by Council Member John Wilson.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed Blair, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

5. Council Decision Request filed by LaRon Garrett, Public Works Director, to approve the on-call engineering and construction management contract for the Payson Airport with Armstrong Consultants, Inc. and authorize the Mayor to sign the necessary contract documents, contingent on receiving final approval from the FAA.

Public Works Director Garrett said this contract sets the basic parameters for the work that will be done. No scope of services or fee has been determined for the project yet. Both FAA and ADOT approval is needed to go forward with this contract. ADOT approval is complete and Council approval of the contract is contingent upon expected FAA approval soon.

Motion: to Approve a Council Decision Request filed by LaRon Garrett, Public Works Director, to approve the on-call engineering and construction management contract for the Payson Airport with Armstrong Consultants, Inc. and authorize the Mayor to sign the necessary contract documents, contingent on receiving final approval from the FAA.

Moved by Council Member Ed Blair, seconded by Council Member John Wilson.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed Blair, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

J. CLAIMS

1. * List of checks paid from 10/28/09 through 11/24/09, Check Nos. 007837 through 008093, except Check No. 008024, and authorization to file the checks for audit.
CONSENT APPROVED
2. * Check No. 008024 and authorization to file check for audit. (Note: due to a perceived and/or conflict of interest, Vice-Mayor Vogel will be considered to have abstained from voting on this item.)
CONSENT APPROVED

K. MISCELLANEOUS

1. * Reappointment of Ralph Bossert to the Building Advisory Board, term to expire December 31, 2012.
Reappointment of Herman A. Holtz to the Building Advisory Board, term to expire December 31, 2012.
CONSENT APPROVED
2. * Reappointment of Deborah Hughes to the Design Review Board, term to expire December 31, 2012. Reappointment of Barbara Underwood to the Design Review Board, term to expire December 31, 2012.
CONSENT APPROVED
3. * Appointment of Judy Pittman to the Green Valley Redevelopment Area Committee, filling the vacancy left by Minette Hart-Richardson, term to expire December 31, 2011.
CONSENT APPROVED
4. * Reappointment of Deborah Burzynski to the Housing Advisory Commission, term to expire December 31, 2012. Reappointment of John Wakelin to the Housing Advisory Commission, term to expire December 31, 2012.
Appointment of Maria Cohen to the Housing Advisory Commission, term to expire December 31, 2012.
CONSENT APPROVED
5. * Reappointment of Robert S. Ingram to the Parks and Recreation Board, term to expire December 31, 2012. Reappointment of Gerri Levine to the Parks and Recreation Board, term to expire December 31, 2012.
CONSENT APPROVED

6. * Reappointment of Joel Mona to the Planning and Zoning Commission, term to expire December 31, 2012. Appointment of Clark Jones to the Planning and Zoning Commission, term to expire December 31, 2012. (Removed from the Consent Agenda)

Mayor Evans asked the Town Attorneys to clarify the commission/board appointment process. Deputy Attorney Wright explained that Council had previously taken action to allow the Mayor to designate a Council Member to make appointments. Mayor Evans had designated the Vice-Mayor's position for that task.

Council Member Blair said he agreed with the reappointment of Joel Mona but he couldn't approve of the nomination of Clark Jones. Council Member Blair asked if there had been any instance of poor judgement or poor performance on the part of Gary Bedsworth in his term on the Planning and Zoning Commission.

Vice-Mayor Vogel explained he pulled all the applications for each opening and compared them. He said the one had experience and history in Town and the other did not. Vice-Mayor Vogel said he did not consider the recent two years of history on the Planning and Zoning Commission for Mr. Bedsworth. Mr. Jones has zoning experience and experience with the system. Council Member Blair asked if a vote could be taken separately for Mr. Bedsworth and Mr. Clark. Mayor Evans asked Council Member Blair and Vice-Mayor Vogel to direct their questions and comments to him rather than to each other. Council Member Hughes added for clarification that in Vice-Mayor Vogel's reasoning the same approach and criteria concerning appointments was used this time just as it was three years ago when Mr. Bedsworth was appointed.

Council Member Connell said not reappointing a Commission member did not mean they did not do a good job. Vice-Mayor Vogel used a process in selecting someone the Council could support. She said she appreciated the job Mr. Bedsworth had done and thanked him for his service. Mayor Evans reiterated that he was aware of a number of issues where there will be a need to delegate responsibility including bringing Arizona State University to Payson. He said Mr. Bedsworth had volunteered to be a part of that process and there was room for service for someone who has done a good job and shown their willingness to serve.

Motion: to reappoint Joel Mona to the Planning and Zoning Commission, term to expire December 31, 2012.
Moved by Council Member Ed Blair, seconded by Vice-Mayor Mike Vogel.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member Ed Blair, Council Member John Wilson, Council

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Member Richard Croy, and Council Member Michael Hughes.

Motion: to appoint Clark Jones to the Planning and Zoning Commission, term to expire December 31, 2012.

Moved by Council Member John Wilson, seconded by Vice-Mayor Mike Vogel.

Vote: Motion carried 6 - 1

Yes: Mayor Kenny J. Evans, Vice-Mayor Mike Vogel, Council Member Su Connell, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.
No: Council Member Ed Blair.

7. * Reappointment of Shirley Dye to the Surface Transportation Advisory Board, term to expire December 31, 2012. Reappointment of Christine Tilley to the Surface Transportation Advisory Board, term to expire December 31, 2012.

Appointment of Gordon Metcalf to the Surface Transportation Advisory Board, term to expire December 31, 2012. (Removed from the Consent Agenda)

Jim Hippel, member of the Transportation Advisory Board, reminded the Council that Tom Loeffler, who was not recommended for reappointment, had extensive experience in the transportation field and had done a good job. He said that most of the members of the Board were in favor of his reappointment. Mr. Hippel proposed his resignation from the Board if that vacancy could be filled by Mr. Loeffler.

Vice-Mayor Vogel explained that Mr. Loeffler had submitted a letter saying he did not seek reappointment to the Transportation Advisory Board. There were other applications and Vice-Mayor Vogel selected an applicant. Subsequently Mr. Loeffler submitted another letter saying he would be willing to serve another term. Vice-Mayor Vogel said that although he supported Mr. Loeffler there were three other applications to be considered in line before Mr. Loeffler if there was a vacancy.

Motion: to reappoint Shirley Dye to the Surface Transportation Advisory Board, term to expire December 31, 2012. Reappoint Christine Tilley to the Surface Transportation Advisory Board, term to expire December 31, 2012. Appoint Gordon Metcalf to the Surface Transportation Advisory Board, term to expire December 31, 2012.

Moved by Council Member John Wilson, seconded by Council Member Michael Hughes.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Mike Vogel, Council Member Su
Connell, Council Member Ed Blair, Council Member John Wilson, Council
Member Richard Croy, and Council Member Michael Hughes.

L. PUBLIC COMMENTS

There were no comments from the public.

ADJOURNMENT: Mayor Evans adjourned the regular meeting at approximately
6:56 p.m.

APPROVED:

_____ Date: _____

Kenny J. Evans, Mayor

ATTEST:

Silvia Smith, Town Clerk

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of
the regular meeting of the Town Council of the Town of Payson held on this day the 10
of December, 2009. I further certify that the meeting was duly called and held and that a
quorum was present.

DATED this ____ day of _____, 2009.

Gaye Stidham, Deputy Town Clerk

\$1,525,000
TOWN OF PAYSON, ARIZONA
GENERAL OBLIGATION BONDS, (PROJECT OF 2003), SERIES 2009
(PUBLIC SAFETY IMPROVEMENTS)



SUMMARY OF GENERAL OBLIGATION BOND SALE RESULTS

Presented By: Grant M. Hamill
Managing Director

December 10, 2009



STONE &
YOUNGBERG

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 25, 2009

NEW ISSUE – BOOK-ENTRY-ONLY FORM

S&P RATING: “A+”
RATING: See “RATING” herein.

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona (“Bond Counsel”), under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain covenants, restrictions, conditions and requirements by the Town, as mentioned under “TAX EXEMPTION” herein, interest income on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference to be included in the alternative minimum tax of individuals or corporations and is not taken into account as an adjustment to alternative minimum taxable income. See “TAX EXEMPTION,” “ORIGINAL ISSUE DISCOUNT” and “BOND PREMIUM” herein.

The Mayor and Council of the Town will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”), which relates to the ability of certain financial institutions to deduct interest expense allocable to holding and carrying tax-exempt obligations for federal income tax purposes. The Mayor and Council of the Town will represent and warrant that they do not anticipate that the aggregate amount of tax-exempt obligations that will be issued by or on behalf of the Town in calendar year 2009 will exceed \$30,000,000.

\$1,525,000

**TOWN OF PAYSON, ARIZONA
GENERAL OBLIGATION BONDS, (PROJECT OF 2003), SERIES 2009
(BANK QUALIFIED)**

Dated: Date of Initial Delivery

Due: July 1, as shown on the inside front cover page

The Town of Payson, Arizona (the “Town”) will issue its General Obligation Bonds, (Project of 2003), Series 2009 (the “Bonds”) for the purpose of providing funds for constructing and equipping a new fire station, acquiring land on which to build the fire station, acquiring fire vehicles and paying the costs incurred in connection with the issuance of the Bonds.

The Bonds will mature on the dates and in the amounts and will bear interest at the rates set forth on the inside front cover page of this Official Statement. Interest on the Bonds will accrue from the dated date thereof and will be payable semiannually on each January 1 and July 1 (each an “Interest Payment Date”) commencing July 1, 2010, until maturity.

SEE INSIDE COVER PAGE FOR MATURITY SCHEDULE

The Bonds will be issued in the form of fully-registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds initially will be made in book-entry form under the book-entry-only system of DTC only through DTC participants in amounts of \$5,000 of principal due on a single maturity date or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interests in the Bonds. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants who will, in turn, be responsible for distribution of such amounts to the beneficial owners of the Bonds (the “Beneficial Owners”).

The Town and DTC each reserve the right to discontinue the use of the book-entry-only system at any time. Utilization of the book-entry-only system will affect the method and timing of payment of principal of and interest on the Bonds and the method of transfer of the Bonds. So long as the book-entry-only system is in effect, a single, fully-registered Bond for each maturity thereof will be registered in the name of Cede & Co., as nominee of DTC, through The Bank of New York Mellon Trust Company, N.A., the initial bond registrar and paying agent. So long as the book-entry-only system is in effect and Cede & Co. is the registered owner of the Bonds, all references herein to owners of the Bonds will refer to Cede & Co. and not the Beneficial Owners. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM.”

The Bonds will not be subject to redemption prior to their stated maturity dates.

The Bonds will be direct, general obligations of the Town, payable as to both principal and interest from ad valorem taxes to be levied against all taxable property within the Town, without limitation as to rate or amount. However, the Town expects to actually pay the Bonds from a special sales tax instituted for such purpose. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

Unconditional proposals for the purchase of the Bonds will be received through the facilities of PARITY® until 10:00 a.m., Mountain Standard Time on Thursday, December 10, 2009 in accordance with the Notice Inviting Bids for the Purchase of Bonds (the “Notice”). Please refer to the Notice for additional information concerning parameters of the proposal and requirements for the purchase of the Bonds (including the good faith deposit requirements).

The Bonds are offered when, as and if issued by the Town, subject to the approving opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, as to validity and, if applicable, tax exemption. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about December 22, 2009.

This cover page contains certain information with respect to the Bonds for convenience of reference only. It is not a summary of material information with respect to the Bonds. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$1,525,000
TOWN OF PAYSON, ARIZONA
GENERAL OBLIGATION BONDS, (PROJECT OF 2003), SERIES 2009

COMPETITIVE BID SALE RESULTS

(Bids due December 10, 2009 at 10:00am MST)

The following bids were submitted using **PARITY®** and displayed ranked by lowest True Interest Cost (TIC).

	<u>Bidder Name</u>	<u>TIC</u>
LOWEST BID	Stone & Youngberg LLC	3.334255%
	Robert W. Baird & Co.	3.546958%
	Hutchinson, Shockey, Erley & Co.	3.642250%
	Wedbush Morgan Securities	3.815753%

\$1,525,000
TOWN OF PAYSON, ARIZONA
GENERAL OBLIGATION BONDS, (PROJECT OF 2003), SERIES 2009

SUMMARY OF RESULTS

Issue Size:	\$1,525,000
Dated Date:	December 22, 2009
Delivery Date ⁽¹⁾ :	December 22, 2009
Maturity Dates (July 1):	2015-2019
First Interest Payment Date:	July 1, 2010
First Principal Payment Date:	July 1, 2015
Bond Credit Rating:	("A+") Standard & Poor's
True Interest Cost:	3.334255%
Average Life of the Bonds	7.60 Years
Optional Redemption	None
Remaining 2003 Bond Authorization	None

(1) Net Bond Proceeds deposited to Town's Construction/Acquisition Fund.

\$1,525,000
TOWN OF PAYSON, ARIZONA
GENERAL OBLIGATION BONDS, (PROJECT OF 2003), SERIES 2009

**PUBLIC SAFETY PROJECTS TO BE FUNDED
WITH PROCEEDS FROM THE SERIES 2009 BONDS**

1. Land for New Town Fire Station
2. Construction and Equipping of Fire Station
3. Fire Vehicles

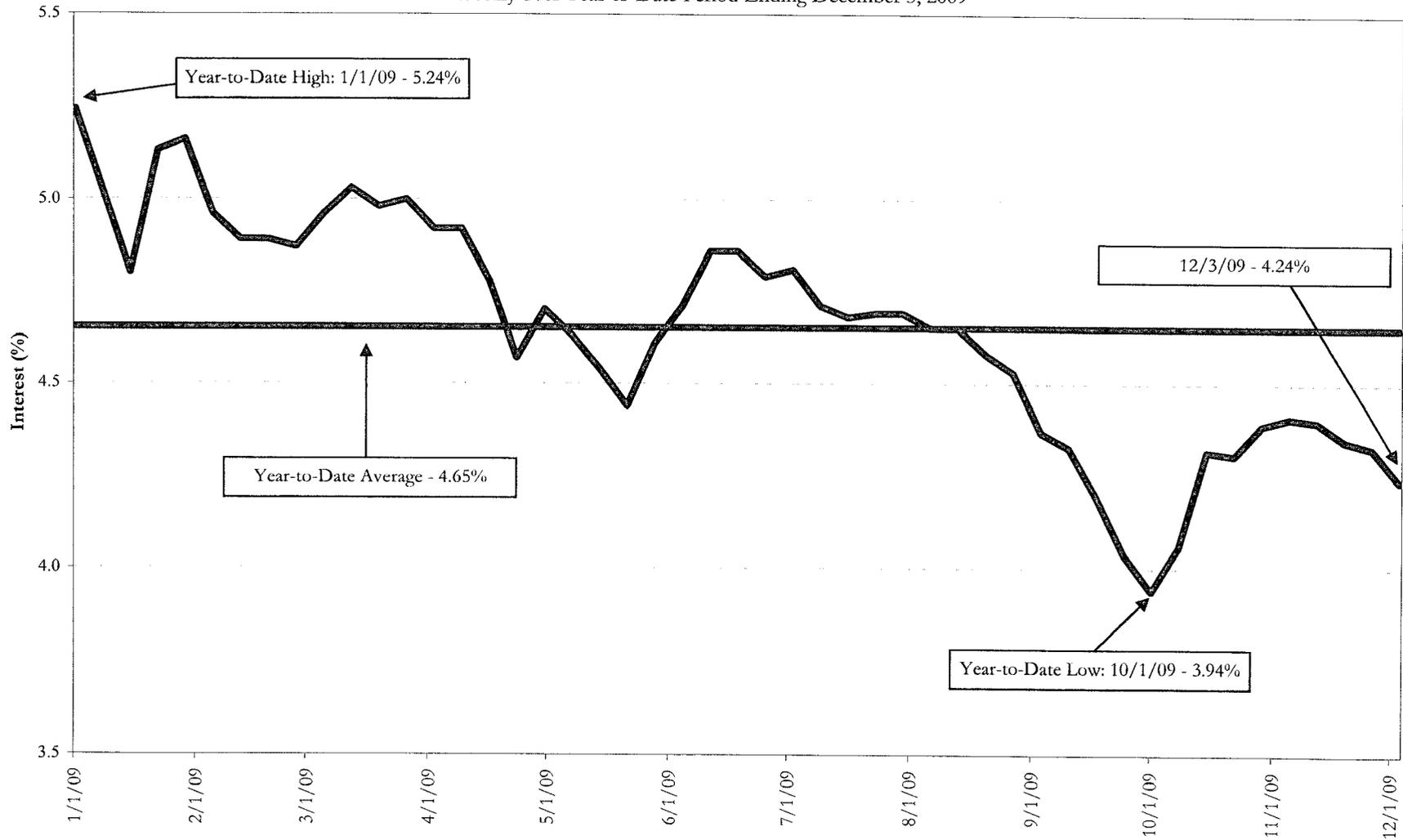
BOND DEBT SERVICE

**Town of Payson, Arizona
General Obligation Bonds, Project of 2003, Series 2009**

Dated Date 12/22/2009
Delivery Date 12/22/2009

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/01/2010			28,399.22	28,399.22	28,399.22
01/01/2011			27,046.88	27,046.88	
07/01/2011			27,046.88	27,046.88	54,093.76
01/01/2012			27,046.88	27,046.88	
07/01/2012			27,046.88	27,046.88	54,093.76
01/01/2013			27,046.88	27,046.88	
07/01/2013			27,046.88	27,046.88	54,093.76
01/01/2014			27,046.88	27,046.88	
07/01/2014			27,046.88	27,046.88	54,093.76
01/01/2015			27,046.88	27,046.88	
07/01/2015	280,000	3.000%	27,046.88	307,046.88	334,093.76
01/01/2016			22,846.88	22,846.88	
07/01/2016	295,000	3.125%	22,846.88	317,846.88	340,693.76
01/01/2017			18,237.50	18,237.50	
07/01/2017	305,000	3.500%	18,237.50	323,237.50	341,475.00
01/01/2018			12,900.00	12,900.00	
07/01/2018	320,000	4.000%	12,900.00	332,900.00	345,800.00
01/01/2019			6,500.00	6,500.00	
07/01/2019	325,000	4.000%	6,500.00	331,500.00	338,000.00
	1,525,000		419,836.78	1,944,836.78	1,944,836.78

Tax-Exempt Interest Rate Trends
Bond Buyer 20-Bond General Obligation Index*
 Weekly over Year-to-Date Period Ending December 3, 2009



* The Bond Buyer 20 Bond Index is the average of 20 general obligation bonds with 20 year maturities and an average rating of "A."

November 17, 2009

Summary:

Payson, Arizona; General Obligation

Primary Credit Analyst:

Jessica Schultz, San Francisco (1) 415-371-5092; jessica_schultz@standardandpoors.com

Secondary Credit Analyst:

Paul Dyson, San Francisco (1) 415-371-5079; paul_dyson@standardandpoors.com

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Summary:

Payson, Arizona; General Obligation

Credit Profile

US\$1.525 mil GO bonds (Project Of 2003) ser 2009 due 07/01/2019

<i>Long Term Rating</i>	A+/Stable	New
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Payson GO rfdg bonds (Green Vy Pk Proj) ser 2006

<i>Long Term Rating</i>	A+/Stable	Affirmed
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Payson go bonds ser 2004 dtd 09/01/2004 due 07/01/2005-2014

<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
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Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services assigned its 'A+' standard long-term rating, and stable outlook, to the Town of Payson, Ariz.'s \$1.525 million general obligation (GO) bonds, series 2009. At the same time, we affirmed our 'A+' underlying rating (SPUR) on the town's GO debt.

The 'A+' SPUR on Payson's GO debt reflects:

- A stable local economy that attracts local tourists and primarily consists of retirees;
- A very diverse tax base, with the 10 leading taxpayers accounting for only 9% of total assessed value (AV);
- Good income levels; and
- Low debt burden with limited capital needs.

Tempering these strengths, in our opinion, are the town's recent drawdown of reserves due to revenues that have fallen short of projections and a 9% drop in sales tax for 2009 because of a slowdown in the economy.

The series 2009 bonds are ultimately secured by an unlimited ad valorem pledge, but the town does not currently levy property taxes and plans to repay the 2009 bonds from special sales taxes revenues. The series 2004 GO bonds are in parity with the series 2009 bonds.

The Town of Payson, with a population of 17,281, is located in Gila County approximately 93 miles northeast of Phoenix. Population trends have been stable, with growth averaging 2.75% a year since fiscal 2004. Officials attribute most of the growth to retirees who are attracted to the town for its moderate climate, affordable homes, and community. The median price of a home dropped approximately 16% in 2009 to \$211,563, compared with last year's \$245,513.

The local economy is centered on Payson's large retirement community and the construction and tourism industries. We believe the town's property tax base has demonstrated solid growth, fueled by some commercial and residential expansion; secondary AV has increased by an average of 8.9% annually since fiscal 2004, and the AV projection for 2010 is \$262 million. Secondary property taxes are those taxes and assessments imposed to pay debt service on bonded indebtedness and certain other obligations. We view fiscal 2010 market value as significantly higher than AV at \$2.165 billion; as an indicator of wealth, market value is what we consider an extremely strong \$125,302 per

capita. The tax base is very diverse, with the 10 leading taxpayers accounting for only 9% of total AV for fiscal 2010. Payson's income levels have trended higher, indicating a diversifying population: Median household and per capita effective buying income are, in our opinion, a good 91% and 98%, respectively, of the national averages.

We see Payson's financial performance as adequate despite recent drawdowns in reserves primarily due to a slowdown in the economy and less-than-projected sales taxes. The town posted operating surpluses before transfers in fiscals 1999-2006, and has drawn down reserves in each of the past three years. At fiscal year-end 2009, the unreserved general fund balance totaled \$1.1 million, or 8.12% of expenditures, down from what we viewed as a high of \$3.4 million, or 25.4% of expenditures, at fiscal year-end 2006. Sales taxes account for about half of general fund revenues. Officials report that their revenue is under more pressure than in the past, and to mediate the effects they have laid off six employees, cut back on expenditures, frozen capital projects, and adopted a new spending plan. The town recently adopted a formal, board-approved policy of keeping reserves at no less than 5% of expenditures.

We consider the town's management practices "standard" under our Financial Management Assessment (FMA) methodology. An FMA of "standard" indicates that the finance department maintains adequate policies in some, but not all, key areas. Key practices include targeting a 5% unreserved fund balance, reporting on the budget monthly to the council, and reviewing facility needs annually when forming the budget. Limitations in the town's policies include the lack of formal long-term financial planning or debt management policies.

The town's debt remains manageable, with most capital projects funded on a pay-as-you-go basis. Overall net debt is low, in our view, at \$1,794 per capita and 1.5% of market value. Assuming maximum annual debt service (MADS) on the town's outstanding GO bonds, its special sales tax revenues collected for 2008 provide approximately 1.17x MADS coverage. Fiscal 2009 unaudited results provide 1.06x MADS coverage. The special sales tax revenues of 0.12% (which are not carved out of the regular 2% sales tax) will be set in place until the bonds are paid off, and can be used for public-safety-related improvements. The special sales tax fund totals \$600,000 to date and receives about \$300,000 to 325,000 per year. Although there are no legal provisions, management intends to tap the special sales tax fund solely for debt service payments. Proceeds from the 2009 bonds are being used for the purchase of land, equipment, and construction for a new town fire station.

Outlook

The stable outlook reflects our expectation that Payson's population growth and diverse economic base, coupled with limited capital needs, should continue to support its sound financial position. Standard & Poor's also expects management to maintain at least 5% in reserves, per the town's recently adopted policy. We believe flexibility in a number of areas contributes to the stability of the town's credit.

Related Research

USPF Criteria: "GO Debt," Oct. 12, 2006

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this

rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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