

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
(SSCAFCA)
MINUTES OF JULY 29, 2003
BOARD OF DIRECTORS SPECIAL MEETING**

CALL TO ORDER.

The regular meeting of the SSCAFCA Board of Directors was called to order by Dub Yarbrough, Chairman, at 1:10 p.m.

PLEDGE OF ALLEGIANCE.

The Board was led in the Pledge of Allegiance by Dub Yarbrough.

ROLL CALL OF DIRECTORS.

Directors in attendance were John Chaney, Mark Conkling, Richard Deubel, Donald Rudy, and Dub Yarbrough. David Stoliker, Executive Director, and other staff were present. Bernard Metzgar, SSCAFCA's attorney, was also present.

APPROVAL OF AGENDA.

A motion was made by John Chaney to approve the Agenda as presented. It was seconded by Donald Rudy and passed unanimously.

ANNOUNCEMENTS.

Announcements were made by Dub Yarbrough that all electronic devices needed to be turned off during the meeting and that the microphones are voice activated.

RESOLUTIONS FOR APPROVAL.

1. Resolution 2003-6 Budget for Fiscal Year Ending June 30, 2004 (FY 2004).

Mr. Stoliker stated that the DFA originally thought that there were not going to be any changes and that SSCAFCA was not going to have to submit a final budget. Staff was uncomfortable with not sending out final paperwork and has decided that the proper paperwork should be submitted.

Mr. Stoliker stated that there are two funds, a general fund and the debt service fund. There is approximately \$35,500.00 extra this year. Mr. Baird stated that the beginning fund balance is higher because revenues were a little higher and expenditures were a little lower. The \$35,500.00 needs to be budgeted to other line items. Five line items in the general fund have been slightly increased, with the biggest increase in O & M. He stated that money was added to Contractual Services because SSCAFCA has yet to hire a CPA firm to help through implementation of Gatsby 34. The Board meeting expense

goes up because the per diem was increased by the Legislature. By comparing end of year expenditures, it looked like the office supplies line item was a little low. O & M is the account which needs to be budgeted a little higher than usual because it is always a good idea to have extra money in that account. The printing and copying was the same as the office supplies line item, in that it was a little tight than what was budgeted last year.

Mr. Baird stated that in the debt service fund, his estimate was a little closer at \$10,550.00 more than he thought in the beginning. The best way to deal with that is to let it flow through to the fund balance because the appropriations are fixed because of certain principal and interest payments due on existing bonds. He stated that in the construction fund, about \$.5 million carries over because SSCAFCA did not make payments on the Ivory Channel project and on the GIS digital mapping project. Those are the only differences between the preliminary budget and the final budget. Hand outs were provided showing the changes.

A motion was made by Mark Conkling to approve Resolution 2003-6, as presented. It was seconded by Richard Deubel. Roll call vote: John Chaney, yes; Mark Conkling, yes; Richard Deubel, yes; Donald Rudy, yes; and Dub Yarbrough, yes.

2. Resolution 2003-7 Ad Valorem Tax Levy for Tax Year 2003 (Fiscal Year 2004) General Operating Fund.

Mr. Stoliker stated that Resolution 2003-7, in Item 2 on the first page, says that the operating levies imposed by all residential and non-residential properties within the Authority's boundary shall be at a levy of .761 dollars per thousand of assessed value for residential property and the .761 dollars per thousand of assessed value for non-residential property. That is the same as last year.

A motion was made by John Chaney to approve Resolution 2003-7 as presented. It was seconded by Donald Rudy. Roll call vote: John Chaney, yes; Mark Conkling, yes; Richard Deubel, yes; Donald Rudy, yes; and Dub Yarbrough, yes.

3. Resolution 2003-8 Ad Valorem Tax Levy for Tax Year 2003 (Fiscal Year 2004) Applicable to Debt Service Fund.

Mr. Stoliker stated that Resolution 2003-8, in the first item, states that the Authority shall and hereby does determine to levy and cause to be collected a general ad valorem tax of .87 dollars per thousand of assessed value on all taxable real and personal property within the Authority. That is also the same as last year.

A motion was made by Donald Rudy to approve Resolution 2003-8 as presented. It was seconded by Mark Conkling. Roll call vote: John Chaney, yes; Mark Conkling, yes; Richard Deubel, yes; Donald Rudy, yes; and Dub Yarbrough, yes.

4. Resolution 2003-9 Close Building Fund, Investment and Bank Accounts.

BOARD OF DIRECTORS SPECIAL MEETING

JULY 29, 2003

Mr. Stoliker stated that Resolution 2003-9 provides for the closing of the building fund account, and states that SSCAFCA's State Treasurer's Office account number SCO7698 and the bank account, which is 1355540897, for construction retainage are all determined to have zero balances and are hereby closed.

A motion was made by Mark Conkling to approve Resolution 2003-9 as presented. It was seconded by Richard Deubel. Roll call vote: John Chaney, yes; Mark Conkling, yes; Richard Deubel, yes; Donald Rudy, yes; and Dub Yarbrough, yes.

OTHER BUSINESS.

Mr. Yarbrough stated that one of the taxpayers has indicated that SSCAFCA is raising the taxes, regardless of what the Board said. The taxpayer also stated that the County re-evaluates properties every year, which is not true, because it is every two years.

Mr. Yarbrough stated that even though the assessed value may go up, it's possible that the mil levy rate goes down. Mr. Metzgar stated that SSCAFCA's mil levy rate has remained the same for the last several years.

Mr. Stoliker stated that in 1993, the combined mil rate was 2.5 for general and debt service. It then went up to 3.34 in 1994; in 1995, it was down to 2.059; right now it is 1.631 and has been for the last five years. Mr. Kevin Powers stated that there is a formula at the state level, called the Yield Control Formula. It applies to operational rates only, not to debt service rates. Debt service tax rate is exempt from that because it is computed to be necessary to make the payments of the principal and interest as they come due on the debt. In terms of the operational tax rate, that is subject to yield control. In years where the reappraisal value is under a certain level, it doesn't kick in. The Yield Control Formula only applies to reappraised value, not to new value. The City is adding roughly 1,000 houses per year. The new growth is exempt from the yield control formula. In the last few years, the growth rate in reappraisal years has come under the minimums and the yield control formula has not been kicking in and scaling back the tax rate.

Mr. Yarbrough stated that he has recently signed the Bond Counsel contract.

Mr. Rudy stated that the committee looked at lowering the levy to see whether or not SSCAFCA could come into the public eye with an outright lowering of taxes and still sustain the level of activity that was needed. It turned out that SSCAFCA could, but it was so slight it looked like a manipulation rather than a lowering.

RESOLUTIONS FOR APPROVAL (continued).

5. Resolution 2003-10 October 23, 2003 Special General Obligation Bond Election.

Mr. Bob Strumor, bond counsel, stated that Resolution 2003-10 gets the bond election process going forward. The bond is to not exceed \$6 million. Mr. Conkling asked if SSCAFCA could name the projects to which the money will be going. Mr. Strumor stated that conventional wisdom is that if you have a single project question, then it is appropriate to tell the voters what you're going to use the money for. Under case law and the statute, to say that you are improving a system is sufficient because what will happen if you tell the voters of a particular project, which becomes impossible because of litigation, or you can't get right-of-way, then you have potential problems with the bond postings. His recommendation is to not list projects unless it is a single project. Mr. Conkling asked to include the wording, "including but not limited to the following projects." Mr. Strumor stated that you could include that wording, but he stood on his prior recommendation. Mr. Conkling stated that the Board has spent a lot of time and money and thought and has a public relations firm and financial people, all of whom have cooperated in aiming SSCAFCA's proceeds toward targeted projects that have the greatest impact on the greatest number of voters. That disappears in the actual wording on the vote and it troubles him. Mr. Strumor stated that the public relations effort is not inconsistent with the general question. The Board can always insert "including but not limited to," however, he has never done it before. It is the job of the public relations firm to tell the voters what the money is going to be spent on.

Mr. Chaney stated that if SSCAFCA delineates what it is going to do in the bond resolution, then SSCAFCA may be held to account for them and not have the resources to do them. That is the main problem with listing the items in the bond election. Mr. Rudy stated that by the time SSCAFCA has listed all the projects by name and has given information on them, the bond listing description gets so long and cumbersome, it will turn the public off in reading it. Mr. Yarbrough stated that he agrees with trying to keep it simple and straight-forward.

Mr. Conkling stated that if the Board can't put in all the wording that it wants, is there a way to shorten the bond election wording and make it more appealing. He stated for example, changing wording to read, "improvement of the Authority's flood control system" and leave off the rest of the paragraph. Mr. Strumor stated that wording would be okay. He is reluctant to take out the types of things that will be done because he doesn't want to see litigation from unhappy taxpayers. He stated that the bond election tells the voters who SSCAFCA is, that the money is going to come from general ad valorem taxes, and the three lines that tell the public what it is. Mr. Rudy asked if it was possible to drop out the part of the bonds being payable from general ad valorem tax receipts. He stated that is a red flag. Mr. Strumor stated that the Board has to tell the voters how the bonds are going to get paid.

Mr. Yarbrough stated that this wording has been successful in the past. It describes everything SCAFCA is asking for and why its asking for it and how SCAFCA is going to pay for it, without getting too long and drawn out. If it is shortened too much, it might leave something open to the wrong interpretation. He believes that it is pretty well written. Mr. Metzgar stated that he agrees with Mr. Strumor. The Board has to try to indicate all the different types of projects that are going to be done. A lot of people don't know that in most projects, if they're large enough, land is going to be acquired and condemned. It allows the Board to do the projects that it is going to do, and everything that encompasses those projects. Mr. Conkling stated that he is looking for the maximum risk management, together with the greatest likelihood of understanding.

A motion was made by John Chaney to approve Resolution 2003-10 as presented. It was seconded by Mark Conkling.

Mr. Deubel stated that the date at the very end of the Resolution in his packet should be changed from 2002 to 2003. Mr. Metzgar stated that the date has been changed. Mr. Stoliker stated that the Board has an early version of the bond election resolution because it had to be mailed out in the packets. Changes continued to be made after they were mailed out until the final version today.

Roll call vote: John Chaney, yes; Mark Conkling, yes; Richard Deubel, yes; Donald Rudy, yes; and Dub Yarbrough, yes.

DISCUSSION OF SCAFCA BOSQUE RESTORATION PROGRAM ADJACENT TO ITS OUTLET STRUCTURES.

Mr. Yarbrough stated that this was a late addition to the agenda and is for discussion only. Mr. Metzgar stated that, so long as no action was taken on this item today, it could be added to the agenda and discussed.

Mr. Conkling stated that he and Mr. Rudy had been appointed to a committee dealing with communication and getting the word out with SCAFCA's public relations firm associated with the bond issue. They met and had a good meeting and ended up seeing the people with The Observer, which resulted in an editorial on SCAFCA's bond issue. There was also a map included with all of SCAFCA's projects. In the course of that conversation, they were discussing the recent Bosque fire and SCAFCA's responsibility insofar as property adjacent to SCAFCA's outlet structures is concerned. The discussion grew to where he felt more comfortable bringing this matter to the complete Board.

BOARD OF DIRECTORS SPECIAL MEETING

JULY 29, 2003

Mr. Conkling stated that when the Venada flows after a storm, it dumps into the Bosque, which brings needed moisture into the Bosque and has a beneficial effect. However, it occurred to the committee that SSCAFCA might have a responsibility to clean up and restore the areas that are touched with flood control structures and by-products. He would like the Board to discuss and allocate some of SSCAFCA's O & M budget to reaching past the actual outlet point to the river and get into restoration and clean up and preparation of the Bosque in a manner that befits how the Bosque should look after the water runs through it.

Mr. Chaney asked whether the committee had looked into the fact that there is overlapping jurisdictions in that area of the Bosque. SSCAFCA may have some restrictions on what it can do in the Bosque which might impact on the clean up. Mr. Conkling stated that this needs to be looked at further. Mr. Yarbrough stated that, besides the County and the Village who have jurisdiction in the Bosque, Fish & Wildlife, Game & Fish Department, and the Corps of Engineers also have jurisdiction in that area. He stated that SSCAFCA needs to make sure that it's not overstepping its authority. Mr. Yarbrough stated that he would like to see this item on the agenda for the next meeting so that the Board can discuss it further and take any action, as necessary. Mr. Rudy stated that cleaning that area up and keeping the vegetation healthy does a great deal toward stabilizing the area and makes the flood control issue much easier to maintain.

Ann Bagely, President of Friends of Rio Rancho Open Space, stated that their main purpose right now is clearing the Bosque in Rio Rancho. The Venada Arroyo not only washes down dead trees, but other debris as well. There is a mess at the end of the arroyo and any help the Board would like to provide would be very much appreciated. The Friends of Rio Rancho Open Space would be more than happy to work with the SSCAFCA Board on the area indicated by Ms. Bagely on a map. They are still working on grant money to get into the 85 acres that is north of the area. They are picking up trash and debris, and cutting trees. They have the blessing of the Fish & Wildlife and with \$50,000.00 they got from Fish & Wildlife is doing the five acres. Ms. Bagely stated that the money they receive is 100% grant, there is no match.

Mr. Conkling stated that SSCAFCA has the capacity to put its subcontractor to work right away to help clean up the Bosque in the next couple of months. He stated that he would be willing to contribute his time to be a liaison with the maintenance crews. Mr. Stoliker stated that the Village of Corrales has indicated that they are going to start a restoration project in the Village and would love to work with SSCAFCA and are looking for any kind of assistance they can get.

Ed Chismar, of the City of Rio Rancho, stated that this whole project started over three years ago when this group of volunteers wanted to do something about the Bosque. They have a designated trail system in the northern part of the Bosque, which will continue with some other development that has happened with the help of UNM Civil Engineering

BOARD OF DIRECTORS SPECIAL MEETING

JULY 29, 2003

and some other folks. Last month the City did a Joint Powers Agreement with the Friends of Open Space to allow them to continue the Bosque restoration. He stated that City staff will be down in the Bosque and will be providing the trucks to haul out debris. Mr. Chismar stated that the City will take care of all the groundwork if SSCAFCA wants to have its staff assist in the cleanup. Ms. Bagely stated that they are trying to get rid of the non-native species of trees and replant willows, cottonwoods, etc. No work is occurring at this time due to the access restrictions from fear of fire. When the restrictions are lifted, then would be the time to assist. The City will let SSCAFCA know.


Mr. Stoliker stated that the Chairman wanted to know what Albuquerque was doing with regard to the Bosque. He stated that he has called Sterling Grogan, who is with the Middle Rio Grande Conservancy District, and who is overseeing the Bosque restoration in Albuquerque. He has not heard back from him yet.

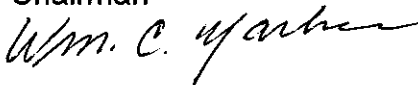
OTHER BUSINESS (continued).

Mr. Metzgar stated that he wanted to be sure that the whole SSCAFCA Board knew that he has entered into a contract with the City of Rio Rancho to do the necessary condemnation on the Unit 16 project. He stated that he disclosed the fact that he also represented SSCAFCA and indicated to the City of Rio Rancho that he would not be able to deal on any property owned by SSCAFCA. He stated that there is no conflict at this point in his representation of SSCAFCA and the City of Rio Rancho and if one arises he will bring it to the Board immediately.

ADJOURNMENT.

A motion was made by Donald Rudy and seconded by Mark Conkling to adjourn the meeting. It was carried unanimously. Meeting adjourned at 2:28 p.m.


RICHARD DEUBEL
Secretary

WM. C. YARBROUGH
Chairman


DATE APPROVED:

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