

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY  
(SSCAFCA)  
MINUTES OF JANUARY 25, 2005  
BOARD OF DIRECTORS SPECIAL MEETING**

**CALL TO ORDER.**

The special meeting of the SSCAFCA Board of Directors was called to order by Dub Yarbrough, Chairman, at 11:35 a.m.

**ROLL CALL OF DIRECTORS.**

Directors in attendance were Mark Conkling, Steven House, Donald Rudy, and Dub Yarbrough. John Chaney was noted as absent. David Stoliker, Executive Director and members of the public were also present.

**PLEDGE OF ALLEGIANCE.**

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

**APPROVAL OF AGENDA.**

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

**ANNOUNCEMENTS.**

Announcements were made by Dub Yarbrough that all electronic devices needed to be turned off during the meeting.

**TREASURER ' S REPORT.**

1. Receive Bids and Take Official Action Awarding SSCAFCA ' s Series 2005 General Obligation Bonds.

Ms. Lisa Fenner, of RBC Dain Rauscher, stated that there were 11 bidders who submitted bids for SSCAFCA ' s bonds. Nine of those bidders submitted bids by electronic means and two bidders submitted written bids. None of the bidders can see the results of the bids or what someone else is bidding, so the website is very secure. Harris Trust and Savings Bank submitted a bid that resulted in a true interest cost of 3.67%, which was the lowest bid. Moody ' s rating report has upgraded SSCAFCA from A-2 to A-1. There were several reasons SSCAFCA received the upgrade. One was the tax base and economy in Rio Rancho is growing very quickly and Moody ' s sees that trend continuing into the future. The other reasons include the good financial management of SSCAFCA and the ample reserves that it has put aside over the course of time. They also looked at the amount of outstanding debt, which is very low compared to the national level.

Mr. Stoliker stated that when they went into the interview with Moody's, they asked questions regarding the Board members' professions. They spent probably 10 minutes on discussing the Board members. Moody's liked that the members are business persons and the chair has been on the Board for so many years. They did the same thing with the staff. Ms. Fenner stated that the rating agencies look at a complete picture of who each entity is. The Board is very important because it makes decisions about how the agency is to be managed and the diversity and longevity played into giving the rating agency a great deal of comfort that there is commitment and continuity on the Board. The credit rating is an integral and important part of the process. In addition to applying for the rating and getting the report, they also posted on a web site a copy of the preliminary efficiency statement, which is the offering document that must be distributed prior to a bond sale so that an investor who wants to make a purchase has all of the information they need to make that decision.

Ms. Fenner stated the electronic bidding process has expanded the number of bidders that have typically bid in the past. There were two bids that came in within 20 seconds of the cutoff time at 11:00 this morning. It gives the bidders more flexibility to work their bids. The winning bid offered by Harris Trust and Savings Bank was bid at 3.67%. They have to, by statute, deliver to SSCAFCA at least \$3 million, which is the amount of the bonds that SSCAFCA is selling; in addition to that \$3 million, they also bid \$177.00 premium. This is something that is used to adjust the yield. They have also put up a good faith check, which is a deposit of 2% of the amount of the bonds being issued. Harris Trust and Savings Bank will deliver to SSCAFCA a total amount of \$3,000,177.00, and the additional \$30,600.00 is their profit, which is money that they use to pay for an insurance policy from FSA, which will cost \$13,000.00. The balance of the money is what they pay to their sales force to actually sell the bonds to investors.

Mr. Conkling stated that, for the bonds sold four years ago, SSCAFCA had 7 bidders, the winner was Smith/Barney, and the true interest cost was 4.45%. SSCAFCA did much better this time. Mr. Yarbrough asked why there wasn't more interest from the local investment community in SSCAFCA's bonds.

Mr. Kevin Powers, of RBC Dain Rauscher, stated that there is a distinction that all tax exempt bonds are not created equally. SSCAFCA was able to take advantage of a designation of "qualified tax exempt obligations" for banking institutions. This allows a bank to get an extra deduction when they buy the bonds where they can actually deduct the carrying cost of the funds used to generate the money for this investment. He stated that the bonds actually go to a different buying group. Because of that, the bonds tend to go to small community banks. This probably saved SSCAFCA somewhere between 5 and 10 base points, which is a hundredth of a percent of interest. They are priced at such low interest rates they are not really attractive to the average, individual retail investor. This is why you don't see a lot of activity from the local investment community. Ms. Fenner stated that the total interest cost to SSCAFCA over the life of these bonds is going to be somewhere around \$1.1 million.

**BOARD OF DIRECTORS SPECIAL MEETING**

**JANUARY 25, 2005**

2. Award and Adoption of Bond Sale Resolutions 2005-07.

Bob Strumor, SSCAFCA's bond counsel, presented Resolution 2005-07, which accepts the bid of Harris Trust and authorizes the issuance of the bonds on the terms and conditions as set forth in the bid. The only change between any draft of the resolution that the Board has seen already and the one being presented today is at pages 2 and 3 where it identifies the purchaser and refers to the \$177.00 premium that was part of their bid.

A motion was made by Donald Rudy to approve Resolution 2005-07 as presented. It was seconded by Steve House. Roll call vote: Mark Conkling, yes; Steve House, yes; Donald Rudy, yes; Dub Yarbrough, yes. The motion carried: 4-0.

**OTHER BUSINESS.**

Mr. Stoliker stated that AMAFCA would like to look at the proposed legislation on the boundary changes, but that they will not be against SSCAFCA shifting its boundaries. He stated that Eric Youngberg is going to carry the legislation for SSCAFCA.

Mr. Stoliker stated that he and Mr. Yarbrough met with the Village of Corrales on Monday. Mr. Stoliker stated that the Village told them that they were going to get a site plan on the fire station to SSCAFCA on the 28th. Through SSCAFCA's policies, the Village has the right to come to the Board with regard to its fire station request. The Executive Committee cannot stop someone from petitioning the Board. The Board is the final arbiter and the Village has asked to come to the Board. Mr. Stoliker stated that the Village is now willing to work with SSCAFCA to reduce the size to 3/4 of an acre or 1 acre or so, versus taking the entire site of 4 acres. By having the fire station there, if SSCAFCA ever does use the site to facilitate construction and park vehicles, the fire fighters can actually watch over the vehicles. They will maintain the area also. Mr. Stoliker believes that staff can work with the acreage that will be left. If the deal is worked out, he believes that the Village will release the rest of it so there won't be this fight in the future.

Mr. Yarbrough stated that he is still not convinced that the Village owns it. Mr. Rudy stated that staff should find out what is registered with the County. Mr. Stoliker stated that he has gone over the metes and bounds description about five times and the ownership is still in question. He would like to work with the Village on this issue. Mr. Stoliker stated that since SSCAFCA sent the letter saying "no," the Village is now starting to do the things that SSCAFCA had asked them to do all along, which was to resolve the flood plain issue and give SSCAFCA a site plan. The Village is now willing to work with SSCAFCA. Mr. Conkling and Mr. Rudy stated that they were open to have a meeting with the Village, but that they wanted the Village to have all their information ready prior to the meeting.

**BOARD OF DIRECTORS SPECIAL MEETING**

**JANUARY 25, 2005**

Mr. Stoliker stated that the Village wanted this matter to be heard at a special meeting. He stated that they picked February 4, 2005, but the Mayor couldn't do it in the morning, so they would like to have it in the afternoon. Mr. Chaney will still be in Honduras on that date, but he was part of the original Executive Committee meeting. Mr. Stoliker stated that Mr. Chaney did not appear at the Executive Committee meeting on Monday. The next regular meeting is the 18th of February. Mr. Conkling stated that it would be better to do it then because he doesn't want to have a special meeting. Mr. Stoliker stated that John Chaney won't be back for that meeting either. Mr. Stoliker stated that the Village has indicated that the February 18th meeting is too far in the future. Mr. Conkling stated that he does not believe that this meets the criteria for a special meeting. Mr. Rudy agreed with him.

A motion was made by Mark Conkling to hear the Village of Corrales' position at the regular meeting scheduled on February 18, 2005. It was seconded by Donald Rudy and passed unanimously.

A motion was made by Donald Rudy that Steve House serve as acting secretary for this meeting. It was seconded by Mark Conkling and passed unanimously.

Mr. Yarbrough stated that Mr. Stoliker has stated that he would like to wait on the Sportsplex Dam until the Unit 13 developer was selected. That developer is Pulte Homes. Mr. Stoliker wants to see if he can 'twist their arm' a little bit to get some help on construction of that Sportsplex Dam along with their drainage. Mr. Stoliker stated that this matter will come back to the Board in February, but the idea was that SSCAFCA won't have the money until 2007 to build the Sportsplex Dam site. His initial conversation with Pulte was that they want it built in 2006 because it's their access road to Unit 13. What he would like to do is have a discussion with the Board to see if it can be worked out to where Pulte actually build it and SSCAFCA enters into an agreement where SSCAFCA reimburses them a certain amount of the cost of the dam.

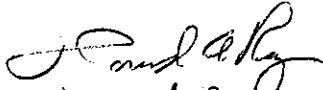
Mr. Conkling stated that how they design their onsite drainage and the size of the dam are integral to each other. He would definitely want to approach them in the aura of wanting to work together. Mr. Stoliker stated that they had a meeting with them last week and explored all types of options as to how they could work together and shift costs. Mr. Conkling stated that upstream from Unit 13 is another issue and that is whether or not SSCAFCA will cause Pulte to use full development criteria or not. They can't design Unit 13 without the on-lot ponding matter being resolved.

**ADJOURNMENT.**

A motion was made by Mark Conkling and seconded by Donald Rudy to adjourn the meeting. It was carried unanimously. Meeting adjourned at 12:29 p.m.

**BOARD OF DIRECTORS SPECIAL MEETING**

**JANUARY 25, 2005**

  
DONALD A. RUBY  
STEVE HOUSE  
Acting Secretary

  
WM. C. YARBROUGH  
Chairman

DATE APPROVED:

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