

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
(SSCAFCA)
MINUTES OF OCTOBER 30, 2003
BOARD OF DIRECTORS SPECIAL MEETING**

CALL TO ORDER.

A special meeting of the SSCAFCA Board of Directors was called to order by Dub Yarbrough, Chairman, at 1:07p.m.

ROLL CALL OF DIRECTORS.

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

PLEDGE OF ALLEGIANCE.

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

APPROVAL OF AGENDA.

A motion was made by Mark Conkling 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.

ACTION/APPROVAL TO TABULATE THE RESULTS OF THE ELECTION ON THE BOND QUESTION AND TO ADOPT RESOLUTION 2003-12 DECLARING THE RESULTS OF THE ELECTION.

Eddie Gutierrez, Bureau Elections Chief of Sandoval County, spoke regarding the election. He stated that there was a total of 9,444 ballots cast in the voting machine; and there were a total of 25 hand tally sheets. The official machine and hand tallied totals are as follows: for the question, machine total - 4,584, hand tally of 8, for a grand total of 4,592; against the question, machine total - 4,860, hand tally of 17, for a grand total of 4,877. He stated that the total ballots counted was 9,469. He stated that 9,840 ballots were received in the office. He stated that 369 were rejected; 69 were rejected due to abnormal voting requirements and 300 were rejected because they were not signed at all. There were two missing ballots; one was determined later to be deceased. The missing ballots are those that are not inside the inner envelope. Mr. Gutierrez stated that 33,405

ballots were mailed out. He stated that if you take the number of ballots that were received, there was a turnout of 29.4%. If you take the number of ballots that were counted, there was a 28.3% turnout for the election. He provided the Board with the original copy of the canvas and the certification for SSCAFCA's records.

Mr. Gutierrez stated that there were approximately 5,100 ballots returned to the sender for one reason or another. He will get this information for the Board. Mr. Conkling stated that he had some people who were concerned about having their signatures on the outside of the envelopes due to identity theft and was wondering if it was possible to have the signatures on the inside envelope instead. Mr. Gutierrez stated that the reason that the signatures are on the outside is for his office to accept the ballot. Mr. Gutierrez stated that some of the ballots were hand tallied because this election was set up to read through a voting machine process. The machine counted all of the ballots that were returned. When the ballots went through the first time around, the machine kicked out the 25 ballots because of irregularities, such as not having the arrows hooked together correctly, and the canvassing board had to hand tally them.

Mr. Yarbrough asked if they had tallied the votes for certain areas, such as Corrales. Mr. Gutierrez stated that he had been asked to look into that and, when they put the election together, it wasn't specified to them that it might be something that the Board might be looking at, so they didn't do it by precinct. All of the ballots had the same bar code, and it cannot be determined which area voted a certain way. They can bar code future bond elections to have it read the ballot and the precinct, so SSCAFCA will know exactly where each vote came from. Mr. Gutierrez stated that the reason the County Clerk certified the results from the election because it ran the election for SSCAFCA. Any time that the County runs an election, it must be certified by the County Canvassing Board.

Mr. Deubel asked if it was allowed to have members of the public attend the ballot counting. Mr. Gutierrez stated that they have what are called "challengers and watchers" but because the all mail ballot doesn't have a candidate on the ballot, you don't normally have that. SSCAFCA would be allowed to have representation there. It would have to notify the County Clerk that it wanted to have someone present to watch. The Board Presiding Judge is the one who makes sure that everyone in the office is related to the election process. He stated that David Stoliker was present at the counting. Mr. Gutierrez stated that state law does not allow them to count the ballots before election day. They did, however, open the outer envelopes the day before. They did not check the 300 ballots that did not have a signature to see if they were for or against the question. If the outer envelope does not have a signature on the outside, it never gets separated.

Mr. Gutierrez stated that David had asked him about doing a recheck/recount. There are two statutes that allow a recount. One is to do a recheck on the actual candidate. That is done by the canvassing board. The other is to canvass the election, which is not allowable in the State of New Mexico right now. If you don't have candidates on the ballot, it is not an election you can recheck.

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Mr. Tony Popper, a member of the public, stated that he is a resident of Rio Rancho. He stated that he and his wife have discussed the fact that Corrales hates Rio Rancho and loves SSCAFCA. He stated that SSCAFCA needs more public relations with regard to getting its information out to the public. He stated that SSCAFCA should get its signs out at least 30 days before the vote. Mr. Yarbrough stated that the Board will look at its PR in the future.

Bob Strumor, SSCAFCA's bond attorney, presented Resolution 2003-12. He stated that the resolution accepts and approves the Certificate of Canvas. He stated that the resolution certifies that the votes in favor were 4,592 and the votes against were 4,877.

A motion was made by Mark Conkling to approve the tabulation of the results of the election on the bond question and to adopt Resolution 2003-12 as presented. It was seconded by Donald Rudy. Roll call vote: Mark Conkling, yes; Richard Deubel, yes; Donald Rudy, yes; Dub Yarbrough, yes. The motion passed 4-0.

Mr. Strumor stated that SSCAFCA's statute has some provisions in it that are very similar to the other governmental entities' statutes that allow for "short term financing." There are provisions that allow commercial paper to be issued in anticipation of tax collections, not to exceed one year. A portion of SSCAFCA's operating levy is not imposed at this point. The legal maximum is 1.0 and SSCAFCA's is at .761. There is room there that, if the Board decided it had a project that couldn't wait, it could levy up to its maximum, and adjust its budget to permit additional funds to be made available from that increased levy. The other possibility, which is under Mr. Powers' purview, is to restructure some of SSCAFCA's existing debt by refinancing some of the outstanding debt with longer maturities. The part that SSCAFCA needs to watch is that there is an interest rate environment which doesn't favor advance refunding because, when the money is invested, it can't be invested at a rate anywhere near the rate being paid out. If SSCAFCA doesn't want to do that, it can consider using some of its operating levy as a potential for some type of short term financing.

Kevin Powers, of Dain Rauscher, stated that they have run some preliminary numbers of some of the options that Mr. Strumor outlined. If the Board does nothing and has no additional bonds issued, the debt service tax rate would decline beginning next year. SSCAFCA's current .87 would most likely drop to .80. In 2013, it will be roughly .4 and in 2014 it would go away. He stated that SSCAFCA could look at restructuring the outstanding bonds in two different ways. SSCAFCA could accelerate the payment so that the bonds are paid off as quickly as possible, or SSCAFCA could decelerate some of the payments to provide for the ability to raise a tax rate while this one was declining, and the resulting combination tax rate would remain the same.

Mr. Powers stated that a rapid decrease would get rid of the debt service by 2010. He also stated, however, that it would cost more to get rid of the debt sooner because not

all of the bonds are callable. The bonds that are callable are only so for a certain period of time. It would cost more to do that rather than let the bonds go naturally. There would also be a very definitive cost to restructuring the debt and extending the payments somewhat. From a pure financial standpoint, he would not recommend doing either. SSCAFCA has done a great job of borrowing money, as its average cost of money is below 5%. If these bonds would have been approved and some additional debt would have been issued, it would have gone down even further because rates are lower today than in the past. Mr. Powers stated that the average taxpayer is paying about \$2.00 per month for SSCAFCA's debt service. He stated that the public still is not informed enough about what SSCAFCA does to make an intelligent decision when it comes to a bond election.

Mr. Conkling asked if SSCAFCA's bond rating could drop if its reserves were substantially lower than they are today. Mr. Powers stated that it probably would not drop because of very positive developments in the tax base itself, which is growing close to 6%; the blend in the tax base is also getting better; the gross receipts tax revenues in this area are also increasing, along with economic activity. Mr. Conkling stated that if SSCAFCA could bridge the gap with its reserves, it could possibly go again for a bond election in 2004. Mr. Powers stated that there are a number of reasons why a governmental entity might draw down its reserves. One would be a mismatch in operating revenue and expenditures. That would not be the case here. SSCAFCA would be drawing down for capital. He stated that if it is a one time anticipated draw with a defined number that went for capital projects, he doesn't think that would be nearly as detrimental as would an operating draw. Mr. Conkling stated that if SSCAFCA were to draw down for capital projects that had a high degree of visibility and usefulness in the community, it could raise the consciousness of what SSCAFCA is at the right time. Mr. Powers stated that the only down side he sees is that by missing this opportunity, interest rates might be higher than they are now by the time SSCAFCA does get a bond issue passed.

Mr. John Cordova, of Hirst-Cordova, stated that they knew that SSCAFCA was addressing a situation where people were conditioned to be concerned about taxes. He stated that he has spoken with Brian Sanderoff to get polling information to find out where SSCAFCA's strengths and weaknesses were. He stated that SSCAFCA's greatest strength was in Corrales and that its weaknesses were in certain portions of Rio Rancho. He thinks that it is imperative that SSCAFCA try again because it is in the best interests of the community. He stated that it is possible that some sectors of the business community that weren't mobilized strongly enough. He thinks that it is important that the business community understands the importance of flood control to their businesses and get the message to the employees. Intel needs to be convinced that they need to get the information to their employees as well. Intel has indicated some reluctance to get involved in politics. Mr. Deubel stated that it is a two-edged sword in getting Intel involved because there are a lot of Corrales people who don't approve of Intel. It is possible that if Intel was on board with SSCAFCA, the Corrales residents might go the other way. Mr. Cordova stated that he was not implying that Intel should put out an ad that it supports the bond

issue, rather he was trying to make sure that Intel makes sure its employees who live in Rio Rancho and Corrales vote for the bonds.

Mr. Deubel stated that he didn't see anything that referenced the lowering of the homeowners' insurance because of the removal of some property from the flood plain. That might have made a difference. Mr. Stoliker stated that staff has had meetings with the Village of Corrales administration and did push that very issue. Mr. Stoliker stated that one of the positives that came out of this was the partnering with the schools. The schools are strongly behind SSCAFCA, as are the newspapers. Mr. Rudy stated that until SSCAFCA finds out where the negative votes are coming from, SSCAFCA can't address the problem. There is no way to differentiate property owners from non-property owners from the polling list that Mr. Sanderoff is going to get, however, that question could be asked.

Mr. Yarbrough stated that he believes that Corrales fully supports SSCAFCA in what it does. Mr. Rudy stated that is the case, however, as Rio Rancho grows, Corrales is becoming a much smaller voice. It is possible that Corrales and Rio Rancho hate each other and SSCAFCA is getting caught in the middle.

Howard Stone stated that everybody knows that New Mexico is in a drought right now. Last summer, there was a pretty intense rain storm at Elephant Butte where 2 3/4 inches of rain fell. Even though they're suffering from a drought, there was a very strong reaction to the intense rain storm, which motivated them to begin doing a drainage master plan of the area. If Sandoval County were to get a major rain fall, people would definitely support SSCAFCA. He stated that he was the unofficial head of the PAC which tried to get information out to the public to support the bond election. Kim Kemper, Dan Morehead, Greg Campbell, Dan Aguirre and Larry Blair were also very active in the Pac. They put up 200 signs and put ads in the Westside Journal, Rio Rancho Observer and the Corrales Comment. Mr. Yarbrough stated that he had a comment from his wife that she thought the SSCAFCA signs went out too late and should have been put out sooner.

Todd Hawthorn, of Enchanted Hills Subdivision, stated that David Stoliker did a great job at a homeowners' association meeting that he went to where he presented SSCAFCA's vision and the benefits of SSCAFCA. He stated that the Enchanted Hills Subdivision supported SSCAFCA on its bond. SSCAFCA has been very consistent in making sure that the details are followed when the developers come through. He stated that it is very important to have somebody at the opening of the ballots to ensure that the County Clerk follows procedure. He stated that he believes that the unsigned ballots not being counted in this cycle is contrary to what the canvass board did on the constitutional questions that were presented less than 30 days ago. In that election, they accepted unsigned ballots and counted them. They were absentee ballots and not mail-in, and that might be the distinction.

Mr. Hawthorn also questioned the timing of the election. He stated that DFA came out during this time with an increase in taxes, which was horrible for the election. He stated that SSCAFCA should take on its opponents, which might mean asking bond counsel to write its bond question to say that it is not going to raise taxes. He also questioned what might happen to SSCAFCA now. He stated that SSCAFCA should make its case again, not whine and go forward. He mentioned the possibility of combining SSCAFCA's mission statement with Ciudad and to continue to work positively with others. He stated that SSCAFCA could think outside the box - like possible partnerships with others. SSCAFCA could tie into its partner's funding sources in order to get the projects done. He stated that if SSCAFCA decides that it shouldn't exist because it no longer serves the function that it was originally formed, he asked the question about who would pay the cost when the rains do come. The developers and the City need the most cost-effective means of solving the problem. He urged SSCAFCA to not forget that. He recommended that SSCAFCA does do a poll of the voters and encouraged polling scanning. He stated that it is a very competitive environment for bond funds. He targeted the mailing of the ballots specifically. He also encouraged the Board not to fold. SSCAFCA provides great benefits for the community and needs to continue.

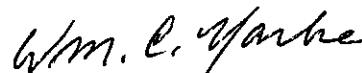
Dan Aguirre stated that SSCAFCA could possibly do some kind of task order or contract for the polling of the voters. He stated that SSCAFCA needed to make sure that the public was aware of its most visible projects, i.e., the Enchanted Hills School project. He also stated that it would be very wise for SSCAFCA to reserve its funds for any emergencies that might arise.

ADJOURNMENT.

Mark Conkling moved to adjourn. It was seconded by Richard Deubel and passed. The meeting adjourned at 3:05 p.m.



RICHARD DEUBEL
Secretary


WM. C. YARBROUGH
Chairman

DATE APPROVED: