

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
(SSCAFCA)**

**MINUTES OF JANUARY 22, 2009
BOARD OF DIRECTORS SPECIAL MEETING**

CALL TO ORDER.

The special meeting of the SSCAFCA Board of Directors was called to order by Mark Conkling, Chairman, at 11:30 a.m.

ROLL CALL OF DIRECTORS.

Directors in attendance were John Chaney, Mark Conkling, Steve House, Donald Rudy and Dub Yarbrough. Bernard Metzgar, SSCAFCA's attorney and David Stoliker, Executive Director, were present.

PLEDGE OF ALLEGIANCE.

The Board was led in the Pledge of Allegiance by Mark Conkling.

APPROVAL OF AGENDA.

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

ANNOUNCEMENTS.

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

EXECUTIVE DIRECTOR'S REPORT.

1. Receive Bids and take official action awarding the \$4,000,000 Series 2009, General Obligation Bonds to the bidder submitting the best bid.

Mr. Powers, of RBC Capital Markets, stated that the results of the sale that was advertised for 11:00 a.m. today went very smoothly. The bond market had started to exhibit some signs of improvement and it carried through dramatically. The first couple of weeks of 2009 were extremely positive. Interest rates dropped in the municipal market in some areas as much as 50 basis points. The last few days have brought some back slide in rates as they crept back up, primarily on the long end of the curve. They received five bids, four that came in through the website and a fifth that came in on paper. The net interest cost in terms of dollars is actually higher for the winning bid than it is for the second bid. But on a true interest cost basis when you take into account the time value of the money, Vining Sparks is the best bid. This is one of the closest bids he has seen in months. They had to go to the fifth decimal in order to break it out. Five bids on the bonds are great and the closeness of the first four is great and the closeness of the first two is amazing.

Mr. Powers stated that one of the differences between the first bid and the second bid is that the second bidder, SunTrust, used bond insurance for some unknown reason and spent \$21,000.00 on bond insurance. They calculated that into their bid, but the net effect of all that seemed like it would have been detrimental to their cause. The best bid of 3.564227% is recommended.

Mr. Powers stated that when they put the bidding packets together, they try to include as many areas of flexibility for the bidder so they can be as creative as they want in terms of how they structure the bid. They have one fact that they use the TIC method to determine the best bid. The bidders can use many tools to manipulate their bid. What they have done, is the bidder has to pay at least \$4 million for the bonds. They are going to add in \$12,736.25 to that and pay SCAFCA up front that extra money, which actually serves to buy down. It is kind of like points in a mortgage.

Mr. Baird stated that accounting principles require SCAFCA to amortize that premium over the life of the bonds. It goes as an offset against annual interest payments. The cash will go into SCAFCA's Debt Service Fund and be applied to its first interest payment.

Mr. Powers stated that they typically want to estimate high because SCAFCA could have hit a bad market. They wanted to make sure that SCAFCA had room to deal with unforeseen circumstances.

Mr. Yarbrough asked why there were three bidders who didn't have a premium. Mr. Powers stated that it was a function of the way they "coupon" their bid. The bidders have turned \$4 million worth of bonds into \$4,045,000 worth. If they can sell them the way they planned it, the bidders will generate \$45,000.00 worth of premium.

2. Action/Adoption of Resolution 2009-5 approving the issuance of \$4,000,000 Series 2009 General Obligation Bonds.

A motion was made by John Chaney to adopt Resolution 2009-5 as presented. It was seconded by Donald Rudy. Roll call vote: John Chaney, yes; Mark Conkling, yes; Steve House, yes; Donald Rudy, yes; Dub Yarbrough, yes. The motion carried 5-0.

In answer to a question by a Board member, Mr. Powers stated that RBC made a contribution to the 527 organization that the Governor had set up. They are not under investigation by any agency and have not done anything illegal. They feel that they are in compliance with everything.

3. Discussion/Action on draft legislative memorial on Rio Grande levees with Valencia, Bernalillo and Sandoval Counties.

Mr. Conkling stated that this item has been added to the Agenda, but it has not been advertised. This takes the form of a report that comes out of another meeting so he is not sure if any action is necessary. Mr. Metzgar stated that he doesn't think that this should be acted on since it was not advertised, but it can certainly be discussed.

Mr. Conkling stated that in the Board's packet, there is a memorial document that simply introduces to the Legislature an issue that needs to be studied. It deals with FEMA and their wanting to cause all of the levees in Albuquerque to be built to post-Katrina standards. The consequence of not doing that is that FEMA will re-map the flood plain which would mean that 70,000 homes would fall in the flood plain that previously didn't. This would mean about \$2,500.00 per home for flood insurance to be paid to FEMA, which would then insure those homes that were

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now in the flood plain. AMAFCA will be leading this issue and he has invited AMAFCA to give a presentation on this issue at the February 20th Board meeting.

Mr. Chaney stated that the Katrina event caused so much damage and caused FEMA so large a financial impact that it needs to be paid for in one way or another. Raising the standards of levies throughout the country would put more people in the flood plain, which would raise the amount of flood insurance paid throughout the country to FEMA. If SSCAFCA had to pay for the reconstruction in its jurisdiction, it would primarily protect Corrales, and would leave the majority of the people in SSCAFCA's jurisdiction receiving no benefit. This is a major issue as well. With all the controversial issues surrounding FEMA's tightening up of the levee regulations, he thinks that SSCAFCA should participate in the discussion.

Mr. Conkling stated that SSCAFCA had taken the leadership role and asked that ESCAFCA, AMAFCA and SSCAFCA meet to look at common issues for the forthcoming year. A number of things were discussed and this levee problem was the big issue that came out of that meeting.

Ron Reder, a Corrales resident, asked if there was any indication about the soundness of the engineering decision associated with the potential upgrading of the levees in the circumstances of the Rio Grande. Mr. Conkling stated that the question is on the table and there is considerable disagreement in the community about FEMA's rulings about where the flood plain should end up and FEMA's approach.

OTHER BUSINESS.

Incoming Chairman's comments to outgoing Chairman.

Mr. Conkling stated that it is tradition to offer a collective thank you for all the years of leadership and chairmanship. Mr. Conkling thanked Mr. Chaney for his leadership and presented a gift to Mr. Chaney.

A discussion was held on the bid documents for the building.

ADJOURNMENT.

A motion was made by Steve House and seconded by Donald Rudy to adjourn the meeting. It was carried unanimously. Meeting adjourned at 11:55 a.m.

Steve House
Secretary



Mark Conkling
Chairman



DATE APPROVED: 3/20/09