CALL TO ORDER.

The regular meeting of the SSCAFCA Board of Directors was called to order by Donald Rudy, Chairman, at 9:03 a.m.

ROLL CALL OF DIRECTORS.

Directors in attendance were John Chaney, Mark Conkling, James Fahey, and Donald Rudy. Steve House was noted as absent. Charles Thomas, Executive Engineer, Bernard Metzgar, SSCAFCA’s attorney, and members of the public were also present.

PLEDGE OF ALLEGIANCE.

The Board was led in the Pledge of Allegiance by Donald Rudy.

APPROVAL OF AGENDA.

A motion was made by Jim Fahey to approve the Agenda. It was seconded by Mark Conkling and passed unanimously.

ANNOUNCEMENTS.

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

STAFF REPORTS:

Executive Engineer:

1. Action/Acceptance of Resolution 2012-8 Board of Directors Election.

Mr. Thomas stated that two Directors’ terms will expire on December 31, 2012. Mark Conkling and John Chaney. This will require SSCAFCA to have an election in November at the
general election. Resolution 2012-8 sets out the election process, including the nomination petitions and publication of notices.

A motion was made by John Chaney to approve Resolution 2012-8 as presented. It was seconded by Jim Fahey. Roll call vote: John Chaney, yes; Mark Conkling, yes; Jim Fahey, yes; Donald Rudy, yes. The motion passed 4-0.


Mr. Thomas stated that $11 million of the bond authorization from 2008 has been issued and several projects have been completed from that money. There remains $7 million worth of authorized bonding capacity that has not been issued.

Mr. Kevin Powers of RBC presented SSCAFCA’s Finance Plan Update. A copy of the update was given to the Board members and was shown on a screen. Mr. Powers stated that SSCAFCA has been using a cycling approach to finance the program. That approach relies on bonds being sold on a regular basis, retirement of old debt and growth being the driving force to creating additional capacity. The current plan is constrained by a couple of factors. One is the commitment to a .87 mil tax rate and negative valuation updates to the tax base. The combination of those two factors have constrained SSCAFCA’s issuance of bonds in recent years. One mitigator to that has been the fact that interest rates have dropped and remained low. There has been a decline in the tax base the last couple of years as well, and the indications are that the tax base will decline in 2012 as well, somewhere in the neighborhood of 3%. Without doing anything, the tax rate will fluctuate between 1 mil and 1.2 mils.

Mr. Powers stated that between 2002 through 2009, SSCAFCA experienced rapid growth in the tax base that averaged over 10%. In 2010, there was virtually no growth; in 2011, there was a drop of 5% and in 2012 they are projecting a drop of 3%. He then showed a slide of revenue from a .87 tax rate applied to the tax base from 2011 to 2035. Based on the 2009 projections, SSCAFCA was looking at growth in revenue generating capability increasing from $2.5 million up to $10 million in 2029. This has been revised to take into account the history, the projection for this year, and looking at flat growth for a few years and then returning to a modest growth pattern. In 2029, instead of $10 million, it will be $3 million, so there is quite a stark contrast between what was projected in 2009 and what is more likely now.

Mr. Powers stated that they have culled SSCAFCA’s options down to two. The first option would be to issue no debt between now and 2019. Then begin issuing the $3.5 million in 2019 and $3.5 million in 2021. Based on the new projections of growth in the tax base, minus 3%
next year, flat in 2014, and returning to modest growth in 2015-2017 at 2% and 2018 forward at 3%, SSCAFCA can return to the .87 tax rate in 2019. Between now and 2019, SSCAFCA would have no money for capital improvement projects in the finance plan.

Mr. Powers stated that the second option allows for SSCAFCA to continue to generate money for capital programs. They have plugged in $4.5 million of bond issuance in 2012 and $2.5 in 2016. Those numbers could be refined to match a capital plan developed by staff. Under this scenario, it would have the tax rate rise slightly to 1.25 mils through 2016-2017 and then drop to 1.15 mils, and be continued at that level into the future. Both of these scenarios envision future bond sales from future elections. On the debt service side, yield control is simply a calculation of how much debt you have to pay, how much tax base you have to pay it with, and you divide the amount of money you need into the tax base and come up with the mil rate. When SSCAFCA sells its bonds to investors, you pledge the tax base to pay that debt and the tax rate is unlimited. It is whatever is required. The tax base is declining. As it declines, it is not a uniform decline. Some property values may be declining rapidly, but others may be going up a little. The impact on a tax rate change on any particular tax payer is hard to figure.

Mr. Powers stated that both plans have the assumption for tax base growth. One is considerably more pessimistic, and continues to see declines through 2018. If you were to apply the same analysis to option two, the tax rate would increase to about 1.5 mils. There is a .2 mil differential between whether SSCAFCA issues debt or not. Right now, the Assessor is out doing a manual assessment of the County which is focusing on the residential side. The median house price in the area is $136,500.00. The .87 rate, plus the current operating rate, would be 1.14 mils. Applied to that median house, the actual dollars that the owner would pay would be roughly $78.00 per year. The actual current rate is actually combined for operating and debt is 1.867, which is roughly $85.00. If SSCAFCA went with option two and the tax base grew at projected rates, the amount would be $95.00. He believes that with the 3% decline, then flat, and then gradually increasing growth is a reasonable expectation. There is still a lot of property in the area that is undervalued because it was protected by the property reassessment cap. SSCAFCA may have properties that have been on the roll that are only at 65% value.

Mr. Powers stated that the value from the growth with the hospitals and schools in the area is not taxable. But, with the employees coming in, there might be some growth in that area. The other factor is the reappraisal of the properties that would be undervalued because they’ve been protected by that 3% cap. There is still a cap, but last year they didn’t see a positive reappraisal from that so they are waiting to see what they discover from this physical reappraisal. Mr. Fahey stated that the growth coming in will build the gross receipts tax, but it may take a while before property taxes go back up. He stated that, regardless of what SSCAFCA does, the property taxes will
increase, but it is a very small number. SSCAFCA will have no working capital to fulfill its vision if the tax is not raised. Mr. Conkling stated that the problem is what happens in 2019? A substantial amount of the bonds would be paid off and SSCAFCA would then be in a position to go out and seek further funding.

Mr. Powers stated that SSCAFCA has roughly a $2.5 billion tax base; about $1.9 billion is residential and $600 million is not residential. This is a small component and that is why the residential is the focus. The total residential tax rate in this area is 36.3 mils, of which SSCAFCA is 1.867 mils of it. Practically all of SSCAFCA’s old debt will be paid off by 2020. The transaction done in 2011 has a final maturity of 2024. There is about $2 million of previous debt that will be outstanding in 2019. Bonds have been sold with final maturities of no more than 12 years. On a typical SSCAFCA $3 million bond issue, if the bonds are sold, the interest cost would be about $800,000.00 over the life at a 2.5% interest rate. If rates rose by 1%, that interest cost goes up to almost $1.2 million. If the bonds were sold today, SSCAFCA would be selling around 2%. There is a real benefit to selling bonds in today’s interest rate market.

Mr. Powers stated that there is another positive in that SSCAFCA also has some 2005 bonds that were issued with call features that allow SSCAFCA to redeem those bonds in 2014. As 2014 nears, those bonds could be refinanced. If rates stay low, interest cost could be saved and SSCAFCA may be able to do some shifting of maturity schedules on those to help reduce the tax rate. Any kind of shifting would push the repayment of the outstanding bonds and SSCAFCA would negate the effect of having all that paid off in an earlier time. The escrow that you create now between now and the time you can actually pay them off in 2014 generates negative arbitrage, which is a cost to SSCAFCA and hurts the transaction. If SSCAFCA can wait another year, it will work pretty well, assuming that rates didn’t move too much from today. Mr. Conkling stated that one could argue that it is in SSCAFCA’s best interest, and the public’s best interest, to issue bonds now, given those two advantages. Mr. Powers stated that there is a positive correlation between right-of-way costs and interest rates. Mr. Chaney stated that, absent some growth, it appears that SSCAFCA won’t be able to issue new bonds until at least 2018. Mr. Powers stated that, under option two, if nothing is done, it would certainly be beyond 2022.

Mr. Powers stated that if SSCAFCA were to sell $4.5 million in bonds in August, the major component of the cost to taxpayers is paying back the $4.5 million. This is over a 12 year period. The beauty of SSCAFCA’s plans is that the interest component of the payback is minimized because SSCAFCA does short bonds in cycles. Mr. Powers stated that he does not believe that option two would affect SSCAFCA’s bond rating. One of the things that the ratings agencies are focused on right now, more than the debt plan, is the operating side of things and how well the operating budget has been able to adjust to the new revenue realities. Mr. Powers stated that his
recommendation is that SSCAPCA wants to do with its finance plan what needs to be done to accomplish the capital improvement plan. If there is a need for funds, that should drive the decision.

Mr. Thomas stated that there are several projects that were listed as immediately needed, mostly from a property acquisition standpoint.

After discussion, a motion was made by Jim Fahey to accept the Finance Plan as presented by Mr. Powers. It was seconded by Mark Conkling and passed unanimously.

Mr. Rudy then remanded the Finance Plan back to the Budget Committee for further review and formal recommendation to the Board.

3. Update on Unser Pavillion Development at Gateway Pond.

Mr. Thomas stated that this is a joint use facility in cooperation with the City of Rio Rancho. Since the construction of this pond, there has been a development that has come in on the north side of the facility. They have proposed to take the northern leg of that pond and fill it in and use it for commercial development. This drainage plan has gone through several rounds of evaluation. At this point, SSCAPCA has a semi-finished structure out there and there are facilities around it. The current situation is that the developers are now looking at a new option on the drainage plan which would incorporate an additional pipe under Unser. From the original construction, one of the reasons the flood wall was chosen, was because it was a more cost-effective option rather than doing any boring under Unser. The developer has submitted to the City Planning and Zoning Commission a replat. This would be to subdivide the parcel to segment the northern leg of the pond into its own property so that it could be sold. That plat was conditionally approved by the Planning and Zoning Commission on April 10th. One of the most significant conditions is that the drainage report actually works and that they are able to accommodate the reduced size of the pond and still maintain that the park be free from any flooding outside of anything greater than the 10 year event. As of today, staff has not received the drainage report from the developer. May 10th is the expiration of that conditional approval.

Mr. Thomas stated that he is working with the developer to put together a flood control agreement that would be part of this process. Several of the items being suggested as part of the solution would be to include some additional retaining walls within the lower pond to allow them to increase the volume to allow them to absorb the loss of the northern leg. Beyond a drainage report perspective, staff wanted to make sure that if there were any proposed walls that they blend in with the flood wall that is now constructed and on which there is artwork.
He stated that there has been no final determination or approval of the Development.

4. Discussion of Harvey Jones Channel Improvements.

Mr. Thomas presented the present status of the first phase of the Harvey Jones Channel Improvements. He stated that SSCAFCA recently received $383,000.00 worth of legislative funding toward this endeavor to enhance the capacity of the Harvey Jones Channel under the bridge. Since that time, staff has initiated discussions with a number of agencies, including the Corps of Engineers, the Natural Resources Conservation Service (NRCS), as well as the State Highway Department. Additional good news in discussions with the Highway Department is that they have submitted a budget request for the upcoming fiscal year to provide up to $600,000.00 worth of federal funding toward this project, $300,000.00 in 2013 and $300,000.00 in 2014. The next step is to issue the RFP for engineering design services and for the actual scope of work and which will be coordinated with the Highway Department. This is expected to be issued in the next week or two. The design of the project is beyond staff’s scope so SSCAFCA will be going out for design services. SSCAFCA does not have the structural design people within staff. The nature of the design work in house will be for smaller projects. The federal fiscal year starts in October of this year, so the money would, in theory, be available at the end of 2012 for construction. He understands that if you have a project that is in good shape and coming along, the Highway Department can basically advance the next year’s money toward it if it has been programmed in the budget.


Mr. Thomas stated that he became part of the Leadership Sandoval County Program this year. The group was divided into subgroups and each team did a community project. SSCAFCA had chosen to partner with Maggie Cordova Elementary School to develop some sort of community element. Construction on that will begin on April 28th in conjunction with the Great American Cleanup. The school is very excited about it. In addition to putting in a pathway, the school will be using their students to construct a sign to post at the beginning of the path that will face the school at their point and they are going to call it the “Maggie Cordova Nature Trail.” There will be about ten pathway signs placed throughout the area and the idea will be to have the students complete artwork describing some of the critical habitat elements that SSCAFCA is required to protect and they will be placed under a clear acrylic on the signs. They can be replaced on a yearly basis for each class of students. The single largest contributor to this project was Presbyterian, which donated $1,300.00 to the project.

Fiscal Services Director:

Ms. Deborah Casaus presented the Fiscal Services Report for March 31, 2012. She stated that SSCAFCA is nine months through its fiscal year and collections on its operating and debt service property tax continue to be above what was projected, but there are probably several factors going into that. Staff has talked to the treasurer’s office and it appears that their collections are up as well. She believes it’s just timing of the property tax payments. She is working with the assessor’s office to make sure that what they report as SSCAFCA’s valuation is correct. There seems to be a little bit of movement of numbers.

Ms. Casaus stated that General Fund Expenditures are at 49.94% and SSCAFCA is currently 75% through the fiscal year. Next month will see a slight change in that because there was a big right-of-way purchase this month of the AMREP property, along with some end of the year clean up costs. At the time of the report, the City of Rio Rancho information was not available, but she did check the website and they did have 44 new starts for the month of March, which is up from last year. Interest rates are holding still and not a whole lot to report on that. A final note, SSCAFCA does have an RFP out for audit services which is due on May 3rd. This was SSCAFCA’s last year with Mackie Reid as far as state auditor rule goes. They are eligible to apply again.

The Board acknowledged and accepted the Report.


Ms. Deborah Casaus presented the Fiscal Year 2013 Preliminary Budget. She asked for acceptance of the budget. It was brought to the Board at the March meeting and there are not a lot of changes from that draft. The only change she wants to note is that there was a little lower increase in the health insurance premiums. Staff had projected 10% and it’s actually going up about 7.8% so they have adjusted for that, along with adjusting for expenditures in the interim period.

Following discussion, a motion was made by Jim Fahey to accept the Fiscal Year 2013 Preliminary Budget as presented. It was seconded by Mark Conkling and passed unanimously.

3. Action/Acceptance of Contract Renewal With Pinnacle and Tierra Right of Way for ROW Acquisition/Negotiation Services with no requests for changes.

Ms. Deborah Casaus stated the one year contract renewals with Pinnacle and Tierra Right of Way were due and that there were no requests for changes by those companies. She recommended approval of the renewals.
A motion was made by Mark Conkling to approve the contract renewals as presented. It was seconded by John Chaney and passed unanimously.

**Administrative/Outreach Director**

1. **Discussion of Federal & State funding applications.**

Ms. Catherine Conran stated that SSCAFCA applied in the winter to the EPA for the Urban Waters Small Grant; however, SSCAFCA did not receive it. But, SSCAFCA recently submitted a letter of interest to the EPA for the Green Infrastructure grant and heard yesterday that 150 entities applied for that funding of $600,000.00. The cap was $100,000.00 per entity, with $50,000.00 as the lowest amount. Staff is hopeful that SSCAFCA will get something and has the support of the Village of Corrales and the City of Rio Rancho on its application. SSCAFCA is also in the second phase of the NMED’s clean water state revolving loan fund application. She has submitted the online part and will now submit a letter, which is due on April 27th. Although it’s a loan, it does have subsidies for a grant component. SSCAFCA will hear by June 30th if it is on a priority list and how high it is on the list. In October, staff will try for the Water Trust Board Funding as well.

**Field Services Director:**

1. **Gateway Pond Project Update.**

Mr. Jim Service stated that the anti-graffiti coating on the wall has been completed. Hopefully, next week the project can be completed. He will wait to see what happens with the park completion date and then it can be decided on how to do the grand opening.

He stated that the rest of the clean ups are just about finished and SSCAFCA is ready for the monsoon season. With regard to the pathway along Tree Farm Pond, there is a horse step through at the entrance to the path that joins the Intel path. There was some trip hazard associated with that, so today the center piece was removed. The horse step through is like a large ladder with one rung. The rest of the structure will remain there to keep vehicles out of the area, but still will allow pedestrians.

**CHAIRMAN’S REPORT.**

None.
BOARD OF DIRECTORS REGULAR MEETING

BOARD OF DIRECTOR’S COMMENTS.

None.

COMMITTEE REPORTS.

None.


A motion was made by Mark Conkling to approve the Minutes of February 17, 2012 and March 16, 2012 as presented. It was seconded by Jim Fahey and passed unanimously.

ATTORNEY’S REPORT.

None.

PUBLIC FORUM.

None.

PROPERTY MATTERS.

1. Action/Acceptance of Loma Colorado Pond Acquisition - Pulte.

Mr. Thomas presented the Loma Colorado Pond Acquisition - Pulte to the Board. He stated there is an existing pond at the corner of Northern and Loma Colorado. Pulte approached SSCAPCA to take over that pond. Staff went out to investigate the condition of the pond and identified a number of improvements that would be necessary in order for SSCAPCA to take over the pond. He stated that there is an agreement in place that can be executed today if the Board approves.

Mr. Chris Sholtis, of Pulte, stated that the pond originally was a City owned pond before the Loma Colorado Redevelopment Plan. The parcel was acquired by the developer and, at that time, there was more of an emphasis placed upon that project’s existence and being utilized with the Montoyas Dam Project. The area was not as well understood and the history was not as well known. Throughout the project, they have found that the pond was originally designed to take public flows and it still does that, as well as some private flows. Since it’s public water coming in and public water going out, it makes sense that this be a publicly owned facility.
Mr. Thomas stated that it’s a piped outflow that goes under the school property. One of the requirements is that the developer obtain an easement from the school board to allow SSCAFCA to have access over it. It connects outside of the school property downstream to a facility that SSCAFCA owns. The improvements that are needed have been discussed with the developer and the developer will take care of them. One of them is repair to the pipework structure at the outlet, as well as an access road. The way the land is sloped right now, there is a very significant downslope so it might not be suitable for multi-use. Multi-use was not put in as part of the agreement.

Mr. Thomas stated that they have put together an agreement and several conditions of the agreement would be completion and acceptance by SSCAFCA of the improvements and completion and acceptance by SSCAFCA of the easement. The agreement outlines the terms, but it does not commit SSCAFCA to anything until those are satisfied.

A motion was made by Mark Conkling to accept the Loma Colorado Pond agreement as presented. It was seconded by Jim Fahey and passed unanimously.

2. Action/Acceptance of Northern Meadows Pond Acquisition – AMREP.

Mr. Thomas presented the Northern Meadows Pond Acquisition - AMREP to the Board. SSCAFCA was approached by AMREP with regard to three existing ponds, and the farthest west pond is comprised of a number of lots, with two smaller ponds to the east. They are on the northern edge of Northern Meadows that were originally intended to be interim ponds in anticipation of a further development of the segment to the north. There are no immediate plans to do that development and AMREP would no longer like to be obligated to maintain them. AMREP has drafted a quitclaim deed to the properties to give to SSCAFCA, which has not yet been accepted by SSCAFCA. One of the items that is still pending is verification that there are no other structural improvements or requirements needed as part of that property. If there are, AMREP would complete them and then an agreement could be pursued with AMREP.

With regard to the Drainage Master Plan, these structures accommodate some flow from the upland flow basin and they tie into the Northern Meadows Ponds just below the map area that SSCAFCA has an easement over. They are basically an extension of the system. They are small elements that were not anticipated in the Master Plan.

A motion was made by Mark Conkling to accept the Northern Meadows Pond acquisition as presented, subject to the final determination by the Executive Engineer. It was seconded by Jim Fahey and passed unanimously.
3. **Unit 13, Block 56, Lot 34, Rio Rancho Estates – Donation.**

   Mr. Thomas presented the Unit 13, Block 56, Lot 34, Rio Rancho Estates Donation to the Board. This is a piece of property of about 1.7 acres. SSCAFCA was approached some time ago to purchase the property but it was not within SSCAFCA’s master plan for acquisition. Instead, SSCAFCA offered to take it as a donation and that it was tax deductible. The owner, who lives in Connecticut, agreed to donate the property. The essence is that it will be donated. There are some back taxes on the property of about $1,500.00. The actual piece of property that SSCAFCA owns in that area is no longer arroyo because the arroyo has shifted. This would allow SSCAFCA to own the piece that is the arroyo. They did discuss having the owner bring the taxes current before the donation, but this is the “offer on the table” — that SSCAFCA pay the taxes.

   After discussion, a motion was made by Mark Conkling to accept the donation of Unit 13, Block 56, Lot 34, Rio Rancho Estates as presented. It was seconded by Jim Fahey and passed unanimously.

4. **State Land Office, Grant of Easements.**

   Mr. Thomas indicated that he had met with the State Land Office and they were very amenable to grant easements to SSCAFCA because it would coincide with their general belief of preserving this land as open space. Staff entered into discussion with the State Land Office and have outlined five sections of land that the SLO owns. The areas outlined in orange constitute the easements that SSCAFCA will be asking for from the SLO. The initial discussion with the SLO is that the easements will be granted at no cost to SSCAFCA. It was the consensus of the Board that Mr. Thomas move forward with this project.

**FOR YOUR INFORMATION:**

1. Corrales Comment Article, “Corrections Coming for Flooding Hazard at Jones Channel Bridge,” (03/24/12).

2. Rio Rancho Observer Article, “Native N.M. in Mosaic,” (03/24/12).


OTHER BUSINESS.

- Next Regular Board Meeting is on Friday, May 18, 2012 at 9:00 a.m.

ADJOURNMENT.

A motion was made by Jim Fahey and seconded by John Chaney to adjourn the meeting. It was carried unanimously. Meeting adjourned at 10:58 a.m.

JIM FAHEY
Acting Secretary

DATE APPROVED: May 18, 2012

DONALD RUDY
CHAIRMAN