

**FINANCE BOARD MEETING MINUTES
MONDAY, JULY 24, 2006
CITY HALL COUNCIL CHAMBERS
405 PASEO DE ONATE ESPAÑOLA, NEW MEXICO**

The meeting was called to order at 6:04 p.m. with the following present:

Mayor: Joseph Maestas
Mayor Pro Tem: Alice Lucero
Councilors: Helen Kain Salazar
Rosario "Chayo" Garcia (absent)
Eddie Maestas
Alfred Herrera
Danielle Duran
Cecilia Lujan
Dennis Tim Salazar

Interim City Manager: Jeff Condrey

City Clerk's Office: Veronica Martinez
Beverlee DeAguero

City Attorney: Angela "Spence" Pacheco

Mayor Maestas led the pledge of allegiance and the invocation.

Approval of Agenda

Mayor Maestas asked for a change to the agenda to remove item E-2, Approval of Temporary Employment Contract for Planning Services. Councilor Herrera asked if the sale of land could be added to the Executive Session discussion items. Counsel advised the Council that it could not.

Councilor Salazar made a motion to approve the agenda, seconded by Councilor Lujan; the motion passed with a 6/0 vote. Councilor Lucero was not present for the vote.

Approval of Minutes

Mayor Maestas presented the minutes from the June 26, 2006 meeting for approval.

Councilor Duran made a motion to approve the minutes as presented, seconded by Councilor Kain-Salazar; the motion passed with a 6/0 vote. Councilor Lucero was not present for the vote.

Councilor Lucero arrived at 6:09 p.m.

Old Business – Update on Funding

Leo Valdez of Hutchinson, Shockey & Erley gave a funding update for the Wastewater Treatment Plant Expansion project as well as the Surface Water Filtration project, stating that he had met with the Water Trust Board and had been informed that the \$1,305,000.00 that we had allowed to be used in another community had been completed. By doing so, we were able to extend the time frame for use of those funds to September 2009. Mr. Valdez reported that we might be able to do something similar with the new severance tax bond in the amount of \$3,708,000.00, because the deadline for use of that money is June 2007. He stated that we might have a good chance because we've been able to show progress by our memorandum of agreement and continued negotiations with Ohkay Owingeh.

Mayor Maestas stated that he understood there was an unexpected reallocation of money that we had dedicated to the Wastewater Treatment Plant Expansion project, and stated that he was unsure what the status was at this point. Robert Apodaca had been checking into the matter, and it seems that \$400,000 was removed from the tax relief fund that will not likely be reinstated.

Councilor Herrera asked Mr. Valdez if the Water Trust Board had any expectations of a relationship between the City and Ohkay Owingeh with regard to the water and/or sewer lines.

Mr. Valdez stated that the Corps of Engineers had completed a recon report for alternatives for the structure of the water diversion project, but that we now needed the Interstate Stream Commission and Corps of Engineers to move forward. In the MOU, the City agreed to match funds necessary, and the tribe will be involved in planning the site, structure, aesthetics and landscaping.

City Manager Jeff Condrey outlined some new possible funding sources for the water and wastewater projects. He stated that we may have the opportunity to replace the current NMFA loan due to close next month of \$4,125,000.00 with a new \$7,000,000.00 Clean Water Fund loan at a lower interest rate of 2%. The difference in the interest paid over 20 years would result in about a \$1,100,000.00 savings.

Mr. Valdez added that because the City was now also able to use the STAG money and the Clean Water Loan money because the contractor had agreed to comply with the Minority and Women Owned Businesses requirement that comes along with those funding sources. He advised that the City keep the \$4,125,000.00 application process rolling for now, just in case there is a timing issue with the \$7,000,000.00 funding due to the thirty day comment period from the public, or other factors.

Mayor Maestas asked how it was anticipated that we pay back the higher loan amount.

Mr. Valdez advised the Mayor that the Clean Water Loan money was not as strict in its requirements for us to repay. He stated that the \$391,000 in gross receipts tax that we anticipate receiving annually and the growth of that by the time we are required to start paying on the loan would allow us to cover the higher loan amount. We are not required to pay on the loan until it is drawn down on, and then only that portion.

Councilor Herrera asked if the NMFA Loan had already been approved. Mr. Valdez informed him that it had been approved and would be closing by the end of the month. Councilor Herrera asked what the time line was for the Clean Water Loan funding. Mr. Valdez stated that it would need to be closed by September, and that was why he suggested allowing the NMFA loan to continue, just in case something didn't come through in time with the Clean Water Loan. He also stated that everyone involved was aware of the time constraint to get this loan closed quickly and that it was possible to do so.

Councilor Herrera asked if the Clean Water Loan requirements would be more stringent because they are Federal funds. Mr. Valdez informed him that while the NMFA loan does not have any NEPA requirements, the Clean Water Loan could be used more liberally for other projects besides strictly the wastewater projects. He also reminded them that with the matching funds projects that we anticipate, it would be wise to build up some savings in the meantime, which this loan would allow us to do.

Mr. Condrey advised the Council that his recommendation would be to go with the higher Clean Water Loan, which could be done administratively if the Council gave the go ahead.

Mayor Maestas asked how the cash flow would be impacted and our ability to pay the contractors in the meantime. Mr. Condrey informed him that the City would be able to pay the contractors through September.

Councilor Lucero asked if the new loan funds would be available by September. Mr. Valdez assured her that they would be and also noted that the savings of the \$7,000,000.00 loan at 2% over 20 years would generate a savings of \$1.1 million.

Mayor Maestas noted that it was good news that we are now able to use Federal funding because we are in compliance with the Federal water standards. He also recommended that we send positive feedback regarding the Finding of No Significant Impact (FONSI) during the comment period. Mayor Maestas asked if the Council was agreeable to allow the administration to pursue this funding source. The Council concurred.

Matters from the City Manager

City Manager Jeff Condrey presented the response from Lauterbach, Borschow & Company, out of El Paso, Texas, and stated that of the three responses to our Request for Qualifications received, this company's was most impressive. He recommended that the Council approve this firm for the Special Audit.

Councilor Duran asked if references had been checked on this company. Mr. Condrey informed her that he had checked and that they were positive. He stated that any of the firms that responded could do the work, but this proposal was the best and they had the most experience in New Mexico.

Councilor Duran asked what the time frame was for the completion of the special audit and what the cost was anticipated to be. Mr. Condrey stated that the contract would be a time and expense contract not to exceed \$15,000. City staff time would also be required and completion would be from 45 to 60 days.

Mayor Maestas asked what provisions would be made in the contract for modification of scope of work. Mr. Condrey stated that the scope could be modified if deemed necessary, and may actually be reduced because of the Housing issue being taken up in the regular audit.

Mayor Maestas asked for recommendations from Council on questions or concerns for the special audit to cover and asked for an approval to hire this firm.

Councilor Lucero made a motion to approve the hiring of Lauterbach, Broschow & Co. to conduct the special audit, seconded by Councilor Herrera; the motion passed with a 7/0 vote.

Councilor Lucero made a motion to convene in closed session pursuant to Section 10-15-1(H)(2) regarding limited personnel matters to discuss the continuing employment of a certain employee, seconded by Councilor Lujan. Roll call vote: Councilor Salazar for the motion, Councilor Lujan for the motion, Councilor Duran for the motion, Councilor Herrera for the motion, Councilor Lucero for the motion, Councilor Maestas for the motion, Councilor Kane-Salazar for the motion. The motion passed with a 7/0 vote.

The governing body entered executive session at 6:46 p.m.

Councilor Lucero made a motion to come out of executive session, stating that the only matter discussed was personnel matters not subject to the Open Meetings Act and that no action was taken. Councilor Kane-Salazar seconded the motion. Roll call vote: Councilor Salazar, for the motion, Councilor Lujan, for the motion, Councilor Duran, for the motion, Councilor Herrera, for the motion, Councilor Lucero, for the motion, Councilor Maestas, for the motion, Councilor Kane-Salazar, for the motion. Motion passed with a 7/0 vote.

The governing body reconvened in open session at 8:20 p.m.

Mayor Maestas announced that Senator Bingaman would be meeting with those councilors who could attend at 2:00 p.m. on August 7, 2006 to discuss the City's concerns.

Councilor Duran reminded the councilors that there were two committee meetings that had been rescheduled for July 26, one at 6:00 p.m. and one at 7:00 p.m.

Councilor Lujan made motion to adjourn, seconded by Councilor Duran.

PASSED, APPROVED AND ADOPTED AUGUST 28, 2006.

Electronic copy – signatures on file