

SPECIAL CITY COUNCIL MEETING

September 25, 2008

9:30 A.M.

Mayor Ronnie Torres called the Special Meeting of the Belen City Council to order at 9:30 A.M. Roll call taken by Sally G. Garley, City Manager.

PRESENT: Ronnie Torres, Mayor
Terese Ulivarri, Councilor
Wayne Gallegos, Councilor
Rudy Jaramillo, Councilor

ABSENT: Mayor Pro-Tem David Lopez

CITY STAFF: Sally G. Garley, City Manager
Audrey Torres, Procurement Specialist
Mike Chavez, Chief of Police
Lawrence Kanisherio, IT

OTHERS: Jackie Schlotfeldt, VCNB
Gilbert Tabet, Circle T
Dianne Mattson, Our Tomorrow
Jerah R. Cordova, Our Tomorrow

ADOPTION OF ICIP RESOLUTION 2008-13:

Mayor Torres read the first agenda item in reference to adoption resolution 2008-13 a copy of which is attached hereto and made an integral part of these minutes by reference. City Manager Sally G. Garley said the resolution is a formality and she wanted to bring to council attention the changes discussed at the last workshop meeting, these changes are incorporated and asked if there were any questions.

Mayor Ronnie Torres asked if there were any questions from the Council on the ICIP resolution.

Councilor Terese Ulivarri advised she had a question on “other” under category for the storm drain improvements and MPP Community Center-Phase III is there no category for these.

Finance Director, Mildred Garley advised wherever there is an “other” category that was the only category the project fit because there are only so many “categories” to pick from.

Councilor Terese Ulivarri asked if there was a “buildings” category they could go under, and Mildred Garley, Finance Director, advised there was a buildings category but it was for senior centers. Councilor Terese Ulivarri asked about the storm drain improvements is that wastewater. Councilor Wayne Gallegos advised that would be rain water.

Councilor Terese Ulivarri asked if there was no further discussion she so moves to approve the resolution. Councilor Rudy Jaramillo, seconds the motion, motion carries.

ADOPTION OF RESOLUTION 2008-14 TO ESTABLISH THE SALE PRICE AND TERM OF THE 2008 BOND SERIES GROSS RECEIPTS TAX. Chris Mierhead

Mayor Ronnie Torres read the next agenda item in reference to adoption of resolution 2008-14 to establish the sale price and term of the 2008 bond series gross receipts tax as presented by Chris Mierhead. Chris said, “this is the final or near final step of the process for issuing the bonds for the various improvement projects in the City this will be the last action by the Council that is required and a signing session will be held on Monday assuming all goes well. The deal would close a week from today and at that point, the money would be transferred to the City’s accounts. This resolution relates to the ordinance that was adopted July 21, 2008, the bond ordinance was done authorizing the issuance of the bonds setting a maximum price of eight million dollars, leaving the specific terms to be determined in subsequent resolution. This resolution sets the specific terms for the bond sale. About two weeks ago, we posted to investors the document that outlines the transaction, credit, and the City of Belen. It also had the rating for the City of Belen, which is “A+ stable”, which is very good for a community this size, that’s investment grade. I encourage you to read through this it speaks very highly of the City. It highlights the strong debt service coverage the proximity to Albuquerque in terms of economic development, the strong legal provisions in the documents that you have approved and the nature of the pledged revenues. Therefore, this is an excellent credit rating and speaks highly of the work of the City and staff and the community as a whole.

What happened two weeks ago is we put out the offering document that had that rating on it, right about the time we put that out is when-on a national level-everything went “dip”. In the last two weeks there has been nothing-nationally-in the way of bonds being marketed or very little. There are literally billions of dollars in deals sitting on the sidelines waiting to come in. Those entities that are trying to borrow money have had no liquidity and have not been able to borrow the money. In the State of New Mexico nothing has happened for two weeks-we represent the City of Albuquerque they have at least one deal that has been sitting for two weeks waiting to go, City of Santa Fe, Carlsbad, Las Cruces, Alamogordo and the NM Finance Authority all have been unable to price their bonds so they have not been able to close. The City of Belen, thanks to John and George K. Baum, were able to price their bonds yesterday the primary reasons again are strong credit it is a smaller size issue so it makes it easier to move. It is also bank qualified which is important because then local banks and retail banks can purchase this and still enjoy some tax benefit. So all of those things together but really it speaks highly of John and his Company that they were able to get these priced because on a national level nothing is happening, there is no bonds being moved to price until this whole credit crisis is resolved or

at least stabilized things are just sitting there. Therefore, you are all in a fortunate position “and” at the end of the day the terms of this deal, and I will refer you to page two, which shows the maturities and the coupons the interest rates are solid and not distressed. These rates came in better than anticipated and the overall net interest cost is less than 5% or 4.9% so all of this these coupons are consistent with the yield curve.

This particular resolution sets out the terms which shows the 25 year maturity seven million five hundred and seventy thousand dollar bond issue the interest rates, the page three that the interest payment dates are June 1 December 1 beginning June 1, 2009 so the first payment would not be until June 1, 2009 and also the first payment would be coming from, there is a portion of the bond issue which is set aside as capitalized interest \$233 and so there are bond funds that will pay the first couple of interest payments and principal payment. The optional redemption language on page three is important it says, “if these bonds can be optionally redeemed or paid off early on or after June 1, 2018.” The mandatory sinking fund redemption there are six term bonds-as they are called-and these are just a pricing mechanism for putting together multiple maturities together and selling them as a lump sum to a potential investor and so it is a way for George K. Baum to market them and it improves their marketability and that’s what that relates too. Those bonds also are subject to optional redemption on or after 2018.”

Councilor Wayne Gallegos said, “that is optional right”.

Chris Mierhead said “the term bonds have what is called a mandatory sinking fund and so annually you would put into the sinking fund what is required for each individual maturity within there and you will see that on page 4, that is broken out, so each of those is a term bond so there is a term bond for 2021 for a total of \$565 thousand dollars but in 2020 there would be a sinking of \$275 thousand dollars to pay that amount. However, you could optionally redeem all of the bonds on 2018 should the City decide they have the money or it is economically the right thing to do.

On page 6 section 5 it shows where the money is going to be deposited come next Thursday, \$233 thousand dollars is the capitalized interest, which we mentioned. \$550,775 is the required reserve, which will operate as a form of insurance should there be a deficiency. It is a good deal rate wise and somewhat of a miracle that it happened at all given the fact that there is no movement in the credit market.

Councilor Wayne Gallegos stated that everything Chris said is exactly what was discussed with Mildred Garley the Finance Director. Just looking at the news on the crisis they said this morning how is it going to affect the smaller communities or people themselves and it came down to that one point, having good credit and having a good record you can still get things done. He was glad to see that the City is in that position.

Chris Mierhead thanked Councilor Wayne Gallegos and said “I would really stress the one thing, besides that you are going to get this money, that you really should take from this going forward and feel good about today is an excellent rating and the City as a whole and what this says is that an independent entity that does this for a living has taken a look at it and has very positive things to say about what you are doing and where you are headed.

Councilor Terese Ulivarri said “this monetary situation, this whole deal that is going on, this bodes well for the City of Belen but it also bodes well for the employees that have kept us in check the whole time we have been in office so thanks guys you make us look good as usual and I appreciate it.

Chris Mierhead said “absolutely and I think that what you will see at the end of the day is that a lot of the problems with these large investment banking are people not keeping things in check”

Councilor Terese Ulivarri also added that Belen is Spanish for “Bethlehem” so we are taken care of all the time. With what is happening on Wall Street actually, the best investment right now is municipal bonds.

Mayor Ronnie Torres asked if there were any comments from City Council if none he so entertains a motion. Councilor Terese Ulivarri moved to adopt the resolution. Councilor Wayne Gallegos seconds the motion, motion carried.

Mayor Ronnie Torres wanted to thank Jackie Schlotfeldt of the Valencia County News Bulletin who will be leaving us and we are going to miss you we have enjoyed having you at our meetings and being a good ally. Thank you so much and best of luck in your future.

ADJOURNMENT:

Mayor Ronnie Torres asked for a motion to adjourn tonight’s meeting.

Councilor Rudy Jaramillo moved to adjourn this meeting. Councilor Wayne Gallegos seconds the motion, motion carried.

ss/
Ronnie Torres, Mayor

ATTEST:

ss/
Sally G. Garley, City Manager