

**CITY OF ESPAÑOLA FINANCE BOARD MEETING
MARCH 26, 2007 6:00 P.M.
CITY HALL COUNCIL CHAMBERS
405 PASEO DE OÑATE, ESPAÑOLA NM 87532**

The meeting was called to order at 6:05 p.m. with the following present:

Mayor: Joseph M. Maestas
Mayor Pro Tem: Alice Lucero
Councilors: Alfred Herrera
Helen Kain-Salazar
Eddie Maestas
Cecelia Lujan
Dennis Tim Salazar
Rosario “Chayo” Garcia (absent)
Danielle Durán (absent)

City Manager: Gustavo “Gus” Cordova

City Clerks Office: Veronica Martinez
Lucas Gauthier

City Attorney: Angela Rosalina Pacheco

Staff: Marvin Martinez
Josie Lujan
Susan Trujillo
Stephanie Martinez
Julian Gonzales

Mayor Maestas led the Pledge of Allegiance, and the invocation.

APPROVAL OF AGENDA

Mayor Maestas presented the agenda for approval.

CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND INVOCATION

APPROVAL OF AGENDA

PUBLIC COMMENTS

COUNCILOR COMMENTS

APPROVAL OF MINUTES

1. February 26, 2007 [[Mayor Maestas](#)]

BUSINESS WITH VISITORS

2. Local Government Division Approval of FY06-07 Budget – Presentation of Approval Letter [[John Gallegos and Isaac Montoya](#)]

MATTERS FROM THE MAYOR

3. Appointment of Interim Fiesta Council President [[Mayor Maestas](#)]

ITEMS FOR CONSIDERATION OF APPROVAL

4. CDM Contract Addendum for Surface Water Treatment Facility Project [[Gustavo Cordova](#)]
5. Professional Service Contract with Hutchinson, Shockey, Erly & Co. to Prepare Financial Transaction Documents for NMFA Loan [[Gustavo Cordova](#)]
6. Authorization for the City Manager to Execute the Required Documents for the NMFA Loan [[Gustavo Cordova](#)]
7. Budget Adjustment Request [[Susan Trujillo](#)]
8. Request for Out of State Travel for Mayor, Mayor Pro Tem, and City Manager to Washington, DC [[Gustavo Cordova](#)]

RESOLUTIONS

9. Resolution 2007-17 – A Resolution Authorizing and Approving Submission of Application for NMFA Loan in the Amount of \$100,000 [[Gustavo Cordova/Leo Valdez](#)]
10. Resolution 2007-18 – A Resolution Authorizing and Approving Submission of Application for NMFA Loan in the Amount of \$200,000 [[Gustavo Cordova/Leo Valdez](#)]
11. Resolution 2007-19 – A Resolution Declaring the City’s Intent to Reimburse Itself With the Proceeds of a Loan Agreement with NMFA [[Gustavo Cordova/Leo Valdez](#)]

12. Resolution 2007-20 – A Resolution in Support of Municipal Arterials Program Agreement Amendment [Cyrus Samii]
13. Resolution 2007-21 – A Resolution Authorizing The Assignment Of Official Representatives And Signatory Authorities For Clean Water Loan Program [Gustavo Cordova]
14. Resolution 2007-22 – A Resolution In Support of Weed and Seed Funding [Julian Gonzales]*

EXECUTIVE SESSION

15. Pursuant to Section 10-15-1(H)(2) of the Open Meetings Act for the purpose of discussing personnel matters relating to the Public Safety Department [Angela Pacheco]*

ANNOUNCEMENTS

ADJOURNMENT

* These items were added to or amended on the agenda on March 24, 2007, after initial publication/posting of the agenda.

Mayor Maestas asked to add Joseph Madrid under public comments, and to strike Executive Session.

Councilor Salazar motion to approve the agenda as amended, second by Councilor Herrera. Motion passed 6/0.

Public Comments:

Mr. Joseph Madrid, the EVHS Sophomore class president addressed the council asking for help to attend a national leadership conference in Kansas to interact with other schools to share ideas. He stated that he had hopes to run for state student council office in New Mexico. Mayor Maestas suggested he provide an envelope to the council for donations to contribute to his trip. Mayor Pro Tem Lucero congratulated Joseph on his endeavor and encouraged young people to take opportunities such as this. Councilor Kain-Salazar offered her congratulations and wished him good luck.

COUNCILOR COMMENTS:

None.

APPROVAL OF MINUTES

Mayor Maestas presented the minutes of February 26, 2007 for approval.

Mayor Pro Tem Lucero made a motion to approve the minutes as submitted, seconded by Councilor Kain-Salazar and Councilor Lujan. Motion passed 6/0.

BUSINESS WITH VISITORS

Mr. John Gallegos and Isaac Montoya from the State Department of Finance and Administration, Local Government Division, were present regarding the City's budget. Mr. Gallegos stated that DFA was the Fiscal & Administrative arm of the Governor's office and oversee and monitor local governments' budgets. He stated that each budget must be approved, and that they had been working with city staff and communicating with them, receiving different versions to correctly finalize the budget.

He reported that as of March 15, he received budget worthy of approval and presented the letter of approval. He stated that the City's budget was lean, but reminded the Governing Body that they should work to build up the city's cash balances and increase cash flow.

Mayor Maestas thanked both for coming personally and presenting the letter, stating that the city had come a long way in a short period of time.

Councilor Herrera thanked both gentlemen as well, stating that communication with DFA had been great, and they were very helpful. He stated that it seemed the city and finances were on the right track now, and would be happy to work with them to continue to improve the budget.

MATTERS FROM THE MAYOR

Mayor Maestas reported that Mr. Tom Velarde had stepped down as Fiesta Council President and put forth Shaya Lopez for appointment as Fiesta Council President.

Councilor Maestas made a motion to ratify the Mayor's appointment of Shaya Lopez as Fiesta Council President, second Councilor Kain-Salazar and Councilor Lujan. Motion passed 6/0.

Mayor Maestas brought up the traffic congestion in the city, stating that the Governing Body needed to study the issue and take a stand on the recommendations for the proposed relief route scenarios. He stated the City should take a real stance and study the alternative so that it would not just be shelved by the Department of Transportation. He suggested a Special Public Works meeting to discuss and address the matter. Mayor Pro Tem Lucero stated it was on the agenda for the April 3, 2007 Public Works meeting. Mayor Maestas asked Gus to provide a packet and information on the alternatives and make recommendation to the committee.

Councilor Herrera commented that also included in the discussion should be the status of the realignment of Paseo de Oñate, as well at the US 84/285 project as that would have a positive impact on the flow of traffic. The last discussion with DOT was that it was far in the future and the other projects were actually in the works and would make some changes to the flow of traffic through the City. He stated that all issues should be part of the discussion as they were interrelated.

Mayor Maestas stated that he would speak with the Senators about this for federal funding because of the Superfund site. He reported that the DOT was also looking at alternative designs, but the federal government does need to step in

ITEMS FOR CONSIDERATION OF APPROVAL

CDM Contract Addendum for Surface Water Treatment Facility Project

Mr. Cordova stated that the members of the Public Works committee had been briefed on this issue; the addendum included additional work to evaluate other sites than the Ohkay Owingeh site as a diversion point. It requests an evaluation of the site at Fairview Bridge, plus environmental engineering. He reported that after review of the addendum, he felt it was necessary to have value engineering on the CDM addendum, as the cost of this project was too much and too important to just take one engineer's word for it. He reported that the value engineering was scheduled for April 13 and the evaluation committee consisted of Del Archuleta from Molzen-Corbin & Associates, Peter Fant from Sauder Miller, and Bruce Thompson from UNM. He reported that it would not add cost to the project. He stated that Fred Kalish of NMED Construction Programs had also reviewed the addendum and had approved it as submitted. The cost of the addendum increased by \$109,000; \$133,000 to do the sites. He stated the total was \$787,209, which he thought was excessive for a PER, but since fees are usually a percentage of the project, were high because it was a \$26 million project. The cost was proposed to be paid out of the \$1.8M STAG and matched by the \$200,000 state appropriation; he stated that the city would still need \$160,000 in local match funds.

Mayor Pro Tem Lucero made a motion to approve Addendum #1 of the CDM contract, second by Councilor Maestas. Motion passed 6/0.

Professional Service Contract with Hutchinson, Shockey, Erly & Co. to Prepare Financial Transaction Documents for NMFA Loan; Authorization for the City Manager to Execute the Required Documents for the NMFA Loan; and Resolutions 2007-17, 2007-18, and 2007-19:

Mr. Cordova presented these items. He stated that the lease purchase of equipment needed to be retired with Valley National Bank as the city did not have authority to enter into those loans. He reported that the city can contract with NMFA and Leo Valdez to refinance the outstanding debt to be in compliance with state law. He recommended that they allow the contract with Mr. Valdez to prepare the financial documents to finalize the refinance of the loans.

Chris Muirhead and Leo Valdez were present as well. Mr. Valdez stated that the purpose of this refinancing was for 31 different notes with Valley National Bank that originally totaled about \$2 million, of which \$410,382 remained outstanding. He stated that he had been in contact with Jeremy Turner of NMFA and Mr. Muirhead to prepare the information. He reported that maturity was left on 11 of the notes, and the new loans would be over a three-year period at a proposed interest rate of 0% and 3%. The original loans had varied rates of 4.25-7%. He outlined the payment options and needs, stating that the financing over three years, would be approximately \$102,000 per year, that the loan amount of \$291,000 would be combined with NMFA 1999 Refunding of \$133,532 and the Fire Fund of \$65,424 for a total of \$489,956. The uses would be for the Valley National Bank loan payoffs in the amount of \$415,456, the Durango Lease payoff for \$28,000 and the NMFA debt services reserve fund, required by NMFA in the amount of \$29,000, and the cost of issuing the loan in the amount of \$17,500, which were Mr. Valdez' fee for completing the transactions.

Councilor Herrera asked what the savings of this refinance would be. Mr. Valdez stated it could not be pinpointed due to the difference in the interest rates and payment terms (monthly, quarterly, annually). Councilor Herrera stated that with the range of the interest rates at Valley National Bank and the principal amounts, there should be a savings. He also asked if we had authority to use money from the fire fund. Ms. Trujillo stated that a fire apparatus was part of one of the outstanding notes, and that the fire fund was making that payment anyway.

Mayor Pro Tem Lucero moved to approve the Professional Services Contract with Hutchinson, Shockey & Erly, to authorize the City Manager to execute the documents, and to approve Resolutions 2007-17, 2007-18 and 2007-19, that were all directly related, seconded by Councilor Salazar.

Under discussion, Mayor Maestas commented that these Valley National loans had been a wart on the face of city government and this action would legitimize those purchases and save some money. He thanked Mr. Muirhead, Mr. Cordova and Mr. Valdez for making this happen. Councilor Herrera asked in making loans if it was known what the loan payment savings were. It was stated that the first year would be \$182,000; the next year would be \$174,000, and the last year about \$15,000.

Mr. Muirhead stated that there was a reference to reimbursement to the Equipment Fund, and a correction needed to be made since the loan would actually reimburse the General Fund. Mr. Valdez stated that the city could be reimbursed if between now and the closing of the transaction a payment is made on the existing loans. He expected the closing to be mid-May.

Councilor Herrera asked what the cost of the Professional Services Contract was. It was the \$17,500, outlined as the cost of issuance on the term sheet.

Motion passed 6/0.

Budget Adjustment Request

Ms. Trujillo stated that the Budget Approval was complete, and now was requesting a BAR as requested by DFA. The executive summary of the request stated that the Finance Department was requesting a Budget Adjustment to the DFA-approved FY 2006-2007 Final Budget. The New Mexico Finance Authority during the interim period the City's loan in the amount of \$808,000 was calculating and billing the Debt Service Fund for Interest and Administrative Fee Component of the Loan Agreement Payment. Therefore, we had prepared a DFA Budget Adjustment decreasing the expenditures in the Second 1/8th % Environmental GRT Infrastructure Fund to create a cash balance and budget a Transfer <out> of the Cash Balance to the NMFA Drinking Water State Revolving Fund Loan Fund. The amount Transferred In will be budgeted to record the Interest and Administrative Fee Expenditures. The transfer would be from Fund 410 – Revolving loan fund transfer the \$2830 to this fund.

Mayor Maestas asked why the payment due on May 1 was not shown in the current budget. Ms. Trujillo stated that the principal does not kick in until all program monies have been spent, and they have not.

Marvin Martinez explained that it was not intended that the \$83,000 GRT be added to the GRT income, it was supposed to be self-sustained, but they incurred additional debt and had to pay the amount out of the GRT.

Councilor Herrera made a motion to approve the Budget Adjustment Request, seconded by Mayor Pro Tem Lucero. Motion passed 6/0.

Request for Out of State Travel

Mr. Cordova stated that he and the Mayor and Mayor Pro Tem planned to travel to Washington on March 27, to visit with the delegation on three initiatives.

- 1) Arsenic removal and the emergency situation for STAG funding, which had a total cost \$2.3 million, of which we must 45%;
- 2) Funding of Title 2 money to request the \$2M already authorized; as well as to ask for a 25% city-75% federal split; and
- 3) Corp of Engineers for \$3M for diversion project as it was previously allocated when the Corp was going to build it.

Councilor Lujan moved to approve out of state travel for Mayor Maestas, Mayor Pro Tem Lucero and City Manager Gus Cordova, seconded by Councilor Kain-Salazar. Motion passed 6/0.

Resolutions

Resolution 2007-20 – A Resolution in Support of Municipal Arterials Program Agreement Amendment

Mr. Samii requested an amendment Resolution for the reconstruction of Railroad Ave for a change of scope for the street project from reconstruction to cutlerizing and repaving.

Councilor Herrera asked if drainage improvements would be done. Mr. Samii reported that the only one was across Rio Grande SUN and perhaps they could do a French drain to take care of that.

Motion to approve Resolution 2007-20 was made by Councilor Lujan, seconded by Councilor Herrera and Councilor Kain-Salazar. Motion passed 6/0.

Resolution 2007-21 – A Resolution Authorizing The Assignment Of Official Representatives And Signatory Authorities For Clean Water Loan Program

Motion to approve Resolution 2007-21 was made by Councilor Kain-Salazar, seconded Councilor Maestas and Councilor Lujan; motion passed 6/0.

Resolution 2007-22; Resolution in Support of Weed and Seed

Mr. Julian Gonzales presented this item. The purpose of the resolution was to authorize the funding of the Weed & Seed Director's salary for July-Aug-Sept of 2007 and to split to cost of her salary for Oct 2007-June 2008. He stated that it was fully funded the first by the City; the second year was funded for half of this year and the program was granted again for next year and would keep the Weed & Seed program in effect. Mayor Maestas stated that this would allow the city to follow through on its commitment to the program.

Councilor Salazar moved to approve Resolution 2007-22, seconded by Councilor Lujan; motion passed 6/0.

Announcements:

Mayor Maestas stated that HB981 was on the Governor's desk for signature and would allow a ¼% municipal local option tax for general purposes. He reported that the Governor had also signed a bill that eliminates the hold-harmless clause for those municipalities whose population was over 10,000; he encouraged the Council to call the Governor to urge his support of HB981.

Adjournment:

Councilor Lujan moved to adjourn, seconded by Councilor Maestas. The meeting adjourned at 7:30 p.m.

PASSED, APPROVED AND ADOPTED this 23rd day of April 2007

Electronic copy – signatures on file