

MINUTES OF THE CITY COUNCIL  
OF THE CITY OF RUIDOSO DOWNS  
CITY COUNCIL CHAMBERS  
SPECIAL MEETING  
APRIL 20, 2009

The Council of the City of Ruidoso Downs met in special session on April 20, 2009. Mayor Armstrong called the meeting to order at 10:02 a.m. and asked Councilor Olivo to lead the Pledge of Allegiance. Mayor Armstrong asked Carol Virden, City Clerk/Treasurer to take roll call. The following were present:

Councilor Hood  
Councilor Holman

Councilor Williams  
Councilor Olivo

Carol Virden, City Clerk/Treasurer informed Mayor Armstrong there was a quorum.

Also present:

Carol Virden, City Clerk/Treasurer  
Terri Mosley, Finance Director  
Cleatus Richards, Public Works Director

APPROVAL OF AGENDA

Mayor Armstrong stated next item on the agenda was approval of the agenda.

Mayor Armstrong entertained a motion to approve the agenda.

Councilor Olivo moved to approve the agenda. Seconded by Councilor Holman.

Roll call votes: Councilor Hood, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Olivo, Aye. Motion carried.

CONSIDER APPROVING INTENT TO FILE AN APPLICATION WITH THE U.S.D.A. RURAL DEVELOPMENT'S UTILITIES PROGRAM (RURAL UTILITIES SERVICE) AND NEW MEXICO ENVIRONMENT DEPARTMENT FOR A LOAN AND/OR GRANT.

Carol Virden, City Clerk/Treasurer said she would like to bring them up to date on the meeting that was held on April 13, 2009 with the New Mexico Environment Department and people from the U.S.D.A. and people from the Clean State Revolving Fund, staff from Tom Udall's office, staff from Senator Bingaman's office, ourselves, and Ruidoso staff.

The New Mexico Environment Department received \$19.1 in the economic stimulus package. From that there are five entities that have qualified for those funds and she says

she knows they have all heard that Ruidoso Downs is going to get \$3 million dollars from the NMED (New Mexico Environment Department). Unfortunately it is not a 100% grant and in order for us to receive the close enough to \$3 million dollars grant money your staff had requested a grant/loan up to 4 million dollars for the following reasons:

If we had done a \$3 million dollar grant Ruidoso Downs would have received a little over \$1 million dollars, which means we would have to go with a loan for the remaining funds. What we did is say we needed \$4 million dollars in order to complete our portion of the 15% of the Wastewater Treatment Plant. In doing that the City of Ruidoso Downs will receive \$2.9 million dollars in grants. We will have to get a loan for \$1,100,000.00 at 2% with U.S.D.A.

Terri Mosley, Finance Director said \$100,000 of it is with the Environment Department and \$1,000,000 will be with U.S.D.A.

Carol Virden, City Clerk/Treasurer said to understand that the \$100,000 with NMED would be a loan. That \$100,000 is connected to the \$2.9 million grant, that's the \$3 million because they can't give a 100% grant. The \$1 million would be with the U.S.D.A.

Terri Mosley, Finance Director said that is up to \$1 million.

Carol Virden, City Clerk/Treasurer said when we say up to \$1 million and we're not counting the funds if we get any from the Economic Development Administration out of that \$3 million dollars that we applied for jointly. The paperwork was done during this meeting for both municipalities. This meeting is to get the council's approval to file the intent of the application with the U.S.D.A. This is one of the processes that we need to go through and with that you also have a letter from U.S. Senator Jeff Bingaman. We did get a call from Lynn Ditto on Thursday and the mayor wrote a letter on Tuesday to Senator Bingaman requesting his support for funds of \$1,100,000 for possible grant/loan, we don't know which way it's going to go at this point, to assist us in this initial application.

Cleatus Richards, Public Works Director said one point they need to understand is the strategy of asking for the full \$4 million project, that got us the greatest amount of grant of \$2.9 million. We're in line for the loans but if we don't need the loans we don't have to draw them down. We will first use the grant money and then go on to the loan money to the extent that we need. We may not have to borrow the full amount of those loans.

Carol Virden, City Clerk/Treasurer said Ruidoso lost close to \$2 million dollars because of the strategy that they used. We all know that Governor Richardson said we were going to get \$7 million dollars grant from NMED, \$4 million for Ruidoso and \$3 million for Ruidoso Downs. Well, it didn't quite work out that way. Cleatus, Terri, and myself with

the assistance of Molzen-Corbin put our heads together and to get the most of the funds as grants, this was the only way to come up with this.

Councilor Holman said this just gives up options that we wouldn't have the other way and we can always return that.

Carol Virden, City Clerk/Treasurer said we may not even have to get into the loan; we have a window open here in case we do need to.

Councilor Hood said the more options we have the better off we are.

Carol Virden, City Clerk/Treasurer said we did apply jointly with EDA for \$ 3 million dollars but we haven't heard anything. They didn't even include that in there but this is a reality with the meeting with all of those agencies in place and this was the best solution for the City of Ruidoso Downs at that time.

Cleatus Richards, Public Works Director said this basically guarantees that we have our share of the money that is needed to award the Phase 1B of Construction. He said the other loans at banks may come through but we need the money in hand right now and this is that assurance.

Carol Virden, City Clerk/Treasurer said we will be awarding sometime on May 8<sup>th</sup> or May 9<sup>th</sup> the 1B. This is a very good solution at this point and \$2.9 million is better than 1. something.

Councilor Holman asked where that was going to take us, is that going to be enough to cover our part?

Carol Virden, City Clerk/Treasurer said our 15% share for total construction plus engineering was a little over \$23 million so 15% of that is \$3 million so we're not that far off as far as grants. We still have monies available from the \$1.4 G.O. Bond and this is just a window open in case we don't have the amount for final construction of Phase 1B. If we need to get into it we don't borrow the whole \$1,100,000.

Cleatus Richards, Public Works Director said he has requested from Molzen-Corbin that they give us more detailed information on the operation end of the plant and what the continuing operation of the plant will be. We're going to have to factor in how we are going to reorganize the Joint Use Board and how that's going to be funded and staffed before we'll know the full extent of operating the plant.

Councilor Hood said he thought the operations would be very expensive.

Councilor Williams said on the operational end of it we are telling ourselves we're not going to be able to handle it possibly and then we go back to that situation where they are trying to make us customers. We have to be able to say we will have our money and our 15% and be able to handle it.

Carol Virden, City Clerk/Treasurer said we do have the option to increase our GRT for what we call the Environmental Gross Receipts Tax and the bill does have a clause in place where it would allow us to increase up to 1% for the construction and operating of the plant. We have options on that for operating.

Councilor Williams said we don't want to tell ourselves that we will have difficulties handling the operations of that because we don't; we've been able to pay our bill up to date. Carol Virden said we may have to look at that Environmental Gross Receipts tax but that won't be for another year or so.

Carol Virden, City Clerk/Treasurer said when customer and restructuring the JUB came up in the paper that was not Ruidoso Councilors, that came from two of their staff members. She said they should disregard that at this point.

Mayor Armstrong said as long as we stay with full council support we won't have to be anyone's customer and we don't want to be. We have a lot of support from Ruidoso and they understand that we are not going to give up our rights.

Councilor Hood said he hopes we never become a customer and we can always have our 15% and stand-alone. He said that would really upset him to have to do that, we would hurt all of our residents here. They would tell us just what to do, when to do it, and how to do it.

Councilor Williams said with this Intent to File he asked if we were having this as a last resort or were we going out there to file this application?

Carol Virden, City Clerk/Treasurer said it was part of the loan package and yes we were going to file this application.

Councilor Holman said he thinks this is one of the hoops we have to jump through in order to get this in place.

Carol Virden, City Clerk/Treasurer said she thought it was in February in one of the council meetings there was reporting for the Wastewater Treatment Plant for funding that the council directed them to look into the Clean Water State Revolving Fund and see what route would be best for the City of Ruidoso Downs. At that time she said the loan would

be at 2% interest rate. When the meeting was set up for the 13<sup>th</sup> we were not aware of who was involved at the meeting but we have to be very gracious and it was a very cooperative meeting because NMED and U.S.D.A. and the Clean Water State Revolving Fund people were there and staff from Udall and Bingaman were there to help us get this money together prior to awarding that contract. This is what we came up with and she said she thought this is the road we need to take not necessarily if we get more money, free grant, it would lessen the burden on the City of Ruidoso Downs for a loan package. We do have the availability to use it if need be.

Terri Mosley, Finance Director said we do need it in place to make the award for the contract.

Councilor Williams asked if we have the total number of what the plant will cost?

Carol Virden, City Clerk/Treasurer said it was \$23,872,619 and Terri Mosley said that was this budget not what we are awarding just for construction.

Councilor Williams said they mentioned the \$1.4 G.O. and asked how much we have left?

Terri Mosley, Finance Director said it was \$900,000 and that would be applied to Phase 1B. That was basically be used for engineering purposes.

Carol Virden, City Clerk/Treasurer said the funding needed for Ruidoso Downs is approximately \$3,430,893.00. Less the stimulus grant of \$2.9 million would leave us with a minimum loan of \$530,000.00. She said there is a letter from Senator Bingaman that hopefully we will get a portion of that \$1,100,000.00 in grants from him. They have also placed appropriation requests with Senator Bingaman, Congressman Harry Teague, and Senator Tom Udall's office as well.

Councilor Williams said he would like to be updated on the process and the progress of opportunities that we have and the numbers as they come in so that we understand more so where the money's at and the money we have that we were going to look at that we may or may not have to spend. He asked if the \$3 million was a 100% grant? Carol Virden said it was a 75/25.

Councilor Williams said he just wanted to clarify, we are going to file this application, will have this money available to pay for this 1B portion of the project, and that will alleviate our 15% requirement under the original contract with no additional costs out of our pockets and ensure that the City is not going to have any additional costs.

Carol Virden, City Clerk/Treasurer said for the construction part of it but not for the operating costs.

Mayor Armstrong entertained a motion to approve.

Councilor Williams moved to approve the Intent to File an application with the U.S.D.A. for a loan and/or grant. Seconded by Councilor Hood.

Roll call votes: Councilor Hood, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Olivo, Aye. Motion carried.

ADJOURNMENT

There being no further business to attend to Mayor Armstrong entertained a motion to adjourn.

Councilor Holman moved to adjourn. Seconded by Councilor Olivo. All were in favor and motion passed.

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Tom E. Armstrong, Mayor

ATTEST:

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Carol Virden, City Clerk/Treasurer