

**OFFICIAL STATEMENT DATED JANUARY 22, 2009**

**\$4,000,000  
SOUTHERN SANDOVAL COUNTY ARROYO  
FLOOD CONTROL AUTHORITY, NEW MEXICO  
General Obligation Bonds  
Series 2009**

**NEW ISSUE**  
**Book-Entry Only**

**Moody's Rating: Aa3**

**PURPOSE** The Bonds are being offered for the purpose of extending, bettering, altering, reconstructing, repairing and otherwise improving the Authority's flood control system, to pay the costs of issuance relating to the Bonds and to reimburse the Authority for expenditures for its foregoing purposes.

**THE BONDS** The Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each February 1 and August 1, commencing August 1, 2009. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursement of such payments to DTC Participants is the responsibility of DTC. See "The Bonds - Book-Entry Only System". Bank of Albuquerque, N.A. is the Registrar and Paying Agent for the Bonds.

**OPTIONAL REDEMPTION** The Series 2009 Bonds are subject to redemption prior to maturity as provided herein. See "The Bonds".

**SECURITY** The Bonds are general obligations of the Southern Sandoval County Arroyo Flood Control Authority, New Mexico, payable solely out of general (ad valorem) property taxes which are required to be levied against all taxable property in the Authority without limitation as to rate or amount.

**BOND AND TAX OPINION** In the opinion of Hughes & Strumor, Ltd. Co., Bond Counsel, under existing regulations, rulings and judicial decisions and assuming continuous compliance with certain covenants set forth in the documents pertaining to the Bonds and certain requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes. In the opinion of Bond Counsel, interest on Bonds will not be treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations; however, interest on the Bonds will be included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may, therefore, affect a corporation's alternative minimum tax environmental tax liabilities. Additionally, in the opinion of Bond Counsel, interest on the Bonds is exempt from taxation by the State of New Mexico and its political subdivisions (See "Tax Matters" herein.) The Authority will designate the Bonds as Qualified Tax-Exempt Obligations for purposes of Section 265(b)(3) of the Code.

**DELIVERY** When, as and if issued, through DTC's facilities, on or about February 18, 2009

**DATED DATE** Date of Delivery

**DUE DATE** August 1, as shown below:

Year		Interest	Price or	Year		Interest	Price or
Maturing				Maturing			
<u>(Aug. 1)</u>	<u>Principal</u>	<u>Rate</u>	<u>Yield</u>	<u>(Aug. 1)</u>	<u>Principal</u>	<u>Rate</u>	<u>Yield</u>
2014	\$150,000	3.000%	2.200%	2019	\$500,000	3.700%	3.350%
2015	150,000	3.000%	2.500%	2020	600,000	3.500%	100
2016	300,000	3.000%	2.700%	2021	900,000	3.650%	100
2017	100,000	3.250%	3.000%	2022	925,000	3.800%	100
2018	375,000	3.625%	3.250%				

**VINING-SPARKS IBG**

**SOUTHERN SANDOVAL COUNTY ARROYO  
FLOOD CONTROL AUTHORITY, NEW MEXICO**  
1041 Commercial Dr, SE  
Rio Rancho, New Mexico 87124  
(505) 892-5266

**BOARD OF DIRECTORS**

Chairman	-	Mark Conkling
Vice Chairman	-	Donald Rudy
Secretary	-	Steven M. House
Treasurer	-	William Yarbrough
Member		John Chaney

**ADMINISTRATION**

Executive Engineer	-	David Stoliker, PE
Fiscal Services Director		Perry Baird
Accounting Officer		Debbie Casaus

**FINANCIAL ADVISOR**

RBC Capital Markets Corporation  
6301 Uptown Blvd. NE, Suite 110  
Albuquerque, New Mexico 87110  
(505) 872-5999

**BOND COUNSEL**

Hughes & Strumor, Ltd. Co.  
2221 Rio Grande Blvd, SW, Suite 100  
Albuquerque, New Mexico 87104  
(505) 842-6700

**PAYING AGENT/REGISTRAR**

Bank of Albuquerque, N.A.  
201 3rd Street, N.W.  
Suite 1400  
Albuquerque, NM 87102  
(505) 222-8457

**PURCHASER**

Vining-Sparks IBG  
222 S. Riverside Plaza, 7th Floor  
Chicago, Illinois 60606  
(312) 655-2634

## A FEW WORDS ABOUT OFFICIAL STATEMENTS

Official statements for municipal securities issues – like this one – contain the only “official” information about a particular issue of municipal securities. This Official Statement is not an offer to sell or solicitation of an offer to buy Bonds in any jurisdiction where it is unlawful to make such offer, solicitation or sale and no unlawful offer, solicitation or sale of the Bonds may occur through this Official Statement or otherwise. This Official Statement is not a contract and provides no investment advice. Investors should consult their advisors and legal counsel with their questions about this Official Statement, the Bonds or anything else related to this issue.

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### MARKET STABILIZATION

*In connection with this Official Statement, the Underwriter may over-allot or effect transactions, which stabilize and maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. The Underwriter is not obligated to do this and is free to discontinue it at any time.*

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The estimates, forecasts, projections and opinions in this Official Statement are not hard facts, and no one, including the Authority, guarantees them.

The information set forth or included in this Official Statement has been provided by the Authority and from other sources believed by the Authority to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the Authority described herein since the date hereof. This Official statement contains statements relating to the Authority’s future financial plans, receipt of future revenues and other matters that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “intend,” “anticipate,” “expect,” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

Bond Counsel, Hughes & Strumor, Ltd. Co., Albuquerque, New Mexico was not requested and did not take part in the preparation of the Official Statement nor has such firm undertaken to independently verify any of the information contained herein. Such firm has no responsibility for the accuracy or completeness of any information furnished in connection with any offer or sale of the Bonds in the Official Statement or otherwise. The legal fees to be paid to bond counsel for services rendered in connection with the issuance of the Bonds is contingent, in part, upon the sale and delivery of such Bonds and all legal fees will be paid from bond proceeds.

Any part of this Official Statement may change at any time, without prior notice. Also, important information about the Authority and other relevant matters may change after the date of this Official Statement.

All document summaries are just that – they are not complete or definitive, and they may omit relevant information. Such documents are qualified in their entirety to the complete documents. Any investor who wishes to review the full text of documents may request them at no cost from the Authority or the Financial Advisor as follows:

#### Authority

Southern Sandoval County Arroyo Flood Control Authority  
1041 Commercial Dr, SE  
Rio Rancho, New Mexico 87124  
(505) 892-7246  
Attention: David Stoliker

#### Financial Advisor

RBC Capital Markets Corporation  
6301 Uptown Blvd. NE, Suite 110  
Albuquerque, NM 87110  
(505) 872-5999  
Attention: Kevin Powers

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**\$4,000,000**

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY,  
NEW MEXICO  
General Obligation Bonds, Series 2009**

**INTRODUCTION AND SUMMARY**

Thank you for your interest in learning more about the \$4,000,000 Southern Sandoval County Arroyo Flood Control Authority, New Mexico, General Obligation Bonds, Series 2009 ("the Bonds"). This Official Statement will tell you about the Bonds, their security and some of the risks involved in an investment in the Bonds.

Although the Authority has approved this Official Statement, they do not intend it to substitute for competent investment advice, tailored for your situation.

The Bonds are fully registered bonds in denominations of \$5,000 or integral multiples thereof as described in the Bond Resolution. The Bonds mature and bear interest as presented on the cover page of this Official Statement.

**The Financial Advisor**

The Authority has retained RBC Capital Markets Corporation as financial Advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and sale of the Bonds.

**The Issuer**

The Authority was organized under the provisions of Article 19, Chapter 72 of the New Mexico Statutes Annotated, 1978 Compilation, codification and amendments thereto. The Authority operates under of Board of Directors as a quasi-municipal corporation. The purpose of the Authority is to acquire and maintain a flood control system within its boundaries, in order to promote the health, safety, prosperity, security and general welfare of its inhabitants. Generally stated, the area of the Authority constitutes the portion of southern Sandoval County bounded:

- on the east by the Rio Grande;
- on the south by the Bernalillo and Sandoval County lines;
- on the west by the top of the Rio Puerco drainage; and
- on the north by the top of drainage that lies on the southern boundary of the Zia Indian Reservation and U.S. Highway 550 (formerly State Highway 44).

**Security**

The Bonds are secured by the Authority's full faith and credit and are general obligations of the Authority payable from ad valorem taxes to be levied, without limitation as to rate or amount, against all taxable property within the Authority. See "SECURITY AND REMEDIES."

**Financial Statements**

The Authority's audited financial statements as of and for the year ended June 30, 2007, including opinions rendered thereon of certified public accountants, are attached as Appendix B.

## Purpose

The Bonds are being offered for the purpose of extending, bettering, altering, reconstructing, repairing and otherwise improving the Authority's flood control system and to reimburse the Authority for expenditures made by the Authority for its foregoing purposes.

## Selected Debt Ratios

	<u>2008</u>
2008 Assessed Valuation	\$ 2,493,535,172
2008 Estimated Actual Valuation <sup>(1)</sup>	7,480,605,516
Authority Net Debt as a Percentage of	
Assessed Valuation	0.89%
Estimated Actual Valuation	0.30%
Direct and Overlapping Debt as a Percentage of	
Assessed Valuation	7.86%
Estimated Actual Valuation	2.62%
Authority General Obligation Debt Outstanding (Including the Bonds)	\$22,510,000
Authority Net General Obligation Debt	\$22,172,731
Estimated Direct & Overlapping G/O Debt	\$195,931,627
Estimated Population	100,000
Authority Net Debt Per Capita	\$221.73
Direct and Overlapping Debt Per Capita	\$1,959.32

(1) Estimated Actual Valuation is computed by multiplying the 2008 assessed valuation by three.

## THE BONDS

The Bonds are general obligation bonds to be issued by the Authority in the total principal amount of \$4,000,000 and are dated the date of delivery of the bonds. The Bonds are issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof, bearing interest from their date to maturity at the rates specified on the cover page of this Official Statement payable semiannually on February 1 and August 1 each year, commencing on August 1, 2009, and maturing serially, as set forth on the cover page of this Official Statement.

### Authorization

The Bonds are being issued pursuant to the Board's powers under Section 72-19-1 through Section 72-19-103, NMSA 1978, as amended and supplemented, the Constitution and other laws of the State, and the Bond Resolution.

### Bond Registrar and Paying Agent

Bank of Albuquerque, N.A. will serve as the Bond Registrar (the "Registrar") and Paying Agent (the "Paying Agent") for the Bonds.

### Payment of Principal and Interest; Record Date

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the fifteenth day of the month preceding the interest payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on the date to be fixed by the Registrar whenever moneys become available for the payment of defaulted interest (the "Special Record Date").

### Prior Redemption

Bonds maturing on or after August 1, 2020 may be redeemed prior to their scheduled maturities on August 1, 2019, or on any date thereafter in whole or, in part at the option of the Authority, with funds derived from any available and lawful source, and the Authority shall designate the amount that is to be redeemed, and if less than a whole maturity is to be redeemed, the Authority shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof within such maturity, for redemption (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at the redemption price of par, plus accrued interest to the date fixed for prepayment or redemption.

### Notice of Redemption

Notice of prior redemption shall be given by the Registrar by sending a copy of such notice by registered or certified first-class, postage prepaid mail, not more than 60 days and not less than 30 days prior to the redemption date as shown on the registration books as of the date of selection of the bonds to be redeemed. Failure to give such notice by mailing to the registered owner of any Bond, any defect therein, shall not affect the validity of the proceedings for the redemption of any of the Bonds.

While the Bonds remain under the Book-Entry Only System, the Paying Agent/Registrar will send notices only to DTC. Any problems from DTC through its system and on to the Bond investors will not affect the validity of the Bond redemption or any other action based on the Paying Agent/Registrar's notice. Bond investors might consider arranging to receive redemption notices or other communications from DTC which affect them, including notice of interest payments. See "**Book-Entry Only System**" in Appendix C.

## **Exchange or Transfer of Bonds**

Books for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not contemporaneously outstanding. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity or other authorized denominations. The Registrar shall authenticate and deliver a Bond or Bonds that the registered owner making the exchange is entitled to receive, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of Bonds as herein provided shall be without charge to the owner or any transferee, but the Registrar may require the payment by the owner of any Bond requesting exchange or transfer of any tax or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it may reasonably require, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not contemporaneously outstanding. If such lost, stolen, destroyed or mutilated Bond shall have matured, the Registrar may direct the Paying Agent to pay such Bond in lieu of replacement.

## **SECURITY AND REMEDIES**

The Bonds are general obligations of the Authority payable from ad valorem taxes that may be levied against all taxable property within the Authority without limitation of rate or amount. It is the duty of Board of County Commissioners of Sandoval County to levy all taxable property within the Authority the tax levy determined by the Authority to meet the debt service on the Bonds. The Treasurer of Sandoval County is charged with collecting the taxes and paying said taxes, monthly, to the Authority. Such annual levy for debt service creates a statutory tax lien that can be enforced personally against the owner of the property and enforced by sale of the property. Neither the State nor the County has any responsibility to pay the debt service on the Bonds.

### **Legal Matters**

Various State laws and constitutional provisions apply to the assessment and collection of ad valorem property taxes. There is no assurance that there will not be any change, interpretation of, or addition to the applicable laws, provisions, and regulations that would have a material effect, directly or indirectly, on the affairs of the Authority.

### **Limitations on Remedies Available to Owners of Bonds**

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the Authority in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

## DEBT AND OTHER FINANCIAL OBLIGATIONS

Section 72-19-1 et seq., NMSA 1978, as amended, limits the powers of the Authority to incur general obligation debt extending beyond the fiscal year (e.g., by issuing additional bonds). The Authority must submit any proposition to create such a debt to a vote of the qualified electors of the Authority, and a majority of those voting must vote in favor of creating the debt. The issuance of refunding bonds does not have to be submitted to a vote; and the total indebtedness of the Authority may not exceed \$30,000,000.

The assessed valuation of taxable property within the Authority is \$2,493,535,172 for the tax year 2008, as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division.

2008 Assessed Valuation		\$2,493,535,172
2008 Estimated Actual Valuation <sup>(1)</sup>		7,480,605,516
Bonded Debt		
Outstanding Debt	\$18,510,000	
Series 2009 Bonds	4,000,000	\$22,510,000
Less Principal (Sinking) Fund Balance <sup>(2)</sup>		<u>337,269</u>
NET DEBT		\$22,172,731

Ratio of Estimated Net Debt to 2008 Assessed Valuation:	0.89%
Ratio of Estimated Net Debt to 2008 Estimated Actual Valuation:	0.30%
Per Capita Net Bonded Debt:	\$221.73
Estimated Population:	100,000

(1) Estimated Actual Valuation was computed by multiplying the 2008 Assessed Valuation by three.

(2) Actual debt service cash balance is \$555,396 as of December 31, 2008. A ratio of principal to interest coming due in the next 12 months was made indicating 60.7% of such cash is allocable to principal.

### Outstanding Debt

The Authority has issued debt in the past for various capital improvements. A list of outstanding issues follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
1998	\$2,500,000	8/1/2010	\$550,000
1999	2,000,000	8/1/2011	665,000
2001	2,500,000	8/1/2013	2,300,000
2005	3,000,000	8/1/2018	2,800,000
2005A	3,000,000	8/1/2019	2,475,000
2007	4,000,000	8/1/2020	4,000,000
2007A	6,000,000	8/1/2020	5,720,000
2008	<u>4,000,000</u>	<u>8/1/2022</u>	<u>4,000,000</u>
	\$27,000,000		\$22,510,000

After the Bonds are issued, the total net outstanding general obligation (G/O) debt of the Authority will be \$22,510,000, which represents 70.8% of the \$30,000,000 bonding capacity of the Authority.

## Debt Service Requirements to Maturity

The Authority schedules principal and interest payments at the time of the bond sales with constraints being general obligation debt capacity and expected property tax revenues. Below is a summary of the currently scheduled principal and interest on the Authority's outstanding debt as well as the principal and interest payments on the Bonds.

TYE	Present Requirements			Series 2009				Total Requirements		
	Principal	Interest	P&I	Principal	Interest Rate	Interest	P&I	Principal	Interest	Total P&I
10/31										
2009	\$1,260,000	\$733,400	\$1,993,400	\$0		\$64,450	\$64,450	\$1,260,000	\$797,850	\$2,057,850
2010	1,475,000	676,650	2,151,650	-		142,344	142,344	1,475,000	818,994	2,293,994
2011	1,715,000	614,650	2,329,650	-		142,344	142,344	1,715,000	756,994	2,471,994
2012	1,965,000	543,680	2,508,680	-		142,344	142,344	1,965,000	686,024	2,651,024
2013	2,000,000	463,980	2,463,980	-		142,344	142,344	2,000,000	606,324	2,606,324
2014	1,750,000	383,480	2,133,480	150,000	3.00%	142,344	292,344	1,900,000	525,824	2,425,824
2015	1,925,000	314,230	2,239,230	150,000	3.00%	137,844	287,844	2,075,000	452,074	2,527,074
2016	1,575,000	242,005	1,817,005	300,000	3.00%	133,344	433,344	1,875,000	375,349	2,250,349
2017	1,575,000	183,693	1,758,693	100,000	3.25%	124,344	224,344	1,675,000	308,036	1,983,036
2018	1,600,000	124,943	1,724,943	375,000	3.63%	121,094	496,094	1,975,000	246,036	2,221,036
2019	1,100,000	64,193	1,164,193	500,000	3.70%	107,500	607,500	1,600,000	171,693	1,771,693
2020	570,000	21,893	591,893	600,000	3.50%	89,000	689,000	1,170,000	110,893	1,280,893
2021	-	-	-	900,000	3.65%	68,000	968,000	900,000	68,000	968,000
2022	-	-	-	925,000	3.80%	35,150	960,150	925,000	35,150	960,150
Total	\$18,510,000	\$4,366,795	\$22,876,795	\$4,000,000		\$1,592,444	\$5,592,444	\$22,510,000	\$5,959,239	\$28,469,239

## Statement of Estimated Direct and Overlapping Debt

The following is a calculation which is useful to investors in assessing the debt load and per capita debt of the Authority payable from property taxes. In addition to outstanding debt of the Authority, the calculation takes into account debt attributable to taxing entities which is the responsibility of taxpayers with the boundaries of the Authority. Revenue bonds are payable for sources other than property taxes.

	Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$50,399,084,039	\$309,865,000	4.95%	\$15,330,820
Sandoval County	3,259,727,705	21,205,000	76.50%	16,220,807
Central NM Community College	16,387,796,257	29,025,000	15.23%	4,419,285
City of Rio Rancho	2,103,133,025	8,575,000	100.00%	8,575,000
Rio Rancho School District	2,195,072,004	101,430,000	100.00%	101,430,000
Village of Corrales	311,062,871	1,935,000	100.00%	1,935,000
Town of Bernalillo	162,641,885	-	41.48%	-
Bernalillo School District	566,151,019	25,055,000	11.92%	2,985,716
Cabezon Public Improvement District	145,860,694	10,525,000	100.00%	10,525,000
Mariposa East Public Improvement District	23,643,609	16,000,000	100.00%	16,000,000
SSCAFCA	2,493,535,172	18,510,000	100.00%	18,510,000
Total Direct & Overlapping				\$195,931,627

Ratio of Estimated Direct & Overlapping Debt to 2008 Assessed Valuation	7.86%
Ratio of Estimated Direct & Overlapping Debt to 2008 Estimated Actual Valuation	2.62%
Per Capita Direct and Overlapping Debt	\$1,959.32

## TAX BASE

### Analysis of Assessed Valuation

Assessed Valuation of property within the Authority is calculated as follows: Of the total estimated actual valuation of all taxable property in the Authority, 33 1/3% is legally subject to ad valorem taxes. After deduction of certain personal exemptions, the 2008 Assessed Valuation is \$2,493,535,172. The actual value of personal property within the Authority (see "Assessments" below) is determined by the County Assessor. The actual value of certain corporate property within the Authority (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of Assessed Valuation follows:

<u>Tax Year</u>	<u>PREVIOUS YEAR</u>	<u>CURRENT YEAR (TAX YEAR 2008)</u>		<u>Total</u>
	<u>Base</u>	<u>Net New Valuation</u>	<u>Valuation Maintenance</u>	<u>Assessed Value</u>
2004	\$1,070,718,081	\$58,919,338	\$14,185,615	\$1,143,823,034
2005	1,143,823,029	75,703,710	57,824,865	1,277,351,604
2006	1,237,525,142	129,627,288	114,769,022	1,481,921,452
2007	1,482,445,607	227,955,354	465,902,605	2,176,303,566
2008	2,183,696,138	151,327,259	158,511,775	2,493,535,172

### History of Assessed Valuation

The following is a ten-year history of assessed valuation for the Authority compared with Sandoval County.

<u>Tax</u>	<u>SSCAFCA</u>	<u>%</u>	<u>Sandoval</u>	<u>%</u>
<u>Yea</u>	<u>AV</u>	<u>Growth</u>	<u>County AV</u>	<u>Growth</u>
2008	\$2,493,535,172	14.58%	\$3,236,989,366	13.07%
2007	2,176,303,566	46.86%	2,862,819,902	38.91%
2006	1,481,921,452	16.02%	2,060,852,068	15.34%
2005	1,277,351,604	11.67%	1,786,809,118	12.44%
2004	1,143,823,034	7.03%	1,589,098,941	4.98%
2003	1,068,688,932	6.40%	1,513,706,569	5.91%
2002	1,004,370,291	6.90%	1,429,290,146	6.73%
2001	939,528,509	5.00%	1,339,176,838	5.08%
2000	894,773,384	2.65%	1,274,419,467	6.07%
1999	871,691,303	23.18%	1,201,531,157	16.79%

### Major Taxpayers

The ten largest centrally assessed taxpayers have a combined assessed valuation of \$57,085,978, which represents 2.29% of the 2008 Assessed Valuation of the Authority. This table is useful in assessing the concentration risk of the tax base.

<u>Name</u>	<u>Type of Business</u>	<u>2008</u> <u>Valuation</u>
Public Service Company of NM	Electric Utility	\$19,348,770
Arrowhead Ridge Apts. LLC	Real Estate	7,764,761
Wal-Mart	Retail	5,489,908
Qwest	Telephone Utility	4,858,235
Broadstone High Resort	Real Estate	4,852,154
Sandia View	Real Estate	4,682,814
Public Service Company of NM	Gas Utility	7,645,263
Shell Cortez Pipeline	Pipeline	1,089,898
Mid-American Pipe	Pipeline	757,232
Davis Investments	Real Estate	596,943
<i>Total</i>		<u>\$57,085,978</u>

## Tax Rates

The following table summarizes the tax rates on residential property located within the Authority for Tax Year 2008 and the previous four tax years.

	Within 20 Mill Limit for General Purposes									
	<u>2008</u>		<u>2007</u>		<u>2006</u>		<u>2005</u>		<u>2004</u>	
State of New Mexico	\$	-	\$	-	\$	-	\$	-	\$	-
Sandoval County		5.056		5.116		5.279		5.384		5.393
SSCAFCA		0.612		0.624		0.761		0.761		0.761
City of Rio Rancho		5.847		5.914		6.152		6.286		6.300
Rio Rancho Schools		<u>0.207</u>		<u>0.209</u>		<u>0.217</u>		<u>0.222</u>		<u>0.222</u>
Total	\$	11.722	\$	11.863	\$	12.409	\$	12.653	\$	12.676

	Over 20 Mill Limit - Interest, Principal, Judgement, etc.									
State of New Mexico	\$	1.250	\$	1.221	\$	1.291	\$	1.234	\$	1.028
Sandoval County		0.312		0.684		1.000		1.000		1.547
SSCAFCA		0.870		0.870		0.870		0.870		0.870
City of Rio Rancho		2.060		2.060		1.826		2.067		2.067
Rio Rancho Schools		10.692		10.415		10.487		10.534		10.538
Central NM Community College		<u>2.990</u>		<u>2.992</u>		<u>3.027</u>		<u>3.038</u>		<u>3.019</u>
Total	\$	18.174	\$	18.242	\$	18.501	\$	18.743	\$	19.069

	Total Levy									
State of New Mexico	\$	1.250	\$	1.221	\$	1.291	\$	1.234	\$	1.028
Sandoval County		5.368		5.800		6.279		6.384		6.940
SSCAFCA		1.482		1.494		1.631		1.631		1.631
City of Rio Rancho		7.907		7.974		7.978		8.353		8.367
Rio Rancho Schools		10.899		10.624		10.704		10.756		10.760
Central NM Community College		<u>2.990</u>		<u>2.992</u>		<u>3.027</u>		<u>3.038</u>		<u>3.019</u>
Total Residential	\$	29.896	\$	30.105	\$	30.910	\$	31.396	\$	31.745

## Yield Control Limitation

State law limits property tax increases from the prior property tax year. Specifically, no taxing entity may set a rate or impose a tax (excluding oil and gas production ad valorem and oil and gas production equipment ad valorem taxes) or assessment that will produce revenues that exceed the prior year's tax revenues from residential and non-residential property multiplied by a "growth control factor." The growth control factor is the percentage equal to the sum of (a) "percent change I" plus (b) the prior property tax year's total taxable property value plus "net new value", as defined by Statute, divided by such prior property tax year's total taxable property value, but if that percentage is less than 100%, then the growth control factor is (a) "percent change I" plus (b) 100%. "Percent change I" is based upon the annual implicit price deflator index for state and local government purchases of goods and services (as published in the United States Department of Commerce monthly publication entitled "Survey of Current Business," or any successor publication) and is a percent (not to exceed 5%) that is derived by dividing the increase in the prior calendar year (unless there was a decrease, in which case zero is used) by the index for such calendar year next preceding the prior calendar year. *The growth control factor applies to authorized operating levies and to any capital improvements levies, but does not apply to levies for paying principal and interest on public general obligation debt.*

## Developments Limiting Residential Property Tax Increases

In an effort to limit large annual increases in residential property taxes in some areas of the State (particularly the Santa Fe and Taos areas which have experienced large increases in residential property values in recent years), an amendment to the uniformity clause (Article VIII, Section 1) of the New Mexico Constitution was proposed during the 1997 Legislative Session. The amendment was submitted to voters of the State at the general election held on November 3, 1998 and was approved by a wide margin.

The amendment directs the Legislature to provide for valuation of residential property in a manner that limits annual increases in valuation. The limitation may be applied to classes of residential property taxpayers based on occupancy, age or income. Further, the limitations may be authorized statewide or at the option of a local jurisdiction and may include conditions for applying the limitations.

Bills implementing the constitutional amendment were enacted in 2001 (amended in 2003) and are codified as Sections 7-36-21.2 NMSA 1978 and 7-36-21.3 NMSA 1978.

Section 7-36-21.2 NMSA 1978 establishes a statewide limitation on residential property valuation increases beginning in tax year 2001. Annual valuation increases are limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. Subject to certain exceptions, these limitations do not apply:

1. To property that is being valued for the first time;
2. To physical improvements made to the property in the preceding year;
3. When the property is transferred to a person other than a spouse, or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code;
4. When a change occurs in the zoning or use of the property; and
5. To property that is subject to the valuation limitations under Section 7-36-21.3 NMSA 1978.

Section 7-36-21.3 NMSA 1978 places a limitation on the increase in value for property taxation purpose for single-family dwellings occupied by low-income owners who are sixty-five years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation in the year that the owner turned 65 or became disabled. The Section 7-36-21.3 limitation does not apply:

1. To property that is being valued for the first time;
2. To a change in valuation resulting from physical improvements made to the property in the preceding year; and
3. To a change in valuation resulting from a change in the zoning or permitted use of the property in the preceding year.

## Tax Collections on Locally Assessed and Centrally Assessed Property in Sandoval County

Current taxes for all units of government are collected by the County Treasurer and distributed monthly to the various political subdivisions to which they are due.

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections <sup>(1)</sup>	Current Collections as a % of Net Levied	Current/Delinquent Tax Collections <sup>(2)</sup>	Current/Delinquent Collections as a % of Net Levied
2007	07/08	75,464,680	70,795,219	93.81%	71,481,191	94.72%
2006	06/07	61,559,342	56,076,117	91.09%	58,321,947	94.74%
2005	05/06	50,318,727	48,414,225	96.22%	50,466,146	100.29%
2004	04/05	45,070,232	43,062,828	95.55%	44,946,248	99.72%
2003	03/04	41,231,203	39,142,022	94.93%	41,100,406	99.68%
2002	02/03	37,869,572	35,458,508	93.63%	37,628,432	99.36%
2001	01/02	35,704,284	32,989,846	92.40%	35,592,695	99.69%
2000	00/01	33,184,651	31,149,463	93.87%	33,325,329	100.42%
1999	99/00	30,178,259	27,986,549	92.74%	29,730,725	98.52%
1998	98/99	28,668,722	26,519,842	92.50%	28,601,946	99.77%

(1) Current collections are through June 30 of each year

(2) Current collections are through October 2008

Source: Sandoval County Treasurer's Office

Property taxes are payable to the County Treasurer in two installments due on November 10 of the year in which the tax bill was prepared and mailed, and on April 10 of the following year. Pursuant to Section 7-38-46, NMSA 1978, property taxes are delinquent 30 days after the date on which they are due.

### Interest on Delinquent Taxes

Pursuant to Section 7-38-49, NMSA 1978, if property taxes are not paid for any reason within 30 days after the date they are due, interest on the unpaid taxes shall accrue from the 30th day after they are due until the date they are paid. Interest accrues at the rate of 1% per month or any fraction of a month.

### Penalty for Delinquent Taxes

Pursuant to Section 7-38-50, NMSA 1978, if property taxes become delinquent, a penalty of 1% of the delinquent tax for each month, or any portion of a month, they remain unpaid shall be imposed, but the total penalty shall not exceed 5% of the delinquent taxes. The minimum penalty imposed is \$5.00. A county can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of an intent to defraud by the property owner, 50% of the property tax due or \$50.00, whichever is greater, shall be added as a penalty.

### Remedies Available for Non-Payment of Taxes

Pursuant to Section 7-38-47, NMSA 1978, property taxes are the personal obligation of the person owning the property on the date on which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

Taxes on real property are a lien against the real property. Pursuant to Section 7-38-65, NMSA 1978, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to Section 7-38-53, NMSA 1978, delinquent property taxes on personal property may be collected by asserting a claim against the owner(s) of the personal property for which taxes are delinquent.

## THE AUTHORITY

The Authority is a quasi-municipal corporation and a political subdivision of the State created and organized for the purpose of operating and maintaining a flood control system in Southern Sandoval County, New Mexico.

### Powers

The Authority is authorized, empowered and directed, subject to the provisions of Section 7 (72-19-7 NMSA 1978) of the Southern Sandoval County Arroyo Flood Control Act, to acquire, equip, maintain and operate a flood control system for the benefit of the Authority and the inhabitants thereof. The flood control system consists of such facilities as the board may determine. When a comprehensive program for the acquisition of the flood control system satisfactory to the board is available, it shall be tentatively adopted. A public hearing on the proposed program shall be scheduled, and notice of the hearing shall be given by publication. After the hearing and any adjournments of that hearing which may be ordered, the board may either require changes to be made in the program as the board may consider desirable or the board may approve the program as prepared. If any substantial changes to the program are ordered at any time, a further hearing shall be held pursuant to notice which shall be given by publication. Members serve without compensation for six-year terms of office in non-partisan elections held every two years at the time of the general election under the director of the Sandoval County Clerk.

### Board of Directors and Administration

The board may exercise the following powers:

- A. Fix the time and place at which its regular meetings will be held within the Authority and provide for the calling and holding of special meetings;
- B. Adopt and amend or otherwise modify bylaws and rules for procedure;
- C. Select one director as chairman of the board and president of the Authority, and another director as chairman pro tem of the board and president pro tem of the Authority, and choose a secretary and a treasurer of the board and Authority, each of which two positions may be filled by a person who is, or is not, a director, and both of which positions may, or may not, be filled by one person;
- D. Prescribe by resolution a system of business administration and create all necessary offices and establish and re-establish the powers, duties and compensation of all officers and employees;
- E. Require and fix the amount of all official bonds necessary or desirable and convenient in the opinion of the board for the protection of the funds and property of the authority, subject to the provisions of Section 13 (72-19-13 NMSA 1978) of the Southern Sandoval County Arroyo Flood Control Act;
- F. Prescribe a method of auditing and allowing or rejecting claims and demands;
- G. Provide a method for the letting of contracts on a fair and competitive basis for the construction of works, any facility or any project or any interest therein or the performance or furnishing of labor, materials or supplies as required in that act;
- H. Designate an official newspaper published in the authority in the English language and direct additional publication in any newspaper where it deems that the public necessity may so require; and
- I. Make and pass resolutions and orders on behalf of the Authority not repugnant to the provisions of the Southern Sandoval County Arroyo Flood Control Act (72-19-1 to 72-19-103 NMSA 1979), necessary or proper for the government and management of the affairs of the Authority, for the execution of the powers vested in the Authority and for carrying into effect the provisions of that act.

The current Board officers and members are as follows:

*Mark Conkling*, Chairman; term expires January 1, 2013;

*Donald Rudy*, Vice Chairman, term expires January 1, 2015;

*William Yarbrough*, Treasurer; term expires January 1, 2011;

*Steven M. House*, Secretary; term expires January 1, 2011;

*John Chaney*, Member; term expires January 1, 2013

The operations and programs of the Authority are administered by the Executive Engineer. Brief resumes for the Executive Engineer and Accounting Officer follow:

*David Stoliker, P.E.*, Executive Engineer. Mr. Stoliker has been in the position of executive engineer since August 1997 and is a commissioned officer. Prior to his appointment, he served as engineering manager for Bernalillo County for four years and was responsible for engineering and development review throughout the county. During his career, Mr. Stoliker has served as environmental engineer, engineering consultant, project manager and project engineer for the U.S. Department of Energy, U.S. Public Health Service, and the U.S. Environmental Protection Agency. He earned a Master of Science in civil and environmental engineering from Washington State University and a Bachelor of Science in civil and environmental engineering from the University of Michigan.

*Perry Baird*, Fiscal Services Director. Mr. Baird has performed the accounting and budgeting function for SSCAFCA since February 2000. He retired from the City of Albuquerque finance department in 1997, after a career of 25 years in local government and higher education, where he held the positions of management analyst, budget officer and debt manager. Mr. Baird then served as a vice president in the public finance division of RBC Dain Rauscher (now RBC Capital Markets) until his employment with SSCAFCA. He holds a Bachelor of Business Administration degree from the University of New Mexico and is a Certified Cash Manager.

*Debbie Casaus*, Accounting Officer. Ms. Casaus assumed the position of Accounting Officer in September 2007. Prior to this position, Ms. Casaus was the Assistant Finance Director for the City of Las Vegas, New Mexico for 6 years. Ms. Casaus is a Certified Public Accountant and received her Bachelor of Arts in Business Administration from New Mexico Highlands University.

## Finances of the Authority

The following is a history of the General Fund Revenues and Expenditures for informational purposes.

Fiscal Year Ending June 30	<u>2008*</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>					
Taxes	\$1,362,352	\$1,181,863	\$965,130	\$879,377	\$824,632
Local sources					
Earnings from Investments	31,800	30,432	33,862	16,453	11,645
Land Sale		-	106,887	55,295	-
Other	<u>300</u>	<u>451,965</u>	<u>71,008</u>	<u>-</u>	<u>-</u>
Total revenues	\$1,394,452	\$1,664,260	\$1,176,887	\$951,125	\$836,277
<b>Expenditures:</b>					
Capital outlay & projects	\$17,228	\$370,927	\$53,614	\$55,671	\$45,898
Operating expenses	<u>\$1,062,385</u>	<u>1,632,338</u>	<u>861,460</u>	<u>835,542</u>	<u>678,827</u>
Total expenditures	\$1,079,613	\$2,003,265	\$915,074	\$891,213	\$724,725
Excess (deficiency) of revenues over expenditures	\$314,839	(\$339,005)	\$261,813	\$59,912	\$111,552
<b>Other financing sources (uses):</b>					
Transfers in	0	0	0	0	0
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	0	0	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	314,839	(339,005)	261,813	59,912	111,552
Fund Balance, beginning of year	<u>1,001,250</u>	<u>1,340,255</u>	<u>1,078,442</u>	<u>1,018,530</u>	<u>906,978</u>
Fund Balance, End of Year	<u>\$ 1,316,089</u>	<u>\$ 1,001,250</u>	<u>\$ 1,340,255</u>	<u>\$ 1,078,442</u>	<u>\$ 1,018,530</u>

\* Unaudited

Source: The figures above have been extracted from the Authority's audited financial statements. Such figures are excerpts only and do not purport to be complete. The independent audit report for the year ended June 30, 2007 is attached as Appendix B.

The following is a history of the General Fund Balance Sheet for information purposes.

Fiscal Year Ending June 30	<u>2008*</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>ASSETS:</b>					
Cash & Investments	\$1,348,342	\$1,026,175	\$1,361,010	\$1,086,109	\$1,039,338
Receivables	110,143	70,222	65,363	61,828	65,129
Inventories	-	-	-	-	-
Prepaid insurance	16,914	15,980	10,603	20,093	18,950
<b>Total Assets</b>	<b>\$1,475,399</b>	<b>\$1,112,377</b>	<b>\$1,436,976</b>	<b>\$1,168,030</b>	<b>\$1,123,417</b>
<b>LIABILITIES:</b>					
Accounts payable	\$34,169	\$37,301	\$24,730	\$26,030	\$16,298
Due to other funds	-	-	-	-	22,823
Salaries & benefits payable	29,794	22,535	16,980	14,626	12,703
Deferred revenue	95,347	51,291	55,011	48,932	53,063
<b>Total Liabilities</b>	<b>\$159,310</b>	<b>\$111,127</b>	<b>\$96,721</b>	<b>\$89,588</b>	<b>\$104,887</b>
<b>EQUITY:</b>					
Fund balance:					
Reserved for subsequent years expenditures	\$0	\$200	\$200	\$20,093	\$18,950
Reserved for debt service, agreement, projects, etc.					
Unreserved, designated for subsequent year's expenditures	905,274	714,159	1,129,213	762,264	500,881
Unreserved, undesignated	410,815	286,891	210,842	296,085	498,699
<b>Total Equity</b>	<b>\$1,316,089</b>	<b>\$1,001,250</b>	<b>\$1,340,255</b>	<b>\$1,078,442</b>	<b>\$1,018,530</b>
<b>Total Liabilities and Equity</b>	<b><u>\$1,475,399</u></b>	<b><u>\$1,112,377</u></b>	<b><u>\$1,436,976</u></b>	<b><u>\$1,168,030</u></b>	<b><u>\$1,123,417</u></b>

\* Unaudited

Source: The figures above have been extracted from the Authority's audited financial statements. Such figures are excerpts only and do not purport to be complete. The independent audit report for the year ended June 30, 2007 is attached as Appendix B.

The following table contains the Authority's annual operating budget for the fiscal year ending June 30, 2009.

GENERAL FUND	Budget <u>2008</u>	Actual <u>2008</u>	Budget <u>2009</u>
Beginning cash balance	\$1,028,200	\$1,025,975	\$1,346,284
<b>Revenues:</b>			
Ad valorem tax	1,169,243	1,365,313	1,499,247
Interest & misc. income	25,000	33,274	15,000
Total revenues	<u>\$1,194,243</u>	<u>\$1,398,587</u>	<u>\$1,514,247</u>
Total resources available	<u>\$2,222,443</u>	<u>\$2,424,562</u>	<u>\$2,860,532</u>
<b>Appropriations:</b>			
Personnel	\$763,629	\$578,466	\$901,922
Contractual Services	162,000	178,147	202,000
Expenses	746,814	319,807	936,610
Total appropriations	<u>\$1,672,443</u>	<u>\$1,076,420</u>	<u>\$2,040,532</u>
<b>Transfers:</b>			
Transfer to Construction Fund			(\$120,000)
Ending cash balance (estimated)	<u>\$550,000</u>	<u>\$1,348,142</u>	<u>\$700,000</u>

Note: This schedule is presented on a budgetary, non-GAAP basis.

## TAX MATTERS

The Authority covenants for the benefit of the owners of the Bonds that it will not make any use of the proceeds of the Bonds, and Funds reasonably expected to be used to pay the principal of or interest on the Bonds, or any other funds of the Authority, and will include in gross income for federal income tax purposes not make use of the Project which (i) would cause the interest on the Bonds to become subject to federal income taxation under the Code (except for the alternative minimum tax imposed on corporations by Section 55 of the Code and except for the environmental tax imposed on corporations by Section 59A of the Code) or (ii) would subject the Authority to any penalties under Section 148 of the Code. The Authority also covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds of the Bonds or the Project if such action or omission (i) would cause the interest on the Bonds to become subject to federal income taxation under the Code (except for the alternative minimum tax imposed on corporations by Section 55 of the Code and except for the environmental tax imposed on corporations by Section 59A of the Code) or (ii) would subject the Authority to any penalties under Section 148 of the Code.

### Tax Exemption

In the opinion of Hughes & Strumor, Ltd. Co., Bond Counsel, under existing law and assuming continuous compliance with certain covenants made by the Authority, the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Code and is not treated as an item of tax preference under Section 57 of the Code for purposes of alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds will be included in the adjusted earnings of certain corporations in the calculations of alternative minimum tax. Bond Counsel is further of the opinion that, under existing law and assuming continuous compliance with certain covenants made by the Authority interest on the Bonds is exempt from taxation by the State of New Mexico and its political subdivisions. Bond Counsel will express no opinion regarding the other federal or New Mexico tax consequences resulting from the receipt or accrual of interest on the Bonds. A form of the opinion of Bond Counsel is attached hereto as Appendix D.

The opinion of Bond Counsel will be based on and will assume continuous compliance with certain covenants of the Authority to be contained in the transcript of proceedings and which are intended to evidence and assure that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel has not and will not independently verify the accuracy of any of the certifications and representations made by the Authority.

The Code prescribes a number of qualifications which must be met and conditions which must be satisfied in order for the interest on state and local government obligations such as the Bonds to be and remain excluded from gross income for federal income tax purposes. Some of these provisions, including provisions for the rebate by the issuer of certain investment earnings to the federal government, require future or continued compliance after issuance of the obligations in order for the interest to be and continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest the interest on the Bonds to be included in gross income for federal income tax purposes and thus to be subject to regular federal income taxes.

Under the Code, the exclusion of interest from gross income for federal income tax purposes can result in certain adverse federal income tax consequences on items of income or deductions for certain taxpayers, including among them financial institutions, insurance companies, recipients of Social Security and Railroad Retirement benefits, and those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other items of income and expenses of the owner of the Bonds. Bond Counsel expresses no opinion regarding such consequences.

### Qualified Tax-Exempt Obligations

The Bonds are designated in the Bond Resolution as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The Authority covenants that the Authority, having no "subordinate entities" with authority to issue obligations within the meaning of that Section of the Code, in or during the calendar year in which the Bonds are issued (i) will not designate as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, tax-exempt obligations, including the Bonds, in an aggregate principal amount in excess of \$10,000,000, and (ii) will not issue tax-exempt obligations within the meaning of Section 265(b)(4) of the Code, including the Bonds and qualified 501(c)(3) bonds as defined in Section 145 of the Code (but excluding obligations other than qualified 501(c)(3) bonds, that are private activity bonds as defined in Section 141 of the Code), in an aggregate principal amount exceeding \$10,000,000 unless the Authority receives an opinion of nationally

recognized bond counsel that such designation or issuance, as applicable, will not cause the Bonds to cease to be "qualified tax-exempt obligations."

## **CONTINUING DISCLOSURE UNDERTAKING**

Pursuant to Securities and Exchange Commission Rule 15c2-12, the Authority will undertake in the Bond Ordinance to provide certain ongoing disclosure, including annual operating data and financial information, audited financial statements and notices of the occurrence of certain material events.

### **Annual Reports**

The Authority will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the Authority of the general type included in this Official Statement under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS," "TAX BASE," "General Fund Statement of Revenues and Expenditures," and "General Fund Comparative Balance Sheet." The Authority will update and provide this information within six months after the end of each fiscal year ending in or after 2009. The Authority will provide the updated information to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of New Mexico and approved by the staff of the United State Securities and Exchange Commission (the "SEC").

The Authority may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the Authority commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Authority will provide unaudited financial statements by the required time and will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with accounting principles described in Appendix B or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation.

The Authority's current fiscal year end is June 30. Accordingly, it must provide updated information by December 31 in each year, unless the Authority changes its fiscal year. If the Authority changes its fiscal year, it will notify each NRMSIR and any SID of the change.

### **Material Event Notices**

The Authority will also provide timely notices to each NRMSIR or the MSRB and to a SID, if any, of the occurrence of any of the following events, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) modifications to the rights of Bondholders;
- (8) Bond calls;
- (9) defeasance;
- (10) release, substitution or sale of property securing repayment of the Bonds; and
- (11) rating changes.

Items 8, 9 and 11 shall always be deemed to be material.

### **Availability of Information from NRMSIRs and SID**

The Authority has agreed to provide the foregoing information only to NRMSIRs and any SID. The information will be available to holders of bonds only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so.

No SID has been designated in New Mexico at this time.

### **Limitations and Amendments**

The Authority has agreed to update information and to provide notices of material events only as described above. The Authority has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The Authority makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The Authority disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the Authority to comply with its agreement.

This continuing disclosure agreement may be amended by the Authority from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law or a change in the identity, nature, status or type of operations of the Authority, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The Authority may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling bonds in the primary offering of the Bonds.

### **Compliance with Prior Undertakings**

The Authority has previously made a continuing disclosure agreement with respect to certain other general obligation bonds of the Authority in accordance with SEC Rule 15c2-12 and is in compliance with such agreement.

## **LITIGATION**

At the time of the original delivery of the Bonds, the Authority will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceedings is pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Resolution, the levying or collecting of taxes to pay the principal of and interest on the Bonds except as described below or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

## **RATING**

Moody's Investors Service, Inc. has rated the Bonds "Aa3." An explanation of the significance of the rating given by Moody's Investors Service, Inc. may be obtained from Moody's Investors Service, Inc. at 99 Church Street, New York, New York 10007. There is no assurance that the rating will be obtained or will continue for any given period of time after received or that the rating will be revised downward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have effect on the market price of the Bonds.

## **LEGAL MATTERS**

The legality of the Bonds will be approved by Hughes & Strumor, Ltd., Co., Bond Counsel, whose unqualified opinion approving the legality of the Bonds will be furnished to the successful bidder at no cost to the successful bidder.

## **ADDITIONAL MATTERS**

All summaries of the statutes, resolutions, opinions, contracts, agreements, financial and statistical data and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at the offices of the Authority located 1041 Commercial Drive SE, Rio Rancho NM 87124, or at the offices of RBC Capital Markets Corporation, 6301 Uptown Boulevard NE, Suite 110, Albuquerque, New Mexico 87110.

## **OFFICIAL STATEMENT AUTHORIZATION**

The preparation of this Official Statement and its distribution have been authorized by the Board. The Official Statement is hereby duly approved by the Board as of the date on the cover page hereof.

## **A LAST WORD**

Anything in this Official Statement involving matters of opinion or estimates – whether labeled as such or not – are just that. They are not representations of fact. They might not prove true. Neither this Official Statement nor any other written or oral information is to be construed as a contract with the registered owners of the Bonds.

By: Mark Conkling  
Chairman, Board of Directors

By: Steven M. House  
Secretary, Board of Directors

## APPENDIX A

### ECONOMIC AND DEMOGRAPHIC INFORMATION

## THE ECONOMY

### Population

The following chart sets forth historical and projected population data for the Sandoval County and the State.

U.S. Census	Sandoval County	State of New Mexico
1960	14,201	951,023
1970	17,492	1,017,055
1980	34,400	1,303,143
1990	63,319	1,515,940
2000	89,908	1,819,046
2010*	126,294	2,112,986
2020*	162,409	2,383,116
2030*	197,812	2,626,553

\* Projected.

### Age Distribution

The following table sets forth a comparative age distribution profile for Sandoval County, the State and the United States as of January 1, 2008

Percent of Population - 2008			
Age	Sandoval County	New Mexico	United States
0 - 17	25.1%	25.2%	24.5%
18 - 24	10.0%	10.5%	9.9%
25 - 44	27.8%	25.7%	27.7%
45 - 54	15.1%	14.5%	14.4%
55 and older	22.0%	24.1%	23.4%

Source: Claritas Inc., December 2008

### Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a three-year comparison of the estimated median household income as reported by Claritas Inc. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, nontoxic payments such as fines and penalties, and personal contributions for social security insurance. During the period shown in the following chart, the estimated median household income level for the County compares favorably with the State and has consistently been at or above the national level.

Percent of Household by Effective Buying Income Group - 2008			
Effective Buying Income Group	Sandoval County	New New Mexico	United United States
Under \$25,000	18.3%	29.1%	23.4%
\$25,000 - \$34,999	10.2%	12.5%	11.0%
\$35,000 - \$49,999	15.8%	16.5%	15.4%
\$50,000 - \$74,999	24.1%	18.5%	19.6%
\$75,000 & Over	31.6%	23.4%	30.6%

2006 Est. Median Household Income	\$53,376	\$41,045	\$48,775
2007 Est. Median Household Income	\$53,266	\$41,569	\$49,314
2008 Est. Median Household Income	\$55,934	\$42,557	\$50,170

Source: Claritas Inc., December 2008

## Gross Receipts

The following table shows the total reported and retail gross receipts generated in Sandoval County for the past ten years. For the purposes of this table, gross receipts means the total amount of money received from selling property in the State of New Mexico, from leasing property employed in the State and from performing services in the State.

Year	Sandoval County		State of New Mexico	
	Retail Trade	Total	Retail Trade	Total
2008	\$ 785,916,864	\$ 3,116,744,999	\$ 25,711,762,198	\$ 110,710,199,751
2007	693,972,681	3,015,405,777	26,012,239,571	104,559,300,501
2006	1,113,412,746	3,290,815,349	24,016,930,713	95,134,945,014
2005	845,451,700	2,253,373,045	20,465,020,295	79,471,570,903
2004	621,762,763	1,778,075,183	18,414,335,199	70,477,791,653
2003	766,271,885	1,826,183,952	18,700,756,931	63,358,239,874
2002	1,025,436,102	2,632,645,246	19,094,649,339	62,280,612,865
2001	1,127,607,934	2,719,687,309	20,743,109,632	65,894,850,915
2000	710,147,741	1,683,923,437	17,648,495,366	59,397,663,620
1999	571,247,412	1,367,103,118	15,759,694,923	54,260,304,216

Source: Bureau of Business & Economic Research, December 2008

## Employment

The following table, derived from information supplied by the Labor Department of the State of New Mexico, presents information on employment within Sandoval County, the State of New Mexico, and the United States for the periods indicated below. The annual unemployment figures indicate average rates for the entire year and do not reflect monthly or seasonal trends.

Year	Sandoval County		State of New Mexico		United States
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2008*	54,442	5.00%	964,413	4.10%	4.80%
2007	52,271	4.40%	947,622	3.80%	4.60%
2006	50,916	4.20%	959,279	4.30%	4.50%
2005	49,297	5.10%	935,888	5.30%	5.10%
2004	47,747	5.50%	911,940	5.70%	5.50%
2003	47,390	8.40%	909,714	7.60%	6.30%
2002	47,263	5.40%	861,215	5.40%	6.00%
2001	44,338	4.70%	846,469	5.60%	4.70%
2000	43,791	3.50%	835,505	5.40%	4.30%
1999	41,809	4.20%	809,713	5.60%	4.40%

As of October 2008

Source: New Mexico Labor Market Review

## Covered Wage and Salary Employment by NAICS Code Classification

The New Mexico Dept. of Labor publishes quarterly reports of covered employment and wages. Beginning with 2002 data, employment was classified according to the new [North American Industry Classification System \(NAICS\)](#) including non-agricultural wage data.

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Grand Total	25,198	24,710	25,901	27,116	29,138
Total Private	19,183	18,829	19,812	20,592	22,442
Agriculture, Forestry, Fishing & Hunting	31	27	34	*	*
Mining	37	67	69	58	43
Utilities	125	123	91	90	80
Construction	2,192	1,925	1,868	2,212	2,585
Manufacturing	*	*	6,568	6,423	6,871
Wholesale Trade	196	257	366	332	329
Retail Trade	2,466	2,592	2,675	2,782	3,087
Transportation & Warehousing	252	272	256	266	311
Information	*	*	*	*	*
Finance & Insurance	726	810	1,116	1,117	1,073
Real Estate & Rental & Leasing	255	272	302	316	358
Professional & Technical Services	582	497	516	540	606
Management of Companies & Enterprises	149	143	92	76	68
Administrative & Waste Services	832	862	1,375	1,541	1,631
Educational Services	80	88	109	239	258
Health Care & Social Assistance	922	915	833	877	1,010
Arts, Entertainment & Recreation	265	272	288	287	378
Accommodation & Food Services	1,777	1,809	1,957	2,037	2,272
Other Services, ex. Public Administration	484	509	482	508	559
Unclassified <sup>2/</sup>	16	*	*	14	*
Total Government	6,015	5,881	6,089	6,525	6,695
Federal	397	390	393	456	452
State <sup>3/</sup>	210	214	218	225	224
Local	5,407	5,277	5,477	5,843	6,020

\* Withheld to avoid disclosing confidential data. Data that are not disclosed for individual industries are always included in the totals. Therefore, the individual industries may not sum to the totals.

1/ Data by industry from 2001 forward are not generally comparable with industry data for prior years. Prior to 2001, industry categories are based on the Standard Industrial Classification (SIC) System. This system was replaced with the North American Industry Classification System (NAICS). The "Grand Total", along with the "State Government" and "Federal Government" sectors are the exceptions. Data for these three categories are comparable from 1990 forward.

2/ The unclassified category may include data for other industries that were withheld for reasons of confidentiality.

3/ Beginning in 2001, employment in Native American enterprises and Tribal Government were included in the Local Government sector. Prior to 2001 they were classified by kind of business, primarily in the services sector.

Note: Figures shown here are annual averages of quarterly data.

## Major Employers

Following is a list of major employers in the Albuquerque MSA which includes Sandoval County. The list shows only those employers reporting 1,000 or more employees.

<u>Employer</u>	<u>Business</u>	<u># of Employees</u>
Kirtland AFB (Civilian)	Defense	26,960
University of New Mexico	Education	15,435
Albuquerque Public School	Education	14,000
Sandia National Labs	Research Development	8,730
Presbyterian	Healthcare	7,315
City of Albuquerque	Government	6,500
State of New Mexico	Government	5,605
Kirtland AFB (Military)	Air Force Material Command	4,860
UNM Hospital	Healthcare	4,595
Lovelace	Healthcare	3,400
Intel Corporation	Semiconductor Manufacturer	3,300
Bernalillo County	Government	2,300
Central NM Community College	Education	1,870
Rio Rancho Public Schools	Education	1,838
New Mexico Veterans Affairs Hospital	Healthcare	1,805
Sandia Resort & Casino	Resort & Casino	1,755
T-Mobile	Customer Service Center	1,700
US Post Office	Government	1,600
PNM Electric & Gas Services	Utilities Provider	1,585
Los Lunas Public Schools	Education	1,365
Heritage Home Healthcare	Home-Based Healthcare Services	1,250
Citi Cards	Credit Card Collection Center	1,200
Isleta Gaming Palace	Resort & Casino	1,200
Honeywell Defense Systems	Aircraft Avionics Manufacturer	1,200
Route 66 Casino	Casino	1,200
Verizon Wireless	Wireless Technical Data Services	1,200
Bank of America	Financial Institution	1,000
Belen Consolidated Schools	Education	1,000

Source: Albuquerque Economic Development, 2008

APPENDIX B

JUNE 30, 2007 AUDITED FINANCIAL STATEMENTS

## APPENDIX C

### THE BOOK-ENTRY-ONLY SYSTEM

## The Book-Entry-Only System

Initially, DTC will be the securities depository for the Bonds. The Paying Agent/Registrar will register all Bonds in the name of Cede & Co. (DTC's partnership nominee) and provide DTC with one Bond for each maturity.

*DTC provided the following information. Neither the Financial Advisor nor the District can vouch for its accuracy or completeness. For further information, please contact DTC or view its website at [www.dtc.org](http://www.dtc.org).*

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New Mexico and New York Uniform Commercial Codes, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of security certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Purchases of the Bonds under the book-entry system may be made only through brokers and dealers who are, or act through, DTC Participants. Each DTC Participant will receive a credit balance in the records of DTC in the amount of such DTC Participant's ownership interest in the Bonds. The ownership interest of each actual purchaser of a Bond (the "Beneficial Owner") will be recorded through the records of the DTC Participant or the Indirect Participant. Beneficial Owners are to receive a written confirmation of their purchase providing certain details of the Bonds acquired. Transfers of ownership interests in the Bonds will be accomplished only by book entries made by DTC and, in turn, by DTC Participants or Indirect Participants who act on behalf of the Beneficial Owners. Beneficial Owners of the Bonds will not receive nor have the right to receive physical delivery of the bonds, and will not be or be considered to be registered owners under the Bond Resolution except as specifically provided in the Bond Resolution in the event the book-entry system is discontinued.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The District and the Registrar may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Bonds, selecting Bonds and portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners under the Bond Resolution, register the transfer of Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and will not be affected by any notice to the contrary. The District and the Registrar will not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Participant, Indirect Participant or other person not shown on the records of the Registrar as being a registered owner with respect to: the accuracy of any records maintained by DTC, any DTC Participant or Indirect Participant regarding ownership interests in the Bonds; the payment by DTC, any DTC Participant or Indirect Participant of any amount in respect of the principal of or interest or premium, if any, on the Bonds; the delivery to any DTC Participant, Indirect Participant or any Beneficial Owner of any notice that is permitted or required to be given to registered owners under the Bond Resolution; or any consent given or other action taken by DTC as a registered owner.

Neither DTC nor its nominee, Cede & Co., provides consents with respect to any security. Under its usual procedures, DTC mails an omnibus proxy to the issuer of the securities for which it is acting as securities depository as soon as possible after the establishment of a "record date" by the issuer for purposes of soliciting consents from the holders of such securities. The omnibus proxy assigns Cede & Co.'s voting rights to those DTC Participants having such securities credited to their accounts on such record date.

Principal of and interest on the Bonds will be paid to DTC or its nominee, Cede & Co., as registered owner of the Bonds. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Bonds is the responsibility of the DTC Participants or the Indirect Participants. Upon receipt of any such payments, DTC's current practice is to immediately credit the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners of the Bonds will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC, the Registrar or the District, subject to any statutory and regulatory requirements then in effect.

As long as the DTC book-entry system is used for the Bonds, the Registrar will give any notice required to be given to registered owners of Bonds only to DTC or its nominee. Any failure of DTC to advise any DTC Participant, of any DTC Participant to notify any Indirect Participant, or of any DTC Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of any action premised on such notice. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. Beneficial Owners may desire to make arrangements with a DTC Participant or Indirect Participant so that all communications to DTC that affect such Beneficial Owners will be forwarded in writing by such DTC Participant or Indirect Participant.

NEITHER THE DISTRICT NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS.

For every transfer and exchange of a beneficial ownership interest in the Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar at any time. In addition, if the District determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds or (ii) continuation of the system of book-entry only transfers through DTC is not in the best interests of the Beneficial Owners of the Bonds or of the District, the District may thereupon terminate the services of DTC with respect to the Bonds. If for any such reason the system of book-entry transfers through DTC is discontinued, the District may within 90 days thereafter appoint a substitute securities depository that, in its opinion, is willing and able to undertake the functions of DTC upon reasonable and customary terms. If a successor is not approved, Bond certificates will be delivered as described in the Bond Resolution in fully registered form in denominations of \$5,000 or any integral multiple thereof in the names of the Beneficial Owners, Indirect Participants or DTC Participants.

In the event the book-entry system is discontinued, the persons to whom Bond certificates are registered will be treated as registered owners for all purposes of the Bond Resolution, including the giving to the District or the Registrar of any notice, consent, request or demand pursuant to the Bond Resolution for any purpose whatsoever. In such event, the Bonds will be transferred to such registered owners, interest on the Bonds will be payable by check of the Paying Agent, as paying agent, mailed to such registered owners, and the principal and redemption price of all Bonds will be payable at the principal corporate trust office of the Paying Agent.

The foregoing material concerning DTC and DTC's book-entry system is based on information furnished by DTC. No representation is made by the District or the Underwriter as to the accuracy or completeness of such information.

#### Limited Book-Entry Responsibilities

While a book-entry-only system is used for the Bonds, the Paying Agent/Registrar will send redemption and other notices only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any notice and its content or effect will not affect the validity of sufficiency of the proceedings relating to the Bond redemption or any other action based on the notice.

The District and the Financial Advisor have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Bonds.

The District and the Financial Advisor cannot and do not give any assurances that DTC will distribute payments to DTC Participants or that DTC Participants or others will distribute payments with respect to the Bonds received by DTC or its nominees as the holder or any redemption notices or other notices to the beneficial holders, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

APPENDIX D

FORM OF BOND COUNSEL OPINION