



Economic Development Advisory Committee

July 12, 2017



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Economic Development Advisory Committee

**Market Station at the Railyard
500 Market Station, Suite 200**

**Wednesday, July 12, 2017
11:00 AM – 1:00 PM**

I. PROCEDURES

- A. Roll Call
- B. Approval of Minutes
 - 1. June 14, 2017
- C. Approval of Agenda
- D. Approval of Consent Agenda

III. CONSENT AGENDA

- A. Request for approval of a resolution directing the City Manager to identify potential funding sources to support the work of industry stakeholders to develop the "Santa Fe Network.tv". (Mayor Gonzales) (Matt Brown)

IV. DISCUSSION ITEMS

- A. LEDA Process – How it Works – Fabian Trujillo

V. ACTION ITEMS

- A. Request for review and approval of the Meow Wolf Local Economic Development Project: (Mayor Gonzales, Councilors Lindell, Harris and Ives) (Fabian Trujillo)
 - 1. An Ordinance Relating to the City of Santa Fe Economic Development Plan Ordinance, Article 11-11 SFCC 1987; Approving and Adopting A Local Economic Development Project Participation Agreement Between The City Of Santa Fe And Meow Wolf, Inc. for Acquisition and Expansion of a New Production and Cultural Facility, a Local Economic Development Project.



Agenda

- a. Request for Approval of Local Economic Development Project Participation Agreement Between the City of Santa Fe and Meow Wolf for Expansion of its Facilities and to Improve or Construct Infrastructure Necessary to the Facility Located at 2600 Camino Estrada, Santa Fe, NM.
 - b. Request for Approval of Intergovernmental Agreement Between the New Mexico Economic Development Department and the City of Santa Fe, New Mexico for the Purpose of Facilitation the Disbursement of Funds for the Meow Wolf Local Economic Development Project.
 - c. Request for Approval of Budget Adjustment in the Amount of \$550,000.
- B. Request for review and approval of two (2) contract renewals for the FY-2017-2018 economic development portfolio as awarded through RFP to provide workforce development, entrepreneurial acceleration, and other support for business development in Santa Fe for a total funding amount of \$205,000 as identified below (Alexandra Ladd and Matthew Brown):
- 2. Professional Services Agreement, Amendment No. 1 – Youthworks RFP 16/37/P;
 - 3. Professional Services Agreement, Amendment No. 2 – SCORE RFP 15/38/P.
- VI. INFORMATIONAL ITEMS
- A. Building Solutions: "Cooperative Financing Platform" – Katie Updike
- VII. ITEMS FROM THE COMMITTEE
- VIII. ITEMS FROM STAFF
- IX. ITEMS FROM THE CHAIR
- X. ITEMS FROM THE PUBLIC
- XI. NEXT MEETING DATE – **August 9, 2017**

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Minutes

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ECONOMIC DEVELOPMENT ADVISORY COMMITTEE
MARKET STATION AT THE RAILYARD
500 MARKET STATION, SUITE 200
WEDNESDAY, JUNE 14, 2017, 11:00 AM

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**ECONOMIC DEVELOPMENT ADVISORY COMMITTEE
MARKET STATION AT THE RAILYARD
500 MARKET STATION, SUITE 200
WEDNESDAY, JUNE 14, 2017, 11:00 AM**

I. PROCEDURES

CALL TO ORDER

The meeting of the Economic Development Advisory Committee was called to order by Councilor Michael Harris, Chair, at 11:00 am on Wednesday, June 14, 2017, at the Market Station at the Railyard, 500 Market Station, Suite 200, Santa Fe, New Mexico.

A. ROLL CALL

MEMBERS PRESENT

Councilor Michael Harris, Chair
Camilla Bustamante
Holly Bradshaw-Eakes, Vice Chair
John Feins
Chuck Higgins
Kim Kelly
Kate Kennedy
Doug Orr
(Vacancy)

MEMBERS ABSENT

Lisa Alejandro, Excused

OTHERS PRESENT

Councilor Joseph Maestas
Fabian Trujillo, Economic Development, City of Santa Fe
Matt Brown, Economic Development Director, City of Santa Fe
Alexander Ladd, City of Santa Fe
Debra Garcia y Griego, Arts Commission, City of Santa Fe
Larry Worstell, IT Infrastructure Services Manager, City of Santa Fe
Marie Longserre, Santa Fe Business Incubator
Elizabeth Martin, Stenographer

B. APPROVAL OF MINUTES, MAY 12, 2017

Ms. Bradshaw-Eakes said it should say LEDA in the minutes and on page 4 she

said because it uses state money.

MOTION A motion was made by Ms. Bradshaw-Eakes, seconded by Ms. Kelly, to approve the minutes as amended.

VOTE The motion passed unanimously by voice vote.

C. APPROVAL OF AGENDA

Mr. Trujillo said items B2 and B7 have been pulled. A revised memo has been passed out reflecting only 5 professional service agreements to be approved. The other 2 will come back at the next meeting.

MOTION A motion was made by Mr. Feins, seconded by Ms. Kennedy, to approve the agenda as amended.

VOTE The motion passed unanimously by voice vote.

D. APPROVAL OF CONSENT AGENDA

Chair Harris said he would like to pull items A and C for discussion.

MOTION A motion was made by Mr. Feins, seconded by Ms. Kelly, to approve the consent agenda as amended.

VOTE The motion passed unanimously by voice vote.

E. INTRODUCTION AND WELCOME

Chair Harris thanked everyone for being here. He introduced Councilor Maestas.

Chair Harris said this is an important moment for this Committee and the potential for economic development for a number of reasons. It is his hope that we can not only do the work we have done historically that is very important work, but to also address other issues. There is a lot more that can be done with this Committee and the new Economic Development Director and the other people who will be coming on board. He appreciates the people who have agreed to continue to serve and the new folks just getting started. He asked Ms. Bradshaw-Eakes to serve as Vice Chair and she has agreed. Councilor Lindell may join us for a bit. She is now the Chair of the Economic Development Review Committee which is a sub committee to us. It is important to ask questions as part of these proceedings and of Mr. Trujillo. He is very familiar with the LEDA process and other things we work on. He encourages members to contact Mr. Trujillo if they have any questions.

Everyone introduced themselves.

Chair Harris said he will always try to keep things moving. We did talk about changing our schedule and consensus was that the time continue at mid day. Chandler Moore who was on this Committee and was going to be reappointed took a position with the same company but at a different location. We now have one vacancy on the Committee.

II. CONSENT AGENDA

A. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY MANAGER TO EXPLORE THE CREATION OF LEGISLATION ESTABLISHING AND FUNDING LOCAL ARTS AND CULTURAL DISTRICTS

Councilor Maestas said today is an exciting day for economic development. When you think about collectively where we are as a City we have come a long way. We now have this newly structured Committee and a new Director in Mr. Brown. He is sponsoring a Resolution for a top down review of Economic Development, our programs and structure. We are all in this together. He is proud of Councilor Harris who took this entire effort on. Thank you for that.

Councilor Maestas said this is an exploratory exercise at this point. No funding is called for. For Arts and Cultural Districts, there is an established network to allow communities to establish these to give communities the tools to build local economies. Impact Network Santa Fe met with him and they gave recommendations. They said the economy should be centered around a sense of place. This has that potential to not just focus on the well established districts like Canyon Road and the Plaza but also districts around Santa Fe that have unique characteristics. It gives us the potential to open doors to places like Silar Road, Rufina Road and certain segments of Airport Road. By virtue of that designation funding could be provided, even public funding. It allows communities to provide local resources without having issues with the anti-donation clause. They can be designated by a State process or a municipality process. He and Ms. Garcia y Griego have talked with the State entities on this. There is a framework that is institutionalized. It is just a matter of establishing it. We have made an earnest attempt to get the best perspective before moving forward. This a good initial step to explore this. It is a logical evolution of what we are as an arts community and is an option we should consider and explore given who we are and our place in the arts community. The Arts Commission unanimously approved this. Public Works approved this on their consent agenda. We are getting some traction. State agencies made it clear that this legislation is not quite mature yet. They are working on additional funding for these districts. They are advocating for future State legislation in the near future to give the communities a wider array of funding and more incentives. We hope you all agree.

Ms. Garcia y Griego said the Arts Commission very enthusiastically approved this as an opportunity to explore building identity within our neighborhoods through the community. The City Council adopted Cultural Connect which examines our definitions of culture and where we are as a City. Neighborhoods, districts and gathering spots that are informally identified as cultural districts can be included. The framework is an incredibly collaborative one. We can engage in a process as a community to determine opportunities and resources and how to guide those forward. It is a new way for the City to interact with neighborhoods benefitting culture and the economy.

Chair Harris said he believes this is worth exploring. As this moves forward, particularly to Council, he would like to know if in fact arts funding is established. He needs to know more about that and establishing the fund and how to access it. This is an important item for discussion.

Councilor Maestas said in that statute it identifies a GRT implement that can be used to fund cultural districts. It is the municipal Infrastructure portion. It has to go to the people for a vote by referendum.

Ms. Garcia y Griego said those references are in other portions of the state statute. She will make sure they are included going forward.

Chair Harris said Meow Wolf is in District 4. A lot of things going on around the other side of Silar Road. A concern he would have and has expressed is not to limit what happens. He doesn't know if there are any constraints associated with this. There are areas of town that are historically cultural but to his way of thinking might the label be somewhat limiting. It may not be an appropriate designation in some areas. However, we should look into it.

Councilor Maestas said one other funding option is tax increment financing where just those who benefit would be taxed. TIF does not involve voter approval.

Ms. Garcia y Griego said the Arts and Cultural District does not effect zoning or land use zoning.

Ms. Bustamante arrived.

Mr. Trujillo said the Arts and Cultural district funding was part of the Main Street program. It is actually an increment for the LEDA process and part of the local option gross receipts tax and has to go to the voters and be specifically designated. You can do property taxes or gross receipts taxes. If you use property taxes you take the vote within the community. This is a good Resolution to look at and consider and very appropriate for Santa Fe.

Mr. Feins asked would this open us up to any Federal funding.

Ms. Garcia y Griego said not to her knowledge. She can look at that.

Mr. Feins asked have you seen any negative impacts in the communities you looked at.

Ms. Garcia y Griego said initially no, but some do function at a much higher level than others which is attributed to groundwork in the community.

Mr. Feins said there is a natural centralism here. If districts are able to draw attention to some of our treasures other than Canyon Road and the Plaza.

Councilor Maestas said it can be a district, a compound or an institution. Different types of districts apply to different communities. There are other options.

Mr. Orr asked to clarify the GRT tax was there a reduction in the GRT after it was no longer allocated to the water fund.

Councilor Maestas said this particular one that was subsidizing the water fund, when we repealed it we were trying to restructure some things due to the shortfall. We came up with a way to pay off those bonds backed by the GRT. Once paid off it freed it up but we could not redirect it to the general fund. We repealed it and set a new one up to go to the general fund.

Mr. Orr asked so this is not a new tax, just a reallocation.

Councilor Maestas said it is probably an additional tax.

Ms. Kelly said she thinks it is a wonderful idea. Is there going to be an overseeing part of the City that will help advise these districts on a continuing basis. It would be nice to have a map of the districts and banners identifying the different districts. It would be good if there was some kind of overarching marketing strategy to let tourists know what is there. A lot of these groups need access to funds and ideas for their identity and to be successful.

Councilor Maestas said coordination and oversight is mandated in the statute. There has to be a coordinator and a public body that oversees the program. If this Resolution moves forward today we have an existing framework within the Arts Commission and may assign it to them. There is a way to do this without growing the bureaucracy.

Ms. Garcia y Griego said the statute requires an advisory board for municipal entities. Each district is required to have an oversight board.

Ms. Kelly said it would be neat if there was a map on the City website showing all the things going on.

Dr. Bustamante said this is an exciting prospect but she also thinks of issues such as unintended consequences with neighborhoods that can be positive but are sometimes negative. Those who are wanting to raise a family need places that are affordable. We have neighborhoods where kids don't play because they are rental communities. How do we make sure we keep the benefit and assets for the community. It might create a different place with people with more money and no families. These things already are part of our sense of place. How do we do this and continue to have young people in our community who can afford to live here. It needs to be viable for everyone. She really hopes we consider those things as well.

Ms. Garcia y Griego said she concurs. There are some national models we could look at. You raise a true issue and if this moves forward we have to come up with some strategies for maintaining the affordability.

Chair Harris said that has been his concern. It has been happening and it is something we need to be mindful of.

MOTION A motion was made by Mr. Feins, seconded by Ms. Kelly, to approve the Resolution.

VOTE The motion passed unanimously by roll call vote as follows:

Dr. Bustamante, yes; Ms. Bradshaw-Eakes, yes; Mr. Feins, yes; Mr. Higgins, yes; Ms. Kelly, yes; Ms. Kennedy, yes; Mr. Orr, yes; Chair Harris, yes.

Councilor Maestas said thank you. He is unable to stay but he hopes everyone is open to approval of the broadband recommendations. He supports staff in their recommendations and hope you do too. Thank you all for your service to the City.

Councilor Maestas left the meeting.

B. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING ADMINISTRATIVE PROCEDURES FOR NATIVE AMERICAN ARTS OR CRAFTS DISTRICTS

Approved by consent.

C. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY MANAGER TO IDENTIFY POTENTIAL FUNDING SOURCES TO SUPPORT THE WORK OF INDUSTRY STAKEHOLDERS TO DEVELOP THE "SANTA FE NETWORK.TV".

Chair Harris said he does not know much about this item. The Mayor is bringing this forward.

Chair Harris asked if there was a representative present from the Film Commission. There was none.

Ms. Ladd said the Film Commission set up sub groups to address resources and gaps. Distribution was a big gap. People come here and shoot and then take their footage somewhere else to produce and distribute. There is not a production chain that has support here in Santa Fe. One of the working groups came up with concept of the Santa Fe Network that provides a service similar to YouTube with channels for content. George RR Martin has content that could be included. This mechanism provides access. It will work hand in hand with an incubator and mentorship programs so that emerging film makers can have a soup to nuts resource in Santa Fe. The Resolution sets a policy direction to express support for looking for funding. The Network will not host content, it will direct viewers to the content. Tourism has expressed interest in funding this and Economic Development has as well. It would be seed funding and not a recurring expense. There are revenue generating opportunities for this network. It will be free but could do subscriptions and ads. There is a future opportunity for this to become financially independent.

Councilor Harris said perhaps this has some merit. We can move it forward, deny it or take no action. We can also provide comments. It will go to Finance Committee and Council.

Councilor Harris said he would like to see a business plan for this. It needs to be laid out in more narrow terms than what is in this Resolution. Tourism and the lodgers tax provides funding for any number of things. He has a hard time connecting this to Tourism. We need justification for those dollars being used and in terms of Economic Development dollars there needs to be a clear business plan of what the seed money will be used for and how to generate monies in the future.

Ms. Kennedy asked what is the broadband infrastructure needed to support this. We already have limitations. Has that been looked at. Is there a plan.

Ms. Ladd said there is no intention to host for that reason.

Mr. Worstall said broadband is being built constantly in this city. The movie industry does not keep stuff locally they send it back to LA for editing. We have a wireless connection that takes it over the internet. We don't provide that infrastructure. It is not on our network at all. It is public infrastructure.

Ms. Ladd said another piece of this is right now no matter how talented our folks are they have to go to LA to get their products picked up. The idea is for a distribution

network that is local.

Mr. Feins said this is a real new opportunity to tell our stories. For instance, Flamenco, here we take it for granted. We could tell the story. That is an example of one story here. There are a lot of the stories that get written by first time journalists but that surface tends to repeat itself. There is depth and nuance to the stories in Santa Fe. He hopes that this network would find ways to take the visual charm of the City and present it to people through the network that these assets exist. There could be a Santa Fe cooking class on the network. If they were able to achieve that we possibly could have a powerful Tourism and Economic Development beacon. If that is what they have in mind. There are channels on cable. How is it that there is no other City that has created a network like this. Are there barriers we don't know about or do we have an opportunity to be a pioneer here.

Ms. Ladd said that is an excellent point. The research they did could not find any other City who did this to this extent along with education. They are very excited.

Mr. Orr asked are we talking about a TV channel or a website.

Ms. Ladd said it is web based at this time but could become a cable channel.

Chair Harris said it is easy to see the potential. What this is exactly, how will it be governed and how it will be financed are questions that we need to have some notion of before we begin digging into it. We have too many questions.

Ms. Bradshaw-Eakes said she does not mind this going through to look at; however, was the private sector looked at. There is content thrown out all the time. Will this be in competition with the private sector.

Dr. Bustamante asked how much did you look at the public access station. It seems to be an under utilized asset.

Ms. Ladd said she can't answer that. All of this work was done by the working group. They are open to any and all types of connections and taking advantage of all resources out there.

Dr. Bustamante said you really need to look at that. If the City pays we all pay. Leverage the asset.

Ms. Ladd said on July 11th the Network will launch. A prototype will be set up. It will be a public event. When you see the prototype it becomes very concrete and doable. It really is a great concept. The Resolution is not committing funds it is asking us to look for funds.

Councilor Harris said under the FIR it says the funds will come from Tourism and

Economic Development. He is bothered by this.

Mr. Orr asked do we have a broader branding program for Santa Fe.

Councilor Harris said there are initiatives but they are not centralized. Tourism has the most ambitions and well funded program. The Airport Alliance has an initiative. Beyond that he does not know of anything.

Mr. Feins said you are right. The City Different is the phase. There are some other associated types of branding. He agrees with the Chair about a business plan. He would like to see marketing and business plan. He agrees with you about good ideas and best intentions. There needs to be a very clear plan.

Chair Harris said he is very uncomfortable with this if you add that or not. It is going to have an even harder time in Finance Committee. He is going to ask Ms. Potter to be there or have someone there to explain the concept and provide more information. We need to see if they have specifics.

Ms. Ladd said it is going Monday to Finance.

Chair Harris said he will ask to have it postponed. Perhaps it has merit. This is yet another aspirational goal that perhaps has merit but does not see any reason to move it forward so quickly.

Dr. Bustamante said she understands that more information is needed and that we need to see a long range plan.

MOTION A motion was made by Dr. Bustamante, seconded by Ms. Kennedy, to move this Resolution forward without recommendation.

VOTE The motion passed unanimously by voice vote.

Chair Harris said he will talk to Chair Dominguez tonight and get this item postponed. He will reach out to Ms. Potter and tell her directly what he has said and heard.

III. ACTION ITEMS

A. REQUEST FOR APPROVAL OF A RESOLUTION CALLING FOR THE EXPEDITED IMPLEMENTATION OF ALL PENDING BROADBAND POLICY RECOMMENDATIONS BY THE ECONOMIC DEVELOPMENT DIVISION

Chair Harris said when he first started as a Councilor there were 2 areas identified as needing attention. They were the expansion and modernization of the Airport and broadband. The Airport has come a long way. The numbers in the newspaper were not quite right but they are moving along at a pretty good pace. Broadband has languished. Work was done a year and a half ago that provided service to the Railyard. Monies are available in the amount of \$400,000.

Mr. Worstall said he did not write this Resolution but is the technical consultant to this project.

Chair Harris said he talked to the City Attorney about telecommunication franchises issues that have been worked on. They are problematic. There is a lawsuit under way now. She is working on final language changes to bring our Ordinances in line. Ms. Brennan said we are close on that. Also is that an approved antenna at the San Mateo building.

Mr. Worstall said they have a tower. The City has 4 towers. We are engaged in using all of them. He is putting together with Mr. Silver a plan for emergency interconnected mini towers but that will not be for the public necessarily. The 4 towers are available to the public. There are buildings all over the City that we can put towers on.

Chair Harris said he had hoped we would have a summarized written statement addressing the 4 issues involved in this.

Mr. Worstall said he has one and can get that to everyone.

Chair Harris said please go through Mr. Trujillo to do that.

Chair Harris asked can you speak to the third item.

Mr. Worstall said this project will eventually bring down the costs to the City. In the 2012 original phase build out, after Century Link sought to engage the City for a contract, they became concerned about losing business if we did this. They did do their build out and put fiber where there was not fiber before. As we build out in the next phase downtown it stimulates competition because SF Fiber and Cyber Mesa can resell bandwidth in large chunks to large companies who did not have that availability. Barker Realty just hooked up through Cyber Mesa. Actually it has not been languishing because there was a build out in the Railyard. Now we have a new company Descartes Labs. They need a huge internet with a 1G pipe. That is very expensive. They can go to 3 providers instead of 2 now. Once Comcast realized what Cyber Mesa was doing they are bringing down their prices. That would not have been an option without fiber in the area. The agreement with the State was to update our fiber bandwidth from Albuquerque to Market Station. Cyber Mesa got funding in place and are going from 2 G to 10 G. That will be available when we build out to City Hall. It will not be for our

private use and it will not be on the City network. We can use it. Regarding the language about procuring services competitively enhances competition for our purchases to drive down prices. That is exactly what is going on now.

Chair Harris said all these things were documented. This Resolution is to report what is going on and has been going on and calling for expedited implementation. There has been movement on 3 of the items. What about the 4th.

Mr. Worstall said that one requires a lot of planning and procedures.

Chair Harris said yes, but he doubts that can be accomplished for \$400,000. Do we know.

Mr. Worstall said no. The reason is the archeology. The rest of the expenses are around \$400,000. Archeology is not identified in the costs.

Ms. Bradshaw-Eakes said in discussions with Cyber Mesa many of those streets have been dug up previously.

MOTION A motion was made by Ms. Bradshaw-Eakes, seconded by Ms. Kennedy, to support the Resolution.

Chair Harris said you need to get your report attached for Finance Committee.

Mr. Feins asked regarding the June 8, 2016 memo, are we satisfied that everything in that memo has been researched.

Mr. Orr asked why did we redirect from St. Michaels to downtown to go serve the downtown area.

Mr. Worstall said it is about economic not government. In 2012 that is what they thought the second phase should be. Now it is no longer viable for this kind of build. Downtown is much more intense.

Mr. Orr asked what is the ROI based on.

Mr. Worstall said it is all about competition. This is not an ROI project.

Mr. Orr asked are your expatiations that there is enough demand for bandwidth downtown.

Mr. Worstall said yes.

Mr. Orr said his concern is that downtown is highly constrained.

Mr. Worstall said there are many businesses and hotels.

Mr. Orr said aren't they already satisfied.

Mr. Worstall said that is not what we heard.

Ms. Bradshaw-Eakes said the Santa Fe Chamber's Economic Development Committee looked into these issues at length. Hotels can tap into this line. They are interested. It is incumbent on the provider to do more research in that area and contact those hotels. We heard they are willing to pay the amount it costs to go a block to tap into the mainline.

Mr. Orr said someone made an assessment that this should be done next instead of Silar. He would love to see that.

Ms. Bradshaw-Eakes said it will be near the downtown library as well. Your point is well taken. We are behind the 8 ball.

Mr. Orr said he thinks downtown should get done but not be the next priority.

Mr. Worstall said we are bringing fiber to the area but not to every location. Cyber Mesa will go building to building.

Dr. Bustamante called the for the question

Chair Harris said we have a motion and second. Think about any other questions you may have and where the money is going to come from to do the balance of work.

VOTE The motion passed unanimously on a roll call vote as follows:

Dr. Bustamante, yes; Ms. Bradshaw-Eakes, yes; Mr. Feins, yes; Mr. Higgins, yes; Ms. Kelly, yes; Ms. Kennedy, yes; Mr. Orr, yes; Chair Harris, yes.

B. REQUEST FOR REVIEW AND APPROVAL OF SEVEN CONTRACT RENEWALS FOR THE FY-2017-2018 ECONOMIC DEVELOPMENT PORTFOLIO AS AWARDED THROUGH RFP TO PROVIDE WORKFORCE DEVELOPMENT, ENTREPRENEURIAL ACCELERATION, AND OTHER SUPPORT FOR BUSINESS DEVELOPMENT IN SANTA FE FOR A TOTAL FUNDING AMOUNT OF \$499,000 AS IDENTIFIED:

Chair Harris said we will be voting on 5 of the 7 contracts. We will vote on each

one separately.

Ms. Ladd said these project renewals are based on an RFP conducted last year and are multi-year contracts approved by this Committee. We have removed items 2 and 7 due to small items we need to address. On one of the contracts the contractor name changed but it is the same otherwise. Those 2 contracts will come back to you shortly.

Ms. Bradshaw-Eakes said it looks like there was a haircut.

Ms. Ladd said when allocations were made last year staff formulated a plan to slightly lower amounts each year so that non profits will not be dependent on the City funding year after year to be solvent and to encourage leveraging of funds.

Mr. Orr asked for the Incubator is there any notion of the companies paying back.

Ms. Ladd said we do not have the model in place.

Ms. Longserre said we have looked at that extensively and continue to look at it. There are a lot of barriers to that kind of program and legalities to be worked out. We depend on the City money. We know we cannot count on it for a base budget. Our base budget is client fees. However, we rely on it. We have just launched a new program called a fellowship program where we bring in a new business at a reduced rate and provide services. We can then ask for something in return down the road.

Chair Harris said in the narrative for each company it identifies what the metrics include. None of that was provided. What is your process for review. These are the 2nd year out of a 4 year contract.

Ms. Ladd said the companies will all be providing their final reports at the end of this month and those will be brought here for review. All of these contractors have submitted reports on time and we know all these contracts are performing or they would not be on this list.

Chair Harris said he does not think we have seen the information before.

Ms. Kelly said last year we had a report.

Chair Harris said this is the end of year for these contracts. If we are getting the year end report at our next meeting showing they have met their responsibilities we are being asked to move forward on companies where we have not seen anything to date about their compliance. Maybe next year we can have semi annual reports for the Committee.

**1. PROFESSIONAL SERVICES AGREEMENT, AMENDMENT NO. 1
- SANTA FE BUSINESS INCUBATOR RFP 16/38/P;**

MOTION A motion was made by Mr. Feins, seconded by Ms. Bradshaw-Eakes, to approve \$200,000 in funding for the Santa Fe Business Incubator.

VOTE The motion passed unanimously by voice vote.

**2. PROFESSIONAL SERVICES AGREEMENT, AMENDMENT NO. 1
- YOUTHWORKS RFP 16-37-P;**

This item was postponed.

**3. PROFESSIONAL SERVICES AGREEMENT, SOURCE FOR
EDUCATIONAL EMPOWERMENT AND COMMUNITY
DEVELOPMENT (SEED) RFP 16-37-P;**

MOTION A motion was made by Dr. Bustamante, seconded by Mr. Orr, to approve \$30,000 in funding for the Source for Educational Empowerment and Community Development.

VOTED The motion passed unanimously by voice vote.

**4. PROFESSIONAL SERVICES AGREEMENT, AMENDMENT NO. 2
- MARKET INTELLIGENCE SOLUTIONS, LLC RFP 16-38-P;**

MOTION A motion was made by Ms. Kelly, seconded by Mr. Feins, to approve \$24,000 in funding for Market Intelligence Solutions.

VOTE The motion passed unanimously by voice vote.

**5. PROFESSIONAL SERVICES AGREEMENT, AMENDMENT 4 -
MIX/BIZMIX - ANDREA ROMERO CONSULTING RFP 15/29/P;**

MOTION A motion was made by Ms. Kelly, seconded by Mr. Feins, to approve \$40,000 in funding for MIX/BIZMIX - Andrea Romero Consulting.

VOTE The motion passed unanimously by voice vote.

**6. PROFESSIONAL SERVICES AGREEMENT, AMENDMENT NO. 2
- LACEY ADAMS DESIGN RFP 15/07/P;**

MOTION A motion was made by Ms. Kelly, seconded by Ms. Bradshaw-Eakes to approve \$6,000 in funding for Lacey Adams Design.

VOTE The motion passed unanimously by voice vote.

**7. PROFESSIONAL SERVICES AGREEMENT, AMENDMENT NO. 2
- SCORE RFP15/38/P.**

This item was postponed.

Chair Harris said he is looking forward to seeing those reports.

Ms. Longserre said we are having our Annual Meeting next Tuesday with an open house after that. You are all welcome. Also you are all welcome to come have a tour. We would be happy to host a meeting of the Committee as well. Sometimes when things change and new people come on board there is no one to shepherd them through things. Mr. Brackley chaired the review committee for 6 years and did a wonderful job. She commended him for the work he did.

Chair Harris thanked Ms. Longserre for recognizing Mr. Brackley.

IV. INFORMATIONAL ITEMS

A. LEDA PROCESS - HOW IT WORKS AND WHAT'S COMING

Chair Harris said in the interest of time we will postpone this item.

V. ITEMS FROM THE COMMITTEE

None.

VI. ITEMS FROM STAFF

None.

VII. ITEMS FROM THE CHAIR

Chair Harris said there exists a manual that is a bit dated but it outlines the duties and responsibilities for committees of the City. Mr. Trujillo will you update our registry of individuals and contact information for this committee. We should all have that.

Mr. Trujillo said he will send that to everyone and will include terms.

Chair Harris said he appreciates what you all are doing. Thank you for your service. It will be nice to have a broader discussion about economic development. The Impact New Mexico folks want to come speak to us. He will send that information to Mr. Trujillo and ask him to distribute it to everyone. He looks forward to the work ahead.

VIII. ITEMS FROM THE PUBLIC

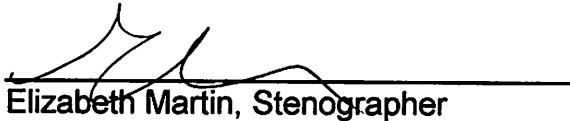
None.

IX. NEXT MEETING DATE, JULY 12, 2017

X. ADJOURN

There being no further items before the Committee the meeting adjourned at 1:10 pm.

Councilor Michael Harris, Chair




Elizabeth Martin, Stenographer

Consent



DATE: June 21, 2017

TO: Economic Development Review Committee – June 26
Finance Committee – July 3
Economic Development Advisory Committee – July 12
City Council – July 12

FROM: Matt Brown, Office of Economic Development 

RE: Economic Development Renewal Contracts for FY 2017/18

ACTION REQUESTED:

Staff requests approval of two of the ten renewal contract amendments that make up the Office of Economic Development investment portfolio. Funding for these contracts was included in the Fiscal Year 2017-18 budget for the Office of Economic Development and will be allocated from Business Unit 22116, Line Item 510300. The total funding amount for the attached contracts is \$205,000.

- SCORE (\$25,000)
- YouthWorks (\$180,000)

BACKGROUND:

The City of Santa Fe's Economic Development Plan, the Angelou Plan, was adopted in 2004 after an extensive community process. The Angelou Plan organized community thinking around economic development and set the key goal as achieving a diversified economy in addition to the traditional employment bases of government and tourism. In 2008, the City Council adopted a "Strategy for Implementation" which focused and refined the Angelou Plan to five target industries (Technology, Media, Green, Arts& Culture, Knowledge Based) and three areas of focus (Business Development, Workforce Development and Sites & Infrastructure). In 2012, a strategic update was done through the Business and Quality of Life (BQL) Committee. The 2012 update focused on entrepreneurship after working groups and community forums made recommendations to develop local businesses as means of supporting the current economy and laying the groundwork for a vibrant future.

Two RFPs were issued in late April 2016, one focused on Business/Entrepreneurial Development and one focused on Workforce/Talent Development. Proposals were selected based on their potential to diversify Santa Fe's economy, build/retain a skilled workforce, and create tangible, transformational effects.

ITEM AND ISSUE:

Staff requests approval of the portfolio of contracts for FY 2017-18 as described in the following section. Note that some of the contract funding amounts reflect a “haircut” from 2016-17 funding amounts, keeping in line with the City’s objective of supporting organizational independence from city funds.

Business Development

- **SCORE (\$25,000)** – SCORE partners with the City, SFBI and the Santa Fe Community Foundation to deliver business training events. For FY-2017/2018, SCORE will conduct 9-10 seminars and 2-3 workshops. Metrics and deliverables include attendance at seminars and workshops, type of business assisted, and business expansions assisted. This is a renewal and brings the contract total over two years to \$75,000.

Workforce Development

- **Youthworks (\$180,000)** – The Youthworks! Workforce Innovation Program (WIP) builds a skilled local workforce through partnership with the local business community, targeting specific career track industries. Program participants receive job-readiness/soft skills training and educational needs assessment. They are placed in professional job settings, generally with local businesses which pay 2/3 of the wages of the youth employed. Metrics include 60-75 local youth in the program and the number of placements, program completions (minimum of 240 hours), number who obtain employment, number of college placements and certifications achieved, number of GED achievements, total hours worked by youth and funds leveraged for the program.

Other Economic Development Contracts

The following contracts are not included for approval in this packet either because contract details are still being negotiated or they are set up on funding cycles that are not aligned with the City’s fiscal year. Funding for all of the renewals is included in the FY 2017-18 Office of Economic Development budget and will be allocated from Business Unit 22116, Line Item 510300. Staff will bring forward the renewals for approval later in the fiscal year. The total renewal amount for the following is \$65,000.

- **Building Solutions (\$20,000)** – Building Solutions delivered the Public Banking Feasibility Study for the City of Santa Fe in 2015. Building on that work, a local lending solutions program was proposed to improve the ability of the local lending community to participate in loans in ways that will distribute risk and facilitate greater lending into the business community in Santa Fe. The contractor developed a concept for a “cooperative financing platform” to support small businesses who don’t otherwise qualify for conventional financing. Later phases of the project will explore the feasibility and implementation of such mechanisms.

- **Make Santa Fe (\$20,000)** – Make Santa Fe in FY 16-17 piloted a digital fabrication and manufacturing training program, benchmarked to Department of Labor standards, in partnership with The Parachute Factory in Las Vegas, NM. Eight students successfully completed the program. Metrics and deliverables include development of a curriculum, a six-month pilot program which will train a between ten and thirty individuals, job placement of 50% of graduates and a final report with data and tracking of program results.
- **Regional Development Corporation (\$25,000)** – The Regional Development Corporation (RDC) will administer the Venture Acceleration Fund a long-running fund, which has been primarily funded by Los Alamos National Labs(LANL) through the RDC. It provides funding for technology and manufacturing companies that will positively impact the regional economy. Santa Fe companies have benefitted from this funding for years and with the changing landscape at LANL the commitment of engaged communities is more important than ever. Metrics and deliverables include administration of the \$30,000 and results tracking (job creation, company expansion, investment attracted, ROI) of the Santa Fe companies that receive funding with no administrative costs to the City.

**CITY OF SANTA FE
AMENDMENT No. 1 TO
PROFESSIONAL SERVICES AGREEMENT
ITEM#16-0708**

AMENDMENT No. 1 (the "Amendment") to the CITY OF SANTA FE PROFESSIONAL SERVICES AGREEMENT, dated July 27, 2016 (the "Agreement"), between the City of Santa Fe (the "City") and Youthworks (the "Contractor"). The date of this Amendment shall be the date when it is executed by the City and the Contractor, whichever occurs last.

RECITALS

A. Under the terms of the Agreement, Contractor has agreed to provide workforce development services to the City.

B. Pursuant to Article 18 of the Agreement, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the City and the Contractor agree as follows:

1. COMPENSATION

Article 3 paragraph A, Section 1 and 2, is amended to increase by the sum of one hundred eighty thousand dollars (\$180,000), so that article 3 paragraph A, Section 1 and 2 reads as follows:

A. The City shall pay to the Contractor a sum not to exceed three hundred sixty six thousand six hundred ten dollars (\$366,610) inclusive of gross receipts taxes. Payment shall be made according to the following:

(1) A sum of ninety seven thousand six hundred sixty one dollars (\$97,661) for program management services and administrative and accounting costs. This

payment shall be made incrementally by the City to Contractor on a bi-weekly basis over the course of twelve months.

(2) A sum of eighty two thousand three hundred thirty nine dollars (\$82,339) shall be made to the Contractor for direct expenses related to participants in the program. This includes, but is not limited to, wages, tuition, supportive services needs and supplies and contractual Entrepreneurial Consulting fees, and seed funds for up to 5 participants to start small businesses. This shall be reimbursed with supporting documentation of actual expenses.

2. TERM AND EFFECTIVE DATE.

Article 5 of the Agreement is amended to extend the term of the Agreement, so that Article 5 reads in its entirety as follows:

A. This Agreement shall be effective July 1, 2017, and terminate on June 30, 2018, unless sooner pursuant to Article 6 infra.

B. Option to Renew. The City retains the right to renew this Agreement up to two (2) additional one (1) year terms contingent upon parties reaching an agreement as to the terms and conditions. The option may be exercised by the City by notifying Contractor in writing at least 45 days prior to the expiration.

3. AGREEMENT IN FULL FORCE.

Except as specifically provided in this Amendment, the Agreement remains and shall remain in full force and effect, in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 to the City of Santa Fe Professional Services Agreement as of the date set forth below.

CITY OF SANTA FE:

JAVIER M. GONZALES,
MAYOR

Date: _____

ATTEST:

YOLANDA Y. VIGIL, CITY CLERK

CONTRACTOR:
YOUTHWORKS

By: _____

Date: _____

CRS # 02-471161-006
City of Santa Fe Business
Registration # 17 – 0091367

APPROVED AS TO FORM:

 _____ 
KELLEY A. BRENNAN,
CITY ATTORNEY

APPROVED:

ADAM K. JOHNSON, DIRECTOR
FINANCE DEPARTMENT

22116.510340
BUSINESS UNIT/LINE ITEM

CITY OF SANTA FE

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into by and between the City of Santa Fe (the "City") and YouthWorks (the "Contractor"). The date of this Agreement shall be the date when it is executed by the City and the Contractor, whichever occurs last.

1. SCOPE OF SERVICES

A. Program Services: The Contractor shall provide workforce development services to the City by executing the Workforce Innovation Program (WIP) for disengaged local youth, as referenced in Appendix A.

B. Program Deliverables: Outcomes for the Workforce Innovation Program shall include:

- (1) Train at-risk youth for stable employment in the community.
- (2) Assist businesses to manage employment of disengaged youth and integrate them successfully into company operations.
- (3) Increase the number of qualified workers in Santa Fe.
- (4) Improve the economic stability for youth in Santa Fe and the greater community.

(5) To promote entrepreneurial efforts and business formation knowledge among the youth and young adult community of Santa Fe.

C. Program Components: Successful execution of the WIP includes but is not limited to the following:

(1) Provide enhanced workforce development through soft skills training (i.e. writing resumes, interview skills, appropriate dress, and timeliness.)

(2) Prepare at-risk youth to work in growing industries by building relevant skills for potential career areas including: science and technology, sustainability, culinary, health care, building trades, and other areas that offer career pathways and opportunity.

(3) Provide apprenticeship placements with local businesses. A completed apprenticeship placement is defined as 240 -360 hours (average placement is 9-12 weeks x 30 hrs/week) to include educational development, job and entrepreneurial training, professional training and on the job hours delivered in apprenticeship placement.

(4) Develop and implement higher education and career pathways for WIP program participating youth in alignment with chosen career tracks through enrollment in community college and/or other certification coursework. A

(5) Provide basic entrepreneurial training and business operation knowledge with the option of assisting participants to start-up entrepreneurial ventures under the fiscal and programmatic guidance of YouthWorks, including the potential need to enlist professional consultants/trainers, to promote small business start-up as a potential career pathway.

D. Deliverables: Upon incremental completion of the services outlined in Article 1.B. above, the Contractor shall provide the following deliverables:

(1) A minimum of 20 hours of soft skills training shall be delivered and completed per participant.

(2) A minimum of 240 and a maximum of 360 hours of apprenticeship placement shall be completed per participant (the approximate range of 20 hours per week for 32 hours per week with participating employer).

(3) 60-70 total participants shall be engaged in the services provided through the WIP program throughout the program year.

(4) 35-45 individuals (approximately 70%) shall successfully complete the WIP program in the course of the program year. Successful program completion is quantified as 360 hours of combined educational development, job and entrepreneurial training and direct apprenticeship placement.

(5) 12-15 individuals (approximately 20%) of WIP participants shall be enrolled in at least one community college course or another career or skills oriented certification course within the timeframe of the placement or within the six month program follow-up period.

(6) Up to 12-14 participants may attend WIP Future Entrepreneur Program's entrepreneurial courses as designed. Each enrollee shall receive knowledge and skills to understand simple, small business design and each shall be required to create and submit a business plan by the completion of the course.

(7) Up to five (5) Future Entrepreneur Program participants may be selected to receive business start-up seed funding in order to launch a small business. Selection criteria shall include, but is not limited to, a viable business plan. These individuals/businesses shall receive coaching in product/idea design, marketing and business sustainability through the professional assistance of the Future Entrepreneur Program Coordinator(s).

Additionally, promising entrepreneurial small business ventures may be launched in the creation of eventual youth-run businesses with the assistance/guidance of YouthWorks and necessary professional trainers.

(8) Tracking of participant program

achievements and post program information shall be conducted for a minimum of six months after program exit to include documentation of subsequent educational and/or career steps. This information shall include, but is not limited to, a) number of participants employed, b) number enrolled in higher education or career certification, c) other notable job and career achievements, d) number participating/attending entrepreneurial program workshops, and e) those for whom no information is no longer available.

(9) Results of participant intake and exit skills assessment surveys shall be documented for each participant. Data shall be provided to the City of Santa Fe via quarterly reporting.

E. Monthly Reports: Provide Monthly Reports that reflect the contract deliverables and economic development impacts for the City of Santa Fe. The report shall include both quantifiable and qualitative measures.

(1) Number of program participants positively engaged in the WIP program per month.

(2) Number of program participants who receive or make progress towards levels of GED attainment and/or any certifications or college credits obtained.

(3) Number of program participant hours completed to date, breakdown of those hours (training, apprenticeship and job type, entrepreneurial) and progress towards completion of program (per participant), as well as -- overall progress towards the completion of WIP contract deliverables.

(4) Monthly reported data/tracking of case management items to be addressed for every participant, including the resource needs of each apprentice, how the needs are met, supportive services employed, and any notes on barriers to progress.

(5) Provide a list of businesses/employers participating in the program including business type.

(6) Provide a list of Future Entrepreneurial Program Workshop content, dates and number of participants in attendance. Narrated workshop content/subject matter shall be attached, as well as any instructional tools or materials that were provided to participants if not copyrighted.

F. Final Report: Provide a final aggregate report and summary, upon completion of all services, regarding all WIP activities undertaken and data obtained to support overall program evaluation and effectiveness.

G. Marketing: The Contractor agrees to include on all marketing materials, the City of Santa Fe's logo and related branding.

H. In order to further a city wide data collection effort to better understand the local entrepreneurial and workforce community, programs and constituent needs, Contractor agrees to contribute requested internal (non-confidential) data by the City's economic development data staff or contractor and to make every reasonable effort to align data collection efforts to inform this effort.

2. STANDARD OF PERFORMANCE; LICENSES

A. The Contractor represents that it possesses the personnel, experience and knowledge necessary to perform the services described under this Agreement.

B. The Contractor agrees to obtain and maintain throughout the term of this Agreement, all applicable professional and business licenses required by law, for itself, its employees, agents, representatives and subcontractors.

3. COMPENSATION

A. The City shall pay to the Contractor a sum not to exceed one hundred eighty six thousand six hundred ten

dollars (\$186,610) inclusive of gross receipts taxes. Payment shall be made according to the following:

(1) A sum of one hundred two thousand two hundred seventy one dollars (\$102,271) for program management services and administrative and accounting costs. This payment shall be made incrementally by the City to Contractor on a bi-weekly basis over the course of twelve months.

(2) A sum of eighty four thousand three hundred thirty nine dollars (\$84,339) shall be made to the Contractor for direct expenses related to participants in the program. This includes, but is not limited to, wages, tuition, supportive services needs and supplies and contractual Entrepreneurial Consulting fees, and seed funds for up to 5 participants to start small businesses. This shall be reimbursed with supporting documentation of actual expenses.

B. The Contractor shall be responsible for payment of gross receipts taxes levied by the State of New Mexico on the sums paid under this Agreement.

C. Payment shall be made upon receipt of biweekly invoices and approval by the City. Invoices shall include short detailed statements containing a description of work completed for WIP, which shall include but is not limited to staff achievements and accomplishments of WIP

participants. This is in addition to the monthly and final reports indicating satisfactory progress towards deliverables of this Agreement.

4. APPROPRIATIONS

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the City for the performance of this Agreement. If sufficient appropriations and authorization are not made by the City, this Agreement shall terminate upon written notice being given by the City to the Contractor. The City's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final.

5. TERM AND EFFECTIVE DATE

A. This Agreement shall be effective when signed by the City and the Contractor, whichever occurs last, and terminate amended to June 30, 2017, unless sooner pursuant to Article 6 below.

B. Option to Renew. The City retains the right to renew this Agreement up to three (3) additional one (1) year terms contingent upon parties reaching an agreement as to the terms and conditions. The option may be exercised by the City by notifying Contractor in writing at least 45 days prior to the expiration.

6. TERMINATION

A. This Agreement may be terminated by the City upon 30 days written notice to the Contractor.

(1) The Contractor shall render a final report of the services performed up to the date of termination and shall turn over to the City original copies of all work product, research or papers prepared under this Agreement.

(2) If compensation is not based upon hourly rates for services rendered, the City shall pay the Contractor for the reasonable value of services satisfactorily performed through the date Contractor receives notice of such termination, and for which compensation has not already been paid.

(3) If compensation is based upon hourly rates and expenses, then Contractor shall be paid for services rendered and expenses incurred through the date Contractor receives notice of such termination.

7. STATUS OF CONTRACTOR; RESPONSIBILITY FOR PAYMENT OF EMPLOYEES AND SUBCONTRACTORS

A. The Contractor and its agents and employees are independent contractors performing professional services for the City and are not employees of the City. The Contractor, and its agents and employees, shall not accrue

leave, retirement, insurance, bonding, use of City vehicles, or any other benefits afforded to employees of the City as a result of this Agreement.

B. Contractor shall be solely responsible for payment of wages, salaries and benefits to any and all employees or subcontractors retained by Contractor in the performance of the services under this Agreement.

C. The Contractor shall comply with City of Santa Fe Minimum Wage, Article 28-1-SFCC 1987, as well as any subsequent changes to such article throughout the term of this contract.

8. CONFIDENTIALITY

Any confidential information provided to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of the City.

9. CONFLICT OF INTEREST

The Contractor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement. Contractor further agrees that in the performance of this

Agreement no persons having any such interests shall be employed.

10. ASSIGNMENT; SUBCONTRACTING

The Contractor shall not assign or transfer any rights, privileges, obligations or other interest under this Agreement, including any claims for money due, without the prior written consent of the City. The Contractor shall not subcontract any portion of the services to be performed under this Agreement without the prior written approval of the City.

11. RELEASE

The Contractor, upon acceptance of final payment of the amount due under this Agreement, releases the City, its officers and employees, from all liabilities, claims and obligations whatsoever arising from or under this Agreement. The Contractor agrees not to purport to bind the City to any obligation not assumed herein by the City unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

12. INSURANCE

A. The Contractor, at its own cost and expense, shall carry and maintain in full force and effect during the term of this Agreement, comprehensive general liability insurance covering bodily injury and property damage

liability, in a form and with an insurance company acceptable to the City, with limits of coverage in the maximum amount which the City could be held liable under the New Mexico Tort Claims Act for each person injured and for each accident resulting in damage to property. Such insurance shall provide that the City is named as an additional insured and that the City is notified no less than 30 days in advance of cancellation for any reason. The Contractor shall furnish the City with a copy of a Certificate of Insurance or other evidence of Contractor's compliance with the provisions of this section as a condition prior to performing services under this Agreement.

B. Contractor shall also obtain and maintain Workers' Compensation insurance, required by law, to provide coverage for Contractor's employees throughout the term of this Agreement. Contractor shall provide the City with evidence of its compliance with such requirement.

C. Contractor shall maintain professional liability insurance throughout the term of this Agreement providing a minimum coverage in the amount required under the New Mexico Tort Claims Act. The Contractor shall furnish the City with proof of insurance of Contractor's compliance with the provisions of this section as a condition prior to performing services under this Agreement.

13. INDEMNIFICATION

The Contractor shall indemnify, hold harmless and defend the City from all losses, damages, claims or judgments, including payments of all attorneys' fees and costs on account of any suit, judgment, execution, claim, action or demand whatsoever arising from Contractor's performance under this Agreement as well as the performance of Contractor's employees, agents, representatives and subcontractors.

14. NEW MEXICO TORT CLAIMS ACT

Any liability incurred by the City of Santa Fe in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, Section 41-4-1, et. seq. NMSA 1978, as amended. The City and its "public employees" as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense and do not waive any limitation of liability pursuant to law. No provision in this Agreement modifies or waives any provision of the New Mexico Tort Claims Act.

15. THIRD PARTY BENEFICIARIES

By entering into this Agreement, the parties do not intend to create any right, title or interest in or for the benefit of any person other than the City and the Contractor. No person shall claim any right, title or interest under this

Agreement or seek to enforce this Agreement as a third party beneficiary of this Agreement.

16. RECORDS AND AUDIT

The Contractor shall maintain, throughout the term of this Agreement and for a period of three years thereafter, detailed records that indicate the date, time and nature of services rendered. These records shall be subject to inspection by the City, the Department of Finance and Administration, and the State Auditor. The City shall have the right to audit the billing both before and after payment. Payment under this Agreement shall not foreclose the right of the City to recover excessive or illegal payments.

17. APPLICABLE LAW; CHOICE OF LAW; VENUE

Contractor shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the City of Santa Fe. In any action, suit or legal dispute arising from this Agreement, the Contractor agrees that the laws of the State of New Mexico shall govern. The parties agree that any action or suit arising from this Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

18. AMENDMENT

This Agreement shall not be altered, changed or modified except by an amendment in writing executed by the parties hereto.

19. SCOPE OF AGREEMENT

This Agreement incorporates all the agreements, covenants, and understandings between the parties hereto concerning the services to be performed hereunder, and all such agreements, covenants and understandings have been merged into this Agreement. This Agreement expresses the entire Agreement and understanding between the parties with respect to said services. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

20. NON-DISCRIMINATION

During the term of this Agreement, Contractor shall not discriminate against any employee or applicant for an employment position to be used in the performance of services by Contractor hereunder, on the basis of ethnicity, race, age, religion, creed, color, national origin, ancestry, sex, gender, sexual orientation, physical or mental disability, medical condition, or citizenship status.

21. SEVERABILITY

In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

22. NOTICES

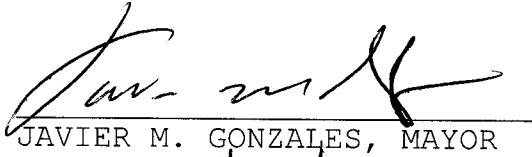
Any notices required to be given under this Agreement shall be in writing and served by personal delivery or by mail, postage prepaid, to the parties at the following addresses:

City of Santa Fe:
Housing and Community Development
Department
P.O. Box 909
Santa Fe, NM 87504

Contractor:
YouthWorks
1000 Cordova Place
#415
Santa Fe, NM 87505

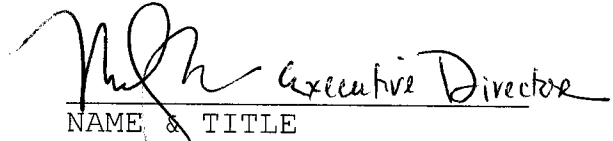
IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below.

CITY OF SANTA FE:


JAVIER M. GONZALES, MAYOR

DATE: 8/2/16

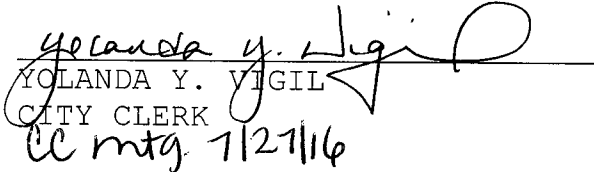
CONTRACTOR:
YOUTHWORKS


NAME & TITLE

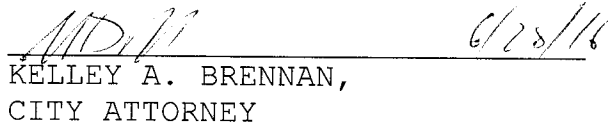
DATE: 08/10/16

CRS # 02-471161-006
City of Santa Fe
Business
Registration # 16-0091367

ATTEST:


YOLANDA Y. VIGIL
CITY CLERK
CC mtg. 7/27/16

APPROVED AS TO FORM:


KELLEY A. BRENNAN,
CITY ATTORNEY

APPROVED:


OSCAR RODRIGUEZ, DIRECTOR
FINANCE DEPARTMENT

22116.510340
BUSINESS UNIT/LINE ITEM

APPENDIX A:

Project Narrative: The Workforce Innovation Program (WIP) is a job training and workforce development program with an entrepreneurial component that will engage sixty (60) to seventy (70) disadvantaged youth and young adults (ages 16-24) in job training and apprenticeships up to (but not limited to) 360 hours per participant over the course of the 12 month grant period.

The primary goal of the Workforce Innovation Program is to build the skills and labor market preparedness of Santa Fe's workforce through paid mentored, internship placements for disadvantaged youth in partnership with local businesses and professionals. Through the integration of:

- on-the-job training and
- intensive job readiness/soft-skills training,
- skills assessments/educational needs assessments,
- career path interest identification,
- individualized case management,
- specialized skills development through college or professional certification course enrollment, and
- the opportunity to receive entrepreneurial training workshops and consultancy,

the Workforce Innovation Program (WIP) will equip every participant with the entry-level skills needed to transition to either 1) unsubsidized career-track employment, 2) the pursuit of advanced training/education, or 3) apply gained knowledge in regard to entrepreneurialism and business start-up models and initiatives.

Entrepreneurial Program participants will each prepare a small business plan, with the possibility for a select few to receive start-up business seed funds to launch a small income producing operation.

Job placement will include but is not limited to the following areas:

- (1) Health Care and associated Medical Arts
- (2) Trades (Green and Traditional)
- (3) Science and Technology
- (4) Landscaping/Horticulture
- (5) Media Arts and Production
- (6) Culinary Arts
- (7) Newly established Business operations of any nature.

WIP Program Process: Participants will be selected from a pool of applicants that pass through an application process, which includes an interview conducted by trained staff, mental toughness activities to include pre-placement assessments, and a formal orientation that includes soft skills training and that provides an overview of program requirements and program expectations.

Apprenticeship Pay Structure: Selected participants will receive stipends of \$10.91 per hour for up to 32 hours per work/training week for up to twelve weeks or any combination of approved program engagement hours totaling up to a minimum of 240 to a maximum of 360 hours.

Participating Program Employers: Employers will participate in a program orientation outlining requirements and expectations. Employers will be eligible to receive coaching and support in the provision of positive mentoring and supervision of participant intern/employees. Employers will be required to commit to contribute \$7.60 per hour for each trainee with additional costs and insurance covered by iYouthWorks!. If a dedicated employer is unable to contribute the required amount, iYouthWorks! may elect to fully subsidize an apprentice for a limited time until the employer has the necessary funds accrued for contribution.

Job and Career Coaching: Before placement, the WIP program Coordinator/Job coach will help participants explore job interests through the application of a career interest/skills assessment tool to match career options with their interests. Results will be analyzed and utilized to ensure appropriate apprenticeship placement and to assist in the design of an impactful educational/training plan for use in the future. In addition, the assessments will be administered twice throughout the apprenticeship period to measure all areas of skills gain/improvement over time.

Individualized Case Management: Participants will receive weekly individualized coaching and case management to ensure successful placement. Case managers will work closely with participants to assist to solve personal issues and identify supportive resources & services, such as obtaining a driver's license or finding housing that will enable participants to successfully complete their apprenticeship placement as well as achieve their future with sustained stability. Case management is a critical component in working with this disenfranchised population. Case management delivers a wrap around support system designed to fully engage and support youth and young adults in their employment commitment. Case managers support each individuals' personal growth and community engagement throughout the program, and thereafter. This support delivers measurable positive impact in the lives of participants as well as for the reduction of recidivism and non-productivity among the youth and young adult population of Santa Fe in the community part of the program will prepare students for college and career success by building basic soft and

technical skills, including but not limited to: literacy, math, time management, , communication skills and the ability to work as a team member.

Trainee Education: iYouthWorks! will offer staggered educational resources based of the needs of WIP participants measured by The Adult Basic Education Test (TABE), including: GED preparation courses, pre-GED testing assessments, college advisement, college course enrollment, certificate program enrollment, and tutoring services in all subject areas. Additionally, Computer Literacy courses will be offered at the facilities to prepare students for increased technological demands in the workplace. iYouthWorks! will partner with staff at Santa Fe Community College (SFCC) and trades professionals to place participants in appropriate classes and workshops and provide educational support for college and career certification success. By becoming involved with local businesses, professionals and the community college, students will increase their leadership skills and critical thinking abilities while becoming productive members of the community.

Future Entrepreneurs Training: The Entrepreneurial Training Course will educate youth in the concepts surrounding the starting and owning of their own businesses. They will be led through the development of an idea or product by designing a basic business plan. YouthWorks may appropriate funds for up to 5 participants' business plan designs for start-up seed funding.-These five participants will receive individualized business coaching, product/idea development and assistance with marketing to launch a small business.

Project Schedule: A series of 12-week apprenticeships and/or “mentored-internship” sessions will be conducted during the 12-month program period. A final report for the City of Santa Fe will be prepared at the end of the 12-month contract period. During each apprenticeship period, iYouthWorks! will deliver 1) an orientation for businesses 2)as well as participants, 3)soft skills training for all participants prior to and as needed throughout placement, 4)administration of two skills assessment tests to take place during the 12 week period, to measure skills gain and progress, and a 5)final employer and 6) apprentice evaluation will be conducted. 7)A bi-annual scheduled Entrepreneurship Training Program coursework will be conducted through contractual coordination of entrepreneurial trainer(s), open to current and potential participants.

Each quarterly WIP session will consist of youth participants working an average of 32 hours per week for 12 weeks or the equivalent of 360 total hours. An estimated total of sixty (60) to seventy (70) at-risk-youth participants will participate in the WIP; The program will begin in July 2014 and finalize in June 2015.

Planning Phase:

1. Update and create additional program materials, policies, procedures and program structure

2. Create a detailed timeline by which to implement all program components
3. Recruit and retain contractual Entrepreneurship Coordinator(s) for Future Entrepreneurs Program Course and materials design and implementation.
4. Recruit interested employer/businesses for apprenticeship placement.
5. Define apprenticeship program opportunities and employer needs
6. Identify other programs to support apprenticeships
7. Finalize College Course Curriculum and Soft Skills Curriculum
8. Collaborate with Santa Fe Community College to set-up enrollment, registration and administration procedures and processes for potential college or certification course enrollment
9. Plan and develop employer mentoring training for employers

Benchmarks:

1. Initiate youth interviews and participant orientation at the beginning of each program session.
2. Recruit and retain interested businesses and employers.
3. Interview employers and youth to make appropriate placements and matches.
4. Conduct entrepreneurial training courses in collaboration with local professionals such as Santa Fe Business Incubator and other resources.
5. Develop relationships with employers and apprentices to resolve conflicts and provide support
6. Maximize placement of participants for each period
7. Conduct and record assessments and skills attainment for progress reporting
8. Conduct case management and follow up services for each participant



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

7/1/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Conservation United PO Box 759 Higley AZ 85236		CONTACT NAME: Kelly Cassady PHONE (A/C, No, Ext): (844) 559-8336 FAX (A/C, No): (602) 388-8110 E-MAIL ADDRESS:															
INSURED Santa Fe Youth Works 1000 Cordova Pl #415 Santa Fe NM 85706		INSURER(S) AFFORDING COVERAGE <table border="1"><thead><tr><th>INSURER</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A: Security National Insurance Co</td><td>19879</td></tr><tr><td>INSURER B: First Nonprofit Insurance Co</td><td>10859</td></tr><tr><td>INSURER C: Milwaukee Casualty Ins Co</td><td>26662</td></tr><tr><td>INSURER D:</td><td></td></tr><tr><td>INSURER E:</td><td></td></tr><tr><td>INSURER F:</td><td></td></tr></tbody></table>		INSURER	NAIC #	INSURER A: Security National Insurance Co	19879	INSURER B: First Nonprofit Insurance Co	10859	INSURER C: Milwaukee Casualty Ins Co	26662	INSURER D:		INSURER E:		INSURER F:	
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INSURER E:																	
INSURER F:																	

COVERAGES

CERTIFICATE NUMBER: CL167100282

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS														
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:		X	SPP1113926 00	7/2/2016	7/2/2017	<table border="1"><tr><td>EACH OCCURRENCE</td><td>\$ 1,000,000</td></tr><tr><td>DAMAGE TO RENTED PREMISES (Ea occurrence)</td><td>\$ 100,000</td></tr><tr><td>MED EXP (Any one person)</td><td>\$ 10,000</td></tr><tr><td>PERSONAL & ADV INJURY</td><td>\$ 1,000,000</td></tr><tr><td>GENERAL AGGREGATE</td><td>\$ 3,000,000</td></tr><tr><td>PRODUCTS - COMP/OP AGG</td><td>\$ 3,000,000</td></tr><tr><td>Sexual Abuse Cov</td><td>\$ 1,000,000</td></tr></table>	EACH OCCURRENCE	\$ 1,000,000	DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000	MED EXP (Any one person)	\$ 10,000	PERSONAL & ADV INJURY	\$ 1,000,000	GENERAL AGGREGATE	\$ 3,000,000	PRODUCTS - COMP/OP AGG	\$ 3,000,000	Sexual Abuse Cov	\$ 1,000,000
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A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS			SPP1113926 00	7/2/2016	7/2/2017	<table border="1"><tr><td>COMBINED SINGLE LIMIT (Ea accident)</td><td>\$ 1,000,000</td></tr><tr><td>BODILY INJURY (Per person)</td><td>\$</td></tr><tr><td>BODILY INJURY (Per accident)</td><td>\$</td></tr><tr><td>PROPERTY DAMAGE (Per accident)</td><td>\$</td></tr><tr><td></td><td>\$</td></tr></table>	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000	BODILY INJURY (Per person)	\$	BODILY INJURY (Per accident)	\$	PROPERTY DAMAGE (Per accident)	\$		\$				
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B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			SMB1113047	7/2/2016	7/2/2017	<table border="1"><tr><td>EACH OCCURRENCE</td><td>\$ 1,000,000</td></tr><tr><td>AGGREGATE</td><td>\$ 1,000,000</td></tr><tr><td></td><td>\$</td></tr></table>	EACH OCCURRENCE	\$ 1,000,000	AGGREGATE	\$ 1,000,000		\$								
EACH OCCURRENCE	\$ 1,000,000																				
AGGREGATE	\$ 1,000,000																				
	\$																				
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	MWC1010221	8/1/2015	8/1/2016	<table border="1"><tr><td><input checked="" type="checkbox"/> PER STATUTE</td><td>OTH-ER</td><td></td></tr><tr><td>E.L. EACH ACCIDENT</td><td>\$ 1,000,000</td><td></td></tr><tr><td>E.L. DISEASE - EA EMPLOYEE</td><td>\$ 1,000,000</td><td></td></tr><tr><td>E.L. DISEASE - POLICY LIMIT</td><td>\$ 1,000,000</td><td></td></tr></table>	<input checked="" type="checkbox"/> PER STATUTE	OTH-ER		E.L. EACH ACCIDENT	\$ 1,000,000		E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000		E.L. DISEASE - POLICY LIMIT	\$ 1,000,000			
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E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000																				
E.L. DISEASE - POLICY LIMIT	\$ 1,000,000																				
A	Directors & Officers			SML133369700	4/5/2016	4/5/2017	Aggregate \$1,000,000														
A	Employment Practices			SML133369700	4/5/2016	04/05/2017	Aggregate \$1,000,000														

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

City of Santa Fe is named as additional insureds with respects to the general liability

CERTIFICATE HOLDERCity of Santa Fe
PO Box 909
Santa Fe, NM 87504-0909**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Robert Johnston/KCASS

Robert Johnston



City of Santa Fe
Summary of Contracts, Agreements, & Amendments

Section to be completed by department for each contract or contract amendment

1 **FOR: ORIGINAL CONTRACT** ☒ or **CONTRACT AMENDMENT** ☐

2 Name of Contractor Youthworks

3 Complete information requested

☐ Plus GRT

☒ Inclusive of GRT

Original Contract Amount: \$186,610.00

Termination Date: June 30, 2016

☐ Approved by Council Date: _____

☐ or by City Manager Date: _____

Contract is for: Execute the Workforce Innovation Program (WIP) for disengaged local youth.

Amendment # _____ to the Original Contract# _____

Increase/(Decrease) Amount \$ _____

Extend Termination Date to: _____

☐ Approved by Council Date: _____

☐ or by City Manager Date: _____

Amendment is for: _____

4 **History of Contract & Amendments:** (option: attach spreadsheet if multiple amendments)

☐ Plus GRT

☐ Inclusive of GRT

Amount \$ _____ of original Contract# _____ Termination Date: _____

Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____

Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____

Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____

Reason: _____

Total of Original Contract plus all amendments: \$ _____



City of Santa Fe
Summary of Contracts, Agreements, & Amendments

5 Procurement Method of Original Contract: (complete one of the lines)

RFP# 16/37/P Date: May 31, 2016

RFQ ☐ _____ Date: _____

Sole Source ☐ _____ Date: _____

Other _____

6 Procurement History: First of 4 year contract
example: (First year of 4 year contract)

7 Funding Source: Economic Development Fund **BU/Line Item:** 22116.510340

8 Any out-of-the ordinary or unusual issues or concerns:

(Memo may be attached to explain detail.)

9 Staff Contact who completed this form: Jessica Sandoval

Phone # _____ -6334

10 Certificate of Insurance attached. (if original Contract) ☒

Submit to City Attorney for review/signature

Forward to Finance Director for review/signature

Return to originating Department for Committee(s) review or forward to City Manager for review and approval (depending on dollar level).

To be recorded by City Clerk:

Contract # _____

Date of contract Executed (i.e., signed by all parties): _____

Note: If further information needs to be included, attach a separate memo.

Comments:

CITY OF SANTA FE
AMENDMENT No 2 TO
PROFESSIONAL SERVICES AGREEMENT
ITEM#15-1048

AMENDMENT No.2 (the "Amendment") to the CITY OF SANTA FE PROFESSIONAL SERVICES AGREEMENT, dated September 30, 2015 (the "Agreement"), between the City of Santa Fe (the "City") and SCORE (the "Contractor"). The date of this Agreement shall be the date when it is executed by the City and the Contractor, whichever occurs last.

RECITALS

A. Under the terms of the Agreement, Contractor has agreed to provide economic development services for the City.

B. Pursuant to Article 18 of the Agreement, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the City and the Contractor agree as follows:

1. COMPENSATION

Article 3, paragraph A of the Agreement is amended to increase the compensation by twenty-five thousand dollars (\$25,000), so that Article 3, paragraph A reads as follows:

A. The City shall pay to the Contractor for services rendered a sum of seventy five thousand dollars (\$75,000), inclusive of applicable gross receipts taxes.

2. TERM AND EFFECTIVE DATE

A. This Agreement shall be effective when signed by the City and the Contractor, whichever occurs last, and terminate on June 30, 2018, unless sooner pursuant to Article 6.

B. Option to Renew. The City retains the right to renew this Agreement up to one (1) additional one year terms contingent upon parties reaching an agreement as to the terms and conditions. The option may be exercised by the City by notifying Contractor in writing at least 45 days prior to the expiration.

3. AGREEMENT IN FULL FORCE.

Except as specifically provided in this Amendment, Amendment No. 1 and the Agreement remains and shall remain in full force and effect, in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Amendment No.2 to the City of Santa Fe Professional Services Agreement as of the date set forth below.

CITY OF SANTA FE:

CONTRACTOR:
SCORE

JAVIER M. GONZALES, MAYOR

(Marcia Swain, Chair)

DATE: _____

DATE: _____

CRS # A8025006090051
City of Santa Fe Business
Registration # 17-40945

ATTEST:

YOLANDA Y. VIGIL
CITY CLERK

APPROVED AS TO FORM:

KELLEY A. BRENNAN, CITY ATTORNEY

APPROVED:

ADAM K. JOHNSON, FINANCE DIRECTOR

22116.510340
BUSINESS UNIT/LINE ITEM

ITEM # 16-0749

CITY OF SANTA FE
AMENDMENT No 1 TO
PROFESSIONAL SERVICES AGREEMENT

AMENDMENT No.1 (the "Amendment") to the CITY OF SANTA FE PROFESSIONAL SERVICES AGREEMENT, dated September 30, 2015 (the "Agreement"), between the City of Santa Fe (the "City") and SCORE (the "Contractor"). The date of this Agreement shall be the date when it is executed by the City and the Contractor, whichever occurs last.

RECITALS

A. Under the terms of the Agreement, Contractor has agreed to provide economic development services for the City.

B. Pursuant to Article 18 of the Agreement, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the City and the Contractor agree as follows:

1. SCOPE OF WORK.

Article 1, paragraph A of the Agreement is amended to revise the number of business seminars and workshops for the technical assistance/business outreach program for the city, so that Article 1, paragraph A read in its entirety is as follows:

A. Implement a business education program for Santa Fe Area businesses, entrepreneurs and non-profits which furthers

the City of Santa Fe's Economic Development goals by developing interactive seminars and workshops that are relevant to operating, marketing or financing their businesses. This education program would also connect and educate business owners and entrepreneurs with city economic development programs and community business resource providers. The education program would implement the following:

- (1) Nine to Ten (9-10), two to three hour lecture seminars, oriented to entrepreneurs, business owners and non-profits. One of the seminars will be seminars will be delivered in Spanish on a topic that will be beneficial to Spanish speaking businesses/entrepreneurs. The topic will be mutually agreed upon by SCORE and the city.
- (2) Two to Three (2-3) three to four hour interactive hands-on training workshops on specialized topics such on, QuickBooks accounting, marketing, social media and cash flow management. The final line up of workshops will be mutually agreed upon.
- (3) Provide follow up assistance and support for

entrepreneurs, businesses and non-profits.

- (4) Improve workshops & seminars based on participant feedback.
- (5) Refer participants to other appropriate service providers as needed.

Article 1, of the Agreement is amended to add Paragraph "G", so that Article 1, Paragraph "G" reads as follows:

G. DATA - In order to help further a city wide data collection effort to better understand the local entrepreneurial and workforce community, programs and constituent needs, SCORE agrees to contribute requested internal (non-confidential) data by the City's economic development data staff or contractor and to make every reasonable effort to align data collection efforts to inform this effort.

Metrics - Appendix B is amended to add age, ethnicity, race and gender as data to be collected from the clients attending the education workshop or seminar.

2. COMPENSATION

Article 3, paragraph A of the Agreement is amended to increase the compensation by twenty-five thousand dollars (\$25,000), so that Article 3, paragraph A reads as follows:

A. The City shall pay to the Contractor for services

rendered a sum of fifty-thousand dollars (\$50,000), inclusive of applicable gross receipts taxes. The first payment of \$10,000 will be made upon completion of the Fall Education Series and \$15,000 will be made upon completion of the Spring Education Series.

3. TERM AND EFFECTIVE DATE

A. This Agreement shall be effective when signed by the City and terminate on June 30, 2017, unless sooner pursuant to Article 6.

B. Option to Renew. The City retains the right to renew this Agreement up to two (2) additional one year terms contingent upon parties reaching an agreement as to the terms and conditions. The option may be exercised by the City by notifying Contractor in writing at least 45 days prior to the expiration.


2. AGREEMENT IN FULL FORCE.

Except as specifically provided in this Amendment, the Agreement remains and shall remain in full force and effect, in accordance with its terms.

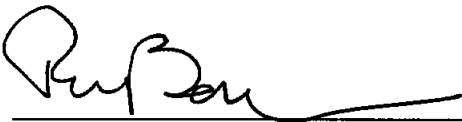
IN WITNESS WHEREOF, the parties have executed this Amendment No.1 to the City of Santa Fe Professional Services Agreement as of the date set forth below.

CITY OF SANTA FE:

CONTRACTOR:
SCORE


JAVIER M. GONZALES, MAYOR

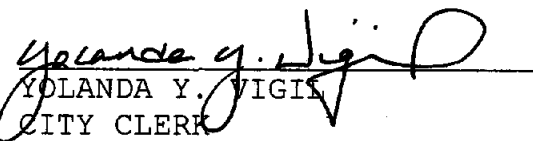
DATE: 8/16/16


(Ray Berger, Chair)


DATE: 11/23/16

CRS # A8025006090051
City of Santa Fe Business
Registration # 16-40945

ATTEST:


YOLANDA Y. VIGIL
CITY CLERK
CC mtg. 8/14/16

APPROVED AS TO FORM:

 8/2/16
KELLEY BRENNAN, CITY ATTORNEY

APPROVED:

 8-12/2016
OSCAR RODRIGUEZ, FINANCE DIRECTOR

22116.510300
BUSINESS Unit/LINE ITEM

CITY OF SANTA FE

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into by and between the City of Santa Fe (the "City") and (SCORE) (the "Contractor"). The date of this Agreement shall be the date when it is executed by the City.

1. SCOPE OF SERVICES

The Contractor shall provide the following services for the City:

A. Implement a business education program for Santa Fe Area businesses, entrepreneurs and non-profits which furthers the City of Santa Fe's Economic Development goals by developing interactive seminars and workshops that are relevant to operating, marketing or financing their businesses. This education program would also connect and educate business owners and entrepreneurs with city economic development programs and community business resource providers. The education program would implement the following:

- (1) Eight(8), two to three hour lecture seminars, oriented to entrepreneurs, business owners and non-profits.
- (2) Four (4) three to four hour interactive hands-on training workshops on specialized

topics such on, QuickBooks accounting, marketing, social media and cash flow management. The final line up of workshops will be mutually agreed upon.

- (3) Provide follow up assistance and support for entrepreneurs, businesses and non-profits.
- (4) Improve workshops & seminars based on participant feedback.
- (5) Refer participants to other appropriate service providers as needed.

B. Administration. The contractor will administer all functions of the education program and will be responsible for overseeing and effectuating the series details including, but not limited to, communications and interface with the city, resource partners, presenters, marketing, logistics and other duties to be specified by the City.

C. Reporting

(1) Provide a detailed final report summarizing and evaluating the overall effectiveness of the education program. The report shall include the metrics and information detailed in Appendix B.

(2) The final report of the education program shall also contain the number of the events held, presenters and

a list or sign-in sheet of all attendees who participated in the series.

D. Presentation Material.

(1) The city will assist the contractor with the presentation workbooks for the education program events by collaborating with the design and printing of the cover and format of the workbook. The City will work with contractor to ensure that the presentation material also has the contractor's logo in the design of the presentation workbook as well as the City's logo.

(2) The contractor will be responsible for providing the City with the presentation materials from the presenters three weeks prior to the start of each seminar or workshop in order for the City to print the appropriate number of presentation workbooks for each event. The contractor will be responsible for the distribution of the presentation workbooks to education program attendees.

E. The contractor shall partner with City sponsored business development programs to provide referrals and assistance as needed by the business or entrepreneur being assisted.

F. Videography. The "City" shall produce videos up to four (4) of the educational series seminars/workshops. They

will be edited for distribution by the City of Santa Fe and made available for use by the contractor.

2. STANDARD OF PERFORMANCE; LICENSES

A. The Contractor represents that it possesses the personnel, experience and knowledge necessary to perform the services described under this Agreement.

B. The Contractor agrees to obtain and maintain throughout the term of this Agreement, all applicable professional and business licenses required by law, for itself, its employees, agents, representatives and subcontractors.

3. COMPENSATION

A. The City shall pay to the Contractor i for services rendered a sum of twenty five-thousand dollars (\$25,000), inclusive of applicable gross receipts taxes. The first payment of \$10,000 will be made upon completion of the Fall Education Series and \$15,000 will be made upon completion of the Spring Education Series.

B. The Contractor shall be responsible for payment of gross receipts taxes levied by the State of New Mexico on the sums paid under this Agreement.

C. Payments shall be made upon receipt and approval by the City of detailed invoices containing a report of services completed in accordance with the schedule of the reports as

outlined in section C. Compensation shall be paid only for services actually performed.

4. APPROPRIATIONS

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the City for the performance of this Agreement. If sufficient appropriations and authorization are not made by the City, this Agreement shall terminate upon written notice being given by the City to the Contractor. The City's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final.

5. TERM AND EFFECTIVE DATE

A. This Agreement shall be effective when signed by the City and terminate on June 30, 2016, unless sooner pursuant to Article 6 below.

B. Option to Renew. The City retains the right to renew this Agreement up to three` additional one year terms contingent upon parties reaching an agreement as to the terms and conditions. The option may be exercised by the City by notifying Contractor in writing at least 45 days prior to the expiration.

6. TERMINATION

A. This Agreement may be terminated by the City upon 30 days written notice to the Contractor.

(1) The Contractor shall render a final report of the services performed up to the date of termination and shall turn over to the City original copies of all work product, research or papers prepared under this Agreement.

(2) If compensation is not based upon hourly rates for services rendered, the City shall pay the Contractor for the reasonable value of services satisfactorily performed through the date Contractor receives notice of such termination, and for which compensation has not already been paid.

(3) If compensation is based upon hourly rates and expenses, then Contractor shall be paid for services rendered and expenses incurred through the date Contractor receives notice of such termination.

7. STATUS OF CONTRACTOR; RESPONSIBILITY FOR PAYMENT OF EMPLOYEES AND SUBCONTRACTORS

A. The Contractor and its agents and employees are independent contractors performing professional services for the City and are not employees of the City. The Contractor, and its agents and employees, shall not accrue leave, retirement, insurance, bonding, use of City vehicles, or any other benefits afforded to employees of the City as a result of this Agreement.

B. Contractor shall be solely responsible for payment of wages, salaries and benefits to any and all employees

or subcontractors retained by Contractor in the performance of the services under this Agreement.

C. The Contractor shall comply with City of Santa Fe Minimum Wage, Article 28-1-SFCC 1987, as well as any subsequent changes to such article throughout the term of this contract.

8. CONFIDENTIALITY

Any confidential information provided to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of the City.

9. CONFLICT OF INTEREST

The Contractor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement. Contractor further agrees that in the performance of this Agreement no persons having any such interests shall be employed.

10. ASSIGNMENT; SUBCONTRACTING

The Contractor shall not assign or transfer any rights, privileges, obligations or other interest under this Agreement, including any claims for money due, without the prior written consent of the City. The Contractor shall not subcontract any

portion of the services to be performed under this Agreement without the prior written approval of the City.

11. RELEASE

The Contractor, upon acceptance of final payment of the amount due under this Agreement, releases the City, its officers and employees, from all liabilities, claims and obligations whatsoever arising from or under this Agreement. The Contractor agrees not to purport to bind the City to any obligation not assumed herein by the City unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

12. INSURANCE

A. The Contractor, at its own cost and expense, shall carry and maintain in full force and effect during the term of this Agreement, comprehensive general liability insurance covering bodily injury and property damage liability, in a form and with an insurance company acceptable to the City, with limits of coverage in the maximum amount which the City could be held liable under the New Mexico Tort Claims Act for each person injured and for each accident resulting in damage to property. Such insurance shall provide that the City is named as an additional insured and that the City is notified no less than 30 days in advance of cancellation for any reason. The Contractor shall furnish the City with a copy of a Certificate of

Insurance or other evidence of Contractor's compliance with the provisions of this section as a condition prior to performing services under this Agreement.

B. Contractor shall also obtain and maintain Workers' Compensation insurance, required by law, to provide coverage for Contractor's employees throughout the term of this Agreement. Contractor shall provide the City with evidence of its compliance with such requirement.

C. Contractor shall maintain professional liability insurance throughout the term of this Agreement providing a minimum coverage in the amount required under the New Mexico Tort Claims Act. The Contractor shall furnish the City with proof of insurance of Contractor's compliance with the provisions of this section as a condition prior to performing services under this Agreement.

13. INDEMNIFICATION

The Contractor shall indemnify, hold harmless and defend the City from all losses, damages, claims or judgments, including payments of all attorneys' fees and costs on account of any suit, judgment, execution, claim, action or demand whatsoever arising from Contractor's performance under this Agreement as well as the performance of Contractor's employees, agents, representatives and subcontractors.

14. NEW MEXICO TORT CLAIMS ACT

Any liability incurred by the City of Santa Fe in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, Section 41-4-1, et. seq. NMSA 1978, as amended. The City and its "public employees" as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense and do not waive any limitation of liability pursuant to law. No provision in this Agreement modifies or waives any provision of the New Mexico Tort Claims Act.

15. THIRD PARTY BENEFICIARIES

By entering into this Agreement, the parties do not intend to create any right, title or interest in or for the benefit of any person other than the City and the Contractor. No person shall claim any right, title or interest under this Agreement or seek to enforce this Agreement as a third party beneficiary of this Agreement.

16. RECORDS AND AUDIT

The Contractor shall maintain, throughout the term of this Agreement and for a period of three years thereafter, detailed records that indicate the date, time and nature of services rendered. These records shall be subject to inspection by the City, the Department of Finance and Administration, and the State Auditor. The City shall have the right to audit the billing

both before and after payment. Payment under this Agreement shall not foreclose the right of the City to recover excessive or illegal payments.

17. APPLICABLE LAW; CHOICE OF LAW; VENUE

Contractor shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the City of Santa Fe. In any action, suit or legal dispute arising from this Agreement, the Contractor agrees that the laws of the State of New Mexico shall govern. The parties agree that any action or suit arising from this Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

18. AMENDMENT

This Agreement shall not be altered, changed or modified except by an amendment in writing executed by the parties hereto.

19. SCOPE OF AGREEMENT

This Agreement incorporates all the agreements, covenants, and understandings between the parties hereto concerning the services to be performed hereunder, and all such agreements, covenants and understandings have been merged into this Agreement. This Agreement expresses the entire Agreement and understanding between the parties with respect to said services.

No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

20. NON-DISCRIMINATION

During the term of this Agreement, Contractor shall not discriminate against any employee or applicant for an employment position to be used in the performance of services by Contractor hereunder, on the basis of ethnicity, race, age, religion, creed, color, national origin, ancestry, sex, gender, sexual orientation, physical or mental disability, medical condition, or citizenship status.

21. SEVERABILITY

In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

22. NOTICES

Any notices required to be given under this Agreement shall be in writing and served by personal delivery or by mail, postage prepaid, to the parties at the following addresses:

City of Santa Fe:

Housing and Community Development

Department

P.O. Box 909

Santa Fe, NM 87504

Contractor:

SCORE

120 Federal Place, #307

Santa Fe, NM 87501

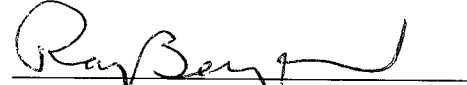
IN WITNESS WHEREOF, the parties have executed this Agreement
on the date set forth below.

CITY OF SANTA FE:


JAVIER M. GONZALES, MAYOR

CONTRACTOR:

SCORE


(Ray Berger, Chair)


DATE: 10/19/15

ATTEST:

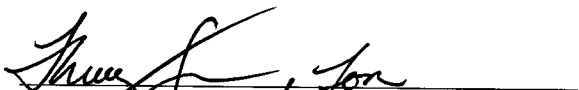
CRS # A8025006090051

City of Santa Fe Business

Registration # 15-40945


YOLANDA Y. VIGIL
CITY CLERK
CC mtg. 9/30/15

APPROVED AS TO FORM:


KELLEY BRENNAN, CITY ATTORNEY

APPROVED:


OSCAR RODRIGUEZ, FINANCE DIRECTOR

22116.510300

BUSINESS Unit/LINE ITEM

Appendix A: SCORE 2015/16 BUSINESS EDUCATION SERIES

Event Presentation Calendar*

FALL 2015

Workshops

The Perfect Pitch ✓

Seminar

Successful Crowd Funding ✓

The Customer Experience Economy – Exceptional Customer Service

Getting and Keeping Your Money: Accounting Basics

SPRING 2016

Workshops

Intermediate QuickBooks

Maximize Your Website

Effective Use of Social Media

Seminars

Writing a Compelling Business Plan

Legal Structures and Regulatory Compliance

Growing a Sustainable Non-Profit

Your Employees are Your Assets

Secrets to Business Licensing and Regulation

***Topics are subject to change**

Appendix B – Metrics

- Attendance for each event
 - ✓ Average class size for seminars and workshops
- Collated survey and registration results for each education series event
 - ✓ Initial
 - Number of years in business or start-up
 - Number of employees
 - Type of business (home based, commercial, non-profit)
 - Industry sector
 - Post
 - Satisfaction rating
 - Presenter rating
 - Workshop material
 - Relevancy of course
- Source of Referral
- Number of attendees who become SCORE clients
- Number of mentored clients per year
- Return rate percentage
- Mentor recruitment highlights
- Partnership highlights

Appendix C: Sample Survey

Name of Workshop/Seminar
Names of Presenters

1. Please rate your overall satisfaction with this seminar/workshop:

☐ Excellent
☐ Above Average
☐ Fair
☐ Below Average
☐ Poor

Explain: _____

2. The seminar/workshop presenter (s) was/were: (Check One)

☐ Effective
☐ Engaging
☐ Knowledgeable
☐ Unknowledgeable
☐ Ineffective
☐ Unengaging

Explain: _____

3. Please rate the seminar/workshop materials:

☐ Excellent
☐ Above Average
☐ Fair
☐ Below Average
☐ Poor

Explain: _____

4. I found this seminar/workshop

☐ Excellent
☐ Above Average
☐ Fair
☐ Below Average
☐ Poor

Explain: _____

5. Is there anything that might have improved your seminar/workshop experience?

6. Seminar or workshop topics I would like to see in the future:

7. Would you recommend this seminar/workshop?

☐ Yes
☐ NO

Explain: _____

Action Items

Item A



DATE: July 5, 2017
TO: EDAC, Public Works, Finance Committee and City Council
VIA: Matthew Brown, Director, Office of Economic Development **MPB**
FROM: Fabian Trujillo, Manager, Office for Business Growth **FT**
RE: Meow Wolf – Project Participation Agreement

Background:

Meow Wolf, Inc. is at the forefront of the experience economy. It's been operating in Santa Fe for over a year and has created a new category of entertainment experience, "House of Eternal Return". This exhibition in Santa Fe has been extremely successful. Currently, Meow Wolf employs 60 people in the Creative Studio in Santa Fe and 33 of these positions are considered economic base jobs. Economic base jobs are manufacturing, production or jobs where 50% or more of the product or service produced by the employees are exported out of New Mexico, thereby, generating new dollars into our community.

Meow Wolf Professional Services Agreement: The City of Santa Fe adopted resolution 2015-104 and a professional services agreement which allotted \$60,000 to Meow Wolf for workforce training, internships, development of an online gift shop for local products, developing products for export out of Santa Fe, filing six patent applications and the opening of an interactive family attraction. Meow Wolf trained 40 people and initiated 20 internships which provided skill development on computer programming and digital fabrications tools. They also created an online gift shop featuring 74+ unique products from over 10+ local artists; developed 25+ products for sales through third party retailers; and opened the House of Eternal Return which is an interactive family attraction. Meow Wolf was unable to file for the six patent applications. Therefore, Meow Wolf received \$49,000 for expanding Santa Fe's experience economy. The remaining \$11,000 was unspent and still in the local economic development fund. This investment was very successful. Meow Wolf has had over 250,000 visitors to the House of Eternal Return, and is estimated to provide \$5,633,700 in net revenues to the City over the next ten years (see page 10 of Attachment C).

Clean Air Systems - Caterpillar Building Overview: The City invested \$300,000 into Clean Air Systems in 2006 of which \$200,000 was a grant and \$100,000 was loan with an interest rate of 3% per year to paid to the City to refurbish the Caterpillar Building for a manufacturing

operations. According to the PPA, Clean Air was required to invest a minimum of \$900,000 and they invested over \$1 million for a total project of \$1.3 million. In July 2010, Caterpillar acquired Clean Air Systems and Clean Air System repaid the City loan with interest for a total of \$111,753.42. Caterpillar then invested \$10.4 million to expand the facility by over 20,000 sq ft to bring it to the current 52,000 sq. ft. Clean Air System/Caterpillar, at its peak, was employing approximately 93 people at this facility. Without the investment by the City into the Caterpillar facility in 2006, this facility would not be available for this current expansion by Meow Wolf. The investment of LEDA funds in the City's economic development program stimulated the city economy for two different home grown businesses.

The proposed investment by the State and City, summarized below, would allow Meow Wolf to anchor its operations in Santa Fe and accelerate their growth. Consequently, they would establish Santa Fe as their world headquarters, rather than Austin or Denver who have been actively soliciting them to move to their cities. As part of this expansion, Meow Wolf will acquire the Caterpillar Building for its world headquarters. The Caterpillar Building is located in the Valdez Industrial Park at 2600 Camino Entrada. Meow Wolf will establish a creative studio as part of their headquarters facility, resulting in the stimulation of new arts, design, technology and creative content. It will also allow Meow Wolf to conduct research and development as well as the manufacturing of exhibits for export to regional and national markets.

Meow Wolf's corporate headquarters is projected to employ 267-317 people over five years, which includes 60 existing employees and 250-300 new employees. Meow Wolf will create a career path for these employees in manufacturing, fabrication, technology, digital media, management, and other production and design skill sets which will create a pipeline for local Santa Fe residents to acquire jobs, receive training and have opportunities for career advancement within Meow Wolf.

Item and Issue:

Meow Wolf is requesting \$850,000 from the State of New Mexico and \$250,000 from the City of Santa Fe in LEDA funds to acquire the building and build out the infrastructure and tenant improvements to the facility. If approved the LEDA funds will be reimbursed to Meow Wolf over a period of five years upon completion of job creation bench marks, tenant improvements and infrastructure to the facility. Specifically, the LEDA funds will be used for the following:

- a. Purchase and acquisition of land and building.
- b. Design, development and construction of building, infrastructure and tenant improvements to building and site.
- c. Design, development and construction of sound and video studio, excluding any equipment, at the site.
- d. Completion of building and installation of infrastructure to the building and site.

The total capital investment for the Project is \$5 million, of which Meow Wolf will contribute \$4 million. This will fuel an expansion that is anticipated to create at least 250 new economic base

jobs by the end of 2021, with average median earnings of \$46,000 per year in an area of our city where the average median wages are \$27,585*. If they create an additional 50 new jobs in the time frame, they will be entitled to a bonus of up to \$100,000 from the State, i.e. \$2,000 per job. The project will also stimulate the construction industry by generating an additional 42 direct construction jobs and approximately \$1,850,000 in construction payroll. The project is estimated to generate a total of \$5,633,700 in net revenues to the City.

**American Community Survey, US Census Bureau; Table S2001 – 2015 Earnings in the Past 12 Months.*

Action:

Ultimately, this economic development project will diversify Santa Fe's economy by creating high wage career path employment; it will bolster Santa Fe's innovation potential by spurring development of the experiential economy and will expand a locally created Santa Fe business. These three outcomes meet the objectives and goals of the Economic Development Implementation Strategy adopted by the City Council in 2008. Furthermore, Meow Wolf has and will continue to be a pipeline for local high school internships and jobs for new graduates from SFCC, IAIA and St. John's.

The Meow Wolf project was unanimously recommended for approval by Economic Development Review Sub-Committee (EDRC Sub-Committee) at the June 26th meeting. Staff recommends approval of the project participation agreement, intergovernmental agreement, budget adjustment request and supporting documents for \$1,100,000 in grant monies from the City of Santa Fe LEDA fund. The NM Economic Development Department will transfer \$850,000 to the City of Santa Fe's LEDA fund once the project participation and intergovernmental agreements are approved and executed.

1 CITY OF SANTA FE, NEW MEXICO

2 BILL NO. 2017-18

3 INTRODUCED BY:

4
5 Mayor Javier M. Gonzales

6 Councilor Signe I. Lindell

7 Councilor Mike Harris

8
9
10 AN ORDINANCE

11 RELATING TO THE CITY OF SANTA FE ECONOMIC DEVELOPMENT PLAN
12 ORDINANCE, ARTICLE 11-11 SFCC 1987; APPROVING AND ADOPTING A LOCAL
13 ECONOMIC DEVELOPMENT PROJECT PARTICIPATION AGREEMENT BETWEEN
14 THE CITY OF SANTA FE AND MEOW WOLF, INC. FOR ACQUISITION AND
15 EXPANSION OF A NEW PRODUCTION AND CULTURAL FACILITY, A LOCAL
16 ECONOMIC DEVELOPMENT PROJECT.

17
18 BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:

19 Section 1. Short Title. This Ordinance shall be known as the "Meow Wolf" Local
20 Economic Development Project Ordinance."

21 Section 2. Recitals.

22 A. The Local Economic Development Act, Sections 5-10-1 et. seq. NMSA 1978 explicitly
23 permits municipalities to assist qualifying entities with economic development projects through the use
24 of public resources; and

25 B. The City of Santa Fe has complied with the requirements of the Local Economic

1 Development Act by adopting an Economic Development Fund Ordinance (11-14 SFCC (1987)),
2 incorporating within that ordinance its community economic development plan and its economic
3 development strategy for implementation dated May 21, 2008; and

4 C. Meow Wolf, Inc. ("Qualifying Entity") is a cultural facility as a Creative Studio and
5 Digital Media laboratory that serves the public by educating and promoting the arts and culture of Santa
6 Fe under the Economic Development Ordinance. Meow Wolf's studio creates economic base jobs as
7 a cultural facility by educating and promoting the arts.

8 D. The State of New Mexico has appropriated \$850,000 from the New Mexico LEDA
9 Fund and the City of Santa Fe has provided \$250,000 from the Local Economic Development Fund to
10 the project to purchase a building, land and construct the tenant improvements associated with the
11 physical expansion of the facility. Additionally the funds will be utilized to improve or construct
12 infrastructure to provide service to the facility at 2600 Camino Entrada in Santa Fe, New Mexico which
13 includes water, sewer, natural gas, telecommunications, broadband connectivity and other
14 infrastructure necessary to provide service to the facility. This project identified as the "Project" is a
15 creative studio which is defined as cultural facility that will expand the tax base and generate more
16 taxes, fees and other revenues for the State of New Mexico and City of Santa Fe.

17 E. The new facility will in part be used to manufacture goods or products.

18 **Section 3. Findings.** The governing body hereby finds:

19 A. The City of Santa Fe has determined that it is in the interest of the welfare of the
20 citizens of Santa Fe to enter into an Economic Development Project Participation Agreement for the
21 purposes of effectuating its Economic Development Plan and the Project.

22 B. In compliance with the City's Economic Development Fund Ordinance, 11-14 SFCC
23 (1987), this Project Participation Agreement between Meow Wolf, Inc. and the City clearly state the
24 following:

25 (1) The economic development goals of the project;

- (2) The contributions of the City and Meow Wolf, Inc.;
- (3) The specific measurable objectives upon which the performance review will be based;
- (4) A schedule for project development and goal attainment;
- (5) The security being offered for the City's investment;
- (6) The procedures by which the Project may be terminated and the City's investment recovered;
- (7) The time period for which the City shall retain an interest in the Project; and
- (8) Meow Wolf, Inc. is a qualifying entity; and
- (8) A "sunset" clause after which the City shall relinquish interest in and oversight of the project.

Section 4. Approval and Adoption of the Project Participation Agreement. The governing body hereby approves the 2017 PPA (attached as Exhibit A) whereby the City will be the Fiscal Agent for the State Legislative appropriation of \$850,000 and for the \$250,000 in City Funds. The City will pass through the State Legislative appropriation of \$850,000 and the City funds of \$250,000 to the Meow Wolf Inc. and the funds will be used to purchase a building and land to be used as a creative studio which is a cultural facility and thus will expand the tax base and generate more taxes, fees and other revenues for the State of New Mexico and City of Santa Fe.

Section 5. Severability Clause. If any section, paragraph, clause, or provision of this ordinance, or any section, paragraph, clause, or provision of any regulation promulgated hereunder shall for any reason be held to be invalid, unlawful, or unenforceable, the invalidity, illegality, or unenforceability of such section, paragraph, clause, or provision shall not affect the validity of the remaining portions of this ordinance or the regulation so challenged.

Section 6. Effective Date. This ordinance shall become effective immediately upon adoption.

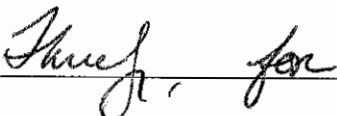
1 PASSED, APPROVED and ADOPTED this _____ day of _____, 2017.

2
3
4 JAVIER M. GONZALES, MAYOR

5
6 ATTEST:

7
8
9 YOLANDA Y. VIGIL, CITY CLERK

10 APPROVED AS TO FORM:

11
12 
13 KELLEY A. BRENNAN, CITY ATTORNEY

City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. **General Information**

(Check) Bill: X Resolution: _____

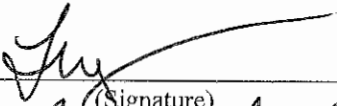
(A single FIR may be used for related bills and/or resolutions)

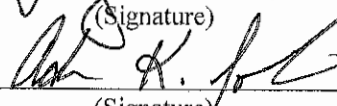
Short Title(s) AN ORDINANCE RELATING TO THE CITY OF SANTA FE ECONOMIC DEVELOPMENT PLAN ORDINANCE, ARTICLE 11-11 SFCC 1987; APPROVING AND ADOPTING A LOCAL ECONOMIC DEVELOPMENT PROJECT PARTICIPATION AGREEMENT BETWEEN THE CITY OF SANTA FE AND MEOW WOLF, INC. FOR ACQUISITION AND EXPANSION OF A NEW PRODUCTION AND CULTURAL FACILITY, A LOCAL ECONOMIC DEVELOPMENT PROJECT.

Sponsor(s): Mayor Gonzales, Councilors Lindell and Harris

Reviewing Department(s): Economic Development

Persons Completing FIR: Fabian Trujillo Date: 6/22/2017 Phone: (505) 955-6912

Reviewed by City Attorney:  Date: June 22, 2017
(Signature)

Reviewed by Finance Director:  Date: 6.22.17
(Signature)

Section B. **Summary**

Briefly explain the purpose and major provisions of the bill/resolution:

The project ordinance, project participation agreement (PPA) and intergovernmental agreement (IGA) will be used to provide grant monies to Meow Wolf, Inc for a Creative Studio and production facility at 2600 Camino Entrada. The grant monies will be used to purchase a building, land, install infrastructure and construct the tenant improvement for this cultural facility. They will also be used for the buildout of the Creative Production Studio. The city will receive \$850,000 in NM LEDA funds from the New Mexico Economic Development Department which will be approved through an IGA. The city will match the \$850,000 with \$250,000 from the City of Santa Fe Economic Development Fund. The city will be the fiscal agent for the project. The City and Meow Wolf, Inc. will enter into a PPA for 10 years. Meow Wolf has agreed to create 250 jobs at an average wage of \$46,000 per year. Meow Wolf will receive \$750,000 for the 250 jobs. If 50 additional jobs are created by December 31, 2020, Meow Wolf will receive an additional \$100,000 in bonus money or \$2,000 per job. The project is expected to generate a total of \$5,633,700 in net revenues to the City in gross receipts, property taxes and other fees.

Section C. **Fiscal Impact**

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)

Finance Director: _____

c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)

b. Indicate: “A” if current budget and level of staffing will absorb the costs
“N” if new, additional, or increased budget or staffing will be required

c. Indicate: “R” – if recurring annual costs
“NR” if one-time, non-recurring costs, such as start-up, contract or equipment costs

d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns

e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

_____ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY 2017-2018	“A” Costs Absorbed or “N” New Budget Required	“R” Costs Recurring or “NR” Non-recurring	FY 2018-19, FY 2019-20, and FY2020-21.	“A” Costs Absorbed or “N” New Budget Required	“R” Costs – Recurring or “NR” Non-recurring	Fund Affected

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____
Professional Services	\$ _____	_____	_____	\$ _____	_____	_____	_____
PPA	\$625,000	A	NR	\$ 475,000	A	NR	22116
Total:	\$625,000			\$ 475,000			

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

a. To indicate new revenues and/or

b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6	
	Type of Revenue	FY 2017-2018		“R” Costs Recurring or “NR” Non-recurring	FY 2018-19, FY 2019-20, and FY2020-21.	“R” Costs – Recurring or “NR” Non-recurring	Fund Affected

NMEDD	\$550,000	_____	\$ NR	\$300,000	NR	
LEDA Grant						
Total:	\$ 550,000		\$ NR			

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

The City will receive \$850,000 from the NM LEDA Fund. The City will match the NM LEDA monies with \$250,000 from the City Economic Development Fund. The monies from NMEDD will be received in four tranches of the following: \$550,000 in FY 2017-18; \$150,000 in FY 2018-19, \$42,500 in FY 2019-20 and \$107,500 in FY 2020-21. The NM LEDA Funds will be transferred into the City Economic Development Fund. The monies will be utilized to purchase land, a building, construct the tenant improvements and install infrastructure for the creative production studio. Meow Wolf, Inc. will contribute \$4,000,000 to the balance of the project. The costs of overseeing the Project Participation Agreement and serving as the fiscal agent will be absorbed by existing personnel. NMEDD and the city have coordinated the benchmarks and deliverables to disburse the funds to Meow Wolf. The City's disbursement schedule of monies will correspond with NMEDD in the following manner: FY 2017-2018 - \$75,000, FY 2018-2019 - \$100,000, FY 2019-2020 - \$50,000 and FY 2020-2021 - \$25,000. Meow Wolf will receive the monies only when they meet the job creation and construction benchmarks identified in the PPA.

Section D. General Narrative

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

This bill does not conflict with any introduced bill. It would stimulate the Arts & Culture and Tourism sectors of Santa Fe economy.

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

The consequences of not enacting this bill would jeopardize the establishment of Meow Wolf's Headquarters and Creative Production facility in Santa Fe. 250-300 jobs will not be created and the immersive arts market will not be stimulated in Santa Fe. The project will enhance the revenues to the city in the form of gross receipts taxes, property taxes, lodgers taxes, utility fees and other fees.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

Meow Wolf, Inc has been operating in Santa Fe for a little over a year. They currently employ 60 people of which 17 are economic based jobs in the Creative Studio at their current location. This expansion allows Meow Wolf to maintain its Corporate Headquarters in Santa Fe and provides a venue for research and development. Exhibits produced at the new facility will be exported to regional and national markets in cities such as Austin, TX and Denver, CO. This activity will directly stimulate new arts, design, technology and creative content. The expansion will result in the hiring of 250-300 new employees with an average wage of \$46,000 per year. The project will also stimulate the construction industry by generating an additional 42 direct construction jobs and approximately \$1,850,000 in construction payroll. The project is estimated to generate a total of \$5,633,700 in net revenues and benefits to the City.

**CITY OF SANTA FE
ECONOMIC DEVELOPMENT
PROJECT PARTICIPATION AGREEMENT**

THIS PROJECT PARTICIPATION AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 2017, by and between the City of Santa Fe, a municipal corporation (hereinafter referred to as the "City") and Meow Wolf, Inc., a Delaware Corporation registered as a foreign profit corporation in the State of New Mexico (hereinafter referred to as the "Qualifying Entity" or "Q/E").

WHEREAS, the State of New Mexico has deemed it in the best interest of the citizens of New Mexico to enact the Local Economic Development Act (LEDA) (N.M. Stat. Ann. 5-10-1 *et seq.* (1978));

WHEREAS, LEDA explicitly permits municipalities to assist qualifying entities with economic development projects through the use of public resources;

WHEREAS, the City has complied with LEDA requirements by adopting an economic development plan ordinance incorporating within that ordinance its community economic development plan (11-11 SFCC (1987)), called the Community Economic Development Plan and Economic Development Strategy for Implementation dated May 21, 2008;

WHEREAS, Meow Wolf, Inc. is a "qualifying entity" under LEDA and the Economic Development Ordinance in that it is a "business in a primary industry that creates economic base jobs which is defined as a company that manufactures, assembles or processes goods or products" (§ 11-11.4 (A) SFCC (1987)); and is "a cultural facility." (NMSA 1978, § 5-10-3 (B) and (I); § 11-11.4 (G) SFCC (1987));

WHEREAS, all requirements under the Economic Development Ordinance have been fulfilled;

WHEREAS, the Q/E has submitted an application ("Application") to the City for assistance under the Economic Development Plan Ordinance (11-11 SFCC (1987)) and for the City to act as fiscal agent for the grant monies ("Grant Monies") granted by the City through its Office of Economic Development and through the New Mexico Economic Development Department;

WHEREAS, in the Application, the Q/E proposed an "economic development project" compliant with LEDA, in that it will use the Grant Monies for construction costs and materials associated with the physical expansion of its facilities and to improve or construct infrastructure, including water, sewer, natural gas, telecommunications, broadband connectivity, roads and other infrastructure necessary to provide service to the facility (the "Project") located at 2600 Camino Entrada, Santa Fe, New Mexico, 87507;



WHEREAS, the City has determined that it is in the interest of the welfare of the citizens of the City to enter into this Agreement for the purposes of effectuating its economic development plan;

WHEREAS, the City's total maximum contribution to the Project is Two Hundred Fifty Thousand Dollars (\$250,000); the State of New Mexico's contribution to the Project will not exceed Eight Hundred Fifty Thousand Dollars (\$850,000) from the New Mexico LEDA Fund ("NM LEDA Fund") pursuant to an intergovernmental agreement between the City and the State to be executed soon after the execution of this Agreement; and the Q/E shall contribute at least Four Million Dollars (\$4,000,000) to the Project; and

WHEREAS, the Project addresses the following objectives from the Santa Fe Economic Development Implementation Strategy as adopted by City Resolution 2008-42: "Diversify the Santa Fe Economy with an emphasis on high wage jobs and career paths;" "Pursue overall affordability where local wages can support living in Santa Fe (reduce leakage);" and "Bolster Santa Fe's leadership position and/or potential in innovation."

WHEREAS, this Agreement clearly provides the following as required by LEDA and the Economic Development Plan Ordinance: (1) the economic development goals of the Project; (2) the contributions of the City, State and the Q/E; (3) the specific measurable objectives upon which the performance review will be based; (4) a schedule for project development and goal attainment; (5) the security being offered for the City's and State's investment; (6) the procedures by which the project may be terminated and the City's investment recovered; (7) the time period for which the City shall retain an interest in the Project; (8) a "sunset" clause after which the City shall relinquish interest in and oversight of the Project; and (9) that the Qualifying Entity is a qualifying entity.

NOW THEREFORE, in consideration of the foregoing, the following and other good and valuable consideration, the receipt of which is hereby acknowledged the undersigned parties hereby agree as follows.

1. CONTRIBUTIONS OF THE CITY, THE STATE AND THE Q/E

A. Contributions of the State and the City. The maximum grant monies that may be disbursed under this Agreement shall be \$1,100,000 as described below:

(1) City Contribution. This Agreement governs the City's contribution to the Project. The City shall reimburse the Q/E in the amount of up to Two Hundred Fifty Thousand Dollars (\$250,000) for the purchase of land, infrastructure to building and site, design, development, installation of infrastructure and construction of tenant improvements to the facility.

(2) State Contribution: This Agreement governs the State's contribution of up to Eight Hundred Fifty Thousand Dollars (\$850,000) from the NM LEDA Fund by way of the New Mexico Economic Development Department. The City will serve as fiscal agent pursuant to the Intergovernmental Agreement between the City and State, which is in substantial form as

Attachment “E”, the terms of which are incorporated into this Agreement. The State monies will be available for disbursement in the following tranches upon completion of the disbursement milestones:

- (a) \$550,000 by December 31, 2017 upon the creation of 50 new Job Training Incentive Program (“JTIP”, under NMAC 5.5.50 *et seq.*) eligible jobs and the completion of Phase I of the Construction Schedule in **Appendix “B”**;
- (b) \$150,000 by December 31, 2018 upon the creation of 75 new JTIP eligible jobs for a total of 125 new jobs and the completion of Phase II of the Construction Schedule in Attachment “B”;
- (c) \$42,500 by December 31, 2019 upon the creation of 75 new JTIP eligible jobs for total of 200 new jobs and completion of the Phase III of the Construction Schedule in Attachment “B”;
- (d) \$7,500 by December 2021 upon the completion of the final performance audit and close out; and

A bonus will be disbursed at a rate of \$2,000 per JTIP eligible job for a maximum of \$100,000 for at least 50 jobs, for each job created by the end of the year 2020 and retained until the end of the year 2021, in excess of the 250 JTIP eligible jobs requirement, in accordance with Attachment A.

(3) Disbursement of Grant Monies: Dispersal of the NM LEDA Funds by the State and the City’s economic development funds are contingent upon the following:

(a) The City and the New Mexico Economic Development Department shall execute an intergovernmental agreement for the State to grant up to \$850,000 to the City as fiscal agent for the Project; and

(b) The Q/E shall submit to the City for review, a cover letter, invoice, proof of payment, and supporting documentation of the completion of each Project phase, and disbursement shall be made on a reimbursement basis of eligible costs under the LEDA, as further limited below:

- (i) Purchase and acquisition of land and building;
- (ii) Design, development and construction of building, infrastructure and tenant improvements to building and site;
- (iii) Design, development and construction of sound and video studio, excluding any equipment, at the site; and
- (iv) Completion of building and installation of infrastructure to the building and site.

It is expressly understood that any costs eligible for reimbursement must be incurred after this Agreement is in effect.

(c) The City shall reimburse to the Q/E the Two Hundred Fifty Thousand Dollars (\$250,000) in City Grant Monies. The City monies will be available for disbursement in the following tranches:

- i. \$75,000 by the end of June 30, 2018, after the completion of Phase I of the Construction Schedule in Attachment "B";
- ii. \$100,000 by the end of June 30, 2019, after the completion of Phase II of the Construction Schedule in Attachment "B";
- iii. \$50,000 by the end of June 30, 2020, after the creation of 200 new jobs as referenced in the Job Creation Commitment and Schedule in Attachment "A"; and
- iv. \$25,000 by the end of June 30, 2021, after the creation of 50 additional jobs for a total of 250 jobs as referenced in the Job Creation Commitment and Schedule in Attachment "A".

(4) If Grant Monies from the City and State do not fully fund the Project; the Q/E shall contribute any additional funds necessary to fund the remainder of the Project.

B. Contributions of the Q/E.

(1) Financial Investment: The Q/E shall contribute Four Million Dollars (\$4,000,000) or more in matching funds to complete the Project.

(2) Project Management: Unless otherwise specified in this Agreement, the Q/E shall be responsible for managing all parts of the Project.

(3) JTIP Eligible Employment: The start date for employment of JTIP eligible jobs is January 1, 2017. The Q/E shall provide a signed affidavit to the City upon execution of this Agreement certifying that on December 31, 2016, Q/E had 17 baseline JTIP eligible jobs. By December 31, 2021, the Q/E will have directly created 250 JTIP eligible jobs that have been retained by the Q/E for at least one year and meet the schedule of job creation and minimum average wages pursuant to **Attachment "A"**. JTIP eligible jobs are defined as follows:

Jobs eligible for JTIP must be newly created jobs, full-time (minimum of 32 hours/week), and year-round. Eligible positions include those directly related to the creation of the product or service provided by the company to its customers. In addition, other newly created jobs not directly related to production may be eligible. The number of these jobs is limited to twenty percent of the total number of jobs applied for in the JTIP proposal, and may include non-executive, professional support positions. (*see 5.5.50.6(B) NMAC*).

The Project is anticipated to generate \$178,928,832 in direct salaries for existing and expanded operations over ten years. The total estimated direct economic output for the expansion of the facility is \$696,577,654 over ten years, as is further described in the Economic Impact Report (See page 4 of **Attachment "C"**).

(4) Expanded Tax Base: As a result of the completion of the Project, the Q/E will generate contributions to the City's tax base, as enumerated in the Economic Impact Report. Annual tax revenues for the City generated by this Project (including property taxes, gross

receipts taxes, utility fees, utility franchise fees, lodger's taxes and other use taxes) are estimated \$5,633,700 over ten years. (See pp. 10 of Economic Impact Report of Attachment "C".)

(5) Proportional Investment: The Q/E at its discretion may decide to not accept the entire \$1,100,000 in grant monies for the Project. If the Q/E does not accept the entire granted monies, then the capital investment and job creation requirements would then decrease proportionally to the level of grant monies accepted. The Q/E shall notify the City 30 days prior to its decision.

2. PERFORMANCE REVIEW AND CRITERIA – ECONOMIC DEVELOPMENT GOALS

A. Economic Development Goals. The following Project and Economic Development Goals shall be fulfilled by the Q/E:

(1) By the end of the year 2019, the Q/E shall employ at least two hundred (200) new full-time equivalent employees in the City of Santa Fe, while retaining the prior employment, and in accordance with the minimum average wage in the Job Creation Commitment and Schedule. See **Attachment "A"**.

(2) By the end of the year 2021, the Q/E shall employ no fewer than two hundred fifty (250) new full-time equivalent employees in the City of Santa Fe, while retaining the prior employment figures, in accordance with the minimum average wage data points in Attachment A.

(3) If the Q/E employs more than 250 full-time equivalent jobs by December 31, 2020, then the Q/E shall be entitled to a bonus of Two Thousand Dollars (\$2,000) per job for up to 50 jobs for maximum amount of One Hundred Thousand Dollars (\$100,000), in accordance with Attachment A.

(4) The Q/E's contribution as set forth in Paragraph 1.B herein, is incorporated into the Economic and Development Goals.

B. Reports; Certifications; Review.

(1) Quarterly Reports. During the term of this Agreement, the Q/E shall provide to the Office of Economic Development staff quarterly reports in the months of January, April, July and October of each year. The Q/E's quarterly reports shall clearly indicate how the Q/E has met the job creation requirements in **Attachment A**, and the taxes generated and other indices contained in the Economic Impact Report (see Attachment D for recommended form) Quarterly reports shall be in the form of an affidavit signed by an officer of the Q/E. Quarterly reports shall include a copy of FORM ES-903 provided by the Q/E to the City, which the Q/E filed with the New Mexico Department of Workforce Solutions, to demonstrate compliance with this Agreement at each review cycle. In the quarterly report, the Q/E shall include number of JTIP eligible jobs and the average wage of the new employees. The City's review of the

quarterly reports shall determine whether the Q/E is in compliance with this Agreement and is substantially achieving the goals and objectives herein.

(2) Annual Reports. The City may require the Q/E to provide annual reports to the City's governing body and the Economic Development Advisory Committee (EDAC). The City will give the Q/E a minimum of 30 days' notice if reports to the governing body or EDAC are required. City staff shall review these reports to ensure the Q/E's compliance with this Agreement in accordance with the Job Creation Commitment and Schedule.

(3) Expanded Tax Base Report: Within a reasonable time after completion of the construction of the facilities, but in any event by the next quarterly report, the Q/E shall provide to the City a written report on the construction jobs and wages created and the economic impacts thereof.

(4) Certification of Non-Interest. The Q/E shall certify to the City that no member, officer, or employee of the City or its designees or agents, no member of the governing body of the locality of which the program is situated, and no other public official that exercises any functions or responsibilities with respect to the Project during his/her tenure, or for one year thereafter, has any interest, direct or indirect, in the Q/E or any contract or subcontract, or the process thereof, for work to be performed in connection with the Project that is the subject of this Agreement. The Q/E shall certify that such a provision shall be included in all contracts and subcontracts in connection with the Project.

D. Documentation of Completion of Construction Phases: Within a reasonable time after completion of each phase listed in Paragraph 1.A (3) (b) and (c) herein, the Q/E shall provide documentation of its completion to the City's Office of Economic Development. The Q/E shall provide documentation to the City that construction of the facilities was completed by January 31, 2019. See Construction Schedule, attached as **Attachment "B"**.

3. RECAPTURE PROVISIONS FOR PUBLIC MONIES

A. If any Economic Development Goal set forth in Paragraph 2.A is not met and documented in a manner deemed satisfactory by the City, the Q/E shall be deemed in default ("Default") and within 60 days of the City receiving the quarterly report with the information of such Default, the City shall send a written Notice of Default to the Q/E informing the Q/E how many days it has to cure the Default or repay the Grant Monies disbursed in proportion to the Economic Development Goals not yet achieved.

B. If the Q/E remains noncompliant after any applicable cure period, then the City may elect to pursue any and all remedies available in law or equity, including but not limited to initiating foreclosure of the security interest or demanding timely repayment by the Q/E of the Grant Monies in proportion to the unmet goals, as the City in its sole discretion may determine subject to reasonable calculations

C. In the event the Q/E ceases operations and closes its facility before the end of year three of this Agreement, the Q/E shall be deemed in Default and the Q/E shall reimburse 100% of all

Grant Monies disbursed to the Q/E to the City of Santa Fe Economic Development Fund as identified in 11-14 SFCC (1987).

4. Q/E BUYOUT

The Q/E may, at its election, buyout and thereby terminate this Agreement by repaying in full to the City all Grant Monies. Such repayment by the Q/E shall be without penalty until and unless the City initiates claw back of the Grant Monies, at which point costs, expenses (including City staff time) and attorney's fees will accrue to the repayment amount.

The Q/E must send prior written notice to the City of the Q/E's intent to repay in full the Grant Monies at least 45 days prior to the Q/E's repayment. The City's receipt of the Q/E's repayment of all disbursed Grant Monies (including any costs, fees and expenses resulting from claw back proceedings) constitutes satisfaction of the Q/E under this Agreement, upon which the Q/E may request release of the security interest, and the City will release the security interest within a reasonable time after receiving the Q/E's written request.

Within 30 days of receiving such notice from the Q/E, the City will notify the New Mexico Economic Development Department of the Q/E's intent to exercise the buyout clause. The City will reimburse the New Mexico Economic Development Department its portion of the repaid Grant Monies within 60 days after the City receives the repaid monies from the buyout.

5. SECURITY FOR CITY'S INVESTMENT; CLAWBACK

This is a grant project only, with the City acting as fiscal agent. The Q/E has no loan obligations for repayment to the City or State, but is obligated to fulfill the Economic Development Goals of this Agreement, however if the Q/E is found by the City to be in default, then the City may elect to demand financial reimbursement by the Q/E.

A condition precedent to this PPA is securitization of the Grant Monies which may be clawed back if the Q/E fails to meet its performance goals under this PPA. As security for fulfilling the Economic Development Goals, before the City may disburse any appropriations to the Q/E, the amount of Public Monies to be reimbursed shall be securitized in a manner satisfactory to the City. The expected securitization method is an irrevocable stand-by letter of credit from an issuing financial institution, with the City as beneficiary, from which the City may immediately draw down upon the City's presentation of a demand for payment and evidence of Q/E's default ("Irrevocable Letter of Credit"). This Irrevocable Letter of Credit shall have automatic one-year extensions terminable at the sole option and discretion of the City. At any given time, the Irrevocable Letter of Credit must secure an amount, and the City shall be able to draw down an amount, at least equal to the amount of appropriations made to the Q/E for the Project, the maximum being \$1,100,000. Funds from the Irrevocable Letter of Credit may be drawn in one drawing or from time-to-time in or one or more partial drawings on or before the expiration date.

Attached hereto and incorporated herein is **Attachment A**, which sets forth the clawback terms.

During the term of this Agreement, the Q/E may request a full or partial release of the Irrevocable Letter of Credit by the substitution of collateral, repayment of the disbursed appropriation or proof that the Q/E has met the Contribution and Economic Development Goals, in part or in whole, under this Agreement. Any full or partial release of the Letter of Credit will be proportional to the value of the substitute collateral, repayment, or the portion of Economic Development Goals met which are no longer subject to clawback according to Attachment A. Acceptance of substitute collateral or proof of performance goals shall be within the City's sole and absolute discretion.

6. **TERM; SUNSET**

This Agreement shall remain in force for 10 years from the execution date of the Agreement, or until conditions of the Agreement are performed in full or to the satisfaction of the City, whichever is earlier. In the event the Q/E performs or exceeds the required performance levels contained in this Agreement, as may be determined by the City, this Agreement may be terminated at that time in writing by the City pursuant to Paragraph 7, below.

This Agreement will not be deemed terminated and this Agreement will remain in effect unless and until the City determines that the objectives under this Agreement have been fulfilled and a closure letter by the City is provided to the Q/E.

7. **TERMINATION**

This Agreement may be terminated by the City upon written notice delivered to the Q/E at least 45 days prior to the intended date of termination in the event that the Q/E ceases to operate the Project in accordance with the terms of this Agreement. If the Q/E is found to not be in substantial compliance with the Agreement, the City reserves the right to terminate the Agreement and recall in full the Grant Monies.

The Q/E may terminate the Agreement by pre-paying in full to the City and without penalty any Grant Monies disbursed to the Q/E. The Q/E must send a written letter to the City giving notice of its intent to pre-pay the Grant Monies in full within 45 days prior to the Q/E's intent to repay in full the Grant Monies

8. **STATUS OF THE Q/E**

The Q/E, and its agents and employees are not employees of the City. The Q/E, and its agents and employees, shall not accrue leave, retirement, insurance, bonding, use of City vehicles or any other benefits afforded to employees of the City as a result of this Agreement. The Q/E shall be solely responsible for payment of wages, salaries and benefits to any and all employees or subcontractors retained by Contractor in the performance of the services under this Agreement.

9. **ASSIGNMENT AND SUCCESSORS; BINDING EFFECT**

A. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors in interest by way of merger, acquisition, or otherwise and their permitted assigns.

B. The Q/E shall not assign or transfer any of its rights, privileges, obligations or other interest under this Agreement, voluntarily or involuntarily, whether by merger, consolidation, dissolution, operation of law or any other matter, including any claims for money due or to become due under this Agreement, without the prior written approval of the City.

C. Any purported assignment of rights in violation of subsection (B) is void.

10. **INDEMNIFICATION; LIABILITY**

It is expressly understood and agreed by and between the Q/E and the City that the Q/E shall defend, indemnify and hold harmless the City for all losses, damages, claims or judgments on account of any suit, judgment, execution, claims, actions or demands whatsoever resulting from the Q/E's actions or inactions as a result of this Agreement, as well as the actions or inactions of Q/E's employees, agents, representatives and subcontractors as a result of this agreement. The Q/E shall maintain adequate insurance in at least the aggregate maximum amounts which the City could be liable consistent with the provisions of the New Mexico Tort Claims Act. It is the sole responsibility of the Q/E to be in compliance with the law.

11. **INSURANCE**

A. The Q/E, at its own cost and expense, shall carry and maintain in full force and effect during the term of this Agreement, comprehensive general liability insurance covering bodily injury and property damage liability, in a form and with an insurance company acceptable to the City, with limits of coverage in the maximum amount which the City could be held liable under the New Mexico Tort Claims Act for each person injured and for each accident resulting in damage to property. Such insurance shall provide that the City is named as an additional insured and that the City shall be notified no less than 30 days in advance of cancellation for any reason. The Q/E shall furnish the City with a copy of a "Certificate of Insurance" as a condition prior to performing under this Agreement.

B. The Q/E shall also obtain and maintain Workers' Compensation insurance, required by law, to provide coverage for Q/E's employees throughout the term of this Agreement. The Q/E shall provide the City with evidence of its compliance with such requirement.

12. **NEW MEXICO TORT CLAIMS ACT**

Any liability incurred by the City of Santa Fe in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, Section 41-4-1, et seq. NMSA 1978, as amended. The City and its "public employees" as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense and do not waive any

limitation of liability pursuant to law. No provision in this Agreement modifies or waives any provision of the New Mexico Tort Claims Act.

13. **THIRD PARTY BENEFICIARIES**

By entering into this Agreement the parties do not intend to create any right, title or interest in or for the benefit of any person other than the City and the Q/E. No person shall claim any right, title or interest under this Agreement or seek to enforce this Agreement as a third party beneficiary of this Agreement.

14. **RECORDS AND AUDITS**

The Q/E shall maintain and keep in its possession throughout the term of this Agreement and for a period of six years thereafter, all related records, including but not limited to, all financial records, requests for proposals (RFPs), invitations to bid, selection and award criteria, contracts and subcontracts, advertisements, minutes of pertinent meetings, as well as records sufficient to fully account for the amount and disposition of the total funds from all sources budgeted hereunder, the purpose for which such funds were used, and other such records as the City or the State shall proscribe. The Q/E shall be strictly liable for receipts and disbursements related to the Project Grant Monies. These records shall be subject to inspection by the City, the New Mexico Economic Development Department, and the State Auditor upon notice within five business days. The City shall have the right to audit billings both before and after payment; payments under this Agreement shall not foreclose the right of the City to recover excessive illegal payments.

15. **APPROPRIATIONS**

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the City Governing Body and the New Mexico Economic Development Department on behalf of the Q/E to the City for the performance of this Agreement. If sufficient appropriations and authorization are not made by the City Governing Body and the New Mexico Economic Development Department on behalf of the Q/E to the City, this Agreement shall terminate upon written notice being given by the City to the Q/E.

16. **RELEASE**

The Q/E, upon final fulfillment of this Agreement, releases the City, its officers and employees, from all liabilities, claims, and obligations whatsoever arising from or under this Agreement. The Q/E agrees not to purport to bind the City to any obligation not assumed herein by the City unless the Q/E has express written authority to do so, and then only within the strict limits of that authority.

17. **CONFIDENTIALITY**

Any confidential information provided to or developed by the Q/E in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Q/E without the prior written approval of the City.

18. **CONFLICT OF INTEREST**

The Q/E warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under this Agreement. The Q/E further agrees that in the performance of this Agreement no persons having any such interests shall be employed.

19. **APPLICABLE LAW; CHOICE OF LAW; VENUE**

The Q/E shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the City of Santa Fe. In any action, suit or legal dispute arising from this Agreement, the Q/E agrees that the laws of the State of New Mexico shall govern. The Parties agree that any action or suit arising from this Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

20. **AMENDMENT**

This Agreement shall not be altered, changed or amended except by instrument in writing executed by the parties hereto.

21. **SCOPE OF AGREEMENT**

This Agreement incorporates all the agreements, covenants, and understanding between the parties hereto concerning the subject matter hereof, and all such covenants, agreements, and understandings have been merged into this written Agreement. This Agreement expresses the entire Agreement and understanding between the parties with respect to said performance. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in the Agreement.

22. **REPRESENTATIONS AND WARRANTIES**

A. The Q/E hereby warrants the Q/E is and will remain in compliance with the Americans with Disabilities Act, 29 CFR 1630. The Q/E hereby agrees to defend, indemnify and hold harmless the City from and against all claims, suits, damages, costs, losses and expenses in any manner arising out of or connected with the failure of the Q/E, its contractors and subcontractors, agents, successors, assigns, officers or employees to comply with provisions of the ADA or the rules and regulations promulgated there under the Americans with Disabilities Act, 29 CFR 1630.

B. The Q/E agrees to comply with the applicable provisions of local, state and federal equal employment opportunity statutes and regulations.

C. The Q/E shall comply with City of Santa Fe Minimum Wage, Article 28-1-SFCC 1987, as well as any subsequent changes to such article throughout the term of this Agreement.

23. **APPLICABLE LAW**

This Agreement shall be governed by the ordinances of the City of Santa Fe and the laws of the State of New Mexico.

24. **NON-DISCRIMINATION**

During the term of this Agreement, the Q/E shall not discriminate against any employee or applicant for an employment position to be used in the performance by the Q/E hereunder, on the basis of ethnicity, race, age, religion, creed, color, national origin, ancestry, sex, gender, sexual orientation, physical or mental disability, medical condition, or citizenship status.

25. **SEVERABILITY**

In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

26. **NOTICES**

Any notices required to be given under this Agreement shall be in writing and served by personal delivery or by mail, postage prepaid, to the parties at the following addresses:

If to the CITY OF SANTA FE:
City of Santa Fe
Attn: Office of Economic Development Director
P.O. Box 909
Santa Fe, NM 87504

If to QUALIFYING ENTITY:
Attn: Chief Executive Officer
Meow Wolf, Inc.
1352 Rufina Circle
Santa Fe, NM 87507

27. **HEADINGS**

The section headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

28. **ATTACHMENTS**

All attachments are fully incorporated herein and made a part of this Agreement.

29. **COUNTERPARTS**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

30. **REPRESENTATION ON AUTHORITY OF SIGNATORIES**

The signatory for the Q/E represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. The Q/E represents and warrants that the execution and delivery of the Agreement and the performance of the Q/E's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

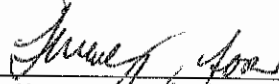
CITY OF SANTA FE:

Javier M. Gonzales, Mayor

ATTEST:


Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:



Kelley A. Brennan, City Attorney

APPROVED:



Adam Johnson, Finance Director

Business Unit Line Item

Employer ID Number: _____
City of Santa Fe Business ID Number: _____

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Notarized Affidavit

The foregoing instrument was acknowledged before me on this ____ day of _____, 2017, by VINCE KADLUBEK, the Chief Executive Officer and President of Meow Wolf, Inc., a foreign profit corporation, on its behalf.

Notary Public

My commission expires:

Attachment A

<i>Job Creation Commitment and Schedule (Net New Jobs)* ❖</i>					
<u>Year</u>	<u>Net New Jobs Hiring Target</u>	<u>Jobs Retained From Prior Years</u>	<u>Job Determination Period</u>		<u>Clawback % on Job Creation Shortfall^{^^^}</u>
1	+50	17 (starting headcount)	1-Jan-2017	31-Dec-2017	100%
2	+75 = 125	+50 = 67	1-Jan-2018	31-Dec-2018	100%
3	+75 = 200	+ 75 = 142	1-Jan-2019	31-Dec-2019	100%
4	+50 = 250	+ 75 = 217	1-Jan-2020	31-Dec-2020	50%
5	+0 = 250	+ 50 = 267	1-Jan-2021	31-Dec-2021	50%
Note	251-300 (Bonus)		-	31-Dec-2020	
Total	250				
Add'l Notes: All 250 new jobs and the 17 baseline jobs must be retained until December 31, 2021 for compliance. Any bonus tier job shall be achieved by Dec 31, 2020, and must be retained until December 31, 2021 to be eligible for the bonus.					
Starting Headcount (JTIP Eligible):		17	As of: December 31, 2016		

^{^^^} Clawback percentage is calculated on job creation shortfall at expiration or termination of the PPA, whichever is earlier. Clawback formula = (Job Creation % Shortfall) x (Cumulative Grant Monies Distributed), where Job Creation % Shortfall is $(1 - (\text{actual jobs} / \text{cumulative hiring target})) \times 100\%$.

* **Job eligibility:** All jobs created must meet JTIP eligibility criteria, must be newly created jobs, full-time (minimum of 32 hours/week), and year-round. Eligible positions include those directly related to the creation of the product or service provided by the company to its customers. In addition, other newly created jobs not directly related to production may be eligible. The number of these jobs is limited to twenty percent of the total number of jobs applied for in the JTIP proposal, and may include non-executive, professional support positions. (See 5.5.50.6(B) NMAC).

❖ Each job must have a minimum average salary of \$46,000, not including additional benefits. Wages of jobs retained from prior years must equal to or exceed the wage requirements for those jobs as described herein.

Attachment B

Meow Wolf, Inc.

Construction Schedule

<u>Estimated Completion Date</u>	<u>Description</u>
September 30, 2017	Phase I: Acquisition of Building and Land.
December 31, 2018	Phase II: Tenant Improvement – Upgrades to building exterior, interior, parking lot, office and workspace upgrades. Installation of infrastructure to and from facility which includes, broadband, utilities, security, electrical, roads and any infrastructure necessary for operations.
December 31, 2019	Phase III: Remaining building and infrastructure to facility, which includes any outstanding items such as studio for digital / animation / sound work, electrical upgrades, fire suppression, energy efficiency improvements, additional offices, grounds, etc.

EXECUTIVE SUMMARY

A REPORT OF THE ECONOMIC IMPACT OF MEOW WOLF CREATIVE STUDIOS IN SANTA FE, NM

May 26, 2017

Prepared by:
Elizabeth Davis
New Mexico Economic Development Department
Joseph Montoya Building
1100 S. St. Francis Drive
Santa Fe, New Mexico 87505



Prepared using Total Impact



PURPOSE & LIMITATIONS

This report presents the results of an analysis undertaken by the New Mexico Economic Development Department using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model is a customized software program licensed to the New Mexico Economic Development Department. The model includes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in New Mexico Economic Development Department's Total Impact User Guide.

The analysis relies on prospective estimates of business activity that may not be realized. New Mexico Economic Development Department made reasonable efforts to ensure that the project-specific data entered into the Total Impact model reflects realistic estimates of future activity.

No warranty or representation is made by New Mexico Economic Development Department or Impact DataSource that any of the estimates or results contained in this study will actually be achieved.



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Introduction

This report presents the results of an economic impact analysis performed using Total Impact, a model developed by Impact DataSource. The report estimates the impact that a potential project in Santa Fe may have on the state and local economy and estimates the costs and benefits for the state and local taxing districts over a 10-year period.

Description of the Project

The Economic Development Department wishes to understand Meow Wolf's economic benefit to New Mexico through the support of LEDA funding. Meow Wolf started in Year 1 with operations in Santa Fe with the opening of the tourist attraction called the House of Eternal Return. The report will assess the economic benefit Meow Wolf has on Santa Fe and New Mexico overall. In addition to its ongoing annual activity, we are adding Meow Wolf Inc. Creative Studios Manufacturing Center. This project can only be realized through LEDA support from New Mexico Economic Development Department and the City of Santa Fe. This would maintain Meow Wolf's development and corporate Head Quarters in Santa Fe, New Mexico. This is a manufacturing center in Santa Fe, New Mexico where Meow Wolf will manufacture for the next major market. The new headquarters will be used to create exhibits for export, R&D on new products, and other manufacturing developments that impact the immersive arts markets that the company is exploring. At the new location, new arts, technology and products are fabricated - manufactured for export outside of the state of New Mexico. This includes the manufacturing and production of exhibits that will be used in major markets across the United States, such as Denver and the Austin market, which have been identified as expansion sites. Also there are potential benefits of manufactured arts products, which may be sold retail/wholesale, including contract projects for artistic creations - such as manufactured products that are sold at national music festivals. Meow Wolf Inc. will purchase a 50,000 sq. ft. manufacturing facility just off of Airport Road where it will house the manufacturing operations supported by an additional 250 employees.

Existing & Expanded Operations

The Project under analysis represents the expansion of an existing company in the Santa Fe. The existing operations currently support 60.0 direct jobs in the community and 42.6 indirect and induced jobs. The direct workers earn \$38,000 per year and the company supports \$10.6 million per year in taxable sales and spending in the community. Additionally, the company supports taxable property valued at \$6.7 million annually. The table below illustrates the company's economic impact over the next 10 years - including both the existing and expanded operations.

Table 1. Economic Impact of Existing and Expanded Operations Over the Next 10 Years

	Existing Operations	Expansion	Existing & Expanded Ops
Economic Output			
Direct	\$134,454,544	\$562,123,111	\$696,577,654
Indirect & Induced	\$60,275,972	\$251,999,791	\$312,275,762
Total	\$194,730,515	\$814,122,901	\$1,008,853,417
Jobs			
Direct	60.0	350.0	410.0
Indirect & Induced	42.6	248.5	291.1
Total	102.6	598.5	701.1
Salaries			
Direct	\$24,965,362	\$153,963,470	\$178,928,832
Indirect & Induced	\$17,705,436	\$109,190,891	\$126,896,327
Total	\$42,670,798	\$263,154,361	\$305,825,159
Taxable Sales			
Direct	\$101,988,652	\$142,244,522	\$244,233,173
Indirect & Induced	\$3,859,167	\$23,799,807	\$27,658,975
Total	\$105,847,819	\$166,044,329	\$271,892,148

MEOW WOLF CREATIVE STUDIOS | ECONOMIC IMPACT

The table below illustrates the company's fiscal impact - the net benefits for local taxing districts - over the next 10 years - including both the existing and expanded operations.

Table 2. Fiscal Impact of Existing and Expanded Operations Over the Next 10 Years

	Net Benefits		
	Existing Operations	Expansion	Existing & Expanded Ops
State of New Mexico	\$7,642,330	\$28,742,933	\$36,385,262
Santa Fe	\$4,589,339	\$5,633,700	\$10,223,039
Santa Fe County	\$2,172,199	\$2,977,574	\$5,149,772
Santa Fe Public Schools	\$169,420	\$1,063,562	\$1,232,983
Special Taxing Districts	\$76,323	\$183,216	\$259,539
Total	\$14,649,610	\$38,600,985	\$53,250,595

The remainder of this report will focus on only the economic and fiscal impact associated with the expanded operations.

Economic Impact Overview

The Project's operations will support employment and other economic impacts in the state. The 350.0 workers directly employed by the Project will earn approximately \$50,000 per year initially. This direct activity will support 248.5 indirect and induced workers in the state earning \$50,000 on average. The total additional payroll or workers' earnings associated with the Project is estimated to be approximately \$263.2 million over the next 10 years.

Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the state, the Project is estimated to support approximately \$166.0 million in taxable sales over the next 10 years.

Table 3. Economic Impact Over the Next 10 Years Statewide

	Direct	Indirect & Induced	Total
Economic output generated by direct, indirect, and induced activity	\$562,123,111	\$251,999,791	\$814,122,901
Number of permanent direct, indirect, and induced jobs to be created	350.0	248.5	598.5
Salaries to be paid to direct, indirect, and induced workers	\$153,963,470	\$109,190,891	\$263,154,361
Taxable sales and purchases	\$142,244,522	\$23,799,807	\$166,044,329

MEOW WOLF CREATIVE STUDIOS | ECONOMIC IMPACT

The project is not expected to result in a consequential increase in the state's population. A majority of newly hired employees would likely be current New Mexico residents. However, it is estimated that approximately 20.0% of the new direct workers may be new residents to Santa Fe County. The local population impacts may result in new residential properties constructed in the county and increase the enrollment of local public schools.

Table 4. Population Impacts Over the Next 10 Years for the County

	Direct	Indirect & Induced	Total
Number of direct, indirect, and induced workers who will move to the County	70.0	26.6	96.6
Number of new residents in the County	182.0	69.3	251.3
Number of new residential properties to be built in the County	7.1	2.7	9.8
Number of new students expected to attend local school district	35.0	13.3	48.3

The Project is estimated to support an average of approximately \$4.1 million in new non-residential taxable property each year over the next 10 years. The taxable value of property supported by the Project over the 10-year period is shown in the following table.

Table 5. Value of Taxable Property Supported by the Project Over the Next 10 Years

Year	The Project's Property					Total Residential & Nonresidential Property
	New Residential Property	Land	Buildings & Other Real Prop. Improvements	Furniture, Fixtures, & Equipment	Subtotal Nonresidential Property	
1	\$90,900	\$0	\$0	\$1,000,000	\$1,000,000	\$1,090,900
2	\$185,436	\$233,333	\$1,000,000	\$1,566,667	\$2,800,000	\$2,985,436
3	\$283,717	\$338,000	\$1,253,333	\$2,066,667	\$3,658,000	\$3,941,717
4	\$385,855	\$344,760	\$1,278,400	\$2,500,000	\$4,123,160	\$4,509,015
5	\$491,965	\$351,655	\$1,637,301	\$2,533,333	\$4,522,290	\$5,014,255
6	\$602,166	\$358,688	\$1,670,047	\$2,533,333	\$4,562,069	\$5,164,235
7	\$716,577	\$365,862	\$2,036,782	\$2,500,000	\$4,902,644	\$5,619,221
8	\$730,909	\$373,179	\$2,077,517	\$2,433,333	\$4,884,030	\$5,614,939
9	\$745,527	\$380,643	\$2,452,401	\$2,333,333	\$5,166,377	\$5,911,904
10	\$760,437	\$388,256	\$2,834,782	\$2,300,000	\$5,523,038	\$6,283,475

The taxable value of residential property represents the value of properties that may be constructed as a result of new workers moving to the community.

This analysis assumes the residential real property appreciation rate to be 2.0% per year. The Project's real property is assumed to appreciate at a rate of 2.0% per year. The analysis assumes the Project's furniture, fixtures, and equipment will depreciate over time according to the depreciation schedule shown in Appendix A.

Temporary Construction Impact

The Project will include an initial period of construction lasting 0 year(s) where \$3.7 million will be spent to construct new buildings and other real property improvements. It is assumed that 50.0% of the construction expenditure will be spent on materials and 50.0% on labor. The temporary construction activity will support temporary economic impacts in the community in the form of temporary construction employment and sales for local construction firms.

Table 5. Spending and Estimated Direct Employment Impact of Project-Related Construction Activity

	Amount
Total construction expenditure	\$3,700,000
Materials	\$1,850,000
Labor	\$1,850,000
Temporary Construction Workers Supported (Average Earnings = \$44,250)	41.8

The following table presents the temporary economic impacts resulting from the construction.

Table 6. Temporary Economic Impact of Project-Related Construction Activity

	Direct	Indirect & Induced	Total
Number of temporary direct, indirect, and induced job years to be supported*	41.8	25.6	67.4
Salaries to be paid to direct, indirect, and induced workers	\$1,850,000	\$861,175	\$2,711,175
Revenues or sales for businesses related to construction	\$3,700,000	\$2,783,880	\$6,483,880

* A job year is defined as full employment for one person for 2080 hours in a 12-month span.

Gross receipt tax calculations related to construction activity are presented in the following table. The gross receipts tax revenue generated from construction-period taxable spending is included in the fiscal impact for affected districts.

Table 7. Construction-Related Taxable Spending

	Estimate
Expenditure for Materials	\$1,850,000
Percent of Materials subject to local gross receipts tax	75.0%
Subtotal Taxable Materials	\$1,387,500
Expenditure for Labor / Paid to construction workers	\$1,850,000
Percent of gross earnings spent on taxable goods and services	26.0%
Percent of taxable spending done locally	25.0%
Subtotal Taxable Construction Worker Spending	\$1,202,250
Expenditure for Furniture, Fixtures, & Equipment (FF&E)	\$0
Percent of FF&E subject to local gross receipts tax	25.0%
Subtotal Taxable FF&E Purchases	\$0
Total Construction-Related Taxable Spending	\$1,507,750

The above construction analysis focuses on the impact resulting from the Project's initial construction investments over the first 0 year(s). This report incorporates parallel calculations for investments/construction occurring in later years as well.

Fiscal Impact Overview

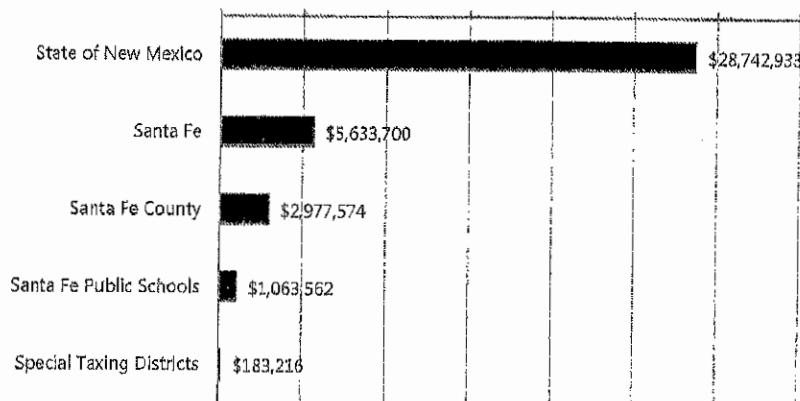
The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$5,633,700 in net benefits over the 10-year period and the Project will generate \$38,601,000 in total for all local taxing districts.

Table 8. Fiscal Net Benefits Over the Next 10 Years for the State and Local Taxing Districts

	Benefits	Costs	Net Benefits	Present Value of Net Benefits*
State of New Mexico	\$38,497,614	(\$9,754,681)	\$28,742,933	\$20,777,414
Santa Fe	\$7,671,815	(\$2,038,116)	\$5,633,700	\$4,235,910
Santa Fe County	\$3,476,714	(\$499,140)	\$2,977,574	\$2,234,661
Santa Fe Public Schools	\$2,025,213	(\$961,650)	\$1,063,562	\$769,310
Special Taxing Districts	\$183,216	\$0	\$183,216	\$135,465
Total	\$51,854,572	(\$13,253,587)	\$38,600,985	\$28,152,759

* The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5% to make the dollars comparable.

Figure 1. Net Benefits Over the Next 10 Years for the State and Local Taxing Districts



State of New Mexico

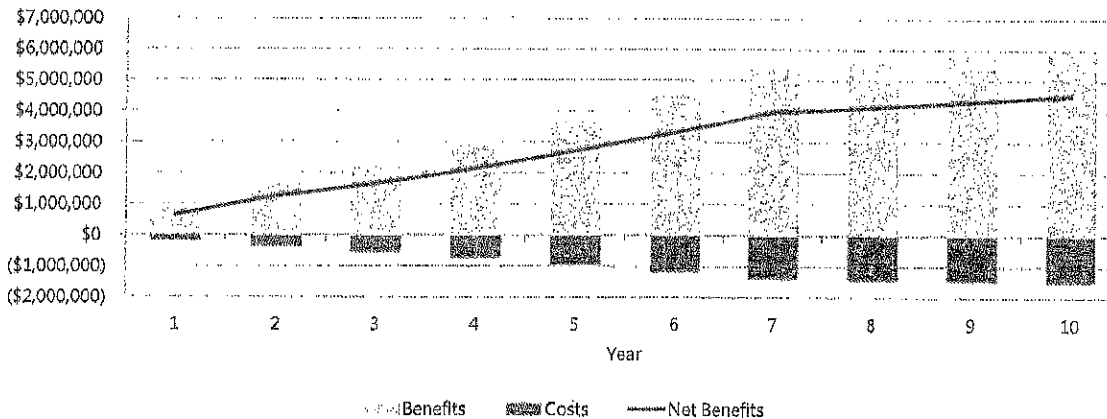
The table below displays the estimated additional benefits to be received by the State of New Mexico over the first 10 years. The project is expected to have a small effect on the statewide population and therefore some additional statewide costs to provide additional services were estimated for the state. Appendix C contains the year-by-year calculations.

Table 9. State of New Mexico: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$6,475,729
Real Property Taxes - Project	\$26,350
FF&E Property Taxes - Project	\$29,603
Property Taxes - New Residential	\$6,791
Personal Income Taxes	\$11,078,799
Corporate Income Taxes	\$1,390,333
Miscellaneous Taxes & User Fees	\$19,490,010
Subtotal Benefits	\$38,497,614
Cost of Providing State Services	(\$9,754,681)
Subtotal Costs	(\$9,754,681)
Net Benefits	\$28,742,933
<i>Present Value (5% discount rate)</i>	<i>\$20,777,414</i>

Gross receipts taxes are estimated on new taxable gross receipts resulting from the project. Property taxes are estimated on the firm's property and new residential property constructed. Personal income taxes are estimated based on an effective income tax rate and the earnings of new direct and indirect workers. Corporate income taxes on the direct activity is based on the net taxable income projected by the company. Corporate income taxes on the indirect activity is estimated on a per indirect worker basis and the observed statewide corporate income tax collections per worker. To the extent that the project will result in an increase in new households in the state, additional miscellaneous taxes and user fees have been estimated for the state. Additionally, the costs to provide state services to these new households were also estimated based on recent state expenditure data as detailed in the Appendix.

Figure 2. Annual Fiscal Net Benefits for the State of New Mexico



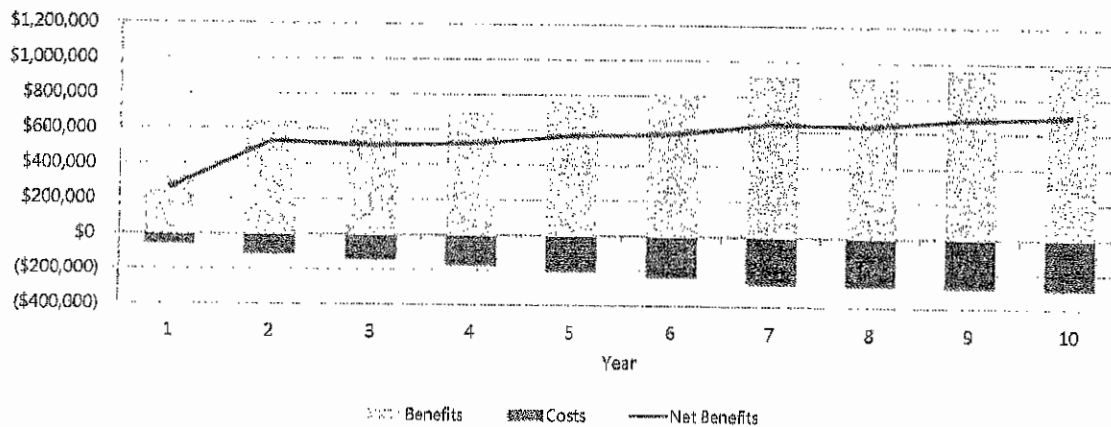
Santa Fe

The table below displays the estimated additional benefits, costs, and net benefits to be received by the City over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 10. Santa Fe: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$5,661,450
Real Property Taxes - Project	\$72,734
FF&E Property Taxes - Project	\$81,712
Property Taxes - New Residential	\$11,845
Utility Revenue	\$1,139,939
Utility Franchise Fees	\$97,939
Building Permits and Fees	\$60,000
Lodgers Taxes	\$0
Miscellaneous Taxes & User Fees	\$546,197
Subtotal Benefits	\$7,671,815
Cost of Providing Municipal Services	(\$863,978)
Cost of Providing Utility Services	(\$1,174,137)
Subtotal Costs	(\$2,038,116)
Net Benefits	\$5,633,700
<i>Present Value (5% discount rate)</i>	<i>\$4,235,910</i>

Figure 3. Annual Fiscal Net Benefits for the Santa Fe



Santa Fe County

The table below displays the estimated additional benefits, costs, and net benefits to be received by the County over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 11. Santa Fe County: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$2,405,715
Real Property Taxes - Project	\$266,599
FF&E Property Taxes - Project	\$299,509
Property Taxes - New Residential	\$56,200
Building Permits and Fees	\$60,000
Miscellaneous Taxes & User Fees	\$388,690
<u>Subtotal Benefits</u>	<u>\$3,476,714</u>
Cost of Providing County Services	(\$499,140)
<u>Subtotal Costs</u>	<u>(\$499,140)</u>
Net Benefits	\$2,977,574
Present Value (5% discount rate)	\$2,234,661

Santa Fe Public Schools

The table below displays the estimated additional benefits, costs, and net benefits to be received by the school district over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 12. Santa Fe Public Schools: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Real Property Taxes - Project	\$171,817
FF&E Property Taxes - Project	\$193,027
Property Taxes - New Residential	\$42,804
State Equalization Guarantee	\$1,617,565
<u>Subtotal Benefits</u>	<u>\$2,025,213</u>
Cost of Educating New Students	(\$961,650)
<u>Subtotal Costs</u>	<u>(\$961,650)</u>
Net Benefits	\$1,063,562
Present Value (5% discount rate)	\$769,310

Benefits for Other Taxing Districts

The table below displays the estimated additional property taxes to be received by other property taxing districts over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 13. Other Taxing Districts: Benefits Over the Next 10 Years

	Amount
Real Property Taxes - Project	\$77,403
FF&E Property Taxes - Project	\$86,958
Property Taxes - New Residential	\$18,855
Benefits	\$183,216
Present Value (5% discount rate)	\$135,465

Overview of Methodology

This report presents the results of an analysis undertaken by the New Mexico Economic Development Department using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

Multiplier		City	County	State
Employment Multiplier	(Type II Direct Effect)	1.2852	1.3803	1.7101
Earnings Multiplier	(Type II Direct Effect)	1.2849	1.3798	1.7092

Calculation of Fiscal Impact

Calculation of Revenues for the State

The state's revenues from gross receipts taxes, property taxes, personal and corporate income taxes were estimated directly using data entered about the project and state tax rates and assumptions about workers moving to the area and possibly building new property.

Impact DataSource estimated the miscellaneous taxes and user fees as a function of statewide personal income. The data used to estimate these factors were obtained from the US Census of Governments and the Bureau of Economic Analysis. Next, these percentages were applied to the total increase in workers' earnings from the economic impact calculations to determine the annual miscellaneous taxes and user fees to be collected by the state related to the permanent increase in economic activity supported by the project.

The fiscal costs associated with the project result from the portion of new worker households that relocate to New Mexico to take a job and the resulting costs to provide state services to these new residents. Impact DataSource estimated the cost of providing state services to new worker households moving to the state by applying the average per household cost of state expenditures to the estimated number of new workers new to the state.

Impact DataSource determined the marginal cost to provide state government services on per household in the state by using approximately 40% of the average cost. The data used to estimate these costs were obtained from the US Census of Governments and US Census. On average, the state incurs \$5,000 in costs to provide these services to households.

Calculation of Revenues for the City

The city's revenues from gross receipts taxes, property taxes, city-owned utilities, utility franchise fees, lodging taxes, and building permits and fees were estimated directly using data entered about the project and local tax rates and assumptions about workers moving to the area and possibly building new property.

The new firm was not asked for nor could reasonably provide some data for calculating some other revenues for the city. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers at the firm, the firm may not reasonably know the propensity of its workers to speed. Therefore, some other city revenues were calculated using an average revenue approach. This approach uses two assumptions:

- 1 - The city has two general revenue sources -- revenues from residents and revenues from businesses.
- 2 - The city will collect (a) about the same amount of other revenues from each household of new workers that may move to the city as it currently collects from an average household of existing residents, and (b) about the same amount of other revenues from the new firm (on a per worker basis) will be collected as the city collects from other businesses in the city.

Using this average revenue approach, revenues likely to be received by the city were calculated from the households of new workers who may move to the city and from the new firm using average city revenues per household and per worker calculations. These revenues are labeled as miscellaneous taxes and user fees.

The total annual city revenues used to make average revenue calculations in this analysis were obtained from the city's latest annual budget and the per household and per worker and calculations are detailed in Appendix A.

Calculation of Costs for the City

This analysis sought to answer the question, what additional monies will the city have to spend to provide services to households of new workers who may move to the city and to the firm. A marginal cost approach was used to calculate additional city costs from the new firm and its workers.

This approach uses two assumptions:

- 1 - The city spends money on services for two general groups -- residents and businesses.
- 2 - The city will spend (a) about the same amount for variable or marginal cost for each household of new workers that may move to the city as it currently spends for an average household of existing residents, and (b) about the same amount for variable or marginal costs for the new firm (on a per worker basis) as it spends for other businesses in the city.

Calculation of Net Benefits for the City

Net benefits calculated in this analysis are the difference between additional city revenues over a ten-year period and additional city costs to provide services to the new firm and its workers and indirect workers who may move to the city.

Calculation of Revenues, Costs and Net Benefits for the County

The model estimates additional revenues, costs and net benefits for the county using the same methodology described for the city relying on county budget data.

Calculation of Revenues for Public Schools

The school district's revenues from property taxes were calculated on the new residential property for some new direct and indirect workers who may move to the county and on the firm's property that will be added to local tax rolls.

However, school district revenues from state and federal funds and other local funding were calculated using an average revenue approach. This approach used the assumption that the school district will collect about the same amount of these revenues for each new student in the household of a new worker who may move to the county as it currently collects for each existing student.

Calculation of Costs for Public Schools

A marginal cost approach was used to calculate additional school district costs from the new firm and its workers. This approach uses the assumption that the school district will spend about the same amount for variable or marginal cost for each new student as it spends for each existing student.

Calculation of Net Benefits for Public Schools

Net benefits calculated in this analysis are the difference between additional school district revenues over a ten-year period and marginal costs for the school district to provide services to students in the households of new workers who may move to the county.

The school district's total annual revenues and expenses to make average revenue and marginal costs calculations in this analysis were obtained from the school district's latest annual budget.

Calculation of Property Taxes to be Collected by Countywide Special Taxing Districts

Revenues for countywide special taxing districts from property taxes were calculated on the new residential property for some new direct and indirect workers who may move to the county and on the firm's property that will be added to local tax rolls.

While each of these special taxing districts may incur additional costs from new residents and from the new firm, these additional costs were not calculated in this analysis.

About Impact DataSource

Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 2,500 economic impact analyses of firms, projects, and activities in most industry groups in New Mexico and more than 30 other states.

In addition, Impact DataSource has prepared and customized more than 50 economic impact models for its clients to perform their own analyses of economic development projects. These clients include the Frisco EDC in Texas and the Metro Orlando (Florida) Economic Development Commission.

Attachment D

Meow Wolf, Inc.

Sample Affidavit Quarterly Report

Affidavit

Whereas agreed by the Project Participation Agreement (PPA) dated XXX between the City of Santa Fe (City) and Meow Wolf, Inc. (QE), the QE will provide quarterly reports in the form of a signed affidavit indicating how the QE has met the Job Creation Schedule in Attachment A, I, Vince Kadlubek, CEO, of Santa Fe, New Mexico make an oath and say that:

1. As of XXX (date) the QE was still in the construction phase of the project and has not begun hiring additional employees.
2. The number of workers in construction jobs on this project was XXX FTE. (contractor states full time as 30 hours per week) and thirty-three workers part time.
3. The average rate of pay for all construction workers on this project was XXX per hour/per year.
4. Certification of Non-Interest: I, Vince Kadlubek, certify to the City that no member, officer or employee of the City or its designees or agents, no member of the governing body of the locality of which the program is situated, and no other public official that exercises any functions or responsibilities with respect to the Project during his/her tenure, or for one year thereafter, shall have any interest, direct or indirect, in the QE or any contract or subcontract, or the process thereof, for work to be performed in conjunction with the Project that is the subject of this agreement.

I SWEAR OR AFFIRM THAT THE ABOVE AND FOREGOING REPRESENTATIONS ARE TRUE AND CORRECT TO THE BEST OF MY INFORMATION, KNOWLEDGE AND BELIEF.

Date

Vince Kadlubek, CEO and President of
Meow Wolf, Inc.

SUBSCRIBED AND SWORN TO ME

On the _____ day of _____

Notary Public

My commission expires: _____

Attachment E

**INTERGOVERNMENTAL AGREEMENT
NEW MEXICO ECONOMIC DEVELOPMENT DEPARTMENT AND
THE CITY OF SANTA FE, NEW MEXICO**

This Intergovernmental Agreement ("Agreement") is entered into as of the date of the last signature affixed below by and between the New Mexico Economic Development Department ("EDD") and the City of Santa Fe, a municipal corporation of the State of New Mexico ("City"), collectively referred to as the "Parties," with reference to the following facts.

SECTION 1. RECITALS:

WHEREAS, the New Mexico State Legislature enacted Laws 2014, Chapter 63, Section 5, Subsection 33 which appropriated ten million dollars (\$10,000,000) to EDD "[f]or economic development projects pursuant to the Local Economic Development Act" (the "Appropriation"); and

WHEREAS, the purpose of the Local Economic Development Act, NMSA 1978 §§ 5-10-1 through 5-10-13 (2007) ("LEDA"), is to provide "public support for economic development to foster, promote and enhance local economic development efforts..." and

WHEREAS, the City has adopted LEDA by Ordinance 2004-42 which established the City's Economic Development Plan that promotes economic development within the City and Ordinance No. 2008-42 amending the Economic Development Plan Ordinance; and

WHEREAS, the City has adopted Ordinance No. _____ ("Ordinance") to approve the economic development project ("Project") to secure the expansion of Meow Wolf Inc., a Delaware corporation ("Meow Wolf") within the City; and

WHEREAS, the City has entered into a Local Economic Development Project Participation Agreement ("PPA") with Meow Wolf, Inc. and, pursuant to the terms of that PPA, Meow Wolf, Inc. will provide a substantive contribution in exchange for the public contribution. A copy of the PPA and any amendments are attached hereto as **Exhibit A**; and

WHEREAS, the EDD and the City desire to enter into this Agreement to facilitate disbursement of funds for the Project;

NOW THEREFORE, the Parties do hereby agree to the following terms and conditions to accomplish the Project.

SECTION 2. PURPOSE OF AGREEMENT:

The purpose of this Agreement is to place the primary responsibility on the City to oversee and administer the appropriation for the Project. It is the intent of the Parties that the EDD will transfer an amount not to exceed Eight Hundred Fifty Thousand Dollars (\$850,000.00) (the "Funds") from the Appropriation to the City for expenditures made to implement the Project. The Parties agree that any and all State Funds received by the City will be accounted for by the City as the fiscal agent for the EDD in accordance with the procedures the City will use to account for its own funds and property used to implement the Project, or any properties acquired or developed by the City as a result of implementation of the Project will be used by the City for economic development purposes only.

SECTION 3. SCOPE OF WORK:

The City will act as fiscal agent for the appropriation supporting the Project. EDD will transfer an amount not to exceed Eight Hundred Fifty Thousand Dollars (\$850,000.00)

from the Appropriation to the City for expenditures made to implement the Project, pursuant to LEDA, Section 5-10-3(D), NMSA 1978. In exchange for the appropriation, Meow Wolf, Inc. will create 250 new jobs and contribute Four Million Dollars (\$4,000,000) in capital investment within five years after the execution of this Agreement. On December 31, 2016, Meow Wolf's starting headcount was 17 full-time jobs, so the starting headcount for this Project is the net jobs above 17 jobs. The EDD expressly agrees that "new" jobs are those JTIP eligible jobs created by Meow Wolf as of January 1, 2017. The City will review the Project timeline and progress quarterly until the five-year anniversary of this Agreement or until the City certifies to the EDD that the requisite economic goals have been completed to the City's satisfaction or that the EDD contribution of no greater than \$850,000 in Funds have been reimbursed to EDD. In the event that Meow Wolf, Inc. falls below the hiring target in any given period, reimbursements will be suspended until hiring target is achieved and sustained for at least ninety (90) days.

The EDD and the City agree that failure of Meow Wolf, Inc. to make the required contribution will result in a violation of the terms and conditions of the PPA. Such violation, after any cure period granted, will require that the City foreclose on the security interest. All the terms, conditions and requirements set forth under the PPA are incorporated into this Agreement by reference. All state funds recaptured from Meow Wolf by the City shall be returned to EDD within 60 days.

SECTION 4. CITY OF SANTA FE RESPONSIBILITIES:

The City shall:

1. Submit all documentation supporting expenditures made to implement the Project in a format acceptable to the City. The City shall notify the EDD in

writing of any default by Meow Wolf, Inc. within 30-60 days of the event of default;

2. Serve as fiscal agent for the Funds transferred to it under this Agreement;
3. Complete all of the following goals identified in this Agreement within the time limits agreed upon by the Parties:
 - a. Account for receipts and disbursements of reimbursed Funds;
 - b. Provide the EDD with the required financial documentation pertaining to this disbursement; and
 - c. Submit all required and reasonably requested documentation to the EDD, including the endorsed LEDA Ordinance approved by the City Council accepting the Project for Meow Wolf as a qualifying entity pursuant to LEDA, with the endorsed Meow Wolf, Inc. a fully executed copy of the security interest, and copies of invoices and other documentation as required by the EDD within the time required; and
4. Not impose any obligations on EDD with respect to the administration of this Project, other than the reimbursement of Funds described in this Agreement; and
5. Monitor job creation by Meow Wolf, Inc. and report the number of jobs created in quarterly each year to EDD for a period of Five years after this Agreement has been entered into. Job reports shall include a copy of FORM-903 provided by Meow Wolf, Inc. to the City, on file with the New Mexico Department of Workforce Solutions.

The Parties have created a schedule as listed in the PPA, which is hereby incorporated into this Agreement and made a part hereof by this reference as though set forth in full.

SECTION 5. CITY CERTIFICATIONS:

As fiscal agent, the City hereby assures and certifies that:

1. It will comply with all applicable State laws, regulations, policies, guidelines and requirements with respect to the acceptance and use of State funds;
2. It has the legal authority to receive and expend the funds;
3. It will enforce the provisions of Ordinance No. _____ approving the Project;
4. It has exercised due diligence in certifying that the Project is a viable economic development initiative with potential long-term economic development benefits;
5. It will provide the EDD all documentation and references to expertise it has relied upon in approving this Project upon receipt thereof or reliance thereupon and copies of all reports and documentation it receives from Meow Wolf;
6. It has entered into a PPA and has obtained all financial documentation necessary to protect the City's and the State's investments in this project;
7. It shall not at any time during the life of this Agreement convert any property acquired or developed pursuant to this Agreement to uses other than those within the Project description as defined in Section 2 - Purpose of Agreement and Section 3 - Scope of Work, stated above;

8. It will notify the EDD of any default within 10 days of an event of default. Further, the City shall provide the opportunity for any default to be cured by Meow Wolf, Inc., in accordance with the PPA prior to termination thereof;
9. No member, officer, or employee of the City or its designees or agents, no member of the governing body of the locality of which the program is situated, and no other public official that exercises any functions or responsibilities with respect to the Project during his/her tenure, or for one (1) year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the process thereof, for work to be performed in connection with the Project that is the subject of this Agreement. The City shall incorporate in all contracts or subcontracts a provision prohibiting such interest pursuant to this certification; and
10. It has complied with Article IX, Section 14 of the New Mexico Constitution, known as the “anti-donation clause.”

SECTION 6. EDD RESPONSIBILITIES:

EDD shall:

1. Transfer an amount not to exceed Eight-Hundred Fifty Thousand Dollars (\$850,000.00) from the Appropriation to the City for expenditures made to implement the Project; and
2. At the EDD’s discretion, review and audit the Project if it is deemed to be necessary or desirable.

SECTION 7. TERM OF AGREEMENT:

This Agreement shall become effective on the date it is fully executed and shall terminate when Meow Wolf, Inc. documents to the City's satisfaction that the required economic and development goals have been satisfied.

SECTION 8. LIABILITY:

No Party shall be responsible for liability incurred as a result of the other Party's acts or omissions. Any liability incurred in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, NMSA 1978, §§ 41-4-1, *et seq.* The Parties may agree to reimburse one another under these liability provisions, subject to sufficient appropriation by the New Mexico Legislature or sufficient funds being available to the Party, as determined by the Party responsible for payment.

SECTION 9. DISPOSITION OF PROPERTY; RECORDS; RETURN OF SURPLUS FUNDS:

1. Property purchased under this Agreement for the Project shall remain with the purchasing Party unless otherwise agreed upon.
2. The City Finance Department shall keep such records as will fully disclose the amount and disposition of the total funds from all sources budgeted for the Project, the purposes for which such funds were used, and such other records as the EDD may require.
3. If, upon the expiration of the Project or the termination date of this Agreement, any surplus Funds are possessed by the City, the City shall return said Funds to the EDD for disposition in accordance with law.

SECTION 10. STRICT ACCOUNTABILITY:

The City Finance Department shall be strictly accountable for receipts and disbursements relating hereto and shall make all relevant financial records available to EDD and the New Mexico State Auditor quarterly or upon request, and shall maintain all such records for a period of six (6) years following completion of all the records and any audits.

SECTION 11. REPORTS:

The City shall submit to the EDD the quarterly employment report in the form of an affidavit signed by an officer of Meow Wolf, Inc., which Meow Wolf, Inc. is required to submit quarterly to the City. The City Economic Development Division shall submit to the EDD the quarterly reports that Meow Wolf, Inc. is required to submit to the City, including copies of Form ES-903, filed by Meow Wolf, Inc. with the New Mexico Department of Workforce Solutions. The City Office of Economic Development shall submit to the EDD a final report respecting direct and indirect job creation and retention attributable to the State appropriation on or before the termination of this Agreement. The Final Report shall contain a description of work accomplished, the methods and procedures used, a detailed budget breakdown of expenditures, a description of any problems or delays encountered and the reasons therefore, and such other information as may be requested by the EDD.

SECTION 12. NOTICES; REPRESENTATIVES OF THE PARTIES:

Any notice required to be given to a Party by this Agreement shall be in writing and shall be delivered in person, by courier service or by U.S. Mail, either first class or certified, return receipt requested, postage prepaid, as follows. The Parties hereby

designate the individuals named below as their representative responsible for overall administration of this Agreement.

If to the EDD:

Attn: Juan Torres
NM Economic Development Department
Financial Development Team Leader
Joseph Montoya Building
1100 St. Francis Drive
Santa Fe, New Mexico 87505
Juan.torres@state.nm.us

If to the City:

Attn: Matthew Brown
Director, Office of Economic
Development
500 Market Station, Suite 200
Santa Fe, NM 87504
agladd@santafenm.gov

SECTION 13. AMENDMENTS:

This Agreement shall not be altered, changed, or amended, except by instrument in writing executed by all of the Parties hereto.

SECTION 14. GOVERNING LAW:

This Agreement shall be governed by the laws of the State of New Mexico.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of the last signature affixed below.

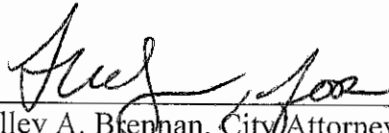
CITY OF SANTA FE:

Javier M. Gonzales, Mayor

ATTEST:

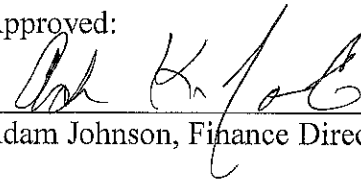
Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:



Kelley A. Brennan, City Attorney

Approved:

 0-22-17
Adam Johnson, Finance Director

ECONOMIC DEVELOPMENT DEPARTMENT

By: _____

Matthew Geisel

Cabinet Secretary

Date: _____

By: _____

David Mathews

Its: General Counsel, certifying legal sufficiency

BA000153

Log # {Finance use only}:

Batch # {Finance use only}:

City of Santa Fe, New Mexico

BUDGET AMENDMENT RESOLUTION (BAR)

DEPARTMENT / DIVISION NAME					DATE	
General Government/Office of Economic Development					06/21/2017	
ITEM DESCRIPTION	BUSINESS UNIT	LINE ITEM	SUBSIDIARY {.000000}	SUBLEDGER {0000}	INCREASE	DECREASE
<u>EXPENDITURES</u>					{enter as positive #}	{enter as negative #}
PPA - Meow Wolf	22116	510340			550,000	
<u>REVENUES</u>					{enter as negative #}	{enter as positive #}
IGA - Meow Wolf	21117	471400			(550,000)	
JUSTIFICATION: (use additional page if needed)						
--Attach supporting documentation/memo					\$ -	\$ -

FY 2017-2018 GRANT

{Complete section below if BAR results in a net change to ANY Fund}	
Fund(s) Affected:	Fund Bal. Increase/ (Decrease):
2117	550,000
TOTAL:	550,000

Jessica Sandoval
Prepared By {print name}

06/21/2017

Date

{Use this form for Finance Committee/
City Council agenda items ONLY}

CITY COUNCIL APPROVAL

City Council

Approval Date

Agenda Item #:

Division Director {optional}

Date

Department Director

Date

Budget Officer

06/22/2017
Date

Finance Director {≤ \$5,000}

Date

City Manager {≤ \$50,000}

Date

Item B

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Resolution No. 2017-____
Santa Fe Network.tv Funding

SPONSOR(S): Mayor Gonzales

SUMMARY: The proposed resolution directs the City Manager to identify potential funding sources to support the work of industry stakeholders to develop the "Santa Fe Network.tv."

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: Yes

DATE: June 2, 2017

ATTACHMENTS: Resolution
FIR

1 **CITY OF SANTA FE, NEW MEXICO**

2 **RESOLUTION NO. 2017-__**

3 **INTRODUCED BY:**

4
5 Mayor Javier M. Gonzales

6
7
8
9
10 **A RESOLUTION**

11 **DIRECTING THE CITY MANAGER TO IDENTIFY POTENTIAL FUNDING**
12 **SOURCES TO SUPPORT THE WORK OF INDUSTRY STAKEHOLDERS TO**
13 **DEVELOP THE “SANTA FE NETWORK.tv.”**

14
15 **WHEREAS**, film productions provide much needed and higher paying jobs, Gross
16 Receipts Tax, and other revenue for the community; and

17 **WHEREAS**, film and television production provides unique visibility and promotion of
18 the Santa Fe region to the world, and contributes significantly to the city’s tourism and related
19 industries; and

20 **WHEREAS**, on January 16, 2016 the Governing Body approved Resolution No. 2016-7
21 establishing the Santa Fe Film Commission to explore the opportunities for using film and digital
22 media as a sustainable economic engine for the city and county of Santa Fe; and

23 **WHEREAS**, on April 27, 2016 Resolution No. 2016-33 was adopted by the Governing
24 Body which changed the name of the Commission to include digital media; and

25 **WHEREAS**, the Film and Digital Media Commission and its working groups have met

multiple times since its first meeting on April 5, 2016; and

WHEREAS, the Commission and its working groups have reviewed existing production activity, local resources, gaps in production infrastructure and have identified the need to support the development of locally created content, whether in film, television, games and other forms of new media; and

WHEREAS, opportunities exist to leverage significant private sector and foundation funding to promote these efforts,

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SANTA FE that the city manager is directed to identify economic development funds and arts and tourism related funds that can be used as local matching funds to support the Santa Fe Network.tv in Santa Fe. The network is proposed to have a web-based channel “The Santa Fe Channel” and the “Santa Fe Media Accelerator” a mentorship program which seeks to encourage, support and successfully generate original content by both established and aspiring content creators. The following objectives will shape the launch of the Santa Fe Network.tv:

- 1) To capitalize on both the global brand of Santa Fe and its past and current successes as a destination location for film and TV production;
- 2) To create a nexus of established brands and local producers, writers, directors, etc. whose brands and reputations may not yet be associated with Santa Fe and New Mexico;
- 3) To provide a viable distribution platform for TV, film and digital productions developed and produced in Santa Fe and New Mexico;
- 4) To support industry access for traditionally under-represented groups such as women, and Hispanic and Native American professionals;
- 5) To leverage opportunities for funding and other cooperative efforts with private sector and foundation partners.

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PASSED, APPROVED AND ADOPTED this ____ day of _____, 2017.

JAVIER M. GONZALES, MAYOR

ATTEST:

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:



KELLEY A. BRENNAN, CITY ATTORNEY

City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. General Information

(Check) Bill: _____ Resolution: X

(A single FIR may be used for related bills and/or resolutions)

Short Title(s): A RESOLUTION DIRECTING THE CITY MANAGER TO IDENTIFY POTENTIAL FUNDING SOURCES TO SUPPORT THE WORK OF INDUSTRY STAKEHOLDERS TO DEVELOP THE "SANTA FE NETWORK.tv."

Sponsor(s): Mayor Gonzales

Reviewing Department(s): Office of Economic Development

Persons Completing FIR: Alexandra Ladd Date: 6/1/17 Phone: X6346

Reviewed by City Attorney: Kelly A. Brunner Date: 6/5/17
(Signature)

Reviewed by Finance Director: AL K... Date: 6.5.17
(Signature)

Section B. Summary

Briefly explain the purpose and major provisions of the bill/resolution:

The proposed resolution directs the City Manager to identify potential funding sources to support the work of industry stakeholders to develop the "Santa Fe Network.tv."

Section C. Fiscal Impact

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

- a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: "A" if current budget and level of staffing will absorb the costs
 "N" if new, additional, or increased budget or staffing will be required
- c. Indicate: "R" – if recurring annual costs
 "NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: _____

_____ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY 17-18	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected
	Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____
	Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____
	Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____
	Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____
	Professional Services	\$45,000	___N___	___NR___	\$ _____	_____	_____	ED Fund, Tourism
	All Other Operating Costs	\$ _____	_____	_____	\$ _____	_____	_____	_____
	Total:	\$45,000			\$ _____			

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

- To indicate new revenues and/or
- Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY _____	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected
	_____	\$ _____	_____	\$ _____	_____	_____
	_____	\$ _____	_____	\$ _____	_____	_____
	_____	\$ _____	_____	\$ _____	_____	_____
	Total:	\$ _____		\$ _____		

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

Funds will come from Tourism (\$25,000) and Economic Development (\$20,000) to be used to seed the project. Recurring investment is not anticipated. Staff time to administer the funds will be minimal.

Section D. General Narrative

1. **Conflicts:** Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

None known.

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

The City will forego the opportunity to invest in an upcoming and highly visible media tool for promoting Santa Fe as an industry center for film making and digital media.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None known.

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

Santa Fe Network.tv fills an important gap for the filmmaking and digital media industry in Santa Fe in that it provides a forum for the distribution of content, either made locally or by locally-based, above-the-line creators. The channel offers a platform for interaction between different segments of the industry as well as providing a workforce training benefit in the associated incubation services for emerging film-makers. The economic benefits of promoting Santa Fe a place for filming are well documented. The proposed networks amplifies that benefit by establishing Santa Fe also as a place where the film and digital media industry can create content through all stages of production and distribution.

Form adopted: 01/12/05; revised 8/24/05; revised 4/17/08

SFN
Santa Fe Network
Real. Different. Stories.

7/6/17

To: The City of Santa Fe EDAC and other relevant committees:

Re: On the Santa Fe Network Business Plan.

Thank you for taking the time to consider the merits of the Santa Fe Network.

First, to set context, the overall direct spending of the film industry in the greater Santa Fe area has grown from approximately \$70 million in 2015 to over \$125 million in 2016, a nearly 80% increase. 2017 looks on track to repeat the stellar 2016 numbers, with tremendous potential for greater growth into the future. Using an economic multiplier of 3X, this represents a \$375 million annual economic impact on our local economy. Clearly, Santa Fe should seriously consider nurturing, sustaining, and growing this key industry.

All film spending does not equally support the development of a sustainably strong local economy. When, for instance, a Hollywood film relying on outside above and below the line talent shoots in Santa Fe, it benefits our economy: Filling hotel rooms and restaurants, creating GRT income and some local jobs. However, when a local writer teams up with a local producer, director, actors, etc., and hires primarily local below the line crew, the economic impact is much stronger. And, while outside-originated films might re-locate to other cities in the future, locally-based, locally-sourced films are more likely to reliably create jobs here year after year.

The all-volunteer Santa Fe Film and Digital Media Commission, composed of local experts in the film industry, takes its mandate seriously. We have analyzed the strengths and weaknesses of the local industry, our assets and liabilities, and created working groups on sub-issues such as film finance, pathways into the industry, and distribution. With an unlimited budget, we could increase tax incentives, build more studio space and post-production facilities, and create training and mentorship programs to incubate local film projects. But we understand that our challenge is to support and grow the local industry without expending a great amount of taxpayer funds. The Santa Fe Network is our attempt to answer this challenge.

Incorporated as a non-profit with a board composed entirely of Santa Fe Film and Digital Media Commissioners, the Santa Fe Network (SFN) has created a web-based showcase for local creators of compelling media that reflects the extraordinary cultural, artistic and intellectual resources of Santa Fe. Partnering with local creative assets including Meow Wolf, George R.R. Martin, the Santa Fe Opera, the Santa Fe Institute, IAIA and SFCC, the International Folk Art Market, Descartes Labs and others, SFN aims to market our existing strengths, to serve as a

well-spring of innovative and original media production, to foster the expression of new voices, and to support this great economic engine for Santa Fe.

Below, you will find a budget for SFN's first two years. This budget, compiled with the benefit of the more than 100 years of film and non-profit budgeting experience of the board and staff, represents our plan to turn SFN into a self-sustaining entity within approximately 24 months. Clearly, the most important budgetary task is to keep expenses down, relying heavily on the voluntarily contributed expertise of our board and the greater Santa Fe creative community. Still, we will need some public funding to prime the pump of this operation for the next two years.

In terms of the path to revenue-based self-sustainability for SFN, we'd like to highlight a few columns. Under Production Revenue for branded content, for example, note that we intend to charge a below industry standard 10%, which we forecast as bringing in \$35,000 over two years. Frankly, one single modest \$500,000 project over the next two years would exceed that revenue. But since these productions are not yet green-lighted, we tried to err on the side of conservatism in the predictions. Similarly, we forecast \$27,500 in subscription revenue, which could include direct subscriptions to SFN by also taking an industry standard cut of shared subscription revenue. A single hit episode would dwarf that income, but since we have no hits yet, we use only modest numbers. Also note that we include no advertising income, assuming those numbers will not become meaningful until year three.

In creating this budget, we contacted the film offices of other film centric cities to see if any others had developed similar city or region-based media networks. We soon realized that none have, and that, true to our inspiring heritage, Santa Fe is pioneering this concept. This is partly because some of the technologies underlying our website have only very recently become publicly available. And partly because no one else has thought of employing such an innovative and unique approach. As-- and if-- other cities copy our concept, we intend to keep innovating, taking advantage of the tremendous talent and generosity of the Santa Fe film community. We aim to bring "Real. Different. Stories." from the City Different to the wider world, and to do so on a tight budget.

Respectfully,

The SFN Officers and Board

SFN BUSINESS MODEL (2 YEARS)

The following represents our best estimates for business costs and revenues for two years as we evolve to a self-funding model. This includes anticipated site visits (viewers) as well as jobs created for residents both above and below the line (creative talent and crews).

Date	SFN Direct Expenses	Economic Development Funds	In-kind Investment	Donations & Grants	Production Funding (Branded Content)	Production Expenses	Production Revenue (SFN Fee 10%)	Subscription Revenue	Quarterly Site Visits	New Jobs Created
Q3 2017	-\$22,500	\$0	\$60,000	\$0	\$0	\$0	\$0	\$0	5,000	3
Q4 2017	-\$22,500	\$10,000	\$50,000	\$0	\$15,000	-\$13,500	\$1,500	\$0	10,000	5
Q1 2018	-\$25,000	\$10,000	\$40,000	\$5,000	\$25,000	-\$22,500	\$2,500	\$0	20,000	5
Q2 2018	-\$25,000	\$10,000	\$30,000	\$5,000	\$35,000	-\$31,500	\$3,500	\$0	40,000	10
Q3 2018	-\$30,000	\$10,000	\$20,000	\$5,000	\$50,000	-\$45,000	\$5,000	\$900	75,000	15
Q4 2018	-\$35,000	\$13,333	\$10,000	\$5,000	\$65,000	-\$58,500	\$6,500	\$4,500	100,000	15
Q1 2019	-\$40,000	\$13,333	\$5,000	\$5,000	\$75,000	-\$67,500	\$7,500	\$9,000	200,000	20
Q2 2019	-\$45,000	\$13,333	\$0	\$5,000	\$85,000	-\$76,500	\$8,500	\$13,500	500,000	40
Totals	-\$245,000	\$80,000	\$105,000	\$30,000	\$350,000	-\$315,000	\$35,000	\$27,900	950,000	113

2-Year Model	
EXPENSES	
SFN Direct Expenses	-\$245,000
Total Expenses	-\$245,000
INCOME	
Economic Dev. Funds	\$80,000
In-kind Investment	\$105,000
Donations & Grants	\$30,000
Production Fee Revenue	\$35,000
Subscription Revenue	\$27,900
Total Income	\$250,000

BRANDED CONTENT PRODUCTION COSTS	
Production Funding	\$350,000
Production Expenses	-\$315,000
Net After Production	\$35,000

SUBSCRIPTION MODEL	
Subscription cost	\$3
Subscribers Q3 20	100
Quarterly	\$900
Subscribers Q4 20	500
Quarterly	\$4,500
Subscribers Q1 20	1000
Quarterly	\$9,000
Subscribers Q2 20	1500
Quarterly	\$13,500

SFN BUDGET (2 YEARS)

SANTA FE MEDIA NETWORK BUDGET - 2 Years						
DESCRIPTION	AMOUNT	UNITS	X	UNITS	RATE	TOTAL
Company Administration						
Legal Counsel	104	Hours	1		\$140.00	\$14,560.00
Accountant	24	Months	1		\$400.00	\$9,600.00
Filing & Compliance Fees	2	Years	1		\$2,000.00	\$4,000.00
Personnel (Independent Contractors)						
Acquisitions, Production & Development Director	24	Months	1		\$1,200.00	\$28,800.00
Website Maintenance Director	24	Months	1		\$800.00	\$19,200.00
Content Curator / Coordinator	24	Months	1		\$800.00	\$19,200.00
Website						
Logo & Graphics Design	1	Flat	1		\$1,000.00	\$1,000.00
Website Design	1	Flat	1		\$10,000.00	\$10,000.00
Website Design Assets (stock images, backgrounds etc.)	1	Allow	1		\$2,000.00	\$2,000.00
Website Domain Registrations	2	Years	4	Domains	\$40.00	\$320.00
Software Research & Development	1	Allow	1		\$10,000.00	\$10,000.00
Server Costs - Year 1	1	Year	1		\$1,000.00	\$1,000.00
Server Costs - Year 2	1	Year	1		\$2,000.00	\$2,000.00
Content						
Licensing and Acquisition Fees	2	Allow	1		\$7,500.00	\$15,000.00
Content Production Budget (4 series x 12 episodes)	48	Episodes	1		\$1,500.00	\$72,000.00
Marketing						
Marketing & Publicity / Merchandising	24	Months	1		\$1,000.00	\$24,000.00
Other Costs						
Contingency 5%	0.05	Percent	1		\$250,000.00	\$12,500.00
GRAND TOTAL						\$245,180.00

Informational Items

Cooperative Financing Platform

An “On Ramp” for Small Business Financing in Santa Fe

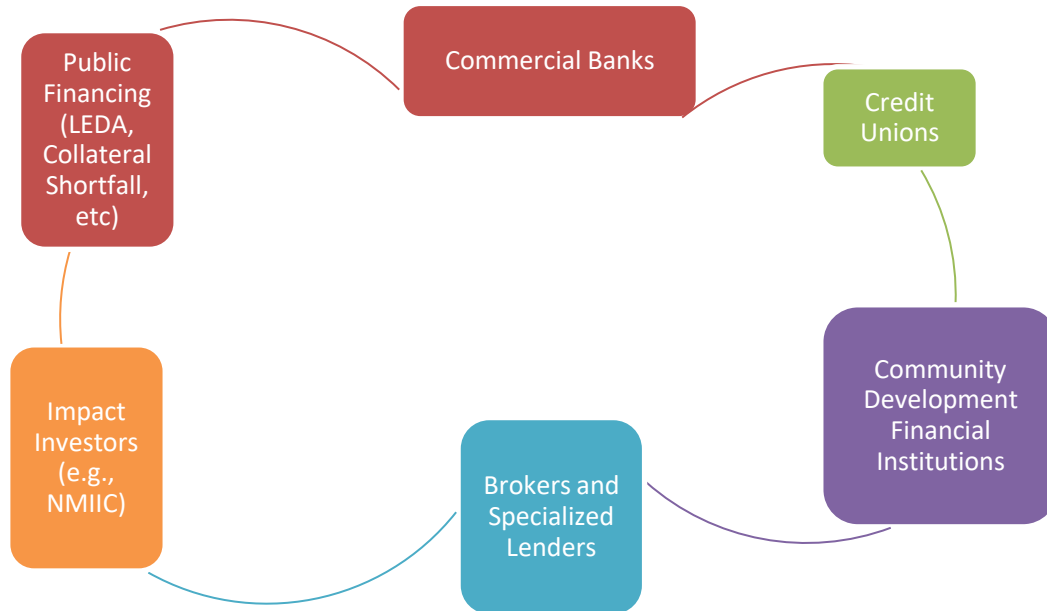
Background: The financing market (at all levels), particularly for deals under \$1 million is fragmented and, in general, non-cooperative. Despite the shortage of capital, the small business sector of the economy represents 90% of U.S. businesses (employing fewer than 20 employees per the 2012 US Census) and these businesses represent over 50% of GDP. New Mexico has higher percentages of small businesses given the lack of large private sector employers (excluding public sector employers). There have been many attempts to ameliorate the declining appetite for commercial loans under \$1 million. These “fixes” have had some degree of success. Unfortunately, the fixes have also led to confusion in the market with companies finding it harder and harder to find the “right size” for their business. While this analysis is not designed to provide an over-view of the history of small business finance, it is useful to contemplate the history of changes in finance over the past century (see Appendix A). Most of these changes have been oriented toward providing better access to capital for smaller businesses.

The City of Santa Fe has a direct interest in supporting its economic development engine - - largely smaller, entrepreneurial businesses. Often over-looked is the financial sector itself in Santa Fe. These market participants have endured a rough decade as Dodd-Frank regulations, consolidations, and the entrance of internet lenders have all taken their toll on business loan volume – small business in particular.¹ A crisp review of the impact that regulations have had on small business lending (see Appendix B) cites that the liquidity requirements alone, “reduce overall bank lending by 3 percent to 5 percent, and increase interest rates by 15 to 30 basis points.” A more comprehensive review of Santa Fe lenders is found in Appendix C. This notes that *small business loans under \$1 million from Santa Fe lenders have decreased by 41% over the past 6 years, despite a 60% increase in over-all commercial lending*. The reasons for the brutal decline are varied and are not the primary purpose of this report, however, the need to bolster small business lending in Santa Fe (and New Mexico in general) is critical to the success of any economic development strategy which supports entrepreneurial, grow from within strategies – the most successful strategies cited by most economic development experts.

This project is being done in parallel with another effort led by IN Santa Fe. Members of this group hired Michael Schuman to identify specific import substitution opportunities. More importantly, as he notes any cultivation of these opportunities, will require financing and expansion capital. Also worth noting is that while the City has supported the work in this paper, and has offered a limited amount of ongoing support to help identify ways to implement the program, the basic finance business contemplated herein should be a private sector, self-directed initiative by the financing community itself.

¹ This engagement began as a result of an FDIC Listening Session, wherein one Member of the group noted that one Santa Fe lender referred deals to OnDeck, a leading internet business lender with rates that typically range from 20-40% p.a. This led to the question, “Why can’t we refer local deals to local lenders – even competitors?”

Current Financial Market Participants in Santa Fe (primarily debt)



Other Supporting Institutions: Incubators, SBDC, SCORE, etc.

Equity Investors: Angel, Venture, Impact, private placements, crowdsourcing, etc.

Throughout the country (and in Santa Fe) there have been numerous attempts to provide business skills support to small business. These support systems are both national (e.g., SBDC, SCORE) and local (BizMix, Santa Fe Business Incubator, Venture Acceleration Fund, et al). IN Santa Fe has been cataloguing the services and capacity of these organizations, which will be of great value to further work. Also angel and venture capital investors often provide missing managerial talent to a company in which they are investing. In general these efforts are intentionally comprehensive (and should be). They are focused on making sure that the small business has all of the tools necessary for success. Notwithstanding these resources, the financial industry representatives complain that a significant portion of small business owners arrive at their doorstep without the necessary credit documentation and/or business plan. This creates a needless circuit of “turning down” a borrower, when the primary deficiency may be “organizing” and orienting the petition. The borrower then anecdotally makes the “rounds,” going sequentially from institution to institution. If they are lucky they find a credit officer with enough time and patience to orient the borrower and help assemble all of the necessary documents. In the meantime both financier and business manager have wasted many hours of otherwise productive time.

Despite these complaints, in fact smaller funding (e.g., loans under \$100,000) often get referred to The Loan Fund, Accion, and Weest (Community Development Financial Institutions – “CDFIs”). The referrals seem to be directed on an ad hoc basis, however, the relationships are established and probably work well, if not efficiently. The credit union Nusenda appears to be picking up much of

the “slack” in the small business loan market (see Appendix C), although they are specifically focused on real estate secured business loans, and more recently a type of cooperative lending, whereby intermediary credit helps vouch for smaller start up businesses, most notably in the agricultural sector with Montanita Coop. (N.B. the program apparently is expanding with other wholesalers who can essentially guarantee the debt of smaller suppliers.) Nusenda is over the maximum level of commercial loans with an approved exception. Guadalupe Credit Union is beginning to report commercial loans, and Del Norte Credit Union is studying the opportunity to expand business credit over a three year period. These institutions entering the market should expand credit offerings, however, they also further complicate the “where do I go for credit” conundrum for the busy small business manager.

There are broker/advisors in the market who are helping small businesses access the market, although they report the same issue: Spending large amounts of time (often uncompensated) on a deal that may not be successfully placed raises the cost significantly, especially for the smallest loans. Notwithstanding the complaints, these advisors are also helping access the Collateral Shortfall funding available through NM Finance Authority, SBA 7a guarantees, as well as the Job Training Incentive Program (JTIP). Other brokers²/lenders are finding factors (finance companies that buy a company’s receivables or inventory) and others (often outside our market area). There is also increased conversation and actual funding being done under the Impact Investing category. These are typically non-typical financing entities (e.g. foundations, private investors) who are attempting to use their investment portfolios to leverage their grant making and/or personal giving objectives³. Additionally some of the accelerators arrange small amounts of capital and pro bono services as part of their mission to help launch good entrepreneurial ideas. Accelerator capital typically is provided PRIOR to a business being ready for a typical financing institution.

Despite these laudable activities, there are several inherent problems in the financing search that are daunting to the smaller business. Without trying to catalogue all of them, the following list catalogues the main issues:

- A. Confusion about the Market and who to go to (discussed above)
- B. Different Loan Applications (and sometimes basic requirements)
- C. Requests made which are not ready and/or do not have basic financing documents
- D. Difficulty of coordinating a financing structure that requires more than one type of financing

With these main issues in mind, the following proposed approach attempts to create a regional financing climate that is easier for entrepreneurs and small businesses and also helps bolster the economic viability of the region’s finance sector. This is particularly important as there is increased competition from online lenders.

² Brokers are agents who arrange for a third-party to lend/invest, rather than investing through their own company.

³ New Mexico Impact Investment Collaborative is a trial effort being sponsored in part by the Santa Fe Community Foundation (and others) in order to increase the capacity of foundations to make investments in community businesses and lending vehicles that promote objectives that are consistent with the missions of the foundations and impact investors.

A New...Collaborative Approach to Small Business Financing – The “On Ramp”

A cooperative commercial financing platform can be arranged on a “Membership” basis, whereby all of the interested parties in small business lending and support participate in a collaborative vehicle designed to provide a quick “on ramp” to any and all small businesses (credit needs of less than \$1 million). A hired manager of the “On Ramp” quickly ascertains whether or not the entrepreneur/business owner is ready for financing requests. Two primary outcomes are:

Ready: Develop a Terms Sheet which itemizes the desired financing, terms, and necessary checklist of typical lender due diligence items. (See Appendix D) **(TBD: Are documents actually collected and scanned for ease in transfer?)**

Not Ready: Applicant is referred to one of several business development organizations depending on fit, timing (some accelerators have “classes”), business profiles, and the Applicant’s preferences.

Once the Applicant (also sometimes called Borrower, Entrepreneur, and Investee) is ready, the Terms Sheet is finalized and is made available to Members⁴ who have expressed an interest in the size, type of loan, business, etc. These contacts may be done in a group or online, although it is important that the financiers have the opportunity to meet the Applicant, review the terms sheet, and in general determine the applicability. During this process, it is hoped that one or more Members will “soft circle”⁵ the deal(s). The manager of the “On Ramp” will make every attempt to meet the following Member criteria (To be determined by Members):

(Preliminary idea)

- Priority goes to a Member who has referred an Applicant to the “On Ramp”
- Priority goes to a Member who already has a relationship with the Applicant (e.g., depository accounts, other loans, etc.)
- Priority goes to a Member who has not received deals recently

The *soft circle* does NOT imply a commitment to fund, but rather implies that the financier thinks that the deal is doable and will make best efforts to obtain underwriting. It also implies that if for any reason the financier cannot obtain institutional funding, that there is an obligation to come back to Members and attempt to get the necessary missing pieces - - maybe with another Member or service.

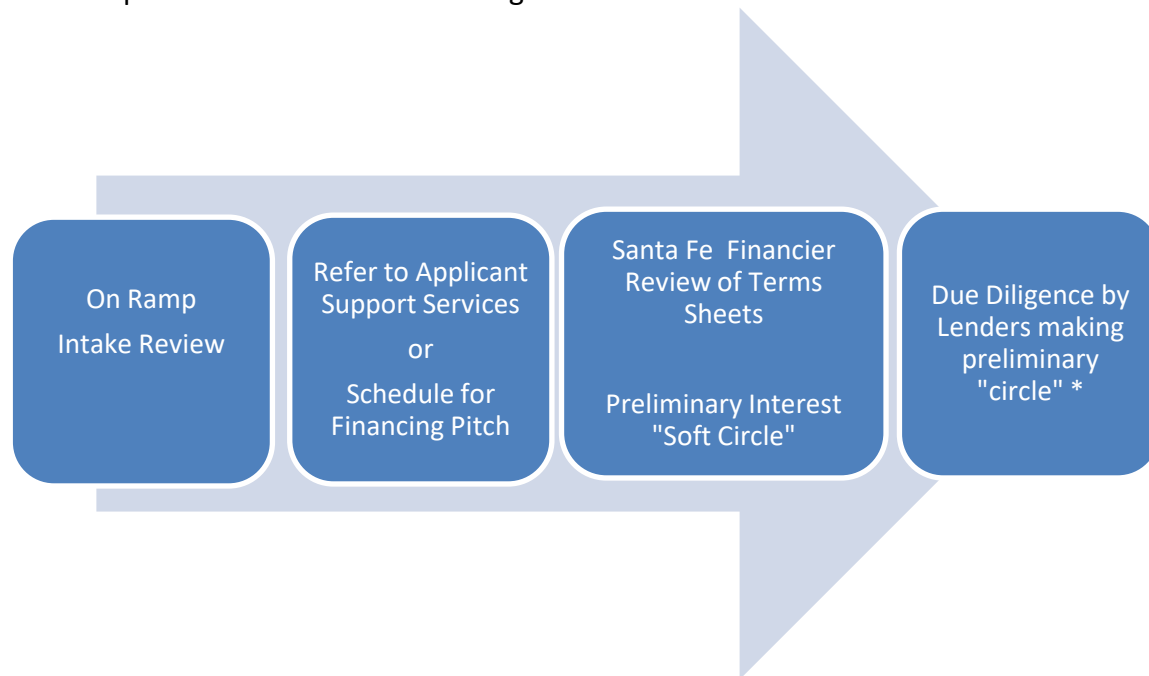
One other important element to the Membership review and soft circling of deals is avoiding any kind of “auction.” Pricing cannot be a variable factor in order to avoid allegations of colluding on pricing. Additionally the options outside the Santa Fe market are generally substantially higher than

⁴ Members can be banks, credit unions, CDFIs, business support agencies, impact investors, brokers, and perhaps even government LEDA agents.

⁵ Typically circling a financial offering implies a high degree of confidence that the investment or loan will be made. In this context, the “soft circle” does not imply a commitment to make the investment/loan, but rather a commitment to use best efforts to complete the transaction, recognizing that during due diligence and credit review, the deal may not be possible - - in that financial institution, or on the terms proposed.

in-market pricing. Further the “On Ramp” contemplates having both for-profit and non-profit lenders as Members. The Terms Sheet will identify the desired rate structure, however, neither the Member, nor the Applicant is obligated to that rate, nor will that be the basis for underwriting. If the Applicant does not agree to higher rates during due diligence (if that is proposed), s/he can return to the Membership, but with no intent of negotiating the pricing on the transaction.

In an effort to convert the words above into a financial proforma, a single year “point in time” proforma is included in Appendix E. For the more visually oriented, the following “picture” of the “On Ramp” looks a bit like the following:



*The deal reverts to the Intake Review if it cannot be completed by Lender(s) making ‘circle,’ unless there is a fatal flaw.

Reverting to the obstacles mentioned above, the “On Ramp” provides a template for further refinement and improvement.

A. Confusion about which Funder to go to...

The “On Ramp” is created by Members who want to improve the efficiency of finding and underwriting transactions (particularly new clients) in the Santa Fe region. This is enlightened *self-interest*, as it can lower the cost of looking for deals, and screening out deals that are not ready for financing. Additionally, it helps the company by providing a “one stop shop” to help get oriented and prepared for the financing “ask.” As part of the annual Membership fee, the Members get varying degrees of services, including potentially shared offices, marketing placement, and of course the right to review new financing opportunities.

Small business owners often do not have the financial acumen necessary to know where to start. This eliminates part of that quandary without having to find the right CDFI, the right bank, or the

right business support group. Whether SBA or USDA support is available, or whether crowd funding is appropriate adds another layer of complexity to the range of options. Further to this conundrum now is the exciting addition of philanthropy capital in the form of impact investing. While still small, arguably many of the newer companies in the market qualify as interesting impact investees. Perhaps that source of capital helps ‘bridge’ a smaller client into a CDFI, credit union, or bank.

B. Common Application/Common Terms Sheet

Early in the discussion with lenders it became apparent that each institutions had its own “application” and that largely it was dictated by procedures that are beyond the control of the lending offices in Santa Fe (even for smaller institutions). Therefore despite the desire to lessen the paper work for a borrower, the next best approach seems to be to develop a **Common Terms Sheet** (Appendix D).

The Terms Sheet has the advantage of being able to catalog the necessary documents for a formal loan application, including noting any missing or unavailable items. It also allows the funders to quickly in two pages see if the company has a viable proposal which is worth taking through a full underwriting process. The funder must determine whether the size, type of business, credit score, etc, fit the general funding parameters of the institution. Any challenges in the credit can be noted (up front) so that a prior credit problem, or a collateral shortfall, are not surprises during underwriting.

C. Requests without adequate Preparation or Documentation

This in many ways is the “heart” of the “On Ramp”. Lenders (and brokers, advisors) spend an inordinate amount of time preparing deals for underwriting, during what is usually referred to as “due diligence.” Sometimes this requires a serious amount of earnest money. Sometimes it just means months and months of exchanging documents. If the “On Ramp” can cut the underwriting time of the financier by half and increase the number of good deals processed, the Membership fee pays for itself several times over. More importantly, the “On Ramp” also provides a well advertised and knowledgeable way for the numerous business support systems in town to identify businesses appropriate to their services.⁶

Perhaps the biggest advantage, however, is making sure that the budding/expanding entrepreneur is not discouraged too much by the time and effort it takes to find the right “fit.” National studies suggest that searching for the right business support anchor AND the right financing partner takes months for each institutional contact. That takes valuable time away from running the business.

Perhaps even more to the point, many Applicants do not understand the basic differences between bootstrapping (“lean start up”), senior and junior debt, and the myriad of equity options. Helping sift through the options and at least providing an initial trial balloon that is close to target can make the difference between the success and failure of a small business.

⁶ Grace Brill notes that the business support groups have difficulty ‘getting their message out to the most appropriate targets.

D. Difficulty in Coordinating a Financial Structure that takes more than one type of financing

This is perhaps the most difficult form of finance to address; however, the mere collaboration of lenders increases the likelihood that contacts and referrals will occur. More importantly, this is where an experienced broker/advisor may be worth his/her weight in gold. Imagine the meeting which considers a growing company with a retail presence. Perhaps a “crowd funding” specialist offers to help obtain customer/brand conscience investors and/or preproduction sales. Maybe a Direct Public Offering specialist identifies ways that a subordinated layer of capital could permit a senior lender from participating.⁷ The ability of a “deal” to draw together the right mix of players is much more likely to occur if the Applicant is in a place where there is a degree of “self-organizing” rather than attempting to intuit the relationships on their own.

Other Considerations (Supply and Demand):

Supply Side: How many “deals” under \$1 million would be expected to run through the “On Ramp” each year? There would be NO obligation of Members to route deals through the “On Ramp”, although there may be an incentive for Members to do so. Anecdotal evidence suggests that 50 deals would not be an aggressive number to expect, although this needs vetting. Santa Fe banks (excluding national banks) and credit unions had over 6500 loans under \$1,000,000 on their books as of 3/31/2016⁸. Some of the lending is certainly outside of the Santa Fe area. Some of these loans represent long standing relationships with customers. That said, assuming that 3% of the loans are in Santa Fe and are new each year (200) provides an “On Ramp” more than enough to feel useful.

Additionally, Members of the “On Ramp” need to be part of organizing the details of policy, staffing, and maintaining “On Ramp”. There also may be benefits of Membership apropos to the Membership type, such as:

- Periodic use of office space
- Web and physical promotional material
- Training offerings

Management of the “On Ramp” could be developed by the Members, although several institutions have expressed interest in helping organize or manage the effort. This needs to be confirmed and vetted.

Demand Side: On the demand side, the various incubators and business support groups may be the best measure of “demand” for early stage Applicants, but potentially misses the critical early growth companies which are probably the most ready for traditional capital sources. Anecdotal support comes from many conversations and surveys in the community. The City’s own survey 2015 suggests that 34% of companies with only weak or fair access to capital had medium to high need for capital.

⁷ An Alternative Lenders group is attempting to encourage informal contacts and referrals. Some of the attendees of this group will be interested in “membership” in a more formal “On Ramp”. The Alternative Lenders group is focused on Santa Fe and Albuquerque and is modeled after a similar group in Denver.

⁸ Data is from New Mexico Federal Reserve Call Reports and Credit Unions in Commercial Lending.

One enticing opportunity may exist to co-locate with a Co-Working space being contemplated. The “On Ramp” would potentially be a useful tenant, but the other tenants would also provide a potential ‘word-of-mouth” and water-cooler promotion of the “On Ramp”.

Initially it is contemplated that the “On Ramp” will be located in Santa Fe, and serve the general region. It must be noted, however, that the potential Members are typically more broadly based and if this is successful, it certainly could be expanded to Albuquerque or Las Cruces. Members would presumably have to decide whether or not a separate “on ramps” are necessary, or if the same enterprise can accommodate the broader region.

Advantages and Disadvantages

There are various advantages associated with the structure for all of the parties, notwithstanding the fact that many business owners will continue to go directly to lenders with whom they have a relationship, and should. The Applicants are given a quick “clearing house” of local financing options without the need to engage in a serial search for the “right” source. If the Applicant is not ready for financing, they can be oriented quickly toward one or more of the business counseling services without using time and energy of a lender - - and without experiencing a “no” before they are ready.

The **advantages and disadvantages for the financiers** are less apparent, but perhaps are even more important in terms of providing a more robust local lending environment.

Advantages	Disadvantages	Comments
<p>Reduced sourcing/marketing costs</p> <p>Significant time and effort savings in finding “ready” small businesses</p>	<p>Perception of an “auction” (see above)</p>	<p>The pitches to the Members must result in a discussion regarding credit-worthiness, rather than pricing. The pricing should be set by the Applicant based upon initial review.</p>
<p>Access to more deals.</p> <p>Brokers could also provide a broader competitive market view – particularly if crowd funding becomes a more viable option.</p>	<p>Perception of lost business an account holder chooses to seek financing through the “on ramp.” (Preference for relationships may help.)</p>	<p>A broker could even use the “on ramp” as a way of helping a client clear the market, perhaps at a reduced fee.</p>

Ability to quickly and efficiently transfer a potential borrower to a more likely financing source, when applicable (e.g., CDFI)	Initial “circle” does not entail a commitment on the part of the financing party; however, it does imply an understanding of the criteria for underwriting and best efforts to make the deal work.	If the financier cannot get the deal approved after due diligence (and assuming that due diligence did not turn up a deal breaker), they have an obligation to return to “On Ramp” and attempt to structure the financing with a more appropriate entity.
Potential to use a common terms sheet with common checklist for applications	Does not (as currently devised) contemplate gathering documentation.	Some degree of automating the documents necessary for underwriting has been suggested.
Maintains “personal” touch and provides a meaningful competitive position relative to the internet sites		

Additional Considerations for Members:

Q: Why include brokers in the Membership?

A: Some Applicants will need financing resources that are more complex or that need to involve sources not present in the local markets, e.g., long term fixed rates (typically found with insurance companies), crowd funding support experts, tiered capital structure that might involve 2-4 lenders in differing priorities for repayment.

Q: How does the “On Ramp” avoid being an “auction?”

A: The initial terms sheet should specify a level of compensation (interest rate) that is consistent in the market. If there is no interest in the loan at that rate, the borrower can raise the rate, but the Members are not allowed to “bargain” for the deals.

Q: Can governmental entities participate?

A: Access to the Collateral Shortfall program at NMFA and the Job Training Incentive Program (JTIP), as well as LEDA loans should be part of the mix. It may be that the financing Members and advisors themselves recommend these tools. Obviously the SBDC would also be a logical arm to recommend appropriate SBA guarantees.

Additionally the City, County, and/or State could choose to provide enhancement credit or capital for difficult to serve areas of the economy - - through the “on ramp.” This could be a conduit for LEDA capital or just a reservoir for pooled capital for special projects.

Q: Should angel and venture capital investors be Members?

A: Perhaps. This needs to be discussed. At a minimum the assumption is that the newly forming New Mexico Impact Investment Collaboration (“NMIIC”) will find the “On Ramp” to be a useful source of deal flow.

Q: Should money center lenders be Members?

A: Perhaps. However, market participants thus far have suggested that the money center banks are not actively participating in the small loan market. Additionally, it is frequently pointed out that the profits from loans made by the money center banks are not staying in New Mexico. Regardless of the outcome, *IF* the money center banks are able to address local business needs with local lending personnel (rather than a modified computer scoring FinTech product), it may be important to include them in the mix of Members.

Organizational and Sustainability Considerations:

A brief, single year proforma attempts to evaluate the minimum number of deals and members to make the On Ramp cash flow. If the platform works for 35 to 40 credits, it should work even better for 70 to 100 deals per year. Added staff may be necessary, but there are substantive gains in the efficacy of the platform as deal flow grows. The initial proforma is found in Appendix E.

Perhaps the bigger question is what the organizational structure should be. Initially suggestions were made that it could be a new or expanded CDFI with the mandate to perform the collaborative functions described by the Members. While this has the advantage of perhaps using an existing legal entity, it may not reflect the intent of the Members. Perhaps a more descriptive and palatable format would be a cooperative. In a cooperative each Member has a vote and capital contributions are “revolved.” This provides an easy method of having a broad and diverse Membership base, while insuring that the “fees” contributed reflect the ongoing financial interests of the individual members. Capital could revolve based upon a minimum liquidity base, with earliest capital receiving payouts after year five. A simplified illustration of this concept is in Appendix F.

In both of the financial appendices E and F, it is contemplated that most borrowers will pay some sort of fee to use the On Ramp. This is currently set at \$200 in the proforma, but should perhaps be varied depending upon the size of the transaction, with larger deals requiring a larger “I’m serious” payment. If a deal is consummated, the fee can be credited against a small success fee, which helps relate better to size. For the purposes of the proforma, a small fee of ¼% is contemplated. This is significantly smaller than a typical ‘finders’ fee or brokerage fee, but it helps cover the expense base with more than just membership fees.

Enhancements for Consideration

Pooled Funds

The Members could collect and pool funds from either their own capital or special deposit accounts. The pooled funds could be dedicated toward special, more difficult to finance sectors, such as, i) businesses with only one year of operating history, ii) smaller real estate secured financing, iii)

impact investments that stress social impact over financial impact (e.g., preschools, small agriculture, etc.).

Another method of accomplishing a “pool” of dedicated funds for impact might be through a Pooled Income Fund at the Santa Fe Community Foundation. This could parallel the foundation’s own impact investments, but allow for a relatively easy way for Santa Fe citizens to contribute capital (but retain income) on funds dedicated to the pool.

Regardless of the mechanism chosen, pooled funds and funds dedicated by one or more public entities have the potential to leverage more private capital from the community banks, credit unions, and CDFIs.

Documentation “Packager”

This is the area where there has been the widest range of opinions thus far. Some entities think that the underwriter can most easily handle the necessary documentation directly from the applicant. Others have suggested that packaging and automating the standard documents would add significant value and would also facilitate the sharing and/or transfer of credit from one member to another. Obviously security and confidentiality issues have to be taken into consideration; however, this may be an enhancement that the members can consider as experience is gained.

Next Steps

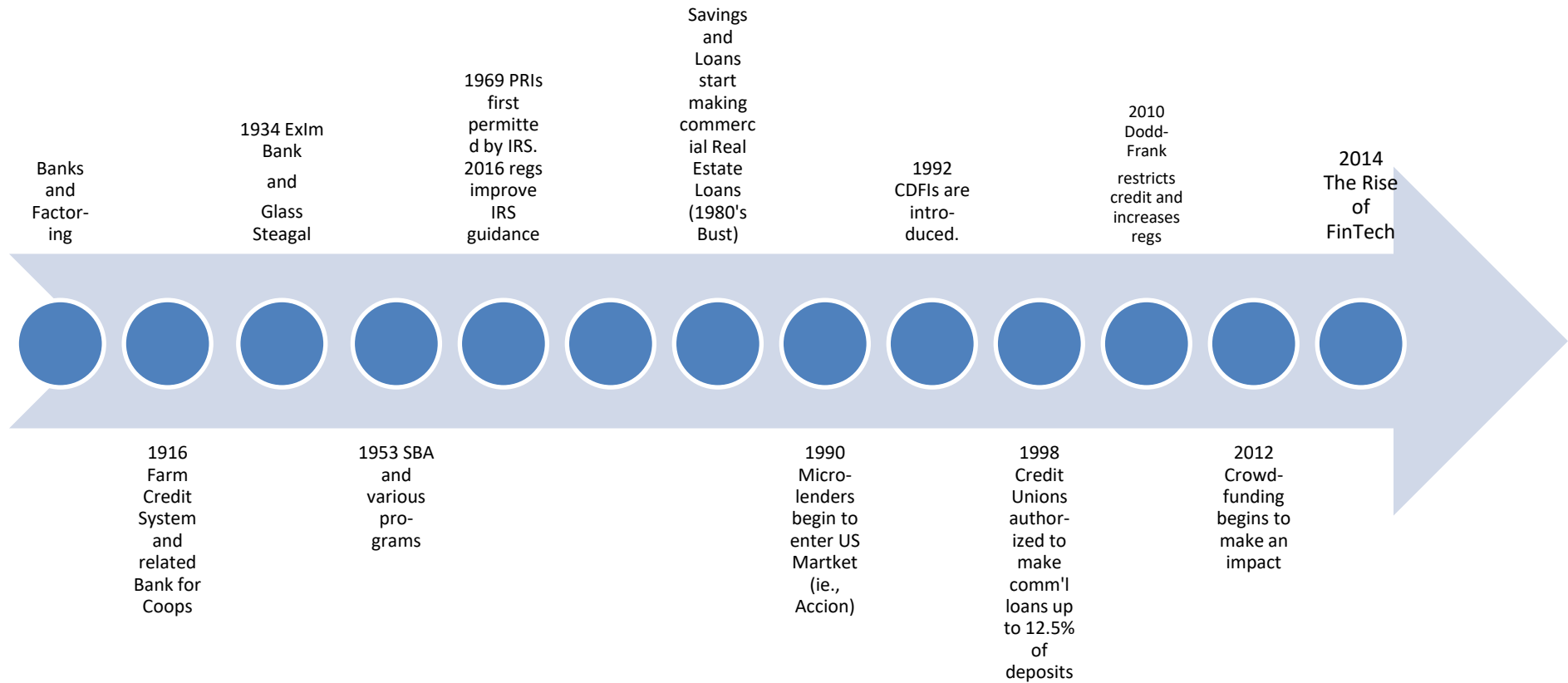
This documents the first two phases of a four phase engagement with the City of Santa Fe. It actually accomplishes most of what was originally a deliverable for Phase III and IV. It is expected that Phase III and IV will involve gathering the likely members and fleshing out the details, concerns, and methods of starting a pilot project. Refinements should be made to the financial modeling and expected volumes. Phases III and IV are expected to involve more active involvement of potential Members.

Appendices

- A. History of Financing Enhancements attempting to help Small Businesses
- B. Article on Bank Regulatory Pressures reducing Commercial Lending
- C. Analysis of Santa Fe financial institution Call Reports
- D. Terms Sheet (preliminary)
- E. Minimum Loan Volume Proforma
- F. Illustrative Multi-year Proforma

Appendix A

A Short History of Financing Enhancements



Appendix B

To Spur Small Business, First Free the Banks

By HAL S. SCOTT MAY 15, 2017

Somewhere in the United States right now, an entrepreneur is having trouble getting a small-business loan for expansion. The reason? The bank is committed to keeping a large portion of its money in government debt instead.

After the financial crisis, the government, in the form of the [Federal Reserve](#), the Comptroller of the Currency and the [Federal Deposit Insurance Corporation](#), imposed liquidity requirements that force American banks with assets over \$50 billion to hold huge amounts of government debt as liquid assets. Those assets represent \$4.3 trillion in government debt, or about one-quarter of all American banking assets. They include \$1.75 trillion in bank deposits (called excess reserves) held at the Fed, \$1.5 trillion in mortgage-backed securities guaranteed by Fannie Mae and Freddie Mac (called government-sponsored-enterprise debt) and \$560 billion in United States Treasuries.

American banks are truly awash in government debt at five times pre-crisis levels. If President Trump wants to follow through on his promise to increase lending to small businesses, he should start by scaling back these requirements.

Why do we have these rules? They are based on the idea that financial institutions need a cushion to protect them from runs on the bank. During a crisis, government debt can quickly be sold to meet withdrawals by panicking depositors and short-term creditors.

But bank liquidity requirements come at a very high cost to the economy. Studies find that they reduce overall bank lending by 3 percent to 5 percent, and increase interest rates by 15 to 30 basis points. And indeed, small-business lending is down in the time since regulators imposed them. Ultimately, according to a survey of studies by the Treasury's Office of Financial Research, liquidity requirements reduce economic growth by as much as three percentage points.

These liquidity requirements will continue to tie banks' hands even if the Fed shrinks its balance sheet. When the Fed reduces its holdings of United States Treasuries and mortgage-backed debt, it must also reduce excess reserves that banks rely on to comply with liquidity requirements. As a result, American banks will have to buy more Treasuries and mortgage-backed debt and thus will not have increased spare capacity to lend privately to the small businesses and homeowners who need loans.

Considering that the cost of bank liquidity requirements is clearly so high, they should provide commensurate stability to the financial system. Unfortunately, there is good reason for skepticism on this front.

First, liquidity requirements cannot reduce the risk of a panic outside the commercial banking sector, like the panic in 2008 that included the otherwise solvent investment banks [Goldman Sachs](#) and Morgan Stanley, the affiliated broker-dealers of large banks and money market funds.

Second, bank stores of government assets, while large, are still finite. Therefore, while those assets may reduce banks' need to hold a fire sale of harder-to-value assets, like small-business loans and mortgages, it does not eliminate the risk of a panic. Depositors and short-term creditors still have an incentive to run in a crisis.

Worse still, bank liquidity requirements may worsen a crisis as banks are forced to hoard liquid assets and are thus unable to lend to one another. That's the worst medicine: In a crisis, you want banks to lend to other institutions that need money.

Several prominent conservative economists and I have recently called for the Federal Reserve to establish a framework for any Fed lending during a financial crisis.

A key contributor to the crisis in 2008 was that the Fed was simply not prepared, and therefore the market had no confidence that any financial institutions would be protected. Rather than relying on costly and untested liquidity requirements, what we need is for the Fed to have a plan for how it would value and lend against private collateral, including small-business loans and home mortgages, held by solvent financial institutions. Solvency determinations during a fast-moving crisis are too difficult. The Fed must plan ahead to protect the financial system by making loans immediately to solvent banks based on their balance sheets and avoid lending to insolvent institutions, such as [A.I.G.](#) in 2008.

Liquidity requirements can't save us from the next crisis, and they can make that crisis worse. In the meantime, all the money stockpiled in banks would be better spent invested in companies to spur economic growth. It's time that small businesses across the country stopped paying for Wall Street's mistakes.

Hal S. Scott, the director of the Committee for Capital Markets Regulation, an industry-supported research group, teaches international finance at Harvard Law School.

A version of this op-ed appears in print on May 15, 2017, on Page A19 of the New York edition with the headline: To Grow, First Free The Banks.

Appendix C														
Summary of Local Bank and Credit Union Call Reports														
			3/31/2017				3/31/2016					3/31/2011		
					Comm'l Industrial Loans	%			Comm'l Industrial Loans	%		# of Loans	Outstanding (\$000s)	Comm'l Industrial Loans
Original Amt was:			# of Loans	Outstanding (\$000s)			# of Loans	Outstanding (\$000s)				# of Loans	Outstanding (\$000s)	
Commercial Banks														
First National Bank of Santa Fe	\$100,000 or less	77	1,106	162,474	1%	272	1,507	129,761	1%	151	3,084	17,332		
	\$101,000 to \$250,000	48	4,438		3%	72	3,436		3%	40	3,175			
	250,001 to \$1 million	39	11,227		7%	66	11,613		9%	13	3,291			
		164				410				204				
					</									

Appendix D									
Small Business Lending Cooperative "On Ramp" Terms Sheet and Information Review									
							Date:		
Borrower:									
Type of Entity:									
Guarantor(s)*:						Type of Entity:			
						Type of Entity:			
						Type of Entity:			
* Note if any of the guarantees are limited to less than the full amount of the request.									
Brief Description of Business, Opportunity, and Financing Requirements:									
Website:									
Financing Request:									
	Amount:								
	Term:								
Repayment Terms Proposed/Expected:									
Interest Rate Proposed:									
	Fees:								
	Collateral								
	Reporting Rqmts.								
Credit Conditions Needed (e.g., other lender/investor(s), collateral restrictions, credit score,etc.):									

Underwriting Requirements (Check if it is readily available. Note any discrepancies or insufficiencies below.)

Collateral Documentation

- | | | |
|--------------------------|-----------------------------------|--|
| <input type="checkbox"/> | Copy of Lease(s) | |
| <input type="checkbox"/> | Proof of Insurance | |
| <input type="checkbox"/> | Purchase and Sale Agreement(s) | |
| <input type="checkbox"/> | Legal Description and Valuation | |
| <input type="checkbox"/> | Title Policy (if a dwelling unit) | |

Business Information Documentation

- | | | | | | |
|--------------------------|---|--|--|--|--|
| <input type="checkbox"/> | Last 3 yrs of Filed Tax Returns (signed) w/ all schedules | | | | |
| <input type="checkbox"/> | Balance Sheet and Income Statement for last full Fiscal Year End | | | | |
| | Signed?_____ Accountant Prepared?_____ | | | | |
| <input type="checkbox"/> | Year to Date Balance Sheet and Income Statement | | | | |
| | Signed?_____ Accountant Prepared?_____ | | | | |
| <input type="checkbox"/> | Inventory/Equipment Listing as of: _____ | | | | |
| <input type="checkbox"/> | Accounts Receivable Aging as of: _____ | | | | |
| <input type="checkbox"/> | Legal Formation Documents' | | | | |
| | (articles, bylaws, operating agreement, LLC agreement, Partnership Agreement) | | | | |
| <input type="checkbox"/> | List of Shareholders or Partners (w/ percentage ownership) | | | | |
| <input type="checkbox"/> | Business Plan (attach) | | | | |
| <input type="checkbox"/> | Background History of Business (attach) | | | | |

Guarantors and/or Signers (information needed on both):

- | | |
|--------------------------|---|
| <input type="checkbox"/> | Last 3 years of filed tax returns with all schedules |
| <input type="checkbox"/> | Personal Financial Statement (signed and certified)
(balance sheet, cash flow, contingent liabilities) |

Comments and Pertinent Information for Underwriting (eg., red flags, opportunities, etc.):

--

Further Notes or Explanations:

(also attach one page brief 3 year history of financials - P&L and Balance Sheet)

[illegible]

...A Cooperative Commercial Financing Platform - Minimum Volume						
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Membership organization which prioritizes providing leads to its members.	This proforma illustrates a single year. It			
---	---	--	--	--

This proforma illustrates a single year. It does not yet illustrate a ramp up phase

15-Feb-17

		Annual			
Revenues		Membership	Total	Membership:	Notes - Possible Membership "perks"
Banks	4	20,000	80,000	Century, LANB, NMB&T, FNB	This includes ability for staffing office 2 days/ month.
Credit Unions	1	20,000	20,000	Nusenda, Others? (if moves into comm'l)	
CDFIs	3	10,000	30,000	The Loan Fund, Accion, Weest	This includes abilty for staffing office 4 days/month
Impact Investors	5	5,000	25,000	NM Impact Inv. Collaborative, Other Private Groups?	
Angels?					
Government?					
Support Services	2	2,000	4,000	SCORE, SBDC, Incubators et al	Provides support services with sourcing
Brokers/Advisors	3	3,000	9,000	E.g.,Crowdfunding specialist, Factoring, etc.	
Total Member Revenue			\$168,000		
Client Pymts	20	100	2,000	Only paid by companies that are beyond "startup" phase	
Success Fees	See below		13,000	Paid by lender/borrower upon successful placement of funds (probably 1/2%)	
		REVENUE	\$183,000		
Expenses					
Manager	1 plus temp?		140,000	<div style="border: 1px solid black; padding: 10px;"> If members opted to have more services or more experienced financing expertise in the OnRamp the Expenses would increase and could be covered by modest increases to the Membership Fees (or the Success Fees). </div>	
Office (includes guest office space)			24,000		
Other			15,000		
		EXPENSES	\$179,000		
Success Fees:					
Paid on Success by either Applicant or Financier					
(if the deak goes through a member "broker" the Fee is 1/2 the amount.??)					
Loans Made					
Avg Loan Size	# of Loans	Total Loans	Facilitation Fee		
20,000	5	100,000	0.50%	500	
50,000	10	500,000	0.50%	2,500	
100,000	10	1,000,000	0.25%	2,500	
250,000	5	1,250,000	0.25%	3,125	
500,000	2	1,000,000	0.25%	2,500	
750,000	1	750,000	0.25%	1,875	
	33	\$ 4,600,000		\$ 13,000	

Appendix F											
10 Year Proforma as a Financing "Cooperative"						<div>This is a simplistic 10 year proforma in order to show the impact of a revolving capital structure which returns the original fees paid by Members back to the members on a 5 year prorata, revolving basis. All terms and conditions can be set (and reset) by Members.</div>					
Assumptions:											
5 year Revolving Capital Agreement											
10% growth in revenues first 5 years											
5% growth in revenues next 5 years											
5% growth in expenses annually											
\$70,000 minimum reserve											
	Years	1	2	3	4	5	6	7	8	9	10
Revenue		\$ 183,000	\$ 201,300	\$ 221,430	\$ 243,573	\$ 267,930	\$ 281,327	\$ 295,393	\$ 310,163	\$ 325,671	\$ 341,955
Expenses		\$ 179,000	\$ 187,950	\$ 197,348	\$ 207,215	\$ 217,576	\$ 228,454	\$ 239,877	\$ 251,871	\$ 264,465	\$ 277,688
Net Cash Flow		\$ 4,000	\$ 13,350	\$ 24,083	\$ 36,358	\$ 50,355	\$ 52,872	\$ 55,516	\$ 58,292	\$ 61,206	\$ 64,267
Cummulative		\$ 4,000	\$ 17,350	\$ 41,433	\$ 77,791	\$ 128,145	\$ 181,018	\$ 236,534	\$ 294,826	\$ 356,032	\$ 420,299
		Available for Return to Investors on Revolving Basis				\$58,145	\$ 52,872	\$ 55,516	\$ 58,292	\$ 61,206	\$ 64,267
		(net of minimum reserve)									
	Aggregate Investor Paybacks			Banks		\$27,688	\$25,177	\$26,436	\$27,758	\$29,146	\$30,603
		(assumes no	Credit Unions		\$6,922	\$6,294	\$6,609	\$6,940	\$7,286	\$7,651	
		change in annual	CDFIs		\$10,383	\$9,442	\$9,914	\$10,409	\$10,930	\$11,476	
		contributions)	Impact Investors		\$8,653	\$7,868	\$8,261	\$8,674	\$9,108	\$9,564	
			Angels?		\$0	\$0	\$0	\$0	\$0	\$0	
			Government?		\$0	\$0	\$0	\$0	\$0	\$0	
			Support Services		\$1,384	\$1,259	\$1,322	\$1,388	\$1,457	\$1,530	
			Brokers/Advisors		\$3,115	\$2,832	\$2,974	\$3,123	\$3,279	\$3,443	
			Total Returned		\$58,145	\$52,872	\$55,516	\$58,292	\$61,206	\$64,267	
Notes:											
The revolving return of capital offsets the annual fees and over 10 years under this scenario roughly 4 years of equity contribution would be "revolved" or returned. In a five year "revolving period" 35% of the capital is returned. The return ratio depends on the Net Revenue in addition to the revolving period and the minimum cash threshold set. All of these parameters can be set by Members.											
Additionally, members could choose to use the Net Cash Flow to "back" higher risk transactions that needed capital. Again, this would be up to the members to decide and regulate.											

This is a simplistic 10 year proforma in order to show the impact of a revolving capital structure which returns the original fees paid by Members back to the members on a 5 year prorata, revolving basis. All terms and conditions can be set (and reset) by Members.