

**ACTION SHEET
ITEM FROM THE
PUBLIC WORKS/CIP AND LAND USE COMMITTEE MEETING
OF
MONDAY, DECEMBER 7, 2015**

ITEM 11

REQUEST FOR APPROVAL OF AMENDMENT NO. 6 TO THE AMENDED AND RESTATED RAILYARD LEASE AND MANAGEMENT AGREEMENT WITH SANTA FE RAILYARD COMMUNITY CORPORATION TO INCLUDE MINOR HOUSEKEEPING ITEMS AND PAYMENT DEFERRALS TO EXISTING RENT SCHEDULE **(ROBERT SIQUEIROS)**

PUBLIC WORKS COMMITTEE ACTION: Approved

FUNDING SOURCE:

SPECIAL CONDITIONS / AMENDMENTS / STAFF FOLLOW UP:

VOTE	FOR	AGAINST	ABSTAIN
CHAIRPERSON TRUJILLO			
COUNCILOR BUSHEE	X		
COUNCILOR DIMAS	Excused		
COUNCILOR DOMINGUEZ	Excused		
COUNCILOR IVES	X		

ACTION SHEET
ITEM FROM FINANCE COMMITTEE MEETING OF 11/30/15
FOR CITY COUNCIL MEETING OF 12/09/15

ISSUE:

11. Request for Approval of Amendment No. 6 to Amended and Restated Railyard Lease and Management Agreement – Include Minor Housekeeping Items and Payment Deferrals to Existing Rent Schedule; Santa Fe Railyard Community Corporation. (Robert Siqueiros)

FINANCE COMMITTEE ACTION:

Approved as Discussion item.

FUNDING SOURCE:

SPECIAL CONDITIONS OR AMENDMENTS

STAFF FOLLOW-UP:

Approved with direction to staff.

VOTE	FOR	AGAINST	ABSTAIN
COUNCILOR TRUJILLO	X		
COUNCILOR RIVERA	X		
COUNCILOR LINDELL	X		
COUNCILOR MAESTAS	X		
CHAIRPERSON DOMINGUEZ			

4-13-15

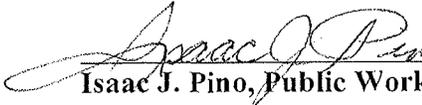
City of Santa Fe, New Mexico

memo

DATE: November 30, 2015

TO: Finance Committee

VIA:


Isaac J. Pino, Public Works Department Director

FROM: Robert Siqueiros, Railyard Projects Administrator 

ITEMS: THE SANTA FE RAILYARD COMMUNITY CORPORATION IS REQUESTING APPROVAL OF AMENDMENT #6 TO THE CITY OF SANTA FE RAILYARD LEASE AND MANAGEMENT AGREEMENT.

SUMMARY:

The Santa Fe Railyard Community Corporation requests approval of Amendment No. 6 to the Amended and Restated Lease and Management Agreement (“L&M Agreement”).

The purpose of the amendment is twofold; first to include several minor “housekeeping” items and 2nd; to review and approve SFRCC’s payment deferrals to the existing Rent Schedule.

Housekeeping Items:

1. Inclusion of the dedicated parking spaces for both the existing residential parking on Parcel A-1, known as the Artyard and the proposed residential project on Parcel A-2 (See Residential Parking Exhibit).
2. Revision of the Maintenance Responsibility Map, Exhibit C, and the description of the Leased Premises map to reflect the change in boundaries of the Railyard Deed of Conservation Easement approved by the City Council in 2014, Exhibit A.

The change in the Conservation Easement was to accommodate Violet Crown Cinema's outdoor seating.

Rent Deferrals:

SFRCC is requesting an additional deferral of rent SFRCC pays to the City starting in May, 2017. SFRCC will pay 100% of the rent owed to the City for the balance of the 2014/15 fiscal year. There is no fiscal impact to the city until May, 2017.

SFRCC is requesting additional deferrals totaling \$600,000 over 4 years commencing late in the 2016/17 fiscal year and ending in Fiscal Year 2019/20. The additional deferrals are illustrated on the chart below:

Year	March 2013 Approved Deferrals	Proposed Deferrals	Additional Deferrals
2016/17	\$ 350,000	\$ 600,000	\$ 250,000
2017/18	\$ 200,000	\$ 350,000	\$ 150,000
2018/19	\$ 100,000	\$ 200,000	\$ 100,000
2019/20	\$ 100,000	\$ 200,000	\$ 100,000
TOTAL	\$ 750,000	\$ 1,350,000	\$ 600,000

The request is for the deferral of rent, not an abatement. SFRCC will repay the additional deferrals in 2025/26 and 2026/27.

The deferrals are required because there is not sufficient rent being paid by the ground lease tenants to pay the cost of the infrastructure bonds. The cost of the infrastructure built in 2006-2008 roughly doubled over the original estimate. However, the rents for the Railyard land parcels have been generally flat due to economic conditions and lower real estate values than anticipated. A detailed discussion of these conditions can be found in the attached SFRCC letter dated 10/15/15.

Also attached is the Lease and Management Agreement Amendment No.6 signed by legal staff.

LEASE AND MANAGEMENT AGREEMENT HISTORY

In brief, since SFRCC's Lease and Management Agreement was Amended and Restated in 2011. There have been 4 (four) approved amendments. Prior to the reinstatement there were 8 approved amendments (See Chronology below)

LEASE & MANAGEMENT AGREEMENT AMENDMENTS (Prior 2011)

Amendment No. 1 allowed for sale of the El Museo Building and increased the terms of parcel leases to fifty (50) years with options for an additional forty (40) years. (9/29/04)

Amendment No. 2 added the 3.5 acres of Plaza and Alameda north of Paseo de Peralta to SFRCC as leasehold premises and obligated SFRCC to manage the Railyard Plaza and Alameda with city approval. (10/27/04)

Amendment No. 3 removed facilities for ingress and egress to parking garage, revised the parking garage completion date to July 1, 2006 (from July 1, 2004). Additionally, the amendment restructured future SFRCC operating profit to retire debt instead of requiring payment of 50% annual excess revenue to the city. This amendment also provided SFRCC with financial relief by deferring property debt service payments and allowed for additional debt relief from the city. (04/27/05)

Amendment No. 4 extended the completion of the Underground Parking garage from July 1, 2006 to January 1, 2008 and continues to allow for reduction of the payment of the Railyard acquisition and infrastructure financing debt due to the loss of revenue from the City's delay in completing the underground parking garage. This amendment also allowed for deletion of the land deeded by the City to the Oddfellows and to add the land that was received from the Oddfellows. (05/10/06)

Amendment No. 5 extended the completion date of the Railyard Parking Garage to March 31, 2008, clarified the status of existing sublease upon termination or expiration of the Lease and Management Agreement, revises the definition of the Leasehold Premises to recognize the hike/bike trail in the Baca Street Area and widening the Alameda in the North Railyard, and addresses the methodology to allow the City to remove Affordable Housing units from the Leasehold Premises. (12/12/07)

Amendment No. 6 acknowledged sale/leaseback of improvements on Railyard Parcel M-1, M-2, M-3, M-4, and G. (12/12/07)

Amendment No. 7 revised Completion Date for the Railyard Underground Parking Garage; removed Rail Line Corridor from the Leasehold; defined SFRCC responsibilities for the Park, Plaza and Alameda on the Conservation Easement; and adjusted Boundary of Leasehold Premises of Parcel E.

Amendment No. 8 was approved in order to remove SFRCC's leasehold premises the portion of the infrastructure constructed by SFRCC on behalf of the City including roads, sidewalks, street lights, and other utilities. This action would allow SFRCC's auditors to remove this \$12.8 million asset from its accounting books. The City has been adding the infrastructure assets to its books as

work was completed. Therefore, both the City and SFRCC were carrying the asset on their books.

LEASE & MANAGEMENT AGREEMENT CHRONOLOGY (Amended and Restated)

Amendment No. 1 was approved by the Mayor and City Council to extend the terms of the Lease and Management Agreement to June 30, 2027.

Amendment No. 2 was approved in March 2013 by the Mayor and City Council to increase the deferral amount for SFRCC.

Amendment No. 3 was approved in June 2013 by the Mayor and City Council to include the parking agreement for the Violet Crown Cinema patrons and SFRCC.

Amendment No. 4 was approved in September 2013 by the City Council regarding Tract O and the Santa Fe Depot building lease agreement.

Amendment No. 5 was approved to clarify that in the event that a sublease expires or otherwise terminates, the City shall assume Santa Fe Railyard Community Corporation's ("Non-profit") position with the subleases

RECOMMENDED ACTION:

Please review and recommend to the Public Works Committee and City Council approval of the Railyard Lease and Management Agreement Amendment No. 6.

Attachments:

Lease and Management Agreement Amendment No.6
Exhibits A, B & C
SFRCC's Letter of Request
Residential Parking Exhibit
Summary of Contracts

**CITY OF SANTA FE
AMENDMENT # 6 TO
AMENDED AND RESTATED RAILYARD LEASE AND MANAGEMENT AGREEMENT**

This Amendment No. 6 (the "Amendment") to the City of Santa Fe Amended and Restated Railyard Lease and Management Agreement dated April 30, 2011, as amended by Amendment #1 dated May 18, 2012, Amendment #2 dated April 30, 2013, and Amendment #3 dated May 31, 2013 Amendment #4 dated June 1, 2013, and Amendment #5 dated September 1, 2015 (the "Agreement") between the CITY OF SANTA FE, New Mexico ("City") and SANTA FE RAILYARD COMMUNITY CORPORATION, a New Mexico non-profit corporation ("Non-profit") shall be effective on December 1, 2015.

RECITALS:

A. The City and the Non-profit are parties to the Amended and Restated Railyard Lease and Management Agreement, as amended above, (the "Amended and Restated Lease and Management Agreement") dated April 30, 2011, under which the Non-profit undertakes management of the "Leasehold Premises" within the "Santa Fe Railyard," as defined in the Amended and Restated Lease and Management Agreement.

B. The City wishes to amend Exhibit B of the Agreement to provide for additional deferrals of Rent due from the Non-profit.

C. The City wishes to amend Exhibit C of the Agreement to revise the areas of maintenance responsibilities of the City to include what was formerly known as "Parcel W" located at 705 Alarid Street. Parcel W was added to the Deed of Conservation Easement on November 3, 2014.

D. The parties wish to remove Parcel W, located at 705 Alarid Street, from the description of the Leasehold Premises.

E. The City wishes to add parcels A-3 and A-4 to the description of the Leasehold Premises.

Pursuant to Article 8.01 of the Agreement, and for the good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the City and the Non-profit agree that the Agreement is amended as follows:

1. Delete in its entirety Section 2.01 of the Agreement and replace with the following:

"2.01 Grant of Lease Premises The City hereby enters into this Agreement with the Non-profit for the Leasehold Premises. The Leasehold Premises shall consist of the Railyard exclusive of the following areas: the connector between the Baca and North Railyard; approximately ten (10) contiguous acres developed as a public park and Parcel W comprised of 14,129 square feet located at 705 Alarid Street, both covered by the Deed of Conservation

M:\lrene\Agreements\Amendment #6 to Amended and Restated LM Agreement (11-02-15).doc

Easement between the City and the Trust for Public Land which was assigned to the Santa Fe Conservation Trust; the Rail Line Corridor as such term is defined in the aforementioned Conservation Easement; the area south of the Alarid Street railroad crossing; the area occupied by the underground parking garage and facilities for ingress to and egress from that garage; all public streets, alleys, and public surface parking areas within the Railyard whether existing or subsequently created; a portion of Parcel Q totaling 482 square feet; and a portion of Parcel SS in the Baca Street portion of the Railyard totaling 6,066 square feet. The Leasehold Premises shall include the following areas: a.) approximately 82 square feet adjacent to Lease Parcel E that was previously a portion of the Conservation Easement, and b.) the land in the Baca Street portion of the Railyard that was exchanged with the Santa Fe Lodge No. 2, Independent Order of Oddfellows, Inc. and Parcel A-3 comprised of 4,191 square feet. Parcel A-4 comprised of up to sixty five (65) parking spaces located in the existing parking area adjacent to Parcel A-2 shall be added to the Leased Premises effective on the commencement date of a sublease between the Non-profit and a sublease tenant for the development of a multifamily residential building. The area described above in the aggregate is depicted in Exhibit A hereto, dated December 1, 2015, and shall be hereinafter referred to as the "Leasehold Premises". Exhibit A is included for graphical information only. If any conflicts appear between Exhibit A and the text in this Agreement, the text shall prevail. Nothing herein shall be deemed to limit the addition of property owned by the City to the area covered as Leasehold Premises should such properties be added to the Railyard through the planning process or by way of acquisition by the City and so long as the Non-profit gives its written consent to the addition of the property to the Leasehold Premises and conveys fair value for any additional property."

2. Delete in its entirety Exhibit B entitled "Rent Schedule" dated April 30, 2013 and replace with the enclosed Exhibit B entitled "Rent Schedule" dated December 1, 2015.
3. Delete in its entirety Exhibit C entitled "Maintenance Responsibilities" dated April 30, 2013 and replace with the enclosed Exhibit C entitled "Maintenance Responsibilities" dated December 1, 2015. Upon the commencement date of a sublease between the Non-profit and a sublease tenant for the development of a multifamily residential building, the maintenance of Parcel A-4 shall become the responsibility of the sublease tenant.

Except as specifically provided in this Amendment #6, 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 #6 as of the dates set out below,

Non-profit:

City:

SANTA FE RAILYARD COMMUNITY CORP.

CITY OF SANTA FE

By _____

By _____

Javier Gonzales, Mayor

Printed Name _____

Its _____

CRS # 02-481098003
City of Santa Fe Business
License Registration # 0397164

Attest:

Yolanda Vigil, City Clerk

Approved as to form:

Approved:



Kelley A. Brennan, City Attorney

Oscar Rodriguez, Finance Director

STATE OF NEW MEXICO

§:

COUNTY OF SANTA FE

The foregoing instrument was acknowledged before me on _____, by Javier Gonzales, Mayor of City of Santa Fe, a New Mexico municipal corporation, on its behalf.

Notary Public

My commission expires:

STATE OF NEW MEXICO

§:

COUNTY OF SANTA FE

The foregoing instrument was acknowledged before me on _____, by Steven Robinson, the Board President of Santa Fe Railyard Community Corporation, a New Mexico non-profit corporation, on its behalf.

Notary Public

My commission expires:

Exhibit B - Rent Schedule - December 1, 2015

11/10/2015
5:21:05 PM

	ACTUALS															PROJECTED										GRAND TOTALS	
	FY2002-05	FY2005-06	FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29		
DEBT SERVICE																											
City of Santa Fe Land Debt for acquisition costs - see below for City sanctioned debt relief credits applied	(1,183,724)	(452,547)	(453,221)	(453,579)	(452,582)	(454,430)																				(3,450,083)	
NMFA Loan - Infrastr Phase I (B) (\$570,025) per City of SF Sch interest only until 2010-2011	0	0	0	(222,527)	(219,337)	(212,544)	(142,250)	(53,098)	(53,115)	(52,817)	(52,821)	(52,825)	(52,828)	(52,833)	(52,838)	(52,843)	(52,849)	(52,855)	(52,860)	(52,867)	0	0	0	0	0	0	(1,484,107)
NMFA Loan - Infrastr Phase II (15B) \$892,227 term ends May 2026 and concurs with City SF Schedule	0	0	0	0	0	0	(239,827)	(85,150)	(85,155)	(85,161)	(85,166)	(85,172)	(85,179)	(85,185)	(85,193)	(85,201)	(85,209)	(85,218)	(85,228)	(85,239)	(85,250)	(85,261)	0	0	0	(1,517,792)	
Refinance (2010B) \$10,490,000 term ends May 2026 and concurs with City of SF Schedule	0	0	0	0	0	0	(463,688)	(705,000)	(705,400)	(1,071,000)	(1,070,500)	(1,069,900)	(1,071,650)	(1,066,650)	(1,070,150)	(1,071,650)	(1,071,150)	(1,068,650)	(1,069,150)	(1,067,400)	(638,200)	(639,600)	0	0	0	(14,919,738)	
SUB-TOTAL	(1,183,724)	(452,547)	(453,221)	(676,106)	(671,919)	(666,974)	(845,765)	(843,248)	(843,670)	(1,208,977)	(1,208,486)	(1,207,897)	(1,209,657)	(1,204,668)	(1,208,181)	(1,209,694)	(1,209,208)	(1,206,723)	(1,207,238)	(1,205,505)	(723,450)	(724,861)	0	0	0	(21,371,720)	
Negotiated option Contingency Relief Funds credit - Land and NMFA, per L&M Amendment #3 thru 2009-10 - \$769,175	30,000	276,000	180,000	80,175	121,000	102,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	769,175
Re-Payment of L&M Amendment #3 Debt Deferral of \$769,175	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(769,175)
Debt Deferral and repayment per L&M renewal of 2011 and L&M Amendment 2 - \$3,483,441	0	0	0	0	0	0	133,441	300,000	300,000	650,000	650,000	400,000	600,000	350,000	200,000	200,000	100,000	100,000	100,000	0	0	0	0	0	0	4,083,441	
Repayment of 2010-2023 Debt Deferral - \$3,483,441	0	0	0	0	0	0															(200,000)	(500,000)	(950,000)	(1,300,000)	(1,133,441)	(4,083,441)	
TOTAL RENT PAYMENTS	(1,153,724)	(176,547)	(273,221)	(615,931)	(550,919)	(564,974)	(712,324)	(543,248)	(543,670)	(558,977)	(558,486)	(807,897)	(609,657)	(854,668)	(1,008,181)	(1,009,694)	(1,109,208)	(1,106,723)	(1,107,238)	(1,205,505)	(1,392,625)	(1,524,861)	(950,000)	(1,300,000)	(1,133,441)	(21,371,720)	

NOTES

- In addition to the deferrals specified above, the following credits are applied to the Rent payable by the Non-profit to the City:
 - Ground rent and CAM rent for City's portion of the condominium interest in the Market Station building and the development parcels per Amendment 1 to the Agreement dated May 18, 2012.
 - Ground rent and CAM rent for the lease of Parcel O, including the Santa Fe Depot building, per Amendment 4 dated June 1, 2013.
 - Payment of \$243,478 made in FY2002-03, \$486,424 in FY2003-04 and \$453,833 made in FY2004-05. \$30,000 deferral for FY2004-05.

UPDATED LEASE AREA SURVEY PREPARED FOR THE
CITY OF SANTA FE AND THE SANTA FE
RAILYARD COMMUNITY CORPORATION

LYING AND BEING SITUATE WITHIN TRACT 1 (15.319 ACR) NORTH AREA
WITHIN PROJECTED SECTIONS 23, 24 & 26, T 17 N, R 9 E, N.M.P.M.



LEASE AREA CURVE DATA CHART

LINE	CHORD/BEARING	ASC/DIAT	BEARING	CHORD
L1	S87°34'48"E		31.65'	189.98'
L2	S87°34'48"E		18.07'	101.91'
L3	S87°34'48"E		43.12'	24.33'
L4	S87°34'48"E		0.68'	37.69'
L5	S87°34'48"E		0.68'	10.87'
L6	S87°34'48"E		1.27'	8.17'
L7	S87°34'48"E		3.89'	
L8	S87°34'48"E		2.85'	
L9	S87°34'48"E		0.91'	
L10	S87°34'48"E		1.63'	
L11	S87°34'48"E		111.91'	
L12	S87°34'48"E		7.00'	
L13	S87°34'48"E		22.55'	
L14	S87°34'48"E		14.50'	
L15	S87°34'48"E		2.65'	
L16	S87°34'48"E		2.65'	
L17	S87°34'48"E		58.52'	181.03'
L18	S87°34'48"E		29.00'	58.25'
L19	S87°34'48"E		43.58'	
L20	S87°34'48"E		0.90'	
L21	S87°34'48"E		3.58'	
L22	S87°34'48"E		0.90'	
L23	S87°34'48"E		228.60'	
L24	S87°34'48"E		14.63'	25.00'
L25	S87°34'48"E		38.88'	13.84'
L26	S87°34'48"E		13.55'	46.33'
L27	S87°34'48"E		10.58'	13.68'
L28	S87°34'48"E		11.87'	
L29	S87°34'48"E		16.21'	18.01'
L30	S87°34'48"E		66.64'	181.03'
L31	S87°34'48"E		0.00'	58.25'
L32	S87°34'48"E		7.79'	8.72'
L33	S87°34'48"E		36.74'	6.92'
L34	S87°34'48"E		0.50'	
L35	S87°34'48"E		16.92'	7.62'
L36	S87°34'48"E		0.90'	
L37	S87°34'48"E		15.00'	10.00'
L38	S87°34'48"E		16.79'	
L39	S87°34'48"E		6.93'	
L40	S87°34'48"E		0.90'	
L41	S87°34'48"E		46.23'	51.95'
L42	S87°34'48"E		18.74'	39.23'
L43	S87°34'48"E		3.98'	2.77'
L44	S87°34'48"E		3.98'	
L45	S87°34'48"E		18.23'	
L46	S87°34'48"E		7.83'	4.67'
L47	S87°34'48"E		15.32'	6.96'
L48	S87°34'48"E		23.17'	
L49	S87°34'48"E		27.50'	
L50	S87°34'48"E		3.66'	2.77'
L51	S87°34'48"E		18.42'	
L52	S87°34'48"E		7.29'	4.65'
L53	S87°34'48"E		18.48'	6.57'



MAINTAINED BY CITY (Yellow)

MAINTAINED BY TENANT (Green)

MAINTAINED BY SFRC (Blue)



SOUTHWEST MOUNTAIN SURVEYS

1114 HICKOX ST., SANTA FE, N.M. 87501
(505) 962-9429 FAX (505) 968-3413

DATE: 9/15/15 DRAWN BY: MEN PROJECT NO: C-1954 NORTH

SURVEYOR'S NOTES:

1. THE EXTERIOR BOUNDARY AS SHOWN IS BASED DIRECTLY FROM THAT CERTAIN PLAT OF SURVEY BY PAUL A. RODRIGUEZ, N.M.P.L.S. 13839, ENTITLED "THE CITY OF SANTA FE RAILYARD PROPERTY", AS RECORDED AT THE SANTA FE COUNTY CLERK'S OFFICE AT PLAT BOOK 915, PAGES 038-039. BEARS OF BEARINGS TAKEN FROM SAID PLAT AND ROTATED 00°-00'-48" CCW TO MATCH MONUMENTS ON NW SIDE OF TRACT 5 (N35°-57'-08E).
2. THE LEASE LINES PORTRAYED HEREON AND OTHER INFRASTRUCTURE FEATURES ARE TAKEN FROM CAD DATA PREPARED BY SCHMANN-HOUSTON ENGINEERS. ALL IMPROVEMENTS WITHIN THIS PROPERTY HAVE NOT BEEN SHOWN. SITE IS CURRENTLY UNDER CONSTRUCTION.
3. PLAT OF "LEASE AREA MAPPING FOR THE CITY OF SANTA FE RAILYARD PROPERTY", PREPARED BY SURVEYOR OF PLAT OF NOTE 1, WAS ALSO UTILIZED FOR THE PREPARATION OF THIS PLAT.

SURVEYOR'S CERTIFICATE

I, MITCHEL K. NOONAN, N.M.P.L.S. No. 6998 DO HEREBY CERTIFY TO THE CITY OF SANTA FE AND TO THE S.F. RAILYARD COMMUNITY CORPORATION THAT THE LEASE AREA CALCULATIONS OF SQUARE FOOTAGE WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION ON JANUARY 30, 2007; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR UNCLASSIFIED SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



MITCHEL K. NOONAN N.M.P.L.S. No. 6998

RESPONSIBILITY MAP OF THE BACA PORTION SANTA FE RAILYARD AND LEASE AREAS PLAT, PREPARED FOR THE SANTA FE RAILYARD COMMUNITY CORPORATION

LYING AND BEING SITUATE WITHIN TRACT 7A (12.518 AC) PROJECTED SECTIONS 26, T 17 N, R 9 E, N.M.P.M. CONTAINING 12.499 AC ±

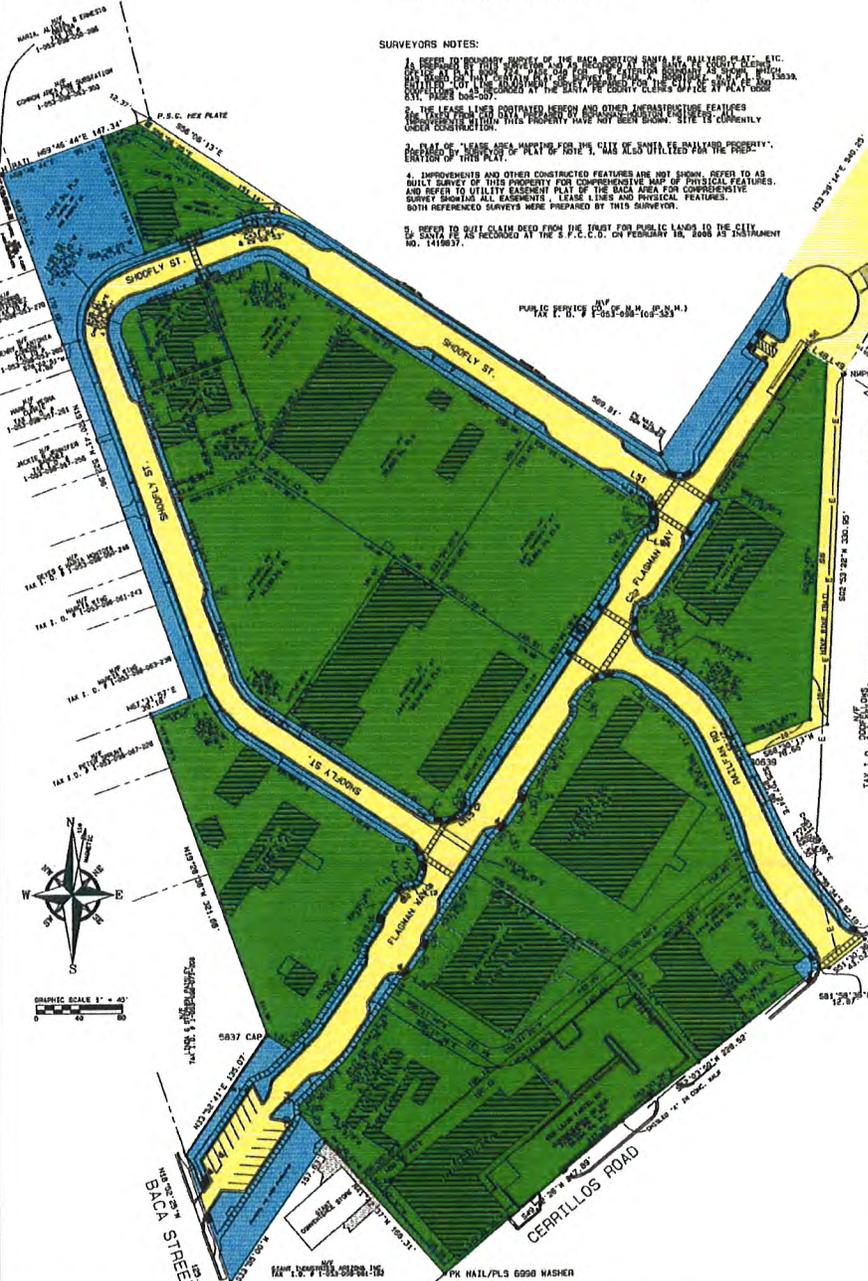
SANTA FE RAILYARD COMMUNITY CORPORATION

SANTA FE RAILYARD COMMUNITY CORPORATION
RODOLFO A. CZOBYK, EXECUTIVE DIRECTOR

DATE

SURVEYOR'S NOTES:

- I, MICHEL E. MOGANN, N.M.P.S. No. 6998 DO HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED FOR RECORD ON THE ... DAY OF ... A.D. 2015, AT ... O'CLOCK, ... AND WAS DULY RECORDED IN PLAT BOOK ... PAGE ... OF THE RECORDS OF SANTA FE COUNTY.
- THE LEASES AND OTHER INSTRUMENTS REFERRED TO IN THIS INSTRUMENT ARE NOT SHOWN. REFER TO AN APPROPRIATE SURVEY FOR COMPREHENSIVE MAP OF PHYSICAL FEATURES, AND REFER TO UTILITY EASEMENT PLAT OF THE BACA AREA FOR COMPREHENSIVE SURVEY SHOWING ALL EASEMENTS, LEASE LINES AND PHYSICAL FEATURES. BOTH REFERENCED SURVEYS WERE PREPARED BY THIS SURVEYOR.
- REFER TO SUB CLAIM DEED FROM THE TRUST FOR PUBLIC LANDS TO THE CITY OF SANTA FE AS INCORPORATED AT THE S.F.C.C.D. ON FEBRUARY 16, 2008 AS INSTRUMENT NO. 141997.



LEGEND

- INDICATES PROPERTY PIN FOUND AS INDICATED
- INDICATES CALCULATED LEASE AREA CORNER
- INDICATES UTILITY POLE, OVERHEAD UTILITY LINES, AND POLE OFF AND/OR WIRE APPLICABLE
- BACK OF WALK
- FRONT OF CURB & OFFER
- STREET SIDE EDGE OF CURB SECTION
- INDICATES FENCE LINE
- LEASE PARCELS MAINTAINED BY TENANT
- MAINTAINED BY CITY
- MAINTAINED BY SFRC

SOUTHWEST MOUNTAIN SURVEYS

1114 HICKOK ST., SANTA FE, N.M. 87501
505-980-9428 FAX 505-980-3413
DATE: 02/18/15 DRAWN BY: MEN PROJECT NO. 2015-248 C-108-B BACA

INDEXING INFORMATION FOR COUNTY CLERK

NAME: SF RAILYARD COMMUNITY CORP.
FILE: PLAT BOOK 510, PAGE 036-039
BOOK: 510013204
TRACT: 7A
SECTION: PROJ SECTION 26, T17N, R9E

SURVEYOR'S CERTIFICATE

I, MICHEL E. MOGANN, N.M.P.S. No. 6998 DO HEREBY CERTIFY TO THE CITY OF SANTA FE THAT I HAVE BEEN DULY AND PROPERLY QUALIFIED WITH THE STATE OF NEW MEXICO TO PREPARE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

MICHEL E. MOGANN N.M.P.S. No. 6998



COUNTY OF SANTA FE
STATE OF NEW MEXICO
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED FOR RECORD ON THE ... DAY OF ... A.D. 2015, AT ... O'CLOCK, ... AND WAS DULY RECORDED IN PLAT BOOK ... PAGE ... OF THE RECORDS OF SANTA FE COUNTY.

WITNESS MY HAND AND SEAL OF OFFICE
GERALDINE SALAZAR
COUNTY CLERK, SANTA FE COUNTY, NM.
DEPUTY

LEASE AREA DATA CHART

LINE	CORNER/BEARING	ANGLE/DIST	ARC/LEN	DELTA	CHORD
L1	N10°21'24"W	6.48'			
L2	N02°59'10"E	4.11'			
L3	N08°54'18"E	6.84'	15.11'	20°48'41"	6.90'
L4	N18°58'11"E	6.98'	11.25'	35°25'24"	6.87'
L5	N24°14'48"	5.97'			
L6	S11°10'28"W	3.48'	3.44'	52°34'28"	3.68'
L7	S37°27'46"W	3.27'			
L8	N45°31'17"E	2.80'			
L9	N37°58'18"E	3.74'			
L10	N08°54'18"E	6.84'	15.11'	20°48'41"	6.90'
L11	S41°10'28"W	4.16'	9.07'	28°15'11"	4.12'
L12	N29°53'09"W	2.53'			
L13	N07°45'41"E	4.00'	13.84'	18°32'44"	3.58'
L14	S35°21'37"E	10.15'			
L15	S17°45'21"E	6.17'			
L16	S20°28'58"E	10.65'	23.85'	47°42'18"	10.43'
L17	N10°28'56"E	3.08'			
L18	S17°45'21"E	7.08'			
L19	S34°31'55"W	3.97'	2.78'	73°25'40"	3.33'
L20	N08°54'18"E	6.84'	15.11'	20°48'41"	6.90'
L21	N19°58'11"E	3.00'	6.58'	28°05'58"	2.97'
L22	N25°58'48"E	4.78'			
L23	S37°27'46"W	3.27'			
L24	S37°27'46"W	3.27'			
L25	S31°57'53"W	9.98'			
L26	S17°45'21"E	7.08'	11.73'	24°58'34"	7.04'
L27	S10°18'45"W	7.70'	14.52'	29°34'29"	7.62'
L28	S34°31'55"W	3.97'			
L29	S37°27'46"W	3.27'			
L30	N11°58'18"E	4.98'			
L31	N10°28'12"E	11.33'			
L32	S24°58'39"W	21.09'			
L33	N08°54'18"E	6.84'	15.11'	20°48'41"	6.90'
L34	N25°58'48"E	6.98'	10.15'	7°24'23"	1.58'
L35	N14°58'18"E	3.88'			
L36	N14°58'18"E	3.04'	10.15'	7°24'23"	1.58'
L37	N03°33'39"E	3.24'	5.64'	35°58'46"	3.40'
L38	N34°19'42"E	39.44'			
L39	N33°22'25"E	10.28'	39.82'	18°04'58"	10.23'
L40	N04°50'53"E	39.80'			
L41	N13°48'14"E	4.97'	18.28'	15°33'43"	4.38'
L42	N08°54'18"E	6.84'			
L43	S11°53'25"E	14.80'			
L44	S34°31'55"W	3.97'			
L45	S37°27'46"W	3.27'			
L46	S37°27'46"W	3.27'			
L47	S37°27'46"W	3.27'			
L48	S37°27'46"W	3.27'			
L49	S37°27'46"W	3.27'			
L50	S37°27'46"W	3.27'			
L51	S37°27'46"W	3.27'			
L52	S37°27'46"W	3.27'			
L53	S37°27'46"W	3.27'			
L54	S37°27'46"W	3.27'			
L55	S37°27'46"W	3.27'			
L56	S37°27'46"W	3.27'			
L57	S37°27'46"W	3.27'			
L58	S37°27'46"W	3.27'			
L59	S37°27'46"W	3.27'			
L60	S37°27'46"W	3.27'			
L61	S37°27'46"W	3.27'			
L62	S37°27'46"W	3.27'			
L63	S37°27'46"W	3.27'			
L64	S37°27'46"W	3.27'			
L65	S37°27'46"W	3.27'			
L66	S37°27'46"W	3.27'			
L67	S37°27'46"W	3.27'			
L68	S37°27'46"W	3.27'			
L69	S37°27'46"W	3.27'			
L70	S37°27'46"W	3.27'			
L71	S37°27'46"W	3.27'			
L72	S37°27'46"W	3.27'			
L73	S37°27'46"W	3.27'			
L74	S37°27'46"W	3.27'			
L75	S37°27'46"W	3.27'			
L76	S37°27'46"W	3.27'			
L77	S37°27'46"W	3.27'			
L78	S37°27'46"W	3.27'			
L79	S37°27'46"W	3.27'			
L80	S37°27'46"W	3.27'			
L81	S37°27'46"W	3.27'			
L82	S37°27'46"W	3.27'			
L83	S37°27'46"W	3.27'			
L84	S37°27'46"W	3.27'			
L85	S37°27'46"W	3.27'			
L86	S37°27'46"W	3.27'			
L87	S37°27'46"W	3.27'			
L88	S37°27'46"W	3.27'			
L89	S37°27'46"W	3.27'			
L90	S37°27'46"W	3.27'			
L91	S37°27'46"W	3.27'			
L92	S37°27'46"W	3.27'			
L93	S37°27'46"W	3.27'			
L94	S37°27'46"W	3.27'			
L95	S37°27'46"W	3.27'			
L96	S37°27'46"W	3.27'			
L97	S37°27'46"W	3.27'			
L98	S37°27'46"W	3.27'			
L99	S37°27'46"W	3.27'			
L100	S37°27'46"W	3.27'			

**THE SANTA FE
RAILYARD**
COMMUNITY CORPORATION

October 15, 2015

Robert M. Siqueiros
Railyard Project Administrator
City of Santa Fe
PO Box 909
120 South Federal Place
Santa Fe, NM 87504-0909

Dear Bob,

As you know, pursuant to the City of Santa Fe Amended and Restated Railyard Lease and Management Agreement dated April 30, 2011 as amended by Amendments #1 through 5, the Santa Fe Railyard Community Corporation master leases the majority of the City-owned Railyard property.

Since 2002, SFRCC has met all its obligations including completing \$13 million of infrastructure construction on budget and paying the City \$5.86 million in rent to date. By June of 2016, SFRCC will have paid the City \$7.06 million in rent.

The rent SFRCC pays to the City is based on the debt service for the bonds issued by the City to fund construction of the infrastructure. When the cost of the infrastructure increased from the 2004 estimate of \$4.7 million to the actual cost in 2008 of \$12.7 million, our rent payments increased substantially. The rise in cost was the result of a 30% increase in materials and labor as a result of Hurricane Katrina, an increase in GRT from 6.7% to 8.2%, an increase in interest rates for the bonds and significant scope of work changes.

Although our rent payable to the City increased by 170%, the potential rent that we could collect from the Railyard ground leases was severely impacted by the real estate downturn during the recession which commenced in 2008. There was no ability to materially increase rents on the ground lease parcels. Other factors impacting the revenue potential are discussed herein.

As a result of these factors, SFRCC is requesting a deferral (not abatement) of a portion of the rent due from 2017 to 2020.

The general requirement for rent deferrals was acknowledged in the original 2002 Lease and Management Agreement as well as the 2011 Amended and Restated Agreement. Commencing

in 2004, these agreements included annual deferrals of rent due from SFRCC to the City. SFRCC will repay the deferrals starting in 2024/25 and complete the repayment in 2029.

Effective April 30, 2013 the agreement was amended to extend the term to 6/30/2029. A new rent schedule payable to the City and credit deferrals agreed to by the City were also included. This rent schedule was based on the best information available at the time forecasting the rent from existing subtenants and reasonable projections of future leasing activity and sublease revenue growth.

During the past two-and-a-half years, the financial situation has not improved significantly due to the following:

- Most leases increase annually by the Consumer Price Index (CPI). Our long-term projections assumed the historic average of 2.5% annually. Since 2012, the average increase has been 1.2%. The lower-than-average CPI increases have a significant negative impact on revenue when compounding is considered.
- A flat local commercial real estate market has resulted in fewer new leases than anticipated. Six lease parcels are still available for lease.
- Consulting fees of \$25K were incurred to conduct a national search for the best cinema operator.
- Rents for new leases have been lower than anticipated and/or stepped over time, resulting in lower near-term revenue.
- While the availability of project financing has improved, strict underwriting requirements still make financing difficult for our tenants to obtain.
- Leases with four existing tenants had to be restructured to reduce near term payments.
- Leases are taking longer to finalize – we have been in negotiations on a lease with an apartment building developer for two years.

These conditions result in a significant reduction of the revenue available for SFRCC to pay the contract rent to the City.

While SFRCC can meet its rent obligations through March, 2017, it will not have sufficient revenue to meet the rent payments due in April and May, 2017 totaling \$678,019.

SFRCC is requesting an amendment to the Amended and Restated Lease and Management Agreement to revise the rent schedule by increasing the deferrals for the period of FY 2016/17 to FY 2019/20. Extension of the repayment period is not required. The aggregate increase in the

deferrals over the period of 2016/17 to 2019/20 is \$600,000, averaging \$150,000 per year. All deferrals will be repaid to the City by June 30, 2029. The annual increase in the deferrals is set forth below:

Year	March 2013 Approved Deferral	Proposed November 2015 Deferral	Difference
2016/17	\$ 350,000	\$ 600,000	\$ 250,000
2017/18	\$ 200,000	\$ 350,000	\$ 150,000
2018/19	\$ 100,000	\$ 200,000	\$ 100,000
2019/20	\$ 100,000	\$ 200,000	\$ 100,000
TOTAL	\$ 750,000	\$ 1,350,000	\$ 600,000

In addition to the deferral request, the following items are also included in the proposed amendment:

- A. Inclusion of the dedicated parking spaces for the existing residential building on Parcel A-1 and the anticipated residential project on Parcel A-2 in the definition of Leasehold Premises.
- B. Revision of the Maintenance Responsibility Maps and the description of the Leased Premises to reflect the change in boundaries of the Railyard Deed of Conservation Easement approved by the Governing Body in 2014.

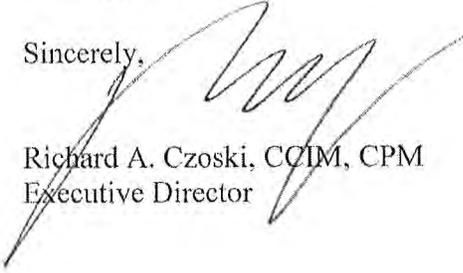
SFRCC will continue to maximize its efforts to collect as much revenue as possible within the parameters of the Railyard Lease and Management Agreement. However, the state of the overall national economic situation and the commercial real estate market in Santa Fe will continue to present challenges. If the revenue picture improves, SFRCC may be in the position to increase its rent payments to the City and reduce the amount of the proposed deferrals.

SFRCC will continue to perform its responsibilities under the Lease and Management Agreement to the best of its ability.

Thank you.

Sincerely,

Richard A. Czoski, CCIM, CPM
Executive Director





**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 | <input type="checkbox"/> | CONTRACT AGREEMENT | <input type="checkbox"/> |
| MAINTENANCE AGREEMENT | <input type="checkbox"/> | LICENSE AGREEMENT | <input type="checkbox"/> |
| LEGAL SERVICES AGREEMENT | <input type="checkbox"/> | MEMORANDUM OF UNDERSTANDING | <input type="checkbox"/> |
| MEMORANDUM OF AGREEMENT | <input type="checkbox"/> | JOINT POWERS AGREEMENTS | <input type="checkbox"/> |
| GRANT AGREEMENTS | <input type="checkbox"/> | CHANGE ORDERS | <input type="checkbox"/> |

2 Name of Contractor Santa Fe Railyard Community Corporation (SFRCC)

3 Complete information requested Plus GRT
 Inclusive of GRT

Original Contract Amount: N/A

Termination Date: June 30, 2029

Approved by Council Date: Pending 12/09/2015

or by City Manager Date: _____

Contract is for: **Amendment #6 to SFRCC Lease & Management Agreement - Revised Rent Deferrals & Housekeeping: Resditial Parking & Maint. Map Revision**

Amendment # _____ to the Original Contract# _____

Increase/(Decrease) Amount \$ _____

Extend Termination Date to: _____

Approved by Council Date: _____

or by City Manager Date: _____

Amendment is for: **House Keeping and Revised Rent Deferrals (See Staff Report)**

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

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

Amount \$ _____

Reason: _____

Amount \$ _____ amendment # **1** 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 RFQ Sole Source Other
- 6 **Procurement History:** See Attached Exhibit A for Contract History with SFRCC 2012 to Present.
 example: (First year of 4 year contract)
- 7 **Funding Source:** N/A **BU/Line Item:** N/A
- 8 **Any out-of-the ordinary or unusual issues or concerns:**
Lease and Management Agreement for City Railyard Property
 (Memo may be attached to explain detail.)
- 9 **Staff Contact who completed this form:** Robert Siqueiros Phone # 955-6977
Division Contract Administrator: Isabel Lucero/Bobbi Mossman
Division Director: _____
Department Director: Isaac J. Pino PE
- 10 **Certificate of Insurance attached.** (if original Contract)
- 11 **Description of your efforts to reduce the cost of the contract including information on efforts to obtain other quotes for the contracted activity:** N/A
- 12 **Prior year's contract amount?:** N/A
- 13 **Describe service impact from an ongoing commitment to the contractor:** N/A
- 14 **Why staff cannot perform the work?:** The City does not staff this type of leasing expertise.
- 15 **If extending contract, why?:** N/A
- 16 **Was a Santa Fe company awarded contract? If not, why?:** SFRCC has a Lease & Management Agreement with the City of Santa Fe (Expires 2029).
- 17 **Is this for City Manager or Council approval?:** City Council Approval

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.