City of Santa Fe

Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
MAY 4, 2015 – 5:00 P.M.

ALL MEMBERS OF THE GOVERNING BODY ARE INVITED TO ATTEND THIS MEETING

CITY CLERK'S OFFICE
DATE 5/1/15 TIME 11:31am
SERVED BY Yolanda Green
RECEIVED BY Alicia Martinez

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES:

   Regular Finance Committee – March 30, 2015
   Regular Finance Committee – April 13, 2015

CONSENT AGENDA

6. Request for Approval of Professional Services Agreement – Funding of Railyard's Events and Marketing for Fiscal Year 2015/16; Santa Fe Railyard Community Corporation. (Robert Siqueiros)

7. Request for Approval of Grant Award – Fiscal Year 2014/15 Ridefinders Program; U.S. Department of Transportation, Federal Transit Administration and Request for Approval of Budget Increase in the Total Amount of $84,004. (Ken Smithson)

8. Request for Approval of Budget Increase in 2012 CIP Bond Funds Allocated to Transit from Fund 5400 into Fund 5409 in the Amount of $50,000. (Ken Smithson)

9. Request for Approval of Procurement Under State Price Agreement – Two (2) ADA-Accessible Replacement Vehicles for Santa Fe Pick-Up Services; Creative Bus Sales, Inc. and Approval of Budget Increase in the Amount of $100,000 in 2014 CIP Bond Fund. (Ken Smithson)

10. Request for Approval of Procurement Under State Price Agreement – Five (5) Hurst eDraulic Auto Extrication Rescue Tools for Fire Department; L.N. Curtis & Sons and Approval of Grant Award and Agreement from New Mexico Department of Homeland Security & Emergency Management. (Jan Snyder)

11. Request for Approval of 2014 General Obligation Bond Award - Bond Passed by New Mexico Citizens to Benefit New Mexico Libraries; New Mexico State Library and Approval of Budget Increase in the Amount of $162,773. (Patricia Hodapp)

SS002.pmd - 11/02

12. Request for Approval of Amendment No. 4 to Professional Services Agreement – City Video Surveillance Project - Final Park Sites; Chavez Security, Inc. (Renee Martinez)

13. Request for Approval of Budget Increase for Lodgers' Tax Budget Estimate to the Amount Projected in February 2015 for the total FY 2014/15 which Adjusts Allocations to the Lodgers' Tax Recipient Funds in the Amount of $1,189,729. (Randy Randall)

14. Request for Approval of a Resolution Relating to Child Hunger; Proclaiming Support for Community Efforts to Ensure That All Children Ages 0-18 are able to Access at Least One Healthy Meal per Day. (Mayor Gonzales) (Chris Sanchez)

Committee Review:
City Council (scheduled) 05/13/15

Fiscal Impact – No

15. Request for Approval a Resolution Relating to the Municipal Gross Receipts Tax Ordinance, Section 18-10 SFCC 1987; Directing Staff to Evaluate the Allocation and Expenditure of Gross Receipts Tax Dedicated for the Public Bus System and Quality of Life Purposes for FY 2012/2013, FY 2013/2014 and FY 2014/2015 so That the Governing Body May Determine Whether to Amend the Dedication Provision of Section 18-10 SFCC 1987. (Councilor Maestas) (Oscar Rodriguez)

Committee Review:
Public Works Committee (approved) 04/27/15
City Council (scheduled) 05/13/15

Fiscal Impact – No

END OF CONSENT AGENDA

DISCUSSION

16. Administrative Hearing on Staff's Request to Revoke the Business License Issued to Anasazi Gallery Trading, Inc. (Zachary Shandler)

    A. Action by Finance Committee on Whether Anasazi Gallery Trading, Inc. has Shown Cause Why Their License Should Not be Revoked.

17. Continuation of Review of Fiscal Year 2015/16 Operating Budget. (Oscar Rodriguez)

    a. Department Reviews:

        - Enterprise and Special Revenue Funds (Continued)
        - Support Services
        - General Government

    b. Public Hearing

18. Request for Approval of Resolution Adopting City of Santa Fe's Operating Budget and Organizational Chart for Fiscal Year 2015/2016. (Oscar Rodriguez)

19. OTHER FINANCIAL INFORMATION

20. MATTERS FROM THE COMMITTEE

21. ADJOURN

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520 five (5) working days prior to meeting date.

SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, May 4, 2015

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ADMINISTRATIVE HEARING ON STAFF'S REQUEST TO REVOKE THE BUSINESS LICENSE ISSUED TO ANASAZI GALLERY TRADING, INC. ACTION BY FINANCE COMMITTEE ON WHETHER ANASAZI GALLERY TRADING, INC., HAS SHOWN CAUSE WHY THEIR LICENSE SHOULD NOT BE REVOKED	Move forward to City Council	11-45

ITEM	ACTION	PAGE
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MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE
Monday, May 4, 2015

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Carmichael A. Dominguez, at approximately 5:00 p.m., on Monday, May 4, 2015, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:
Carmichael A. Dominguez, Chair
Councilor Signe I. Lindell
Councilor Joseph M. Maestas
Councilor Ronald S. Trujillo
Councilor Christopher M. Rivera

OTHER GOVERNING BODY MEMBERS ATTENDING
Councilor Peter Ives

OTHERS ATTENDING:
Oscar S. Rodriguez, Director, Finance Department
Kelley Brennan, City Attorney
Teresita Garcia, Finance Department
Yolanda Green, Finance Department
Melessia Helberg, Stenographer.

There was a quorum of the membership in attendance for the conducting of official business.

NOTE: All items in the Committee packets for all agenda items are incorporated herewith to these minutes by reference. The original Committee packet is on file in the Finance Department.

3. APPROVAL OF AGENDA

MOTION: Councilor Trujillo moved, seconded by Councilor Maestas, to approve the agenda, as presented.

VOTE: The motion was approved unanimously on a voice vote.

4. APPROVAL OF CONSENT AGENDA

MOTION: Councilor Rivera moved, seconded by Councilor Trujillo, to approve the following Consent Agenda as amended.

VOTE: The motion was approved unanimously on a voice vote.

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CONSENT AGENDA

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6. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – FUNDING OF RAILYARD'S EVENTS AND MARKETING FOR FISCAL YEAR 2015/16; SANTA FE RAILYARD COMMUNITY CORPORATION. (ROBERT SIQUEIROS)

7. REQUEST FOR APPROVAL OF GRANT AWARD – FISCAL YEAR 2014/15 RIDEFINDERS PROGRAM; U.S. DEPARTMENT OF TRANSPORTATION, FEDERAL TRANSIT ADMINISTRATION AND REQUEST FOR APPROVAL OF BUDGET INCREASE IN THE TOTAL AMOUNT OF $84,004. (KEN SMITHSON)

8. REQUEST FOR APPROVAL OF BUDGET INCREASE IN 2012 CIP BOND FUNDS ALLOCATED TO TRANSIT FROM FUND 5400 INTO FUND 5409 IN THE AMOUNT OF $50,000. (KEN SMITHSON)

9. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – TWO (2) ADA-ACCESSIBLE REPLACEMENT VEHICLES FOR SANTA FE PICK-UP SERVICES; CREATIVE BUS SALES, INC., AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF 4100,000 IN 2014 CIP BOND FUND. (KEN SMITHSON)

10. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – FIVE (5) HURST EDRAULIC AUTO EXTRICATION RESCUE TOOLS FOR FIRE DEPARTMENT; L.N. CURTIS & SONS AND APPROVAL OF GRANT AWARD AND AGREEMENT FROM NEW MEXICO DEPARTMENT OF HOMELAND SECURITY & EMERGENCY MANAGEMENT. (JAN SNYDER)

11. **REQUEST FOR APPROVAL OF 2014 GENERAL OBLIGATION BOND AWARD – BOND PASSED BY NEW MEXICO CITIZENS TO BENEFIT NEW MEXICO LIBRARIES; NEW MEXICO STATE LIBRARY AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF $162,773. (PATRICIA HODAPP)**

12. ***[Removed for discussion by Councilor Lindell]***

13. ***[Removed for discussion by Councilor Maestas]***

14. **REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO CHILD HUNGER; PROCLAIMING SUPPORT FOR COMMUNITY EFFORTS TO ENSURE THAT ALL CHILDREN AGES 0-18 ARE ABLE TO ACCESS AT LEAST ONE HEALTHY MEAL PER DY (MAYOR GONZALES). (CHRIS SANCHEZ) Committee Review: City Council (scheduled) 05/13/15. Fiscal Impact – No.**

15. **REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO THE MUNICIPAL GROSS RECEIPTS TAX ORDINANCE, SECTION 18-10 SFCC 1987; DIRECTING STAFF TO EVALUATE THE ALLOCATION AND EXPENDITURE OF GROSS RECEIPTS TAX DEDICATED FOR THE PUBLIC BUS SYSTEM AND QUALITY OF LIFE PURPOSES FOR FY 2012/2013; FY 2013/2014 AND FY 2014/2015 SO THAT THE GOVERNING BODY MAY DETERMINE WHETHER TO AMEND THE DEDICATION PROVISION OF SECTION 18-10 SFCC 1987 (COUNCILOR MAESTAS). (OSCAR RODRIGUEZ Committee Review: Public Works Committee (approved) 04/27/15; and City Council (scheduled) 05/13/15. Fiscal Impact – No.**

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END OF CONSENT AGENDA

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5. **APPROVAL OF MINUTES: REGULAR FINANCE COMMITTEE – MARCH 30, 2015**
REGULAR FINANCE COMMITTEE – APRIL 13, 2015

MOTION: Councilor Trujillo moved, seconded by Councilor Maestas, to approve the minutes of the regular Finance Committee meeting of March 30, 2015, as presented.

VOTE: The motion was approved unanimously on a voice vote.

MOTION: Councilor Rivera moved, seconded by Councilor Maestas, to approve the minutes of the regular Finance Committee meeting of April 13, 2015, as presented.

VOTE: The motion was approved unanimously on a voice vote.

CONSENT CALENDAR DISCUSSION

12. REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO PROFESSIONAL SERVICES AGREEMENT – CITY VIDEO SURVEILLANCE PROJECT – FINAL PARK SITES; CHAVEZ SECURITY, INC. (RENEE MARTINEZ)

Councilor Lindell said she is has a few questions. She said this was approved in 2013 by the City Council, and it terminates in 2017, so it is a four year contract and we're two years into it, and Ms. Martinez said this is correct.

Councilor Lindell said the contract terminates in two years and there is a fair amount of the work that still hasn't been completed.

Ms. Martinez said her history with the project dates to when she started work with the City in September 2014. She said at that time, there had been work completed on the project. She was asked to work with the Parks Division to look at some data around complaints and criminal incidents in the Parks to finalize the list of sites under the current contract to implement the video surveillance capabilities. She doesn't know the reason the contract expires in 2017, unless there was some sense there would be additional sites, not necessarily Parks or Parking, but other facilities where we may want to extend these capabilities. She said the scope of services and the schedule, at least the parking area in the parks sites, was to be completed way before that date.

Councilor Lindell said she wasn't on the Council when this was approved in 2013. She asked if there was expectation that this work would be completed and the cameras would be operating by a certain timeframe, or is this contract such that it was let in 2013 with all work to be completed by 2017.

Ms. Martinez reiterated she can't answer that question.

Councilor Lindell asked if anybody can answer her question.

Robert Rodarte said as he recalls, there was a timeframe to install the cameras, and the contract had something to do with the storage of the information that has been recorded, so, it was for service and maintenance of the equipment over a 4 year period as well as the information.

Councilor Lindell said they were supposed to be up and running by now.

Mr. Rodarte said yes, but he can't provide the exact schedule for installation, but "I'm pretty positive that it had something to do with regular maintenance and the monitoring and storage of the data, and that's why it was 4-year contract."

Councilor Lindell said when we discussed this previously, we were talking about a proprietary system of Chavez Security. She asked if this is a proprietary system

Mr. Rodarte said he doesn't think it is a proprietary system, because this is our data. He said the storage device belongs to them, but the data belongs to the City.

Councilor Lindell said she is concerned we let this contract in 2013, and we don't have the use of this system yet, and we're already two years into this contract. Additionally, on the Amendment Agreements, it would be helpful to have the date of approval on them. She asked when Amendment #3 was approved.

Ms. Martinez asked if there is a contract summary in the packet.

Councilor Lindell said there is a summary of contract agreements and amendments, but it only gives the termination date of the contract, and it doesn't indicate when Amendments #1, #2 and #3 were approved by the Council.

Responding to the Chair, Councilor Lindell said she wants the approval date because she doesn't remember approving it anytime recently, particularly Amendment #3. She noted it was signed by Chavez Security on April 2, 2015.

Ms. Martinez said on page 61 of the packet, shows a signature by the City Clerk on April 24, 2013, and by the Mayor on April 29, 2013, for Amendment #2. Ms. Martinez said Amendment #3 is a recent amendment by the Transit Division, and that isn't in the packet.

Councilor Rivera said this doesn't have the Mayor's signature, and asked if it went through the Council Committee process.

Mr. Rodarte said it went through the Council process.

Councilor Rivera said he's talking about Amendment #3.

Mr. Rodarte said one amendment shows a signature by Mayor Coss, so that tells him that Amendments #1 and #2 did come to the Governing Body. He said Amendment #3 did not have to come before the Governing Body, because it is less than $50,000, so that should have Brian's signature.

Councilor Lindell said Amendment #1 was $13,000 and Amendment #2 is $10,000.

Mr. Rodarte said those should have been signed by the City Manager.

Chair Dominguez asked where in the packet is Amendment #3.

Mr. Rodarte said on pages 12 and 13.

Ms. Martinez said Amendment #3 is in the packet and the signature is on page 13.

Councilor Lindell said she saw that, noting it is on page 12. She said Amendment #1 is on page 52, and on page 55 it says "attachment 2, but that's not Amendment 2."

Mr. Rodarte said it's an amendment rather than an attachment on page 55.

Councilor Ives said he thinks Attachment 2 is the underlying agreement, and Councilor Lindell agreed.

Ms. Martinez said she believes the notation "attachment 2," was an artifact of it being submitted to a Committee at the time.

Councilor Lindell said you're saying Amendment #3 was an administrative approval.

Mr. Rodarte said yes, it was less than $50,000.

Councilor Lindell said Amendment #2 was for surveillance at Market Station, and asked if Market Station is considered the Railyard.

Mr. Rodarte said he would have to say that Market Station is part of the Railyard.

Councilor Lindell said on page 8 of the packet, under Parks, it says Railyard Park, that that site is removed. But we have Resolution [Amendment?] #2 adding surveillance at Market Station.

Councilor Lindell said the lists on page 6 and page 7, in her opinion don't match to each other, and this could take a while to sort out.

MOTION: Councilor Lindell moved, seconded by Chair Dominguez, to postpone this item to the next meeting of the Finance Committee on May 18, 2015, to get clarity.

DISCUSSION: Chair Dominguez asked Mr. Rodriguez if we can get someone from the Railyard to help answer some of these questions.

Ms. Martinez said, for clarification, she is hearing the Committee asking for clarity around the Railyard, because across the different amendments there has been different treatment at the Railyard related to its parking lot and to it as a park, and also as a facility, which she believes is a fair request.

Chair Dominguez said that's part of that, and Councilor Lindell can talk about the others.

Councilor Lindell said on page #7, it's showing removing the 5 sites and then on page #8 it shows removing 5 sites and the two lists don't match. And it is the same with the second list on page #7 which does not match up with the projects on page #8.

VOTE: The motion failed to pass on a voice vote, with Councilors Maestas, Trujillo and Rivera voting against the motion, and Councilor Lindell voting in favor of the motion.

MOTION: Councilor Maestas moved, seconded by Councilor Trujillo, to approve this request.

DISCUSSION: Councilor Maestas complimented staff, noting when this was last heard, it seemed we weren't getting the crime data information to Parks and we weren't getting a lot of the hardware and software issues to Parks and we finally got all three, IT, PD and Parks talking to really make sense of these locations. And he think the location selection is great, much improved. However, the summary table in the packet indicates the location and the network is still incomplete. He wants to know on what network these proposed new locations will be. If IT recommends it be on CSI's network, that's fine, if that's the best.

Councilor Maestas continued, "I want to state for the record that I want avoid our dependence on any kind of proprietary systems. I want to make sure that our own cameras are compatible and can use our own network. So for something like this, and I know there is not just a proprietary network, but there are some proprietary systems involved in this. I want to reduce our dependence on that too, and hopefully we can find some commercially available surveillance equipment, and other equipment that lessens our dependence on the proprietary stuff. So that's my general message, but I want to comment staff for coming up with much improved locations. These really make sense and it's based on crime data and it's based on hardware and software. So great job."

[Ms. Martinez's remarks as follows are for the most part inaudible because her microphone was turned off. What follows are done from my notes.]

Ms. Martinez said, "When we come back here we don't want you to think you were given faulty information. So relating to the network of these accounts, there was never a budget put in place in the City's budget for real time monitoring of these accounts."

Councilor Dominguez asked if she is speaking of monitoring by City staff.

Ms. Martinez said, "Monitoring and the budget for the device in entering the data to services of Verizon to stream the data to a service point. The cost for that for the networking and real time monitoring was never placed in the budget. What we had to say is okay, what do we have budget for. So the only budget that we have is for local storage of the video at each site. So at this point, if we have a need to retrieve videos we would have to and pull the hard drive from the camera and then download that into a system so that we view it. But right now, there is nothing in our budget that would pay for real-time monitoring and streaming of the footage on an ongoing basis."

Chair Dominguez said then that wasn't part of the original scope we put out to bid.

Ms. Martinez said it isn't.

Chair Dominguez asked if we didn't know enough about it.

Ms. Martinez said in looking at the contract in place, she found that we had no budget for networking and monitoring of this data in real time. So we said let's go ahead and install the remaining sites, but we would not have the budget at this point for the local storage of the *[inaudible]*.

Councilor Dominguez asked Mr. Rodarte if that wasn't part of the original contract. He said when we scoped this out, the direction was clear that we wanted to have these cameras for....

Mr. Rodarte said it was in the bid itself. There were options for storage for 1 years and 2 years. And the discussion at Council, was about storing it for 2 years, but the cost was astronomical. He said he will have the bid information on the storage. He said in dealing with storage it's a lot of money, saying he thinks it would be $250,000 to store the data in real time for 2 years.

Councilor Dominguez wants to be sure the scope didn't change as went through the process, "in other words, we make it more complicated than it really needs to be so that someone can get a bid, or whatever the case may be.

Mr. Rodarte said it came down to the financial process.

Chair Dominguez said he would like a summary of the original bid by the time this goes to Council, which he thinks would be helpful. He noted this isn't a new item and it has been before the Council before, commenting previously it's been pretty contentious. So as much of the history that we can get would be beneficial.

Mr. Rodarte said he will do so.

Councilor Lindell said it does appear that nearly every site we have is a CSI box, so, if that is proprietary we purchased an entirely proprietary system, which she remember us saying that's not what we wanted to do. She reiterated her concern that the list on page 7 can't agree with the list on page 8.

Chair Dominguez said he would like staff to get that clarified as well by the time it goes to Council.

VOTE: The motion was approved on a voice vote, with Councilors Rivera, Trujillo and Maestas voting in favor of the motion, and Councilor Lindell voting against.

13. REQUEST FOR APPROVAL OF BUDGET INCREASE FOR LODGERS' TAX BUDGET ESTIMATE TO THE AMOUNT PROJECTED IN FEBRUARY 2015 FOR THE TOTAL FY 2014/15, WHICH ADJUSTS ALLOCATIONS TO THE LODGERS' TAX RECIPIENT FUNDS IN THE AMOUNT OF $1,190.789. (RANDY RANDALL)

A copy of a letter dated April 30, 2015, from Randy Randall, to the Finance Committee and the City Council, regarding Tourism Santa Fe 2015/16 budget, is incorporated herewith to these minutes as Exhibit "1."

Councilor Maestas said we adopted the budget for Tourism Santa with one proviso, that we get information on the proposed BAR. He said this BAR does have budget implications for the 2015/2016 budget. His first concern is that there is a $1 million unanticipated windfall in Lodgers' Tax. He said in the Memo we received there is incredible confidence on the part of Randy Randall that it will continue to grow.

He said, "But as you know, expansion requests have been very very limited and highly scrutinized. I understand that return on investment of marketing and promotion of our City, but I want us to be cautious in terms of approving any kind of expansion that represents a recurring expense, which I thought was one of our principles in this next budget. Does everybody have the Memo. I'm speaking from Randy Randall's Memo [Exhibit "1"], it wasn't in the packet."

Chair Dominguez said it was part of the budget hearing packet.

Councilor Maestas said, "One element of this expansion calls for adding 5 additional positions, including salary and benefits. In a previous version of this proposal, part of the plan was to use positions reallocated from other City Departments. Is that still the case, that we're reallocating vacant positions from other departments."

Mr. Rodriguez said that has been the case for all vacancies that come up at the City. That's part of our vacancy management plan, so the extent we can fill those with other vacancies, other places, both people as well as positions, we'll continue to do that.

Councilor Maestas asked, since this clearly is a department that is expanding, are we applying the 4% vacancy assumption to their budget, so they have another 4% in their budget for vacancies."

Mr. Rodriguez said staff will provide the vacancy savings estimate, noting it was passed out at the budget hearings. He said, "No, the expansion here was not part of our calculations as far as that goes. Just to be absolutely sure about what you're seeing with this BAR versus the budget request. The budget request in the recommended budget will not change at all, regardless of what you do with the BAR. The BAR is for this current fiscal year, so if you approve it, the resources to be allocated, will be allocated this fiscal year not next year. There will some funds that will be less negative if they otherwise. If you don't approve it, they will pool into those funds anyway. And this is new and I take full responsibility for any confusion. What I'm trying to do with this is show you, at any given time when we believe there is enough information for us to either cut something, or to recognize increased revenues, the plan here is to bring it to you, so you have a chance at that point to weigh in."

Mr. Rodriguez continued, "So we've been reporting to you monthly since January that it looks like it's going to come in higher, come in higher, come in higher. Well what this does at the end is say well, let's just go ahead and recognize what we've been reporting to you, unless you don't agree with that, and we will recommend to you how to allocate that. You can see the biggest part of the increase is to take it to the Convention Center Fund Summary to lower the $750,000 deficit to something less than $200,000. So if you don't approve it would pour into those things per a formula. If you do approve that, it will mostly pour into those things *pro forma* with the exception of the $254,000 that is there and that will go into the Operating Fund, and that is extra resources for that department to use this fiscal year. Ir they're not able to use it this fiscal year, then it will simply pour into the ending balance anyway. And what's recommended to you next year won't change."

Cal Probasco said, "All this BAR is doing is recognizing the Lodgers' Tax proceeds as they come in. We have made no recommendations, here obviously, as to how it is to be allocated. When the dollars

come in, 3% of the Lodgers' Tax goes to the Convention Center, 1% to the Arts, 1.5% to the Marketing Fund and the Special Uses Fund. So the actual reallocation of those, the $250,000 Mr. Rodriguez was referring to could be used to supplement to reduce the deficit in the Operating Fund. So if this BAR is not approved, the dollars will still be going into these funds, except it won't have matching budget to compare it against."

Councilor Maestas asked if this will balance the current budget of Tourism, and Mr. Probasco said yes.

Councilor Maestas said, "I thought we still had a bust in the debt."

Mr. Probasco said, "If you look strictly at what's going in each fund, I think it leaves a hole of about $200,000 or so in the operating, 5100, the Operating Fund. I wanted to give you another piece of information. The Manager told me has a report that shows a 3% vacancy credit was taken for this department.

Mr. Rodriguez said, "It did not include these positions here, by the way, those positions are not funded for a full year anyway, so there's going to have to be some *[inaudible]."* Responding to the Chair, Mr. Rodriguez said this 3% credit was for the next fiscal year.

Councilor Maestas said, "I was mixing apples and oranges."

Mr. Rodriguez said, "This is new. It does seem like we're going a lot of complicated things here, but we're trying to put it in front of you before this amount of money pours into the ending balance. You'll be seeing more of that and it is just part of trying to be as transparent as we can with moving money around."

Councilor Maestas said the BAR we approved last did include the debt, and a paydown.

Mr. Rodriguez said, "In different funds."

Councilor Maestas asked if it included this debt as well.

Mr. Rodriguez said, "We very specifically put everything with Lodgers' Tax, Convention Center, etc., separate so they could all come here. You're right, the BAR we approved last time from the General Fund, we did take some of the projected increase in the ending balance to a number of funds that were going to be negative, for example the Fire GRT. We did transfer almost $300,000 to that so we could start next year with at least no more negatives that we started this year."

MOTION: Councilor Maestas moved, seconded by Councilor Trujillo, to approve this request.

VOTE: The motion was approved unanimously on a voice vote.

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END OF CONSENT CALENDAR DISCUSSION

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DISCUSSION

16. ADMINISTRATIVE HEARING ON STAFF'S REQUEST TO REVOKE THE BUSINESS LICENSE ISSUED TO ANASAZI GALLERY TRADING, INC. (ZACHARY SHANDLER)

A *Letter of Agreement– Exhibit 1*, submitted for the record by Karl Sommer, is incorporated herewith to these minutes as Exhibit "2."

A *Certificate of Incorporation – Exhibit 2*, submitted for the record by Karl Sommer, is incorporated herewith to these minutes as Exhibit "3."

Exhibit 3, submitted for the record by Karl Sommer, is incorporated herewith to these minutes as Exhibit "4."

1040 U.S. Individual Income Tax Return for Amjad Nassar – Exhibit "4", is incorporated herewith to these minutes as Exhibit "5."

Exhibit #5, a handwritten list, submitted for the record by Karl Sommer, is incorporated herewith to these minutes as Exhibit "6."

Two color photographs submitted for the record by Karl Sommer, is incorporated herewith to these minutes collectively as Exhibit "7."

A Memorandum, with attachments, dated April 14, 2015, to Councilor Dominguez, Chairperson, from Zack Shandler, Assistant City Attorney, regarding Business License Administrative Hearing, submitted for the record by Zack Shandler, is incorporated herewith to these minutes as Exhibit "8."

Karl Sommer said, "Mr. Chairman. My name is Karl Sommer and I'm here representing the business and the applicant for the business license in this case, and I understand this is a quasi-judicial proceeding, because you are make a determination and recommendation to the Governing Body related to my clients particular individualized rights under your ordinance. And I believes this has civil rights implications to my client. And I know that your rules require that all your witnesses be sworn and subject to cross-examination. I would like to make sure that you all see it that way as well, and if you don't, then I can be clear about my position. And second of all, obviously Mr. Shandler and I are not witnesses, so neither one of us are allowed to testify. And we're going to request that the documents that are submitted on behalf of the City be backed up with sworn testimony so we have the opportunity to question them. And if those witnesses aren't here, maybe Mr. Shandler and I can come to some agreement about that if it becomes an issue. And I just want to make sure that we understood and the Committee understand that that's the nature of this proceeding. I'm sorry Zach for interrupting."

Chair Dominguez said, "So Zach, this is really the second time it has ever come before us, not this one, but this sort of hearing has come before the Finance Committee. So go right ahead. We're going to work it as we go through it there Karl."

Zachary Shandler, Assistant Attorney said, "If you have any objections we can work through it at that point. Good evening, the City Attorney's Office has requested that this item be placed on the agenda, and we're asking you to review the evidence and to vote to issue a cease and desist order. This order will be forwarded to the full City Council for their review and their vote on whether the Order should be adopted, and that's revoking the Business License of Anasazi Gallery Trading."

Mr. Shandler continued, "There will be a hearing tonight, the order will be, the City Attorney's Office will make a short presentation. Mr. Nassar or his legal counsel can make a presentation, and then Committee members can ask questions. I have no objection if the witnesses need to be sworn in. Afterwards, the Committee will then deliberate and determine by the preponderance of the evidence whether Mr. Nassar has shown cause why his license should not be revoked. If he wins, then your motion should be to dismiss this Notice, if he can't then the Finance Committee's motion should be to issue the cease and desist order and forward it to the City Council for a final vote."

Mr. Shandler continued, "Let's start with the who, what, where and why. My case won't have any witnesses. It will all be based on documents submitted to the government, or documents that can be supported by Mr. Nassar. Who. Amjad Nassar. What. He submitted an application for a new, and I emphasize new business license for a company called Anasazi Gallery Trading in December 2014. Where. 150 Washington Avenue, Suite 103, that's right across from the main library. Why. Well, that's the question."

Mr. Shandler continued, "Let's go back to 2014. The City has records that the business license was issued for Anasazi Gallery, Anasazi Gallery, that's a different name, at 150 Washington Avenue, Suite 103. According to all documents, it's owned by Amjad Nassar. Let's go to City's Exhibit No. 2, that should be in your packet. City's Exhibit No. 2 is the Distress Merchant Sale Application. So let me clear, the City Attorney's Office is not going after anyone's Distress Merchant Sale Permit. A business can have a license and a permit at the same time, but a permit is short term and once they expire, there is no penalty for revoking an expired permit. But this document is important for context. Again, it is filled out for this entity called Anasazi Gallery. It's at that Washington Street address. The Application is signed here on June 30, 2014. The reason for going out of businesses is that the lease is going to expire sometime in the Fall. The signature is impossible for me to read. Maybe the witness can provide that."

Mr. Sommer said, "I would just like to know and I won't continue to do this, but you're being presented a document that is, one, not authenticated. The witness who signed it is not here to testify about it and I have no opportunity to cross-examine from the City. Certainly Mr. Shandler has no ability to testify about these documents. If he has witnesses he would like to present that would substantiate how these documents for to the City, that's fine. But my client has a right to cross-examine the witnesses with respect to these documents and they're not being presented here. This is the very thing that I was saying as an objection. Perhaps the Finance Director can testify about these things and be subjected to cross-

examination, but Mr. Shandler is not a witness with respect to this document, and it is a violation of my client's right to cross examine a witness with respect to this document. And so I just note that, and I'm not going to continue to do that, I'll let Mr. Shandler finish. But for the record, I have an ongoing objection with respects to documents that Mr. Shandler testifies about, because that's what they're doing and about their origin, their nature, what they do in the City. All of those things. Mr. Shandler is not a witness. He cannot testify and I don't have the opportunity to cross-examine a City witness on these and that is a continuing objection with respect to those matters, and I'll let Zach finish the way he was going to present. So I have the same objections to the other documents."

Chair Dominguez asked Mr. Sommer if he is going to repeat all of that when it comes time to cross examine.

[Mr. Sommer attempted to say something but he was away from the microphone and was inaudible]

Ms. Helberg said, "Mr. Chair, if Mr. Sommer is going to speak in this hearing he will need to come to the microphone."

Mr. Sommer said, "I'm not going to continue to interrupt him, but I needed to note, for the record, that the rules allow for that. Mr. Shandler is not a witness. I'll let him finish, but I don't want the record to be unclear. We have a continuing objection of that nature."

Chair Dominguez said, "So, Karl, I think that your comments are duly noted, and just know that, so we can get Zach to continue his presentation and then we will continue through the process."

Mr. Sommer said, "Thank you."

Chair Dominguez said, "Zach."

Mr. Shandler said, "Okay, so the Distress Merchant Sale Application, we were talking about that, and according to City records, the permit was granted on July third, it lasted for ninety days, so it was set to expire on October third. Let's go to City's Exhibit No. 3. That should be the next thing that's on letterhead from this Anasazi Gallery. Okay. So this document here, it's on letterhead from the Anasazi Gallery. It's dated September 24, 2014. The letter asks for a one month extension of its going out of business sale to move more inventory. That's what it says in the letter. It is signed by Majdi Nassar. So that's the context of that."

Mr. Shandler continued, "Now, let's go now to City's Exhibit No. 1 in your book [packet]. City's Exhibit No. 1 is titled Amendment No. 2, at the top, Amendment No. 2. Okay. So what is this document. First the effective date is listed on that first line, effective September 29, 2014. It is between the parties Crow-Hobbs No. 1, and the tenant is listed as Amjad Nassar. It's for the same property, suite 103 at the site on Washington Avenue. And under the Agreement Section, Extension of Term. The document says, 'The term is hereby extended,' it was set to expire, but not it is extended to December 31, 2017, rather than September thirtieth. The next page, the top of page 2, has a paragraph that reads Trade Name, page

2, paragraph 4, Trade Name. That says, 'Landlord hereby consents to Tenant using the Trade Name of Anasazi Trading Co.' That's the first time the wording 'trading' has shown up in our vernacular here. And if you look at the last page, it's signed Tenant, Amjad Nassar, with a signature."

Mr. Shandler continued, "So let's take a time out. Anasazi Gallery is going out of business. It's losing it's lease. That's why it's going out of business and having one of these going out of business sales. On September twenty-fourth, they asked the City for one more month to keep their going out of business sign out there to move more merchandise. But five days later, on September twenty-ninth, Amjad Nassar is negotiating a lease extension for another two years. On September twenty-ninth, he's working on a new idea, Anasazi Trading. Does he tell City officials, wait, we don't need this sale any more. We're not going out of business. We just got a lease extension. No. They stay silent, they allow customers to keep coming in, in October, and they continue to have an unfair advantage over their competitors."

Mr. Shandler continued, "So let's move forward to December 2014. This is Exhibit No. 4 in your book [packet]. Exhibit No. 4 in your book, it's labeled City of Santa Fe on the very top. It's a Business License Application. Here Anasazi Gallery Trading, Inc. So now 'Trading' starts showing up on official documents, with the same address on Washington Avenue. In there, there is a box that says, 'Is the business new,' one third of the way down, 'new' is checked on it. Next line down there, Anticipated Opening Date, December 1, 2014. On the box for owners, Amjad Nassar, contact person, Amjad Nassar, on this document."

Mr. Shandler continued, "So let's take another time out. I expect Mr. Nassar to tell a story tonight that he's the hero of the business. Maybe in June 2014, another family member was the President. Maybe he just ran the store on a daily basis and he was the named party on the lease. Maybe things were going bad and he decided they had to go out of business. Maybe they knew the lease was coming up. But what happened on September twenty-ninth. That seems to help that story. So you might ask in your questions tonight, what was he supposed on December first. The Business License Application does not have a box saying taking over the family business. There's no box for reorganized business. But when we brought this case to you and we know it's unusual, because we really think on September twenty-ninth, something went on. There was a plan. Disregard the old name, use about the same name for a new business. Same location. Same person behind the counter. Same person on the lease. So on December first when he checked the box New Business, that was a misrepresentation. That was deceptive to the City and to the public. It was not transparent. I expect them to say there's nothing in the Ordinance that says if you're deceptive, you must get revoked. But the City Code does say when a person is guilty of violating a regulation relating to granting a license, when the judgment of the Governing Body, the public welfare requires a license to be revoked, the Governing Body may revoke a license. So we're asking for the opportunity to go to the full City Council to argue that the public welfare, faintness to customers, fairness to merchants, requires that this business license for Anasazi Trading Gallery should be revoked. And I expect the counter argument that, you know, it's black and white. It was one business with one name, another business with another name. They're two different companies, but I there were two different companies, I mean I think the point was on September twenty-ninth, a plan was made."

Mr. Shandler continued, "And you might ask what is the point. The City Council can revoke this license and he can come back the next day and apply for a new license under The Chaco Canyon Gallery

Trading Company and pay a $35 application fee. What penalty is that. Well maybe it sends a message. It sends a message to consumers, to merchants, that the City is going to take a more watchful eye. Maybe it's part of a multi-prong approach that includes an Ordinance change, so that a person and an address can't call themselves Business A, then Business B, then Business C. Maybe the Ordinance change should be one sale tied to that address, and you can't keep going out of business. Maybe it's a step, but it's a first step. But today, the burden on the City Code is on Mr. Nassar. It's an Order to Show Cause. So we start with the who, what, where and why. Let's get the why. Let's give him his chance. These are his documents. This is his change to explain why he acted this way. Thank you."

Chair Dominguez said, "Okay. So you did not call up any witnesses Zach, and obviously you can't be a witness, and so what I will do is I'll give you Mr. Sommer about 15 minutes, which is what Zach had, to testify."

Mr. Shandler said, "There is nothing in the City Code that requires me.."

Mr. Sommer said, "I don't intend to testify. I intend to present witnesses, but the City has the burden of showing you something. They can't just get their lawyer up here and point the finger at you and say it's your job now to prove your innocence. They have to show you something with testimony, and I have the right to cross examine witnesses. I'm still going to put on my case, but I know for you all that if all the City has is documents and lawyer pointing fingers, I submit to you would fail on that basis alone. We intend to prove to you what he should not be here proving. That's he's not guilty of what he is being charged with here."

Chair Dominguez said, "So you want to go ahead and present your case."

Mr. Sommer said, "Yes, I'll do that. I'm going to make a brief opening statement. You might note I feel passionate about this, because I think that what's being done here is a witch hunt and it is a witch hunt based on reports, complaints by City merchants, who may have legitimate complaints. But they don't have a legitimate complaint against Amjad Nassar, and I'm going to tell you why. I intend to show you tonight with sworn testimony, with exhibits that Mr. Amjad Nassar took over a family business, so to speak, but what he did was, he said, I've been working for my family since a young man in a business. I was an employee of my father's. I was an employee of my brother's, and now I have the chance to start my own business, and that's what he did. He bought the inventory, he's paying for the inventory. He set up his own accounts. He set up his own corporation. He makes all of his payments, and nobody else but Amjad Nassar does that in his business."

Mr. Sommer continued, "In the previous business, the evidence will show that his brother, Majdi Nassar, owned a corporation called Anasazi Gallery, Inc. And, a person in business in that corporation, he was an employee and he ran the store, just like he had run for his father and he was paid a salary and when they were going out of business Amjad Nassar had a choice. He has a wife, child and a child on the way. He had a choice to make. Do I want to go work for somebody else, or do I want to make a go of it, and he put his life savings into his new business, bought the inventory and went to work creating his own business."

Mr. Sommer continued, "Now I submit to you that if his name had been Rios and in the Wood Yard that got passed from generation to generation or Aranda who worked in a plumbing business that got passed from generation to generation, or Sommer who worked in a law office that got passed from generation to generation, he would not be here. He's here because of his last name, and his family's origin of nationality. He was born in Albuquerque, New Mexico. He has been in the jewelry business, the Native American jewelry business since he was 15 and he's been around in it all his life, just like the other businesses that I rattled off to you, including myself. What we intend to show you through documents, unequivocal evidence that Mr. Nassar has his own new business. And what we're here about is that the City got pressure into bringing a very bad case against the wrong person. That's what we intend to show. I'm going to hand out to you... may I approach Mr. Chair."

Chair Dominguez, "You may approach."

Mr. Sommer said, "We'll call as our first witness, Mr. Amjad Najar. Mr. Chair, I'll call Mr. Amjad Najar to testify first and if you don't mind, I'll just direct him with questions so that we can move along instead of him just sort of giving a speech. Is that all right with the Committee."

Chair Dominguez said, "I think so, but do you have an opportunity to cross examine Zach. Is that going to be Oscar."

Mr. Sommer said, "He can cross examine him afterwards, but definitely."

Chair Dominguez said, "Right. Okay. Okay. Go ahead.

Mr. Sommer said, "So you need to be sworn."

Melessia Helberg, "Under penalty of perjury do you swear the testimony you're about to give is the truth, the whole truth and nothing but the truth."

Mr. Amjad Nassar said, "I do."

Mr. Sommer asked, "So speak into the mike and just answer my questions and we'll get through this as quickly as we can. Now would you please tell us your full name."

Mr. Nassar said, "My name is Amjad Najar."

Mr. Sommer asked, "Where were you born."

Ms. Nassar said, "I was born in Albuquerque, New Mexico."

Mr. Sommer asked, "What is your heritage."

Mr. Nassar said, "Palestinian."

Mr. Sommer asked, "What year were you born."

Mr. Nassar said, "1981."

Mr. Sommer asked, "Where are your parents from."

Mr. Nassar said, "East Jerusalem."

Mr. Sommer asked, "When did your parents come to this country."

Mr. Nassar said: "Mid-seventies."

Mr. Sommer asked,"And from the mid-seventies to the present, where have your parents lives.

Mr. Nassar said, "New Mexico."

Mr. Sommer asked, "Tell the Committee how it is you got involved in the jewelry business."

Mr. Nassar said, "I was pretty much born into it. My father had a trading post in Zuni Pueblo as well as Gallup, New Mexico, for over 30 years."

Mr. Sommer asked, "What's your father's name."

Mr. Nassar said his name is, "Nassar Nassar."

Mr. Sommer asked, "Is he here tonight."

Mr. Nassar asked, "He is."

Mr. Sommer asked, "Do you have brothers and sisters."

Mr. Nassar said, "I do."

Mr. Sommer asked, "Who are your brothers."

Mr. Nassar said I have my brother Majdi, my brother Emad, my brother Adel, and I have a sister named Faison."

Mr. Sommer asked, "And have they worked in the businesses that your father had."

Mr. Nassar said, "Absolutely."

Mr. Sommer asked, "All right. So tell the Committee from the time that you were, say 15, what involvement did you have in the jewelry business and with whom."

Mr. Nassar said, "Basically learning about the business with my father. He would take me there on weeks as long as I didn't have any sporting events or school. Running, you know, trying to sell to customers, as well as running day-to-day operations. My dad retired in 1999, and we opened, my father actually opened a business on Water Street."

Mr. Sommer asked, "What kind of business."

Mr. Nassar said, "The same type of business, it was called the Golden Adobe, in 2003."

Mr. Sommer asked, "And what did you do in the business."

Mr. Nassar said, "I was the Sales Manager, and I ran the day-to-day operations."

Mr. Sommer asked, "Did you have any ownership interest in this..."

Chair Dominguez asked, "Are you picking all of this up Ms. Helberg."

Ms. Helberg said, "Yes, and Mr. Chair, I would like to ask for the record, that you provide the spelling of the names he gave. I would appreciate it."

Mr. Sommer said, "Yes, and they're in the documents."

Ms. Helberg said, "Thank you."

Mr. Sommer said, "So did you have any ownership in your dad's company for the Golden Adobe."

Mr. Nassar said, "No sir."

Mr. Sommer said, "All right. Did your dad continue that business and then end it at some point.:

Mr. Nassar said, "Yes, he closed October 2011."

Mr. Sommer asked, "And from that time has he been involved in any businesses."

Mr. Nassar said, "No sir."

Mr. Sommer asked, "What does he do now."

Mr. Nassar said, "He's retired."

Mr. Sommer asked, "What did you do after he closed his business."

Mr. Nassar said, "I was looking for a job and looking for job, and that's when my brother, Majdi Nassar, who is the President of the Anasazi Gallery, Inc., decided to open the Washington Street location,

the Anasazi Gallery, Inc."

Mr. Sommer asked, "Where does your brother Majdi live."

Mr. Nassar said, "He lives in Littleton, Colorado."

Mr. Sommer asked, "Tell me about the Anasazi Gallery, Inc. What is that."

Mr. Nassar said, "It was a corporation that my brother opened. He was the President and owned all the shares to it. He put me as an officer in the corporation, because he's not here all the time. And that's basically it."

Mr. Sommer asked, "What did you do for him in the business."

Mr. Nassar said, "I was, again, the Sales Manager. I ran the day-to-day operations, and I got a salary."

Mr. Sommer said, "So tell me, in the City's packet they presented to the City an amendment to a lease. Are you familiar with the original lease for that space."

Mr. Nassar said, "Yes."

Mr. Sommer asked, "Who signed that."

Mr. Nassar said, "I did."

Mr. Sommer asked, "Why did you sign it."

Mr. Nassar said, "Because my brother negotiated it, got it, and he was out of town. He wasn't here. He was actually out of the country at that time."

Mr. Sommer said, "So you realized you signed that personally."

Mr. Nassar said, "Yes."

Mr. Sommer asked, "And who made the payments on that lease from the time it was executed to the end of September of last year."

Mr. Nassar said, "My brother."

Mr. Sommer said, "Through what."

Mr. Nassar said, "Until the closing which was November third."

Mr. Sommer asked, "Did he make it through the company, or did he make it through..."

Mr. Nassar said, "Through his company."

Mr. Sommer asked, "Who wrote the checks for that."

Mr. Nassar said, "He did."

Mr. Sommer asked, "Did you ever make a payment on that lease for Anasazi Gallery, Inc."

Mr. Nassar said, "No sir."

Mr. Sommer said, "All right. I want to turn your attention to the City's exhibit that Mr. Shandler testified about, Exhibit No. 2, a Distressed Merchandise Sale. Could you tell the Committee whose signature is on that."

Mr. Nassar said, "My brother Majdi Nassar."

Mr. Sommer asked, "Did you sign that."

Mr. Nassar said, "No."

Mr. Sommer asked, "Why, if you know was that application filed."

Mr. Nassar said, "The business wasn't doing great. My brother has other commitments in Colorado and is looking at opening other businesses, and he decided that he didn't want to stay in business, so."

Mr. Sommer said, "With respect to that business, Anasazi Gallery, Inc., did you invest any money in that business."

Mr. Nassar said, "No sir."

Mr. Sommer asked, "Were you paid any dividends, or anything other than a salary in that business."

Mr. Nassar said, "No."

Mr. Sommer said, "All right, so tell the Committee, after this application was filed by your brother, what happened in that business."

Mr. Nassar said, "We got the approval for the 3-month Distress Merchandise Sale. As you can imagine, people love great deals, and my brother wanted to get rid of it, so we were really busy in the shop. That gave me personally, the idea and the confidence to, maybe I can take over and do my own

business in the same location."

Mr. Sommer asked, "Are you married."

Mr. Nassar said, "I am."

Mr. Sommer asked, "Do you have any children.

Mr. Nassar, "I have a 4-year old boy."

Mr. Sommer asked, "And do you have any children on the way."

Mr. Nassar said, "The end of June."

Mr. Sommer asked, "What would have happened for your employment if your brother had gone out of business and you had done nothing."

Mr. Nassar said, "I would not be able to provide for my family."

Mr. Sommer asked, "What would you have had to do."

Mr. Nassar said, "Work for somebody, or work a couple of jobs. My brother and my father really set me on a good path to start the business without leaving that location."

Mr. Sommer asked, "How did they do that."

Mr. Nassar said, "They helped me with the showcases. And anything they weren't able to carry basically in bags, like jewelry, sculptures, pottery, kachina dolls, anything that was fragile, they were going to put in storage in Colorado. And I told them that we can do a consignment where every month, whatever I sell, I would pay you, and my attorney has even proof of that, the consignment."

Mr. Sommer said, "And so, at the end of this sale, what did you decide to do."

Mr. Nassar said, "It was actually right before... it wasn't at the end."

Mr. Sommer said, "Okay"

Mr. Nassar said, "It was September twenty-ninth, which is the date, after talking to my wife and deciding what the best course of action for me and my family, and providing for them, I decided to make a deal with the landlords on my own behalf and sign a lease for a couple of years."

Mr. Sommer said, "Okay, and did you make a deal with your brother."

Mr. Nassar said, "I did on the merchandise that was left."

Mr. Sommer asked, "And what about the equipment."

Mr. Nassar said, "And the equipment as well."

Mr. Sommer said, "Describe for the Committee what your deal was with them."

Mr. Nassar said, "Basically, the showcases, like I said, any of the fragile items, every month if business is willing, of course, I would pay him slowly so I can keep it. Because, if I moved to another place, I would not have been financially able to open another business, because of the cost of showcases, the cost of moving, etc."

Mr. Sommer said, "Let me show you Exhibit 1. It's in your packet. Could you tell the Committee briefly what Exhibit 1 is and it's 1, 2, 3, look through that and tell them what Exhibit 1 is."

Mr. Nassar said, "It's basically a letter of agreement between me and my brothers, and basically saying that I owe a certain amount for the inventory that was left over. And that I would compensate in payments once merchandise is sold. There are couple of instances, a couple of checks that are attached, copies of checks that I have paid the Anasazi, Inc., for their consignment inventory."

Mr. Sommer asked, "How much did you agree to pay your brother."

Mr. Nassar said, "Forty Nine Thousand Seven Hundred Sixty Eight Dollars ($49,768)."

Mr. Sommer said, "I notice that the first page of Exhibit 1 isn't signed. Tell the Committee why it isn't signed and why are all your brothers names are there."

Mr. Nassar said, "It's not signed because all four of us haven't been at the same place at one time. And all my brothers names are here, because if something was to happen to my brother, Majdi, Emad and Adel would be the people to get the checks."

Mr. Sommer said, "I noticed that... on the second page, who signed that page of Exhibit 1."

Mr. Nassar said, "Me. That's me basically signing that I received the merchandise."

Mr. Sommer asked, "And what are the numbers there."

Mr. Nassar said, "Well, there was an added... there was a little bit of the merchandise that I bought."

Mr. Sommer asked, "What's ...."

Mr. Nassar said, "This is for the showcases I bought."

Mr. Sommer said, "Tell the Committee what it says."

Mr. Nassar said, "This is the total merchandise from Adel, Emad and Majdi, Fifty Nine Thousand Five Hundred Dollars and Fifty Cents ($59,500.50)."

Mr. Sommer asked, "Is that what you agreed to pay them."

Mr. Nassar said, "Correct."

Mr. Sommer asked, "What's the next.

Mr. Nassar said, "And I paid Amjad, this is a credit card."

Mr. Sommer asked, "By whom."

Mr. Nassar said, "That was used by me."

Mr. Sommer asked, "And who owes that credit card."

Mr. Nassar said, "I do.'

Mr. Sommer said, "And then what does the balance represent."

Mr. Nassar said, "That's what I owe now."

Mr. Sommer asked, "Is that what you agreed to pay your brother for his interest in the property that was there."

Mr. Nassar said, "Yes sir."

Mr. Sommer said, "And the payments behind it, are checks that you've made to him in continuing to pay off that debt to him."

Mr. Nassar said, "Yes. Every month, whatever I owe, I have to pay."

Mr. Sommer said, "There was a corporation called Anasazi Gallery, Inc. Who formed that corporation."

Mr. Nassar said, "My brother Majdi Nassar."

Mr. Sommer asked, "Did you invest anything in that."

Mr. Nassar said, "No."

Mr. Sommer asked, "Were you a shareholder in that business."

Mr. Nassar said, "No."

Mr. Sommer said, "I'm going to hand you what is Exhibit 2 [Exhibit "3"]. And just describe for the Committee what Exhibit 2 is."

Mr. Nassar said, "It's a Certificate of Incorporation for the Anasazi Gallery Trading."

Mr. Sommer asked, "Who formed that."

Mr. Nassar said, "I did."

Mr. Sommer asked, "Why did you form that."

Mr. Nassar said, "Because I was starting my own business."

Mr. Sommer asked, "Did you get Tax ID numbers for that business."

Mr. Nassar said, "I did."

Mr. Sommer said, "Look it through, Exhibit 2, and you'll see a document that is entitled Business License. Do you see that."

Mr. Nassar said, "Yes."

Mr. Sommer said, "All right. Who is the owner of the business that you are operating. Is it you, or is it the company."

Mr. Nassar said, "I own all the shares to the company."

Mr. Sommer said, "All right, but who operates the business."

Mr. Nassar said, "I do."

Mr. Sommer asked, "Through what."

Mr. Nassar said, "I don't understand."

Mr. Sommer said, "Is your company...."

Mr. Nassar said, "Oh the Anasazi Gallery Trading."

Mr. Sommer said, "Right. So on the application for a Business License that you filled out and that Mr. Shandler testified about, who does it say the owner of the business is."

Mr. Nassar said, "Amjad Nassar."

Mr. Sommer asked, "Who does it say that the contact in person is for your business."

Mr. Nassar said, "Amjad Nassar."

Mr. Sommer asked, "Who did it say that the contact business person was or the previous business license."

Mr. Nassar said, "Amjad Nassar."

Mr. Sommer asked, "Who was the owner of that business."

Mr. Nassar said, "Amjad Nassar."

Mr. Sommer asked, "Why did you fill out a business application for your brother on his site over there."

Mr. Nassar said, "Because he wasn't here. He's the one who authorized it."

Mr. Sommer said, "Next on Exhibit 2, I see a registration certificates, what are those."

Mr. Nassar said, "That's from the State of New Mexico, Taxation and Revenue Department, to get my..."

Mr. Sommer asked, "What did they give you."

Mr. Nassar said, "The CRS number, the tax ID.

Mr. Sommer asked, "What is a CRS number."

Mr. Nassar said, "So this way I can go and buy from different dealers as well as artists, and have a Tax ID number, and pay the sales tax."

Mr. Sommer asked, "Who pays the sales tax in your business."

Mr. Nassar said, "I do."

Mr. Sommer asked, "Who paid the sales tax in the other business, the previous business."

Mr. Nassar said, "My brother Majdi."

Mr. Sommer asked, "Did you ever write a check personally for any expenses out of your brother's business."

Mr. Nassar said, "No."

Mr. Sommer asked, "Has he, or anybody else written any checks to you in payment of your business expenses."

Mr. Nassar said, "No."

Mr. Sommer said, "Tell the Committee how it is you have funded your business."

Mr. Nassar said, "Basically, all the money that I've saved over the years working in Santa Fe for about 9 years as a manager. I sold a couple of my personal collections, like baseball cards and stuff that I've had since I was a kid."

Mr. Sommer asked how much capital did you raise from doing that."

Mr. Nassar said, "About Twenty Thousand Dollars ($20,000)."

Mr. Sommer asked, "How do you pay yourself today."

Mr. Nassar said, "I don't pay myself."

Chair Dominguez asked, "How much more time do you have Karl."

Mr. Sommer, "I'm sorry."

Chair Dominguez asked, "How much more time do you need."

Mr. Sommer said, "I need about 10 more minutes."

Chair Dominguez said, "10 more minutes."

Mr. Sommer said, "Yes. I'll be as quick as I can. Just, members of the Committee, I'm sorry to take so long, but what you're dealing with is this young man's livelihood. And it's critical. Thank you very much Mr. Chair."

Mr. Sommer said, "Look at the next page, would you tell the Committee what the next page is."

Mr. Nassar said, "It's an IRS Department of Treasury, IRS from Cincinnati, Ohio. That's the Federal Tax ID Number."

Mr. Sommer asked, "And who is that for."

Mr. Nassar said, "That is for my company, Anasazi Gallery Trading."

Mr. Sommer asked, "Who is responsible for the withholdings and the payment of unemployment tax to the Federal government in your business."

Mr. Nassar said, "I am."

Mr. Sommer asked, "Who was responsible in the other business that was run by your brother."

Mr. Nassar said, "My brother Majdi Nassar."

Mr. Sommer asked, "Did you ever pay any unemployment tax or withholding in his business."

Mr. Nasser said, "No."

Mr. Sommer said, "I would like to move you on to Exhibit 3. Tell the Committee what that represents."

Mr. Nassar said, "These are a couple of checks to get more merchandise. I got some more stuff on consignment. This is a couple of checks to my friend Mansoor who is a friend of mine who put some stuff on consignment. These are basically checks paying him."

Mr. Sommer said, "And what business paid him."

Mr. Nassar said, "The Anasazi Gallery Trading."

Mr. Sommer asked, "What is the invoice in that Exhibit #3."

Mr. Nassar said, "That's an example of the sale of my company, the Anasazi Gallery Trading."

Mr. Sommer asked, "Is that an example of an invoice that you sent to somebody that paid you."

Mr. Nassar said, "Correct."

Mr. Sommer asked, "Where did money go for that."

Mr. Nassar said, "To the Anasazi Gallery Trading."

Mr. Sommer asked, "Did it go to your brothers."

Mr. Nassar said, "No."

Mr. Sommer asked, "Did it go to your father."

Mr. Nassar said, "No."

Mr. Sommer asked, "What are the last two invoices examples of."

Mr. Nassar said, "These are monies that I owe for merchandise, basically taken on credit and will pay."

Mr. Sommer asked, "To who."

Mr. Nassar said, "The first one is to Pueblo House out of Albuquerque, New Mexico."

Mr. Sommer asked, "And what do they sell."

Mr. Nassar said, "They sell Native American pottery, arts, crafts, etc.

Mr. Sommer asked, "What about the next one."

Mr. Nassar said, "This is for Ray's Trading Company in Gallup, New Mexico and they specialize in Zuni jewelry."

Mr. Sommer said, "Tell the Committee where it is you get your merchandise and your inventory."

Mr. Nassar said, "I deal with a couple of dealers here in New Mexico, but most of the merchandise I get is direct from the Natives, because of my family's time in the business. We have some great relations with artists from 12 different tribes in New Mexico."

Mr. Sommer said, "Look at Exhibit 5. It's the handwritten sheet. Could you tell the Committee what Exhibit 5 is."

Mr. Nassar said, "These are some artists that, ever since this problem has arised, I have had to put on hold buying stuff."

Mr. Sommer asked, "Who are these people."

Mr. Nassar said, "These are Native American artists, some are jewelers, some are potters, some make figurines, some make sculptures."

Mr. Sommer asked, "How long have you known these people, you personally."

Mr. Nassar said, "Some of them as far back as 5 years old, and some of them more recent, in my early twenties."

Mr. Sommer asked, "Are these the people you do business with."

Mr. Nassar said, "Yes sir."

Mr. Sommer said, "I would like to ask you to tell me what Exhibit 4 is."

Mr. Nassar said, "That is my tax return."

Mr. Sommer asked, "For what year."

Mr. Nassar said, "2014."

Mr. Sommer said, "I notice that on your tax return you itemize your deductions."

Mr. Nassar said, "Correct."

Mr. Sommer asked, "Do you ever... have you ever deducted lease payments on the Anasazi Gallery, Inc., lease.

Mr. Nassar said, "No sir."

Mr. Sommer asked, "Why not."

Mr. Nassar said, "Because it's not my company."

Mr. Sommer said, "And today, on the return, your personal return, do you deduct those payments."

Mr. Nassar said, "Yes."

Mr. Sommer said, "Just tell the Committee what these two are. These two pictures."

Mr. Nassar said, "These are, you know that whole documentary was about Santa Fe has a problem with sale signs and things like this. I've been singled out. These are right next door to me."

Mr. Sommer asked, "And how long have they been up, these sale signs."

Mr. Nassar said, "This one, probably about 3-4 months, this one over 3 years."

Mr. Sommer asked, "Have you ever brought it to the City's attention that these signs have been up."

Mr. Nassar said, "Yes, when.."

Mr. Sommer asked, "What were you told by City officials about that."

Mr. Nassar said, "That every time that we would put a sale sign up that somebody in the business association, the Santa Fe Business Association doesn't like us, and that every time we put a sign up they keep calling and calling until somebody comes and either...."

Mr. Sommer asked, "Have you ever seen a City official at these two businesses next door to you."

Mr. Nassar said, "No sir."

Mr. Sommer asked, "When were these pictures taken."

Mr. Nassar said, "Today."

[At this time Mr. Sommer passed out copies of these photographs to the members of the Committee, and entered them for the record [Exhibit "7"].

Mr. Sommer said, "If you would look back at Exhibit 2, and look at a letter from Jerry Martinez dated April ninth. What is that. Read it to the Committee."

Mr. Nassar said, "He was the bookkeeper from the Anasazi Gallery, Inc., my brother's corporation, and I carried him on for my company as well. And it's basically a letter stating that I was an employee of Anasazi Gallery, Inc., and not the owner, and that I started my own business December 1, 2014."

Mr. Sommer said, "I'll pass the witness to Mr. Shandler."

Chair Dominguez said, "In the process we are here at cross-examination and we'll ask questions."

Mr. Sommer said, "And then I have the right to re-direct, and I think it will be brief, if I do it at all."

Chair Dominguez said, "Okay."

Mr. Shandler said, "In the interest of time, I won't ask any questions. I'm sure you have the questions. I just want to say, for the record this is a *quasi-judicial* hearing, but we do have a Judge in the chamber, that's why the documents can speak for themselves, I didn't hear anything that he said that was inaccurate, and that's why I didn't object to all the hear-say. I'm, in the interest of time... I'll have no questions and I'll just let you ask you questions when you want to. You can just go to the witness if you want."

Mr. Sommer said, "I would open it up to questions you all might have of Mr. Nassar. He's here to answer any questions you have about this matter whatsoever."

Chair Dominguez said, "Very good. Very good. Well thank you very much. So what we'll do, is we'll move on to questions from the Committee. Is there anyone who wants to ask questions. Councilor Trujillo, you have questions."

Councilor Trujillo said, "I have one question."

Chair Dominguez said, "Go ahead."

Councilor Trujillo said, "I guess Mr. Sommer you might also be able to... during testimony that you gave, Mr. Nassar, you told me that your brother was out of town and you signed on the signature. How did you sign that. And I didn't see anything."

Mr. Nassar asked, "Are you talking about the lease."

Councilor Trujillo said, "I guess it was the lease. Yes. How..."

Mr. Nassar said, "It was negotiated over the phone, and he's the one who told me to go and sign it. I signed it. I was basically his agent, representative for the company."

Councilor Trujillo asked, "But how did you sign it. How did you sign it."

Mr. Sommer said, "I'll represent to you, one, the amendment has the signature on it, and it is exactly the same form he signed in the lease itself. I don't have the lease with me, but the lease is about a 45 page document. But the City's Exhibit 2 has a signature line, that's exactly how he signed it."

Councilor Trujillo said, "Okay, Karl and the reason I bring it up Karl, is I guess, you know, if I'm signing for something for somebody else, I will always sign my signature for so-and-so, being I'm not the direct person making that thing, because I don't want anything exactly coming back on me. That's the only question I wanted to know is how did he sign it."

Mr. Sommer said, "I'll address that when we have our final closing remarks."

Councilor Trujillo, "That's the only question I had is how he signed it."

Chair Dominguez said, "So a couple of questions. Speaking of the lease, you said your brother was out of town."

Mr. Nassar said, "He lives in Colorado full time, so during the corporation when that was open, he would come down a couple times of month, sign checks, make sure everything was going and then go back."

Chair Dominguez asked, "Was that where he was when you signed the lease for him."

Mr. Nassar said, "No. He was actually abroad. He was in Israel."

Chair Dominguez said, "He was in Israel."

Mr. Nassar said, "Yes. For a family obligation."

Chair Dominguez said, "Do you have anything that shows he was in Israel."

Mr. Nassar said, "I don't have anything on me. No sir."

Chair Dominguez asked, "Does he have anything that he may be able to provide at some point that shows he was in Israel."

Mr. Nassar said, "I would have to look and see."

Chair Dominguez said, "Two other questions. It says.... in part of the documentation you gave us, there's this 2014 Tax Return, and it says here that you are filing single. So are you married."

Mr. Nassar said, "I am married in my traditional way."

Chair Dominguez asked, "What is that."

Mr. Nassar said, "I have a marriage license, but it's in Arabic."

Chair Dominguez said, "Forgive my ignorance."

Mr. Nassar said, "No, no, no."

Chair Dominguez said, "I just know what it means relative to this filing."

Mr. Nassar said, "My wife is actually Hispanic. She's from Albuquerque. And we decided to get married in a mosque, and we got married in Albuquerque, New Mexico, about 5 years ago, and I have the marriage certificates written all in Arabic."

Councilor Dominguez said, "So you're married in that way, but here on your tax return you're not married."

Mr. Nassar said, "No. My wife works also, so you know, she does her own tax return, I do my own tax return."

Chair Dominguez said, "Then the other thing is, I know part of your exhibits, there's all these checks that are provided. Do you have bank statements that show these transactions actually took place."

Mr. Nassar said, "Absolutely. Yes sir. I think we don't have them today, but I can provide them."

Chair Dominguez said, "And this Exhibit 5, I guess, is what this is with all these names."

Mr. Nassar said, "Yes."

Chair Dominguez said, "It looks like it's one person that wrote them all down. So is that just your summation of people that..."

Mr. Nassar said, "Yes. Because I told him I haven't been able to buy anything, you know, I didn't know what was going to happen with the business, so he asked me to write all my artists that are basically waiting."

Chair Dominguez asked, "And do we have anything, any statement from these artists specifically that indicates that. I mean, I have no idea who any of these people are, so I."

Mr. Nassar said, "Yes. Like I said, I kind of went through my artists list and artists that I'm usually buying from this time of the year. This season is just kicking-off. So, these are all things I put on the side, and my attorney asked me to write them down. I wrote them down, but one of them is the Governor of Santa Fe Pueblo, Daniel Coriz, he's up toward the top. He's the Governor, he's pretty well known. The other artists, some of the up and coming, some of them established some of them a very long time, but these are the basic people that depend, not just on me, but any kind of business who is selling this kind of stuff to buy from them and provide for them."

Chair Dominguez said, "Okay."

Mr. Nassar said, "I want to make one statement.... oh, go ahead."

Chair Dominguez said, "So, I'm just looking at these checks, and it looks like, well I guess the sequence is not, I thought maybe the sequence was not in order, but it looks like they are."

Mr. Sommer said, "They're there to provide examples of how he is doing business."

Chair Dominguez said, "No. I understand. Okay. I'll go Councilor Lindell, Maestas, Rivera."

Councilor Lindell said, "Good afternoon."

Mr. Nassar said, "Good afternoon."

Councilor Lindell said, "Just a.... so you worked for your brother from when to when."

Mr. Nassar said, "Anasazi Gallery, Inc., opened sometime in 2012 until the end of the distress merchandise sale. I actually worked a month earlier. October third was my last day. The last month I didn't work it."

Councilor Lindell said, "So then 10-3-2014."

Mr. Nassar said, "I got my last salary check in October."

Councilor Lindell said, "Thank you. When did you start your own business."

Mr. Nassar said, "It's open, first day opening was December 1, 2014."

"Councilor Lindell said, "I see on the Tax Return on line 19 that you had collected unemployment."

Mr. Nassar said, "I did. I was in a car accident in late September. I was hit, rear-ended from behind."

Councilor Lindell said then you didn't work from September 2014."

Mr. Nassar said, "No."

Councilor Lindell said, "I'm just pointing out that you just said a minute ago that the last check that you got from working for your brother was in October."

Mr. Nassar said, "I believe it was at the beginning of October, I'm sorry the end of September. See, I get paid after every month. It was a salary pay."

Councilor Lindell said, "That's all I want to point out right now. Thank you."

Mr. Nassar said, "Thank you."

Chair Dominguez said, "Okay Councilor. How did I do this, I said Maestas and then Rivera."

Councilor Maestas said, "Let's start with the lease. If you look on page 4 of Exhibit 1 up there on the top, it designated you as the tenant. Correct."

Mr. Nassar said, "Correct."

Councilor Maestas said, "Now, why wasn't the corporation, the defunct Anasazi Gallery named as the tenant."

Mr. Nassar said, "They wanted a personal guarantee, I think. And my brother asked me to put it in my name. He's my brother. I'd do anything for him, and that's why you see my name there."

Councilor Maestas said, "If you turn to Exhibit 2, the Distress Merchandise Sale Application."

Chair Dominguez said, "This is City's Exhibit 2, right."

Councilor Maestas said, "Yes, I'm sorry, the City's Exhibit 2. If you look at number 3, what is the nature of occupancy of the place where such sale is to be held and it says lease. I guess it has lease, owner or other. So does this imply Anasazi Gallery, Inc., was the tenant and the holder of the lease.

Mr. Nassar said, "To do this type of sale it had to be the President of the company to sign it out, so my brother filled this out. I don't know how to answer that."

Mr. Sommer said, "If... just answer his question if you know the answer."

Mr. Nassar said, "Can you repeat the question."

Councilor Maestas said, "Yes. It seems that the lease was between this Crow-Hobbs as the landlord and he was an individual tenant and not any corporation. So I'm trying to establish if there's any connection between any corporations and the lease. Was there any connection."

Mr. Nassar said, "No. I owned zero shares of the Anasazi Gallery, Inc., I was basically a manager."

Councilor Maestas said, "Okay, but yet, you signed the lease for your brother, correct."

Mr. Nassar said "Correct."

Councilor Maestas said, "At the lease the Amendment no. 2, we don't have the full lease.

[Mr. Sommer's remarks here were inaudible because he was away from the microphone]

Chair Dominguez said, "Go ahead and speak into the mike if you can there."

Mr. Sommer said, "I'm sorry. I represented to you that the lease has the same designation, I think in answer to Councilor Trujillo's question. "

Councilor Maestas said, "So what was your position on the Board with The Anasazi Gallery, Inc."

Mr. Nassar said, "They had me as a Vice-President."

Councilor Maestas said, "And you probably had a registered agent, correct.

Mr. Nassar said, "Correct."

Councilor Maestas asked, "And who was that."

Mr. Nassar said, "Douglas Azar."

Councilor Maestas asked, "So why wasn't Douglas empowered to sign business documents on behalf of..."

Mr. Nassar said, "He was just the attorney that prepared the documents, and he did mine as well for my company."

Councilor Maestas said, "Right, but he is your Registered Agent. I think he can represent the corporation in all business affairs."

Mr. Sommer said, "Mr. Chairman, Commissioner, I mean Councilor, a registered agent is a

registered agent for one purpose in New Mexico and that is for the purposes of service of process. So when an attorney signs a document, an affidavit as registration for agent of a corporation, they are saying you can serve this person if you ever sue the company. That's the statutory power of a registered agent."

Councilor Maestas said, "Okay, let's get to City's Exhibit 4. This is the new license application. You filed it on December first, but yet you didn't file your articles of incorporation until the ninth, why was there a time lag. Why did you file and become a corporation in the eyes of the State, but yet sign a document on behalf of the corporation as the President prior to the filing of your corporation."

Mr. Nassar said, "Basically, Mr. Azar, who did the filing of my corporation, just, I guess it takes time."

Councilor Maestas said, "All right, but Mr. Azar is not the registered agent for The Anasazi Gallery Trading. You're the agent."

Mr. Nassar said, "I am, but he's the one who prepared the documents. And once the documents were prepared, he lives in Albuquerque, he delivered them here to me and then I went to, I don't know what that building is called, the Federal Building, and filed them."

Councilor Maestas said, "And based on your Exhibit B, Certificate of an Incorporation, there are no corporate officers designated in here. You have yourself as the Agent, you're a director, you're an incorporator, but there are no officers, but yet you've been signing documents as the President. Why is that. You've not apparently elected officers, or if you have, you haven't filed a change in your articles. So I'm not sure, legally, that you're the President, number one. And then number, I'm not sure that New Mexico corporate law can allow the President to also serve as agent. You can't serve in more than one capacity if you're the President, I believe. I'm not a corporate lawyer, and maybe Zach can clarify that. But I'm trying to understand what your legal position is now, and based on your own articles of incorporation, there are no officer. You're the incorporator, the agent, and I'm not even sure if you can serve in both capacities, being the agent and the President."

Mr. Sommer said, "Just answer his question."

Mr. Nassar said, "My understanding was, my attorney Douglas Azar, was the agent. He prepared the documents for me. And as far as I know, I'm the President of the new company, because there was a document that showed all the shares, I don't know if it's in here."

Mr. Sommer said, "No."

Councilor Maestas said, "You testified earlier that you signed the lease individually, but I think earlier you said you intend to write off lease payments in your corporate return. So if you have a personal lease, how can you deduct the least payments as a corporation,"

Mr. Sommer asked, "May I answer the question. Just quickly, as a legal matter, he is a Sub-S Corporation, and so what comes off his personal return is a deduction for lease payments. It flows through

his personal return in his Sub-S corporation. And with respect to the corporate articles, and who is the officer, you have Mr. Nassar's sworn testimony that he is the president of this company and the sole shareholder, and he has signed documents before the State Corporation Commission or the Secretary of State related to his formation and designation of the corporation. So if this board wants to see his by-laws, we can present those. If this board wants to see and hear from his attorney, who did that, I think we could provide that you, but it but hardly seems necessary."

Councilor Maestas said, "I'm just I think clarifying his legal role in the corporation. I think it is important to the proceedings. And the current filing documents don't show you as the President, they show you as the agent and as the incorporator and a director, but not as President. And I don't think you can serve in allo those capacities and President. And these are documents you gave me. So I'm concerned about the lease that it's between you personally and the landlord, but yet it's being used for corporate purposes. And then in this new corporation, you're representing yourself as president in some of these legal documents. And based on your filings, there really are no officers at this point. You have a Board of Directors, and you're the designated agent, but you don't have any officers in your filings just yet."

Chair Dominguez asked, "Is there a question there Councilor Maestas."

Councilor Maestas said, "I have a question maybe for Zach. Where's Zach. Does the City do any kind of checks on the corporate standing. Do we require a certificate of good standing from these corporations, especially new ones that want to purchase a business license."

Mr. Shandler said, "Mr. Chairman, I don't know the answer to that question."

Councilor Maestas said, "Okay, would the City have a problem if a business comes to us and requests a business application prior to their corporate filing establishing the new corporation, which I think is the case here. They signed the Business License Application on December first, and they didn't file their corporate papers until December ninth. Would that be an issue. Do we allow some kind of lag. Do they have to be in good corporate standing and filed if this the City is to consider a business license for this new business."

Mr. Shandler said, "Mr. Chairman, I would have to research that issue and get back to you."

Councilor Maestas said, "That's all I have for now Mr. Chair, but I think I might have a few more."

Chair Dominguez, "Okay. Councilor Rivera, and then we have a budget hearing here pretty soon."

Councilor Rivera said, "Thank you Mr. Chair. Mr. Nassar on the Exhibit 1 that you presented, you stated that all your brothers haven't signed the letter of agreement because they haven't been at the same place at the same time. What says they have to be at the same place at the time. Couldn't you get each one individually and have them date it."

Mr. Nassar said, "We wanted to get it notarized, you know, make it official."

Councilor Trujillo said, "Has there been any attempt since November twenty-ninth to really get them all together."

Mr. Nassar said, "In about a month or so, it should be done."

Councilor Rivera said, "So you're anticipating that."

Mr. Nassar said, "Correct."

Councilor River said, "All right. Then the document in the back, right behind it, who wrote that one."

Mr. Nassar said, "That's my brother."

Councilor Rivera said, "Which one."

Mr. Nassar said, "Majdi."

Councilor Rivera said, "And that's the one in Colorado."

Ms. Helberg asked, "And how do you spell that."

Mr. Nassar said, "Majdi. M A J D I. And I'm the one who signed it. That's my signature."

Mr. Sommer said, "But his brother wrote it."

Councilor Rivera said, "Your brother wrote the note but you signed it."

Mr. Nassar said, "Correct, this is basically saying that I'm receiving, this is the total merchandise, you know. And then..."

Councilor Rivera said, "On the second exhibit, I believes this yours, correct, The Anasazi Gallery Trading, Inc. On the second page it lists a Board of Directors which looks like you and one of your brothers."

Mr. Nassar said, "My youngest brother, yes."

Councilor Rivera asked, "Was there Board of Directors for the Anasazi Gallery."

Mr. Nassar said, "My brother created that company, so I can't tell you exactly."

Councilor Rivera said, "I assume there's a document that would show.."

Mr. Nassar said, "I don't know if they have one."

Mr. Sommer said, "There is."

Councilor Rivera asked, "Are you a Board of Director of Anasazi Gallery."

Mr. Nassar said, "Was I a Board of Director."

Mr. Sommer said, "I don't recall. The documents reflect officers of that company, and I have not seen a document that reflects who the Board of Directors were of that company, but we could supply that. We don't have those corporate records. I have just a couple of them."

Councilor Rivera asked, "Did I hear you a while ago say that you were a Vice-President of that company, your brother's company.

Mr. Nassar said, "That's the title that he had in the corporation, yeah."

Councilor Rivera said, "At one point, you said you were a manager, and then later you said you were a Vice-President."

Mr. Nassar said, "He also had me there in case something happened to him, you know, but in terms of the shares, I own nothing, I received none of the profits."

Councilor Rivera said, "Were you given the title of Vice President, probably in that other document, maybe."

Mr. Nassar said, "I would say so."

Councilor Rivera said, "Zach. We were handed these pictures of sales signs, which I assume are next to Mr. Nassar's business. Is there anything illegal about these sales pictures. I assume you've been able to look at them."

Mr. Shandler said, "Mr. Chairman, Councilor Rivera, I have not looked at them. I don't believe they're relevant to this particular proceeding. I will be happy to forward it to the Land Use Department for their review."

Councilor Rivera said, "On Exhibit 1 that Mr. Shandler presented, which I believe is the Lease for your company. You decided for the name Anasazi Trading Company. Why did you decide on that name."

Mr. Nassar said, " I'll be honest with you, you know, it's very expensive to start a business and I wanted to keep the name similar so that, you know, my brother authorized me to keep the mailing list because he's out of this business. And I wanted to keep the name similar so I didn't have to pay for brand new signage and all this stuff, and it's very expensive, and that's why I kept Anasazi in there and added Anasazi Gallery Trading."

Councilor Rivera said, "So you did change it enough to have to have to.."

Mr. Nassar said, "Yeah, of course, because it's a new entity."

Councilor Rivera said, "So you did it enough to have to change signage and to have to change..."

Mr. Nassar said, "But not to the point where I had to order new lettering, new signs for the outside. The signs that my brother had purchased are wooden signs, and we basically, the guy who makes them, his name is David Gillian, he's from Santa Fe. He's just adding the word Trading in there and that's basically it. But it saves me, I'll be honest with you about $5,000 for the two hand made wooden signs."

Councilor Rivera said, "I may have missed this, but on Exhibit 2 from the City, who signed the Distress Merchandise Sale Application."

Mr. Nassar said, "That's my brother Majdi Nassar's signature."

Councilor Rivera said, "That is his signature."

Mr. Nassar said, "Yes sir. Yes. He came down, filled out this application. He was here during this. He also provided the City with a current record of the inventory that they started the sale with. And when he asked for the extension, he also provided them with the current inventory record. For those times, he was here in town."

Councilor Rivera asked, "How many people do you employ, Mr. Nassar."

Mr. Nassar said, "Currently, right now, nobody."

Councilor Rivera said, "So it's just you. You're the only one."

Mr. Nassar said, "Yes sir."

Councilor Rivera said, "Running the business."

Mr. Nassar said, "After this type of press in the media, it's very tough. You know, people look at you in a different light, ask a lot of questions. And you know, it's been very tough for me, I'll be honest."

Councilor Rivera said, "Okay, that's all I have for now, Mr. Chair."

Chair Dominguez asked, "So where is your brother right now."

Mr. Nassar said, "My brother right now is in Littleton, Colorado."

Chair Dominguez said, "But he was in Israel before when you signed the lease."

Mr. Nassar said, "I believe at that time, and I might be able to provide either airline tickets or credit card bills showing something from him, but I would have to, of course, get that from him, sir."

Chair Dominguez asked, "Are there any sworn statements, from your brother in any of this, besides the documents that he signed."

Mr. Nassar said, "No. No."

Chair Dominguez said, "So there's a lot riding on your brother's testimony."

Mr. Nassar said, "Uh, well, you know."

Chair Dominguez said, "Because you're giving us your sworn testimony, but your brother is not here to really ask or answer any questions that we may have of him and for that motive."

Mr. Nassar said, "He works full time in Littleton, Colorado, and I asked him to come down for the hearing, but he just couldn't do it, you know."

Chair Dominguez said, "I'm not even talking about him coming down, I'm just talking about a note or something, an email."

Mr. Nassar said, "I can get something for you. I can get an email, get a statement for you."

Chair Dominguez said, "Okay. Councilor Maestas."

Councilor Maestas said, "Yeah, Mr. Chairman, I think my main concern is the lease, the status of the lease, the use of the lease in going from one company to the other. I don't know how any corporation would responsibly allow an individual to take out a lease and have that business occupy that building that's the subject of the lease. So it just seems to me on the surface, that the lease was being used conveniently. I think that if the lease documents clearly showed appropriately a tie to the corporations, then I think that the deception, maybe the perception of deception, would not be as great in my mind. So it's the use of the lease, and then I think a representation of the President of the new company, Anasazi Gallery, Inc., again signing legal as President and really not having any kind of officers elected or recorded with the State Corporation Commission. Those are my two major issues."

Mr. Sommer said, "Mr. Chair, may I address those two issues."

Chair Dominguez said, "What I'm going to do, is I'm going to go ahead and allow you to make some closing statements, and then we're going to have to take some action on this."

Mr. Sommer said, "If I may address the Councilors concerns about those particular issues, or can wait until..."

Chair Dominguez, "Why don't you do as part of your..."

Mr. Sommer said, "Why don't you let Mr. Shandler go first and then I'll.... however you would like to do it.

Chair Dominguez said, "That's fine. That's fine. Zach go ahead and then.."

Mr. Shandler said, "Given the late hour, I waive closing statements. The discussion was excellent. Thank you for having them. But I waive my closing. I will be asking for a vote, when this is done to move it to the City Council. Thank you."

Chair Dominguez said, "Okay, go ahead, Karl."

Mr. Sommer said, "Members of the board, I'll address Councilor Maestas's question specifically, and then I'll state generally. Under New Mexico law, it is both legal and common practice for agents to sign on behalf of an undisclosed or a disclosed principal and bind the principal. And in this particular instance, the testimony is and the documents are that Amjad Nassar signed because his brother was out of town, and the landlord required someone to sign in a personal capacity. He signed and bound that company, with his brother's authority, to that lease. That's both legal and it's proper and it is common practice. All of those things are."

Mr. Sommer continued, "The second thing is, with respect to his corporation, it is *bona fide*, he has a federal liability, he has a federal tax number, he has State liability, he has State tax numbers, and he has represented himself here tonight as the only officer of that company. And in New Mexico, it is proper to have a President, and if those documents are what's concerning you, we could easily provide you the resolutions that make him a President. But I would point out Councilor, the City's process over here does not require a resolution from a corporation saying that the person signing the application has any authority whatsoever."

Mr. Sommer continued, "The second thing is that the lease that we're talking about tonight was presented, and is required by the City to present. So when the City issued it's first business license to Anasazi Gallery, Inc., they relied on the lease that he signed, and they issued a license to a corporation that was occupying that space. So the City's process allowed for this particular methodology, both in the first instance and the second instance, and they noted that the Business License was in the name of the corporation. All of the corporate... all of the City's documents with respects to both business licenses are in the name of these corporations."

Mr. Sommer continued, "I submit to you that it is extraordinary for a young man to submit to the City his personal tax returns. And in his returns you will see what he has reported to the federal government is that he received wages for the year 2014. He did not take deductions for business expenses or anything like that. If he was the owner, if he was anything other than an employee, he would have been to report, and he would have been entitled to deduct expenses. He took extraordinary measures tonight to tell what he swore to the federal government was, I was an employee of this company, and all I received was wages. And he has the income taxes to back it up. If you look at the back of that exhibit, you will see the records he was able to find showing him as an employee, reported to the State of New Mexico by that corporation. There is no doubt and the documents show, and there is nothing else to contradict it, that Mr. Amjad Nassar was an employee of that company."

Mr. Sommer continued, "And what he did was purchase the inventory and equipment and he

started his own business, and he put his future at risk, invested his money and is paying his bills. He is, and operates his own business, separate and apart from what his brother did before him. And I submit to you, that is not very dissimilar to what happens generation after generation in this town and in this State."

Mr. Sommer continued, "So why are we here tonight. The City says something happened. Something happened, but we don't know what. Yes, we do know what. In the middle of the sale, this young man decided to take a risk, buy the inventory, put his future at stake and follow all of the necessary requisites to set up his own business at every level, State, federal and local. And he's been operating that business on his own ever since. And the only reason he is being questioned, the only reason he's being question has to do with what's gone on in the downtown area that has never been brought before you before. And what did Mr. Shandler say to you when we started, send a message, we're going to send a message. Send a message to whom. You're going to send a message to a young man who starts his own business that you can't do so if other people are doing shady things in the downtown area and the City has done nothing about it. Is that the message you're sending. I submit to you, that is both wrong and it's illegal. A vote to revoke this young man's business license is a vote to condemn him to be unable to provide for his family. And I submit to you the City has not provided one shred of evidence, other than a lease that is signed by Mr. Nassar as an agent for a previous corporation, which he extended as agent for his corporation. And we request that you dismiss this Notice of Violation, or this Notice of an Order to Show Cause, because the evidence is unequivocal that he has his own business, and that in fact everything he has said to you here tonight and everything that he put on his applications was true. Thank you very much."

A. ACTION BY FINANCE COMMITTEE ON WHETHER ANASAZI GALLERY TRADING, INC., HAS SHOWN CAUSE WHY THEIR LICENSE SHOULD NOT BE REVOKED.

Chair Dominguez said, "Thank you. So what are the wishes of the Committee. Anyone. Councilor Maestas."

Councilor Maestas said, "Well, I think I've said enough. I think it's never a good thing to revoke a business license, but I think in light of the evidence that we've seen tonight, there aren't clear connections between I think legal documents that really are important and instrumental in taking such actions, whether it's a sale, a distress sale, whether it's granting a new business license, this is something that I hate to do, but I think in light of what I've seen, I'm prepared to agree with the City in this regard."

MOTION: Councilor Maestas moved, seconded by Councilor Lindell for purposes of discussion, "that this business failed to show cause why their business license should not be revoked, and therefore I, part of my motion, I recommend that we issue a cease and desist order closing the business."

DISCUSSION: Councilor Lindell asked, "Are we being asked to send this forward to Council, or are we being asked to adjudicate this now."

Mr. Shandler said, "Mr. Chair, Councilor Lindell, only the full Council can revoke a business license, so the request from the City Attorney's Office is to make a motion to issue a cease and desist order, forward it to

the City Council, and when that meeting can be scheduled, then a vote can be taken whether to revoke or not to revoke this business license."

Councilor Lindell said, "Thank you."

Chair Dominguez said, "Okay, any other discussion on this one, hearing..."

Councilor Maestas said, "One last thing Mr. Chairman, too, I stated my concerns about the lease and how I think the lease and the agreement that was in place was used out of convenience for these corporations. I mentioned again, the lack of formal designation and election of the President, even though that individual signed as President. And then the other thing too that concerned me, too, is that in the new Business License there was a December first opening for that business. But based on the corporation commission documents, the incorporating documents weren't filed until the ninth, so I think there was a misrepresentation of the officer, a misrepresentation of when the business was actually legal, I guess, in the eyes of the Secretary of State and their legal requirements for recording new corporations. And then, just the personal nature of the lease. I would have preferred to see a lease with a corporation, and that was not the case."

Chair Dominguez said, "So I will say that I want to thank you for your testimony, I want to thank the City for their testimony as well. As far as I'm concerned, you're going to have decide for yourself, in your heart of hearts whether or not there was any kind of, what's the word I'm looking for, deception or anything else. And you can better answer that than all of the legal documents and all of the things that have been presented, and so, you know, good luck to you."

Ms. Helberg said, "I need to ask for clarification of what the City Attorney said, that you should issue a cease and desist order and forward to the City Council. Councilor Maestas's motion does not say forward to the City Council."

Councilor Maestas said, "I'll amend that."

Chair Dominguez said, "I think it's implied, but just to make it clear."

Ms. Helberg said, "I just want to be sure. Thank you."

Chair Dominguez said, "Councilor Rivera."

Councilor Rivera said, "Thank you Mr. Chair, in light of what I've heard tonight, and really reading, really the last page which no one really talked about, was the undercover investigation by KRQE by Larry Barker. What I don't want to do is to make a decision based on emotion I guess, or really what many people might want us to do. I think, from what I've seen, we're being asked to judge intent, and I don't think that I'm in a position to judge Mr. Nassar's intent. He's obviously stated why he kept the business the same, what he was thinking. If it was any other family member of any other business, I could see that happening. I could see the desire to want to keep the business name somewhat similar. If this happened, maybe multiple times that this has been happening on different fronts, that's a different story, but I'm not sure that what

I've seen here really proves to me that he was intentional between what he and his brother did, so I'm just convinced of that point. Thank you Mr. Chair."

Chair Dominguez, "Okay, any other discussion. Hearing none, all those in favor signify by saying aye."

Councilor Maestas and Councilor Lindell, "Aye."

Chair Dominguez said, "All those opposed say no."

Councilor Trujillo and Councilor Rivera: "No."

Chair Dominguez said, "Aye."

VOTE: The motion was approved on a voice vote, with Councilors Maestas voting in favor of the motion, Councilors Trujillo and Rivera voting against, which resulted in a tie vote. Chair Dominguez voted in favor of the motion to break the tie and approve the motion.

17. CONTINUATION OF REVIEW OF FISCAL YEAR 2015/2016 OPERATING BUDGET

A copy of *City of Santa Fe Annual Operating Budget – Fiscal Year 2015-2016 City Manager's Recommended Plan*, is incorporated herewith to these minutes by reference as Exhibit "9." Copies are on file in the Finance Director's Office.

A copy of *Average City Wide Vacancy Percentage* by department, prepared by staff, is incorporated herewith to these minutes as Exhibit "10."

A copy of *City of Santa Fe – FY 2015/2016 Variance Justification*, dated May 1, 2015, prepared by staff, is incorporated herewith to these minutes as Exhibit "11."

A Memorandum dated May 1, 2015, to Oscar S. Rodriguez, Finance Director, from Cal Probasco, Budget Officer, regarding Fire Department Service Cost (Cost Per Response), prepared by staff, is incorporated herewith to these minutes as Exhibit "12."

A copy of *General Fund Services Cost Allocation Method – Formulas*, prepared by staff, is incorporated herewith to these minutes as Exhibit "13."

A copy of *Current + 5-Year Summary – Police Sick Leave*, prepared by staff, is incorporated herewith to these minutes as Exhibit "14."

A copy of *City of Santa Fe, Finance Department – Expenditures Summary – Fiscal Year 2015/16 Proposed Budget*, prepared by staff, is incorporated herewith to these minutes as Exhibit "15."

Chair Dominguez said he would like to give the Committee an opportunity to go back and ask questions that have come up since our last convening and questions they thought about over the weekend.

Councilor Rivera said at the budget hearings on Thursday, we approved the Convention Center's budget, the Tourism Budget and then received the information after the fact about how additional funding is going to be spent. He asked the City Manager which positions the City plans to transfer to the Tourism Division, in light of their proposal [Exhibit "1"].

Mr. Snyder said he hasn't decided on any specific positions we will be transferring, but it is in the plan to evaluate all the positions we could internally transfer.

Councilor Rivera asked if it inappropriate to ask for that information, prior to those positions being transferred once that information is available. He said the plan was approved prior to us seeing it, but he would like that information.

Chair Dominguez said technically isn't approved until the budget is approved by the Governing Body. He asked Mr. Rodriguez when that will be available.

Mr. Rodriguez said that will be provided by Mr. Randall tomorrow morning.

Chair Dominguez said this is a quite appropriate request by Councilor Rivera.

Councilor Rivera asked Mr. Snyder if that is sufficient time to try to figure it out, and Mr. Snyder said yes.

Mr. Rodriguez said if we can transfer people who fit the description and they are in places where we want to create a vacancy in the general fund, for example, they would try to move them over. He said to the extent we don't find the perfect fit, in essence what we will do is create these positions here and eliminate the positions somewhere else, saying he will get the full plan for the Committee.

Chair Dominguez said he has questions on Tourism and the memo we received [Exhibit "1"]. He asked if the incentive pool being created is strictly for sales personnel, commenting he would like to see an incentive pool for all City employees. He said he doesn't necessarily disagree with this, but it seems odd it is being provided for only one group of employees.

Mr. Snyder said the Chair is correct, it is for the sales managers and similar to what is in the private sector in the lodging industry. He said sales managers have their base commission and there are incentives on top of that depending on what they sell. He said this is a similar concept with the goal to set certain metrics, and if the sales managers meet those, they will get the incentive.

Chair Dominguez said then it is going to be based on performance, and that's how it differs from other City employees generally.

Mr. Snyder said that is correct.

Chair Dominguez asked, regarding the 5 new positions, if these are all classified positions.

Mr. Snyder said he believes these are exempt positions. The sales managers are either exempt or term, and contingent on the Lodgers' Tax revenues coming in.

Chair Dominguez said then the National Sales Manager is exempt and Mr. Snyder said yes.

Chair Dominguez said the Convention Specialist is exempt.

Mr. Snyder said he knows the sales managers are exempt, and the other positions are either exempt or term, which means they are limited to the revenues being brought in by Lodgers' Tax. If Lodgers' Tax isn't sufficient to pay the position, then we can eliminate the position, and the reason they are a term position and not classified.

Chair Dominguez asked if the positions will be advertised and Mr. Snyder said yes.

Councilor Maestas said, on that point, in the first paragraph of the memo, we had a discussion about all the other City services that support Tourism Santa Fe. And we had a discussion about how we're not budgeting for and allocating resources for supporting special events. He said in the first paragraph it says in last year's budget there were $600,000 for Transit, Police, and Fire overtime, Solid Waste and other administrative needs. In the next sentence it says in FY 2015/16 the budget recognizes $9 million with the same $600,000, and asked why this number isn't higher. He said instead of having all these incentive pools and new positions, he would like to see a Special Events budget, noting he spoke with Mr. Randall about that. He said Mr. Randall said he wouldn't want to pay for support from other departments for community events because the entire community benefits. He said there are a lot of promotions done by Tourism Santa Fe to attract large conferences. He asked if it is typical for non-community events to try to bring a conference over, is it typical for us to say garage parking to be waived, or are there parking fee waivers in our packages to attract conferences.

Mr. Snyder said he isn't sure of all the details, but depending on the size of the conference there definitely are incentives that can be factored-in. For example, reduction in room rate if you rent the whole Convention Center for a certain period of time.

Councilor Maestas said, on that point, we are starting to treat our funds and enterprises as true business enterprises, noting last year he pushed phasing out the debt for the parking garage, getting it off Tourism's books and then shift it to parking. However, now parking is getting "dinged" by not gathering any revenue for conferences. These are non-community events and it's part of a routine package. He said his point is that the Parking Division, as an example should be paid. If we offer that waiver, there should be a budget in here for payment in lieu of parking revenues. He said he sees a lot of expansion and is unsure if he supports all of them. He thinks we should focus on changing the way we do business, and that's one change we should make. He said this is done in other departments. He would like to see a Special Events budget included.

Councilor Maestas continued, saying the last thing he would like to see a City-wide Events Coordinator because we don't always community, noting all these entities have their own events and we don't do enough City-wide coordination, reiterating he would like to see a Special Events budget routinely in Tourism Santa Fe. He wants to be able to deliberate this before we finalize the budget.

Councilor Maestas said he's a little confused on what we're including the budget, and what we're not including. And we've found the proposed expenditures for Tourism Santa Fe are not in the current budget, specifically.

Mr. Rodriguez said, "To be perfectly clear, what's recommended to you as the budget for 2015-2016, as I explained earlier, does not change. That is the request. This extra $1.2 million is for the current fiscal year, so this plan could only be for the current fiscal year, in other words, the next few months. And if he isn't able to expend it between now and the end of the fiscal it just rolls into the ending balance. And it would be a question of coming back to you if the Council wants to spend that money, and it would come back to you as a possible amendment."

Chair Dominguez said, "In terms of process, my intent is to get through all of the departments and give staff an opportunity to present their numbers and their budget. And then we'll probably have to go back to kind of clean some of this stuff up. Some of the policies still need to be worked on a little bit, but that's where we're going to really have our debate. And now is the opportunity to ask the questions you need to ask and ask for the information you need in order to make some of these decisions. There is this possibility, it is a very very small possibility that we could approve the budget tonight, but we still have a little bit of time to be able to ask these questions, get the information we need and make specific motions if we need to on specific items in the budget, so I hope that helps."

Councilor Maestas said we did make a policy decision on the changes to the health plan, but those changes are not in this budget. He said he understands we need to renegotiate the union contracts, so what comes first, the City Council policy or the Union Contracts. He said, "I would say for budgeting purposes that we should have incorporated the health plan changes, then made any amendments and reversed it if we don't come to agreement on the Union Contracts. I really think... we didn't give them direction and I think that is Council policy. I realize there's some legislation coming forward, but I think it would have more responsible of us to incorporate those changes in this proposed budget, and then deal with any changes if there is an agreement."

Chair Dominguez said we can do that, and we need to make sure the budget encompasses everything, but we have legislation that still needs to be debated that could have an impact on the budget. So, in the end, I think we still have time, but we don't have a whole lot of time.

Councilor Maestas said he still has a tally of things he would like to see in the budget. He said, "I'm going to keep my powder dry and assume there's going to be a point at some time to really look at the budget and the final figures and see if we can't incorporate some of these things we'd like to see."

Councilor Lindell said then back to the $3.8 million in the Water Division payment in lieu of tax. She asked if other departments pay a similar percentage of administrative costs.

Mr. Rodriguez said it is important to distinguish between two concepts, one is administrative cost and the other is payment in lieu of taxes. He said the $3.8 million isn't to pay administrative costs, it is a cost that is passed to them in a different way as utility related costs. The City Manager's time, the Finance Department's time, the Council's time, we deem those to be utility costs. The $3.8 million is straight ahead a payment in lieu of taxes, a different concept.

Councilor Lindell asked if other departments pay a similar percent of administrative costs, "forget about the 3.8."

Mr. Rodriguez said, "No. The administrative support has to do, in the case of finance, with a percent of the budget that we have to manage for them versus all the other resources we manage for the City, so in that case it would be a percentage. For H.R., for example, their overhead is spread to them as a percentage of the FTEs that utilities has versus everybody else. That percentage will change according to the issue that is there. The Attorney's Office has a different formula to distribute costs to the utility, and so on and so forth depending on what issue you're talking about. But Councilor, just to make sure, are you talking about the administrative overhead or the payment in lieu of taxes."

Councilor Lindell said she is talking about right now, administrative overhead. She said, "So other departments don't pay a similar percentage."

Mr. Snyder said General Fund departments, it's a formula, not a percentage, of the administrative costs.

Councilor Lindell asked, regarding the payment in lieu of taxes, where would the $3.8 million go.

Mr. Rodriguez said it would go to the General Fund.

Councilor Lindell said, "We need to take a very hard look at this, because It appears to me that that tax was approved by the voters of this town, and it was very specific about what that tax was to be used for, that percentage of gross receipts tax, and it wasn't to be used for the General Fund. I really think we need to spend more time on that and make sure.... and not even make sure. It's clear enough what that money is to be used for and it's not the General Fund."

Mr. Rodriguez said, "Correct. And that's strictly a policy discussion and you are the ones to decide that. I would just point out to you, even as it stands right now, and this is sort of a continuation of a discussion we had a little bit on Thursday. If you don't do that right now, budget it this yeas as all the previous years are costs that are thrown over to the utility. And you heard from Nick Schiavo that to him, and I think there is a very good argument, represents non-utility costs that are just thrown over there because they have the extra money. Let me give you perhaps... the clearest example is not the water utility but solid waste and wastewater. Solid waste and wastewater provide free services to the City, that's a substantial amount. And yes, it's not a straight-ahead tax, but free service does have value. And if we were holding strict to the interpretation of their money stays with them, etc., and if that was a policy, I would

have to come here and recommend to you then an increase in General Fund expenditures to pay for those free services, not to mention a lot of other services that are out there that when we do a full accounting may very well become at that point finally apparent. But it happens every year."

Councilor Dominguez said, "On that point, Councilor Lindell, what you are saying is if we were to abide by the letter of the law essentially what we would do then is just use that $3.8 million to pay for debt that other parts of the City have anyway, it just looks different."

Mr. Rodriguez said, "If we were to abide by the spirit, perhaps, that you're talking about here, then the General Fund would have to come up with a whole lot more money to pay for costs it, right now, throws to the utility funds. They're not utility-related costs. The solid waste services does not need to give the General Fund free services to operate a solid waste utility. The wastewater department does not need to give free services to the General Fund to provide wastewater. Those are not utility-related costs. And Nick, being the number of positions that he questions whether or not they truly are utilities costs. All we're trying to do with this, the amount actually goes up as well, but just to do in a very transparent fashion, a very predictable fashion, to set a policy that says no more than this ever."

Mr. Snyder said the conversation he's had with Councilor Maestas regarding the dedicated 1/4% GRT which generates about $7.8 million for the water division, right now is dedicated to capital projects, and it will be dedicated to capital projects in subsequent budgets. The bill that is being crafted now and for consideration, and not as part of this budget, will contemplate moving that money to the General Fund, making it a true enterprise fund within the Water Division. He said, "That is separate from what we're talking about here, as I understand it. The $3.8 million is a calculation on services that are provided to the General Fund. The $7.8 million which is the 1/4% GRT that is collected is still going into the Water Division, still going to pay for capital projects. And in the future, and working with Councilor Maestas, there is a bill coming forward that contemplates pulling that out of the Water Division to make the Water Division a true enterprise fund where it is self sufficient, but that is not part of this budget at this time."

Councilor Lindell asked, "Pulling what out of the Water budget, Brian, which monies."

Mr. Snyder said, "The 1/4% GRT is not part of this budget... pulling the 1/4% GRT dedicated water capital infrastructure money that generates about $7.8 million worth of revenue a year, pulling that out of the Water Division is not part of this budget."

Mr. Rodriguez said, "The argument here is that if the water company were a private corporation, it would pay property tax and a franchise fee. And what we're saying is that the combination of our recommendation to you, based on the going rate or the established rates out there is 12%. And that's the argument, and it comes after net revenue. So after a fee, revenue goes in is $38 million a year, and then another $7.8 million of GRTs, all go into a bucket and then they pay all their operations, and all of their debt service. And then also pay for what they're programmed to do in capital we heard. So they would be put out some $14 million, it could escalate a little bit more, after they're done all that. And then on top of that, on top of that, raised enough that year to pay for 45 days worth of operating capital which is considerable. After they had done all that, then there is this 12% tax, if you will."

Councilor Lindell said, "I'm just still trying to figure out this payment in lieu of tax. Do we ask anyone else for that."

Mr. Rodriguez said, "No, well, this is the first time that we looked at it explicitly saying that's what the tax is. Up until now, it just kind of happens and there's not a specific policy for that."

Councilor Lindell asked, "How is that costed out. How did we come up that that's what that cost is."

Mr. Rodriguez said, "No, it's not based on cost. I mean, again, we're not associating it with a cost recovery mechanism. We're associating it with just what the market can bear, or what the market has proven for a franchise being for a tax on the operation. And for the wastewater utility and for the Solid Waste utility, well that's part of the accounting we're going to be doing this summer and tell you this is how much that service cost. There's no question that it costs capital and operations to provide solid waste not to mention the treated effluent that is put in the parks, that would otherwise represent revenue. So I guess, in essence, they're paying that tax too, although we're saying, look just leave it the way it is right now, because they will be looking up with the extra on top of everything else is 12%."

Councilor Lindell said, "I'll just tell you that that makes no sense to me. I can't follow that we're asking them to pay that tax, no one else does and we haven't costed it out. Then, with the water company, we have over $1 million in salaries that don't report to the Water Company. How did that happen. How are we going to stop that from happening."

Mr. Snyder said, "It happened over numerous years. I don't have all the details, and that's part of what Oscar and Nick had mentioned, I believe on Thursday during the budget hearings, that we need to dig into it, and make sure we are aware of which positions are where. I was not aware, until Oscar and Nick showed me the numbers, that we had about 20 positions being funded out of water. But we do need to untangle that web, similar to the GRT and those kinds of things, simplify things. When we can understand it we can present it to you as well so you can understand it."

Mr. Rodriguez said, "And we will bring that study back to you, and you'll see those numbers, and our arguments for why those numbers, and ask you to approve them, or not. Anyway you'll have all that information. And as Brian was explaining it happened one position at a time over many years. I guess that is also the way... it's been around for a long time, but I guess that's the way. The General Fund sort of became used to not paying for solid waste services or for wastewater services."

Councilor Lindell said we know about it now.

Mr. Rodriguez said, "That's the whole point. It's all on the table now and a clear policy in black and white that everyone knows, or you can say yes or no to, and that's way it's very transparent."

Councilor Lindell said that's not the kind of policy we want to operate under. She said, like Brian said, it's pretty tangled, and over the course of time that's not the way to run an enterprise. She wants to see a plan to pay those people paid from where they should be paid from. She said, "That's a lot of positions."

Chair Dominguez said it's not something that was created in one year, and it won't be solved in a year, but we need to continue to strive to make sure we have a clear picture and a better plan about how we do these things. He is unsure how far we will go this year with regard to that specific issue, but we certainly need to be moving in that direction.

Councilor Ives said he has a few general questions.

Chair Dominguez told him to ask his questions before we move into Department Reviews.

Councilor Ives said, on the points made by Councilor Lindell, he heard it described as a payment in lieu of taxes, as a franchise fee, as a payment in lieu of property taxes. How is it being described.

Mr. Rodriguez said, "It is simply a way the utility pays for the right of doing business inside the City limits now. A cable company pays franchise fees, a phone company pays franchise fees. When this utility operated in the City, it paid property taxes and also paid a franchise fee. The full concept of franchise fees is they absolutely depend upon the public right-of-way to do business, and so that costs something. Unlike the cable companies where a lot of those utilities are overhead and we don't see cuts across the street, etc., it's a perfect candidate for paying a higher franchise fee. What we're saying is that fee would be 12% based on what the going rate is, if you will. In some places it's higher, in some places it's lower, and I would recommend to you 12%."

Councilor Ives asked if the water used at City Hall results in a payment from the City Hall budget to the water company.

Mr. Rodriguez said we pay for water, but not for wastewater or solid waste.

Councilor Ives asked if this is true of every City department.

Mr. Snyder said, "Water is paid for by various City departments, all City departments that utilize water and wastewater and solid waste services are not."

Councilor Ives said he doesn't understand how those payments are reflected in our budgeting process, and doesn't want to spend time on it this evening. He said, "But know that I would like to see something that suggests how and why that is accomplished, including Parks and Recreation. And why don't we then do it for wastewater."

Mr. Rodriguez said, "To repeat a refrain that I've heard a lot since I've been here, is that's how we've always done it, you see. You recall in the BAR, we cut $400,000 out of the Parks water budget, so they'll be paying us around $1.6 million this year for water, weather permitting, etc."

Councilor Ives said, "I share Councilor Lindell's puzzlement. It seems a mechanism to move funds within the City platform that seems to justify an expense, rather than a rationale that explains the expense, so I'll just leave it there. And say I have those same concerns certainly."

Councilor Ives said Mr. Snyder said non-General Fund departments pay overhead according to a formula, not a percentage, and asked if that is correct.

Mr. Snyder said that is correct.

Councilor I've said, "I would like to see what that formula is, who it applies to, and how it's been applied over the last, say, 2-3 years, because I have no clue what that is or how it's applied. And is it a uniform formula for everybody that is a non-General Fund department."

Mr. Snyder said it is a budget prepared by Budget and Finance and he can provide that information.

Mr. Rodriguez said there was a handout explaining the math of that, commenting it's known as "Andy's Spreadsheet," and he is glad to provide that to him.

Councilor Ives said he recalls the spreadsheet, and he appreciates that "you understand everything that's on it. I am certainly not in that same position."

Councilor Ives said, of the 20 positions we say the Water company is picking up at this time, he would love to see how many positions similarly have been funded by the Water company over the past 5 years, so a little beyond the history of the current moment, to understand the burden in the past.

Mr. Snyder said, "We are not picking up an additional 20 Water positions. Those 20 Water positions are in the current fiscal year budget and they have evolved over time. I think I heard you ask for somewhat of a 5-year history, so there are no new positions being absorbed within the Water Division budget, this year's budget, that don't already reside in year's budget."

Councilor Ives asked if in the past five years, we've added an additional 10, that's what he wants to know.

Mr. Snyder said, "That's exactly what we're also trying to figure out, and that's part of the tangled web of how that came about, and a better understanding of that."

Mr. Rodriguez said, "I will tell you that Nick and I have a friendly disagreement as to what that number is, and so the way we're going to settle it, is that we're going to actually do that accounting, you're going to see that accounting, and it's going to come to you. At the end of the day we're going to ask you to vote on whether or not those positions are inside the utility, recognize that cost. And if it turns out that those positions are fewer than 20, then the utility will have to make up the difference of the $900,000 which we said sort if is the thing. I'm betting that it's less than $900,000. Nick is saying that it's higher, so you will ultimately decide that."

Councilor Ives said, "Nonetheless what I'd love to see is how many positions it has been over the past 5 years so I can have some perspective on it, as you bring that information forward."

Mr. Rodriguez said, "Yes. Right. You'll have that report in detail. It will be coming this summer. There's nothing we can do immediately, other than the print-out you got."

Councilor Ives asked if we build contingencies into our budget.

Mr. Rodriguez said, "Yes sir. Well, this budget has a contingency. In the past, it was sort of a general fund thing and you saw at the mid-course of the years. An official contingency."

Councilor I've said, "A budgeted contingency."

Mr. Rodriguez said, "No sir. For the first time that I, at least the budget size in the past, for the first time you're going to see a contingency reserve. Really, that's 5 days of operations, after meet a contingency, that's just to be absolutely clear. The State requires we have a reserve. You could call that a contingency. For our purposes, the State reserve isn't a contingency, we have to meet that any way. And if we dip below, then the State says things about that. So what we're talking to here is an amount slightly above that. The State's contingency is 30 days, and we are recommending 5 extra days of extra reserves and we're calling that specifically, a contingency. So in that sense, yes."

[Councilor Lindell's question here is inaudible because her microphone wasn't turned on]

Mr. Rodriguez said it's about $210,000 a day per day if there's a contingency, so the extra million dollars, etc., will be another 5 days approximately.

[Councilor Lindell's questions here are inaudible because her microphone wasn't turned on]

Mr. Rodriguez responded that was an amount above the State mandated balance, noting that nomenclature is new, and in the past it used to be an ending balance, and "so now we're trying to start to start the tradition of how much is in contingency so we don't have to talk about how much is in the State required minimum."

Chair Dominguez said if Councilor Ives has additional questions he can email Oscar or Brian, and "I'm sure they'll do the best they can to get us the information they need."

Councilor Maestas asked if it varies, and hopes he has one snapshot.

Mr. Rodriguez said yes, and the end of February.

a. **DEPARTMENT REVIEWS**

1) **ENTERPRISE AND SPECIAL REVENUE FUNDS (CONTINUED)**

2) **SUPPORT SERVICES**

3) **GENERAL GOVERNMENT**

Municipal Court

Judge Ann Yalman said they can live with the budget as presented.

Chair Dominguez asked if there is an expansion request.

Judge Yalman said no.

Chair Dominguez asked about her relationship with City-ITT.

Judge Yalman said they met with the ITT Director and talked about they would like to do, but she is looking forward to what is going to be happening. She said, "We don't have any in-house ITT and we are dependent on them, very."

Councilor Rivera asked if she is fully staffed.

Judge Yalman said they have two vacancies they are hoping to advertise for ASAP.

Councilor Rivera asked how long the positions have been vacant.

Judge Yalman said 2-4 weeks.

Councilor Rivera said the last time the Judge was before this Committee she was talking about a paper list system she was going to do, and she was having problems with scanning documents.

Judge Yalman said they asked for an office aide to help scan the old files which they have now, but in terms of new cases, they have been scanning everything. She said the problem is we don't have a "paperless judge," and she is really the bottleneck.

MOTION: Councilor Rivera moved, seconded by Councilor Trujillo, to approve the Municipal Court budget as presented.

VOTE: The motion was approved unanimously on a voice vote.

City Clerk

Yolanda Vigil, City Clerk, said she can go with the budget as presented. She said the only thing that is not here at this time is the request for the rank choice voting software which won't be available until the end of the year, possibly December. She spoke with the company that is creating the software which is thinking it will be ready by December, and then getting the software certified by the Secretary State. She said, "I don't think that this is something we can use for the 2016 election. However, I don't know if this Committee wants to consider funding a portion of the software or waiting. The current estimate for the software is $350,000 to buy the software."

Chair Dominguez said then the only thing which is missing from her budget is the Rank Choice software, and Ms. Vigil indicated it is.

Chair Dominguez asked if she manages the public financing, and Ms. Vigil said yes.

Chair Dominguez asked what is on the table for public financing, what is being discussed in terms of changing the numbers.

Ms. Vigil said nothing has been finalized, commenting everything is still at the ECRB [Election and Campaign Review Board] and she would hate to comment on any proposals, because nothing has been voted on at this point. She said for the current system, there is approximately $570,000 in the account for public financing, noting City Ordinance requires $150,000 to be deposited every year to maintain balances.

Chair Dominguez said this is money that sits in the City Clerk's budget for this specific purpose, and asked if the $570,000 will increase and Ms. Vigil said yes.

Chair Dominguez asked Mr. Snyder if the $570,000 is in the Clerk's office budget and asked if the $1.9 million includes the $570,000.

Mr. Snyder said on page 141, at the bottom it indicates public financing for elections, so the budget includes a recommended $300,000, noted the election expenditure for 13/14 was about $280,000. He said they will be replenishing what was expended for the last election is the recommended budget for the upcoming fiscal year.

Chair Dominguez asked if we are anticipating more expenditures in an Off-Mayor Election cycle.

Ms. Vigil said it's hard to say, noting they calculated 20 candidates for the upcoming election, and for a Judge and Council election in 2016, they would each get $15,000 if they qualified. She said, "My crystal ball is a little fuzzy right now and I'm not sure how many candidates there will be. And this is replenishing what was used last cycle which was about $285,000."

Chair Dominguez asked if there are a lot of candidates, where Ms. Vigil "would recommend taking money from to comply with the public financing."

Mr. Rodriguez said, "With the guidelines that we followed to build the budget which is don't lay anybody off, don't cut services and don't increases taxes, yes I guess I would go with a recommendation like that and maybe go up to 15%."

Councilor Maestas said, regarding rank choice, he thought the main issue in going to rank choice voting was the County provides voting machine. He asked if we can use the software to interface with these machines and implement rank choice.

Ms. Vigil said the software is being created by Dominion which is the company that supplied the new voting machines to the Secretary of State and the Counties, and they are making the software to be compatible with the machines.

Councilor Maestas said about 6 months ago a department came to us with a contract to begin digitizing records, and asked the status of digitizing records.

Ms. Vigil said she thinks that was a request by the Land Use Department to do its maps and plans and believes they are proceeding with that.

Councilor Maestas asked if each department decides how to manage its records, retention policies and determining whether or not to digitize.

Ms. Vigils said the Records Management Program is under the City Clerk's Office, and she thinks Land Use is one of the few that does its own records, noting everyone has to follow the State Records and Retention Schedule which the City adopts.

Councilor Maestas asked how she would characterize our records management system – 100% paper based, Land Use Department aside.

Mr. Vigil said she has mixed feelings about that. In the City Clerk's Office, all of the contracts, Resolutions, Ordinance and Minutes are available electronically and on the web. She said every department is trying to do that as well, noting election records, and financial documents are digitized and on the web. She said each department is going in that direction.

Councilor Maestas said he would like to look at a comprehensive records management system in next year or two to start digitizing records.

Ms. Vigil said she is trying to do early voting off site, as requested by Councilor Dominguez, Councilor Rivera and Mayor Gonzales and others. The goal this election cycle is to try to have off site voting at Genoveva Chavez for early voting. There would be early voting at the Clerk's office as well as at Genoveva. She will be proposing dates in the future, noting the County does Tuesday through Saturday, closed Saturday and Sunday, or they want to stick with Monday through Friday as in the City Clerk's Office. The other thing is that she, Mayor Gonzales and Mr. Snyder are working with the schools to try to move one of the in-service teacher training days to election day so the schools can be closed on election day. They would be doing voting convenience centers throughout the City so any voter could go to any

site, like early voting, and vote there. She would propose 3-4 convenience centers in each Districts, noting she is leaning toward 3.

Councilor Maestas said there are a lot of changes and asked if she has resources for public education.

Ms. Vigil believes there may be savings in going this way, because we won't use as many poll workers. She has a budget of $14,000 for postage to send district changes and any type of information to the voters. She said, "I believe we have it covered. And thank you for bringing it up, we will be having some District changes."

Councilor Rivera asked the annual cost to run the packets/binders for the Council meetings, and Ms. Vigil said she doesn't know.

Councilor Rivera asked the budget for duplicating and Ms. Vigil said it is $149,000. She said she would have to break out the number of copies.

Councilor Rivera asked if a significant amount is for Council packets.

Ms. Vigil said it's hard to say, because it includes all 70 committees established at this point.

Councilor Rivera said there had been discussion of looking at iPads instead of packets which would save considerable funds, and if there has been further thought about that.

Mr. Rodriguez said, "We took your okay to be a promise that you are going to migrate to that, so we are moving forward with that. We have the devices, and are in the process of selecting the software, and that will be debuting soon. The budget process kind of held anything back, but we should be having that in the next few Council sessions."

Responding to Councilor Rivera, Mr. Rodriguez said it will save $2,200 and $3,600 a month in doing that.

Ms. Vigil said, with regard to rank choice voting, the way the Charter reads is that we will purchase the software as soon as possible, also provides when it is available and reasonably priced. So at some point we'll have to have the discussion if $350,000 is considered reasonable.

MOTION: Councilor Rivera moved, seconded Councilor Maestas, to approve the budget of the City Clerk as presented.

VOTE: The motion was approved unanimously on a voice vote.

Human Resources

Lynette Trujillo presented information regarding the proposed budget from the budget book. Please see Exhibit "1" for specifics of this presentation.

Ms. Trujillo said in the last year Human Resources has processed manually: more than 1,600 personnel actions, 378 background checks, more than 370 Police and Fire, assisted in 36 disciplinary actions, and certified 2,583 applications with a list of 314 of eligibles analyzed. They also have: transcribed 19 investigations and disciplinary proceeds in-house, and 231 requests for training and tuition assistance and monitored more than 200 requests for medical leave. She said there is a request to increase the overall budget based on some of these processes: Arbitration hearings, conduct background checks, copying and processing the applications, certified mailing as required and training. She requested consideration of these increases to the HR budget.

Councilor Rivera said there is no itemized list in the packet of where the increases are proposed. He asked about the Other Operating Costs on page 134.

Mr. Rodriguez said this is the area of the increased costs requested by Ms. Trujillo and services that don't fall otherwise under contractual and utilities.

Councilor Rivera asked if Other Operating Costs are considered to be part of the General Fund.

Mr. Rodriguez said, "Yes, of course, but H.R.'s budget is distributed to the Utilities and Enterprise funds, so they pay for some of this. So the entire amount that's here.... and you see how it's broken out here. The entire amount that is here is not borne solely by the General Fund, because this is part of what is distributed to the other utilities."

Councilor Rivera said then there is a request to increase the General Fund by $300,000, Other Operating Costs is also being increased, and asked if this is for the increases Ms. Trujillo just described.

Ms. Trujillo said this is correct, noting H.R. is mainly funded by the General Fund noting Risk Management and the Safety are the only ones paid out of a different funding source – the Legal, Arbitration all of the other things she mentioned will be coming out of that operating cost.

Councilor Rivera asked if the background checks are done only on new hires.

Ms. Trujillo said, "No. It is done on Police Officers, Fire Candidates and for promotions and on some fraud issues. So yes, unless there is a transfer or promotion and they have not had a background in the past, we will do it now."

Councilor Rivera asked if we do routine random personnel background checks.

Ms. Trujillo said no, it has to be part of the job description with "those qualifications and the background has to be presented in there."

Councilor Rivera asked what is Transfers to Other Funds in the amount of $75,000.

Mr. Snyder said it is the GCC for the Wellness Program, noting he spoke with Parks & Recreation on Tuesday, Sue Perry. Mr. Snyder said, "To add to the background checks, years ago it is my understanding we did, many years ago, maybe 5 plus years ago, we used to do background checks on all employees and that was scaled out of the budget because of the costliness of it. And it was put into Police and Fire Public Safety type positions."

Ms. Trujillo said backgrounds also are done on those employees with access to children.

Chair Dominguez asked if they do background checks for the BDD and Ms. Trujillo said no. He asked if background checks are done on Water, and Ms. Trujillo said no. He asked if Water pays for its own background checks.

Ms. Trujillo said no background checks are done for Water or BDD.

Mr. Snyder said there also are no background checks for utilities employees at all.

Councilor Rivera asked if background checks are done on all new hires.

Mr. Snyder said no, and because of the cost it was scaled back just to Fire & Police, employees at GCCC or employees that work with children and youth.

Chair Dominguez asked if we are going to start doing background checks on everyone.

Mr. Snyder said, "No. The proposed budget, the City Manager budget is no different from the standpoint of what we're doing in terms of background checks in the current year's budget."

Councilor Trujillo said his concern is about people who drive City vehicles, and asked if there is a background for a CDL, asking if this is where we find out if there is a DWI or something like that on their record.

Ms. Trujillo said they will do a Drivers License check to look at the driving history to assure they have a valid Drivers License or a DWI.

Councilor Trujillo said, then that is mandatory with all new hires and Ms. Trujillo said yes.

Mr. Snyder said we get reports every time there is a license status change for a City employee. It is also the employee's responsibility to report any change in their license status to their supervisor and H.R.

Councilor Ives asked how many FTEs are in H.R.

Ms. Trujillo said there are 13.

Councilor Ives said he received an email earlier today from Mr. Rodriguez showing City employee account by fund and HR is listed as having 9 FTEs and asked what he is missing.

Mr. Rodriguez said there are a number of different departments that fund employees in H.R., noting if he will look at the list he will see how some of those funds are allocated. The list is given by fund and by department, noting it is toward the bottom of the list.

Councilor Ives asked if there is sufficient funding for training of City Employees that is required to help people into career paths and becoming more efficient in their job duties.

Ms. Trujillo said, this is part of the reason for the request to increase the Training budget, noting they have one trainer, Patrick Gallagher. She said not too long ago they hired a company under contract to do some of the leadership training. She said she and Patrick are trying to do this in-house, and Patrick has been working with different State agencies and different counties to get some of their materials. She has given him some materials from her previous employer to start this training to give the appropriate tools to the supervisors and managers to assist them on a career path, as well as those needing CDL license. They are also are working with universities and colleges, including the Community College, to bring in some accounting courses for the Financial people, and such, so they are planning to do that.

Councilor Ives asked Ms. Trujillo if she would say they have a robust career path program within the City.

Ms. Trujillo said no, not at this time.

Councilor Ives asked what it would take to get us there.

Ms. Trujillo said looking at the classification and compensation package together, making sure those career ladders are in place, and then giving the tools to those employees to get to those careers.

Councilor Ives asked what is needed to do this – a reasonable time and what do you need to get there.

Ms. Trujillo said it takes 1-2 years to do the full thing – a compensation and classification study, and the training. She said it depends on the staffing and how deep we go into it.

Councilor Ives asked if this is something she would contract or do in house.

Ms. Trujillo said it likely would be contracted, because currently she is only one with compensation study experience. She said she can do it, but it would take a very long time.

Councilor Ives asked if there is anything in the budget that could be used to do that, and Ms. Trujillo said, no, not at this time.

Councilor Ives asked if there is a built-in contingency in the budget, and Ms. Trujillo said no.

Councilor Ives asked how much such a study would cost.

Ms. Trujillo said it would cost $652,000.

Chair Dominguez said part of the performance evaluation takes us in that direction.

Mr. Snyder said it was part of his performance evaluation and it was removed. He said he thinks it's a very good idea. He said currently we do a piecemeal approach. If something comes up, we look at it section by section, but to get a full evaluation of all 1,500 employees, we need a true compensation classification study. He said to truly to this right, it would take years to implement the changes, build the career ladders – it's a long term process.

Councilor Ives said it sounds like we're not planning on doing the first step in this budget year.

Mr. Snyder said that is correct, noting "I was told not to do it last year and I did not propose it this year."

Chair Dominguez said, "It was part of the Memo that I gave to the Governing Body the night that we approved the contract. It wasn't specific to just that. There was other stuff in there, but in my own defense."

Councilor Ives said this is a very important thing for the City to undertake, and asked when the last such study was done.

Sandra Perez, Outgoing H.R. Director, said the last complete study was done when they contracted to do the Evergreen Study in 2008 or 2009. It was not expensive, and the contract was under $50,000, and basically they came in studied the jobs, told us exactly what we already knew, and provided us with some makeshift job descriptions which were given to H.R. staff to expand upon, complete, put in all the levels. She said when they started to match the classifications with the jobs they were describing, they found that the boilerplates they had used and mirrored from another organization didn't match our work, so it would mean a massive rewrite – basically redoing the classifications descriptions. There were some job measurement and compensation recommendations saying take the separate pay plans, and put it into one plan, and pushing merit pay and going after a merit based system. She said they didn't have the performance measurement tools in place at the time, so it "really just fell flat." It was a nice contract to tell us basically what we already knew.

Ms. Perez said they have used a good portion of that work as springboards forward when they did mini classification series, rewrites, or right sizing some jobs. They still refer back to it periodically. She said to do what needs to be done, she priced it through Pay Scale, and they gave us the amount without the classification work, plus the implementation costs and what it takes to move employees up, and you're talking about a lot of money. She said, "To do it right, that's what you've got to look at."

Councilor Ives asked what would be covered by the $662,000.

Ms. Perez said it would cover right-sizing the jobs by description, a market study on the compensation and pay plans as is. It would include the identification and recommendation of pay philosophy, and then decide the comparative and competitive markets, what are you paying on the recession line and the median line. So it would be all of the compensation work to set up and establish a baseline pay system, and not just make-shift with what we've done. So you have to start from scratch and move from there.

Councilor Ives asked the best practice in terms of doing such studies for entities such as the City.

Ms. Perez said the best practice set there by industry standard, is the Hay System out of California and in all of the HR 101 textbooks. It's a job measurement system.

Councilor Ives asked how often this should be done.

Ms. Perez said you establish the pay scale and monitor that against the market every year, and do a classification review ever 5 years. You either need to contract with someone, or someone on staff to keep up with everything.

Councilor Ives said then we're 10 years behind.

Ms. Perez said, full scale, cover to cover, she doesn't know when the City has done it, and it has been handled in the series as they stand. She said Gary Bartlett and Vicki Gage have done a good job trying to keep track. The ones that have stayed up to date as far as job descriptions would be Fire and Police, but not necessarily in the comparative market on pay.

Councilor Ives said we've discussed an annual review process, and asked if there are funds in the budget to ensure there is such a robust process within the City.

Ms. Perez said there was a small expansion put in, to hire a performance management expert to put together a group at the top of the house that would help design the system. If it's accepted at the top and flows down, it is more likely to be adopted. They did start with the leadership program and knew it would be some of the "same people at that group that would be in the other, and it really would have been too much and the performance management system would not have been served well and it would have fallen flat." She recommended that we back off and wait until next fiscal year. She said the magic isn't in the form, it's in the process. She said that work could begin with some of the expansions, those discussions.

Councilor Ives said all of these are high on his priority list for the workforce, and he will talk more later about the programs needed and to acquire those programs and implemented.

Chair Dominguez asked if the City had a study done in 2006-2007, saying he recalls discussions.

Vicki Gage, Human Resources, said they haven taken stabs at a compensation and classification program. One was brought before the Council 2010, the one Ms. Perez talked about, with the finished

product coming in 2010 which was lacking, and gave examples of that. She said they realized that even if they spent, as a group, every single day all day, we weren't going to get it done.

Chair Dominguez asked the number of desk audits that have been done.

Ms. Gage said she doesn't know the number, but they have done various desk audits throughout her time with Human Resources. They look at a lot of petitions from employees who feel they are in a pay inequity, especially in AFSCME, based on City Seniority and pay rate.

Chair Dominguez said those are more like individual classification and compensation studies, and Ms. Gage said yes.

Chair Dominguez said it's okay, as long as we're fair across the board about who gets those done, and not just handpicked people getting the desk audits being done.

Councilor Trujillo said he agrees with Councilor Ives that we need to get this done. He said they had a study at the State and then it just died. He wants to be part of those discussions.

Councilor Lindell asked about the policy relating to the medical and not having that in the budget.

Ms. Perez said she is unsure if that is in the budget, but thinks it would be wise to include it in the budget and make that adjustment. She understands negotiations with the Fire Department have gone well, there was significant agreement at the table and they are now meeting with their members. She said the Police Department hasn't gotten to the table. She spoke with the Chief earlier and they are meeting with the members of the negotiating team, noting those with whom she has spoken is that they are positive about co-payments and the massage benefits.

Councilor Lindell asked when it will be reflected in the budget.

Mr. Rodriguez said there is legislation being considered that could change it, but the assumption was that whatever savings that came out of that wouldn't affect the rest of the budget and would go into the Employee Health Fund. The impact to the budget is that there would be a higher balance in that fund than what is projected.

Councilor Lindell asked about the legislation that could impact that.

Mr. Rodriguez said he understands there is legislation to hold off on that until the union negotiations are done which could impact savings, if any. Once they get those numbers they can know the impact on the rest of the fund.

Councilor Rivera asked, regarding the 2008 Compensation and Classification study that was done, what was the amount to get everybody right City-wide in terms of salaries.

Ms. Trujillo said she doesn't remember that figure, noting a handful of positions was recommended to be looked at and then make decisions on how the rest were going to fall into place. She doesn't want to speculate on that number, but it was quite expensive.

Councilor Rivera said we have to be able to do what any study recommends, or just save the money, commenting he thinks that's what happened in 2008.

Councilor Rivera asked how the HR budget came to be overspent by $70,000 in the current fiscal year.

Ms. Perez said several things, we are double filling positions as a means to transition from one H.R. Director to the new H.R. Director, the College intern wasn't budget and she stayed on payroll 1-2 days a week when she went back to school to finish a project to clean up data for the E1 system so we can turn on the position control module as we prepare for the migration to a new ERP system. Additionally they hired an additional employee to help at the front desk and prepare for Rosemary Mendonca's retirement so she could take over that recruitment and selection process without a hiccup.

Councilor Rivera said then it was primarily salaries.

Ms. Perez said yes.

Councilor Ives said across the City there is a significant amount of accrued leave of all kinds. He asked what is the plan to deal with that and how is the value of that reflected in the budget, if at all.

Mr. Rodriguez said it is reflected in the reserves. He said in the unlikely event that hundreds of people should suddenly leave, then we would go to Council for permission to tap those reserves. He said currently, when someone leaves, the department assumes responsibility for the cost of that payout and they try to budget accordingly for that. They will have to increase vacancy savings to pay off the payout.

Councilor Ives asked if it makes sense that the contingency should be an amount equal to the estimated value of the accrued leave.

Mr. Rodriguez said, "No sir, I wouldn't recommend that, we would be getting to the more radical conservative territory. Here's what I think we do here, and it's been my experience everywhere else is that you expect to go more less than normal and there won't be a sudden migration of employees. We had a lot of people to leave because of PERA changes, etc., and that's one of the largest migration we've seen from organizations like this and that was assumed with the reserves at the time. Our plan is eventually to get to 45 days in reserves."

Councilor Ives said that amount would be roughly $9-10 million.

Mr. Rodriguez said yes.

Councilor Ives asked Mr. Rodriguez if he is comfortable with that amount.

Mr. Rodriguez said for him to recommend reserves in that amount would be because he believes a large number of employees are going to leave this year, and doesn't believe we are at that stage.

Councilor Ives asked, given 30 days is required by the State, is this is a valid use of the reserves required under State law.

Mr. Rodriguez yes. He said the State doesn't legislate how we can use it, but provides we should keep that amount to pay bills and such. He said in January we were down to $50,000 above the required 30-day reserve. He things are looking a lot better now.

Councilor Ives asked, in terms of the excess value of leave over reserves, is there a requirement to reflect that in the budget.

Mr. Rodriguez said no, unless you think there is something impending that will cause a lot of people to leave.

Councilor Ives asked the policy when someone leave who has significant accrued leave, and Mr. Snyder said they typically stay on the books until all annual leave is expended.

Councilor Ives asked the highest total amount of annual leave for any City employee, the total number of accrued annual leave hours.

Mr. Snyder doesn't know. He said, for example, when Marge Sandoval, Executive Assistant to the Mayor, retired she was on the books for almost a year.

Councilor Ives said presumably there are employees with that level of accumulated leave.

Mr. Snyder said he can't answer that question. He said he gave an example to Council several meetings ago of himself. He has been with the City for 11 years, but he doesn't take much time off, and he has over 900 hours of annual leave, and he's not halfway to retirement.

Councilor Ives said he wants to highlight present policy which is rather than fill a position which was left by a fairly high level exempt employee, we leave a vacancy open until the amount is paid out, and that could be a year or more, leaving that position vacant. He thinks that creates some difficulties. He looks forward to a discussion about that in the future, noting he has more information to share with the other Councilors.

Chair Dominguez said the challenge is in defining what is critical and important, and certainly warrants more discussion.

MOTION: Councilor Lindell moved, seconded by Councilor Rivera, to approve the Human Resources budget as presented.

VOTE: The motion was approved unanimously on a voice vote.

Finance

Mr. Rodriguez noted the handout correcting the error made in the Finance Committee budget, noting the actual numbers go down, but the number which ties to the ending balance doesn't change [Exhibit "15"]. He said this doesn't free-up any money in the General Fund. Mr. Rodriguez explained the change. He said they are trying to change the business model from control to more of a service where we enable the department to handle its financial resources. Mr. Rodriguez said next year Finance will assume responsibility for the CIP plan, as well as to plan for a new ERP. You will hear about that when we do our capital improvement planning. A new ERP is a new financial accounting system. The one we have right now is a manufacturing operation accounting system which we modified, which has left us with limited capability for payroll and budgeting as well as other areas. He said it has to be supplemented with Excel Spreadsheets or pay for extra software to keep these going. This will be the big project next year and these are sufficient resources to do that.

Mr. Rodriguez said, "There is only one thing that doesn't appear here, and appears as a small little line item in many of the different source of funds, and I say this to put you at ease about one area. We are going to be buying a $54,000 debt management software. Right now, all of that lives in spreadsheets in Helene Hausman's head. I sleep well at night because of her, and just knowing how *[inaudible]* she is and how everything is running over there. The problem is it's only there and that is not a good situation for an organization like this. She manages many millions of dollars and we desperately need to put that into a software, so when she retires or as she says, gets hit by a truck, that we can go to a standard software and find out where everything is and that can time things, generate reports, etc. right now, it's all in her mind and I just feel very uncomfortable with that, despite having Helene there who I think does a great job. Anyway that does not appear, this specific thing, but I do want to point it out to you because it's an important change and we should all feel more comfortable with that going forward."

Councilor Rivera said the budget shows an increase of 5 people for FY 15/16.

Mr. Rodriguez said, "We are increasing by no positions. But what that does there, it counts the latest positions that were counted last year. There were a number of positions that were counted that were spread out in different places, and until last year were counted in other departments, for example the Utility Department. Now all of those are being counted in our Department, but there is no increase in FTEs.

Councilor Rivera said then the new number of personnel in the Finance budget will be 55.

Mr. Rodriguez said yes, and it is the same as it always has been, but all those people are appearing in one place.

Councilor Ives asked about the new ERP system.

Mr. Rodriguez said he will be bringing it to the Council as a proposal to be considered along with all of the other capital investments the City has to make. He said, "We're going to launch a study of that this year, and hope to get the result sometime in the late summer, maybe early fall, with enough time we can tell you, look, if we've got a new ERP, this is the general direction we would go and that would cost X

dollars. These days there's two very big areas of different ways we can go. We buy the mainframe the machine, the hardware itself and keep it here, or we subscribe to a service and work in the cloud."

Councilor Ives asked if this will allow us to right size payroll and similar functions.

Mr. Rodriguez said yes, among other things. For example we won't have to go to spreadsheets and the uploading and waiting for up to ½ an hour for the system upload, but we expect to have a budget module, a straight ahead payroll module, and a lot of information we have will be part of this system and it will be a lot easier.

Councilor Ives would like to understand what the efficiencies and savings will be, once that system is in place.

Responding to Councilor Ives, Mr. Rodriguez said the $54,000 for the software upgrade appears as a piece of the line item in many different funds – Utilities, Capital Improvement, Recreation – up to $54,000 and mentions this to be totally transparent and put you at ease.

MOTION: Councilor Maestas moved, seconded by Councilor Lindell, to approve the Finance Department budget as presented.

VOTE: The motion was approved unanimously on a voice vote.

City Attorney

Kelley Brennan, City Attorney said, "I stand for questions."

Chair Dominguez asked if our liabilities are increasing in terms of terminations or tort claims, "or any of that stuff."

Ms. Brennan said she can't give a specific report, but said, "I think I can say that over time we have a very good record on claims and that should continue."

Chair Dominguez said it would be helpful to see a report.

Ms. Brennan said, "I think I could do a report in Executive Session that probably would be helpful.

Chair Dominguez asked how much we are planning on outsourcing.

Ms. Brennan said, "We don't really outsource very much. I did ask for money in this year's budget, because we do see a number of things coming up. As you know, we've discussed some of them in Executive Session. Usually if we have some litigation we want to actively pursue or want to take depositions or something, we either have to do without or we have to go hat in hand to departments that may have some funds and may support litigation. And so I have asked that we have a fund that when we

talk about litigating something, the Hold Harmless GRT for example, we might discuss, or an arbitration over water rights, or something like that, that rather than have to see if we can scare up some money to do that, we have the funds we can go to when authorized. We can't undertake any positive litigation or other litigation without going to you in any event so you would always know where those funds were going."

Councilor Ives asked if the budget contains the fund within the department.

Ms. Brennan said, "It is built into the City Manager recommendation amount."

Councilor Ives asked if it is in Other Operating Costs, and what amount is being recommended.

Ms. Brennan said it is $50,000.

Mr. Snyder said, "It is rolled into Other Operating Costs or Contractuals and Utilities. One of those two line items will have the $50,000 recommendation for the City Attorney's Office. Page 141, the middle table, Other Operating Costs or Contractuals and Utilities depending on how it is characterized."

Ms. Brennan said, "I just wanted to add and this goes back to Chair Dominguez's question, we did have a contract with an outside attorney to assist our prosecutor. And I did eliminate that contract, and we have a part time person who is helping back up that position."

Councilor Ives said he presumes Ms. Brennan has all of the spreadsheets that feed into these tables, and Mr. Probasco said yes.

Councilor Maestas asked what would be the formula to more fairly spread department shares of legal costs burdens among divisions. What is an example factor – how do you spread the Department's share of legal costs.

Mr. Rodriguez said it should be done based on an annual assessment of where people spend their time.

Councilor Maestas asked who oversees this process.

Andy Hopkins said, "You're looking at him. I pretty much created that spreadsheet and do it all, and the case of the Attorney's Office, that's done, based on the allocation of risk costs which is based on the number of claims. Risk costs also are based on things such as personnel, vehicles in a fleet assessment, but mostly the basis is personnel in the case of the risk assessment that the larger the department, the more risk. You can make an argument against the general notion of using the risk assessment as a basis for the attorney's assessment. I didn't have anything out there really better that I saw that would allocate those costs necessarily or provide a better allocation of those costs than simply assessing the risk on the assumption that more risk equals more legal involvement by Kelley and her folks."

Mr. Hopkins continued, "And just as with the rest of this, I certainly make no claim to it being perfect. It's something I update ever year. I'm not saying I'm not proud of my work on it, but like Oscar was saying, that's what a lot of cities do, including where I used to work, in Wichita, there would be a cost allocation plan where they would actually go through and measure peoples' times."

Mr. Hopkins continued, "But I will tell you, one of the reasons it's not something we've really pursued here is that just doing a rough calculation with Cal the other day, based on how much it cost in Wichita to do it back when I was there 15 years ago, and the relative size of Wichita and its budget, compared to ours, I estimate probably in today's dollars a cost allocation plan would cost us probably about $200,000 to do. So yes, while we would capture a lot of costs that way and have a much firmer basis for it, that comes with a pretty hefty cost. Yes, $200,000. I don't claim to be perfect, but I am a bargain and I cost you far less than $200,000 and you pay me anyway."

Councilor Maestas thanked him for the information, and said then the cost allocation is being done more on an informal basis at a much better price. He said this make sense. He said, "But what I don't want this to do is that we set the budget and then we allocate the risks to set the budget. The overall risk, should determine the overall budget, and I don't think we're doing that when you think about all the issues in IT and not having a backup generator. So this is good for a relative allocation of risk, but I think the budget is still controlling, and so I want to see us move beyond that. And at some point, I think we should look into this black box and actually see what those factors, see how these vary from year to year, see what your methodology is."

Mr. Rodriguez said we could make this come to the Finance Committee every few months and approve the methodology, etc., on it.

Mr. Hopkins said he is available at the convenience of the Finance Committee and the Governing Body to explain everything. He said it is very complicated and the reason he gave only the short explanation. He said if he puts the whole thing out for you, it doesn't fit on a page of paper so some of it you can't read without a magnifying glass. Mr. Hopkins said he doesn't balance anything based on this. All this does, the cost allocation plan, takes last year's actual costs and allocates them. So that leaves him a year behind, but it has the benefit of saying he isn't allocating costs based on budget, projections or anything else. He is basing it on actual dollars that have left the General Fund and have been spent. The advantage is that he knows actually what he's allocating.

Councilor Maestas said the longer we continue to defer things that translate into the higher and higher risk, without resources to match the increased risk because we're deferring a lot of things, is the danger in this. He said we need to start allocating some costs to this, and the total costs should be increasing. He said this is a philosophical point he wanted to make.

MOTION: Councilor Trujillo moved, seconded by Councilor Maestas, to approve the City Attorney's Office budget as presented.

VOTE: The motion was approved unanimously on a voice vote.

Chair Dominguez said we aren't going to get to ITT this evening.

b) PUBLIC HEARING

There was no one speaking to the request.

18. REQUEST FOR APPROVAL OF RESOLUTION ADOPTING CITY OF SANTA FE'S OPERATING BUDGET AND ORGANIZATIONAL CHART FOR FISCAL YEAR 2015/2016. (OSCAR RODRIGUEZ)

No action.

19. OTHER FINANCIAL INFORMATION

There was no other financial information.

20. MATTERS FROM THE COMMITTEE

Chair Dominguez said at the next meeting we will continue the discussion on the budget

Chair Dominguez said we have to "have something out the door from the Finance Committee," not later than May 15, 2015."

Mr. Rodriguez said we have to submit the budget to DFA by June 1, 2015.

Chair Dominguez said that means it has to be approved by the Governing Body by May 27, 2015, and Mr. Rodriguez said that is correct.

Chair Dominguez said he will work with staff to set up the next meeting, perhaps a half day session on the budget on May 14th, with the regular meeting on May 18th to wrap up anything needed.

Councilor Maestas said he has additional questions, and suggested that Committee members submit all of their questions to staff, so staff can get the answers prior to the next meeting.

Chair Dominguez agreed, and said if we want those presented publicly we can do that.

Councilor Dominguez said at the next meeting we will consider the budgets of Parking, Internal Audit Department, ITT Department, the City Manager, the Mayor's Office and the City Council. He will be working with Mr. Snyder to schedule a special meeting.

Councilor Maestas said it would be better for him if the meeting is set for mid-afternoon.

Chair Dominguez said he will ask Mr. Snyder or Mr. Rodriguez to poll the Committee to make sure we consider everyone's schedule, and then they will get together and set a date.

21. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 9:15 p.m.

Carmichael A. Dominguez, Chair

Reviewed by:

Oscar S. Rodriguez, Finance Director
Department of Finance

Melessia Helberg, Stenographer

TOURISM
SANTA FE

TO: Finance Committee
City Council

FROM: Randy Randall

CC: Brian Snyder
Oscar Rodriguez

DATE: April 30, 2015

SUBJECT: TOURISM Santa Fe FY 2015/16 Budget

The FY 2014/15 budget was based on $8MM from Lodgers Tax. This included $600k of funding for Transit, Police and Fire overtime, solid waste and other administrative needs. The balance was used for TOURISM Santa Fe budget. The FY 2015/16 the budget recognizes $9MM with the same $600k of funding for other tourism related uses. The additional million dollars is justified on the basis that Lodger's Tax collections this year will be in excess of the $9MM and there is no indication that this level will not at least continue and more likely will grow.

The use of the additional $1,000,000 will be as follows:

1. $142,800 - Art Commission to fund a new collaborative marketing program for the Arts.

2. $275,000 – five additional positions including hourly rate and benefits as follows:
   a. National Sales Manager for small meeting, tour and travel and SMERF (Social, military, educational, religious and fraternal)
   b. Convention Specialist Lead to provide adequate supervision at all events to support expanded activity at the Community Convention Center.
   c. Custodian – The current staffing is for a single custodian for the entire 72,000 square foot building which is inadequate to maintain proper conditions for the public use.
   d. Two Visitor Center Information Specialists to support the addition of a visitor center that has long been needed on the Plaza.

3. $55,000 – creation of an incentive pool for sales personnel to be formulated for performance above and beyond the defined expectations for the base pay of the position.

4. $20,000 – Funding for a Native American Liaison contract to strengthen collaborative efforts for tourism and other city needs with the surrounding pueblos.

5. $300,000 – Additional advertising through Fuseideas for both leisure and group business with no increase to the contract cost.

6. $207,200 – Funds available for debt and principle for the Community Convention Center.
   $1,000,000

Exhibit "1"

Letter of Agreement

Date 11/29/2014

This letter serves as a formal agreement between Amjad Nassar and his corporation Anasazi Gallery Trading and Majdi Nassar, Emad Nassar, and Adel Nassar. The agreement entails Amjad Nassar/Anasazi Gallery Trading is purchasing merchandise that includes pottery, kachinas, artifacts, paintings, and rugs that he and his corporation will compensate Majdi, Emad, and Adel Nassar.

Amjad Nassar and his corporation Anasazi Gallery Trading will be responsible for compensating Majdi Nassar, Emad Nassar, and Adel Nassar in the amount of

$ 49,768.00

Compensation will be made in payments once merchandise is sold by Amjad Nassar and his corporation Anasazi Gallery Trading.

_____

Amjad Nassar Date

_____

Majdi Nassar Date

_____

Emad Nassar Date

_____

Adel Nassar Date

Blumberg No. 52108

EXHIBIT

1

Exhibit "2"

Dec-1-2014

This is The total Merchidize From.
Adel Emad & Mazel. 59,500.50.
and pd Arrgad Credit Card. 9732.31
Balance Due. 49.678.00

ANASAZI GALLERY TRADING INC.
150 WASHINGTON AVE STE. 103
SANTA FE, NM 87501-2080

1072
95-101/1070

04-10-15
Date

Pay to the Order of ANASAZI Gallery INC. $ 2,142.99

TWO THOUSAND ONE hundred forty two and 99/100 Dollars

Security Features Details on Back.

LANB
Creating a better way.
301 Griffin St.
Santa Fe, NM 87501
(505) 954-5400
Member F.D.I.C.

For

MP

⑆107001012⑈1072⑈ 013309511⑈01

ANASAZI GALLERY TRADING INC.
150 WASHINGTON AVE STE. 103
SANTA FE, NM 87501-2080

1050
95-101/1070

02-09-15
Date

Pay to the Order of Anasazi Gallery INC $ 1200.00

Twelve Hundred
Dollars

LANB
Creating a better way.
301 Griffin St.
Santa Fe, NM 87501
(505) 954-5400
Member F.D.I.C.

For

⑈107001012⑆1050⑈017330951⑈01

OFFICE OF THE SECRETARY OF STATE

NEW MEXICO

Certificate Of Incorporation

OF

ANASAZI GALLERY TRADING, INC.

4990021

The Office of the Secretary of State certifies that the Articles Of Incorporation, duly signed and verified pursuant to the provisions of the

Business Corporation Act **(53-11-1 To 53-18-12 NMSA 1978)**

have been received and are found to conform to law. Accordingly, by virtue of the authority vested in it by law, the Office of the Secretary of State issues this Certificate Of Incorporation and attaches hereto a duplicate of the Articles Of Incorporation.

Dated : **December 9, 2014**

In testimony whereof, the Office of the Secretary of State has caused this certificate to be signed on this day in the city of Santa Fe, and the seal of said office to be affixed hereto.

Dianna J. Duran
Secretary of State

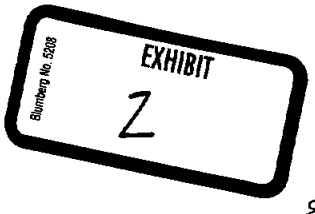

Exhibit "3"

New Mexico
Secretary of State

325 Don Gaspar, Suite 300 · Santa Fe, NM 87501
(800) 477-3632 · www.sos.state.nm.us

DPR

SUBMIT ORIGINAL AND A COPY
TYPE OR PRINT LEGIBLY

Profit Corporation
ARTICLES OF INCORPORATION

FILED
SOS
Corporation Bureau
DEC 09 2014

The undersigned, acting as incorporator(s) to form a corporation under the New Mexico Business Corporation Act, adopt the following Articles of Incorporation:

ARTICLE ONE: The name of the corporation is: ANASAZI GALLERY TRADING, INC.

ARTICLE TWO: The period of duration (if other than perpetual) is PERPETUAL

ARTICLE THREE: The purpose for which the corporation is organized is: Retail - Arts & Jewelry

ARTICLE FOUR: The aggregate number of shares which the corporation shall have authority to issue is: (*attach schedule if needed*)
200

ARTICLE FIVE:
(1) The New Mexico street address of the corporation's initial registered office is:

150 WASHINGTON AVE, SUITE 103, SANTA FE, NM 87501

(P.O. Box is not acceptable. Provide a description of the geographical location if a street address does not exist.)

(2) The name of the initial registered agent at the address of the initial registered office is:

AMJAD NASSAR

ARTICLE SIX: The names and addresses of the initial board of directors are: *(attach schedule if needed)*

NAME	ADDRESS
AMJAD NASSAR	150 WASHINGTON AVE, SUITE 103, SANTA FE, NM 87501
ADEL NASSAR	150 WASHINGTON AVE, SUITE 103, SANTA FE, NM 87501

RECEIVED
SOS
Corporation Bureau
DEC 09 2014

New Mexico
Secretary of State
325 Don Gaspar, Suite 300 · Santa Fe, NM 87501
(800) 477-3632 · www.sos.state.nm.us

FILED
SOS
Corporation Bureau
DEC 09 2014

ARTICLE SEVEN: The name and address of each incorporator is: *(attach schedule if needed)*

NAME	ADDRESS
AMJAD NASSAR	150 WASHINGTON AVE, SUITE 103, SANTA FE, NM 87501

Dated: 12-9-14

Signature of Incorporator(s)
(each person named in Article Seven must sign)

Form DPR
(revised 6/13)

RECEIVED
SOS
Corporation Bureau
DEC 09 2014

New Mexico
Secretary of State
325 Don Gaspar, Suite 300 · Santa Fe, NM 87501
(800) 477-3632 · www.sos.state.nm.us

FILED
SOS
Corporation Bureau
DEC 09 2014

STATEMENT OF ACCEPTANCE OF APPOINTMENT
BY DESIGNATED INITIAL REGISTERED AGENT

I, AMJAD NASSAR,

hereby acknowledge that the undersigned individual or corporation accepts appointment

as Initial Registered Agent of ANASAZI GALLERY TRADING, INC.,

the corporation which is named in the annexed Articles of Incorporation.

_____

(Sign on this line if the registered agent named in the Articles of Incorporation is an individual. If this line is signed, the two lines below do not apply and must be left blank.)

CORPORATION ACTING AS A REGISTERED AGENT ONLY

(If the following lines are used, the signature line above does not apply and must be left blank)

_____

(If the registered agent named in the Articles of Incorporation is a corporation, type or print the name of that corporation here.)

By_____

(An authorized officer of the corporation being appointed as registered agent must sign here)

Form D-STMNT
(revised 06/13)

RECEIVED
SOS
Corporation Bureau
DEC 09 2014

April 9, 2015

To Whom It May Concern:

I was the bookkeeper for Anasazi Gallery Inc. from its inception in 2012 to its closing of business in October 2014.

Amjad Nassar was an employee of Anasazi Gallery, Inc. He was not an owner of Anasazi Gallery.

Amjad Nassar started his own business on December 1, 2014 and named it Anazasi Gallery Trading, Inc.

I hope this will clear up any questions or concerns you may have had.
Thank you.

Jerry R. Martinez
Bookkeeper

New Mexico
Secretary of State
Corporations Bureau
325 Don Gaspar, Suite 300 · Santa Fe, NM 87501
(800) 477-3632 · www.sos.state.nm.us

Corporation Report Confirmation

Entity ID: 4990021

Corporation Name: ANASAZI GALLERY TRADING, INC.

Report Period: 12/31/2015

Transaction Type: Regular Report

Transaction Date: 2/3/2015 11:37:40 PM

Transaction Amount: $228.83

Address

Type	Address	City	State	Country	Zip
Corp Mailing Address	150 WASHINGTON AVE, SUITE 103	SANTA FE	NM	US	87501
Principal Place of Business in NM	150 WASHINGTON AVE, SUITE 103	SANTA FE	NM	US	87501

Agents

Agent Name	Address	City	State	Country	Zip
AMJAD NASSAR	150 WASHINGTON AVE	SANTA FE	NM	US	87501

Directors

Director Name	Address	City	State	Country	Zip
AMJAD NASSAR	150 WASHINGTON AVE	SANTA FE	NM	US	87501
ADEL NASSAR	150 WASHINGTON AVE	SANTA FE	NM	US	87501

Officers

Designation	Name	Address	City	State	Country	Zip
Incorporator	AMJAD NASSAR	150 WASHINGTON AVE	SANTA FE	NM	US	87501

City of Santa Fe, New Mexico

BUSINESS LICENSE

City Of Santa Fe
PO BOX 909
Santa Fe NM, 87504

Official Document
Please Post

Business Name: **ANASAZI GALLERY TRADING**

Location: **150 WASHINGTON AVE 103**

Class: **BUSINESS REGISTRATION - STANDARD**

Comment:

Control Number: 0065750

License Number: 15-00129176

Issue Date December 01, 2014

Expiration Date December 31, 2015

ANASAZI GALLERY TRADING
150 WASHINGTON AVE 103

SANTA FE NM 87501

THIS IS NOT A CONSTRUCTION PERMIT OR SIGN PERMIT. APPROPRIATE PERMITS MUST BE OBTAINED FROM THE CITY OF SANTA FE BUILDING PERMIT DIVISION PRIOR TO COMMENCEMENT OF ANY CONSTRUCTION OR THE INSTALLATION OF ANY EXTERIOR SIGN.

THIS REGISTRATION/LICENSE IS NOT TRANSFERABLE TO OTHER BUSINESSES OR PREMISES.

STATE OF NEW MEXICO
Taxation and Revenue Department

Susana Martinez
Governor

Demesia Padilla, CPA
Secretary

ANASAZI GALLERY TRADING INC
ANASAZI GALLERY TRADING INC
150 WASHINGTON AVE SUITE #103
SANTA FE, NM 87501

December 1, 2014
CRS: 03-307017-00-2
Letter ID: L0712673232

STATE OF NEW MEXICO TAXATION AND REVENUE DEPARTMENT
REGISTRATION CERTIFICATE

Date ID Issued	IDENTIFICATION NUMBER	Business Start Date
01-Dec-2014	**03-307017-00-2**	**02-Dec-2014**
Business Location **150 WASHINGTON AVE**		Business End Date
City and State **SANTA FE, NM**		Zip Code **87501**
Taxpayer Name **ANASAZI GALLERY TRADING INC**		Taxpayer Type **Corporation**
Firm Name **ANASAZI GALLERY TRADING INC**		Filing Frequency **Monthly**
Mailing Address **150 WASHINGTON AVE**		
City and State **SANTA FE, NM**		Zip Code **87501**

Form Revised 02/2003

This Registration Certificate is issued pursuant to Section 7-1-12 NMSA 1978 for Gross Receipts, County Gross Receipts, Municipal Gross Receipts, Compensating and Withholding Taxes. This copy must be displayed conspicuously in the place of business. Any purchaser of the registrant's business is subject to certain requirements under Section 7-1-61 NMSA 1978.

Division Director Tax Administration

By _____

Any inquiries concerning your Idenfication Number should be addressed to the Audit & Compliance Division, P.O. Box 630, Santa Fe, New Mexico 87504-0630

THIS CERTIFICATE IS NOT TRANSFERABLE

STATE OF NEW MEXICO TAXATION AND REVENUE DEPARTMENT
REGISTRATION CERTIFICATE

Date ID Issued	IDENTIFICATION NUMBER	Business Start Date
01-Dec-2014	**03-307017-00-2**	**02-Dec-2014**
Business Location **150 WASHINGTON AVE**		Business End Date
City and State **SANTA FE, NM**		Zip Code **87501**
Taxpayer Name **ANASAZI GALLERY TRADING INC**		Taxpayer Type **Corporation**
Firm Name **ANASAZI GALLERY TRADING INC**		Filing Frequency **Monthly**
Mailing Address **150 WASHINGTON AVE**		
City and State **SANTA FE, NM**		Zip Code **87501**

Form Revised 02/2003

This Registration Certificate is issued pursuant to Section 7-1-12 NMSA 1978 for Gross Receipts, County Gross Receipts, Municipal Gross Receipts, Compensating and Withholding Taxes. This copy must be displayed conspicuously in the place of business. Any purchaser of the registrant's business is subject to certain requirements under Section 7-1-61 NMSA 1978.

Division Director Tax Administration

By _____

Any inquiries concerning your Idenfication Number should be addressed to the Audit & Compliance Division, P.O. Box 630, Santa Fe, New Mexico 87504-0630

THIS CERTIFICATE IS NOT TRANSFERABLE

atL04 v23

1907126732320 78

IRS DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023

Date of this notice: 11-18-2014

Employer Identification Number:
47-2353861

Form: SS-4

Number of this notice: CP 575 A

For assistance you may call us at:
1-800-829-4933

IF YOU WRITE, ATTACH THE
STUB AT THE END OF THIS NOTICE.

ANASAZI GALLERY TRADING INC
150 WASHINGTON AVE SUITE 103
SANTA FE, NM 87501

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 47-2353861. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear off stub and return it to us.

Based on the information received from you or your representative, you must file the following form(s) by the date(s) shown.

Form 1120 03/15/2015

If you have questions about the form(s) or the due date(s) shown, you can call us at the phone number or write to us at the address shown at the top of this notice. If you need help in determining your annual accounting period (tax year), see Publication 538, *Accounting Periods and Methods*.

We assigned you a tax classification based on information obtained from you or your representative. It is not a legal determination of your tax classification, and is not binding on the IRS. If you want a legal determination of your tax classification, you may request a private letter ruling from the IRS under the guidelines in Revenue Procedure 2004-1, 2004-1 I.R.B. 1 (or superseding Revenue Procedure for the year at issue). Note: Certain tax classification elections can be requested by filing Form 8832, *Entity Classification Election*. See Form 8832 and its instructions for additional information.

IMPORTANT INFORMATION FOR S CORPORATION ELECTION:

If you intend to elect to file your return as a small business corporation, an election to file a Form 1120-S must be made within certain timeframes and the corporation must meet certain tests. All of this information is included in the instructions for Form 2553, *Election by a Small Business Corporation*.

If you are required to deposit for employment taxes (Forms 941, 943, 940, 944, 945, CT-1, or 1042), excise taxes (Form 720), or income taxes (Form 1120), you will receive a Welcome Package shortly, which includes instructions for making your deposits electronically through the Electronic Federal Tax Payment System (EFTPS). A Personal Identification Number (PIN) for EFTPS will also be sent to you under separate cover. Please activate the PIN once you receive it, even if you have requested the services of a tax professional or representative. For more information about EFTPS, refer to Publication 966, *Electronic Choices to Pay All Your Federal Taxes*. If you need to make a deposit immediately, you will need to make arrangements with your Financial Institution to complete a wire transfer.

The IRS is committed to helping all taxpayers comply with their tax filing obligations. If you need help completing your returns or meeting your tax obligations, Authorized e-file Providers, such as Reporting Agents (payroll service providers) are available to assist you. Visit the IRS Web site at www.irs.gov for a list of companies that offer IRS e-file for business products and services. The list provides addresses, telephone numbers, and links to their Web sites.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at www.irs.gov. If you do not have access to the Internet, call 1-800-829-3676 (TTY/TDD 1-800-829-4059) or visit your local IRS office.

IMPORTANT REMINDERS:

* Keep a copy of this notice in your permanent records. **This notice is issued only one time and the IRS will not be able to generate a duplicate copy for you.** You may give a copy of this document to anyone asking for proof of your EIN.

* Use this EIN and your name exactly as they appear at the top of this notice on all your federal tax forms.

* Refer to this EIN on your tax-related correspondence and documents.

If you have questions about your EIN, you can call us at the phone number or write to us at the address shown at the top of this notice. If you write, please tear off the stub at the bottom of this notice and send it along with your letter. If you do not need to write us, do not complete and return the stub.

Your name control associated with this EIN is ANAS. You will need to provide this information, along with your EIN, if you file your returns electronically.

Thank you for your cooperation.

ANASAZI GALLERY TRADING INC.
150 WASHINGTON AVE STE. 103
SANTA FE, NM 87501-2080

1017
95-101/1070

01-05-15
Date

Pay to the Order of MANSOOR KARIMI $ 640.00

Six hundred forty Dollars

LANB Creating a better way
301 Griffin St.
Santa Fe, NM 87501
(505) 954-5400
Member F.D.I.C.

Security Features Details on Back.

For Consignment

⑆107001012⑆1017⑈017330951⑈01

ANASAZI GALLERY TRADING INC.
150 WASHINGTON AVE STE. 103
SANTA FE, NM 87501-2080

1018
95-101/1070

01-12-15
Date

Pay to the Order of MANSOOR KARIMI $ 640.00

Six hundred forty Dollars

LANB Creating a better way
301 Griffin St.
Santa Fe, NM 87501
(505) 954-5400
Member F.D.I.C.

Security Features Details on Back.

For Consignment

⑆107001012⑆1018⑈017330951⑈01

EXHIBIT
3
Bumberg No. 5208

Exhibit "4"

ANASAZI GALLERY TRADING INC.
150 WASHINGTON AVE STE. 103
SANTA FE, NM 87501-2080

1046
95-101/1070

02-09-15
Date

Pay to the Order of MANSOOR KARIMI $ 507.00

Five hundred Seven 00 Dollars

Security Features Details on Back.

LANB
Creating a better way
301 Griffin St.
Santa Fe, NM 87501
(505) 954-5400
Member F.D.I.C.

For CONSIGNMENT

MP

⑆107001012⑈1046⑈ ⑆173309511⑈01

ANASAZI GALLERY TRADING INC.
150 WASHINGTON AVE STE. 103
SANTA FE, NM 87501-2080

AN.

1047
95-101/1070

02-16-15
Date

Pay to the Order of MANSOOR KARIMI $ 507.00

Five hundred Seven 00 Dollars

Security Features Details on Back.

LANB
Creating a better way
301 Griffin St.
Santa Fe, NM 87501
(505) 954-5400
Member F.D.I.C.

For CONSIGNMENT

MP

⑆107001012⑈1047⑈ ⑆173309511⑈01

Invoice

Date	Invoice #
12/1/2014	7155

PAID

Bill To	Ship To
LAWRENCE REARICK 903 BARONRIDGE DR SEABROOK TX 77586 lrearick@americanmidstream.com white buffalo necklace set	

Rep	Special Order

Item	Description	Qty	Rate	Amount
STERLING SILV...	ZUNI EDMUND COOEYATE SLEEPING BEAUTY TURQUOISE STERLING SILVER NECKLACE	1	0.00	
STERLING SILV...	JOHHNY SHIRLEY BELSON ZUNI SLEEPING BEAUTY TURQ STERLING SILVER NECKLACE	1	0.00	0.00T
STERLING SILV...	REVERSIBLE ANASAZI BEAR EARTHTONE STERLING SILVER PENDANT	1	0.00	0.00T
STERLING SILV...	EARTHTONE ANASAZI SILVER EARRINGS CB	1	0.00	0.00T
PACKAGE DEAL	PACKAGE DEAL		1,750.00	1,750.00T
STERLING SILV...	WHITE BUFFALO TURQ SILVER RING	1	67.55	67.55T

ALL ITEMS SHIPPED

NO REFUNDS EXCHANGE ONLY WITHIN 30 DAYS

Subtotal	$1,817.55
Sales Tax (0.0%)	$0.00
Total	$1,817.55
Payments/Credits	$-1,817.55
Balance Due	$0.00

JOEY

T-Bird Inc. DBA

Pueblo House

P.O. Box 7308 • Albuquerque, NM 87194
Phone: (505) 243-1558 • Fax: (505) 243-8617
Email: pueblohouse@tbirdinc.com

INVOICE

06699

INVOICE DATE	SALESPERSON
11/29/14	Stephen

SHIP TO

TO Ana Sazi Gallery Trading
150 Washington Ave Suite 103
Santa Fe, NM
87501

YOUR ORDER NO	DATE SHIPPED	SHIPPED VIA	F.O.B. POINT	TERMS

QTY ORDERED	B/O	QTY SHIPPED	DESCRIPTION	M.O.P.	PRICE	TOTAL
1			Flora Lg bowl Kathy Victorino		1,500	550.00
1			Kiva Vase		795	291.50
1			Corine Chino Lg seed pot		345	126.50
1			Zuni WVs		240	88.00
1			Jay Vallo Lg WVs		390	143.00
1			Paul Lansing bowl		750	275.00
1			Erin Juanico Lg WVs		675	247.50
1			Jay Vallo sm WVs		165	60.50
1			Carol Lucero S.T. 3 baby		285	104.50
1			" " Mini		165	60.50
						1,947.00
			PD300 — Ck#1011 Balance			1,647.00

ORIGINAL

Thank You

RAYS TRADING CO.

1001 W. Hwy 66 • Gallup, NM 87301

003719

Ph (505) 863-8877
Fax (505) 722-8900
www.raystradingco.com
Email ray@raystradingco.com

Arts & Crafts
Authentic Handmade

We Do Custom Handmade Jewelry Orders! Zuni, Navajo & Hopi Direct Licensed Zuni

SOLD TO		SHIP TO	
CUSTOMER NAME		ORDER NO.	
BUSINESS NAME	ANASAZI GALLERY TRADING INC	SHIP DATE	
ADDRESS	150 WASHINGTON AVE #103	SHIP VIA	
	SANTA FE NM 87501	COUNTRY	
TELEPHONE	505-955-1761	FAX NO.	7201344

DATE	SALESPERSON	TERMS
11/25/14		

	ITEM NO.	QUANTITY	DESCRIPTION		AMOUNT
1					9868 00/20
2					
3			One lot of Jewelry		
4	PD 500	Ck#1010	Balance = $9368 -		
5					
6					
7					
8			Not Paid		
9					
10					
11					
12					
13					
14					
15					
16					
17					

NO CASH REFUNDS EXCHANGE ONLY WITHIN 30 DAYS
1 1/2 % Finance Charge Per Month on All Past Due Accounts

Thank You!

RECEIVED BY _____

SUBTOTAL _____
TAX _____
SHIPPING _____
TOTAL _____

TERMS & CONDITIONS:
All Sales are **FINAL**. In the event of a dispute or discrepancy, returns must include the invoice and the original register tape and marked bags for credit to be determined.

Purchaser agrees to pay all reasonable Attorney fees and costs incurred in collecting total payment owed pursuant to this invoice. This consignment creates a contract of bailment between Owner and Customer. Owner agrees to deliver and customer agrees to accept the merchandise described on this invoice. The merchandise shall be returned to Owner upon demand. Title to merchandise delivered pursuant to this consignment is and shall remain in Owner until Owner has been paid in full of given customer a written bill of sale. In case legal action is required to enforce the terms of this invoice the prevailing party shall be entitled to recover costs and reasonable attorney's fees. New Mexico law shall govern the enforcement of the terms and conditions of this invoice for suit shall be in McKinley County.

Authorized Signature _____

Form **1040** Department of the Treasury—Internal Revenue Service (99)

U.S. Individual Income Tax Return 2014

OMB No. 1545-0074 | IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2014, or other tax year beginning , ending | See separate instructions.

Your first name	M.I.	Last name	Suffix	Your social security number
AMJAD	N	NASSAR		
If a joint return, spouse's first name	M.I.	Last name	Suffix	Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. 3032 CLIFF PALACE | Apt. no. | ▲ Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). SANTA FE NM 87507-2509

Foreign country name | Foreign province/state/county | Foreign postal code

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

Filing Status

Check only one box.

1 [X] Single

2 [ ] Married filing jointly (even if only one had income)

3 [ ] Married filing separately. Enter spouse's SSN above and full name here. ▶ First name Last name

4 [ ] Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ Qualifying person's name Last name SSN

5 [ ] Qualifying widow(er) with dependent child

Exemptions

6a [X] **Yourself.** If someone can claim you as a dependent, do not check box 6a . . . Boxes checked on 6a and 6b: 1

b [ ] **Spouse** . . .

c **Dependents:**

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit (see instructions)
			☐
			☐
			☐
			☐

If more than four dependents, see instructions and check here ▶ ☐

No. of children on 6c who:
- lived with you: 0
- did not live with you due to divorce or separation (see instructions): 0

Dependents on 6c not entered above: 0

d Total number of exemptions claimed . . . Add numbers on lines above ▶ 1

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	40,500
8a	Taxable interest. Attach Schedule B if required	8a	
b	Tax-exempt interest. Do not include on line 8a . . . 8b		
9a	Ordinary dividends. Attach Schedule B if required	9a	
b	Qualified dividends . . . 9b		
10	Taxable refunds, credits, or offsets of state and local income taxes	10	1,161
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐	13	
14	Other gains or (losses). Attach Form 4797	14	
15a	IRA distributions . . . 15a b Taxable amount	15b	
16a	Pensions and annuities . . . 16a b Taxable amount	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	3,248
20a	Social security benefits . . . 20a b Taxable amount	20b	0
21	Other income. List type and amount	21	
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	44,909

Adjusted Gross Income

23	Educator expenses	23		
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24		
25	Health savings account deduction. Attach Form 8889	25		
26	Moving expenses. Attach Form 3903	26		
27	Deductible part of self-employment tax. Attach Schedule SE	27		
28	Self-employed SEP, SIMPLE, and qualified plans	28		
29	Self-employed health insurance deduction	29		
30	Penalty on early withdrawal of savings	30		
31a	Alimony paid b Recipient's SSN ▶	31a		
32	IRA deduction	32		
33	Student loan interest deduction	33		
34	Tuition and fees. Attach Form 8917	34		
35	Domestic production activities deduction. Attach Form 8903	35		
36	Add lines 23 through 35		36	
37	Subtract line 36 from line 22. This is your adjusted gross income ▶		37	44,909

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form **1040** (2014)

HTA

DOCUMENT COPY

EXHIBIT 4 Blumberg No. 5208

Exhibit "15"

SCHEDULE A (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Itemized Deductions

▶ Information about Schedule A and its separate instructions is at *www.irs.gov/schedulea.*
▶ Attach to Form 1040.

OMB No. 1545-0074

2014

Attachment Sequence No. **07**

Name(s) shown on Form 1040: AMJAD N NASSAR

Your social security number:

Medical and Dental Expenses		**Caution.** Do not include expenses reimbursed or paid by others.			
	1	Medical and dental expenses (see instructions)	1		
	2	Enter amount from Form 1040, line 38 . . [2] 44,909			
	3	Multiply line 2 by 10% (.10). But if either you or your spouse was born before January 2, 1950, multiply line 2 by 7.5% (.075) instead	3	4,491	
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-			4 0
Taxes You Paid	5	State and local (check only one box): a [X] Income taxes, or b [ ] General sales taxes	5	[illegible]	
	6	Real estate taxes (see instructions)	6	1,886	
	7	Personal property taxes	7		
	8	Other taxes. List type and amount ▶	8		
	9	Add lines 5 through 8			9 3,722
Interest You Paid	10	Home mortgage interest and points reported to you on Form 1098	10	14,270	
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ▶ Name / Address / TIN	11		
Note. Your mortgage interest deduction may be limited (see instructions).	12	Points not reported to you on Form 1098. See instructions for special rules	12		
	13	Mortgage insurance premiums (see instructions)	13	1,519	
	14	Investment interest. Attach Form 4952 if required. (See instructions.)	14		
	15	Add lines 10 through 14			15 15,789
Gifts to Charity	16	Gifts by cash or check. If you made any gift of $250 or more, see instructions	16		
If you made a gift and got a benefit for it, see instructions.	17	Other than by cash or check. If any gift of $250 or more, see instructions. You must attach Form 8283 if over $500	17		
	18	Carryover from prior year	18		
	19	Add lines 16 through 18			19 0
Casualty and Theft Losses	20	Casualty or theft loss(es). Attach Form 4684. (See instructions.)			20
Job Expenses and Certain Miscellaneous Deductions	21	Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶	21		
	22	Tax preparation fees	22	54	
	23	Other expenses—investment, safe deposit box, etc. List type and amount ▶	23		
	24	Add lines 21 through 23	24	54	
	25	Enter amount from Form 1040, line 38 . . [25] 44,909			
	26	Multiply line 25 by 2% (.02)	26	898	
	27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-			27 0
Other Miscellaneous Deductions	28	Other—from list in instructions. List type and amount ▶			28
Total Itemized Deductions	29	Is Form 1040, line 38, over $152,525? [X] **No.** Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40. [ ] **Yes.** Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.			29 19,511
	30	If you elect to itemize deductions even though they are less than your standard deduction, check here ▶ [ ]			

CLIENT COPY

For Paperwork Reduction Act Notice, see Form 1040 instructions.

HTA

Tax and Credits	38	Amount from line 37 (adjusted gross income)	38	44,909
	39a	Check if: ☐ You were born before January 2, 1950, ☐ Blind. ☐ Spouse was born before January 2, 1950, ☐ Blind. Total boxes checked ▶ 39a		
	b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b ☐		
Standard Deduction for— • People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, $6,200 Married filing jointly or Qualifying widow(er), $12,400 Head of household, $9,100	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	19,511
	41	Subtract line 40 from line 38	41	25,398
	42	Exemptions. If line 38 is $152,525 or less, multiply $3,950 by the number on line 6d. Otherwise, see instructions	42	3,950
	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	21,448
	44	Tax (see instructions). Check if any from: a ☐ Form(s) 8814 b ☐ Form 4972 c ☐	44	2,760
	45	Alternative minimum tax (see instructions). Attach Form 6251	45	
	46	Excess advance premium tax credit repayment. Attach Form 8962	46	
	47	Add lines 44, 45, and 46 ▶	47	2,760
	48	Foreign tax credit. Attach Form 1116 if required	48	
	49	Credit for child and dependent care expenses. Attach Form 2441	49	
	50	Education credits from Form 8863, line 19	50	
	51	Retirement savings contributions credit. Attach Form 8880	51	
	52	Child tax credit. Attach Schedule 8812, if required	52	
	53	Residential energy credits. Attach Form 5695	53	
	54	Other credits from Form: a ☐ 3800 b ☐ 8801 c ☐	54	
	55	Add lines 48 through 54. These are your total credits	55	48
	56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0- ▶	56	2,712
Other Taxes	57	Self-employment tax. Attach Schedule SE	57	
	58	Unreported social security and Medicare tax from Form: a ☐ 4137 b ☐ 8919	58	
	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
	60a	Household employment taxes from Schedule H	60a	
	b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b	500
	61	Health care: individual responsibility (see instructions) Full-year coverage ☒	61	
	62	Taxes from: a ☐ Form 8959 b ☐ Form 8960 c ☐ instructions; enter code(s)	62	
	63	Add lines 56 through 62. This is your total tax ▶	63	3,212
Payments	64	Federal income tax withheld from Forms W-2 and 1099	64	5,242
	65	2014 estimated tax payments and amount applied from 2013 return	65	
If you have a qualifying child, attach Schedule EIC.	66a	Earned income credit (EIC)	66a	
	b	Nontaxable combat pay election 66b		
	67	Additional child tax credit. Attach Schedule 8812	67	
	68	American opportunity credit from Form 8863, line 8	68	
	69	Net premium tax credit. Attach Form 8962	69	
	70	Amount paid with request for extension to file	70	
	71	Excess social security and tier 1 RRTA tax withheld	71	
	72	Credit for federal tax on fuels. Attach Form 4136	72	
	73	Credits from Form: a ☐ 2439 b ☐ Reserved c ☐ Reserved d ☐	73	
	74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments ▶	74	5,242
Refund	75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	2,030
	76a	Amount of line 75 you want refunded to you. If Form 8888 is attached, check here ▶ ☐	76a	2,030
Direct deposit? See instructions.	▶ b	Routing number ▶ c Type: ☒ Checking ☐ Savings		
	▶ d	Account number		
	77	Amount of line 75 you want applied to your 2015 estimated tax ▶ 77		
Amount You Owe	78	Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions ▶	78	0
	79	Estimated tax penalty (see instructions) 79		

Third Party Designee Do you want to allow another person to discuss this return with the IRS (see instructions)? ☐ Yes. Complete below. ☒ No

Designee's name ▶ Phone no. ▶ Personal Identification number (PIN) ▶

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See instructions. Keep a copy for your records.

Your signature	Date	Your occupation	Daytime phone number
		STORE MANAGER	(
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☒ if self-employed	PTIN
JERRY MARTINEZ	JERRY MARTINEZ	4/1/2015		P01291879

Firm's name ▶ PROFESSIONAL BOOKKEEPING INC Firm's EIN ▶ 85-0472685

Firm's address ▶ P O BOX 395, SANTA FE , NM 87501 Phone no. 505-983-4952

CLIENT COPY

Form **6251**

Department of the Treasury
Internal Revenue Service (99)

Alternative Minimum Tax—Individuals

▶ Information about Form 6251 and its separate instructions is at *www.irs.gov/form6251.*

▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

2014

Attachment Sequence No. **32**

Name(s) shown on Form 1040 or Form 1040NR: AMJAD N NASSAR

Your social security number:

Part I Alternative Minimum Taxable Income (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41, and go to line 2. Otherwise, enter the amount from Form 1040, line 38, and go to line 7. (If less than zero, enter as a negative amount.)	1	25,398
2	Medical and dental. If you or your spouse was 65 or older, enter the smaller of Schedule A (Form 1040), line 4, or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-	2	0
3	Taxes from Schedule A (Form 1040), line 9	3	8,722
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions for this line	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	5	
6	If Form 1040, line 38, is $152,525 or less, enter -0-. Otherwise, see instructions	6	(0)
7	Tax refund from Form 1040, line 10 or line 21	7	(1,161)
8	Investment interest expense (difference between regular tax and AMT)	8	
9	Depletion (difference between regular tax and AMT)	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	10	
11	Alternative tax net operating loss deduction	11	( )
12	Interest from specified private activity bonds exempt from the regular tax	12	
13	Qualified small business stock (7% of gain excluded under section 1202)	13	
14	Exercise of incentive stock options (excess of AMT income over regular tax income)	14	
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	15	
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 5)	16	
17	Disposition of property (difference between AMT and regular tax gain or loss)	17	
18	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	18	
19	Passive activities (difference between AMT and regular tax income or loss)	19	
20	Loss limitations (difference between AMT and regular tax income or loss)	20	
21	Circulation costs (difference between regular tax and AMT)	21	
22	Long-term contracts (difference between AMT and regular tax income)	22	
23	Mining costs (difference between regular tax and AMT)	23	
24	Research and experimental costs (difference between regular tax and AMT)	24	
25	Income from certain installment sales before January 1, 1987	25	( )
26	Intangible drilling costs preference	26	
27	Other adjustments, including income-based related adjustments	27	
28	**Alternative minimum taxable income.** Combine lines 1 through 27. (If married filing separately and line 28 is more than $242,450, see instructions.)	28	27,959

Part II Alternative Minimum Tax (AMT)

29	Exemption. (If you were under age 24 at the end of 2014, see instructions.)		
	IF your filing status is . . . / AND line 28 is not over . . . / THEN enter on line 29 . . .		
	Single or head of household . . . 112,300 . . . $52,800		
	Married filing jointly or qualifying widow(er) . . . 156,500 . . . 82,100		
	Married filing separately . . . 78,250 . . . 41,050	29	52,800
	If line 28 is over the amount shown above for your filing status, see instructions.		
30	Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 31, 33, and 35, and go to line 34	30	0
31	• If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter. • If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on the back and enter the amount from line 64 here. • **All others:** If line 30 is $182,500 or less ($91,250 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract $3,650 ($1,825 if married filing separately) from the result.	31	
32	Alternative minimum tax foreign tax credit (see instructions)	32	
33	Tentative minimum tax. Subtract line 32 from line 31	33	0
34	Add Form 1040, line 44 (minus any tax from Form 4972), and Form 1040, line 46. Subtract from the result any foreign tax credit from Form 1040, line 48. If you used Schedule J to figure your tax on Form 1040, line 44, refigure that tax without using Schedule J before completing this line (see instructions)	34	
35	**AMT.** Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45	35	0

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For Paperwork Reduction Act Notice, see your tax return instructions.

HTA

Form **8863**

Department of the Treasury
Internal Revenue Service (99)

Education Credits
(American Opportunity and Lifetime Learning Credits)

▶ Attach to Form 1040 or Form 1040A.

▶ Information about Form 8863 and its separate instructions is at *www.irs.gov/form8863*.

OMB No. 1545-0074

2014

Attachment Sequence No. **50**

Name(s) shown on return: AMJAD N NASSAR

Your social security number

CAUTION *Complete a separate Part III on page 2 for each student for whom you are claiming either credit before you complete Parts I and II.*

Part I Refundable American Opportunity Credit

1	After completing Part III for each student, enter the total of all amounts from all Parts III, line 30		1	0
2	Enter: $180,000 if married filing jointly; $90,000 if single, head of household, or qualifying widow(er)	2		
3	Enter the amount from Form 1040, line 38, or Form 1040A, line 22. If you are filing Form 2555, 2555-EZ, or 4563, or you are excluding income from Puerto Rico, see Pub. 970 for the amount to enter	3	44,909	
4	Subtract line 3 from line 2. If zero or less, **stop;** you cannot take any education credit	4	45,091	
5	Enter: $20,000 if married filing jointly; $10,000 if single, head of household, or qualifying widow(er)	5	10,000	
6	If line 4 is: • Equal to or more than line 5, enter 1.000 on line 6 • Less than line 5, divide line 4 by line 5. Enter the result as a decimal (rounded to at least three places)		6	1.00000
7	Multiply line 1 by line 6. **Caution:** If you were under age 24 at the end of the year and meet the conditions described in the instructions, you **cannot** take the refundable American opportunity credit; skip line 8, enter the amount from line 7 on line 9, and check this box ▶ ☐		7	0
8	**Refundable American opportunity credit.** Multiply line 7 by 40% (.40). Enter the amount here and on Form 1040, line 68, or Form 1040A, line 44. Then go to line 9 below		8	0

Part II Nonrefundable Education Credits

9	Subtract line 8 from line 7. Enter here and on line 2 of the Credit Limit Worksheet (see instructions)		9	0
10	After completing Part III for each student, enter the total of all amounts from all Parts III, line 31. If zero, skip lines 11 through 17, enter -0- on line 18, and go to line 19		10	239
11	Enter the smaller of line 10 or $10,000		11	239
12	Multiply line 11 by 20% (.20)		12	48
13	Enter: $128,000 if married filing jointly; $64,000 if single, head of household, or qualifying widow(er)	13	64,000	
14	Enter the amount from Form 1040, line 38, or Form 1040A, line 22. If you are filing Form 2555, 2555-EZ, or 4563, or you are excluding income from Puerto Rico, see Pub. 970 for the amount to enter	14	44,909	
15	Subtract line 14 from line 13. If zero or less, skip lines 16 and 17, enter -0- on line 18, and go to line 19	15	19,091	
16	Enter: $20,000 if married filing jointly; $10,000 if single, head of household, or qualifying widow(er)	16	10,000	
17	If line 15 is: • Equal to or more than line 16, enter 1.000 on line 17 and go to line 18 • Less than line 16, divide line 15 by line 16. Enter the result as a decimal (rounded to at least three places)		17	1.00000
18	Multiply line 12 by line 17. Enter here and on line 1 of the Credit Limit Worksheet (see instructions) ▶		18	48
19	**Nonrefundable education credits.** Enter the amount from line 7 of the Credit Limit Worksheet (see instructions) here and on Form 1040, line 50, or Form 1040A, line 33		19	48

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For Paperwork Reduction Act Notice, see your tax return instructions.

HTA

Name(s) shown on return: AMJAD N NASSAR

Your social security number:

CAUTION *Complete Part III for each student for whom you are claiming either the American opportunity credit or lifetime learning credit. Use additional copies of Page 2 as needed for each student.*

Part III Student and Educational Institution Information

See instructions.

20 Student name (as shown on page 1 of your tax return)

AMJAD N NASSAR

21 Student social security number (as shown on page 1 of your tax return)

22 Educational institution information (see instructions)

a. Name of first educational institution

SANTA FE COMMUNITY COLLEGE

(1) Address. Number and street (or P.O. box). City, town or post office, state, and ZIP code. If a foreign address, see instructions.

6401 RICHARDS AVE
SANTA FE, NM 87508

(2) Did the student receive Form 1098-T from this institution for 2014? [X] Yes [ ] No

(3) Did the student receive Form 1098-T from this institution for 2013 with Box 2 filled in and Box 7 checked? [ ] Yes [X] No

If you checked "No" in **both (2) and (3)**, skip **(4)**.

(4) If you checked "Yes" in **(2) or (3)**, enter the institution's federal identification number (from Form 1098-T).

85-0311615

b. Name of second educational institution (if any)

(1) Address. Number and street (or P.O. box). City, town or post office, state, and ZIP code. If a foreign address, see instructions.

(2) Did the student receive Form 1098-T from this institution for 2014? [ ] Yes [ ] No

(3) Did the student receive Form 1098-T from this institution for 2013 with Box 2 filled in and Box 7 checked? [ ] Yes [ ] No

If you checked "No" in **both (2) and (3)**, skip **(4)**.

(4) If you checked "Yes" in **(2) or (3)**, enter the institution's federal identification number (from Form 1098-T).

23 Has the Hope Scholarship Credit or American opportunity credit been claimed for this student for any 4 tax years before 2014? [ ] Yes — **Stop!** Go to line 31 for this student. [X] No — Go to line 24.

24 Was the student enrolled at least half-time for at least one academic period that began or is treated as having begun in 2014 at an eligible educational institution in a program leading towards a postsecondary degree, certificate, or other recognized postsecondary educational credential? (see instructions) [ ] Yes — Go to line 25. [X] No — **Stop!** Go to line 31 for this student.

25 Did the student complete the first 4 years of postsecondary education before 2014? [ ] Yes — **Stop!** Go to line 31 for this student. [ ] No — Go to line 26.

26 Was the student convicted, before the end of 2014, of a felony for possession or distribution of a controlled substance? [ ] Yes — **Stop!** Go to line 31 for this student. [ ] Complete lines 27 through 30 for this student.

CAUTION *You cannot take the American opportunity credit and the lifetime learning credit for the **same student** in the same year. If you complete lines 27 through 30 for this student, do not complete line 31.*

American Opportunity Credit

27	Adjusted qualified education expenses (see instructions). **Do not enter more than $4,000**	27	
28	Subtract $2,000 from line 27. If zero or less, enter -0-	28	0
29	Multiply line 28 by 25% (.25)	29	0
30	If line 28 is zero, enter the amount from line 27. Otherwise, add $2,000 to the amount on line 29 and enter the result. Skip line 31. Include the total of all amounts from all Parts III, line 30 on Part I, line 1	30	0

Lifetime Learning Credit

31	Adjusted qualified education expenses (see instructions). Include the total of all amounts from all Parts III, line 31, on Part II, line 10	31	239

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Form **8948**

(Rev. September 2012)
Department of the Treasury
Internal Revenue Service

Preparer Explanation for Not Filing Electronically

▶ Attach to taxpayer's Form 1040, 1040A, 1040EZ, or Form 1041.

▶ Information about Form 8948 and its instructions is available at *www.irs.gov/form8948*.

OMB No. 1545-2200

Attachment Sequence No. **173**

Name(s) on tax return	Tax year of return	Taxpayer's identifying number
AMJAD N NASSAR	2014	[redacted]

Preparer's name	Preparer Tax Identification Number (PTIN)
JERRY MARTINEZ	P01291879

Three out of four taxpayers now use IRS e-file. Go to *www.irs.gov/efile* for details on using IRS e-file. The benefits of electronic filing include the following:

- Faster refunds
- Secure transmissions
- Payment options
- More accurate returns
- Easier filing method
- Receipt acknowledgment

Check the applicable box to indicate the reason this return is not being filed electronically. Do not check more than one box.

1 [X] Taxpayer chose to file this return on paper.

2 [ ] The preparer received a waiver from the requirement to electronically file this return.

Waiver Reference Number _____ Approval Letter Date _____

3 [ ] The preparer is a member of a recognized religious group that is conscientiously opposed to filing electronically.

4 [ ] This return was rejected by IRS *e-file* and the reject condition could not be resolved.

Reject code: _____ Number of attempts to resolve reject: _____

5 [ ] The preparer's e-file software package does not support Form _____ or Schedule _____ attached to this return.

6 Check the box that applies and provide additional information if requested.

a [ ] The preparer is ineligible to file electronically because IRS *e-file* does not accept foreign preparers without social security numbers who live and work abroad.

b [ ] The preparer is ineligible to participate in IRS *e-file*.

c [ ] Other: Describe below the circumstances that prevented the preparer from filing this return electronically.

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2014 PIT-1 NEW MEXICO PERSONAL INCOME TAX

For the year January 1 - December 31, 2014
or fiscal year beginning F.1 _____ ending F.2 _____
If amending use Form 2014 PIT-X.

1833 02 2

1a Print your name (first, middle, last): AMJAD N NASSAR

2a Print your spouse's name (first, middle, last). If married filing separately, include spouse.

1b SOCIAL SECURITY NUMBER: [redacted]

1c Blind ☐ 1d Age 65 or over ☐ 1e Residency status: R

1f Taxpayer's date of birth: 03/03/1981

2b ☐ 2c ☐ 2d ☐ 2e ☐ 2f Spouse's date of birth

3a ☐ If the address is new or changed, mark this box.

3b Mailing Address: 3032 CLIFF PALACE

City, State, and ZIP Code: SANTA FE NM 875072509

4. If a deceased taxpayer's refund must be made payable to a person other than the taxpayer or spouse named on this return, enter below the name and social security number of that person. You must also attach Form RPD-41083.

If taxpayer or spouse died before filing this return, enter date of death.

4a Name

4b SSN

4c Taxpayer's date of death

4d Spouse's date of death

Residency status: For taxpayer and spouse (1e and 2e), enter:
R if RESIDENT
N if NON-RESIDENT
F if FIRST-YEAR RES.
P if PART-YEAR RES.

5. 01 ~~EXEMPTIONS. Number of Qualified Exemptions.~~ If you are a dependent of another taxpayer, enter 00.

6a ☐ EXTENSION OF TIME TO FILE
If you have a federal or state extension, mark the box and enter the extension date. 6b

FILING STATUS. Mark only one box.

☒ (1) Single
☐ (2) Married filing jointly
☐ (3) Married filing separately (Enter spouse's name and social security number in 2a and 2b.)
☐ (4) Head of household (Enter name of person qualifying you as head of household if that person is not counted as a qualified exemption on your federal return.) 4a
☐ (5) Qualifying widow(er) with dependent child

8. DEPENDENTS. As listed on your federal return.
(You must report the first 5 dependents in this table and additional dependents on Schedule PIT-DEP.)

Column 1 First name / Last name	Column 2 Dependent's SSN	Column 3 Date of birth (MM/DD/CCYY)

9. FEDERAL ADJUSTED GROSS INCOME. (from federal Form 1040, line 37; Form 1040A, line 22; or Form 1040EZ, line 4) — 9: 44,909

9a. If line 9 is negative, enter any federal net operating loss carried forward. — 9a

10. If you itemized your federal deduction amount, enter the amount of state and local tax deduction claimed on federal Form 1040, Schedule A, line 5. See the worksheet in the instructions. + 10: 1,836

11. Total Additions to federal adjusted gross income (PIT-ADJ, line 5). Attach PIT-ADJ. + 11:

12. Federal standard or itemized deduction amount from federal Form 1040, line 40; Form 1040A, line 24; or Form 1040EZ, line 5) - 12: 19,511

12a. If you itemized, mark the box. 12a ☒

13. Federal exemption amount (from federal Form 1040, line 42; Form 1040A, line 26; or if you filed Form 1040EZ, leave blank) - 13: 3,950

14. New Mexico low- and middle-income tax exemption. See PIT-1 instructions - 14:

15. Total Deductions and Exemptions from federal income (PIT-ADJ, line 22). Attach PIT-ADJ. - 15: 1,161

16. Medical care expense deduction. See PIT-1 instructions. - 16:
You must complete both lines 16 and 16a or the deduction will be denied.

16a. Unreimbursed and unreimbursable medical care expenses — 16a

17. NEW MEXICO TAXABLE INCOME. Add lines 9, 10 and 11, then subtract lines 12, 13, 14, 15 and 16. Cannot be less than zero. = 17: 22,123

18. New Mexico tax on amount on line 17 or from PIT-B, line 14 — 18: 806

18a. From Rate Table = R. From PIT-B, line 14 = B. 18a R

19. Additional amount for tax on lump-sum distributions. See PIT-1 instructions + 19:

20. Credit for taxes paid to another state. You must have been a New Mexico resident during all or part of the year. Include a copy of other state's return. See PIT-1 instructions - 20:

21. Business-related income tax credits applied, from Schedule PIT-CR, line A. Attach PIT-CR. - 21:

22. NET NEW MEXICO INCOME TAX. Add lines 18 and 19, then subtract lines 20 and 21. Cannot be less than zero. = 22: 806

Electronic filers: If you file your New Mexico Personal Income Tax return online and also pay tax due online, your due date is April 30, 2015. All others must file by April 15, 2015. See PIT-1 instructions for details.

Continue on the next page.

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2014 PIT-1 (page 2)
NEW MEXICO PERSONAL INCOME TAX RETURN

2

YOUR SOCIAL SECURITY NUMBER

Do not submit a photocopy of this form to the Department. Submit only original forms and keep a copy for your records.

If submitting this return by mail, send to:
New Mexico Taxation and Revenue Department
P.O. Box 25122
Santa Fe, New Mexico 87504-5122

23. The amount on line 22 from page 1		23	806
24. Total claimed on rebate and credit schedule (PIT-RC, line 25). Attach PIT-RC.	+	24	
25. Working families tax credit. (You must complete both lines 25 and 25a or the deduction will be denied.)	+	25	
25a. The amount of federal earned income credit (EIC) reported on your 2014 federal income tax return 25a			
26. Refundable business-related income tax credits from Schedule PIT-CR, line B. Attach PIT-CR	+	26	
27. New Mexico income tax withheld. Attach annual statements of income and withholding	+	27	1,836
28. New Mexico income tax withheld from oil and gas proceeds. Attach 1099-Misc or RPD-41285	+	28	
29. New Mexico income tax withheld from a pass-through entity. Attach 1099-Misc or RPD-41359	+	29	
30. 2014 estimated income tax payments. See PIT-1 instructions	+	30	
31. Other Payments	+	31	
32. TOTAL PAYMENTS AND CREDITS. Add lines 24 through 31	=	32	1,836
33. TAX DUE. If line 23 is greater than line 32, enter the difference here.		33	
34. Penalty on underpayment of estimated tax. If you want penalty computed for you, leave blank	+	34	
35. Special method allowed for calculation of underpayment of estimated tax penalty. If you owe penalty on underpayment of estimated tax and you qualify, enter 1, 2, 3, 4, or 5 in the box. Attach RPD-41272.		35	
36. Penalty. See PIT-1 instructions. If you want penalty computed for you, leave blank	+	36	
37. Interest. See PIT-1 instructions. If you want interest computed for you, leave blank	+	37	
38. TAX, PENALTY, AND INTEREST DUE. Add lines 33, 34, 36, and 37	=	38	
39. OVERPAYMENT. If line 23 is less than line 32, enter the difference here		39	1,030
40. Refund voluntary contributions (PIT-D, line 14). Attach PIT-D	-	40	
41. Amount from line 39 you want applied to your 2015 Estimated Tax	-	41	
42. AMOUNT TO BE REFUNDED TO YOU. Line 39 minus lines 40 and 41	=	42	1,030

!! REFUND EXPRESS !! HAVE YOU BEEN DIRECTLY DEPOSITED! SEE INSTRUCTIONS AND COMPLETE ALL QUESTIONS IN THIS BLOCK.

RE.1 Routing number:
RE.2 Account number:

RE.3 Type: Checking [X] Savings [ ] Mark X by your choice. Choose one.

REQUIRED: You must answer this question. WILL THIS REFUND GO TO OR THROUGH AN ACCOUNT LOCATED OUTSIDE THE UNITED STATES? If yes, you may not use this refund delivery option. See Instructions.

RE.4 YES [ ] NO [X]

I declare I have examined this return including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

Your signature	Date
Spouse's signature	Date

(If filing jointly, BOTH must sign even if only one had income.)

Taxpayer's phone number
Taxpayer's email address
NM Identity Protection PIN

Paid preparer's use only:

JERRY MARTINEZ — Signature of preparer — Date 04/01/2015

P.1 Firm's name (or yours, if self-employed): PROFESSIONAL BOOKKEEPING INC
P.2 NM CRS identification number: 02-442442-000
P.3 Preparer's PTIN: P01291879
P.4 FEIN: 85-0472685
P.5 Preparer's phone number: 505-983-4952
P.6 [X] Mark this box if Form RPD-41338 is on file for this taxpayer. See PIT-1 instructions.

CLIENT COPY

2014 PIT-ADJ

NEW MEXICO SCHEDULE OF ADDITIONS, DEDUCTIONS, AND EXEMPTIONS

2

We cannot accept statements instead of this schedule.

Print your name (first, middle, last)
AMJAD N NASSAR

YOUR SOCIAL SECURITY NUMBER

Taxpayers who are required to make certain additions or who are eligible to take certain deductions or exemptions from federal adjusted gross income to compute New Mexico taxable income must complete this schedule. Please refer to the instructions when completing this schedule.

NEW MEXICO ADDITIONS TO FEDERAL ADJUSTED GROSS INCOME

1.	Interest and dividends from federal tax-exempt bonds		1
2.	Federal net operating loss carryover. See PIT-ADJ instructions.	+	2
3.	Contributions refunded when closing a New Mexico-approved Section 529 college savings plan account and certain contributions rolled out of a New Mexico-approved Section 529 college savings plan account.	+	3
4.	Charitable deduction amount claimed on federal Form 1040, Schedule A, for a donation of land to private non-profit or public conservation agencies, for conservation purposes, from which you were allowed the New Mexico Land Conservation Tax Credit	+	4
5.	**TOTAL ADDITIONS.** Add lines 1 through 4. Also enter on Form PIT-1, line 11	=	5

NEW MEXICO DEDUCTIONS AND EXEMPTIONS FROM FEDERAL ADJUSTED GROSS INCOME

6.	New Mexico tax-exempt interest and dividends		6
7.	New Mexico net operating loss. See PIT-ADJ instructions. **Attach Form RPD-41089.**	+	7
8.	Interest received on U.S. Government obligations	+	8
9.	Taxable Railroad Retirement Act annuities and benefits, and taxable Railroad Unemployment Insurance Act sick pay. **Attach Forms RRB-1099 and RRB-1099-R.**	+	9
10.	Income of a member of a New Mexico federally-recognized Indian nation, tribe, or pueblo that was wholly earned on the lands of the reservation or pueblo of which the individual is an enrolled member while domiciled on that land, reservation, or pueblo	+	10
	10a. I am enrolled as a member of the _____ Indian nation, tribe, or pueblo.		
	10b. My spouse is enrolled as a member of the _____ Indian nation, tribe, or pueblo.		
11.	Income of persons age 100 years or older. If you or your spouse is age 100 or older, you **must** mark the boxes to claim your exemption. 11a. **100 or older** ☐ 11b. **Spouse 100 or older** ☐	+	11
12.	Exemption for persons age 65 or older, or blind	+	12
13.	Exemption for New Mexico medical care savings account. See PIT-ADJ instructions	+	13
14.	Deduction for contributions to a New Mexico-approved Section 529 college savings plan	+	14
15.	Net capital gains deduction. See PIT-ADJ instructions	+	15
16.	Armed Forces active duty pay. See PIT-ADJ instructions	+	16
17.	Medical care expense exemption for persons age 65 years or older	+	17
18.	Deduction for organ donation-related expenses	+	18
19.	New Mexico National Guard member life insurance reimbursements tax exemption	+	19
20.	Taxable refunds, credits, or offsets of state and local income taxes from federal Form 1040, line 10	+	20 1,161
21.	Non-resident U.S. Public Health Service members' active duty pay	+	21
22.	**TOTAL DEDUCTIONS AND EXEMPTIONS.** Add lines 6 through 21. Enter here and on Form PIT-1, line 15	=	22 1,161

Attach this Schedule PIT-ADJ to your Personal Income Tax Return, Form PIT-1.

CLIENT COPY

EMPLOYER'S QUARTERLY WAGE
AND CONTRIBUTION REPORT
ES903A

DO NOT WRITE IN THIS SPACE

DATE RECEIVED

SCHEDULE A NM DEPARTMENT OF WORKFORCE SOLUTIONS P O BOX 2281, ALBUQUERQUE, NM 87103-2281

RETURN THIS REPORT AND TAX DUE BY THE END OF THE MONTH FOLLOWING THE CLOSE OF THE CALENDAR QUARTER. IF NO WAGES, SHOW "NONE"

EMPLOYER'S NUMBER	TOTAL TAX RATE
	2.00%
QUARTER ENDING	DUE DATE
6/30/2013	7/31/2013
FEDERAL IRS NUMBER	FIELD CODE

CRS IDENTIFICATION NUMBER
03238667002

ANASAZI GALLERY INC
ANASAZI GALLERY INC
150 WASHINGTON AVE, SUITE 103
SANTA FE, NM 87505

1. TOTAL WAGES (TOTAL COLUMN 12)	$	13,500.00
2. DEDUCT EXCESS WAGES (TOTAL COLUMN 13)	$	0.00
3. TAXABLE WAGES (ITEM 1 LESS ITEM 2)	$	13,500.00
4. TOTAL TAX DUE (TAXABLE WAGES X TOTAL TAX RATE)	$	270.00
5. INTEREST DUE (1% PER MONTH AFTER DUE DATE)	$	0.00
6. LATE REPORT PENALTY (ADD $50.00)	$	0.00
7. LATE PAYMENT PENALTY (ADD 5% OF TAX DUE OR $25.00, WHICHEVER IS GREATER)	$	0.00
8. AMOUNT OF NMDWS REMITTANCE	$	270.00

UI Annual Taxable Wage Base 2013
(Each Employee) $22,900.00

FOR EACH MONTH OF THE QUARTER, REPORT IN THE BOXES BELOW THE NUMBER OF COVERED WORKERS WHO WORKED DURING OR RECEIVED PAY FOR THE PAYROLL PERIOD WHICH INCLUDED THE 12TH OF THE MONTH.

9. 1ST MTH.	2ND MTH.	3RD MTH.
1	1	1

PAGE 1 OF 1

IF ADDITIONAL SPACE IS NEEDED FOR SCHEDULE B, ATTACH THE SUPPLEMENTAL PAGE AND COMPLETE THE PAGE NUMBER INFORMATION ON EACH PAGE.

SCHEDULE B

10. EMPLOYEE SOCIAL SECURITY NUMBER	11. NAME OF EMPLOYEE	12. GROSS WAGES FOR THIS QUARTER	13. THIS QUARTER'S EXCESS WAGES	14. STATE INCOME TAX WITHHELD*	15. MC FED.
	NASSAR, AMJAD N	13,500.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
Enter total of columns 12, 13, 14 and 15 this page.		13,500.00	0.00	* 0.00	* 0.00
Enter total of columns 12, 13, 14 and 15 from this page and all supplemental pages attached to this quarter's report.		13,500.00	0.00	* 0.00	* 0.00

INCOMPLETE AND/OR UNSIGNED REPORTS ARE SUBJECT TO BEING RETURNED AND LATE REPORT PENALTIES BEING ASSESSED.

I certify that this report is true and correct according to law and department regulations, and that no part of the contribution was deducted from any employee's wages.

DATE 10/22/2013 SIGNED _____ TITLE MANAGER

REV. 01/09

THIS FORM CAN BE FILED ON-LINE @
https://efile.state.nm.us/

001-0949

Electronic Filing Copy

Copy C For EMPLOYEE'S RECORDS
(See Notice to Employee on back of Copy B.)

OMB No. 1545-0008

a Employee's SSN	1 Wages, tips, other comp. 40500.00	2 Fed. income tax withheld 4914.00
b Employer ID number (EIN)	3 Social security wages 40500.00	4 Soc. sec. tax withheld 2511.00
	5 Medicare wages and tips 40500.00	6 Medicare tax withheld 587.25

c Employer's name, address, and ZIP code
ANASAZI GALLERY, INC.
ANASAZI GALLERY, INC.
150 WASHINGTON AVE., SUITE 103
SANTA FE, NM 87505

d Control number

e Employee's name, address, and ZIP code
AMJAD N NASSAR
3032 CLIFF PALACE
SANTA FE, NM 87505

7 Social security tips	8 Allocated tips	9
10 Dependent care benefits	11 Nonqualified plans	12a Code See instr. for box 12
13 Statutory employee	14 Other	12b Code
Retirement plan		12c Code
Third-party sick pay		12d Code
15 State Employer's state ID #	16 State wages, tips, etc. 40500.00	17 State income tax 1836.00
18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form W-2 Wage and Tax Statement 2014 Dept. of the Treasury -- IRS
This information is being furnished to the Internal Revenue Service.

Daniel Coriz - Santo Domingo
Joseph Fragua - Jemez
Diane Lucero - Jemez
Clayton Lucero - Jemez
Melissa Antonio - Acoma
Tim Washburn - Navajo
Marc Rattia - Apache
Sammy Nyason - Navajo
Emma Yepa - Jemez
Wilford Begay - Navajo
Robert Garcia - Santo Domingo
Normand Redstar - Sioux
Milton Howard - Hopi
Felicia Curley - Jemez
Sammy & Esther Gaudian - Zuni
Daulena Armstrong - Navajo
Ron Goodluck - Navajo
Reynold Begay - Navajo
Wilma Tosa - Jemez
Pete Halloo - Zuni
Marvin Straightarrow - Apache
Lucy McNeley - Navajo
Eddie Tsosie - Navajo

EXHIBIT
Blumberg No. 5208
5

Exhibit "6"

Exhibit "7"

REPORTER
2012

City of Santa Fe, New Mexico

memo

TO: COUNCILOR DOMINGUEZ, CHAIRPERSON
FROM: ZACK SHANDLER, ASSISTANT CITY ATTORNEY 38
SUBJECT: BUSINESS LICENSE ADMINISTRATIVE HEARING
DATE: 4/14/15

BACKGROUND
City Code Section 18-1.7 requires the Finance Committee to hold a hearing when City staff has requested to revoke a business license. City staff is requesting an agenda item: "Action Item: Administrative Hearing on Anasazi Gallery Trading Inc., License No. 15 00129176."

HISTORY
The Notice of Violation Letter to Mr. Amjad Nassar (with attachments) provides the explanation of the alleged violation of the business licensing ordinance. These documents will be presented as exhibits at the hearing.

SUMMARY OF PROCESS

1. City staff (City Attorney's Office) will present testimony and exhibits.
2. Mr. Nassar can cross examine any city witnesses.
3. Mr. Nassar can present his own testimony and exhibits about the allegations.
4. City staff can cross examine Mr. Nassar's witnesses.
5. Committee members can ask questions of the witnesses.
6. Committee members can deliberate and recommend to the full Council whether Mr. Nassar *has shown cause* why his license *should not* be revoked.

CODE CITATIONS
City Code Section 18-1.8(C) states: "An appearance may be made by counsel and the person charged with violating this section may present evidence and call witnesses to show cause why his license should not be revoked."

City Code Section 18-1.8(A) states: "If, at the hearing before the finance committee, the person fails to show cause why the business license fee should not be revoked, the finance committee shall issue a cease and desist order ordering closing the business."

City Code Section 18-1.6(B) states: "When a person is guilty of violating a regulation relating to the granting of a license, or in the judgment of the governing body the public welfare requires a license be revoked, the governing body may revoke the license."

Exhibit "8"

City of Santa Fe, New Mexico

200 Lincoln Avenue, P.O. Box 909, Santa Fe, N.M. 87504-0909
www.santafenm.gov

Javier M. Gonzales, Mayor

Councilors:
Peter N. Ives, Mayor Pro Tem, Dist. 2
Patti J. Bushee, Dist. 1
Signe I. Lindell, Dist. 1
Joseph M. Maestas, Dist. 2
Carmichael A. Dominguez, Dist. 3
Christopher M. Rivera, Dist. 3
Ronald S. Trujillo, Dist. 4
Bill Dimas, Dist. 4

NOTICE
REVOCATION OF BUSINESS LICENSE

March 23, 2015

Amjad Nassar
Anasazi Gallery Trading Inc.
150 Washington Avenue #103
Santa Fe, NM 87501

Via Certified Mail
Article No. 7013 0600 0000 5925 2822
& First Class Mail

Re: Business Licensure Violation: License No. 15 00129176

Dear Mr. Nassar:

Based upon our review of a KRQE-13 news report regarding your business, and upon an examination of the City's business licensing code and your submitted licensure documents, the current business license for "Anasazi Gallery Trading Inc." for License No. 15 00129176 was obtained through misrepresentation of material facts.

The violations are listed below:

VIOLATION(S)
The current use of the above activity is in violation of the following sections of the City of Santa Fe Municipal Code:

SFCC 18-1.6B — Misrepresentation in violation of the public interest on your December 1, 2014 business license application when you checked the box "New" business at 150 Washington Avenue #103, which was contrary your October 1, 2014 signature on an Amendment No. 2 to Lease where you

were listed as the current "tenant" on the property at 150 Washington Avenue #103.

You will have the opportunity to have a hearing on these allegations at the:

City Finance Committee Meeting
Monday, May 4, 2015
5:00 pm
City Council Chambers
200 Lincoln Avenue

Pursuant to City Code SFCC 1987, § 18-1.8, you may appear (or may retain legal counsel) at the hearing and may present evidence and call witnesses to show cause why your license should not be revoked. The City Attorney's Office will also be able to present evidence and call witnesses.

The City Attorney's Office's case can be summarized as follows: (1) You signed a document stating you were the tenant at 150 Washington Avenue #103 on October 1, 2014, which extended the terms of your 2012 lease there (see attached Exhibit #1); (2) yet, at the same time a business at 150 Washington Avenue #103 was having a store closing/distress merchandise sale (see attached Exhibits #2, 3); (3) on December 1, 2014, you signed documents stating that you were starting a "new" business at 150 Washington Avenue #103 (see attached Exhibit #4, 5)

The Finance Committee has the power to issue a cease and desist order revoking your business license if you fail to prove why your license should not be revoked (or fail to attend the hearing).

Please note, if you are aggrieved by the Finance Committee's decision, you may submit a written petition to the City Council for an appeal. The written petition for an appeal must be filed with the City Clerk's Office within thirty (30) days of the date of the Finance Committee's action and must specify the grounds for your appeal (i.e. where the Finance Committee erred in its decision).

Please contact the City Attorney's Office (955-6303) with any questions on this matter.

Sincerely,

Oscar Rodriquez
Finance Director

enclosure

AMENDMENT NO. 2

This Amendment No. 2 (this "**Amendment**") is executed effective as of September 29, 2014, between **CROW-HOBBS NO. 1**, a Texas general partnership ("**Landlord**"), and **AMJAD NASSAR**, an individual ("**Tenant**"), for the purpose of amending the Lease Agreement between Landlord and Tenant dated January 31, 2012 (the "**Original Lease**"). The Original Lease, as amended by Amendment No. 1 dated March 29, 2013, is referred to herein as the "**Lease**". Capitalized terms used herein but not defined shall be given the meanings assigned to them in the Original Lease.

RECITALS:

Pursuant to the terms of the Lease, Tenant is currently leasing Suite 103, consisting of 1,454 rentable square feet of space, in the Building located at 150 Washington Avenue, Santa Fe, New Mexico 87501 and commonly known as 150 Washington Avenue. Tenant desires to extend the Term for a period of 39 months, and Landlord has agreed to such extension on the terms and conditions contained herein.

AGREEMENTS:

For valuable consideration, whose receipt and sufficiency are acknowledged, Landlord and Tenant agree as follows:

1. **Extension of Term**. The Term is hereby extended such that it expires at 5:00 p.m., Santa Fe, New Mexico time, on December 31, 2017, rather than September 30, 2014, on the terms and conditions of the Lease, as modified hereby. Tenant shall have no further rights to extend or renew the Term.

2. **Basic Rent**. Beginning October 1, 2014, the monthly Basic Rent shall be the following amounts for the following periods of time:

[illegible]	[illegible]

3. **Expense Stop**. Beginning as of October 1, 2014, the Expense Stop shall be the per-rentable-square-foot Operating Costs for 2014.

PLAINTIFF'S EXHIBIT

City of Santa Fe

Distress Merchandise Sale Application

1. What is the name and address of the Owner of the goods, wares or merchandise to be sold?
ANASAZI GALLERY INC SANTA FE NM 87501
150 WASHINGTON AVE
SUITE #103

2. What is the description of the place where such sale is to be held?

3. What is the nature of occupancy of the place where such sale is to be held? Lease ☑ Own ☐ Other ☐
What is the effective date of the termination of the occupancy of the premises? OCT 31, 2014

4. What are the commencement and termination dates of the distress merchandise sale?
Commencement: _____ Termination: OCT 31, 2014

5. Is there a defunct business involved? Yes☐ No☑
If yes, what is the name and address of the business and the owner or former owner?

6. Have you attached a complete and detailed inventory of all the goods, wares or merchandise including goods received on consignment to be offered at the distress merchandise sale, the terms and conditions of the acquisition of the property, the amount and description of the goods, wares or merchandise to be sold and the location of the goods, wares or merchandise at the time of filing the application.? Yes☑ No☐

7. Have you, in contemplation of the distress merchandise sale, ordered, purchased or received on consignment any goods, wares or merchandise for the purpose of selling them at the sale within ninety (90) days prior to the filing of the application? Yes☑ No☐

8. Do you understand that no goods can be added to the inventory after the application is made or during the sale? Yes☑ No☐

9. Has the applicant or any of its principal officers or agents been convicted of a violation of the Distress Sales Act [51-10-1 to 57-10-12 NMSA 1987] or the City of Santa Fe's Distress Merchandise Sale Ordinance (§ 18-5.1 SFCC 1987) or had a license issued under the Act or the City of Santa Fe's Distress Merchandise Sale Ordinance revoked within five (5) years of the filing of this application? Yes☐ No☑

10. Please attach a full and complete statement of the facts regarding the reasons why the distress merchandise sale is being conducted, the manner in which the sale is to be conducted, the means to be employed in advertising the sale, together with the content of any proposed advertisement or advertising themes, or copies thereof.

I certify that the information contained in this application is correct and complete to the best of my knowledge and belief. I understand that knowingly making a false statement or omission is this application may be sufficient cause for rejection of this application. I hereby authorize the City of Santa Fe to investigate the information contained herein. I understand that the filing of the application and the issuance of the license shall **NOT** be confidential after public notice of the proposed sale has been given by the applicant.

Signature of Applicant

06-30-14
Date

PLAINTIFF'S EXHIBIT

ANASAZI GALLERY INC

150 WASHINGTON AVE

SANTA FE NM 87501

(505) 955-1761

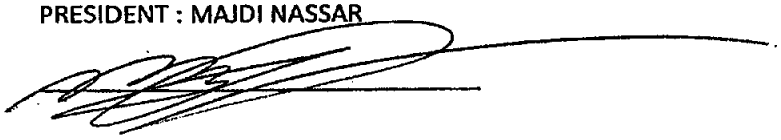
09-24-2014

TO WHOM IT MAY CONCERN:

THE ANASAZI GALLERY INC WOULD LIKE TO REQUEST A ONE MONTH EXTENTION ON THE STORE CLOSING SALE, TO MOVE MORE INVENTORY.

KIND REGARDS,

PRESIDENT : MAJDI NASSAR



4. **Trade Name**. Landlord hereby consents to Tenant using the Trade Name of "Anasazi Trading Co." in connection with the business operations in the Premises.

5. **Condition of Premises**. Tenant hereby accepts the Premises in their "**AS-IS**" condition, and Landlord shall have no obligation for any construction or finish-out allowance or providing to Tenant any other tenant inducement.

6. **Limitation of Liability**. In addition to any other limitations of Landlord's liability as contained in the Lease, as amended to date, the liability of Landlord (and its partners, shareholders or members) to Tenant (or any person or entity claiming by, through or under Tenant) for any default by Landlord under the terms of the Lease or any matter relating to or arising out of the occupancy or use of the Premises and/or other areas of the Building shall be limited to Tenant's actual direct, but not consequential, damages therefor and shall be recoverable only from the interest of Landlord in the Building, and Landlord (and its partners, shareholders or members) shall not be personally liable for any deficiency.

7. **Brokerage**. Landlord and Tenant each warrant to the other that it has not dealt with any broker or agent in connection with the negotiation or execution of this Amendment other than CBRE, Inc., whose commission shall be paid by Landlord pursuant to a separate written agreement. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through, or under the indemnifying party.

8. **No Invasive Testing**. Tenant shall not undertake, nor shall Tenant permit any Tenant Party to undertake, any invasive investigation, drilling or sampling of the soil or groundwater at the Premises or the Building without the prior written consent of Landlord, which consent shall be in Landlord's sole discretion.

9. **Prohibited Persons and Transactions**. Tenant represents and warrants to Landlord that Tenant is currently in compliance with and shall at all times during the Term (including any extension thereof) remain in compliance with the regulations of the Office of Foreign Assets Control ("**OFAC**") of the Department of the Treasury (including those named on OFAC's Specially Designated Nationals and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

10. **Ratification**. Tenant hereby ratifies and confirms its obligations under the Lease, and represents and warrants to Landlord that it has no defenses thereto. Additionally, Tenant further confirms and ratifies that, as of the date hereof, (a)the Lease is and remains in good standing and in full force and effect, (b)Tenant has no claims, counterclaims, set-offs or defenses against Landlord arising out of the Lease or in any way relating thereto or arising out of any other transaction between Landlord and Tenant, and (c)except as expressly provided for in this Amendment, all tenant finish-work allowances provided to Tenant under the Lease or otherwise, if any, have been paid in full by Landlord to Tenant, and Landlord has no further obligations with respect thereto.

11. **Binding Effect; Governing Law**. Except as modified hereby, the Lease shall remain in full effect and this Amendment shall be binding upon Landlord and Tenant and their respective successors and assigns. If any inconsistency exists or arises between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall prevail. This Amendment shall be governed by the laws of the State in which the Premises are located.

12. **Counterparts**. This Amendment may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.

Executed as of the date first written above.

LANDLORD:

CROW-HOBBS NO. 1, a Texas general partnership
By: Crow Family 1991 Limited Partnership, a Texas limited partnership, its general partner
By: CF91 Manager, Inc., a Texas corporation, its general partner

By: _____
Charles L. Frazier, Vice President

TENANT:

_____
AMJAD NASSAR

City of Santa Fe

P.O. Box 909, 200 Lincoln Ave., Santa Fe, NM 87504-0909
Phone: 505.955.6551 Fax: 505.955.6401
bizlicense@santafenm.gov or www.santafenm.gov

Business Name DBA: ANASAZI GALLERY [redacted]. TRADING INC.

Corporate Name: ANASAZI GALLERY TRADING INC.

Service Address: 150 Washington AVE #103 SANTA FE NM 87501

Mailing Address: SAME

Business Phone: 505-955-1761 **Emergency Phone:** 505-720-1341

Email Address: anasazigallery@yahoo.com

Is the Structure? ☐ New ☑ Existing ☐ Interior Remodel

Is the Business? ☑ New ☐ Change of Location ☐ Home Based ☐ Non-Profit

(If Non-Profit, Please submit Articles of Incorporation)

Gross Sq. Ft. 1678 **Anticipated Opening Date:** Dec. 1, 2014 **Number of Employees:** 1

Type of Business (NAICS Code - See Next Page for List):

Contractor: __ Yes __ No **Lic.#:** _____ **Exp. Date:** _____

(If yes, a copy of your NM Construction Industries card with expiration date).

Hazardous Materials: __ Yes ✓ No **If yes, specify class (See Next Page for List)** _____

Will food be prepared/served: __ Yes ✓ No **If yes, a copy of your NM food certificate is required.**

Previously Licensed? Yes ✓ No **If yes, what is your Control Number:** _____

List Owners, Partners or Corporate Officers:

Name and Title	Home Address/City/State/Zip Code	DL or ID No:
AMJAD HASSAN / PRESIDENT	3032 Cliff Palace Santa Fe NM 87501	DL# 119605060

Type of Ownership: ☑ Corporation ☐ Gen. Partnership ☐ Ltd. Patnership ☐ Sole Proprietor ☐ LLC ☐ Non Profit

A separate business registration/license application form should be completed for each business location. A business registration is required under City of Santa Fe ordinance 1993-19 and N.M. statutes section3-38-2, NMSA 1978. New Businesses must submit payment prior to engaging in business. The business registration/license fee cannot be prorated

REGISTRATION/LICENSE CANNOT BE ISSUED WITH OUT A CRS NUMBER

Contact Person: AMJAD HASSAN Title: PRESIDENT

Phone: 505-955-1761 Email: anasazigallery@yahoo.com

CRS#: 03-307017-00-2 ~~Federal EIN~~ ID#: 47-2353861

Signature: _____ Date: 12/1/14

By signing this application I attest and affirm that I have compiled with the City of Santa Fe's Smoke Free Ordinance (Section 10-6 SFCC 1987 by adopting a written smoking policy. I also understand that my signature indicates that all of the information contained in this application is true and correct to the best of my knowledge.

FOR OFFICE USE ONLY

County _____ City _____
Control# 65750 Amount _____
Receipt# _____ Class Code _____
License# _____ Date: _____

PLAINTIFF'S EXHIBIT

Undercover Investigation: Lies, local sales and city incompetence

By Larry Barker Published: February 10, 2015, 10:00 pm Updated: February 18, 2015, 10:56 am

SANTA FE (KRQE) - It's a tale of lies, deception and government incompetence. And it has been going on for years in Santa Fe's historic district.

Special sales offering bogus discounts are illegal. However, some merchants resort to this deceptive business tactic anyway.

"They are working on the customer's sense of greed. Oh boy, I'm getting a great bargain here." John Dressman, with the Santa Fe Downtown Merchants Association said.

If a business is caught having a phony sale, they risk stiff fines and up to 90 days in jail. Santa Fe regulates price reduction sales, but when it comes to enforcing the law, the city is all bark and no bite.

"When there has been a complaint about a sale that has been illegal under the city laws we've seen no action," Dressman said. "There's been a number of complaints about signage that we've taken to the land use directors and for the most part, those have been ignored."

Despite flagrant violations over the last several years, Santa Fe inspectors failed to issue a single citation or assess a dollar in fines.

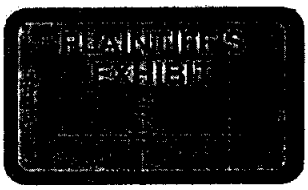
In 2012, the Anasazi Gallery, a high-end Native American art gallery just off Santa Fe's historic plaza, advertised a 40 to 70 percent off sale. However, city inspectors claimed the signs were not readable from the street and took no action.

In 2013 Anasazi advertised another big sale. Even though the signs were in violation, inspectors did not issue a citation.

In 2014, after Anasazi held a 50 percent off sale, the city slapped the gallery with a violation notice. However, instead of filing the citation, the city inspector stuck the complaint in a file and forgot about it. The document didn't surface until 9 months later during the News 13 investigation.

Last summer, Anasazi owner Amjad Nassar decided to call it quits and close his Santa Fe gallery.

- 13 Investigates: Interactive Timeline »



A News 13 undercover camera documented gallery owner Nassar talking to prospective customers in August, "The markets are just about to crash...When it crashes all these expensive stores that are paying $30,000, $40,000 a month they'll close and then it will take a few years and then it might come back. At that point I might open a new store."

He said he was considering locations in Utah, Aspen and Colorado.

"There's a lot of money in those places and people are spending it," Nassar said. "They want nice stuff. The areas I'm looking at are very chic...Only rich people."

In July, Anasazi obtained a permit to hold a "Going Out of Business" sale. The sale was advertised as 50 to70 percent off, claiming that everything must go.

"Now I'm doing real well with the store closing because everyone wants a great deal," Nassar said in August. "I want to sell everything I can. It's a 90 day sale. We started about three weeks ago."

In November, the gallery closed its doors for the last time. However, it was not the end of the story.

A month after the Anasazi Gallery went out of business, Anasazi Gallery Trading opened in its place. The new business welcomed customers with a "Grand Opening Sale." The merchandise however, looked familiar.

KRQE News 13 documented dozens of pricey native arts from the old store that were on sale in the new one.

The business license for the old gallery lists Nassar as owner. His name also appears on the new business license.

Is it a coincidence?

KRQE News 13 went to the gallery in December and was greeted by a man who identified himself as "Joey." When Joey was asked if he had a going out of business sale last year, he said it wasn't him and that it was the old owners.

"That company is gone," he said. "It's been gone since November 3rd."

According to Joey, Anasazi Gallery Trading is a new business that he bought from the old owners.

"I took over," he said. "I bought their showcases...They took all their inventory and left and I bought their customer list."

He added that the entire inventory was "brand new" and not a single piece came from the previous business.

But if Joey is the new owner, what happened to Amjad Nassar?

"Amjad is the original owner of this place," Joey said. "He is not here right now in Santa Fe. I don't know where he is I'll be honest with you. I think Vegas I'm not sure."

However armed with a photo of Amjad Nassar, KRQE News 13 noted a striking resemblance to the man who called himself Joey. Once confronted with the image, Joey confessed.

"Let me be honest with you…I did lie to you. I'm Amjad Nassar," Joey AKA Amjad said.

He said he lied because the city has been after him. But his identity is not the only thing Nassar lied about. He now admits fudging the truth about his merchandise. He now says some of it is from the old business.

Nassar also admitted extending his lease on the store for another three years, weeks before his Going Out of Business sale ended last year.

"There's nothing wrong with what I did. I'll be honest with you…Do you think I'm doing something wrong?" Nassar said.

Besides running a phony sale, Nassar has repeatedly violated city ordinances.

Lisa Martinez, Santa Fe's Land Use Director, said the situation has been eye opening.

"[The public] should care because you don't want fraudulent businesses opening up, having phony merchandise sales just to lure people in." Martinez said.

Although Santa Fe investigators were aware of the violations and the red flags indicating phony sales practices, no one documented the activity.

"I have not found any inspection," Martinez said. "It doesn't look good."

Nassar says he does not need this kind of bad publicity.

"I wasn't honest with you at the beginning and I do apologize," Nassar said. "I shouldn't have done that, but I'll be honest sir I just feel like it's nobody's business."

Martinez is concerned that the city does not have the appropriate records to document what happened.

"We have a business owner that I don't think has been honest with anyone," Martinez said. "From this point on my message is that we are going to be enforcing the ordinance. We will be inspecting, we will be issuing notices of violations and should fines be necessary those will be imposed as well."

Santa Fe's Land Use Division has launched a full investigation into Amjad Nassar's business practices. In addition, Mayor Javier Gonzales has introduced an amendment to Santa Fe's Ordinance regulating sales that would allow the city more power to regulate and enforce violations.

Dept	Div.	Fund	Bus. Unit	Department
				AVERAGE CITY WIDE VACANCY PERCENTAGE
				TOTAL OTHER FUNDS
				TOTAL GENERAL FUND
COM	LIB	1001	12102	TOTAL MAIN LIBRARY
COM	LIB	1001	12103	TOTAL LA FARGE LIBRARY
COM	YFD	1001	12124	TOTAL MONICA ROYBAL CENTER
COM	SSD		22584	TOTAL SENIOR SERVICES DIVISION
COM	YFS		22710	TOTAL YOUTH AND FAMILY SVCS
COM Total				
CVB	CIV	5100	52102	TOTAL CONVENTION CENTER
CVB	CVB	2115	22108	TOTAL CONVENTION & VISITOR'S BUREAU ADMINISTRATION
CVB Total				
FN	ACC		12022	TOTAL ACCOUNTING
FN	PR		52324	TOTAL WATER DIV FLEET
FN	FLT	1001	12024	TOTAL FLEET MAINTENANCE
FN	FM	1001	12017	TOTAL COMPTROLLER
FN	FM	5205	52206	TOTAL ACCOUNTING/CASHIERS
FN Total				
FIR	FSD	1001	12089	TOTAL EMERGENCY SERVICES DIVISION
FIR Total				
GEN	ATT	1001	12005	TOTAL CITY ATTORNEYS
GEN	CLK	1001	12006	TOTAL CITY CLERK ADMINISTRATION
GEN Total				
GG	CCL		12010	TOTAL CITY CLERK
GG	CM		22790	TOTAL CITY MANAGER'S OFFICE
GG Total				
GEN	MUN	1001	12002	TOTAL MUNICIPAL COURTS
GEN Total				
HC	ED		12176	TOTAL ECONOMIC DEVELOPMENT
HC Total				
HR	HR		12025	TOTAL Human Resources
HR Total				
ITT	ITT	1001	12028	TOTAL ITT DEPARTMENT
ITT	ITT		12029	TOTAL Information Technology & Tel
ITT Total				
LUD	BIE	1001	12073	TOTAL BIE ADMININSTRATION
LUD	BPD	1001	12079	TOTAL BUILDING PERMITS DIVISION
LUD	EDR	1001	12179	TOTAL ENGINEERING DEVELOPMENT REVIEW
LUD	PDR		12107	TOTAL PERMIT & DEVELOPMENT REVIEW
LUD Total				
POL	OPS	1001	12059	TOTAL PATROL
POL	OPS	1001	12062	TOTAL INVESTIGATIONS
POL	PSS	1001	12187	ADMINISTRATION SUPPORT
POL	PSS	1001	12188	PATROL SUPPORT
POL Total				
PD	PDA		12057	TOTAL POLICE ADMIN
PD	PTL		22210	TOTAL POLICE PATROL
PD	PTL		52859	TOTAL POLICE PATROL
PD Total				
PR	PRK		12108	TOTAL Parks & Recreation Department

Exhibit "D"

PR	PRK		12177	TOTAL Parks & Recreation Department
PR	PRK		52858	TOTAL Parks & Recreation Department
PR	PRK	1001	12110	TOTAL PARKS DIVISION
PR	PRK	1001	12112	TOTAL PARKS DISTRICTS
PR	PRK	5600	52600	TOTAL MUNICIPAL RECREATION COMPLEX
PR	REC	1001	12120	TOTAL SALVADOR PEREZ POOL
PR	REC	1001	12121	TOTAL FORT MARCY POOL
PR	REC	1001	12123	TOTAL BICENTENNIAL POOL
PR	REC	1001	12135	TOTAL SPORTS SECTION
PR	REC	5700	52701	TOTAL GENOVEVA CHAVEZ COMMUNITY CENTER ADMINISTRATION
PR	REC	5700	52702	TOTAL GCCC FACILITY OPERATIONS
PR	REC	5700	52703	TOTAL GCCC CENTER OPERATIONS
PR	REC	5700	52704	TOTAL GCCC NATATORIUM OPERATIONS
PR	REC	5700	52705	TOTAL GCCC ICE ARENA OPERATIONS
PR Total				
PU	BDD	7410	72410	TOTAL BDD
PU	SWD	5250	52251	TOTAL ADMINISTRATION
PU	SWD	5250	52255	TOTAL SW RESIDENTIAL COLLECTION - CURBSIDE
PU	SWD	5250	52265	TOTAL RECYCLING COLLECTIONS
PU	UCS	5205	52201	UTILITY BILLING DIVISION
PU	UCS	5200	52202	TOTAL CUSTOMER SERVICE
PU	UCS	5205	52205	TOTAL BILLING UNIT
PU	UCS	5205	52209	TOTAL METER READING
PU	UCS	5205	52210	TOTAL COMPUTER SYSTEMS
PU	WTR	5300	52300	TOTAL WATER DIVISION OPERATING
PU	WTR	5300	52345	TOTAL WATER DIVISION OUTREACH & CONSERVATION PROGRAM
PU	WTR	5300	52361	TOTAL WATER DIVISION SOURCE OF SUPPLY
PU	WTR	5300	52363	TOTAL WATER DIVISION TRANSMISSION AND DISTRIBUTION
PU	WTR	5300	52364	TOTAL WATER DIVISION ENGINEERING
PU	WWD	5450	52452	TOTAL WW TREATMENT
PU	WWD	5450	52455	TOTAL WW COLLECTIONS
PU	WWD	5450	52458	TOTAL WW INDUSTRIAL PRETREATMENT
PU	SWM		52254	TOTAL SOLID WASTE MGMT.
PU	WWM		52460	TOTAL WASTE WATER MGMT.
PU	BDD		7280000	TOTAL BUCKMAN DIVERSION DIRECTIVE
PU Total				
PW	TRF	1001	12053	TOTAL SIGNAL SHOP
PW	FAC		12034	TOTAL FACILITIES MAINTENANCE
PW	FAC		12036	TOTAL FACILITIES MAINTENANCE
PW	ENG		12045	TOTAL ENGINEER PRJ. MGMT.
PW	PRK		22402	TOTAL Parks & Recreation Department
PW	PRK		22813	TOTAL Parks & Recreation Department
PW	FAC		32108	TOTAL FACILITIES MAINTENANCE
PW	ENG		32109	TOTAL ENGINEER PRJ. MGMT.
PW	ENG		32131	TOTAL ENGINEER PRJ. MGMT.
PW Total				
TPD	AIR	5800	52800	TOTAL AIRPORT
TPD	PKG	5150	52152	TOTAL PARKING ACCOUNTING
TPD	PKG	5150	52153	TOTAL PARKING ENFORCEMENT
TPD	PKG	5150	52155	TOTAL OFF STREET PARKING
TPD	PKG	5150	52156	TOTAL PARKING MAINTENANCE
TPD	TAD	5400	52402	TOTAL TRANSIT OPERATIONS
TPD	TAD	5400	52403	TOTAL TRANSIT MAINTENANCE
TPD	PKG		52154	TOTAL PARKING

TPD	TRN		52410	TOTAL TRANSIT DIV.
TPD	TAD	5421	52421	TOTAL SANTA FE RIDE
TPD Total				
Grand Total				

VAC RATE	VACANCY CREDIT BUDGETED	No. of Vacant Positions	Vacant Positions >24Mo	COST OF VACANT POS >24Mo
4%	**(3,431,814.00)**	**159**	**21**	**$ 1,549,459.69**
5%	**(1,746,704.58)**			**$ 1,499,494.69**
3%	**(1,685,109.84)**			**$ 49,965.00**
2.0%	(19,104.54)	2		
2.0%	(10,759.86)			
1.5%	(6,427.67)	1		
0.0%		1		
0.0%		7		
	(36,292.07)	11	0	$
3.0%	(18,994.37)			
3.0%	(40,370.32)			
		0	0	$
0.0%		1		
0.0%		1		
2.0%	(11,139.18)	1		
2.0%	(33,025.30)			
3.0%	(12,337.66)			
	(56,502.15)	3	0	$
2.0%	(236,109.22)			
	(236,109.22)	0	0	$
2.0%	(20,109.17)			
2.0%	(9,662.17)	1		
	(29,771.34)		0	$
0.0%		1		
0.0%		1		
		2	0	$
2.0%	(25,147.95)	2		
	(25,147.95)	2	0	$
0.0%		1		
		1	0	$
0.0%		0		
		0	0	$
6.0%	(142,707.91)			
0.0%		2		
	(142,707.91)	2	0	$
2.0%	(27,752.07)			
2.0%	(14,083.72)	2		
10.0%	(49,722.02)	2		
0.0%		1		
	(91,557.82)	5	0	$
8.0%	(771,113.37)	7		
4.0%	(108,883.00)	2		
3.0%	(64,200.01)	1		
2.5%	(20,986.59)	1		
	(965,182.97)	11	0	$
0.0%		1		
0.0%		2		
0.0%		2		
		5	0	$
0.0%		1		

0.0%		1		
0.0%		1		
1.5%	(9,920.80)	1		
4.0%	(73,506.96)	10	1	49,965.00
4.0%	(20,141.10)	3	1	64,537.00
1.5%	(6,443.90)	3		
1.5%	(8,012.14)	1		
1.5%	(1,130.48)	12		
1.5%	(3,491.91)	1		
5.0%	(37,734.78)	1	1	72,842.18
5.0%	(11,586.54)	1		
6.0%	(41,740.60)	1	1	82,703.42
6.0%	(43,501.31)	3		
5.0%	(17,875.58)			
	$ (275,086.09)	40	4	$ 270,047.60
6.0%	(190,145.63)			
4.0%	(40,301.55)	1		
5.0%	(48,738.43)	2		
5.0%	(39,050.66)	3		
3.0%	(10,237.34)	2	2	157,772.10
3.0%	(16,858.69)			
3.0%	(11,563.13)			
3.0%	(19,073.42)			
3.0%	(8,581.90)	1		
5.0%	(22,626.54)	1		
6.0%	(57,452.25)	3		
6.0%	(115,812.70)	5	2	175,246.02
6.0%	(118,968.31)	5	2	145,699.51
6.0%	(67,571.00)	1	1	56,525.00
7.0%	(138,340.68)	4	2	179,468.29
6.0%	(92,525.72)	10	3	238,070.49
6.0%	(18,620.75)	2	1	76,807.63
0.0%		2		
0.0%		1	1	61,848.02
0.0%		4		
	$ (1,016,468.07)	47	10	$ 1,091,497.16
2.0%	(11,669.89)	1		
0.0%		1		
0.0%		2		
0.0%		1		
0.0%		1	1	48,999.40
0.0%		7		
0.0%		1		
0.0%		1		
0.0%		1		
	$ (11,669.89)	16	1	$ 48,999.40
4.0%	(17,799.27)	2		
3.0%	(11,466.36)			
3.0%	(14,445.43)	1		
4.0%	(39,976.48)			
4.0%	(14,127.75)			
8.0%	(272,085.29)	4	1	97,605.04
6.0%	(50,630.85)	1		
0.0%		1	1	41,370.59

0.0%		1		
6.0%	(65,422.19)	3		
	(485,953.63)	413	32	$ 138,975.63
	(3,431,814.42)	159	21	$ 1,549,459.69

CITY OF SANTA FE - FY 2015/2016
VARIANCE JUSTIFICATION

DEPARTMENT	TOTAL BUDGET FY 15/16	Union Code	No. by Union	Class	No. by Class		TOTAL BUDGET FY 14/15	Union Code	No. by Union	Class	No. by Class	Budget Increase/(Decrease)	Explaination
MAYOR/CITY MANAGER	1,998,976						1,377,087					621,889	Added 2 positions (Asset Management $245,213) Added Dep City Mgr ($145,712); Refunded Constituant Svc Director ($130,920); Health/ Dental increase; no vacancy credit applied. Included Interinal Auditor in this calculation
		AFSME	2	CLSFT	6			NONE	19	ELECT	9		
		NONE	21	ELECT	9			AFSME	1	EXMPT	5		
				EXEMPT	7					CLSFT	5		
				TRMGF	1					TRMGF	1		
TOTAL POSITIONS													
MUNICIPAL COURT	1,243,270	NONE	19	ELECT	1		1,310,661	NONE	20	ELECT	1	(67,391)	Removed position double filled in FY 14/15
		AFSME	1	EXEMPT	18			AFSME	1	EXMPT	19		
				CLSFT	1					CLSFT	1		
TOTAL POSITIONS													
CITY ATTORNEYS	986,445	NONE	10	CLSFT	6		966,238	NONE	10	CLSFT	6	20,207	New City Attorney hired higher than previous attorney
				EXEMPT	4					EXMPT	4		
TOTAL POSITIONS			10		10				10		10		
CITY CLERKS	892,219	AFSME	4	EXEMPT	2		966,238	NONE	7	EXMPT	2	(74,019)	Employee changes; Health/Dental changes
		NONE	9	CLSFT	8			AFSME	6	CLSFT	8		
				CLSPT	1					CLSPT	1		
				TMPFT	2					TMPFT	2		
TOTAL POSITIONS			13		13				13		13		
HUMAN RESOURCES	1,177,521	NONE	13	CLSPT	2		1,105,156	NONE	14	CLSFT	12	72,365	Budgeted double fills.
				CLSFT	11			AFSME	1	CLSPT	2		
										TMPPT	1		
TOTAL POSITIONS													
FINANCE	4,404,666	AFSME	31	CLSFT	52		4,325,437	AFSME	25	EXEMPT	1	79,229	New Finance Director salary increase; changes in Health/Dental;
		NONE	24	EXEMPT	1			NONE	25	CLSFT	47		
				TRMCF	2					TRMCF	2		
TOTAL POSITIONS													
ITT	2,431,223	AFSME	25	CLSFT	28		2,264,386	AFSME	19	CLSFT	24	166,837	Cost of Expansion positions;
		NONE	4	TRMCF	1			NONE	6	TRMCF	1		
TOTAL POSITIONS													
PUBLIC WORKS	7,318,462	AFSME	89	CLSFT	88		15,415,232	AFSME	199	CLSFT	210	(8,096,770)	Creation of Parks and Rec Department
		NONE	27	TMPFT	9			NONE	115	TMP	0		
				TEMP90	2					E90	2		
				TRMCF	16					CLSPT	10		
				TRMGF	1					TRM	0		
TOTAL POSITIONS			116		116				314		314		
LAND USE	3,874,258	NONE	10	EXEMPT	1		3,693,204	AFSME	39	EXMPT	1	181,054	Increases in Health/Dental from Employee Changes

CITY OF SANTA FE - FY 2015/2016
VARIANCE JUSTIFICATION

DEPARTMENT	TOTAL BUDGET FY 15/16	Union Code	No. by Union	Class	No. by Class	TOTAL BUDGET FY 14/15	Union Code	No. by Union	Class	No. by Class	Budget Increase/(Decrease)	Explaination
		AFSME	37	CLSFT	46		NONE	8	CLSFT	46		
TOTAL POSITIONS			47		47			47		47		
PARKS AND RECREATION	8,139,479	NONE	102	CLSFT	116						8,139,479	Creation of Parks and Rec Department. moved from Public Works
		AFSME	88	TMPFT	25							
				TMPPT	39							
				EXEMPT	1							
				CLSPT	9							
TOTAL POSITIONS			190		190							
FIRE	15,513,007	NONE	47	EXEMPT	3	15,231,196	AFSME	9	EXMPT	3	281,811	changes in Health/Dental; Included cost of Airport Fire Employees
		AFSME	9	CLSFT	161		FIRE	138	CLSFT	159		
		FIRE	140	TRMFT	4		NONE	37	TRMFT	4		
				TRMGF	2				TMPFT	18		
				TMPFT	26							
TOTAL POSITIONS												
POLICE	19,781,923	NONE	25	EXEMPT	8	21,144,432	AFSME	29	CLSFT	222	(1,362,509)	eliminated Railyard Security (2 positions). Health/Dental employee changes; reduced Overtime budget
		AFSME	20	CLSFT	219		NONE	30	EXMPT	9		
		POLICE	190	TRMGF	8		POLICE	180	TRMGF	8		
TOTAL POSITIONS												
COMMUNITY SERVICES	7,229,366	NONE	139	EXEMPT	2	6,833,764	AFSME	108	EXMPT	2	395,602	Staffing change result in increase; changes to Health/Dental;
		AFSME	101	CLSFT	54		NONE	135	CLSFT	54		
				TMPPT	23				TMPPT	23		
				CLSPT	15				CLSPT	15		
				TRMGF	41				TRMGF	44		
				TRMGP	4				TRMGP	4		
				TRMCF	5				TRMCF	5		
				TMPFT	96				TMPFT	96		
TOTAL POSITIONS												
TOURISM SANTA FE	2,374,672	NONE	15	CLSFT	23	2,107,340	AFSCME	20	CLSFT	26	267,332	Employee changes to Health/Dental; new Director salary increase; $52,000 incentive budgeted; addition of new position $128k; positions reclassed. employees hired at higher than budgeted
		AFSME	15	EXEMPT	7		NONE	12	EXMPT	6		
TOTAL POSITIONS												
PUBLIC UTILITIES	19,940,990	NONE	61	EXEMPT	8	18,034,866	AFSCME	247	EXEMPT	3	1,906,124	Utility Billing director hired $30kincrease; Health/Dental Increases;

CITY OF SANTA FE - FY 2015/2016
VARIANCE JUSTIFICATION

DEPARTMENT	TOTAL BUDGET FY 15/16	Union Code	No. by Union	Class	No. by Class		TOTAL BUDGET FY 14/15	Union Code	No. by Union	Class	No. by Class	Budget Increase/(Decrease)	Explaination
		AFSME	235	CLSFT	285			NONE	55	CLSFT	291		
				TMPFT	2					EXEMPT	5		
				TRMCF	1					TMPFT	2		
										TRMCF	1		
TOTAL POSITIONS													
TRANSPORTATION	10,662,373	AFSME	149	TRMCF	116		10,580,583	AFSME	157	EXEMPT	5	81,790	changes to Health Dental
		NONE	38	EXEMPT	6			NONE	29	CLSFT	51		
				CLSFT	49					CLSPT	5		
				CLSPT	5					TRMCP	3		
				TMPPT	3					TRMCF	114		
				TRMCP	2					TMPPT	2		
				TMPFT	6					TMPFT	6		
TOTAL POSITIONS													
COMMUNITY DEVELOPMENT	1,702,481	NONE	6	CLSFT	8		1,365,103	AFSME	13	CLSFT	9	337,378	New employees hired at hire thaqn previous; three employees budgeted as Temp. in 15/16; zero benefits budgeted; changes to Health/Dental
		AFSME	8	TRMGF	5			NONE	6	TRMGF	9		
				TRMCF	1					TRMCF	1		
TOTAL POSITIONS			14		14				19		19		

	DEPARTMENT		No. by Union	Class	No. by Class				No. by Union		No. by Class	
TOTAL POSITIONS	CITY MANAGER		23		23				20		20	ADD-DEPUITY CM 1 POS; ASSET MANAGEMENT 2 POS
TOTAL POSITIONS	MUNI COURT		20		20				21		21	POS 12 WAS A DOUBLE FILL IN 14/15
TOTAL POSITIONS	HR		13		13				15		15	2 positions were counted twice in FY 14/15
TOTAL POSITIONS	FINANCE		55		55				50		50	Positions counted in Finance that were counted in PU last FY
TOTAL POSITIONS	ITT		29		29				25		25	ADDED POSITION IN FY 15/16
TOTAL POSITIONS	COMMUNITY SERV		240		240				243		243	3 positions were double counted
TOTAL POSITIONS	TOURISM		30		30				32		32	ADDED PUBLIC RELATIONS MANAGER; 3 POSITIONS WERE DOUBLE COUNDTED
TOTAL POSITIONS	PU		296		296				302		302	POSITIONS LOCATED IN FINANCE IN FY 15/16
TOTAL POSITIONS	TRANSPORTATION		187		187				186		186	

CITY OF SANTA FE - FY 2015/2016
VARIANCE JUSTIFICATION

DEPARTMENT	TOTAL BUDGET FY 15/16	Union Code	No. by Union	Class	No. by Class		TOTAL BUDGET FY 14/15	Union Code	No. by Union	Class	No. by Class	Budget Increase/(Decrease)	Explaination
[redacted]													
[redacted]													
TOTAL POSITIONS	COMMUNITY DEV		14		14				19		19	5 Positions were counted twice in FY 14/15	

City of Santa Fe, New Mexico

memo

DATE: May 1, 2015

TO: Oscar S. Rodriguez, Finance Director

FROM: Cal Probasco, Budget Officer

VIA: Andy Hopkins, Budget Analyst AOH

ITEM AND ISSUE: Fire Department Service Cost (Cost Per Response)

BACKGROUND AND SUMMARY: During yesterday's Finance Committee FY 2015/16 Budget Review Hearing, an inquiry was made by Chair Dominguez and Mayor Gonzales as to the Fire Department's average cost per service call response. At the meeting, as I showed the City Manager, I quickly calculated an approximate cost per call based on their overall FY 2013/14 actual expenditure total ($18,637,252) and the number of service responses reported by Fire for 2014 (13,516). Based on these figures, my quick calculation yielded a figure just slightly under $1,400 per call. However, upon looking at the figures, it is apparent that some other factors should be accounted for, specifically:

- The $18.6 million figure shown above includes transfers among Fire Funds totaling $1,348,555, which should be discounted—doing so leaves the actual overall total Fire service cost at **$17,288,697**; and
- The rough calculation at the time was based on the total number of Fire service call responses for 2014, which includes only half of the Fiscal Year 2013/14 used as the expenditure total. In order to account for this, it makes more sense to use half the 2013 # of service calls (13,802, half of which is 6,901) plus half the 2014 number (13,516 / 2 = 6,758), which amounts to **13,659**.

Based on these revised figures, the cost per Fire service call response would be $17,288,697 / 13,659 = $1,265.73 or approximately **$1,266** per service call response.

ACTION RECOMMENDED: For your information.

Exhibit "12"

GENERAL FUND SERVICES
COST ALLOCATION METHOD - FORMULAS

Division Allocation = Human Resources/Payroll Assessment {HRPA[1]} +
City Attorney Assessment {CATA[2]} +
Fleet Maintenance Assessment {FMTA[3]} +
Other General Fund Services Assessment {OGFA[4]}

1) HRPA factors include:
   a) Division share of total # positions (excluding GF service positions)
   b) Division share of total # Full-Time Equivalents (excluding GF service FTEs) - e.g. 75% part-time position = 0.75 FTE
   c) Total prior year actual costs in the Human Resources and Payroll functions (General Fund services portion only)

2) CATA factors include:
   a) Division share of General Liability budget assessments for Budgeted fiscal year as provided by Risk Management Division
   b) Corrective factors to more accurately and fairly spread Department shares of legal cost burden among Divisions
   c) Total FY prior year actual costs in the City Attorney's Office function (General Fund services portion only)

3) FMTA factors include:
   a) Division share of the City's vehicle fleet inventory as of June 30, 2013
   b) Adjusting factors to more accurately reflect Division shares of fleet costs based on vehicle gross weight
   c) Total prior year actual costs in the Fleet Maintenance function (General Fund services portion only)

4) OGFA factors include:
   a) Division share of total prior year actual expenditures (excluding GF service functions)
   b) Division share of total # positions (excluding GF service positions)
   c) Division share of total # Full-Time Equivalents (excluding GF service FTEs)
   d) Total prior year actual GF services costs excluding the Human Resources, Payroll, City Attorney and Fleet portions accounted for in the calculations above {HRPA, CATA and FMTA}

Exhibit "13"

GENERAL FUND SERVICES
COST ALLOCATION METHOD

1) General Fund Divisions/sections whose primary purpose is to provide services to operational City Departments were identified and the prior year actuals calculated for each, while separate totals for Human Resources/Payroll, City Attorney's Office, Fleet and Other GF services were calculated to allow different methodologies to be used to allocate each category's cost. *[worksheet tab 'GF Adm Acts']*

2) Total prior year actuals were calculated for each operational City division, excluding CIP costs in operational Divisions, but including the overall amount in CIP and Debt Svc. funds, though these were not to be charged. The goal was to provide a fair allocation by amount of budget; were the allocation not to take CIP and Debt Service funds into account, the percentage representing the CIP/Debt Service 'share' of overall budget would simply be 'layered' into other City Divisions, making them effectively pay a portion of administrative costs for CIP/Debt Service as well as their own. Since CIP/Debt Admin. charges are handled separately, however, the schedule does not actually apportion service charges to these categories; rather, it accounts for them when calculating charges for all OTHER categories. Each remaining Division to be charged is then assigned a percentage share based on its share of total actuals in the category (including CIP/Debt Service as noted above). Because the total includes amounts not assessed, the total of the percentages produced does not (and should not) equal 100%, as less than 100% of the 'allocable' cost is being allocated via this method. GF Admin. actuals were also excluded as they represent costs to be allocated, not areas to which those costs can be allocated. *[worksheet tab 'AF-$xDiv']*

3) The number of Full Time Equivalents (defined as the total number of positions adjusted for part-time or seasonal employees' partial time; e.g. a part-time employee working ½ of a 40-hour work week would be counted as 0.50 FTE) was calculated for the General Fund service Divisions noted in 1) above, and again, separate totals calculated for the HR/Payroll, City Attorney, Fleet and Other categories. *[worksheet tab 'GF Adm FTEs']*

4) Following the same basic method as in 2) above, the current number of positions (not FTEs) was calculated for each operational City Division. Then, each Division's share of the total number of positions (not including positions identified in 3) above) was calculated. Because this is a count of positions and not FTEs, each position is counted as 1, whether that position represents 1.0 FTE or 0.25 FTE. *[worksheet tab 'AF-PosxDiv']*

5) Again following the same method as in 4) above, the current number of Full-Time Equivalents (FTEs, not positions) was calculated for each operational City Division. Each Division's share of the total number of FTEs (again, excluding GF Admin. positions noted in 3) above) was then calculated. *[worksheet tab 'AF-FTExDiv']*

6) Each operational Division's share of total liability insurance assessments and identifiable liability-related costs was calculated, using information from the schedule of General Liability insurance assessments calculated for the FY 2012/13 budget process by the Risk Management Division. *[worksheet tab 'ATT-RM Assmt']*

(cont. next page)

7) Each operational Division's share of the City's fleet was calculated, with a 20% greater share per vehicle assigned to each vehicle over 1½ tons to reflect the greater average maintenance costs associated with vehicles of this type. *[worksheet tab 'Fleet Assmt']*

8) The percentages calculated by the methods explained above are summarized in the next tab. These will be used to calculate each operational Division's share of the total allocable costs in the General Fund service Divisions outlined in 1) above. Note that, for reasons explained in 2) above, the total percentage in the '% Share-$ Method' does not equal 100%. *[worksheet tab 'Combined%']*

9) Finally, the percentages summarized in 8) above are applied to the various categories of General Fund administrative services costs (HR/Payroll, Attorney, Fleet and Other) to provide an overall assessment of these costs to operating City Divisions. The methods applied are as follows:
   a) Human Resources and Payroll costs are apportioned to operational divisions based on an average of relative shares of position numbers and FTE numbers [as calculated in 4) and 5) above] in the first two data columns in this sheet, headed '% Share-HR/Payroll' and '$ Share-HR/Payroll'.
   b) City Attorney costs are apportioned based on the adjusted percentages calculated from the Risk liability insurance assessments schedule, as outlined in 6) above. These assessments are in the third and fourth data columns, '% Share-City Attorney' and '$ Share-City Attorney'.
   c) Fleet Maintenance costs are apportioned based on the number of vehicles maintained for each Division by the Fleet Maintenance function, as explained in 7) above. These assessments are in the fifth and sixth data columns, '% Share-Fleet Maint' and '$ Share-Fleet Maint'.
   d) Other GF allocated costs are apportioned based on a formula that averages the factors produced in the $ method, as outlined in point 2) above; the position count method, in 3) above; and the FTE method, in 4) above. These factors were weighted using the following multipliers: double (2X) weight was given to the $ method, while single weight (1X) was assigned to the average of the percentages produced by the position and FTE count methods. The resulting assessments are located in the seventh and eigth data columns, '% Share-Other GF Svcs' and '$ Share-Other GF Svcs'.
   e) The assessments calculated in the columns listed in a)-d) above are totaled in the final column, 'Total Allocation.' This represents the total charge to be assessed to each operational City Division, as calculated by the above methods. *[worksheet tab 'FINAL']*

NOTE: Currently, only enterprise fund divisions are charged the GF services assessment; in addition, a minimum charge of 1% of the charged division's expenditure budget (less transfers) and a maximum charge of 25% of budget is applied. Per the Buckman Cooperative Agreement, BDD administrative charges are limited to 1% of expenditure budget.

Current + 5-Year Summary - Police Sick Leave

Dept	Div	BU	BU Title	Line Item	Description	6/29 Act FY 09/10	6/29 Act FY 10/11	6/29 Act FY 11/12	6/29 Act FY 12/13	6/29 Act FY 13/14	YTD Act FY 13/14
POL - Police	CID - Criminal Investigations	12062	Exp-Criminal Investigations	502100	Sick Leave	(6,046)	(15,359)	91,377	159,811	148,513	65,131
POL - Police	CID - Criminal Investigations	12064	Exp-Crime Scene Techs	502100	Sick Leave	-	-	4,518	-	-	-
POL - Police	CID - Criminal Investigations	12129	Exp-Domestic Violence Program	502100	Sick Leave		130	6,981	-	-	-
POL - Police	CID - Criminal Investigations	12189	Exp-Criminal Invest Support	502100	Sick Leave				14,480	8,832	6,273
	Total CID - Criminal Investigations					**(6,046)**	**(15,229)**	**102,876**	**174,291**	**157,345**	**71,404**
POL - Police	PAD - Police Administration	12030	Exp-Dispatch	502100	Sick Leave	-	-	-	-	-	-
POL - Police	PAD - Police Administration	12057	Exp-Police Administration	502100	Sick Leave	(42,527)	6,821	38,143	21,151	85,431	59,564
POL - Police	PAD - Police Administration	12066	Exp-Police Admin. Divison	502100	Sick Leave	-	-	-	-	-	-
POL - Police	PAD - Police Administration	12067	Exp-Records Units	502100	Sick Leave	27,375	(8,425)	24,427	-	-	-
POL - Police	PAD - Police Administration	12068	Exp-Planning/Training	502100	Sick Leave	-	-	21,440	-	-	-
POL - Police	PAD - Police Administration	12069	Exp-Police-Community Rel.	502100	Sick Leave	-	-	-	-	-	-
POL - Police	PAD - Police Administration	12070	Exp-Technical Services	502100	Sick Leave	-	-	3,081	-	-	-
POL - Police	PAD - Police Administration	12071	Exp-Prof Stnds/Int'l Affrs Div	502100	Sick Leave	-	54	6,457	-	-	-
POL - Police	PAD - Police Administration	12187	Exp-Police Admin Support	502100	Sick Leave			31,699	31,605	173,297	89,332
POL - Police	PAD - Police Administration	22225	Exp-Alarm Enforcement	502100	Sick Leave					1,805	348
POL - Police	PAD - Police Administration	22252	Exp Police Property Tax	502100	Sick Leave			3,152	2,206	2,574	1,838
POL - Police	PAD - Police Administration	22767	Exp-Cops Hiring Program	502100	Sick Leave	-	-	5,651	19,096	262	-
POL - Police	PAD - Police Administration	22772	Exp-DWI Forfeiture Program	502100	Sick Leave	-	-	13	1,116	1,684	3,832
POL - Police	PAD - Police Administration	22792	Exp Camera Nuisance Program	502100	Sick Leave			58	2,605	1,435	2,110
	Total PAD - Police Administration					**(15,153)**	**(1,550)**	**134,120**	**77,779**	**266,488**	**157,025**
POL - Police	PAT - Patrol	12058	Exp-Patrol Division	502100	Sick Leave	(45,438)	62,433	66,119	-	-	-
POL - Police	PAT - Patrol	12059	Exp-Patrol Unit Teams	502100	Sick Leave	42,087	54,051	347,193	302,859	275,090	179,761
POL - Police	PAT - Patrol	12060	Exp-PSA	502100	Sick Leave	-	-	2,243	-	-	-
POL - Police	PAT - Patrol	12061	Exp-Field Services Division	502100	Sick Leave	-	-	-	-	-	-
POL - Police	PAT - Patrol	12065	Exp-Animal Control	502100	Sick Leave	-	71	4,174	-	-	-
POL - Police	PAT - Patrol	12188	Exp-Police Patrol Support	502100	Sick Leave				38,128	19,379	14,650
POL - Police	PAT - Patrol	22210	Exp-Municipal GRT-Police	502100	Sick Leave	-	-	86,853	131,778	73,570	26,499
POL - Police	PAT - Patrol	22253	Exp - Patrol Div (PT)	502100	Sick Leave					3,327	8,124
POL - Police	PAT - Patrol	22769	Exp- Domestic Violence Grant	502100	Sick Leave			3,395	2,253	-	-
	Total PAT - Patrol					**(3,351)**	**116,556**	**509,977**	**475,017**	**371,365**	**229,034**
Total POL - Police						**(24,550)**	**99,777**	**746,974**	**727,087**	**795,198**	**457,463**
			GRAND TOTAL			**(24,550)**	**99,777**	**746,974**	**727,087**	**795,198**	**457,463**

Exhibit "H"

CITY OF SANTA FE

FINANCE DEPARTMENT - EXPENDITURES SUMMARY

FISCAL YEAR 2015/16 PROPOSED BUDGET

SUMMARY BY DIVISION	ACTUAL EXPENDITURES 2013/14	2014/15 CURRENT BUDGET	2014/15 CURRENT ACTUAL	2014/15 CURRENT ENCUMBRANCE	DEPARTMENT REQUEST 2015/16	CITY MANAGER RECOMMEND. 2015/16
Finance Administration	730,105	804,942	674,361	31,229	789,057	992,450
Budget Office	203,145	200,706	158,234	-	67,240	3,709
Financial Management	4,180,019	2,509,852	2,019,025	55,988	2,651,963	2,622,421
Fleet Management	574,288	621,530	427,709	4,447	799,145	613,544
Purchasing	449,045	447,629	340,941	10,687	804,501	578,928
Risk Management	7,861,721	8,108,808	5,859,530	371,494	7,860,668	7,880,345
TOTAL FINANCE DEPARTMENT	**13,998,322**	**12,693,467**	**9,479,800**	**473,846**	**12,972,574**	**12,691,397**

SUMMARY BY CATEGORY	ACTUAL EXPENDITURES 2013/14	2014/15 CURRENT BUDGET	2014/15 CURRENT ACTUAL	2014/15 CURRENT ENCUMBRANCE	DEPARTMENT REQUEST 2015/16	CITY MANAGER RECOMMEND. 2015/16
Salaries, Wages & Benefits	4,118,308	4,325,437	3,194,359	-	4,275,843	4,404,666
Contractuals & Utilities	908,471	1,124,372	657,677	252,484	728,722	728,722
Repairs & Maintenance	18,983	25,959	15,658	7,800	25,209	25,209
Supplies	99,308	124,432	74,105	17,181	214,432	212,432
Insurance	4,877,249	5,554,994	4,137,960	128,488	5,671,272	5,671,272
Other Operating Costs	2,083,263	388,153	250,034	67,782	394,133	394,133
Capital Purchases	8,542	112	-	112	534,000	126,000
Transfers to Other Funds	1,884,197	1,150,008	1,150,008	-	1,128,963	1,128,963
TOTAL FINANCE DEPARTMENT	**13,998,322**	**12,693,467**	**9,479,800**	**473,846**	**12,972,574**	**12,691,397**

SUMMARY BY FUND	ACTUAL EXPENDITURES 2013/14	2014/15 CURRENT BUDGET	2014/15 CURRENT ACTUAL	2014/15 CURRENT ENCUMBRANCE	DEPARTMENT REQUEST 2015/16	CITY MANAGER RECOMMEND. 2015/16
General Fund	5,551,101	3,992,931	3,163,533	71,677	4,110,507	4,047,189
Capital Equipment Reserve	30,626	30,161	21,664	3,717	388,761	158,761
½% GRT Income Fund	2,296	-	166	-	-	-
Utility Customer Service	552,578	561,567	434,907	26,958	612,638	605,102
Risk/Safety Administration	4,110,991	4,876,473	3,590,274	125,224	4,732,093	4,751,770
Insurance Claims Fund	2,045,624	1,960,443	1,275,391	229,157	1,758,850	1,758,850
Workers' Compensation Fund	1,705,106	1,271,892	993,865	17,113	1,369,725	1,369,725
TOTAL FINANCE DEPARTMENT	**13,998,322**	**12,693,467**	**9,479,800**	**473,846**	**12,972,574**	**12,691,397**

Exhibit "15"