CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2017-32

INTRODUCED BY:

Councilor Renee D. Villarreal        Councilor Carmichael A. Dominguez
Councilor Joseph M. Maestas           Councilor Peter N. Ives
Councilor Signe I. Lindell           Councilor Mike Harris

A RESOLUTION

REQUESTING THE FINANCE DEPARTMENT STAFF TO PROVIDE THE
GOVERNING BODY WITH AN ASSESSMENT OF THE CURRENT FINANCIAL
MANAGEMENT PRACTICES AS THEY PERTAIN TO THE FINDINGS IN THE
PUBLIC BANKING FEASIBILITY STUDY; AND CREATING A TASK FORCE TO
DETERMINE THE PROCEDURES, TIMELINES AND REQUIREMENTS THAT
WOULD BE NECESSARY TO ESTABLISH A CHARTERED PUBLIC BANK AND TO
MAKE RECOMMENDATIONS TO THE GOVERNING BODY IN PREPARATION FOR
THE GOVERNING BODY TO MAKE AN INFORMED DECISION.

WHEREAS, the primary goal and intent of continuing to explore the possibility of
establishing a chartered public bank in Santa Fe is to continue the ongoing enhancement of
responsible stewardship of public funds; and

WHEREAS, the call for a chartered public bank was initiated by the public, and the
mayor then convened local and national leaders to a forum in June 2014 to begin the discussion
of a public bank for the City of Santa Fe; and
WHEREAS, the city participated in an international broadcast symposium on public banking on September 27, 2014 with participants including civic leaders and citizens from across the nation and the world; and

WHEREAS, on October 20, 2014 the governing body approved a study be completed to explore the feasibility of establishing a public bank for the City of Santa Fe, and in 2015 the city contracted a study to explore the feasibility of establishing a chartered public bank for the city of Santa Fe; and

WHEREAS, on September 25, 2015 David Buchholtz of Rodey Law Firm provided a legal memorandum to the WeArePeopleHere! Educational Fund with perspectives on a public bank, and;

WHEREAS, the feasibility study was completed in January, 2016 and the findings reported to the public: a) areas for improvement in the city’s liquidity management, investment performance-and capital financing administration, and b) that there could be financial benefit to the city if a chartered public bank were implemented; and

WHEREAS, the feasibility study did not address the process and responsibilities related to establishing a chartered public bank; and,

WHEREAS, since the completion of the feasibility study, several other municipalities and states are on active developmental tracks pursuing a public bank.

WHEREAS, since the completion of the feasibility study, the Governing Body adopted significant financial reforms that include, but are not limited to: updated financial policies for cash management and investments, a balanced budget policy in which recurring expenditures are only paid with recurring revenues, a one-year capital budget, and a 5-year capital improvement plan; and

WHEREAS, since the completion of the feasibility study the City’s Finance Department has established a Treasury division; examined the City’s cash and investment policies and
practices and adopted improvements; eliminated unnecessary fund accounts; restructured the
City’s debt portfolio and initiated an inter-fund loan policy in response to a recent bond
transaction; and

WHEREAS, the City’s 2017-2018 capital improvements plan identified more than $8.8
million in unfunded needs for the next fiscal year; and

WHEREAS, financing infrastructure projects through bond issue increases costs to
projects; and

WHEREAS, by potentially reducing the City’s borrowing costs and capturing interest
that would otherwise be paid to private investors, with a chartered public bank, the city can
continue to participate in financially sound loans that promote our public welfare; and

WHEREAS, the City acknowledges opportunities remain to further improve the
financial policies and practices of the City government; enhance and leverage relationships with
other public and private financial institutions; and that it is ready to determine the potential role
for a public bank.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE
CITY OF SANTA FE: Within thirty (30) days the city Finance Department will provide a
written report to the Governing Body and the public that details the changes in policy and practice
for treasury, cash management and investment, and bank services since the completion of the
Public Bank feasibility report and that identifies the significant opportunities that remain to
further improve the financial policies and practices of the city government.

BE IT FURTHER RESOLVED that the mayor will appoint, with the approval of the
governing body, members of a Public Bank Task Force within sixty (60) calendar days of
adoption of this resolution.

PURPOSE: The sole purpose of the Public Bank Task Force is to provide the governing body
with the information needed to make an informed decision about the pros and cons of submitting
an application for a New Mexico Bank Charter for a Public Bank of Santa Fe.

**DUTIES AND RESPONSIBILITIES**: The task force shall consider the processes, resources, risks and timelines necessary for the governing body make an informed decision, and shall examine the following through the course of their work:

A. Work with legal experts in the field of public finance, banking and law to determine the regulatory constraints that are applicable under the legal structure of the Public Bank, as well as a legal opinion from the City Attorney.

B. Investigate the legal steps necessary to establish a public bank, such as obtaining necessary municipal, state and federal approvals; and identify the legally required components of a potential enabling ordinance; and

C. Investigate and make recommendations on bank governance structures that provide transparency and accountability to the public and maintenance of high ethical standards; and

D. Investigate and make recommendations on the capitalization options, sources and methods, and underwriting parameters; and

E. Examine the de novo bank procedure in the state of New Mexico, its work components, responsibilities and timelines and identify those work components that may require work beyond the scope of the Task Force or City Staff;

F. Draft a five-year business plan per de novo bank procedure requirements that:

1. Identifies a potential purpose for a chartered public bank for Santa Fe, and

2. Recommends options for phasing of implementation for consideration that includes:
   a) Refinancing the City’s existing debt, and
   b) Financing currently identified capital improvement projects, and
c) Consider the long term, potential implications of partnering with other public institutions.

3. Identifies the one-time, as well as recurring costs associated with the creation and operation of a public bank.

MEMBERSHIP; OFFICERS; TERMS: The task force shall consist of a facilitator and nine (9) members that shall have the following credentials:

A. One (1) member to be the director of the city finance department, or their representative as needed.

B. Three (3) members with financial and/or banking experience who are currently employed by or retired from a community bank, a community credit union, and/or a community development financial institution (CDFI) in New Mexico; and

C. Two (2) members with legal experience in public finance and the banking industry in New Mexico.

D. One (1) member with federal and state regulatory experience in the banking industry.

E. Two (2) residents at large.

F. At least one of these nine members shall have expertise in governance models that provide for transparency and accountability to the public for bank operations and decisions. The Mayor, with the approval of the Governing Body, shall designate the chairperson; the vice chairperson shall be designated by the chairperson. The members shall serve until they complete their duties and responsibilities as set forth above.

VACANCIES: Vacancies on the Public Bank Task Force shall be filled in the same manner as initial appointments. Members shall serve without compensation.
MEETINGS; DURATION: Staff shall identify and utilize a third party facilitator who in coordination with the chairperson shall lead the task force meetings. The chairperson shall coordinate with the professional facilitator to convene the task force within ninety (90) calendar days of adoption of this resolution by the governing body, facilitate meetings, take notes, schedule task force meetings and complete the work of the task force. The task force shall hold at least two (2) public meetings between three (3) and six (6) months from the first meeting to report to residents on their progress, to hear public comment, and to assure transparency and accountability to the public of the task force’s efforts toward a coherent plan for the work necessary to determine the merits of establishing a public bank in Santa Fe. The task force shall report to the finance committee on the progress of their work after three (3) months of its first meeting. That the task force shall complete its work within six (6) months of its first meeting and provide a formal written and oral report of its findings and recommendations to the Finance Committee, and then to the Governing Body at a public meeting that provides for public comment.

PASSED, APPROVED AND ADOPTED this 26th day of April, 2017.

[Signature]

JAVIER M. GONZALES, MAYOR

ATTEST:

[Signature]

YOLANDA Y. VIGIL, CITY CLERK
APPROVED AS TO FORM:

Kelley A. Brennan

Kelley A. Brennan, City Attorney