



Agenda

Finance Committee Meeting
City Council Chambers
July 20, 2009 – 5:15 pm

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

JUNE 1, 2009
JUNE 15, 2009
JUNE 29, 2009 (NO QUORUM)

CITY CLERK'S OFFICE

DATE 7/17/09 TIME 8:00pm
BY Yolanda Green
[Signature]

INFORMATIONAL ITEM

6. UPDATE ON CITY BUDGET PROCESS (DAVID MILLICAN)
 - A. PROPOSALS TO IMPLEMENT BALANCING BUDGET MEASURES FOR FISCAL YEAR 2009/2010
 - B. STATUS UPDATE ON THREE (3) CONDITIONS FOR NEW BUDGET MEASURES FOR FISCAL YEAR 2010/2011
 - C. INFORMATION FROM CITY MANAGER ON AUTHORITY TO RECIND SANTA FE POLICE OFFICER ASSOCIATION RAISE

CONSENT AGENDA

7. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 – POLICE DEPARTMENT RENOVATIONS – PHASE II; LOCKWOOD CONSTRUCTION COMPANY (CHIP LILIENTHAL)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND
8. REQUEST FOR APPROVAL OF AGREEMENT BETWEEN OWNER AND ARCHITECT – TINO GRIEGO/LAFARGE BRANCH LIBRARY RENOVATIONS (RFP #09/23/P); TERRAPLEN/INTEGRATED DESIGN ARCHITECTURE (CHIP LILIENTHAL)
9. REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT – ADDITIONAL DESIGN SERVICES ON THE ACEQUIA TRAIL; GANNETT FLEMING WEST, INC. (LEROY PACHECO)



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10. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT – DESIGN AND CONSTRUCTION FOR DEVELOPMENT OF A BOTANICAL GARDEN ON CITY OWNED LAND; SANTA FE BOTANICAL GARDEN (BOB SIQUEIROS)
11. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO MAINTENANCE SERVICES AGREEMENT – MAINTENANCE SERVICES AT GCCC; TRAVERS MECHANICAL SERVICES (LIZ ROYBAL)
12. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENTS – LIBRARY BOOKS AND PERIODICALS FOR LIBRARY DIVISION; VARIOUS VENDORS (PATRICIA HODAPP)
13. REQUEST FOR APPROVAL OF 2009/2010 EMPLOYEE INSURANCE BENEFITS PACKAGE (KRISTINE KUEBLI)
14. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT FOR INSTALLATION OF TRAFFIC SIGNAL VEHICLE LOOP DETECTORS AND OTHER SIGNAL EQUIPMENT FOR CITY STREETS REHABILITATION PROGRAM (RICK DEVINE)
15. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – DESIGN SERVICES FOR SANTA FE RIVER PARKWAY, EL PARQUE DEL RIO, ST. FRANCIS DRIVE TO PATRICK SMITH PARK (RFP #09/25/P); SURROUNDINGS STUDIO, LLC (BRIAN DRYPOLCHER)
16. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – RUGBY FIELDS PHASE 2 CONCESSION/RESTROOM BUILDING; ROMTEC (MARY MACDONALD)
17. REQUEST FOR APPROVAL OF LEASE AGREEMENT – PLACEMENT OF DIRECTIONAL SIGN LOCATED AT SOUTHWEST CORNER OF INTERSECTION OF RODEO ROAD AND RICHARDS AVENUE; SANTA FE COMMUNITY COLLEGE (EDWARD VIGIL)
18. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS – AFFORDABLE HOUSING TRUST FUND FUNDING ALLOCATIONS FOR FISCAL YEAR 2009 (MELISA DAILEY)
 - A. SANTA FE COMMUNITY HOUSING TRUST – DOWN PAYMENT ASSISTANCE
 - B. SANTA FE COMMUNITY HOUSING TRUST – THE VILLAGE SAGE (CIP)
 - C. HOMEWISE – DOWN PAYMENT ASSISTANCE
 - D. HOMEWISE – ENERGY CONSERVATION LOANS



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- E. HOMEWISE – OLD LAS VEGAS HIGHWAY (CIP)
 - F. ST. ELIZABETH'S SHELTER – RENTAL HOUSING UPGRADES
 - G. COALITION TO END HOMELESSNESS/YOUTH SHELTERS – RENTAL HOUSING
 - H. BRANCH DESIGN/EZMO LLC – CIELO AZUL (CIP)
-
- 1. REQUEST FOR APPROVAL OF BUDGET INCREASE – AFFORDABLE HOUSING TRUST FUND
-
- 19. REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO PROFESSIONAL SERVICES AGREEMENT – CITY WIDE SOURCE OF SUPPLY IMPROVEMENTS; ALPHA SOUTHWEST, INC. (MICHAEL GONZALES)
 - 20. REQUEST FOR APPROVAL OF AMENDMENT NO. 5 TO PROFESSIONAL SERVICES AGREEMENT – ADVERTISING SERVICES FOR SANTA FE CONVENTION AND VISITORS BUREAU; VAUGHN WEDEEN CREATIVE, INC. (KEITH TOLER)
 - 21. REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO PROFESSIONAL SERVICES AGREEMENT – WEBSITE REDESIGN, REDEVELOPMENT AND ONGOING MAINTENANCE FOR SANTA FE CONVENTION AND VISITORS BUREAU; STUDIOX, INC. (KEITH TOLER)
 - 22. REQUEST FOR APPROVAL OF AMENDMENT NO. 5 TO PROFESSIONAL SERVICES AGREEMENT – PUBLIC RELATIONS SERVICES TO SANTA FE CONVENTION AND VISITORS BUREAU; LOCAS, INC. D/B/A STEVE LEWIS (KEITH TOLER)
 - 23. REQUEST FOR APPROVAL OF EMERGENCY SOLE SOURCE PROCUREMENT – PUBLISH 2010 OFFICIAL SANTA FE VISITOR GUIDE FOR CITY OF SANTA FE; BELLA MEDIA, LLC (KEITH TOLER)
 - 24. REQUEST FOR APPROVAL OF MEMORANDUM OF UNDERSTANDING – USE OF MUNICIPAL PARKING FACILITIES FOR COUNTY EMPLOYEES; COUNTY OF SANTA FE (WALTER ROYBAL)
 - 25. REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO A REQUEST FOR APPROVAL OF FOURTH QUARTER BUDGET ADJUSTMENTS FOR FISCAL YEAR 2008/2009 (CAL PROBASCO)
 - 26. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENTS FOR CONTINUED PROJECT COSTS FOR ORACLE/J.D. EDWARDS/ENTERPRISE ONE/ENTERPRISE RESOURCE PLANNING SYSTEM (E-1 ERP) UPGRADE; LEVERAGE CONSULTING, LLC (DAVID MILLICAN)



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27. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING CHAPTER 14 LAND DEVELOPMENT LAWS AND CHAPTER 26 AFFORDABLE HOUSING SFCC 1987 RELATING TO APPEALS (COUNCILOR ORTIZ) (GREG SMITH)

Committee Review:

Planning Commission (Approved)	March 19, 2009
Public Works Committee (Approved)	May 11, 2009
Archeological Review (Approved)	May 28, 2009
Historic Design Review Board (Approved)	June 23, 2009
Board of Adjustment (Approved)	June 16, 2009
City Council (Request to Publish)	July 8, 2009
Finance Committee (No Quorum)	June 29, 2009
City Council (Public Hearing)	July 29, 2009

Fiscal Impact – Yes

28. REQUEST FOR APPROVAL OF JOINT RESOLUTION DIRECTING STAFF TO STUDY THE FEASIBILITY OF COMBINING EFFORTS TO PLAN AND DESIGN AFFORDABLE HOUSING, TO ALIGN AFFORDABLE HOUSING POLICIES FOR CONSISTENCY IN INTERPRETATION AND APPLICATION, TO IDENTIFY AREAS WHERE COLLABORATIVE EFFORTS WILL RESULT IN MORE EFFECTIVE AND EFFICIENT HOUSING PROGRAMS AND PROJECTS FOR THE BENEFIT OF THE WORKING CITIZENS OF THE CITY AND COUNTY OF SANTA FE (COUNCILOR ROMERO, BUSHEE AND CALVERT) (KATHY MCCORMICK)

Committee Review:

Public Works Committee (Approved)	June 22, 2009
Finance Committee (No Quorum)	June 29, 2009
City Council (Scheduled)	July 29, 2009

Fiscal Impact – Yes

29. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTION 14-4.3(I) SFCC 1987 REGARDING THE PURPOSE AND REQUIREMENTS OF PRC PLANNED RESIDENTIAL COMMUNITY DISTRICTS (COUNCILOR WURZBURGER) (JEANNE PRICE)

Committee Review:

Planning Commission (Approved)	March 19, 2009
Public Works (Denied)	June 22, 2009
Finance Committee (No Quorum)	June 29, 2009
City Council (Request to Publish)	July 8, 2009
City Council (Public Hearing)	July 29, 2009

Fiscal Impact – No



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30. SHORT TERM RENTAL 18 MONTH REPORT (JEANNE PRICE)

- A. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTION 14-14-6.2(A)(6) SFCC 1987 REGARDING SHORT TERM RENTAL UNITS (COUNCILORS WURZBURGER AND ROMERO) (JEANNE PRICE)

Committee Review:

Public Works Committee (Approved)	July 6, 2009
Planning Commission (Scheduled)	July 16, 2009
Cit Council (Request to Public)	July 29, 2009
City Council (Public Hearing)	August 24, 2009

Fiscal Impact – Yes

31. REQUEST FOR APPROVAL OF AN ORDINANCE REPEALING SECTIONS 14-8.11(G)(3), 14-8.13, 14-8.16 AND 14-8.17 SFCC 1987 REGARDING ANNUAL WATER BUDGET, WATER RIGHTS TRANSFER REQUIREMENT AND WATER BANKING; CREATING A NEW SECTION 14-8.13 SFCC 1987 REGARDING DEVELOPMENT WATER BUDGET REQUIREMENTS, A NEW ARTICLE 25-9 SFCC 1987 REGARDING THE CITY WATER BUDGET, A NEW ARTICLE 25-10 SFCC 1987 REGARDING THE CITY WATER BANK, A NEW ARTICLE 25-11 SFCC 1987 REGARDING THE WATER RIGHTS TRANSFER PROGRAM, AND A NEW ARTICLE 25-12 SFCC 1987 REGARDING THE WATER CONSERVATION CREDIT PROGRAM; MAKING SUCH OTHER RELATED CHANGES AS ARE NECESSARY (COUNCILOR WURZBURGER) (FRANK KATZ AND DALE LYONS) (Postponed at Finance Committee meeting of June 15, 2009)

Committee Review:

Planning Commission (Approved)	March 19, 2009
Public Utilities Committee (Approved)	May 6, 2009
City Council (Request to Publish) (Approved)	May 27, 2009
Public Works Committee (Approved)	June 22, 2009
City Council (Postponed)	June 24, 2009
Finance Committee (No Quorum)	June 29, 2009
City Council (Public Hearing)	July 29, 2009

Fiscal Impact – Yes

32. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING STAFF TO PREPARE UPDATED LANDSCAPING STANDARDS INCLUDING, BUT NOT LIMITED TO, WALK BARRIERS, PLANT MATERIALS, AND SCREENING WALL STANDARDS FOR NEW ROADWAY MEDIANS AND PLANTING STRIPS (COUNCILOR DOMINGUEZ) (WENDY BLACKWELL)



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Committee Review:

Public Works Committee (Approved)
City Council (Scheduled)

July 6, 2009
July 29, 2009

Fiscal Impact – No

33. A RESOLUTION DIRECTING STAFF TO COLLABORATE WITH THE YOUTH OF OUR COMMUNITY TO IDENTIFY AN ALTERNATIVE, TEMPORARY LOCATION FOR THE MEMORIAL CURRENTLY AT CATHEDRAL PARK HONORING THE FOUR YOUTH WHO RECENTLY WERE KILLED IN A VEHICULAR ACCIDENT; AND TO COLLABORATE WITH THE YOUTH, FORMER MEMBERS OF THE CUARTOCENTENARIO CATHEDRAL PARK MONUMENT COMMITTEE AND NON-PROFIT ORGANIZATIONS TO IDENTIFY A LOCATION AND CREATE POLICIES FOR A PERMANENT MEMORIAL TO HONOR ALL SANTA FE YOUTH WHO HAVE DIED (COUNCILOR DOMINGUEZ) (SEVASTIAN GURULE)

Committee Review:

Public Works Committee (Scheduled)
City Council (Scheduled)

July 27, 2009
July 29, 2009

Fiscal Impact – No

END OF CONSENT AGENDA

DISCUSSION

34. **(PUBLIC HEARING) COLLEGE OF SANTA FE BOND PROVISIONS (DAVID MILLICAN)**
- A. Bill No. 2009-35: An Ordinance Authorizing the Issuance and Sale of the City of Santa Fe, New Mexico College of Santa Fe Lease/Subordinate Lien Gross Receipts Tax Revenue Bonds, Series 2009 in an Aggregate Principal Amount not to Exceed \$30,000,000 for the Purpose of Defraying the Cost of Acquiring Land, Buildings and Other Property from the College of Santa Fe; Providing that the Bonds will be Payable and Collectible from Lease and Installment Payments from the Lessee/Purchaser of the Project and Certain Gross Receipts Tax Revenues Distributed to the City; Providing for the Disposition of the Receipts Derived from Lease and Installment Payments from the Lessee/Purchaser and the Gross Receipts Tax Revenues; Establishing the Form, Manner of Execution and Other Details of the Bonds; Authorizing the Execution and Delivery of a Bond Purchase Agreement, an Official Statement and a Continuing Disclosure Undertaking in Connection with the Bonds; Providing that Certain Terms and Details of the Bonds will be Provided in a Subsequent Resolution of the Council; Ratifying Action Previously Taken in Connection with the Bonds; Repealing all Ordinances in Conflict Herewith; and Declaring an Emergency.



Agenda

- B. Bill No. 2009-36: Authorizing the Execution and Delivery of a Loan Agreement by and Among the City of Santa Fe and the New Mexico Finance Authority, Evidencing a Special, Limited Obligation of the City to Pay a Principal Amount Not to Exceed \$30,000,000 for the Purpose of Defraying the Cost of Acquiring Land, Buildings and Other Property from The College of Santa Fe; Providing for the Payment of the Loan Agreement from Lease and Installment Payments Made by the Lessee/Purchaser of the Project and Certain Gross Receipts Tax Revenues Distributed to the City; Providing for the Distributions of Gross Receipts Tax Revenues from the Taxation and Revenue Department to be Redirected to the New Mexico Finance Authority or its Assigns Pursuant to an Intercept Agreement for the Payment of Principal and Interest Due on the Loan Agreement; Providing for the Funding of Loan Agreement Reserve Account; Providing for Maximum Net Effective Interest Rate; Providing for a Supplemental Resolution to be Subsequently Adopted Specifying Details of the Loan Agreement, Including the Net Effective Interest Rate; Ratifying Actions Heretofore Taken; Repealing all Action Inconsistent with this Ordinance; Authorizing the Taking of Other Actions in Connection with the Execution and Delivery of the Loan Agreement and Intercept Agreement; and Declaring an Emergency.

35. REQUEST FOR APPROVAL OF AN ORDINANCE AUTHORIZING A LEASE OF APPROXIMATELY 61 ACRES OF LAND AND APPROXIMATELY 499,000 SQUARE FEET OF RENTABLE AREA LOCATED WITHIN THE BUILDINGS, TOGETHER WITH ALL IMPROVEMENTS, BUILDING SYSTEMS EQUIPMENT AND PERSONAL PROPERTY LOCATED AT 1600 ST. MICHAEL'S DRIVE, SANTA FE NEW MEXICO (THE COLLEGE OF SANTA FE) (MAYOR COSS) (DAVID MILLICAN)

Committee Review:

City Council (Request to Publish – Approved)
 Public Works Committee (Scheduled)
 City Council (Public Hearing)

July 8, 2009
 July 27, 2009
 July 29, 2009

Fiscal Impact – Yes

36. OTHER MATERIALS RELATED TO COLLEGE OF SANTA FE TRANSACTION (SEE ADDENDUM) (DAVID MILLICAN)
37. REQUEST FOR APPROVAL OF AMENDMENTS TO CITY OF SANTA FE PURCHASING MANUAL – PROCUREMENT THRESHOLDS (ROBERT RODARTE)
38. OTHER FINANCIAL INFORMATION:
- A. UPDATE ON GROSS RECEIPTS TAX REPORT FOR JULY 2009 AND LODGERS' TAX REPORT FOR JUNE 2009 (DAVID MILLICAN)



Agenda

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39. MATTERS FROM THE COMMITTEE
 40. 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, July 20, 2009**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved [amended]	1
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT AGENDA LISTING		2-5
APPROVAL OF MINUTES:		
JUNE 1, 2009	Approved	5-6
JUNE 15, 2009	Approved	5-6
JUNE 29, 2009 (no quorum)	No action because no minutes	5
<u>INFORMATIONAL ITEMS</u>		
UPDATE ON CITY BUDGET PROCESS		
PROPOSALS TO IMPLEMENT BALANCING BUDGET MEASURES FOR FISCAL YEAR 2009/2010	Information/discussion	6-11
STATUS UPDATE ON THREE (3) CONDITIONS FOR NEW BUDGET MEASURES FOR FISCAL YEAR 2010/2011	Information/discussion	11
INFORMATION FROM CITY MANAGER ON AUTHORITY TO RESCIND SANTA FE POLICE OFFICER ASSOCIATION RAISE.	Information/discussion	11
<u>DISCUSSION</u>		
<u>PUBLIC HEARING</u> – COSF BOND PROVISIONS		
BILL NO. 2009-35: AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF SANTA FE, NEW MEXICO, COLLEGE OF SANTA FE LEASE/ SUBORDINATE LIEN GROSS RECEIPTS TAX REVENUE BONDS, SERIES 2009 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$30,000,000, ETC.	No action	12

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
BILL NO. 2009-36; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND AMONG THE CITY OF SANTA FE AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE CITY TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED \$30,000, ETC.	Approved [amended]	12-34
REQUEST FOR APPROVAL OF AN ORDINANCE AUTHORIZING A LEASE OF APPROXIMATELY 61 ACRES OF LAND AND APPROXIMATELY 499,000 SQUARE FEET OF RENTABLE AREA LOCATED WITHIN THE BUILDINGS, TOGETHER WITH ALL IMPROVEMENTS, BUILDING SYSTEMS EQUIPMENT AND PERSONAL PROPERTY LOCATED AT 1600 ST. MICHAELS DRIVE, SANTA FE, NEW MEXICO (THE COLLEGE OF SANTA FE)	Approved	35
OTHER MATERIALS RELATED TO COLLEGE OF SANTA FE TRANSACTION (SEE ADDENDUM)	Information	35
<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF 2009/2010 EMPLOYEE INSURANCE BENEFITS PACKAGE	Approved	35-36
REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – RUGBY FIELDS PHASE 2, CONCESSION/RESTROOM BUILDING; ROMTEC	Approved	36
REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS – AFFORDABLE HOUSING TRUST FUND FUNDING ALLOCATIONS FOR FISCAL YEAR 2009		
SANTA FE COMMUNITY HOUSING TRUST – DOWN PAYMENT ASSISTANCE	Approved	37-38
SANTA FE COMMUNITY HOUSING TRUST – THE VILLAGE SAGE (CIP)	Approved	37-38
HOMEWISE – DOWN PAYMENT ASSISTANCE	Approved	37-38
HOMEWISE – ENERGY CONSERVATION LOANS	Approved	37-38
HOMEWISE – OLD LAS VEGAS HIGHWAY (CIP)	Approved	37-38
ST. ELIZABETH'S SHELTER – RENTAL HOUSING UPGRADES	Approved	37-38
COALITION TO END HOMELESSNESS/YOUTH SHELTERS – RENTAL HOUSING	Approved	37-38
BRANCH DESIGN/EZMO LLC – CIELO AZUL (CIP)	Approved	37-38

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO A REQUEST FOR APPROVAL OF FOURTH QUARTER BUDGET ADJUSTMENTS FOR FISCAL YEAR 2008/2009 ***** END OF CONSENT CALENDAR DISCUSSION *****	Approved	38-39
REQUEST FOR APPROVAL OF AMENDMENTS TO CITY OF SANTA FE PURCHASING MANUAL – PROCUREMENT THRESHOLDS	Approved	39-41
<u>OTHER FINANCIAL INFORMATION:</u>		
UPDATE ON GROSS RECEIPTS TAX REPORT FOR JULY 2009 AND LODGERS' TAX REPORT FOR JUNE 2009	Information	41
MATTERS FROM THE COMMITTEE		41
ADJOURNMENT		42

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE
Monday, July 20, 2009**

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Matthew E. Ortiz, at approximately 5:15 p.m., on Monday, July 20, 2009, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Councilor Matthew E. Ortiz, Chair
Councilor Christopher Calvert
Councilor Miguel Chavez
Councilor Carmichael A. Dominguez
Councilor Rebecca Wurzbarger

OTHERS ATTENDING:

David Millican, Finance Director
Yolanda Green, Finance Division
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 by reference. The original Committee packet is on file in the Finance Department.

3. APPROVAL OF AGENDA

Mr. Millican said Item #26 on the Consent Agenda will be postponed to the next meeting.

MOTION: Councilor Calvert moved, seconded by Councilor Wurzbarger, to approve the agenda, as amended.

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT AGENDA

7. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 – POLICE DEPARTMENT RENOVATIONS – PHASE II; LOCKWOOD CONSTRUCTION COMPANY. (CHIP LILIENTHAL)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND.
8. REQUEST FOR APPROVAL OF AGREEMENT BETWEEN OWNER AND ARCHITECT – TINY GRIEGO/LA FARGE BRANCH LIBRARY RENOVATIONS (RFP #09/23/P); TERRAPLEN/INTEGRATED DESIGN ARCHITECTURE. (CHIP LILIENTHAL)
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12. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENTS – LIBRARY BOOKS AND PERIODICALS FOR LIBRARY DIVISION; VARIOUS VENDORS. (PATRICIA HODAPP)
13. *[Removed for discussion by Councilor Wurzbarger]*
14. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT FOR INSTALLATION OF TRAFFIC SIGNAL VEHICLE LOOP DETECTORS AND OTHER SIGNAL EQUIPMENT FOR CITY STREETS REHABILITATION PROGRAM. (RICK DEVINE)

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16. *[Removed for discussion by Councilor Wurzburger]*
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21. REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO PROFESSIONAL SERVICES AGREEMENT – WEBSITE REDESIGN, REDEVELOPMENT AND ONGOING MAINTENANCE FOR SANTA FE CONVENTION AND VISITORS BUREAU; STUDIO X, INC. (KEITH TOLER)
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This item is postponed to the next meeting of the Finance Committee

27. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING CHAPTER 14 LAND DEVELOPMENT LAWS AND CHAPTER 26 AFFORDABLE HOUSING SFCC 1987, RELATING TO APPEALS (COUNCILOR ORTIZ). (GREG SMITH). Committee Review: Planning Commission (Approved) March 19, 2009; Public Works Committee (Approved) May 11, 2009; Archaeological Review (Approved) May 28, 2009; Historic Design Review Board (Approved) June 23, 2009; Board of Adjustment (Approved) June 16, 2009; City Council (Request to Publish) July 8, 2009; Finance Committee (No Quorum) June 29, 2009; and City Council (Public Hearing) July 29, 2009. Fiscal Impact – Yes.
28. REQUEST FOR APPROVAL OF JOINT RESOLUTION DIRECTING STAFF TO STUDY THE FEASIBILITY OF COMBINING EFFORTS TO PLAN AND DESIGN AFFORDABLE HOUSING, TO ALIGN AFFORDABLE HOUSING POLICIES FOR CONSISTENCY IN INTERPRETATION AND APPLICATION, TO IDENTIFY AREAS WHERE COLLABORATIVE EFFORTS WILL RESULT IN MORE EFFECTIVE AND EFFICIENT HOUSING PROGRAMS AND PROJECTS FOR THE BENEFIT OF THE WORKING CITIZENS OF THE CITY AND COUNTY OF SANTA FE (COUNCILORS ROMERO, BUSHEE AND CALVERT). (KATHY McCORMICK) Committee Review: Public Works Committee (Approved) June 22, 2009; Finance Committee (No Quorum) June 29, 2009; and City Council (Scheduled) July 29, 2009. Fiscal Impact – Yes.
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30. SHORT TERM RENTAL 18 MONTH REPORT. (JEANNE PRICE)
- A. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTION 14-14-6.2(A)(6) SFCC 1987, REGARDING SHORT TERM RENTAL UNITS. (COUNCILORS WURZBURGER AND ROMERO). (JEANNE PRICE) Committee Review: Public Works Committee (Approved) July 6, 2009; Planning Commission (Scheduled) July 16, 2009; City Council (Request to Publish) July 29, 2009; and City Council (Public Hearing) August 24, 2009. Fiscal Impact – Yes.
31. REQUEST FOR APPROVAL OF AN ORDINANCE REPEALING SECTIONS 14-8.11(G)(3), 14-8.13, 14-8.16 AND 14-8.17 SFCC 1987, REGARDING ANNUAL WATER BUDGET, WATER RIGHTS TRANSFER REQUIREMENTS AND WATER BANKING; CREATING A NEW SECTION 14-8.13 SFCC 1987, REGARDING DEVELOPMENT WATER BUDGET REQUIREMENTS, A NEW ARTICLE 25-9 SFCC 1987, REGARDING THE CITY WATER BUDGET, A NEW ARTICLE 25-10, SFCC 1987, REGARDING THE CITY WATER BANK, A NEW ARTICLE 25-11 SFCC 1987, REGARDING THE WATER RIGHTS TRANSFER PROGRAM, AND A NEW ARTICLE 25-12 SFCC 1987, REGARDING THE WATER CONSERVATION CREDIT PROGRAM; MAKING SUCH OTHER RELATED CHANGES AS ARE NECESSARY (COUNCILOR WURZBURGER). (FRANK KATZ AND DALE LYONS). (Postponed at Finance Committee meeting of June 15,

2009). Committee Review: Planning Commission (Approved) March 19, 2009; Public Utilities Committee (Approved) May 6, 2009; City Council (Request to Publish) (Approved) May 27, 2009; Public Works Committee (Approved) June 22, 2009; City Council (Postponed) June 24, 2009; Finance Committee (No Quorum) June 29, 2009; and City Council (Public Hearing) July 29, 2009. Fiscal Impact – Yes.

32. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING STAFF TO PREPARE UPDATED LANDSCAPING STANDARDS INCLUDING, BUT NOT LIMITED TO, WALK BARRIERS, PLANT MATERIALS AND SCREENING WALL STANDARDS FOR NEW ROADWAY MEDIANS AND PLANTING STRIPS (COUNCILOR DOMINGUEZ). (WENDY BLACKWELL) Committee Review: Public Works Committee (Approved) July 6, 2009 and City Council (Scheduled) July 29, 2009. Fiscal Impact – No.
33. A RESOLUTION DIRECTING STAFF TO COLLABORATE WITH THE YOUTH OF OUR COMMUNITY TO IDENTIFY AN ALTERNATIVE, TEMPORARY LOCATION FOR THE MEMORIAL CURRENTLY AT CATHEDRAL PARK HONORING THE FOUR YOUTH WHO RECENTLY WERE KILLED IN A VEHICULAR ACCIDENT; AND TO COLLABORATE WITH THE YOUTH, FORMER MEMBERS OF THE CUARTOCENTENARIO CATHEDRAL PARK MONUMENT COMMITTEE AND NON-PROFIT ORGANIZATIONS TO IDENTIFY A LOCATION AND CREATE POLICIES FOR A PERMANENT MEMORIAL TO HONOR ALL SANTA FE YOUTH WHO HAVE DIED (COUNCILOR DOMINGUEZ). (SEVASTIAN GURULE). Committee Review: Public Works Committee (Scheduled) July 27, 2009; and City Council (Scheduled) July 29, 2009. Fiscal Impact – No.

END OF CONSENT AGENDA

MOTION: Councilor Wurzbarger moved, seconded by Councilor Dominguez, to amend the agenda to hear Consent Agenda discussion items following Item #36 on the Discussion Agenda, and to approve the agenda as amended.

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

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5. **APPROVAL OF MINUTES:**
JUNE 1, 2009
JUNE 15, 2009
JUNE 29, 2009 (no quorum)

MOTION: Councilor Dominguez moved, seconded by Councilor Calvert, to approve the minutes of the Regular Finance Committee Meetings of June 1, 2009 and June 15, 2009, as presented.

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

INFORMATIONAL ITEMS

6. UPDATE ON CITY BUDGET PROCESS. (DAVID MILLICAN)

A. PROPOSALS TO IMPLEMENT BALANCING BUDGET MEASURES FOR FISCAL YEAR 2009/2010

A copy of the text of the Power Point presentation, "Budget Update," dated July 20, 2009, is incorporated herewith to these minutes as Exhibit "1."

Chair Ortiz said this item will remain on the Finance Committee agenda until mid-year when the mid-year budget is approved.

David Millican reviewed the information in Exhibit "1."

Responding to Councilor Calvert, Mr. Millican said the GRTs shown on the first slide is a combination of the water GRT and the other increments of the GRTs.

Chair Ortiz asked who decides the period of time that the committee dealing with furloughs bases its decisions on.

Mr. Millican said they would look at how deep the problem is and recommend a furlough program based on the depth of that problem.

Chair Ortiz asked what month's data is used to trigger furloughs.

Mr. Millican said they want to look at this on a three-month trend, and in August staff will have a more fleshed out furlough program, and it could be evaluated and implemented.

Chair Ortiz said then there would be recommendations from staff at the second meeting in August, on August 17, 2009, with regard to whether it needs to be done at that time.

Councilor Chavez asked if this would also include the voluntary program which currently is in place.

Mr. Millican said there is a required furlough in place for AFSCME employees, and voluntary furlough options have been extended to other employees, but that program is just getting off the ground. These furloughs would be mandatory, and based on choosing specific days the City would close its operations, but staff needs to work on the details. He said a lot of planning is involved in any kind of service interruption.

Councilor Chavez asked if staff will know the savings from the furlough programs currently in place.

Mr. Millican said those are built into the current budget, and unless there are additional savings, staff wouldn't count on this as a budget balancing tool. He said there is a turnover, and a vacancy report is in the Committee packet, and staff will be monitoring the vacancy savings.

Mr. Millican said if there is a very serious drop in GRTs in August, the City will need to move quickly to impact the rate of spending.

Councilor Dominguez asked if there will be an implementation strategy presented in August.

Mr. Millican said staff would describe the program and how it would be implemented as well as recommendations as to whether it needs to be implemented to control spending.

Councilor Dominguez asked if staff is ready with a plan.

Mr. Millican said the Restructuring Committee is working on the contingency planning as its first priority. He said they have identified the nature of the furlough which would be applied broadly and would result in given days when City operations can be shut down, and would apply to all furloughs where feasible. He said field services would not be affected, but it is possible that public safety administrative services could be impacted.

Councilor Calvert asked when the City will close-out the 2008-2009 budget year, and Mr. Millican said this is being done currently .

Councilor Calvert said then we are looking at July figures for GRT which are based on May.

Mr. Millican said the budget revenue estimates are based on actual cash receipts in the budget year, and explained the year end process.

Councilor Calvert noted that last year's receipts will impact the fund balance.

Chair Ortiz asked if the Furlough Committee is the same as the Restructuring Committee.

Mr. Millican said basically it is, and the members are Robert Romero, Kathy McCormick, Terrie Rodriguez, Brian Snyder, Nick Schiavo, Kate Noble, Pat Hodapp, Teresita Garcia, Cal Probasco, Kristine Kuebli

Chair Ortiz noted these are all administrator, and asked if there are representatives from the collective bargaining units.

Mr. Millican said no.

Chair Ortiz asked if consideration is being adding to add these representatives.

Mr. Millican said, "We went through a process of consulting with labor unions, sort of in a group setting last year, that ended up not working as well as meeting with them individually about specific issues affecting their units. And, we don't think we're at a level that's evolved enough to have that conversation with them yet."

Chair Ortiz said then department directors will decide what kinds of furloughs and cuts in services will be applied throughout the City.

Mr. Millican said that Committee will form the recommendation.

Chair Ortiz said when we went through the budget process, there were conditions which were written which were entered into the minutes verbatim, and he believes staff has to follow those conditions. He understands this is where the staff wants to go. However, with regard to restructures, he remembers specifically that a study of duplication of effort as being one of the primary motivations, not some of the other things which staff have included. He would like staff to go to the minutes and get those conditions so you are following the direction which was given by the Council.

Mr. Millican said four of the items which were specifically called out are Centralization v. Decentralization, Management – pay, numbers, levels, Duplication of effort, efficiency and effectiveness, and Organization and service structure is implied in that. He said the three conditions were that there would be a restructuring committee report back to the Council, that there would be a contingency plan based on actual collections at September 30th which was accelerated, and a request for staff to contact vendors providing professional services to the General Fund regarding a reduction in compensation for the scope of services.

Chair Ortiz said direction was given to staff to talk to all professional services contractors with a balance of \$25,000 to renegotiate a reduction of at least 5%.

Mr. Millican said it was direction to request, not renegotiate, a 5% reduction, noting this is the resolution action.

Chair Ortiz said he requested that the minutes language to be in the Committee packet, but it isn't included.

Councilor Chavez said one of the directions to staff was not to use any additional reserve money to balance the budge.

Mr. Millican said, "Yes, to the extent that we had to come up with a contingency plan, the condition was that any contingency plan which was prepared would not propose the use of reserves other than those already approved by the Council. And, that actually addressed the concern that we not continue to balance with reserves, and that we start to move to a sustainable solution."

Responding to Councilor Chavez, Mr. Millican said the 5% is voluntary and is a request, and it excludes contracts affecting affordable housing, children & youth, human services, and such – exceptions attached to the approval of the City Manager's budget. He said he is unsure of the savings, and there is a big emphasis on the front end of contracting. There is the beginning of documentation in the packet, and there is a requirement that all departments submitting the contracts have to describe why the contract is essential, what they are doing to reduce the costs, and the reason for the contract instead of using City staff to do the work. He believes this has significantly improved the justification documentation in the process and has some creative work by departments to reduce the total costs of contracts. He believes this is an appropriate request, because employees are being asked to reduce their compensation.

Councilor Chavez believes in the long term, as we move toward restructuring, there may be a greater savings in the long term there as well, and Mr. Millican said yes.

Responding to the Chair, Mr. Millican said he can distribute a list of all vacancies which have been eliminated, noting he was unaware the Committee would be talking about this list this evening, and the list in the presentation are only those vacancies which have occurred since the budget adoption, and not listed on vacancies the Council received in connection with the budget adoption. These positions were funded at the time. Mr. Millican reiterated that the policy is that any position which is vacant has to come to the Council for permission to restore a vacancy. Staff will come back and identify critical positions, and generally only one out of four vacancies will be filled, and staff has to determine how to organize around that. He has an updated all-vacancies list which he can provide to the Committee

Councilor Wurzbarger said she wants a complete list of all vacancies. The current strategy is to focus on not filling vacancies as opposed to layoffs. She clarified that any vacancies after July 1, 2009, other than the three in the General Fund, would not be filled until staff comes back to the Finance Committee and the Council with a position justification.

Councilor Chavez would like the list also to include transfers within the City which have happened since adoption of the budget. He understands after the last GRT report was received, the City Manager and/or the Finance Director sent a memo that there was a hiring freeze and a freeze on all transfers.

Mr. Millican said they said they would impose a 30-day freeze on hiring, promotions and transfers. He said they won't impose the freeze for positions on the authorized list.

Councilor Chavez said the filling of vacancies still will have to be approved by Finance Committee and the Council.

Mr. Millican said vacancies were funded in the budget, and any new positions not on the original list have to come back to the Council and the Committee for approval.

Councilor Chavez asked about transfers and the fiscal impact, and he would like a list of those for this Committee.

Mr. Millican clarified those are transfers between business units.

Councilor Dominguez asked how staff will justify filling some of the positions without going through the restructuring process. He said some of the vacancies may be positions to eliminate once you go through that process.

Mr. Millican said, currently, any hiring gets a very close review, and staff will be filling positions which we have to hire, for example park maintenance work in the summer. There is no hiring freeze on these essential positions.

Councilor Dominguez asked if the administration will determine what positions are critical and not subject to restructuring.

Mr. Millican said it would be subject to restructuring.

Councilor Dominguez said the intent of restructuring isn't necessarily to eliminate positions for the sake of elimination positions, but to ensure that we have an efficient and effective government.

Chair Ortiz said he doesn't recall what authority the Council gave for staff to impose a 30 day hard freeze on transfers and vacancies, and then open it again after 30 days. He said he doesn't believe the Restructuring Committee has the authority to do this. He said they need to continue the freeze in effect until there is policy direction from the Governing Body that there is a change. He said this Committee needs a list of transfers "in the pipeline" and waiting, a list of the vacancies the administration deems critical and need to be filled, a list of positions they think are funded which are now vacant which need to be continued. This Committee needs this information in the event budget cuts have to be made. Those lists need to be vetted first through this Finance Committee. He doesn't believe staff can say it is going to do a 30 day freeze and then go back to business as usual. He doesn't believe staff has that authority.

Mr. Millican said the 30 day freeze was announced by the City Manager and there was no Council action in imposing the freeze, and there has been no Council action imposing or extending a freeze.

Chair Ortiz said he thought the freeze was in the budget which was adopted.

Mr. Millican said the freeze was made within one day of the 15% revenue drop and there was no Council action.

Councilor Wurzbarger said she is having a problem with the language, "freeze in effect except for accepted offers." She said staff needs to work on this and present something for action at the next Finance Committee meeting. She thought we did have a freeze.

Chair Ortiz reiterated that this agenda item in some form, will be on every Finance Committee agenda until mid-year at least.

Councilor Wurzbarger said it is her recollection that before any position could be filled, staff would have to come back to the Council and convince us that it is a critical position, commenting that she also thought there was a freeze.

Mr. Buller said any position which was vacated after July 1st has been eliminated, and staff must come back to the Council to fill those positions. He said the 30-day freeze is on those positions which were explicitly approved, such as the neighborhood planner, because of what happened in the June budget.

Councilor Wurzbarger wants to know on what positions are there accepted offers which are pending revenue update.

Ms. Kuebli said a few positions were advertised and vacant prior to the end of the fiscal year, and there are positions which have been offered jobs which were advertised in June, prior to July 1, 2009.

Chair Ortiz wants that list and the justification for those positions by the next meeting.

Councilor Chavez would also like a list of pending transfers.

B. STATUS UPDATE ON THREE (3) CONDITIONS FOR NEW BUDGET MEASURES FOR FISCAL YEAR 2010/2011.

See Item #6(A) above.

C. INFORMATION FROM CITY MANAGER ON AUTHORITY TO RESCIND SANTA FE POLICE OFFICER ASSOCIATION RAISE.

Responding to the Chair, Mr. Buller said there are continuing renegotiations and they are still at the table and meeting again tomorrow.

Chair Ortiz asked what authority was given by the Council to staff to renegotiate raises which were already bargained and agreed upon.

Mr. Buller said the Governing Body did not appropriate those raises in the approved budget, and because they weren't appropriated "my job as City Manager was to implement the budget as approved and as adopted, which is without those raises. But, at the same time, we invited and continue to do renegotiations because we would like to find a way to make this work. That renegotiation continues, and because they're still at the table in a meeting tomorrow, I'm not at liberty under their ground rules to talk about that continued renegotiation."

Chair Ortiz said then the Council defunded the 3% raise which was included in the three-year contract, and Mr. Buller said yes.

Chair Ortiz said then the administration thinks we didn't fund that amount and took that amount out when we passed the budget.

DISCUSSION

34. PUBLIC HEARING – COLLEGE OF SANTA FE BOND PROVISIONS (DAVID MILLICAN)

- A. BILL NO. 2009-35: AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF SANTA FE, NEW MEXICO, COLLEGE OF SANTA FE LEASE/SUBORDINATE LIEN GROSS RECEIPTS TAX REVENUE BONDS, SERIES 2009 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$30,000,000 FOR THE PURPOSE OF DEFRAYING THE COST OF ACQUIRING LAND, BUILDINGS AND OTHER PROPERTY FROM THE COLLEGE OF SANTA FE; PROVIDING THAT THE BONDS WILL BE PAYABLE AND COLLECTIBLE FROM LEASE AND INSTALLMENT PAYMENTS FROM THE LESSEE/PURCHASER OF THE PROJECT AND CERTAIN GROSS RECEIPTS TAX REVENUES DISTRIBUTED TO THE CITY; PROVIDING FOR THE DISPOSITION OF THE RECEIPTS DERIVED FROM LEASE AND INSTALLMENT PAYMENTS FROM THE LESSEE/PURCHASER AND THE GROSS RECEIPTS TAX REVENUES; ESTABLISHING THE FORM, MANNER OF EXECUTION AND OTHER DETAILS OF THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE UNDERTAKING IN CONNECTION WITH THE BONDS; PROVIDING THAT CERTAIN TERMS AND DETAILS OF THE BONDS WILL BE PROVIDED IN A SUBSEQUENT RESOLUTION OF THE COUNCIL; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION WITH THE BONDS; REPEALING ALL ORDINANCES IN CONFLICT HERewith; AND DECLARING AN EMERGENCY.**

No action was taken on this item.

- B. BILL NO. 2009-36; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND AMONG THE CITY OF SANTA FE AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE CITY TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED \$30,000 FOR THE PURPOSE OF DEFRAYING THE COST OF ACQUIRING LAND, BUILDINGS AND OTHER PROPERTY FROM THE COLLEGE OF SANTA FE; PROVIDING FOR THE PAYMENT OF THE LOAN AGREEMENT FROM LEASE AND INSTALLMENT PAYMENTS MADE BY THE LESSEE/ PURCHASER OF THE PROJECT AND CERTAIN GROSS RECEIPTS TAX REVENUES DISTRIBUTED TO THE CITY; PROVIDING FOR THE DISTRIBUTION OF GROSS RECEIPTS TAX REVENUES FROM THE TAXATION AND REVENUE DEPARTMENT TO BE REDIRECTED TO THE NEW MEXICO FINANCE AUTHORITY OR ITS ASSIGNS, PURSUANT TO AN INTERCEPT AGREEMENT FOR THE PAYMENT OF PRINCIPAL AND INTEREST DUE ON THE LOAN AGREEMENT; PROVIDING FOR THE FUNDING OF LOAN AGREEMENT RESERVE ACCOUNT; PROVIDING FOR MAXIMUM NET EFFECTIVE INTEREST RATE; PROVIDING FOR A SUPPLEMENTAL RESOLUTION TO BE SUBSEQUENTLY ADOPTED SPECIFYING DETAILS OF THE LOAN AGREEMENT, INCLUDING THE NET EFFECTIVE INTEREST RATE; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH**

THIS ORDINANCE; AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT AND INTERCEPT AGREEMENT; AND DECLARING AN EMERGENCY.

Items #34(A), #34(B), #35 and #36 were combined for purpose of presentation, public hearing and discussion, but were voted upon separately.

A copy of "College of Santa Fe Sources and Uses," is incorporated herewith to these minutes as Exhibit "2."

A copy of a letter dated July 20, 2009, to Mayor Coss, from Laurence A. Hinz, Senior Vice President, Business Development, Laureate Higher Education Group, is incorporated herewith to these minutes as Exhibit "3."

Chair Ortiz asked if representatives in attendance from Laureate are willing to take questions from the City.

Ms. McCormick said Laureate will do a brief overview and answer some questions as long as they aren't business negotiating points. She said Laureate would prefer not to negotiate with the Finance Committee and staff as gone through all those points with them and is prepared to provide those answers.

Chair Ortiz asked if Laureate understands that the Council has an obligation to the public to ask whatever questions we deem relevant regarding the finances, and that we all can't sit at the negotiation table with Laureate.

Ms. McCormick said, "That's correct and they also understand that the Council and the Committees directed staff to negotiate on behalf of the Council."

Mr. Millican reviewed the contents of Exhibit "2." He noted that direction to staff that the City's contribution to the transaction would be based primarily on those transaction costs which it needed to do from an administrative standpoint – appraisals, surveys, assessments and such – but not direct assistance to the transaction.

Mr. Millican said NMFA is in the process of setting the rates and terms and staff believes the transaction works from a financial standpoint and the real focus is the revenue produced by the lease and the capability of Laureate to execute on its business plan.

Councilor Chavez asked if the \$20 million investment from Laureate would be at the front end or phased in.

Mr. Millican said the equity balance is to absorb losses that might take place because the campus is not operating at capacity, and there aren't enough students. This is anticipated to be phased-in over four academic years, with more of the investment in the first and second years of the project. Laureate will ensure that its subsidiary which will operate the campus is adequately funded as it begins operation.

Laureate's investment is involved in the operation of the campus and its rent pays for a debt issue which helps to improve the operation of the campus. Capital items are paid through rent or through assistance from the State or federal government and operating items are direct equity investments from Laureate.

Councilor Chavez would like a separate sheet which would explain this, and Mr. Millican said he can do this. He said those schedules in the specific pro forms are confidential business information that staff has reviewed, noting Laureate's forecast is for very low numbers of students in the first two years.

Councilor Dominguez asked if the letter on page 128 of the packet is intended to be the agreement regarding the \$20 million from Wengen.

Mr. Millican said this is correct.

Councilor Dominguez said then this is to detail the general terms and the commitment, and not necessarily the details of the lease agreement itself.

Ms. McCormick said the purpose of this letter is to ensure, if for any reason Laureate were to leave Santa Fe before the \$20 million was completely spent, that the City would receive any balance of the \$20 million remaining. She said staff has received comments from Laureate legal counsel which are being reviewed by Ms. Brennan. The intent is to make sure that the letter is actionable.

Councilor Dominguez asked if there are termination provisions in the Lease Agreement, and this articulates some of those as well.

Ms. McCormick said there is language in the Lease Agreement for what Laureate calls a "teach out," which means it has to provide 4½ months notice and be able to teach-out through a semester.

Councilor Chavez asked about the accreditation which he believes has to come before anything.

Ms. McCormick said this is one of the early clauses in the lease which provides that Laureate has to have accreditation. She said the accreditors were here last week, and there was a successful meeting, and she expects a recommendation from the HLC staff by June 29, 2009 for review by the Council at its next meeting.

Councilor Ortiz said accreditation is a condition precedent and we can't move forward without accreditation.

Ms. McCormick said, "That is how we have set up the negotiations for this project." Ms. McCormick said by the July 29th Council meeting there will be a staff recommendation with regard to accreditation..

Chair Ortiz said then staff would make a recommendation to approve the ordinance and the lease contingent on the representations that Laureate would be accredited, and Ms. McCormick said this is correct.

Mr. Millican said it is anticipated that the staff recommendation for the change of ownership and accreditation would be acted on by the Board on July 27th, but the College would continue accreditation as part of the teach-out program for the existing college, and would be able to teach existing students and would also be offered federal loans to enrolled student. He said the Higher Learning Commission won't accelerate or hold a special meeting, and has to wait for its Board to take action on accreditation as part of its own policies.

Chair Ortiz asked what assurance students would have of being guaranteed their credit hours are worth something if we don't have the final approval from the Board.

Mr. Millican said the interim accreditation would provide that anyone enrolled would get credit, but the formal accreditation action would take place in October 2009.

Councilor Calvert said he heard the staff could enact a continuation or extension of the accreditation until the Board could meet and make that decision, and Ms. McCormick said this is her understanding.

Ms. McCormick described debt service for the project, the staff team working on the lease and its duties, noting Lee DePietro did this same kind of work for Harvard. The team consists of herself, Lee DePietro, Dave Millican and Kelly Brennan. She said the strategy has been to minimize any risk to the City of Santa Fe currently and in the future.

Deborah Epstein, VP of Global Corporate Communications for Laureate, said Laureate is a global company, dedicated to providing access to quality higher education. Ms. Epstein described the work of Laureate, which is located in 20 countries, serving more than 500,000 students on 100 campuses. She said the College is an attractive addition to Laureate's global network of universities, and they plan to operate the College as a center of excellence focused on the creative arts.

Ms. McCormick highlighted the provisions of the lease agreement which is contained in the Committee packet. Ms. McCormick noted that staff was successful in negotiating with Laureate that the lease payment and debt service separate and the City would negotiate the best deal it could for acquiring the College of Santa Fe [COSF] – the lease payment was decoupled from the debt service payment.

Responding to the Chair, Ms. McCormick said Laureate will be taking the bulk of the buildings on the site with the exception of the barracks and the vacant land.

Councilor Chavez asked if the infrastructure includes the road network within the campus.

Ms. McCormick said is shared, and there is language in the lease which provides how this is to be shared.

Councilor Chavez asked what is the LLC which is referenced on page 53.

Ms. McCormick said this is a new company to be formed by Laureate for operation of the SFCC.

Chair Ortiz said he is impressed by staff's negotiation, and believe they have done a thorough job and have represented the interests of the City. However, there are points of contention which still remain, and may be deal breakers, depending on responses from the College and Laureate, but that is no fault of the staff.

Public Hearing

Chair Ortiz said each person will have three minutes to speak to the issue.

Elaine Alexander, 248 ½ Rael Road, 87505, said she is here as someone who attended the College of Santa ("COSF") from 1994-1997, and graduated with a music degree and then attended law school. She earned a paralegal degree before coming back to New Mexico. She said this school has meant a lot to her and to other people. She said if the school doesn't continue we will lose people which we need in the community. She said we have a chance in Santa Fe to have a middle class. She said the State could team with the College to offer core curriculum. She said this is an opportunity for people to get a degree here who, for whatever reason, can't commute to Albuquerque. She said we need the film and art school to support these industries in Santa Fe.

Alicia Shaw, 2215 Rancho Siringo Road, said she graduated from the COSF and she is not here for sentimental reasons. She is here because it is hard to live here as a young person. She said affordable housing is practically non-existent in Santa Fe. She said Santa Fe's only four-year college may disappear if the Council doesn't act with courage. She said COSF is estimated to contribute \$20 million annually to the local economy, and other estimates place this figure higher. She believes it would be fiscally imprudent to wait and see what happens if the COSF disappears. She recognizes this is a complex situation, but we have to be brave and find a way to make this work. She understands there is no taxpayer burden. She said people are planning to leave, including herself, if there is not a four-year college here. She said Santa Fe is a UNESCO designated City and fluctuates between being 2nd and 3rd largest art center in this country. She believes this is meaningless without a living, culturally and generationally diverse community. She believes without a four-year college, the City will become little more than a retirement community for the wealthy and a "two-horse" town with a lot of expensive art and housing. She implored the Committee to consider the importance of this decision.

Patricia Sauthoff, said she moved here six years ago to attend the graduate program at St. John's College and found a tight knit community of like minded young people from St. John's and the COSF. She said this community accepted her. She has served as an adjunct professor of journalism and religious studies as well as working at The Santa Fe Reporter. She said she will be moving to Austin, Texas, if the COSF doesn't continue. She described the programs and students with which she has been involved while in Santa Fe and the qualities they bring to Santa Fe, and hates to lose the younger population. She said the City benefits from this deal with no taxpayer burden, and will keep these young people here and continue to benefit the local economy.

Kris Swedin, 20 Casa del Oro Loop, said she is Chairman, of Creative Santa Fe, a non-profit organization, working to support the creative economy. She is here on behalf of the Board. They began working to see how we could save the assets of the SFCC, including working with the Legislature. She said these young people are those which their economic strategy is striving to keep in the community. She said the creative sector is a \$1 billion a year industry. She said the UNM study shows for every \$1 the City invests in arts and culture, it gets \$5 back in return. She hopes this will happen if the City is able to invest in this project. She commended the City for its willing to take on this very big, bold, scary project. She knows the City can do this as it has in the past – Tierra Contenta, the Railyard, a living wage. She hopes all of the financial issues can be resolved and the City can make this investment which will bring an amazing reward in the next 5-10 years.

Johnny Martinez, Native Santa Fean, said he was the face of the SFCC (SFCC), and after graduation attended the COSF. He applauds the Council for taking on this important work. He said he does have sentimental reasons for being here tonight to speak for support of the COSF. He always expected or hoped to attend COSF, which he did, but he still has a year to graduation. This situation has left a lot of people in a position of finding other places to continue education or wait here and see what happens which is what he is doing. He said the COSF is a good fit for him to work on his degree while working part time. He said the City and State have assumed a great responsibility on this project, and said it takes courage to do things that aren't always popular. He said the people of Santa Fe and Northern New Mexico need this four year college. He said worthwhile things aren't always easy, and he hopes we can work through the details and maintain the COSF and to enhance its quality.

Brother Jim Brown, Christian Brother, 1600 St. Michaels Drive [the COSF], said he grew up here in Santa Fe, and when he was 6 years old, his father took him to the COSF in 1948, to instill in him the idea that a college education is worthwhile. He said it worked, because after attending St. Michael's High School he went to St. Michael's College and graduated from the COSF. He said the Christian Brothers started the College many years ago for education in Santa Fe, Northern New Mexico and beyond. He said he is speaking for the Brothers who are still here, and those who aren't, and they definitely want to see this education continue as a part of their heritage, even though they always won't be part of that heritage. They very much support the continuation of the COSF in whatever form it may take.

Deborah Unger, 711 Gildersleeve, said she is a full time teacher at Salazar Elementary and was teaching part time at the COSF as piano faculty and was involved in student groups. She is happy that some of her ex-students have spoken about the COSF as a wonderful and creative place. She was able to hire a few music students to come to Salazar to work with her students and they put together a few performances of African music. Some of the students also work at the Triangle District Resource Center to build community in that part of town. She has also taken college students to retirement homes. She said many of the people with whom she teaches, earned their degrees from the COSF. She said the COSF fits in the entire community.

Casey Gallegos, 2 Camino Cerrito, Glorieta, New Mexico, said she is a transplant to New Mexico to attend the COSF. She is very interested in the history and culture of Santa Fe which reaches back into "the early times." She came to the COSF because it has been in this City for a long time. She is a teach-out student, and has been forced, in her opinion, to move on to Albuquerque and deal with a larger

campus which isn't what she intended. It really showed her the luxury she had at the COSF, and she feels left out. She has no ties to Albuquerque. She said the COSF is important to the State. She isn't happy with the art curriculum at the other New Mexico schools, and she is having a hard time deciding what to do.

The Public Hearing was closed.

Councilor Dominguez asked Ms. McCormick to elaborate about the pro rata share on page 11 of the lease, regarding sewer, gas and water.

Ms. McCormick said staff assessed the existing infrastructure and decided it was insufficient for 700 students, and negotiated with Laureate, telling them the City would be comfortable maintaining the existing water, sewer and gas lines which is reflected on Lease page 12, Section 6.02(A). She said the City would "oversee" 100% of the cost if there needed to be any major improvements made to the water, sewer or gas lines, but beginning in the sixth year it would be done on a pro rata basis for one year. The first 5 years of maintenance would be at 100% or once they reach 800 students. Once they reach 1,000 students, it is done on a pro rata basis, and the City would take 8/10. Ms. McCormick said it was presumed it is done on a school year, but this needs to be spelled-out in the Lease.

Councilor Dominguez asked Ms. McCormick to speak to Lease page 5, Section 2.07 Landlord's Personal Assets, and asked what are those assets.

Ms. McCormick said the focus is on the art assets located at the College. She said other assets are being purchased directly from the COSF by Laureate – library books, computers, desks, and such. She said the art assets are an area we continue to discuss and how we want that to "play out."

Councilor Dominguez said it sounds as if there are still things to be negotiated, and asked if there is a list of the outstanding details.

Ms. McCormick said that is in the Memorandum from Kelly Brennan which is on packet page 46. She said the points to be negotiated are listed in the memorandum and highlighted throughout the lease: issues of the art work, electrical issues and the purchase price. Ms. McCormick believes we are closer to finalizing an agreement.

Councilor Dominguez noted a number of items are listed as "closed," and presumes that has to be formalized in the lease agreement. Ms. McCormick said, "Agreement has been reached."

Councilor Dominguez said one of his specific concerns is ensuring that the College is accessible to a variety of students from different demographics. He noted in the letter from Laureate [Exhibit "3"] there is an attempt to provide an annual scholarship. He asked what is meant by "qualified student," and if that is a "qualified student from the City of Santa Fe, or from the world, and (2) how is that the school really embraces at-risk youth."

Ms. Epstein said, "To your first point, we see the scholarship as being for here. It's to be a scholarship awarded to a local student. Qualified student means a student who is qualified to go to college. Does that answer your question."

Councilor Dominguez said, "So, it's a qualified student, the local qualified student, and it's not just a qualified student that lives in wherever."

Ms. Epstein said, "Exactly. It's not for a qualified student from Costa Rica, for example."

Councilor Dominguez said, "So that's the intent. To keep it local."

Ms. Epstein said, "And to your second point, I'm hopeful that you'll be able to come tomorrow night and that I'll have an opportunity to talk in more detail with you and anyone else here tonight, as well as any other members of this Committee, about the work that Laureate does when it comes to this issue of access. Laureate education has, as it's mission, expanding access to higher education. That is the mission that is up on the wall in our corporate offices. That's what we're all about, is providing access to higher education, and so we take it very seriously. We invest not just financial resources, but people resources as well, and we expect every institution in our network to likewise embrace corporate social responsibility."

Ms. Epstein continued, "Tomorrow when you stop by, I will have 'this' available. I don't know how many members of the Committee have seen it, but this is a brochure that includes information about all of the institutions in the Laureate network. When you look through this brochure, the think I hope that strikes you, sir, as it did me, as an employee here, is that every single institution is expected to do something when it comes to corporate social responsibility. Every single institution in our network has an entry in here for what they're doing in the communities that they serve, and we expect every institution to offer scholarships and financial assistance so that more students do have access to higher education. We take it very seriously, and so I'm glad you ask the question."

Councilor Dominguez thanked her for her answer, but said it doesn't get to level of detail he wants in terms of providing that access to at-risk youth, noting there are many of these youths in the community which don't have the resources to even understand what Laureate offers, as well as not being able to afford it.

Ms. Epstein said there is a long list of things in the brochure which Laureate offers in terms of scholarships and aid in the community.

Councilor Dominguez said, for example, the SFCC provides a letter of acceptance to every student who graduates, and this is the kind of effort about which he is speaking..

Councilor Dominguez said there is a MOU in the packet from the State, and asked if staff wants this agreement to be part of the record. He asked if anyone would like to speak to this issue.

Mayor Coss said the agreement went to the Governor's office as an MOA and came back as a

MOU, and the Governor has signed it. He said he just got that this afternoon and he can provide copies. he said the MOU details what we have been discussing, and provides "The Governor, consistent with any applicable legal, legislative and regulatory requirements, agrees to work with the City to pursue and make available to the City, State support for the project. The Governor intends to do the following..."

Councilor Dominguez said then it basically is the agreement we have seen previously.

Mayor Coss said it is very much as what Jeanne Price wrote, only now, the Governor's lawyers have worked on it.

Councilor Dominguez asked if the Mayor is here to speak on behalf of the Governor.

Mayor Coss said, "No. I'm just here to say we received it this afternoon. I think Dr. Perlman is here from the Governor's Office."

Dr. Bruce Perlman, Governor's Office, said this a project which is near and dear to the Governor's heart, and he was one of the people who got on board with this early on, and put together the Task Force, noting Mayor Coss and Councilor Wurzbarger served on that Task Force which he Chaired. That Task Force developed ways to keep the COSF in substantial educational use in the community. He said the MOA referenced by the Mayor, is essentially what you have in the Committee packet, with some changes which the Governor's lawyers thought should be made. He reiterated that the Governor is committed to the project, and he has assigned both himself, Dr. Peter Winograd the Governor's educational advisor. Dr. Perlman said, "We want to reiterate his commitment to making sure that the State's financial commitment to this project is there."

Councilor Dominguez said the tax burden to the taxpayers on this project is true as long as all of the parties come through with their financial commitments. He said we have never had that commitment in an open public record.

Councilor Calvert said the MOA references "The following funding sources identified by the Governor," but those aren't listed. He is hopeful those are actually are listed in the MOA.

Dr. Perlman said, "They're definitely in the MOA, and are spelled out, and they are the original sources that you saw."

Councilor Calvert referenced the Memorandum from the negotiating team, noting we have discussed some of the issues. He asked if the Road network has not been covered and is not one of those infrastructure items which has been addressed in the Lease.

Ms. McCormick said she and Robert Romero decided there should be greater definition in the Lease on how to deal with the Road.

Councilor Calvert said this is an additional open item which should be added to the list, and Ms. McCormick said this is correct.

Councilor Chavez said earlier Ms. McCormick indicated a pro rata responsibility.

Ms. McCormick said she and Mr. Romero discussed a way to determine a pro rata share, or a definition about sharing in the cost for maintaining the roads.

Councilor Chavez said that needs to be detailed in the lease as well, noting he asked a question earlier about infrastructure and whether the road network would fit in that list of infrastructure.

Councilor Calvert said he is trying to get clarity of the status of the process and what items are still open.

Councilor Chavez said then the upgrade and the feature maintenance of the road network will be a pro rata share between Laureate and the City of Santa Fe.

Ms. McCormick said, "Councilor, we haven't even broached the subject, but that's the point I was trying to make. We have not broached it with Laureate at all, and I can just hear Larry back there. It's something that Robert and I talked about late on Friday."

Councilor Calvert asked if one option would be to remove the exercise of the purchase option from the equation, so it doesn't hold up the process, and staff can continue negotiations. The arrangement can be amended. He said this also relates to the Landlord Personal Assets "during the lease term and to acquire ownership at no additional cost at the time it exercises its option to purchase." So both are tied to this issue. He asked if the option to purchase absolutely has to be in the lease, or can that be negotiated and then amend this arrangement at a later date.

Ms. McCormick said she will give him her advice, "I would actually recommend that you try to nail down the purchase option as part of the lease. I do think that we're very close to getting this part nailed down. The one that I think is actually taking longer, surprisingly has to do with the personal assets and has to do with the art. And as a staff, we've actually recommended to set that one aside and have a placeholder within the Lease Agreement itself which says we would have some mechanism for finalizing how we would deal with the art on the site, but we don't feel that we need to tie the lease up with that. Now, having said that, Dave or Kelley may have a different point of view, particularly with the purchase option. But it seems to me that's an important point that we would want to have wrapped-up"

Councilor Calvert asked when the option will be exercised – at what point in the future.

Ms. McCormick said, "Do we give away our entire negotiating strategy."

Councilor Chavez has a similar concern about "personal assets" which in this case, may be significant to the City, the COSF, the new institution as it evolves. He said the COSF, founded by the Christian Brothers, first was St. Michael's College and then the SFCC. He sees that assets could be art work, and there are other cultural and historic assets should be inventoried and safeguarded. He said many of those things shouldn't be sold. He said rather than severing the purchase option, he believes the City should inventory the art, historical and cultural assets which are there now. Once we have that

inventory, we can decide what should stay in place for safekeeping for perpetuity, while other things might be considered for sale. He said one way to deal with this would be to separate these assets from the property purchase.

Ms. McCormick said one reason it is taking so long is that we have asked for a full inventory, and Sabrina Pratt and Deborah Garcia are reviewing those. She said we need a full inventory so we understand what is there, and what might be culturally and historically important to maintain in New Mexico which would be part of a special art list over which the City would have control, as well as what is needed for art and teaching purchase. She said the biggest obstacle has been getting the inventory. Responding to Councilor Chavez, Ms. McCormick said the rare books are all part of the same inventory.

Councilor Wurzbarger asked Mr. Millican his opinion of the option proposed by Ms. McCormick – having a purchase option in the lease versus not having one.

Mr. Millican said we need to talk about Laureate's interest. He said if Laureate is successful, it will create significantly more value. He said site control is an important issue for Laureate, and they can't take a going concern and move it to another campus. It's all tied together. Some of the issues we've been discussing in the lease purchase have to do with where the value comes from. Is the value a product of having created a great school, or is it the product of a general rise of real estate prices in the market, and trying to develop an appropriate measure of that as well as creating offsets for investments it makes compared with investments the City makes is the reason this has taken a long time to resolve. His impression is that without a lease purchase in place, Laureate would be uncomfortable with its \$20 million investment because it is seeking to build value with that and site control will be important.

Councilor Wurzbarger said although she is intrigued with the idea, she wanted to raise this discussion. She has strong feelings about direction she wants to give staff with respect to this deal point. Councilor Wurzbarger said this is the time to deal with this, because we have to get this done before next week. She said coming into this meeting there were four points which need to be addressed, one was primarily legal and three were financial and we need to give staff direction they need this evening. She is uncomfortable that Ms. McCormick said we are still in negotiation, noting her perception of the cover memorandum is that they had come to the point in not being able to move forward with Laureate in these four areas, and you are looking for additional guidance from Council to use in final negotiations between now and Monday.

Ms. McCormick said, "I think that would be fair. It's just so that, as part of the negotiating group, that we feel that we've presented the best interest of the City and we've hit some impasse."

Councilor Wurzbarger said she is most uncomfortable with the purchase option in terms of representing the interests of the City and we need to come up with some kind of formula. She said the concept of saying that a property asset of this magnitude in the City of Santa Fe, over a 25 year period, will be worth nothing more than it is today is very problematic for her. The City is not doing this as a pure investment, but we have some fiduciary responsibility to the people of Santa Fe. If we go out 25 years, and Laureate does what she believes it will do, we have some responsibility, especially since the lease is flat. The growth in the real estate, irrespective of the tremendous growth, can be determined. There

should be some kind of equity distribution between the citizens and the corporate stockholders of Laureate. This is the one item she wants to send back to staff with clear direction and to go back and ask Laureate to come up with a more equitable formula, rather than saying "no, and we're only going to add up X and we're not going to add up Y." This is her direction. She would like to hear what other Committee members think.

Councilor Calvert said his direction to staff on the landlord personal assets, since there isn't a full inventory, is that could be severed at this point to do that inventory, if everyone is agreeable. He believes the City has a responsibility to fully account for these assets to the people of Santa Fe for history and cultural reasons, as well as to those who donated some of these items. He suggested we sever these from the issue, continue negotiations and amend the agreement at a later date.

Councilor Calvert said on page 2 of the Memorandum, he believes it should be year 0-5 instead of years 1-5 and Ms. Brennan agreed.

Responding to Councilor Calvert, Mr. Millican said the discussions with Laureate are that there would be sufficient funds to make the required debt service payments about 60 days before the payment is due. He said in discussions with NMFA, we can "tune" our debt payments to rent payments on the other end. He said staff believes we need at least 60 days to know we have the funds and to transmit the payment properly. He said he has been waiting for more specific debt terms from NMFA, and he has to follow up in this regard.

Councilor Calvert would like to know the timing of this buffer period between the lease payments and the beginning of the bond payments as soon as Mr. Millican has that information.

Responding to Councilor Calvert, Ms. McCormick said there was an agreement with Laureate that \$5 million would be set aside for the COSF and the other \$15 would be made available within the first four years.

Councilor Calvert said the language is rather "vaguely not that."

Ms. McCormick said there are more specifics in the lease, so we need to reconcile the letter with that.

Councilor Calvert would like the Wengen letter to be more consistent with what is being requested.

Ms. McCormick said the primary purpose of the Wengen letter on packet page 128, is to make it actionable, so if the deal went "poof" in the third year, we could go and get the remaining \$20 million.

Councilor Calvert reiterated that he would like the language to be more consistent with what is actually happening.

Ms. McCormick will speak with Ms. Brennan and the Wengen counsel in this regard.

Councilor Chavez said he has no heartburn with the possibility that Laureate might purchase some of the buildings, the real estate property in the future, and doesn't see a purchase option for that as being an issue. However, he believes the historical and cultural assets are different. He asked if there is a separate inventories for buildings they may be interested in purchasing in the future separate from the art work.

Ms. McCormick said the art work will be in a separate inventory. What they will pull together as part of the lease and attachments will describe all of the parcels as well as the buildings. These are two completely separate items and are treated separately in the lease.

Councilor Chavez said he would be open to directing to staff to keep the options open for purchase of real estate property, but not the cultural and historical assets – try to leave that door open. He believes there could be another MOU for a permanent loan of those art pieces and cultural assets which are separate from the buildings.

Ms. McCormick said this is the intention – to keep those as two separate inventories. Responding to Councilor Chavez, Ms. McCormick said staff is recommending to set the personal assets aside, with a reference in the lease that says “you will figure out how to agree on what are historic and culturally important and have the time to do that off that set of inventory,” and then the lease would be amended to show what is agreed. She said at this point, staff is recommending to try to solve for the purchase option.

Councilor Chavez asked what is the purchase option.

Ms. McCormick said it is to purchase all of the buildings on the map, noting that is on an exhibit in the packet.

Councilor Chavez asked if that would include a list of all of the buildings and parcels they're on, and if these would be the assets we would consider for the purchase option and not the artwork and historical and cultural assets.

Ms. McCormick said yes, reiterating that these are completely separate.

Councilor Wurzbarger asked the status of electrical and staff's recommendation, saying she believes this could be one of the surprise big numbers to the City.

Ms. McCormick said staff believes the electrical is one of those areas which is pretty well unknown, in terms of improvements to electrical on site. Staff believes most of the electrical improvements will occur because of Laureate's success. Staff proposes to set aside \$1.6 million in a reserve fund for electrical improvements on the site. If it isn't used and Laureate buys the building in the future, it will be credited for the balance in that fund. If all electrical dollars are used, staff recommends any costs above those will be paid by Laureate above \$1.6 million. Laureate has asked for us to consider a 50-50 split after the fifth year on electrical through the seventh year. Staff has discussed options – share 50-50 up to a certain amount, for example – always looking to mitigate the exposure to the City. Staff believes the electrical will be needed, and staff recommends the City have no out-of-pocket exposure in this regard.

Councilor Wurzbarger said then there is an option being considered for 50-50 after the five years.

Ms. McCormick said yes, noting if they use the \$1.6 million in the first five years, Laureate is asking for a 50-50 split above that, and after five years it will all be Laureate's expense..

Councilor Wurzbarger said she is comfortable with this.

Chair Ortiz said then the \$1.6 million is going to be funded with bond proceeds, and we are giving credit to Laureate for public monies which have been put into this fund, and have Laureate pay for electrical improvements on deferred maintenance, and Laureate will ask for 50-50 after the \$1.6 million is spent.

Ms. McCormick said this is her understanding.

Chair Ortiz said this doesn't seem acceptable.

Chair Ortiz said he believes there needs to be further negotiation on this point. He said it would be different if Laureate got a credit for the money they put into a fund to pay for their own deferred maintenance on electrical improvements that they are required to make. He said, as explained, in the Sources and Uses provision, this is public money, and whether it comes from the State or City, it is still public money. He said there needs to be further negotiations, or that point may just be unresolved.

Chair Ortiz said, with regard to the art collection/personal property issue, staff has said all along that we need to inventory and catalog and know what's there. He asked if Laureate conducted its own inventory and is working from that list and the City is in a catch up position, so they know what inventory and assets they want to keep, but we don't – Laureate's been working on this longer than we have.

Ms. McCormick said an inventory was done at the COSF and Laureate had access to it prior to the City, and we have access to that exact same list. They have been very open in inviting staff to work with its staff in looking at the art inventory. She said staff continues to play catch up in terms of getting to the COSF and looking at everything. She said staff has raised questions to Laureate about pottery and such, so there are things our staff knew about that Laureate didn't, and now those are being inventories.

Chair Ortiz said then staff is recommending placeholder language for this, and we will have to come back and deal with this issue.

Ms. McCormick said yes, noting that there are more than 1,000 pieces of art which need to be reviewed and thought through.

Councilor Ortiz asked the nature of the relationship between the new Laureate college and SFCC. He said it is spelled out in the MOU that the Community College has with the City, that this will be part of the funding package, and it is mentioned in a one-sentence blurb by Laureate. He asked if there will be more details before next Wednesday on exactly what that relationship will be, even if it's just in general.

Ms. McCormick said, in conversations with Laureate and the Community College, she believes it can be characterized as an agreement to work together on how to design a curriculum complementary to one another. She understands the Community College is considering purchasing a piece of land to locate their shared learning facility, and there were discussions about what can be done so it is complementary to one another. She said, "My personal opinion is that it's so new to try to figure out what is this College going to be offering and what the Community College is really going to be doing in terms of its building. So, it's we agree to work together and they're going to have to work through some of those questions and issues."

Responding to the Chair, Ms. McCormick understands that the Community College is considering purchasing a piece of land where it can locate its shared learning facility. Once that became clear, and Laureate was advised that this was moving forward, conversations were initiated around what can be done so it is complementary to one another, the design of the curriculum and such.

Chair Ortiz asked if we will know the specifics by next Wednesday – if it just an asset acquisition in exchange for the \$1 million, or the timing of those funds from the Community College.

Ms. McCormick said she understands an area of land has been identified which may be of interest to the Community College, and she wants to walk that site with Sheila Ortego to look at the parcel to see if it is workable. She also has heard the Community College has discussed with the State the potential to joint venture on some of the property the State might purchase, but it is a long way from being done.

Chair Ortiz said he understands, and asked if we have a general sense of when these funds might be forthcoming. In executive session, the Councilors heard from the Governor's representative, that if there is a special Legislative Session in the Fall, the Governor is committed to putting that on the call. So, if there is a Legislative appropriation in the MOA, the City could expect those funds in third quarter of the fiscal year. He asked if these are still the dates the City is looking to get the funds from the State and the Community College.

Ms. McCormick said this is her understanding.

Mr. Millican said the funding from the State is the most certain funding source by far. He said if the State gets Legislative authority to change the location of its purchase, "then we just have administrative jobs to do to get appraisals and contracts written up and exchange the funds. The Community College has a longer term plan it will have to organize around." He noted he has not considered any proceeds from the Community College into the Sources and Uses, and the reason there is a \$1 million unallocated. He said the Community College has indicated a high degree of interest in the learning center, but he doesn't know the timing to move forward, and wouldn't expect that in the first 18 months, and would expect that to happen in a 3-5 year range.

Chair Ortiz said then the \$1 million in unallocated sources on Exhibit "2," is the uncertainty surrounding the SFCC and Mr. Millican said yes.

Chair Ortiz asked if it is necessary to have language in the purchase agreement with the COSF

that specifically mentions the retirement of the debt or some kind of satisfaction from the creditors of the COSF. He said he doesn't need an answer now, and this can be provided before the Council meeting. He said we have agreements from the debtors of the COSF that they will relinquish some of their debt and we need that in writing somewhere.

Mr. Millican said staff is in the process of drafting the releases with both Radian and RBC. He said the concept is that the College would agree to sell to the City in exchange for the City depositing funds which would allow the COSF to pay its debt. The releases also will detail how the creditors will participate in the payoff of that debt, and commit the creditors to that. He said he expects to be able to put those in the Council packet by the end of the week for review.

Chair Ortiz asked if the City is allowed, in the purchase agreement, to make a statement or impose a condition regarding the current governance, the current administration at the COSF. He said in some ways, we are bailing out the COSF for its debt. He asked if the City has the authority to make a statement that there needs to be a new administration or a new governing structure for the new entity which will take over the operations. If so, should we do it as a matter of policy.

Mr. Millican understands the COSF ceases to exist, except in the form of wrapping up its affairs, and that Laureate would replace that structure.

Chair Ortiz said this would be his understanding as well, however, there is nothing in any of the documents requiring this to happen, and reiterated his question.

Ms. Brennan said staff can put language in the purchase agreement which acknowledges what is happening with the transaction, and that language probably should be included. She noted the purchase agreement has been drafted fairly quickly to make this packet, and it is catching up with the financial information. She understands all of the transactions are anticipated to happen on the same day, and there can be an acknowledgment in the agreement that this will occur.

Chair Ortiz said staff and Laureate have worked hard to negotiate a fundamentally sound document. He said in normal times, we would be discussing the lease terms and giving direction to staff in executive session over a period of months, as we did with other issues. However, this is the first time we've had an opportunity look at the lease, and he has questions which could be the subject of reopening some provisions, and some may be answered by staff, and some in the nature of direction.

Chair Ortiz said, on packet page 57, Section 2.06 Community Facilities, the Lease Agreement talks about what are the community facilities which Laureate agrees to have open to the public. However, Laureate did not include Alumni Hall as a community facility, nor is the recreation/health facility, and these need to be added because these are community facilities and many community events have happened at Alumni Hall for at least 40 years – campaign functions, weddings, graduations – and predates all facilities on the list with the exception of the library.

Chair Ortiz said, on packet page 68, Section 7.11(b), a lot of mention has been made about the \$20 million which will be guaranteed. The fund talks about only \$15 million, and asked about the additional \$5 million.

Mr. Millican said there are two issues. One is the capital improvements to the campus which are financed through debt issued by the City or assistance from the State or land sales. The \$20 million is for operating costs during the period when revenues will be inadequate to cover expenses, which is separate from the capital program. The \$20 million and \$15 million aren't related.

Chair Ortiz said then the \$20 million guaranteed by the parent company is to guarantee the operation and maintenance for the ongoing educational endeavors conducted on the property, separate and apart from the \$15 million.

Ms. Brennan said this is correct. It was important for the City to know that Laureate was going to make the commitment by putting money in early to cover what we would expect to be operating losses, to make sure lease payments are made, needed work is done, and the student body is billed in revenue increases. She said staff just wanted to make sure the \$20 million was secured.

Chair Ortiz said, on packet page 90, Section 35.01 Extension Options, he reads this to be an automatic extension in 10 year periods, unless the tenant puts in an 18 month request. He asked the reason the City is allowing them an automatic extension of the terms of the agreement.

Ms. Brennan's said the logic would be that they would have built the college at that point to where it wouldn't be easy for the City to find another operator or Laureate to find another location. She assumes this is automatic unless Laureate terminates or if there was a default of another kind.

Chair Ortiz said then there could be four automatic ten-year renewals, and asked the rate of each renewal.

Mr. Brennan said prior to the first option, the market value rent is established for the property and there would be a CPI adjustment annually after that.

Chair Ortiz referred to Lease page 41, Section 37.03, Right to Purchase. He believes this is a material provision of the agreement and doesn't believe it is something that can be placeheld. He thinks we need to reach agreement or consensus. He tends to agree with Councilor Wurzbarger in terms of the valuation and what exactly it would take to purchase this outright. He believes an argument could be made for some kind of renegotiation about the automatic extension periods and the right to purchase, to come up with a more equitable situation for the taxpayers.

Chair Ortiz said, "I will note, just as a matter of record, I think, just on the appraisal alone that we're required to do under State law, the assets we're acquiring, we're acquiring about \$54 to \$56 million of assets for the \$19 million that we're purchasing for the debt. That alone would require us, if the tenant would want to purchase, they would have to be purchasing at an amount greater than even the initial amount that we have bonded out for which is \$30 million." He doesn't know how we establish how

Laureate gets a discount or credit for monies the City and third parties have expended for this endeavor.

Ms. Brennan said there is a conceptual understanding with Laureate, in that we have to have an appraised value, statutorily, and that we have a minimum price, which would be all of the money that the City has put into this. She said if an appraisal came in lower than the City's contribution, the City would still be paid the minimum price. The issue is adjusting in the gap between. She said Laureate's position is that if it develops the asset in its value that it should not be charged back for it and there should be some form of credit for that. She said Councilor Wurzbarger is talking about the use asset that it develops – a thriving college – but there is also the increase in real estate value.

Chair Ortiz said in the business community, if the City was entering into a lease agreement with a tenant who makes improvements to the real property, the landlord gets the benefit of those real improvements. However, whether or not the ongoing endeavor, the business inside the real estate or property, has a value for which it should get credit, he believes is the subject of negotiation. He said just saying we are going to give the property on a right to purchase for what we've expended, is selling it short, and he believes this is a material provision. He believes we need to have consensus on this by Wednesday to close the deal. He agrees with Councilors Wurzbarger and Calvert regarding this particular provision and believes this particular provision cannot be placeheld.

Ms. McCormick noted that the new appraisal which will be done will only appraise the portion of the land which Laureate is taking, noting this appraisal will establish the baseline for that.

Chair Ortiz said on Exhibit (b)(1) the buildings, the shaded buildings are the ones Laureate will assume, and the white buildings are those the City takes as the property owner. He said the City is taking only the old barracks and Schellaberger Tennis is excluded. He said we are taking the cafeteria, the physical plant, the church and the print center is in a reconstructed barracks, so we are taking more property than we were led to believe. He said staff has been consistent in saying Laureate is taking all of the buildings and the City is taking the barracks, and Ms. McCormick said yes.

Councilor Ortiz asked why we would take the cafeteria.

Mr. Millican said the cafeteria is in the barracks. He said the barracks include some current operations.

Councilor Ortiz asked if the cafeteria is used by the barracks and asked if this the cafeteria for the college and if we will be responsible for that in the future.

Ms. McCormick said no, Laureate is using a smaller cafeteria on site, and the City will not be running any food services for students out of that cafeteria.

Chair Ortiz said the deferred maintenance has always been a source of contention for him, and asked if the agreed deferred maintenance of \$15 million covers all of the buildings, shaded and white, or just the shaded buildings on the map.

Ms. McCormick said it is for the shaded buildings.

Chair Ortiz asked if staff has done an assessment on the amount of the anticipated deferred maintenance for the unshaded buildings. He said this is a burden which will fall to the City as the property owner.

Robert Romero said staff has evaluated this, but he doesn't know that dollar amount off the "top of my head," but he understands the barracks are in very good condition. He can get that information for the Committee quickly.

Councilor Calvert asked what plant facilities are in the barracks – mechanical, plumbing and such.

Mr. Romero said he will have to look into this as well.

Ms. McCormick said staff has mostly been focused on looking at the barracks and trying to understand the asbestos issues, and through that process, came to the conclusion that they are really in pretty good shape, and so we set it aside in favor of the other aspects of the negotiations which is true for the physical plant as well.

Chair Calvert said the lease says a physical plant is "uses, storage for maintenance." He asked if it is involved in the day to day electrical, plumbing, mechanical, etc., which are integral to the operation of the whole facility.

Mr. Millican said he spoke with President Kirk about it, and it's not an active use and it used to serve as the motor pool for the College and as a maintenance building, but the maintenance facilities no longer reside there. He assumes the Brothers may work in there on their own projects, but our expectation is that those buildings would go to the State and probably would have to be demolished in order for the State to do its development on that land.

[Councilor Calvert's question here is inaudible because his microphone was off.]

Ms. McCormick said she believes the State is mostly interested in the vacant properties.

Mr. Millican believes the physical plant is either in Parcel A, B or D, but he doesn't have that map with him.

Chair Ortiz said one of the open issues staff has identified is about indemnification, and asked if we have reached this consensus, referring to packet page 63, Section 5.5, paragraphs A and C. He said there is discussion in the lease about environmental or hazardous waste and that the tenant is responsible for violation of any such laws. He said then the City is agreeing to a rider on our insurance for pollution, and asked how pollution relates to environmental or hazardous waste.

Ms. Brennan said Laureate originally had asked the City to indemnify them for pre-existing hazardous conditions at the site, but we didn't want to do that, and we didn't feel the City could do that

under State law, because it would extend our liabilities beyond those allowed under the Tort Claims Act. She said Laureate didn't want to assume that liability, and neither the City nor Laureate felt that indemnifications from the COSF would be effective protection, given the status of the College. She said she learned that the City maintains pollution insurance which covers environmental incidents and it seemed reasonable, because we would have some risk as owner of the property for pre-existing conditions, to obtain a rider to our pollution insurance policy which would add preexisting conditions at the site, noting we are waiting for a quote. She said having seen the Phase 1 assessment, it does not seem hugely risky, noting she did a lot of environmental work in Massachusetts and there are certain things which would be very big "red flags," for her, and she didn't see those in Phase 1.

Chair Ortiz said we need to know the information on the cost of that coverage.

Ms. Brennan said they had hoped to have that quote, but the person making the quote needs to review the Phase 1 assessment.

Councilor Wurzbarger asked if there are plans for the "white" areas we're taking over, saying managing an empty building sometimes can be more challenging than managing an occupied building. She asked if this in the *pro forma* and if we'll have a new position that will go out and monitor an empty building(s).

Mr. Millican said those costs would be covered by the \$1.1 million of infrastructure which is for a variety of potential costs that we'll face out there.

Ms. McCormick said there has been a lot of interest from local businesses, economic development activity in the barracks, and we would have to charge rent which would cover any ongoing staff costs, plus existing uses which will remain at the site.

Chair Ortiz asked what provisions in the Lease speak to the preservation of the Brothers or the Brothers' homes, which are in the unshaded buildings – what measures are we taking to make sure the Christian Brothers on site are cared for.

Ms. McCormick said it has always been the intention [saying everything she's heard is second and third hand] that the Christian Brothers would be able to use those facilities as long as they want, but she has had no direct conversations with the Christian Brothers.

Chair Ortiz said the balance of the property, not taken by Laureate, will be the City's responsibility. He asked if she is saying there is no plan for what will happen to the people who are currently there, even though the City has negotiated to take responsibility for the Brothers' residence and the chapel.

Ms. McCormick said she is embarrassed to say that she has not had a conversation with the Brothers.

Councilor Wurzbarger said the Governor's Task Force passed a resolution, expressing the intention that the Brothers would stay. She said this may not have been communicated correctly. She

understands by July 29, 2009, that all of the Brothers will have been moved to St. Michael's and/or have left the State. She said we need to leave the shed as long as possible because it is very much a part of those attending COSF, and this is under our control, and we should be able to do that.

President Kirk, COSF said a handful of Brothers are on campus in one of the residences, Casa Miguel. The other Brothers have moved either to St. Michael's or to Lafayette where a number of the Brothers go as they grow older. He said the Governor's Task Force discussed about the Brothers continuing to live there, and there are Brothers who are still working on campus and would like to continue to do that. He said many of the maintenance things. He hopes they can work with the City to assure that the Brothers who are still there will be able to stay.

Chair Ortiz said, not to diminish all the very hard work the Governor's Task Force did some months ago, now is where "the rubber hits the road" in a week, when we will be asked to approve a bond and a lease agreement. He said there is nothing in the lease regarding the Christian Brothers and asked if we need to include language that the Brothers will be cared for, as a condition of the purchase agreement. He said we need some help on how to tie up the remaining loose ends, irregardless of the negotiations with Laureate, the issues for the City are bigger than the lease agreement with Laureate. He said the "whole ball of wax" isn't contained in any of the documents before us.

President Kirk said the COSF is prepared to work on this issue.

Councilor Wurzbarger said tomorrow she and the Mayor should go and talk to the people who make decisions about moving the Brothers, and tell them this may go through and request that they not move anyone for two weeks.

Chair Ortiz said he heard the Brothers have been told they have to move by the provincial office in Louisiana.

Chair Ortiz said we have a lot of "balls in the air," and things are being moved along a timeline which suits this particular entity and tenant which is fine, but all of the "balls in the air," will have to find a place to land next week. He said to think that we're still in the process of negotiating issues which he believes could be resolved, gives him pause, without dealing some of the other logistics. He has heard the Brothers have to move because the State is interested in that particular tract. He said we were supposed to get a list of the parcels the State was interested in purchasing, and to see the parcels in which the SFCC is interested, as well as a list of parcels with buildings which need to be demolished. He is concerned that we're going on a representation from the Governor's Office on an MOU, noting there is nothing in the language indicating the Governor is committed to putting it on the call for the Legislature. We only have oral commitments from Legislators they are committed to funding this. The City is taking a risk here. However, a lot of the risk which he felt we had to undertake two months ago, has been vitiated by the hard work done by the staff in negotiations, but there is still risk here. He thinks there needs to be more homework for this endeavor this big which will affects Councils into the future.

Councilor Chavez said a Memorandum was distributed today, regarding Laureate and COSF community benefits, as well as two other documents which are "floating around," and he would like to have copies of those.

Ms. McCormick said she will provide those documents for all Councilors.

Mr. Millican said, with regard to Item 34(A), he has not received the financing details regarding the issuance of the debt from the NMFA, and that will be brought to the City Council at its meeting on July 29, 2009.

Chair Ortiz said then we can't take action on Item 34(B) since we haven't had discussion on that.

MOTION: Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve Item 34(B) with direction to staff that the Lease Agreement is returned to the City Council in acceptable form; that the issues surrounding accreditation have been fully clarified, and there are further assurances of the involvement of the State of New Mexico and the Santa Fe Community College in terms of the clarification of the timing prior to the City Council on July 29, 2009.

FRIENDLY AMENDMENT: Chair Ortiz would like to amend the motion to give further direction to staff to get some clarity, stability and confirmation of what the living arrangements will be presently, and potentially into the future, for the Christian Brothers currently residing at the College of Santa Fe. **THE AMENDMENT WAS FRIENDLY TO THE MAKER WITH THE CAVEAT THAT IT BE INCLUDED AS PART OF THE PURCHASE AGREEMENT. THE AMENDMENT WAS FRIENDLY TO THE SECOND AND THERE WERE NO OBJECTIONS FROM THE OTHER MEMBERS OF THE COMMITTEE.**

FRIENDLY AMENDMENT: Chair Ortiz would like to amend the motion to give further direction to staff to get some understanding of what the deferred maintenance cost will be for the unshaded buildings in advance of the issuance of the bond. **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND THE SECOND AND THERE WERE NO OBJECTIONS FROM THE OTHER MEMBERS OF THE COMMITTEE**

DISCUSSION ON THE MOTION AS AMENDED: Responding to Councilor Chavez, Chair Ortiz said his amendment was to get clarify and confirmation regarding the living arrangements for the Brothers remaining on site, presently and potentially into the future, not to provide housing for the Brothers.

Councilor Chavez asked if the intention is to keep the Christian Brothers on the premises indefinitely.

Chair Ortiz said his intention is to do some due diligence for the City since it is undertaking the responsibility for the buildings in a little more than a week if this approved, so we need to know what is going to happen to the Brothers, and we want to hear from someone with some authority with regard to what will happen to the brothers – do they want to stay, do they not want to stay, and for what period of time, what will happen to the garage, will the chapter be preserved, and such.

Councilor Wurzbarger said we have not discussed that it is relevant to the purchase agreement or the lease agreement, that the only reason we're doing this is so it is a college. She asked if there is anything in any document which provides that this will remain as college in perpetuity.

FRIENDLY AMENDMENT: Councilor Wurzbarger would like to amend the motion to give direction to staff to address the question of how we express the normative value of what this property should remain in perpetuity, whether in the lease or the purchase agreement.

DISCUSSION ON THE FRIENDLY AMENDMENT: Ms. McCormick said the lease spells out very clearly that it is only used for educational purposes.

Councilor Chavez said that is on packet page 53 of the packet, under Permitted Use.

Councilor Wurzbarger asked what happens if we sell the property to Laureate and Laureate decides, for whatever reason, to do something different. Councilor Wurzbarger asked if we as a Council and community want to make a comment about what we want this to be in our community, long after we have departed, and "I say yes." She would at least like staff to look at this

Ms. McCormick said there is no provision requiring it to remain as a college.

Councilor Dominguez said he understood that some of the buildings have to be used for educational purposes, or that there was some sort of tie to donations which had been given to the College in the past, and if the use changes, then it will revert back to the donor and/or the family. He said this was part of the due diligence the City had to do.

Ms. McCormick said that didn't relate to our due diligence as much on the buildings and it did with some of the collections, and also the art collection.

Councilor Dominguez reiterated his understanding.

Ms. McCormick will check this.

Mr. Millican said, "I don't know that we picked up deed restrictions in the title policy to that effect, so we would have to review that, because there would have to be recorded documents. We have had discussions about how to create incentives to make sure that the property stays a college in perpetuity, which is part of the purchase price discussion, so that will be one that we'll have to talk to them about."

THE AMENDMENT WAS FRIENDLY TO THE SECOND AND THERE WERE NO OBJECTIONS FROM THE OTHER MEMBERS OF THE COMMITTEE

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

35. **REQUEST FOR APPROVAL OF AN ORDINANCE AUTHORIZING A LEASE OF APPROXIMATELY 61 ACRES OF LAND AND APPROXIMATELY 499,000 SQUARE FEET OF RENTABLE AREA LOCATED WITHIN THE BUILDINGS, TOGETHER WITH ALL IMPROVEMENTS, BUILDING SYSTEMS EQUIPMENT AND PERSONAL PROPERTY LOCATED AT 1600 ST. MICHAELS DRIVE, SANTA FE, NEW MEXICO (THE COLLEGE OF SANTA FE) (MAYOR COSS). (DAVID MILLICAN). Committee Review: City Council (Request to Publish) (Approved) July 8, 2009; Public Works Committee (Scheduled) July 27, 2009; and City Council (Public Hearing) July 19, 2009. Fiscal Impact – Yes.**

MOTION: Councilor Calvert moved, seconded by Councilor Wurzbarger, to approve this request and move it forward to the City Council, with direction to staff to continue to negotiate the provision on the deferred maintenance for the electrical and road, to continue negotiation on the purchase arrangement option, and to sever the art work from the lease at this time.

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

36. **OTHER MATERIALS RELATED TO COLLEGE OF SANTA FE TRANSACTION (SEE ADDENDUM). (DAVID MILLICAN)**

The materials in the packet for this Agenda Item are for Items #34(A), #34(B) and #35 above.

CONSENT CALENDAR DISCUSSION

13. **REQUEST FOR APPROVAL OF 2009/2010 EMPLOYEE INSURANCE BENEFITS PACKAGE. (KRISTINE KUEBLI)**

Councilor Wurzbarger said her complaint about the employee benefits package is the way that the dental program is defined as a comprehensive program. She said from her experience and that of numerous staff, that it is not a comprehensive program, and she wanted to express her concern about that. She hopes that the new one will be comprehensive and include necessary procedures, such as implants.

Ms. Kuebli said the important thing to know about this year's plan is that it is the same schedule of benefits that has always existed, which is not good. One of her goals is to present a whole new dental plan in the future which will be more comprehensive. She has worked with a direct reimbursement program before which opens the opportunity to have different services covered. She hopes to bring that to the table at some point. Unfortunately, for this year, it is the same schedule of benefits. The only difference is that the City is shifting the risk from a fully insured program to a self-insured program.

Councilor Wurzbarger encouraged Ms. Kuebli to do this sooner, rather than later.

Councilor Calvert would like to see people to have a choice for the one which best suits them and their pocketbook.

MOTION: Councilor Wurzburger moved, seconded by Councilor Calvert, to approve this request.

DISCUSSION: Councilor Chavez asked how much we spend annually on health care, not including dental and vision.

Ms. Kuebli said it is approximately \$12.9 million for general health care, not including dental or vision. She said the vision is now 100% employee contribution on the vision. She said the City spends \$535,000 on the life insurance, and there are other capped figures as well.

Mr. Millican said \$12.9 million is last year's figure.

Ms. Kuebli said staff has been working to mitigate any increase to the health cost, and it has to do with the excess risk coverage, and she will be coming back with that number at the next Finance Committee meeting.

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

16. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – RUGBY FIELDS PHASE 2, CONCESSION/RESTROOM BUILDING; ROMTEC. (MARY MacDONALD)

Councilor Wurzburger asked why this is a New Mexico contractor or a Santa Fe contractor.

Mr. Romero said this project has a long history. The funding has come through the legislature with lobbying by the local Rugby players. Most of the funding was given to the City by Senator Shannon Robinson who is no longer in the Legislature. He said the City bid a project last fall and we were waiting for the 2008 money so we could build the project. He said the Legislature didn't give us the rest of the money and we couldn't build it. He said they told us that if we didn't build it by November 2009, we will lose the money. If we were to bid it again, we would have to redesign down to the available funds.

Councilor Wurzburger asked why there couldn't be a negotiation rather than having an Albuquerque contractor. She is concerned that our own people don't have work.

Mr. Romero said this is a State grant, so we can't mandate that a Santa Fe company do the work.

MOTION: Councilor Wurzburger moved, seconded by Councilor Chavez, to approve this request

DISCUSSION: Councilor Chavez said we want to keep the money local, but we don't do it with the International Folk Art Market, noting those people don't live here, don't buy their supplies here, or buy houses in this community. He said Albuquerque is only 60 miles away, and he doesn't think we can lock it up that way, and it is more porous than what we would like it to be.

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

18. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS – AFFORDABLE HOUSING TRUST FUND FUNDING ALLOCATIONS FOR FISCAL YEAR 2009. (MELISSA DAILEY)**
- A. **SANTA FE COMMUNITY HOUSING TRUST – DOWN PAYMENT ASSISTANCE**
 - B. **SANTA FE COMMUNITY HOUSING TRUST – THE VILLAGE SAGE (CIP)**
 - C. **HOMEWISE – DOWN PAYMENT ASSISTANCE**
 - D. **HOMEWISE – ENERGY CONSERVATION LOANS**
 - E. **HOMEWISE – OLD LAS VEGAS HIGHWAY (CIP)**
 - F. **ST. ELIZABETH'S SHELTER – RENTAL HOUSING UPGRADES**
 - G. **COALITION TO END HOMELESSNESS/YOUTH SHELTERS – RENTAL HOUSING**
 - H. **BRANCH DESIGN/EZMO LLC – CIELO AZUL (CIP).**

Councilor Wurzbarger asked if this is approved, what will be the balance in the Affordable Housing Trust Fund.

Ms. McCormick said a little less than \$500,000.

Councilor Wurzbarger said the other reason she pulled this item, is to repeat her request to the Chair and to staff to please get back to this Committee with the report analyzing the performance of the Community Housing Trust and Homewise, with respect to the administrative costs and what they produce in terms of housing, and where there is possible duplication of administration.

Chair Ortiz said the agenda item will be a update on the audit that the Department did on both of these service providers to see whether or not there are redundancies, to see the overhead for each of the organizations. He said the other issue, especially as it relates to Homewise, is where are the monies spent to acquire foreclosed properties, noting we issued that money some time ago and we need an update. He said that money should have been spent as soon as they got it.

Ms. McCormick said Homewise doesn't have any of that money, and is just a prequalified user of those funds, as is the City, the Housing Trust and Lifelink La Luz.

Chair Ortiz would like an update on all of this to see how that program is being run, and that addresses the issues that have been on our agenda and that have been postponed for other reasons for some period of time.

MOTION: Councilor Wurzbarger moved, seconded by Councilor Chavez, to approve this request, Items A through I.

DISCUSSION: Councilor Dominguez said Item #2 in the Memo says, "This contract will pay for City owned infrastructure," and asked what this infrastructure is.

Ms. McCormick said a portion of the funds which are in the Housing Trust Fund are capital improvement dollars which can only spent on City owned infrastructure, and in this house deal with roads, water and sewer, any kind of park, traffic or street lights.

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

25. REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO A REQUEST FOR APPROVAL OF FOURTH QUARTER BUDGET ADJUSTMENTS FOR FISCAL YEAR 2008/2009. (CAL PROBASCO)

Chair Ortiz asked if this is where we would find whatever needs to be adjusted from the hit that we had last month in our reduction in GRTs.

Mr. Millican said you are seeing reductions based on actual revenue received relating to GRTs and transfers to funds among these entries. For example, on page 5 of the schedule, there is Municipal GRT Railyard adjustment to GRT based on revenue to date. He said previously, adjustments have been approved by the Council for the earlier budget adjustments made in response to the expected shortfall.

Responding to the Chair, Mr. Millican said the revenue has been adjusted down, but staff was unable to take actions effective in the previous fiscal year to reduce spending as the result of the June check.

Chair Ortiz asked shouldn't these fourth quarter adjustments account for the reductions we received in the 4th Quarter of the last fiscal year.

Mr. Millican said these adjustments do reflect the revenue reductions, but we didn't do expenditure reductions to balance those.

Chair Ortiz said the question is where are we going to see the adjustments to last year's budget where we experienced the revenue hit, and when can we expect to see that.

Mr. Millican said on page 5 of the schedule on line 1, General Fund Adjustment to GRT budget based on revenues to date, you'll see the budget adjustment is to decrease General Fund revenues by \$5.9 million which is for the whole year. This is the revenue adjustment to actual at the end of the year, based on total revenues.

Chair Ortiz noted "Adjustment for early retirement contracts recorded as liabilities," saying he requested this information during the budget process and he never got an answer. He said there was a revenue decrease of \$5.9 million, and a an expenditure increase of \$1.2 million for adjustment for early retirement contracts recorded as liabilities. So we are down \$7.1 million.

Mr. Millican said in the forecasts you looked at for fund balance, anticipated about \$4.9 million, but did not consider the full amount of the retirement contracts, because we didn't have that amount and people were retiring throughout the end of the year as they were looking at the budget situation.

Chair Ortiz recalled asking during the budget process in which fiscal year will these retirements be accounted for, and Mr. Millican told him those were accounted for in the fiscal year when they retire. He said what we're seeing now, after we've approved the budget, is the fiscal hit for all those early retirements.

Mr. Millican said this is correct. The other option would be to build it into the budget of payments for the following year.

Responding to Councilor Calvert, Mr. Millican said, "We don't think we've penetrated the reserves because we showed \$3 million of unallocated funds above the Council designated reserves, but obviously that unallocated amount is the funding that absorbs this loss, or this shift. And we'll have to come back to you as we progress in our year-end close to give you the updated estimated of the year end fund balance."

Councilor Chavez asked if the Wayfinding signage was part of the Wayfinding Program, and if that \$3,000 has been removed from the budget.

Mr. Millican said that is a reduction in interest income earned by the Wayfinding Project, and he will need to check the status. Responding to Councilor Chavez, Mr. Millican said part of the funds were State grant funds and part was a City contribution, so this is the Project Fund but not the total project.

Councilor Chavez would like an update on the Wayfinding Project at Public Works or Finance in the next two months.

Councilor Wurzbarger would also like an update at the Public Utilities Committee.

MOTION: Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve this request.

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

END OF CONSENT CALENDAR DISCUSSION

37. REQUEST FOR APPROVAL OF AMENDMENTS TO CITY OF SANTA FE PURCHASING MANUAL – PROCUREMENT THRESHOLDS. (ROBERT RODARTE)

Robert Rodarte said he is trying to tie these amendments with the Resolution, and this is one of the better ways to do it. He said there are a lot of smaller projects which are going to hit very quickly, and the departments are waiting, and they can move this work around the local area rather than bidding it out. So, he wants to move this forward.

Councilor Calvert said then the thrust of this is to change limit from \$30,000 to \$50,000 for City Manager approval, and Mr. Rodarte said yes.

Chair Ortiz asked why raising threshold necessarily results in having local contractors. He said this administration seems to love Albuquerque lawyers and we get them on amendments, so that doesn't help locals.

Mr. Rodarte said Departments are taking a good hard look at contracts with the current pressure to justify contracts. He is seeing a lot of good quotes under \$30,000. He said the pressure the administration is putting on staff is really good.

Chair Ortiz said the intent of the Resolution was to try to keep money in Santa Fe and give contracts to local contractors, or for Public Works/CIP contracts. He asked how Mr. Rodarte's recommendation gets us where we want to go.

Mr. Rodarte said it will allow projects coming through, especially some of the smaller subcontractor items which may be in a bid as added as alternate, to be separated out. He said a lot of that is under \$50,000. He said, "We can take those things off and come out and solicit some of the local contractors to be able to perform those jobs without going out to bid. We can take those off of some of those big projects."

Councilor Chavez said the local preference for whatever reason hasn't been working, and this is Mr. Rodarte's attempt to get around that without having to go back through that process to figure out what the local preference should be.

Mr. Rodarte said he stands on 10% for the local preference. He said this is not in the place of the local preference, because you're dealing with something where you can solicit quotes, and the local preference doesn't not come into it whatsoever.

Mr. Millican said rather than a formal bidding process, this will allow soliciting quotes within the community up to a higher contracting level where local vendors can be competitive.

Chair Ortiz said part of the direction was to "chunk out" some of the larger projects and make them smaller and giving them to local contractors, noting the Parks Bond Issue is a perfect example of that possibility.

Mr. Rodarte said it isn't necessary to bond under \$50,000, but if it's tied into a bid, the bonding issue "kicks down" the little guy. He said we can now take some of the projects from some of the larger contracts and give them the opportunity to do some business.

Councilor Chavez said the bonding is there for a reason, and some of the local firms didn't have the bonding capacity to consider bidding on the projects. So now you're lowering the dollar amount, the threshold, taking the bonding requirement out of the way, but who is going to guarantee that we're getting what we're paying for.

Mr. Rodarte said that has always been an issue even at \$30,000, and it falls back on their own insurance, and we require proof of insurance on any contract under \$30,000.

Councilor Chavez said there may be difficulty in monitoring the projects, especially where there are 3 working on the same specifications.

Mr. Rodarte said you have to be careful in subbing contracts, because it is a matter of who's going to take the liability on a warranty, for example. He said a lot of companies the City uses are losing the bonding capacity at this point, and our local companies are "falling down." He said we are taking a chance in increasing the threshold, but it will help to keep as much business as possible locally.

Councilor Wurzbarger said her concern is whether we will be doing some sort of advertising and one-on-one meetings with builders so they know about this, which she believes is the next step.

Mr. Rodarte said he is working with Fabian Trujillo in Economic Development to put together a community workshop. He also wants to start putting the listings on the website, something listing upcoming projects.

MOTION: Councilor Wurzbarger moved, seconded by Councilor Chavez, to approve this request.

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

38. OTHER FINANCIAL INFORMATION:

**A. UPDATE ON GROSS RECEIPTS TAX REPORT FOR JULY 2009 AND
LODGERS' TAX REPORT FOR JUNE 2009. (DAVID MILLICAN)**

Chair Ortiz said this information was covered in a previous presentation.

39. MATTERS FROM THE COMMITTEE

Councilor Chavez asked if Items #30, #31, #32 and #33 were approved on consent, and Chair Ortiz said they were.

Councilor Chavez said he would like to state for the record that he doesn't support Item #31 to be consistent.

Councilor Chavez said he doesn't support Item #32 because he believes the descansos would be the easiest and most traditional way to do a permanent memorial, and believes this satisfies the needs.

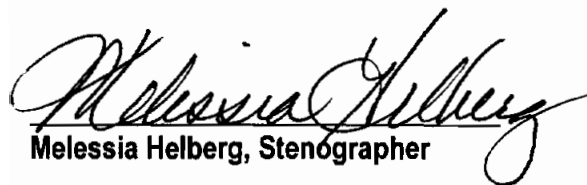
40. ADJOURNMENT

There was no further business to come before the Committee, and the meeting was adjourned at 9:30 p.m.

Matthew E. Ortiz, Chair

Reviewed by:

**David N. Millican, Director
Department of Finance**



Melessia Helberg, Stenographer