



Agenda DATE 4/17/13 TIME 3:00 PM
 SERVED BY Bobbi Massman
 RECEIVED BY [Signature]

**PUBLIC WORKS/CIP & LAND USE
 COMMITTEE MEETING
 CITY COUNCIL CHAMBERS
 MONDAY, APRIL 22, 2013
 4:45 P.M.**

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES FROM MARCH 11, 2013 PUBLIC WORKS COMMITTEE MEETING

INFORMATIONAL AGENDA (UP TO 15 MINUTES)

6. PRESENTATION ON BOND TIMELINES (HELENE HAUSMAN)

CONSENT AGENDA (15 MINUTES)

7. ON CALL ENGINEERING SERVICES
 - REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT WITH LOUIS BERGER GROUP, INC. FOR AN INCREASE IN CONTRACT COMPENSATION LIMITS IN THE AMOUNT OF \$350,000 (INCLUDING NMGR) AND AN EXTENSION OF CONTRACT TERM (LEROY PACHECO)

Committee Review:

Finance Committee (Scheduled)	04/29/13
Council (Scheduled)	05/08/13

8. MUNICIPAL RECREATION COMPLEX – NEW MEXICO GOLF LIMITED (NMGL)
 MANAGEMENT SERVICES AGREEMENT – AMENDMENT NO. 2
 - REQUEST FOR APPROVAL FOR AMENDMENT NO. 2 FOR REMOVAL OF THE CART LEASE PROVISION IN THE MANAGEMENT SERVICES AGREEMENT BETWEEN THE CITY OF SANTA FE AND NMGL (JENNIFER ROMERO)

Committee Review:

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9. CIP PROJECT #698A – MARKET STATION – TENANT IMPROVEMENTS
 - REQUEST FOR APPROVAL TO AWARD BID NO. '13/14/B AND AGREEMENT BETWEEN OWNER AND SARCON CONSTRUCTION COMPANY IN THE AMOUNT OF \$926,077.86 INCLUSIVE OF GRT (CHIP LILIENTHAL)

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10. TRANSIT DIVISION – MARKETING SERVICES

- REQUEST FOR APPROVAL OF THE PROFESSIONAL SERVICES AGREEMENT WITH TEMPLETON MARKETING SERVICES TO CONTINUE THE REVENUE PRODUCING ADVERTISING PROGRAM, ON SANTA FE TRAIL BUSES, IN FISCAL YEARS 2014, 2015, 2016, AND 2017
- REQUEST FOR APPROVAL OF EXPANSION OF THE ADVERTISING PROGRAM, TO INCLUDE SANTA FE PICK-UP VEHICLES, THROUGH EXECUTION OF THE ACCOMPANYING CONTRACT FOR FISCAL YEARS 2014, 2015, 2016, AND 2017 **(JON BULTHUIS)**

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11. REQUEST FOR APPROVAL OF A RESOLUTION ENDORSING THE ELIMINATION OF FARES FOR CERTAIN SPECIAL EVENT TRANSIT SERVICES PROVIDED BY THE CITY OF SANTA FE AND FUNDED BY THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT (“NCRTD”), IN ACCORDANCE WITH THE NCRTD’S FARE FREE SERVICE POLICY **(COUNCILOR BUSHEE) (JON BULTHUIS)**

Committee Review:

Finance Committee (Scheduled)
Council (Scheduled)

04/29/13
05/08/13

12. MATTERS FROM STAFF (5 MINUTES)

13. MATTERS FROM THE COMMITTEE (5 MINUTES)

14. MATTERS FROM THE CHAIR (5 MINUTES)

15. NEXT MEETING: MONDAY, MAY 6, 2013

16. 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 INDEX FOR
PUBLIC WORKS/CIP & LAND USE COMMITTEE
April 22, 2013**

ITEM	ACTION	PAGE
1. Call to Order	Convened at 4:45 p.m.	1
2. Roll Call	Quorum Present	1
3. Approval of Agenda	Approved as amended	1-2
4. Approval of Consent Agenda	Approved as amended	2
5. Approval of Minutes April 8, 2013	Approved as presented	2
INFORMATIONAL AGENDA		
6. Bond Timelines Presentation	Presented	2-4
CONSENT AGENDA LISTING	Listed	4-5
CONSENT DISCUSSION AGENDA		
8. MRC/NMGL Agreement Amendment 2	Forwarded to Finance	5-6
13. Matters from Staff	Discussion	6
14. Matters from the Committee	None	6
15. Matters from the Chair	Comments	7
16. Next Meeting	Set for May 6, 2013	7
17. Adjournment	Adjourned at 5:18 p.m.	7

MINUTES OF THE
CITY OF SANTA FÉ
PUBLIC WORKS/CIP & LAND USE COMMITTEE

MONDAY, APRIL 22, 2013

1. CALL TO ORDER

A regular meeting of the Public Works/CIP & Land Use Committee was called to order on the above date by Chair Rebecca Wurzburger at approximately 4:48 p.m. in City Council Chambers, City Hall, 200 Lincoln, Santa Fé, New Mexico.

2. ROLL CALL

Roll Call indicated the presence of a quorum as follows:

MEMBERS PRESENT:

Councilor Rebecca Wurzburger, Chair
Councilor Christopher Calvert [arriving later]
Councilor Peter Ives
Councilor Christopher Rivera
Councilor Ronald S. Trujillo

MEMBERS ABSENT:

STAFF PRESENT:

Eric Martínez for Isaac Pino, Public Works Director
Bobbi Mossman, Public Works Staff

NOTE: All items in the Committee packet for all agenda items were incorporated herewith by reference. The original Committee packet is on file in the Public Works Department.

3. APPROVAL OF AGENDA

Mr. Martínez said agenda #5, Approval of Minutes, should say April 8.

Ms. Jennifer Romero said on #8, they wanted to enter into a new lease with Club Car and Government Capital at the golf course.

Ms. Judith Amer thought the Committee could discuss it and put it on another agenda but were limited

to approving the amendment and the new lease would have to either be considered next time of the Committee could forward it to the Finance Committee as amended.

Chair Wurzbarger asked to hear it and decide afterward.

Councilor Ives said when it came to Finance it could be approved there and then recommend to Finance that it be heard at Finance as two items.

Councilor Ives as amended. Councilor Trujillo seconded the motion and it passed by unanimous voice vote.

4. APPROVAL OF CONSENT AGENDA

Councilor Trujillo requested discussion on # 8.

Councilor Ives moved to approve the Consent Agenda as amended. Councilor Rivera seconded the motion and it passed by unanimous voice vote.

5. APPROVAL OF MINUTES FROM APRIL 8, 2013 PUBLIC WORKS COMMITTEE MEETING

Councilor Trujillo moved to approve the minutes from April 8, 2013 as presented. Councilor Rivera seconded the motion and it passed by unanimous voice vote.

INFORMATIONAL AGENDA

6. PRESENTATION ON BOND TIME LINES (HELENE HAUSMAN)

Ms. Hausman provided a handout in place of her presentation. She was not entirely sure she understood what she was instructed to do but thought she was to do "Bonds 101."

Councilor Calvert arrived at this time.

Chair Wurzbarger understood that the way Council would proceed was with a GO Bond and they needed information on that and what sort of time line was needed in order to include it for the March election. She apologized that it wasn't clear.

Ms. Hausman said she could give a partial answer and come back if needed.

Chair Wurzbarger explained that Council didn't want to be too late for the election.

Ms. Hausman said when the City did a bond issue, it depended on whether it would be a CIP-GRT Bond or a General Obligation (GO) bonds. GO bonds, because of property tax commitments, have to go to

the voters. Only in the last four years has the City done GO Bonds after a lull of 20 years. GO Bonds are used for dedicated purposes. The one being worked on now would have parks and sustainable energy efficiency projects.

GRT Bonds didn't go to the voters but required Council approval. She had not been involved in the decision to issue bonds before.

Chair Wurzburger understood that they would not go with GRT bonds because they were so limited and already taken up in other obligations. So they were moving toward GO Bonds.

Ms. Hausman agreed that made sense but it was news to her.

Chair Wurzburger said, assuming that were true, they would have an initiative for improving facilities of the City. She asked Ms. Hausman if she could come back and let Public Works know what could be done for 2014.

Ms. Hausman agreed to put together a time line for the Committee for the next meeting.

Councilor Rivera asked how those bonds were paid down - the debt service. He understood that CIP bonds were on a two-year cycle.

Ms. Hausman said they were issued on a 20-year basis and did refunding bonds for the remaining term of the bonds so it wasn't a one for one exchange.

The City usually looks at total debt service being flat so they could keep track of what comes out of GRT. In the past year it got off track. They paid 2008 B refunding bonds last year and when they paid them off, it freed up \$4 million and it looked like Council had that available but some was obligated to other bonds. It was already built into new bond issues. There were only 7 years left in the 2006 GRT bonds so that throws off the schedule.

Councilor Rivera asked if that schedule was anywhere in the budget books.

Chair Wurzburger wanted to have that as part of their meeting. It probably should be part of budget discussions. She didn't understand the full picture either. She asked how that would affect the City's ability to do a GO bond next year.

Ms. Hausman said they had two out now and another that would close in July for a total of \$42 million. The City was allowed up to 4% of property value which would be \$126 million. That was the City's capacity. So they were well within the state mandated capacity but that was separate from the GRT Bond problems. That information was on page 3 at the top.

Of the 2013 GO Bonds three of the twelve were approved. But with CIP bonds, the decision was put off for a year and they split the GO Bond issue into \$12 million and \$8.5 million. So what was coming Monday was the \$12 million for SWAN Park and the \$8.5 million would come later.

Councilor Rivera asked if the Committee could have the schedule for paying off the GO Bonds as well.

Ms. Hausman asked if they wanted the actual schedules.

Councilor Rivera said he would like it just as simple as possible.

Ms. Hausman said she didn't have the \$8.5 million payoff schedule.

Chair Wurzbarger thought perhaps all of the Committee needed a better understanding how capacity assessment was done so they needed not only time lines but what determined the capacity. She presumed it meant raising property taxes and asked Ms. Hausman if she could add that for next time. Ms. Hausman agreed.

Councilor Ives said the handout was very helpful and instructive to help him understand the various bond measures and summarizing the GO bonds debt and pay off schedule would help to understand better.

He asked if the \$30.3 million was all from the 2008 and 2010 GO Bonds. Ms. Hausman agreed.

Ms. Hausman referred them to the summary table of all the debt located just after Municipal 101. It was what she submitted for budget hearings. It also had the enterprise debt as well as SWMA.

Councilor Ives noted on Exhibit A the uses for those bond measures shown accurately there.

Ms. Hausman said she could provide more on the purpose column.

Councilor Ives was interested in what uses the GRT Bonds were allocated for. They needed to cover the Hold Harmless also so he wanted to understand all of those purposes.

Chair Wurzbarger thanked Ms. Hausman for her report.

CONSENT AGENDA

7. ON CALL ENGINEERING SERVICES

- **REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT WITH LOUIS BERGER GROUP, INC. FOR AN INCREASE IN CONTRACT COMPENSATION LIMITS IN THE AMOUNT OF \$350,000 (INCLUDING NMGR) AND AN EXTENSION OF CONTRACT TERM (LEROY PACHECO)**

Committee Review:

Finance Committee (Scheduled)
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04/29/13
05/08/13

Item 8 was pulled for discussion below.

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05/08/13

CONSENT ITEMS DISCUSSED

8. MUNICIPAL RECREATION COMPLEX – NEW MEXICO GOLF LIMITED (NMGL) MANAGEMENT SERVICES AGREEMENT – AMENDMENT NO. 2

- **REQUEST FOR APPROVAL FOR AMENDMENT NO. 2 FOR REMOVAL OF THE CART LEASE PROVISION IN THE MANAGEMENT SERVICES AGREEMENT BETWEEN THE CITY OF SANTA FÉ AND NMGL (JENNIFER ROMERO)**

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Councilor Trujillo asked what was changed in the agreement.

Ms. Jennifer Romero said their amendment with NMGL was to enter a new lease with Club Cart and Government Capital It would save about \$50,000 over the term of the lease. In the packet she provided other proposals and the one which they were recommending.

Councilor Ives asked if they really needed 75 golf carts.

Ms. Romero explained that when they had large tournaments they needed the carts to serve the tournament players and in looking at other municipal courses, they had 75 carts in Albuquerque and between 72 and 80 carts elsewhere. It would hurt if they had to reduce the fleet. It would be turned over to the City and later on, for the next lease they could look at the overall rounds and see where they were.

She added that if they only had 18 holes it might be good to look at reducing the number but not with a 27 hole course.

Councilor Trujillo asked if the lease included maintenance.

Ms. Romero said it had a warranty period and if they were out of warranty there would be a minimal cost for parts and they had a mechanic on staff.

Councilor Trujillo moved to forward the request to Finance as amended. Councilor Ives seconded the motion and it passed by unanimous voice vote.

Ms. Romero announced birth of her baby boy on March 27th.

12. MATTERS FROM STAFF

There were no matters from Staff.

13. MATTERS FROM THE COMMITTEE

There were no matters from the Committee.

14. MATTERS FROM THE CHAIR

Chair Wurzburger introduced the ordinance (in a handout). So it could go forward to Finance.

She noted they temporarily halted the Committee's tours but next week hoped to do wastewater unless

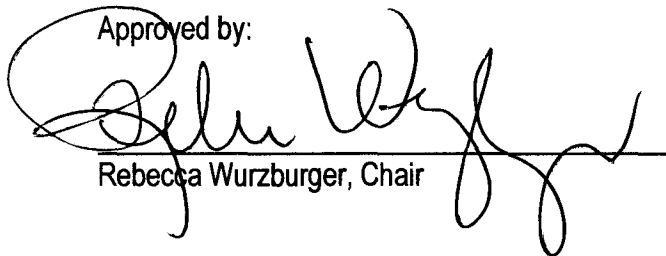
the budget went awry. She suggested 4:00 p.m. next Thursday.

15. NEXT MEETING: Monday, May 6, 2013

16. ADJOURNMENT

The meeting was adjourned at 5:18 p.m.

Approved by:

A handwritten signature in black ink, appearing to read 'Rebecca Wurzbarger', written over a horizontal line.

Rebecca Wurzbarger, Chair

Submitted by:

A handwritten signature in black ink, appearing to read 'Carl Boaz', written over a horizontal line.
Carl Boaz, Stenographer

CITY OF SANTA FE
PUBLIC WORKS COMMITTEE

MUNICIPAL BONDS 101

Prepared: April 16, 2013

PURPOSE

Municipal bonds fund capital expenditures that are too large to complete in a single budget year or that are too expensive to fund out of current operating revenues. This should not include routine maintenance items that are done every year and can be paid from annual operating budgets. (Bond list attached.) Salaries and benefits associated directly with a bond project are allowable expenses.

TAX STATUS

Tax Exempt

Tax exempt municipal bonds are the most common type and what we mostly issue. These are exempt from income tax for investors.

Taxable

Taxable bonds are occasionally used, such as for the 2009B Build America Taxable Direct Payment Water Bonds (BAB's). This program was an OBAMA initiative that helped the reduce interest cost paid on municipal bonds.

Investors pay income tax on these bonds. We receive \$905,530.50 per year from the US Treasury in interest subsidy to offset the higher interest cost. This is being cut by 8.7% due to Federal Sequestration - \$39,000 each 6 months, so we will have to increase our interest payment by \$76,000 for this year and going forward.

BOND TYPES

Revenue Bonds

Santa Fe traditionally issues revenue bonds to fund its capital improvement program, refund prior CIP bonds to capture interest savings, or to support enterprise fund projects in water, wastewater, solid waste, MRC, etc. Revenue bonds are payable solely from pledged revenues - in our case the GRT and, in some cases, system revenues - and so we are not liable for payment from general funds or other revenue sources.

Revenue bonds for CIP projects that are not enterprise projects (governmental debt) are scheduled so as to maintain relatively level total debt service from year to year since they are based on GRT funds.

General Obligation Bonds

General Obligation bonds are backed by the full faith and credit of the issuing government and irrevocably secured by a tax levied on all taxable property, i.e. the property tax. These bond issues must go to the voters for approval.

In 2008 we issued our first GO bonds since 1980. (See attached 1980 GO official statement cover.) The voters approved \$30.3 million in GO bonds in 2008 that were issued in two parts - a 2008 issue and a 2010 issue. They also approved additional bonds March 6, 2012, for environmental upgrades (\$3.8 million) and further park improvements (\$14.0 million). The issuance of the new bond is also being split into \$12 million for the 2013 GO bonds and then the remaining \$5.8 at a later date. The split is based on cash balances remaining from prior bond issues.

There is a debt ceiling on General Obligation Bonds in New Mexico of 4% of total taxable assessed value per municipal entity. Taxable assessed value for Santa Fe for 2012 was reported as approximately \$3.66 billion so 4% is \$146.4 million for total GO debt. We are currently at \$30.3 million with the 2008 BO and 2010 GO issues, and will be at \$42.3 million as of 7/23/13 when we anticipate closing on the 2013 GO bonds.

Refunding Bonds

Bonds may be refunded to benefit from lower interest rates or term extensions to ease payment amounts. All City bonds (as well as loans) are reviewed regularly and refundings undertaken when beneficial. Currently we have 7 outstanding bond issues that refunded prior issues.

We are currently working on two new refunding bond issues: a refunding of the 2006 GRT CIP bonds (2013A bonds), and a refunding of the New Mexico Finance Authority Parking Garage Loan (2013B bonds). These are expected to close 6/18/13 and will result in decreased interest payments for the remaining terms.

REVENUE SOURCES

GRT

The Gross Receipts Tax is our primary bonding source, the use of which does not require a public vote. Bonds issued using GRT as the pledged revenue are called Revenue Bonds.

Property Tax

The Property Tax came back into use after 28 years, to fund special purpose projects. Bonds issued using property tax as the pledged revenue are called General Obligation Bonds and require voter approval.

Other Sources

We use system revenues (such as water and wastewater) to support our enterprise bond issues. We also use lodger's tax to support the Convention Center debt. The State of New Mexico uses a severance tax pledge for some of its bonds, and other entities use income tax, etc.

PLEDGED REVENUE

GRT

Our GRT rate of 8.1875 is made up of separately approved increments. Certain increments are pledged to debt payment.

See attached GRT Tax Distribution Table. The yellow highlights are the pledged increments.

See attached Schedule of Pledged Revenues. The top table shows the pledged portion of our GRT revenues and the bottom table shows the total GRT collected for the stated years. This table goes in our annual CAFR.

When revenue bonds are issued in support of an enterprise fund project, the GRT pledge is considered subordinate to the revenues of the specific enterprise, such as water, that are pledged to support the bonds. This means the system revenues will be used first to pay the debt service on the bonds with GRT available if any additional funds should prove necessary. Two of these are:

Subordinate Lien Gross Receipts Tax/Wastewater System
Improvement Revenue Bonds, Series 2006C
Water Utility System/Capital Outlay Gross Receipts Tax Revenue
Refunding Bonds, Series 2006D

Property Tax

Increments of property tax approved by the voters for support of GO bond issues are deposited directly into the respective bond fund and used strictly for debt service payments. The monthly County property tax distribution report shows the debt portion. (See attached report sample.) The timing of debt service payments for GO bonds is different from revenue bonds because they are more in line with property tax receipts. GO payment dates are August 1st and February 1st rather than December 1st and June 1st.

CATEGORIES

Governmental Debt

This includes CIP general purpose projects such as streets, bridges, buildings, etc., as well as GO bonds issued for parks and the like. Each bond issue is managed in a 4000 series fund in the general ledger and then combined and rolled into the 9101 fund (General Long Term Debt Group - GLTDG) at year end for the CAFR.

Enterprise Debt

We have bond debt in water (5300 and 5391), wastewater (5450), solid waste (5250), MRC (5600), College of Santa Fe (5912), the Convention Center (5100), and the Railyard (5850 and 5856). The debt for these entities is reported in the CAFR under each.

BASIC RULES

Bonds are not used for ongoing operating expenses or unfunded liabilities such as pensions.

Municipalities have run into serious trouble doing this.

Do not issue bonds too soon relative to the anticipated project start date.

Avoid paying debt service on idle cash.

The arbitrage time periods for expending bond funds starts at closing, whether the project is ready to move or not.

In New Mexico, proposed refunding bond issues by the City of Santa Fe are reviewed and approved by the State of New Mexico before they are issued. This pertains to the 3% Net Present Value Savings needed on these. The GO bonds are also reviewed by the State and a bonding capacity certificate is requested from them to verify that the City will not exceed its bonding capacity. GRT bonds do not require this step.

Just because additional bonding capacity exists, it doesn't mean it is in the best interest of the City to bond to that level.

CONSULTANTS

Bond Counsel

Duane Brown of Modrall Sperling Roehl Harris & Sisk, P.A. in Albuquerque is the City's bond counsel. He is responsible for preparing all bond documents, setting the calendar for all tasks needing to be done, and managing the overall process. The bond process takes an average of 90 days from start to closing. The firm issues a bond opinion on each issue attesting that the bonds are validly issued by the City, that the proper funds have been pledged for repayment and other concerns. External bond counsel is the standard practice for municipal bond issues.

Financial Advisor

George Williford of First Southwest Company in Dallas is the City's financial advisor. George and his team run financial analyses necessary to decide:

- If bonds or NMFA loans are better for financing a particular project.
- What a suitable repayment structure would be to keep a level overall debt service payment amount.
- Whether bond market timing is right and the benefits sufficient to refund an existing bond issue or loan.

George also helps with other analyses we may request and:

- Recommends which rating agencies to use for each issue.

- Assembles/manages the team that prices and sells the bonds.

- Prepares the closing memo and executes the closing.

Using an outside financial advisor is also standard practice for municipal bonds.

Paying Agent/Trustee

Bank of Albuquerque Corporate Trust became our paying agent and trustee for our bonds in October 2011. They bill us for all debt amounts due, make sure all bonds are paid on time, handle advance refunding accounts, and provide on-line banking access to all such activity affecting our bonds.

Arbitrage Consultant

Meredith Fraley of Bingham Arbitrage and Rebate Services Inc. handles the City's compliance with IRS regulations for annual reporting and filing for arbitrage rebates. Due to the complexity of the IRS regulations, assistance with this is a necessity.

BOND RATINGS Rating Agencies

Moody's, Standard & Poor's and Fitch are the three major rating agencies. We have used all three at various times - S&P and Fitch since 2009. Usually two are used on a bond issue. They review the financial condition of the City and assign a score intended to be indicative of the City's credit worthiness. They have come under fire in the past 4 years and are all revamping their standards and methods, and have downgraded the ratings of many cities, states and countries - including the US. Ours have been maintained.

It used to be that if a city used bond insurance, it was an automatic AAA rating (the highest) from any rating agency. With the implosion in the bond insurance industry in 2009-10, most cities use their own credit rating, as do we.

Information on the City's ratings is readily available on all three rating agency websites: fitchratings.com, standardandpoors.com and moody's.com. Create a free login and look up Santa Fe. Fitch's website is wonderful. Moody's and S&P pull our bond issues and you have to click on one to get the rating.

Rating Standards

Rather than a number score, the rating agencies assign a letter score to the bond issue based on their perception of the City's financial condition at the time. They review financials and ask a number of questions during what are called "rating calls". These involve the City, our Financial Advisor and usually more than one representative of the rating agency. A report summarizing their conclusions is published and the rating is printed on the Official Statement. They each approach the process differently and may arrive at different conclusions when they finish their review. For example, for the 2009A&B Water bonds, Fitch assigned a AAA (our first) and S&P assigned a AA+ (one step down but still quite excellent).

ARBITRAGE REQUIREMENTS

Definition of Arbitrage

The Internal Revenue Code requires that interest earnings over the yield of a tax-exempt bond issue must be rebated to the Federal Government. These excess earnings are defined as arbitrage. Basically, if the interest rate earned on the City's investment portfolio attributable to the bond funds is greater than the interest rate on the bonds, we owe the IRS the difference. The last time we made an arbitrage payment to the IRS was 8/19/10 on the 2006 GRT CIP bonds for \$78,219.55. (See attached IRS form.) We do not foresee any payments this year or next.

Non-Compliance

Cities who fail to comply with the Internal Revenue Code risk losing the tax-exempt status on their bonds. Ultimately this could mean the bond holders are taxed retroactively to the date of the issue. We are **not** at risk.

**Arbitrage Rebate
Calculations**

An arbitrage rebate calculation (ARC) is prepared every year for every outstanding tax exempt bond issue that has unexpended bond funds. If there is no rebate liability, the report is filed in the Cash Management and Investment Officer's permanent files. They are to be kept for at least 3 years after the final principal payment date on the bond issue as proof of compliance.

Exemptions from ARC

Exemptions from ARC exist for bond money spent within 18 months, or within 24 months, if funds are drawn down by a defined % within the term. Otherwise ARC rules apply. They always apply to ours.

Project Period

Bond funds not spent within 3 years from date of the bond closing become yield restricted and are more likely to be subject to rebate payments to the IRS. Given the City's history of issuing CIP bond issues every two years or so, it is possible to manage these funds so that they are mostly, if not entirely, spent within three years. In the past, some bonds have remained open for 6 or more years. While this has improved in the last two years, Finance will be working more closely with Public Works to develop procedures to manage unexpended bond proceeds in a more timely manner.

CURRENT AND FUTURE CONSIDERATIONS

Next Steps

Finance has identified the following areas that it will be pursuing in the coming months and next fiscal year or two. Some of these will take time to do well but we look forward to working on them.

Evaluate Our Debt Load

Our bond rating is affected by a number of factors, including our debt load relative to our assets. This includes the total dollar volume as well as the number of bond issues and loans.

In the short term, we paid off three smaller Water loans that were no longer cost effective to continue to carry on our books.

In the long term, we will be working with our Financial Advisor and Bond Counsel to develop a larger picture of the City's financial condition and what an appropriate debt burden for the City would be. The question "can we?" needs to be superseded by "should we?" Given all the financial changes in the past three to four years, while the answer to "can we?" may be yes, the answer to "should we?" may be no under certain conditions. We need to define those conditions.

Develop A Debt Policy

While we have a Council approved Investment Policy, we do not have a Council approved Debt Policy. Such a tool would help provide consistency in our debt management efforts, and define the parameters within which we issue debt. This would assist in times of turnover for employees as well as in elected officials. A draft was begun by the former Finance Director but has not been completed.

Can we get an AAA Rating?

We will work with our advisors to examine what we need to do to earn an AAA rating on our governmental debt and other of our enterprise debt. Water was a start with its AAA from Fitch.

In putting this presentation together, George Williford has pointed out the rating agencies like to see at least 30 days or greater of liquidity in fund balances in the CAFR, as well as reserves (contingency funds or "rainy day" funds) to offset financial and economic volatility. Given the stress on our GRT the past three years, these are worth examining as they would help make the City's financial position stronger and more well received by the rating agencies. Higher ratings mean lower interest costs!

IRS POST ISSUANCE REGS

The IRS has implemented municipal bond post issuance requirements that affect the City's bond issues beginning with the 2012C Market Station bonds last December 2012. A draft post issuance policy has been done but it needs to be incorporated into a larger debt policy and we will be working on staff training to implement this.

Further information is available on the IRS.GOV website, including an introduction to tax exempt bonds.

EXHIBIT A
CITY OF SANTA FE, NEW MEXICO
SCHEDULE OF BONDED DEBT AND LOANS
BUDGET - FISCAL YEAR 2013-2014

DESCRIPTION	FUND	PURPOSE	DATE OF ISSUE	YEAR DUE	AMOUNT OF ISSUE	PRINCIPAL OUTSTANDING 6/30/13	INTEREST OUTSTANDING 6/30/13	PRINCIPAL PAYABLE 13/14	INTEREST PAYABLE 13/14	PRINCIPAL OUTSTANDING 6/30/14	INTEREST OUTSTANDING 6/30/14	TOTAL DEBT OUTSTANDING 6/30/14
BONDS:												
GRT Rev. Bonds 2006	4116	CIP	02/14/2006	2020	17,710,000	13,935,000	2,815,000	1,000,000	691,150	12,935,000	2,123,850	15,058,850
GRT Rev. Bonds 2008 - CIP	4120	CIP/Con. Ctr.	04/07/2008	2035	20,135,000	19,840,000	7,381,913	325,000	1,030,738	19,515,000	6,351,175	25,866,175
GRT Refunding Bonds 2010A	4123	CIP	12/14/2010	2015	15,005,000	9,415,000	642,500	5,470,000	455,000	3,945,000	187,500	4,132,500
GRT Refunding Bonds 2012A	4124	CIP	03/01/2012	2026	32,725,000	32,665,000	9,869,250	190,000	1,406,725	32,475,000	8,462,525	40,937,525
TOTAL GRT/CIP BONDS					85,575,000	75,855,000	20,708,663	6,985,000	3,583,613	68,870,000	17,125,050	85,995,050
General Obligation 2008	4150	Parks	06/10/2008	2028	20,000,000	17,070,000	6,138,696	835,000	708,507	16,235,000	5,430,189.00	21,665,189
General Obligation 2010	4150	Parks	11/01/2010	2030	10,300,000	9,440,000	3,190,210	410,000	316,494	9,030,000	2,873,716.00	11,903,716
TOTAL GO BONDS					30,300,000	26,510,000	9,328,906	1,245,000	1,025,001	25,265,000	8,303,905	33,568,905
GRT Rev. Bonds 2008-Con. Ctr	5100	CIP/Con. Ctr.	04/07/2008	2035	8,570,000	7,725,000	5,317,375	200,000	392,313	7,525,000	4,925,062.00	12,450,062
NMFA - Conv. Center	5100	Conv. Ctr.	03/28/2006	2035	42,220,000	37,625,000	24,001,988	975,000	1,787,188	36,650,000	22,214,800.00	58,864,800
GRT Refunding Bonds 2006B	5250	Solid Waste	07/31/2006	2023	15,160,000	10,190,000	2,886,628	830,000	478,823	9,360,000	2,407,805.00	11,767,805
Water Refunding Bonds 2006D	5300	Water	09/14/2006	2025	49,790,000	38,750,000	13,228,500	2,470,000	1,902,594	36,280,000	11,325,906.00	47,605,906
Water Utility Bonds 2009A/B	5391	Water	12/15/2009	2039	59,970,000	57,690,000	62,754,520	740,000	3,283,842	56,950,000	59,470,678.00	116,420,678
GRT Rev. Ref. Bonds 2012B	5450	WW Fixed	Est 4/1/12	2022	14,280,000	12,540,000	3,135,000	875,000	496,050	11,665,000	2,638,950.00	14,303,950
GRT/WW Bonds 2006C	5450	WW	09/29/2006	2021	9,780,000	6,070,000	1,437,950	640,000	298,700	5,430,000	1,139,250.00	6,569,250
MRC 2005 Refunding Bonds	5600	MRC	08/31/2005	2024	15,315,000	9,165,000	2,160,470	900,000	404,452	8,265,000	1,756,018.00	10,021,018
GRT Refunding Bonds 2010B-RY	5850	Railyard	12/14/2010	2026	10,490,000	9,785,000	3,260,650	610,000	461,000	9,175,000	2,799,650.00	11,974,650
GRT Rev Bonds 2012C	5856	Market Station	12/20/2012	2033	4,685,000	4,685,000	2,287,766	85,000	262,816	4,600,000	2,024,950.00	6,624,950
TOTAL ENTERPRISE BONDS					230,260,000	194,225,000	120,470,847	8,325,000	9,767,778	185,900,000	110,703,069	296,603,069
TOTAL ALL BONDS					346,135,000	296,590,000	150,508,416	16,555,000	14,376,392	280,035,000	136,132,024	416,167,024
LOANS:												
HUD Section 108	4203	HUD	08/01/2004	2024	300,000	207,000	69,065	18,000	11,192	189,000	57,873	246,873
NMFA - Parking Garage - #13	4205	Rail. Pkg Grg.	03/28/2006	2036	14,986,587	13,944,692	7,985,001	373,417	565,551	13,571,275	7,419,450	20,990,725
NMFA - Land Acquisition - #18	4209	Land Purch.	08/01/2008	2028	3,610,000	2,965,784	1,172,236	148,450	127,418	2,817,334	1,044,818	3,862,152
TOTAL GOVERNMENTAL LOANS					18,896,587	17,117,476	9,226,302	539,867	704,161	16,577,609	8,522,141	25,099,750
NMFA Buckman Loan - #16	5300	Water	11/02/2007	06/01/2027	100,000	144,576	0	10,160.00	0	134,416	0.00	134,416
NMFA Drinking Water - #DW2	5300	Water	05/16/2008	06/01/2029	15,150,000	12,581,167	1,964,171	674,719	220,170	11,906,448	1,744,001.00	13,650,449
NMFA - Drinking Water - #DW-3	5300	Water	08/05/2011	06/01/2031	320,138	302,237	56,026	13,233	5,289	289,004	50,737.00	339,741
NMFA Buckman Loan - #19	5300	Water	03/27/2009	06/01/2029	400,000	652,748	0	40,035	0	612,713	0.00	612,713
NMFA Canyon Rd - #WPF3	5300	Water	06/12/2009	06/01/2029	400,000	321,594	0	19,725	0	301,869	0.00	301,869
NMFA Buckman - #WPF4	5300	Water	05/07/2010	06/01/2030	800,000	682,532	0	39,352	0	643,180	0.00	643,180
NMFA Canyon Rd - #22	5300	Water	06/04/2010	06/01/2031	210,777	191,536	14,031	9,765	1,436	181,771	12,595.00	194,366
NMFA Watershed Mngmnt- #WPF5	5300	Water	05/07/2010	06/01/2020	264,892	186,117	0	26,390	0	159,727	0.00	159,727
NMFA Watershed Mngmnt- #WPF7	5300	Water	08/05/2011	06/01/2031	300,000	270,670	0	14,720	0	255,950	0.00	255,950
NMFA Buckman - #WPF6	5358	Water	05/06/2011	06/01/2031	800,000	360,893	0	19,627	0	341,266	0.00	341,266
NMFA - Rail yard I - #8	5850	Rail yard	05/14/2004	05/01/2024	579,025	431,973	142,235	30,175	21,562	401,798	120,673.00	522,471
NMFA - Rail yard II - #15B	5850	Rail yard	09/11/2006	06/01/2026	892,227	752,444	340,531	40,035	43,245	712,409	297,286.00	1,009,695
NMFA - College of Santa Fe - #20	5910	Education	09/14/2009	06/01/2036	29,615,000	27,725,000	23,397,852	665,000	1,559,199	27,060,000	21,838,653.00	48,898,653
TOTAL ENTERPRISE LOANS					49,832,059	44,603,487	25,914,846	1,602,936	1,850,901	43,000,551	24,063,945	67,064,496
TOTAL ALL LOANS					68,728,646	61,720,963	35,141,148	2,142,803	2,555,062	59,578,160	32,586,086	92,164,246
TOTAL ALL BONDS/LOANS					414,863,646	358,310,963	185,649,564	18,697,803	16,931,454	339,613,160	168,718,110	508,331,270

FISCAL AGENT:

SWAMA LOANS:

NM Env. Dept.	5500	SWAMA	07/23/2008	06/01/2013	1,896,644	402,078	12,062	402,078.00	12,062.00	0.00	0.00	0.00
TOTAL SWAMA					1,896,644	402,078	12,062	402,078.00	12,062.00	0.00	0.00	0.00

OFFICIAL STATEMENT AND NOTICE OF SALE

CITY OF SANTA FE, NEW MEXICO

\$2,400,000

GENERAL OBLIGATION BONDS



SELLING: WEDNESDAY, NOVEMBER 12, 1980 AT 11:00 A.M. M.S.T.

FINANCIAL CONSULTANT

QUINN & CO., INC.

MEMBERS NEW YORK STOCK EXCHANGE, INC.

GROSS RECEIPTS TAX

GROSS RECEIPTS TAX		
DISTRIBUTED TO:	CENTS	ALLOCATION TO CITY 2012/13 BUDGET
The State (1.225 is returned to the city)	4.6250	35,892,536
State increment in lieu of food GRT	0.5000	N/A (included in other listed City categories)
San Francisco County	0.4375	N/A (SF County)
Operations	0.2500	N/A (SF County)
Capital Outlay	0.1875	N/A (SF County)
EMS/Police	0.1250	N/A (SF County)
Corrections	0.1250	N/A (SF County)
Regional Transit	0.1250	N/A (SF County)
City Capital Improvement Plan	0.5000	14,538,103
General City Operations	0.5000	14,538,103
Mun. G.R.T. (Bus Systems, Quality of Life, Revenue Loss)	0.2500	7,269,051
Mun. G.R.T. Environmental (WW)	0.0625	1,795,795
Mun. G.R.T. Infrastructure:		
Solid Waste	0.0625	1,795,647
Railyard	0.0625	1,795,647
Police	0.0625	1,795,647
Chavez Center	0.0625	1,795,647
Water	0.2500	7,302,510
Mun. Equivalent Distrib		325,000
TOTAL	8.1875	88,843,686

City of Santa Fe
Schedule of Pledged Revenues
Fiscal Years 10-11 and 11-12

	FYE 06/30/2011	FYE 06/30/2012	GL Code
0.05% Municipal GRT revenues	\$ 14,360,040	\$ 14,814,638	11001.401300
MGRT Infrastructure revenues	1,773,654	1,829,904	51250.401200
MGRT Environmental revenues	1,773,801	1,829,934	51450.401100 Wastewater only
State-shared GRT revenues	<u>35,925,147</u>	<u>37,065,822</u>	11001.412100
TOTAL	<u>\$ 53,832,642</u>	<u>\$ 55,540,298</u>	

City of Santa Fe
Schedule of GRT Revenues
Fiscal Years 10-11 and 11-12

	FYE 06/30/2011	FYE 06/30/2012	GL Code
Municipal general GRT (incl CIP)	\$ 28,720,080	\$ 29,629,276	11001.401300, 31102.401400
Infrastructure revenues	7,094,615	7,319,616	51250.401200, 21120.401200, 21121.401200, 21210.401200
MGRT revenues	7,180,020	7,407,319	21116.401500
Environmental revenues	1,773,801	1,829,934	51450.401100
State-shared GRT revenues	35,925,147	37,065,822	11001.412100
Water Capital Outlay	7,063,026	7,295,554	51330.401200
Municipal Equivalent Distribution	<u>333,680</u>	<u>348,815</u>	11001.412200
TOTAL	<u>\$ 88,090,369</u>	<u>\$ 90,896,336</u>	

PROPERTY TAX			
DISTRIBUTED TO:	RESIDENTIAL DOLLARS (1)	COMMERCIAL DOLLARS (1)	ALLOCATION TO CITY 2012/13 BUDGET (2)
<u>The State</u> Debt Service	1.3600	1.3600	
<u>Santa Fe County:</u> Operations Debt Service	5.0220 1.6400	11.8500 1.6400	
<u>Santa Fe School District:</u> Operations Capital Improvement Debt Service HB33 School Bldg.	0.1280 2.0000 3.4200 1.5000	0.5000 2.0000 3.4200 1.5000	
<u>Other</u> Santa Fe Community College	3.2920	3.9300	
<u>City</u> Operations Public Safety - Police Public Safety - Fire Debt Service 2008 GO Bond Debt Service 2010 GO Bond Debt Service 2013 GO Bond	0.6244 0.2703 0.2703 0.3851 0.1789 --	1.5099 0.6535 0.6535 0.3851 0.1789 --	\$3,073,180 \$1,330,182 \$1,330,182 \$1,836,639 \$853,238 Passed 3/6/12 - Not included
TOTAL	20.0910	29.5809	\$8,423,421

Source (1): Certificate of Property Tax Rates in Mills, State of New Mexico

http://www.nmdfa.state.nm.us/Certificate_of_Property_Tax.aspx

Source (2): City of Santa Fe Annual Budget

Patrick "Pat" Varela
Treasurer



Eric J. Lujan
Deputy Treasurer

CITY OF SANTA FE

Distribution For:

March 20

Collections For:

2/28/2013

	<u>Current Taxes</u>	<u>Prior Taxes</u>	<u>Total Taxes</u>	<u>Less 1% Valuation</u>	<u>Total Taxes</u>
General Fund*	\$ 47,629.96	\$ 14,071.76	\$ 61,701.72	\$ (617.02)	\$ 61,084.70
Debt Service	\$ 16,664.79	\$ 4,431.52	\$ 21,096.31	\$ (210.96)	\$ 20,885.35
Total	\$ 64,294.75	\$ 18,503.28	\$ 82,798.03	\$ (827.98)	\$ 81,970.05

Wire Amount \$ 81,970.05

Pursuant to Section 7-38-38-1.B.(2) NMSA1978, your net distribution for the month has been automatically reduced by \$827.98 to reflect the one (1%) Valuation Administration fee.


Patrick "Pat" Varela
Santa Fe County Treasurer

**Arbitrage Rebate, Yield Reduction
and Penalty in Lieu of Arbitrage Rebate**Under Sections 143(g)(3) and 148(f)
and Sections 103(c)(6)(D) and 103A(j)(4) of the Internal Revenue Code of 1954

OMB No. 1545-1219

Part I Reporting Authority		Check box if Amended Return <input type="checkbox"/>	
1 Issuer's name The City of Santa Fe, New Mexico		2 Issuer's employer identification number 85 6000168	
3 Number and street (or P.O. box no. if mail is not delivered to street address) 200 Lincoln Avenue	Room/suite	4 Report number 7 2010-2	
5 City, town, or post office, state, and ZIP code Santa Fe, New Mexico 87504		6 Date of issue 2/14/2006	
7 Name of issue Gross Receipts Tax Improvement Revenue Bonds Series 2006		8 CUSIP number 802072KB3	
9 Name and title of officer or legal representative whom the IRS may call for more information Ms. Helene Hausman, Cash Mgmt & Inv. Officer		10 Telephone number of officer or legal representative (505) 955-8885	
11 Type of issue Public Improvement		Issue price	11 \$ 18,845,929.40

Part II Arbitrage Rebate and Yield Reduction Payments	
12 Computation date to which this payment relates (MMDDYYYY) 06/30/2010	
13 Arbitrage rebate payment (see instructions) <input type="checkbox"/> check box if less than 100% of rebate amount	13 \$ 78,219.55
14 Yield reduction payment (see instructions) <input type="checkbox"/> check box if less than 100% of yield reduction amount	14 \$ 0.00
15 Rebate payment from Qualified Zone Academy Bond (QZAB) defeasance escrow (see instructions)	15 \$ 0.00

Part III Penalty in Lieu of Arbitrage Rebate	
16 Number of months since date of issue: <input type="checkbox"/> 6 mos <input type="checkbox"/> 12 mos <input type="checkbox"/> 18 mos <input type="checkbox"/> 24 mos <input type="checkbox"/> Other. No. of mos _____	
17 Penalty in lieu of rebate	17 \$ 0.00
18 Date of termination election (MMDDYYYY) _____	
19 Penalty upon termination	19 \$ 0.00

Part IV Late Payments	
20 Does failure to pay timely qualify for waiver of penalty (see instructions) Yes <input type="checkbox"/> No <input type="checkbox"/>	
21 Penalty for failure to pay on time (see instructions)	21 \$ 0.00
22 Interest on underpayment (see instructions)	22 \$ 0.00

Part V Total Payment	
23 Total payment. Add lines 13, 14, 15, 17, 19, 21, and 22. Enter total here	23 \$ 78,219.55

Part VI Miscellaneous	
24 Unspent proceeds as of this computation date	24 \$ 128,252
25 Proceeds used to redeem bonds	25 \$ 0.00
26 Gross proceeds used for qualified administrative costs for GICs and defeasance escrows	26 \$ 0.00
27 Fees paid for a qualified guarantee	27 \$ 67,428.43
28 Is the issue a variable rate issue?	28 Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
29 Did the issuer enter into a hedge? Name of provider _____ Term of hedge _____	29 Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
30 Were gross proceeds invested in a GIC? Name of provider _____ Term of GIC _____	30 Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
31 Were any gross proceeds invested beyond an available temporary period?	31 Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
32 Calculations for filing of this form prepared by: <input type="checkbox"/> Issuer <input checked="" type="checkbox"/> Preparer: Bingham ARS, Inc.	

Sign
Here

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.


Signature of issuer's authorized representative**8/19/2010**
Date**TERESITA GARCIA**
Assistant Finance Director
Type or print name and title