

1 **CITY OF SANTA FE, NEW MEXICO**

2 **RESOLUTION NO. 2017-32**

3 **INTRODUCED BY:**

4  
5 Councilor Renee D. Villarreal Councilor Carmichael A. Dominguez  
6 Councilor Joseph M. Maestas Councilor Peter N. Ives  
7 Councilor Signe I. Lindell Councilor Mike Harris

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10 **A RESOLUTION**

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

19  
20 **WHEREAS,** the primary goal and intent of continuing to explore the possibility of  
21 establishing a chartered public bank in Santa Fe is to continue the ongoing enhancement of  
22 responsible stewardship of public funds; and

23 **WHEREAS,** the call for a chartered public bank was initiated by the public, and the  
24 mayor then convened local and national leaders to a forum in June 2014 to begin the discussion  
25 of a public bank for the City of Santa Fe; and

1           **WHEREAS**, the city participated in an international broadcast symposium on public  
2 banking on September 27, 2014 with participants including civic leaders and citizens from across  
3 the nation and the world; and

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

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

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

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

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

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

24           **WHEREAS**, since the completion of the feasibility study the City’s Finance Department  
25 has established a Treasury division; examined the City’s cash and investment policies and

1 practices and adopted improvements; eliminated unnecessary fund accounts; restructured the  
2 City's debt portfolio and initiated an inter-fund loan policy in response to a recent bond  
3 transaction; and

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

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

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

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

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

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

24 **PURPOSE:** The sole purpose of the Public Bank Task Force is to provide the governing body  
25 with the information needed to make an informed decision about the pros and cons of submitting

1 an application for a New Mexico Bank Charter for a Public Bank of Santa Fe.

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

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

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

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

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

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

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

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

22 2. Recommends options for phasing of implementation for consideration  
23 that includes:

24 a) Refinancing the City's existing debt, and

25 b) Financing currently identified capital improvement projects, and

1 c) Consider the long term, potential implications of partnering with  
2 other public institutions.

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

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

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

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

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

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

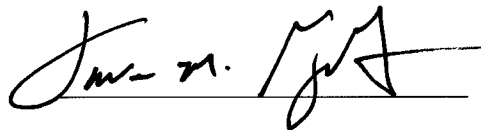
17 E. Two (2) residents at large.

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

24 **VACANCIES:** Vacancies on the Public Bank Task Force shall be filled in the same manner as  
25 initial appointments. Members shall serve without compensation.

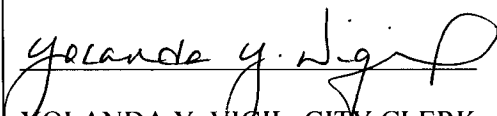
1 **MEETINGS; DURATION:** Staff shall identify and utilize a third party facilitator who in  
2 coordination with the chairperson shall lead the task force meetings. The chairperson shall  
3 coordinate with the professional facilitator to convene the task force within ninety (90) calendar  
4 days of adoption of this resolution by the governing body, facilitate meetings, take notes,  
5 schedule task force meetings and complete the work of the task force. The task force shall hold at  
6 least two (2) public meetings between three (3) and six (6) months from the first meeting to report  
7 to residents on their progress, to hear public comment, and to assure transparency and  
8 accountability to the public of the task force's efforts toward a coherent plan for the work  
9 necessary to determine the merits of establishing a public bank in Santa Fe. The task force shall  
10 report to the finance committee on the progress of their work after three (3) months of its first  
11 meeting. That the task force shall complete its work within six (6) months of its first meeting and  
12 provide a formal written and oral report of its findings and recommendations to the Finance  
13 Committee, and then to the Governing Body at a public meeting that provides for public  
14 comment.

15 PASSED, APPROVED AND ADOPTED this 26<sup>th</sup> day of April, 2017.


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18 JAVIER M. GONZALES, MAYOR

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20 ATTEST:

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23 YOLANDA Y. VIGIL, CITY CLERK

1 APPROVED AS TO FORM:

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4 KELLEY A. BRENNAN, CITY ATTORNEY

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