

Date: October 12, 2017

To: Public Banking Task Force

Fr: J Wayne Miller and Robert Mang

RE: Subcommittee "D" Capitalization

In pursuit of the options, sources and methods to capitalize a public bank the committee has been in contact with the City of Santa Fe's finance department.

Through those discussions the committee has been unable to determine if the City of Santa Fe, at this time has sufficient excess unreserved, undesignated balances to adequately capitalize a bank.

We also looked at the effects of depletion of these reserves to capitalize a bank. The possibility of this could adversely affect the City of Santa Fe's future bond rating.

Secondly the committee looked at the possibility of issuance of debt or a bond to capitalize the bank. This raises very important policy, financial and legal concerns that have not been resolved.

J Wayne Miller