

Public Bank Task Force
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February 7, 2018

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Approval of Agenda	<p>Mr. Fluetsch noted that the November 20, 2017 and December 20, 2017 minutes had not been approved and if they could be listed for approval on the agenda. The minutes of November 20th there was rework that had to be done.</p> <p>Ms. Sullivan noted that the minutes reflected that Mr. Fluetsch moved to approve the minutes of December 20, 2017 as presented, second by Mr. Hibben, motion carried by unanimous voice vote.</p> <p>Ms. Sullivan moved to approve the agenda as amended to include the approval of the November 20, 2017 minutes, second by Mr. Hibben, motion carried by unanimous voice vote.</p>	Page 1
Approval of Minutes	<p>The Chair noted that the approval of the section in question in the November 20th minutes also refer to the inclusion of the YouTube video and tape portion of the meeting. It is now well reflected and speaks for itself.</p> <p>Mr. Hibben moved to approve the minutes of November 20, 2017 as amended, second by Ms. Sullivan, motion carried by unanimous voice vote.</p> <p>January 17, 2018 - Corrections: Page 9, 3rd sentence under Ms. Sullivan: nonetheless District Court The Matrix Document. Note: Ms. Cormier talked about the actual matrix is what was being talked about, maybe misunderstood the purpose. The document is really what you said; the document stops at the recommendation for the city and doesn't address the rest of the feasibility study.</p>	Page 2

	<p>Name Corrections: Mr. Fleutseh Fluetsch David Bueholtz Buchholtz</p> <p><i>Mr. Fluetsch moved to approve the minutes as amended with name corrections and Page 9, 3rd sentence under Ms. Sullivan: nonetheless Distriet Court replace with the Matrix Document, second by Mr. Hibben, motion carried by unanimous voice vote.</i></p>	
<p>Dialogue about the following, related to Task Force final report:</p> <ul style="list-style-type: none"> a. Final Report Recommendations as suggested by the sub-committee b. Listing of other elements to be included (past reports, memos and new sections to be written) c. Assignment for the writing of the new sections 	<p><i>Informational, no formal action.</i></p> <p><i>Exhibit A</i></p>	Page 2 - 24
Clarification of the process, with meeting dates from now to completion of the report.	<i>Informational</i>	Thru Page 24
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Adjourn/Signature Page	There being no further business to come before the Public Bank Task Force, the Chair called for adjournment at 6:45 pm	Page 27

City of Santa Fe

Public Bank Task Force

Minutes, February 7, 2018 – DRAFT UNTIL APPROVED

Frances Lucero
2/7/2018

Public Bank Task Force
Tuesday, February 7, 2018
4:30 pm – 6:45 pm
Southside Public Library

MINUTES

1. Call to Order

Chair David Buchholtz called the Public Bank Task Force to order at 4:30 pm at the Southside Library, Santa Fe, NM. Roll call reflects a quorum.

2. Roll Call

Present

David Buchholtz, Chair
Brad Fluetsch for Adam Johnson, Finance Director
Randolph Hibben
Darla Brewer
Judy Cormier
Elaine Sullivan
Robert Mang

Not Present:

Kelly Huddleston

Others Present:

Anna Serrano for Fran Lucero, Stenographer
Audience Participants

3. APPROVAL OF AGENDA

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5. DIALOGUE ABOUT THE FOLLOWING, RELATED TO TASK FORCE FINAL REPORT:

PROPOSED OUTLINE FOR PUBLIC BANK TASK FORCE Final report recommendations as suggested by the sub-committee

Mr. Mang referenced the outline document that the sub-committee worked on and it will be narrated by Mr. Mang, Ms. Cormier, Mr. Fluetsch and Ms. Sullivan. Suggestion is to go through items one-by-one. Mr. Mang noted that the first part would reflect what they worked on and what the background was.

- I. Executive Summary will reflect everything else, no discussion needed at this time.
- II. Introduction – In terms of trying to get the background as to why this all occurred, what built up to this Task Force and the first part is the Citizen Initiative, which took several years to develop and eventually ended up with the feasibility study that was then addressed and then a year and a half later came the Resolution that created the Public Bank Task Force. Thought there is to give the context/history of how all this came about.

Mr. Hibben asked if the thought is to expand on those points underneath? Mr. Mang responded yes, this is just an outline of what will be covered. Mr. Mang said that the

plan is to start drafting below each topic between now and the next meeting. Follow up: Commitment is to have a document that is completed under each topic and to each Task Force member 1 week before the next meeting.

Mr. Fluetsch: We were tasked by the City Council; our report audience is the City Council. In that they know how this happened, they don't need to hear about it again. They need to know what a Public Bank is and they don't need to have us summarize it. Therefore, in my opinion, Section II and III are unnecessary.

A. How the Task Force Came About

Mr. Fluetsch: We were tasked by the City Council; our report audience is the City Council. In that they know how this happened, they don't need to hear about it again. They know what a Public Bank is and they don't need to have us summarize it. Therefore, in my opinion, Section II and III are unnecessary. It is not germane to our report. The Council was very specific in their Resolution on the document that they submitted to us at the previous meeting where they laid out the topic after the first page which was exactly what the Council instructed the Task Force to do. That is what they want answers to. They don't need this.

Ms. Cormier: Will this document that is submitted to the Council be available for other purposes whether it be public, that it would serve, even if you don't go through all the minutia; is there a public place for this report to recap the story without having to reeducate the City Council?

Mr. Fluetsch: Yes, it will be on the City website in the Public Bank section, this report will be presented to City Council so it will also be in the Minutes and the City Clerk will have a final copy as well.

Ms. Cormier: Is there a benefit to having the summary in this report for those who review it on the website?

Chair Buchholtz: Disagreed with Mr. Fluetsch; we were appointed by the City Council as a Task Force, we are not the staff or employees of the city, we are independent as a Task Force and I think there is an audience for the report that is broader than the Council itself. I think it is important for the report to reflect why the Task Force was formed to include the details of what we did. My sense would be that these provisions are relevant to people who will be studying the record of Santa Fe and the work that the Task Force did and will not be all that difficult to prepare and would be useful, this is my opinion. The Chair will have the report reflect what the full Task Force members decide on.

Ms. Sullivan: I met with a number of others with the City Council when this Resolution was being created and I do recall there was a wide range of knowledge about this. There was a unanimous decision from the Council to create the Task

Force and it was based on quite a wide range from those who knew a lot and those who did not know as much. I believe it would be a loss to assume that the Councilors overall, especially since we will have new Councilors soon; that they would know all of this and I agree with the Chair and delighted with Mr. Fluetsch comment that it will be available to others. If we decide to go with one of the recommendations in this outline about the state level, it is relevant there. Mr. Chair, as you pointed out at the last meeting, we are having people inquiring and watching to see what we are doing, what they can learn from what we do, regardless of what the outcomes are.

The Chair added that he believes this is a factual presentation. People beyond the Council would get a better sense of what the Task Force accomplished.

Ms. Sullivan said she is personally happy to be involved with this because there is some time.

Ms. Cloutier: One comment, in the A2 Section it has the Feasibility Study and the City Council Resolution. I think it would behoove us not to also have a section called Task Force Assembly so that the assembly of the Task Force. I think again for the formal report it would not hurt to again indicate without a lot of detail the qualities of everyone at the table and the experience. It may be included in something else; I think it would be a good section to have everyone's name and their experience in a separate section. I would put it right under the City Council Resolution. If the point we are making is showing the paper trail, that is an important piece we don't gloss over.

The Chair noted that those items went up to III. Comments in III would also be in order and the Chair yielded to Mr. Fluetsch.

Mr. Fluetsch commented on the style issue; the way this report is organized we are burying the Lead. The Lead is the Executive Summary but then what we Recommend would be next, our Conclusions would be next and then we can go in to the Work of the Task Force, Task Force Evaluation and then what follows. The important part of the Report right now as it is organized is in the back and they need to be at the front. If you are going to read 5-pages, do you want to read 5-pages of history or 5-pages of recommendations and conclusions. If this is going to be a lengthy document I can count on people reading up to 5-pages.

Mr. Mang clarified that his picture of the Executive Summary is exactly what you described putting up front; more on the recommendations and conclusions as this is what people will be looking for in the summary. There would be some things on the work of the Task Force, but I am thinking that the Conclusions and Recommendations would be up front in the Executive Summary.

Ms. Cloutier: If I hear you clearly Bob, the information that is in IV and VI on Conclusions and Recommendations would actually be up front?

Mr. Mang said that his thoughts are that there would be a summary of Conclusions and Recommendations and they would be more of what you are looking at here. In the Conclusions and Recommendations there would be more text that gives reasoning on the Recommendations.

Chair: On that point, I think Mr. Fluetsch points are well taken. I think they are the Executive Summary. Those issues that a Councilor who might now want to read the entire report needs to see and needs to be up front. I do see some historic logic to the larger piece of the presentation so that the longer presentation makes people see how you got to the Conclusions. That includes the history of the organization itself and to some extent, on the question of "What is a Public Bank", that we not try to re-create what we have done as to what we found is the community sense or the boards sense of what in the terms of Public Bank would be for Santa Fe. It is good that they have banks in Germany and that they have banks in North Dakota and that there are models; but for us I don't think we have the expertise nor do we have to repeat what studies have been done on those institutions. I think we can say that they are out there but our focus should be more on the continuing discussion that we had on what is the bank that serves the government, what is the bank that serves more than just this government, what is the bank that serves the people and what we think about all of this. As Ms. Sullivan mentioned and we should discuss if there is work that we still need to do in regard to what the public might think. Referring back to the outline; we would not have to have full sections on North Dakota, Public Banks in Germany, Public Bank Movement in the US, which is described elsewhere. We could say that as background to our work we understood that there were these things and maybe cite the places but then go and talk more about what it means to us.

Mr. Mang asked for clarification; it seems to me that a part of our conception of what a Public Bank is, this is our group and true for me, was informed on how the North Dakota bank works, what it does and what it doesn't do, it does go beyond the scope of the narrow purpose of the Resolution which was to see if a Public Bank would enhance the city finances. Whereas when we later on went to what is lacking in the community and what is needed in the community in the way of finance and so forth, that is where I felt that the Public Bank of North Dakota had some information and enabled people to see further on what a Public Bank could be as it relates to the recommendation which we will be discussing later.

Chair: I would see where we would note these things, we would offer to the reader by footnote or by bibliography or something like that; here are some places to look if you want to read more on what they say they are but focus on our main text.

Ms. Sullivan: There are two terms that we use that are different and not synonymous and I think can be confusing, one of them would be in answer to the question of what is a Public Bank, there are certainly things in the section that

would be relevant. When I think of that question, I think about the business model which was very much informed by North Dakota, but it is some what's that distinguish a Public Bank from a commercial private bank. Also some of the things that it is not, it is not in competition with private, local banks and credit unions. It would be more of a "what" which is different from "purpose" which is mentioned later in this outline. Sometimes we use these terms if they are synonymous and for her purpose is in the case of where it is listed in page 2, the purpose of the city of Santa Fe Public Bank, that would be talking about, in our case because we don't have much recent information from the public, it might well be talking about what we learned in the last 5 years from a lot of members in the public and a lot of venues and the notion of what would be the compelling niche from the word that Councilor Villarreal used, "what would be the advantage of a Public Bank?" Sometimes we have talked about it in terms of how it would be different from and complimentary to what we all already have in place including the City Finance Department. For me, what is a Public Bank would be more of a definition and purpose would be more the niche we could imagine it growing.

Mr. Hibben: Item IIB, the Purpose of the Task Force; that should align itself with the Resolution in the large part but we have taken it upon ourselves to expand the scope of the Resolution in talking about economic development activities on the 2nd page. The Purpose of the Task Force should be consistent with the report.

Mr. Mang stated that what he had in mind there was the Introduction for the Task Force would be the Resolution and then later on we begin to expand our discussion beyond that focus. Do you think it is better to bring it up front?

Mr. Hibben: I would probably put it under Part C on page 3, and move the section where it discusses expansion of the Resolution. Referencing F. should it fall under VI-C-1 where we talk about the additional needs. If we are going to move outside of what we were asked to do in the Resolution and discuss these things we should open it up and pull it together.

Ms. Cormier confirmed: Move Section F-4 within under Section VII-C, page 3.

Ms. Sullivan: In Part II we would still refer specifically to the Resolution about Purpose.

Mr. Mang: Going back to the first part Introductions and what is a Public Bank, are there other comments? Section II and Section III, What is a Public Bank?

Mr. Fluetsch: My question, what is a Public Bank from perspective of Government? Who is here to write that, who knows the perspective from government, Santa Fe, New Mexico the United States, Germany?

Mr. Mang answered that it would be from the perspective of what a Public Bank would be for Government.

Mr. Fluetsch: If we were to write our perspective from the people the data set we have is the public comments that we have received here and the public comments we received at the November 20th meeting and so I can see we would have that perspective but it would be limited to what we have done here. It is a little challenging for us to write on the perspective of government or on the perspective of people what a Public Bank is. We have our own ideas and we have read some documentation, Ms. Sullivan shared a book for us to read, and other resources, but the data set we have is pretty small to make a comment on that. I believe D we should eliminate, because we can't really say what it is.

The Chair stated that he read this somewhat differently. When he read Government he thought it meant the government of Santa Fe or more specifically the people who work in the City of Santa Fe on finance matters. That is a narrow base. I think and you can tell me if I am wrong, the report was submitted in accordance with the Resolution on the work that the Division has done relative to its banking needs is at least in part reflective of the question of what is the public view of government, or what is the governments view of a Public Bank and how do they handle those. I thought this is what that line was driving to and the second part driving to, as you pointed out, to the record that we have created in the public hearing and otherwise about the citizenry who have reacted to this Task Force has told the Task Force. I think it can be limited in regards to its validity and say, look, we really didn't do x or y to determine with any certainty on what the public at large felt. We did have open meetings every 3-weeks and we did hear from the citizens who were interested enough to come so that is how I read those items. With that view I think a discussion would be appropriate in the report.

Mr. Fluetsch: I don't think that the perspective from Santa Fe; the June 5th memo from Finance Director Johnson was in response to the Feasibility Study had highlighted as inefficiencies or lack of management of the municipal funds by the Finance Department. I think his memo was in reaction to that, it wasn't a perspective on a Public Bank.

Ms. Sullivan said she had yet another understanding in that section. It made her think of the work that she and Ms. Brewer did in the section of Governance. Where she went was from the perspective of government in relation to the people.

Mr. Mang suggested that part of this is in the draft and that Mr. Fluetsch and Ms. Sullivan have a picture of what that would include. Unless others one way or the other, if we could have some drafts and see if they are relevant and bring them to the Task Force.

Mr. Fluetsch: As the staff member here, the Public Bank would not be able to be the City's Fiscal Agent, it doesn't have the magnitude.

Ms. Sullivan: I think you are speaking to the choir.

Mr. Fluetsch: The Public Bank can't finance \$250 million dollars of CIP and from what we have learned if we had a \$10 million dollar capitalized bank the loans that the bank could make to the city would be rather small.

Mr. Mang stated that this is all in the report. I am suggesting that we hold this until we can begin to see some of the writing that the selected Task Force Members have in mind and if that time there is still a different it will be brought to the Task Force.

Chair stated that he, in his own mind, the items that were just mentioned was reflective of what was the Government's perspective is of a Public Bank. What a Public Bank can or cannot do and in reading that line he was thinking that the answer or the writing was somewhat you described.

Moving to the Work of Task Force. The idea was to look at where we started which was the report on the Feasibility Study from the Finance Department and from Katie Updike, that would be recited and the documents would be in the Appendix. Secondly, the work that we did on Legal Requirements and Restraints, Regulatory Issues, Structure and Capitalization. That could be as succinct as our report at the public meeting or welcoming input. Following, a Synopsis of the Public meeting that we had in November, and what we have gathered from all of this; what is the Purpose of the Public Bank. If you will recall we started in on that question, I believe just before or after the public meeting; it was raised as to what different people on the Task Force really called what was the purpose of a Public Bank. We were looking at all of these restraints and asking ourselves if it was worth going through all of the restraints, changing the law, working with regulatory people, we asked the question; what is the purpose of that? There should be some mention because we did not address task #6 that we were given which was to create a Business Plan and explaining why that was. We also haven't formally addressed V. Task Force Evaluation – what are the issues that the Task Force wasn't able to address if we were to present an application to the regulatory. That would be in the last part of Section E. under IV.

Mr. Hibben: I thought about it a different way. I believe that we came to the conclusion that there really is fundamentally, insufficient non-restricted fund balances to either capitalize or provide the initial deposits to a bank. Based on that conclusion it would not make sense to go and allocate the resources to even prepare a 5-year plan.

Mr. Mang: It doesn't make sense. We need to explain why we didn't go in to a Business Plan because part of the restraint was the cost of it wouldn't be justified in terms of what it could yield in terms of a marginal gain or a risk to the city of Santa Fe.

Mr. Hibben: We already determined that the economics don't make sense at a more basic level. That leaves open the thought that maybe there is viability to a Public Bank on the economic numbers when perhaps there isn't.

Mr. Mang stated that is what we want to be clear or. What you just said is what we would put in to the report.

Ms. Sullivan stated that her understanding was that there were capitalization issues or challenges and regulatory challenges that couldn't be fully concluded. There were restraints, that it wasn't clear if they were too big or if they were smaller restraints in the absence of a business plan. Ms. Sullivan felt that they had a lot of unanswered questions and that they still had the cost benefit dilemma that you just described. Beyond that there were a number of unanswered questions about should we pursue this regulatory issue or is it a deal breaker, etc., and some things in the area of capitalization that I thought we stopped short of getting very definitive and really substantiating the worries of the restraints because we didn't have a business plan. Is that different from your understanding?

Mr. Hibben: If I am understanding you correctly, we discussed capitalization, that there was a lack of internal funds to capitalize a bank. We heard at the Finance Committee meeting that there wasn't a lot of enthusiasm for doing a bond issue to capitalize the bank.

Ms. Sullivan: We heard that from one or two people.

Mr. Hibben: Maybe it is easier to respond to some draft language than to go back and forth.

Mr. Mang: The idea is to lay out exactly how we see it and why we don't think it is appropriate.

Mr. Fluetsch: In the Finance Director's menu of June 5th he equated what the Finance Department had done within the Finance Department internally was the equivalent of the Phase I. It goes back to what Mr. Hibben said, maybe on verbiage – as far as the equivalent of Phase I of a Public Bank internally within the Finance Department without having to create a bank and that would be part of it. What was left due to the capitalization and regulatory issues; that brings up your point; is there anything left after what the Finance Department has done is that enough to support financially a bank profit wise.

Mr. Mang stated that it is laying out the logic train that they all are engaged in and concluding that this is probably on margin not worth doing in Santa Fe. I think that is what we want to create here and there were several different ways of looking at that. On the capitalization issue, there were possibilities for capitalizing a bank, but they are pretty remote. One would be that some of the

funds that could be invested might be interested in investing in it; water utility and so forth. Those are remote but there is a possibility. The other was to go with a revenue bond and have the taxpayers say they want a bond, which also remote. The fact is that if there were a compelling reason in Santa Fe to have a Public Bank we would then probably entertain how can we raise the capital and we would have a business plan that would show that it could be viable or risky. It is risky and without a business plan we could never get to the point of saying should we encourage the city to move towards this and figure out how to do it since it is so valuable or should we just conclude as we are concluding. The benefit question is not resolved until there is a business plan. Our advice is that it is probable that spending that kind of money on a business plan or what we see as a marginal gain is probably not something we would recommend. That is the logic train I am using on this.

Ms. Cormier: Again, as you all have already said we are looking at bullets we aren't looking at texts. I think part of that can be expounded on rather than due to lack of resources I think it is this and that due to the constraints regular and financial as well as the lack of funds to pursue. However due to the constraints it did not seem feasible to go forward and I think we can get that in.

Mr. Mang: To make that more specific, there are going to be costs in lobbying for regulatory and state legislation changes. It is going to be a big cost in putting together a business plan and the cost of even putting together a bank we have estimated anywhere from a couple hundred thousand to a million. We didn't resolve that because we don't have a business plan. On margin if you put all that together it is then the question what is the purpose and what is the value and our picture is that it is so marginal on scale the cost of doing all that isn't worth for doing as the city does not have enough in deposits to put in the bank as to what that would generate.

Mr. Fluetsch said it is described well in the conclusions. Reading the conclusions in VI a and b, it is almost what we are going to put under e.

Mr. Hibben said he would be hard pressed to put a balance sheet for a business plan, the money doesn't exist on the liability side of the ledger.

Mr. Mang confirmed that this discussion would go under number V. It would be a narrative of our reasoning and we will capture that. This is the time for input, if it hasn't been said, of what you would like to see go in.

Mr. Hibben: As long as it is clear that we have come to an informed decision that the liquidity doesn't exist and that is why we aren't going forward with a Business Plan. I can't stress that enough, the money doesn't exist.

Mr. Mang: When you say the liquidity, what are you referring to?

Mr. Hibben: I am referring to unrestricted fund balances within the city that could be used to either capitalize the bank or provide the initial deposits.

Mr. Mang: So the liquidity of the city of Santa Fe, that will be incorporated in Section V in terms of what was our reasoning that led us to the conclusions of fault.

Ms. Cormier: We are coming around full circle; we need to have the text before we can say what is not in there.

Ms. Sullivan asked to go back IV. She is glad about and would like to be a part of IV- d. That is an area where she feels they did not do the work. We certainly have in the banking on NM Community, where this has been a discussion for the 5 years, we certainly have information on what members of the public feel the purpose should be. I went back to the minutes from the previous meeting and two meetings ago where I expressed such surprise at the report that the two of you gave us last time on what I understood the report was going to be. I went back to those minutes and the Chair did in fact say if you did add verbiage that we are looking at purpose of a Public Bank and we didn't do that. One other time when we came to the table to do that we did a really truncated version of it. I do not believe at this time that we would have come to two different recommendations/Resolutions. I do believe there are areas, and Mr. Mang made reference earlier, there are some areas that are judgment calls. There are areas that are very definitive and I think Randy, that liquidity issues are very definitive. The judgment calls like; what are sufficient funds to pursue, what are sufficient funds to suggest the city to pursue? There are some areas of judgment calls that are influenced if there is a compelling purpose that has been clarified and agreed to where there is an absence of. I want us to have in our final report along with the recommendations that are fiscally responsible. I want us to also have something that reflects what this community has been talking about for the last 5 years. That is where the inspiration comes back; do we go forward with something, do we encourage something to move forward, even if we are saying for Santa Fe that the scale isn't there.

Ms. Cormier: Therefore some of those comments of should we go forward is what leads in to the conclusion to the Council.

Ms. Sullivan: If we aren't offering anything that would be a Purpose Statement that might have some degree of inspiration or compelling nature to it then I don't know what they would accept any of our recommendations at all.

Ms. Cormier: We all talked about this in the past at the Public Meeting, there was less guidance from the public than we thought we would be getting and so what I hear you say is that some of that guidance may be in the documentation of Banking on New Mexico. Some of that guidance we can say this is what we did

here through various grassroots groups over time. I think that would be helpful, I don't think we have a lot to work with otherwise.

Ms. Sullivan: We have a lot of resources locally that can speak to that subject.

Mr. Fluetsch asked Ms. Sullivan to give two examples of Purpose of the Public Bank would be?

Ms. Sullivan: I will be happy to when we write something up.

Mr. Hibben: Would it be the feasibility and practicality of those suggestions? You can also go further on that comment of the perceived purpose of a Public Bank, would we then talk about the practical purpose.

Ms. Sullivan: Again, we haven't written this but I don't think we would do that because in our conclusions and recommendations it is pretty clear what the answer would be.

Mr. Hibben: We go back to not seeing the text.

Mr. Mang: My sense of what a purpose is about is what you would want to create for what value. What would be the reason why you would want to do some thing?

Ms. Cormier: I think Mr. Hibben used a pivotal word when it comes to the Purpose of a Santa Fe Public Bank, the "perceived" purpose. I think that is important. Whether public input and perceived purpose, we just speak of the public meeting but then to Ms. Sullivan's point, the grassroots over time and the comments you have received, it is important to say the perceived purpose.

Ms. Brewer: If I could say something on that purpose, for me what has been difficult to define as a purpose given some of the input we have had from the public is that it has been based on the North Dakota model and that model was grandfathered in and so old. We are in a very different situation than that and I think that is what has been hard for me around that purpose of a Santa Fe Public Bank given our size and our needs to define it for ourselves and not base it on this model that is outside of us. When we come around to that discussion of purpose, I am cautioning on what our community needs.

Mr. Fluetsch: For me on the purpose it was obviously stated at the beginning that the purpose of this Public Bank is not profit or profit maximization.

Ms. Sullivan: Those are two different things and that is what made me nervous.

Mr. Fluetsch: Let me just say, profit maximization or shareholder growth, which was not the purpose of this. It was suggested that maybe the purpose of the Bank

would be to finance the city's substantial infrastructure needs and through the analysis we found from the regulatory and capitalization issues that it probably not a realistic purpose.

Ms. Sullivan: You won't have to write that sentence; we won't have to go through that again because we have heard it before. Sometimes I thought there was confusion because we are clear enough on what the purpose is not, that would clarify what the purpose is and that is not how I think.

Mr. Mang: What you are saying I believe comes under number V for the discussion and weigh in of these factors.

Mr. Fluetsch: In the Feasibility Study there was a notion, I feel, that the purpose of this bank will be to serve the un-served business community. That is not feasible with public funds. Providing loans and working with individuals, if that was the purpose, and we have excluded that like business, we can't make loans to individuals with public funds. When I start going through what are the purposes and I equate product as much as anything else with purpose; can we offer checking accounts, no, can we offer savings accounts, no, can we offer business loans, no, can we serve the city, no. When I go through what I use a bank for and what my purposes are of being a customer of a bank I get to where Ms. Sullivan is, don't write anything because there are no purposes.

Mr. Hibben: That is why in the Feasibility Study in their Conclusions they say the primary assumption that drives the largest portion of the return to the city is the extent that the city can fund its own debt using its own cash deposited.

Mr. Mang: That was the narrow purpose of the Task Force. What came from my participation of this Purpose question is what is it that a Public Bank could do that the Finance Department can't do. There are some aspects in theory of what it can do but the scale wasn't large enough to actually achieve those. I do think the purpose is different from product. Products are what you offer after you are clear on what your purpose is. Indicating what is the purpose of a Public Bank or what would be its value if it would work is an important aspect of this if we get agreement on the recommendations. That will be a critical piece for people to understand why we are recommending this on a larger scale where it could be more effective.

Ms. Sullivan: Regarding #e. I am hoping that we can come up with a respectful way to talk about the lack of resources that we have had and it is not just about a business plan. We have been limited other ways by a lack of financial resources to do our work. I think we would miss an opportunity for the city to learn and council to learn if we didn't make that point. We have had our hands tied in some ways.

Chair: I agree strongly, so strongly that I am not the right person to write that.

The limitations to do our work in the proper manner were affected.
Mr. Mang: Can I just ask if we have captured in our drafting of the report.

Conclusions:

Mr. Mang: Keep in mind that we are not incorporating Section F, Page 2 under Section C, Page 3.

Starting with section A, I think we want to pay respect and gratitude to the City Finance Department for the work it has done in terms of bettering the financial situation of the city. That was the first part of the Feasibility Study and that was part of what Mr. Johnson reported to the Task Force in the beginning. This Conclusion is to pay recognition to that.

Ms. Cormier: Only comment and its minutia and we will see it in the text is the City Finance Department completing portions of the recommendations. I am realizing in the text we will say that. Now it looks like they completed all of the recommendations and that is not what we are really saying.

Mr. Mang: On the recommendations on the next page we indicate that they continue to develop financial strategic and operating improvements. Mr. Mang will make sure that is incorporated in the conclusion.

Item B - Because of the scale of the city of Santa Fe's finance and the conclusion that we have reached that we were just discussion, that a bank in Santa Fe would not adequately address what is needed. We see some advantages to having a Public Bank because you can do things that a fiduciary for government cannot do i.e. loan money to private enterprise or otherwise. We are concluding here that on balance the cost of putting a Public Bank in Santa Fe does not justify the possible margin that it would produce or at first it would produce risks that it would make it unviable and therefore cost the city some thing.

Mr. Fluetsch: On that point, the Brass Tacks groups first draft of their financials, they laid out a number of bond issues that the city could refinance which the city has refinanced between FYs 15-16-17 and we concluded all of our refinancing. The number Mr. Fluetsch calculated for the cap was the net present value of \$6.7 million for the city. That would be today's value of these future cash flows we are not going to make. I think that is pretty close to what the Brass Tacks concluded it would be and the capital or the benefit of a Public Bank had been created that is the value it would have created if it refinanced those same loans. I think that in here between a and b, it isn't just the investments but maybe a little detail about the bond refinancing. Brass Tacks did a very good job identifying those bonds; I don't know if that is what Oscar used to refinance all of the debt. That was an important part of all it but it also took away a lot of the viability of the bank.

Mr. Mang: Whether it goes under Detail under a which it could, or if it goes in above where we talk about what has occurred, I think your point is well taken. You will be incorporating it.

No further questions from Task Force on item b.

C – This is where we expanded our scope and we want to be straightforward that it wasn't in the Resolution. What we begin to look at and I can say what caused me personally to want to look at it was that the bank of North Dakota had exemplified the ability to help the community economic situation. It came in to being because of the form of depression in the late teens of last century. In subsequent decades it also served in that capacity. That led me to look beyond to want to see what could the bank do if we had one here that would enable some of the financial questions and issues to be addressed in Santa Fe. As Mr. Fluetsch discussed earlier, the infrastructure question was a question. The conclusion is that a scale end of Public Bank in Santa Fe would not be able to address those services but those are real needs. Is it incumbent upon us as a Task Force trying to be responsible to the city to say, we think these do need to be addressed and that there are issues here that need financial assistance and that would be what we put in to the recommendations. The question about the conclusion here; is this appropriate for us to do? In my opinion it is, as a responsible group we are trying to help the city improve their financial situation in the city as well as the community.

Chair: Good job is my comment. I like how you present this. I was a little concerned that we brought ourselves to looking at these things as it was beyond the scope of the Resolution that we really didn't study them with the same care that we studied before on questions if a Public Bank was viable or not. The matter than has been presented satisfies me. We looked at it briefly, these things occurred to us as a possible alternative or possible supplement, our Task Force was formed but there is a lot of work that needs to be done. I really do appreciate how you thread that needle on that question.

Mr. Hibben: Would it be better served to have this in the Appendix or in the body of the report?

Mr. Mang: That gets us to the next part which is Recommendation. If we have it in the recommendations it seems to me that there has to be a conclusion that leads us to the recommendations. Any comments?

Mr. Fluetsch: My only comment is, 1) while a Public Bank cannot finance the magnitude of investments needed. Whose investments? I think we need to put who, the city's investments; are you talking about the city's infrastructure.

Mr. Mang: We are incorporating F so let's go back. We would just be briefly noting the affordable housing need and if we put a quantified amount in fine, and

if not just mention it. These are things that are well known amongst the public as well as the city. The fact that we have a carbon neutral target by 2040 requires a lot of investment and this kind of investment is not where the city would be investing, although the city would enable private investment and/or foundation investment. For vehicle purchases, if they are city vehicles, accelerating the discharge of the city infrastructure backlog, our discussion was that we have somewhere in the neighborhood of \$250 million of need for infrastructure backlog and at the rate we are going it would take us 20 years to get there. By that time we will have more backlog. How to accelerate that is the question that we want to try to bring up to the City Council to say that we need to address this and what are the financial means that we can accelerate that. Some would be city finance bonds others would be to create incentives for private or foundations to participate. How can the city leverage more capital going in to these investments in these needs? Growing the cities multimodal transit system if we are going to have more housing density and less parking problems we need better transit and financing small business expansions to reverse the imbalance of trade is also serious.

Ms. Cormier: What I am hearing from Brad is his concern on, whose investments. Perhaps since we are moving F to C-3, perhaps you just add that we cannot finance the magnitude of investments as listed in C-3. We are moving F to C-3 so right up front where we say we can't finance the magnitude of this as listed in C-3 all of your stuff is going to be there anyway.

Mr. Fluetsch: That tells me what the investments are and whose those investments are.

Ms. Cormier: Does that makes sense?

Mr. Mang: I'm not sure if you are agreeing or disagreeing.

Ms. Cormier: We are agreeing, it is C-3. Moving F to C-3 and putting in an added where the first sentence at C-1 reads, "while by itself a Public Bank cannot finance the magnitude of investments needed as listed in C-3", this way you tie in and you answer the question.

Mr. Mang: This way we list C-3.

Ms. Cormier: You list C-3 but you put in that notation in the first sentence and it will tie it back so they will know what we are talking about.

Mr. Mang: I got it now. Are there any other comments on 1 and 2 under C? Let's go to the core of what we want the city to pat attention to and that is the recommendations.

The first one, I am looking at Brad to expound on it. What is to say that the Finance Department we want to encourage it to continue the work that has been done using the finances more efficiently and demonstrably better finances for the city. Is there more that you would add to this in specifics?

Mr. Fluetsch: There is not much more we can do on investments, we have the City Council governing body that adopted a legislative priority for this year and one of them is that municipalities in the state of New Mexico cannot manage their money using the same tools the State Treasurer can use to manage the city's money. We have instructed our lobbyist that whatever the State Treasurer can do and however the State Treasurer can invest the municipality's money that the municipalities can also use those same tools. The State Treasurer shouldn't have an advantage that we don't have ourselves. We have asked for that legislation to be incorporated. More or less what that would allow municipalities to do is that right now we are restricted to government debt only. The State Treasurer can take the same municipal deposit and go buy corporate bonds can buy commercial paper, can buy Yankee CDs, asset back securities with the municipal money but municipalities can't. That is one strategic initiative we are working on is to improve our investments. We are still working on our process, I think we are going to do a really good job we just did the gas tax bond issue yesterday. It was over subscribed substantially. For every dollar we try to sell in bonds we have \$6 in bids.

Mr. Mang: Did you get a lower rate?

Mr. Fluetsch. Yes. Because the stock market blew up. It saved us about 10 basis points in our total interest cost. The things that we are working on now are to assure that we spend bond proceeds better, that is probably our biggest weakness that we have improvement to do. This is the first new money bond issue since 2014 that the city has issued; other than that internally managing it.

Mr. Mang: Is there anything to mention here on the accountability of the other study.

Mr. Fluetsch: The McCard report really exposed a lot of the fundamental accounting problems that the city is having. It really didn't go to management. It was really more so these are the accounting problems, lack of control.

Mr. Mang: It doesn't involve your department? Mr. Fluetsch said that is correct.

Mr. Mang: Opening it up in terms of what Brad has added, some of these things you mentioned such as the legislation to change the municipal authority to go beyond what you do now, that is something we haven't studied. Do we want to be more specific about this recommendation as Brad has given us some bullet points on? I am looking for how much we want to put in.

The Chair stated that he would like to see it limited to those matters we discussed. It also goes back to the comment I made on how do we define some of these other issues. I'm hesitant to introduce brand new things in to the final report where we really didn't do the study on, that wouldn't be necessary. If it were in the scope of things that we talked about over time, I would be happy to include them as specific recommendations. To reach out at the last minute for things that are new or that we haven't studied should not be included in the report.

Ms. Cormier: One thing that we had talked about at the last meeting, this ties in to somebody just asked about the 3rd party review. I know we talked about how there is better coordination between the departments and that Matt Brown and Mr. Fluetsch were going to be talking about getting more symmetry there as to what is happening so the process isn't impacting finances or other things. I don't know if that should be listed more as coordinated internal management or something that shows that there is opportunity and not like nothing was done.

Mr. Fluetsch: I prefer the Chair's approach, that it would be more generic, we recommend that you have made some steps, we don't believe that you have made all the steps you could make, we don't know what all of the opportunity set is, but we want you to continue searching out those opportunities and when you find them implement them. Mr. Mang asked that Mr. Fluetsch draft that and he asked if everyone was in agreement and they are.

Mr. Hibben asked if they need to be more definitive either in the conclusion to the recommendations and address the specific question from the Resolution; we recommend that the city of Santa Fe not pursue a State Banking Charter at this time.

Mr. Mang: I think that is incorporated in #2 but we could be more specific about that.

Mr. Hibben: It probably should be verbatim under the recommendations.

The Chair stated that if we are going to do that he would want it laid out with all of the conclusions.

Mr. Mang stated that in the conclusion he feels they are clear about that. Moving on to #B.

Mr. Fluetsch: It is not as bold face as you put out there, I think that we need that bold statement.

Mr. Mang: Instead of a Public Bank we could say; we recommend that the City not pursue a Public Bank stand alone, that it move instead toward investigating and so forth.

Ms. Cormier: I think that is appropriate, you don't want them to stop reading and saying we are not recommending a Public Bank for the city and people stop reading there and saying they don't want it. I think you need to slide in to that saying; it doesn't seem feasible for the city Public Bank charter but we recommend you pursue from a state level.

Mr. Hibben: I probably would make it a stand alone, I would make it A, it should be the first recommendation. A would become B.

The Chair stated for practical expectations, we might use the word participate rather than investigate. It is fairly clear that there is interest in some segments of the legislature to pursue this next year and I think the reason is pragmatic and they feel that they would have the ear from the Executive next year to pursue this and it is a longer legislative session. Some thing that I think is good is that it would seem to be activities underway in two other state jurisdictions, New Jersey for sure and I think the state of Washington and Michigan that they could follow. Noting that reality I might choose the word participate in discussions or investigations concerning and then I would also envision that the work that we did here would be helpful to the effort on the local level. That is what I think is going to happen.

Ms. Sullivan: I will play with the wording on this. I thought about actively participate and of course in the next possible steps we could be more definitive. I want Santa Fe to take a leadership role and I am not sure how to encourage that but we can still take in to account the things that are happening elsewhere. I listened today to the hearing that Rep. Eli brought about a memorial and it is not going anywhere this year but there was conversation in business and industry about it.

The Chair shared a discussion he had with Rep. Eli about the future legislative opportunities for this topic in general.

Ms. Sullivan: In keeping in support of #B I will be a participant as will Nicole Lichen and another person from Albuquerque in a Colorado Retreat that is being sponsored by the Public Banking Institute.

Mr. Mang: In summary, we want to emphasize that the city take an active role in trying to see if the State won't consider this and bring it forward. To a large extent it would depend on local support for this type of thing. My take away is that you are asking that we incorporate that the city takes a more vigorous role. I had a question and this is more from a public relations perspective, question directed to Mr. Hibben: If we state boldly that we are recommending that we not have a Public Bank in Santa Fe as the conclusion says that, that will be a head line in the Press and these other recommendations will not get what we really want to bring to the bearer what we are asking the City Council to consider. That is a public relations issue that we need to consider.

Mr. Hibben: I don't know that I would spin it; I think I would state it factually.

Ms. Cormier: I don't know that it is spinning as if you want them to understand the full perspective and human nature as it is may stop at that one sentence and not go any further. I think that is what Bob is saying. Are you also not interested in them not understanding the other recommendations?

Mr. Hibben: You are asking if I want to couple them together or break them apart from a perception stand point.

Ms. Cormier: I am saying do you want it to be right up front or do you want it to be somewhere else.

Mr. Hibben: It should be right up front. We are a Task Force tasked with carrying out the Resolution.

Ms. Cormier: Therefore should the sentence say, "although we don't recommend a City Charter we have other recommendations for state consideration". That is the real story.

Mr. Hibben: I see no reason why we shouldn't make that a separate recommendation.

Ms. Cormier: And not part of the same?

Mr. Hibben: I would have to see the verbiage.

Ms. Cormier: That is all I am trying to get to, people, human nature is they don't want to move on. There is more to the story on that lead and I am just asking if there is a way of making sure that if it is the first sentence that they understand that there is a substantive recommendation to the definitive statement that it isn't going to work in the city.

Mr. Hibben: Let's take a look at it.

Ms. Sullivan: There is another element of human nature that influences me and I do want us to be very clear to the Mayor and City Council so I am hoping that we can come up with ways in the conclusion to make it very clear for you to be happy. One of the things that has influenced me is some research that has been done about messaging and a lot of money got spent by foundations to learn about what activates people to take positive steps and that work says if we are positive we are aspirational in inviting people to take action, we want the City Council to take action on these three things and we have potentially three positives to offer them. I would love if we did not have to hedge anything that we need to say in response to the question. We also could end up in a very positive note. Finance

Committee doing great work, here is an opportunity for our financial eco system in Santa Fe.

Mr. Fluetsch: I think that you can achieve both. While the Task Force does not recommend the city pursue a state chartered bank it strongly recommends that city be involved in pursuing at the state level for a state chartered bank. We clearly say, the city, no, but do spend your time on the state. I think there is #A that we can achieve that gives us the strength that we need that says don't pursue a city chartered bank but pursue a state one. I would combine them in to one, I would take #A and #C or the new A and old B and make that the new #A.

Mr. Mang recapped; you want it to be clear but we are not recommending a Public Bank for the City with some writing along the lines of what Brad just said. If it is not clear enough then we will have that discussion. Mr. Hibben said this is fair enough.

#C – This is about the broader conclusion that we came to around the needs in Santa Fe for housing that we need some way that the city can leverage private and philanthropic capital. I am not talking about grants, it is about foundations investing and there is a fairly well-developed movement for foundations within Santa Fe right now under the New Mexico Impact Investing Collaborative looking for ways that foundations can use their capital, not their grant money to invest in local impact investments which lends itself to this. There is interest in some of the foundation leaders in exploring how we can have a more inclusive eco-system that enables the city to accomplish a lot by leveraging private capital with less risk through a foundation.

Ms. Cormier: Is there a reason why we call it a possible next step and not a solid recommendation? A & B are under what we recommend and C is under what is possible. Is it not a solid recommendation or is it a possible next step?

Ms. Sullivan also clarified. Possible next steps refer to B and it is also in C so we could get your input on possible next steps.

Chair Buchholtz: Filling back to what Ms. Sullivan has said, I think it should say: Appoint a Task Force with adequate resources. Because I think our participation has showed that participation in a Task Force without adequate resources is a very frustrating experience for the people in the Task Force.

Ms. Cormier: Should we clearly say: adequate *operational* and *financial* resources. The Governing Body would appoint a Task Force *with adequate operational and financial resources*.

Mr. Fluetsch: My contribution to this would be 1) a Task Force by its nature is limited in nature in scope and to me if it is really this important a thing that the Governing Body create a standing on-going committee. This would be a public

committee, not members of the city council. The other word that is causing me problems is “create”...is asked to create an appropriate local financial eco-system. First we need to analyze what we have and then we have to collaborate on a future stage that we want to get to and I don’t think create is the right word.

Chair: It is; establish a committee to evaluate the existing eco-system and make recommendations to address the long term solutions. Evaluating is really the purpose.

Mr. Mang: One part of this, it is more than just recommending, it is actually putting together bankers and city finance people including perhaps people on the Finance Committee and Foundation leaders or board members to actually come together and put together deals and actually say, this is the way we are going to leverage more money into finance and affordable housing. My thought is that we are not just asking a body to recommend we are asking them to put something together that is new.

Ms. Cormier: I want to hear you say it Bob, the committee would be comprised of leaders from private and public sectors, representation from the city and the finance department but what about the public. Mr. Mang asked, where would you add that it? Ms. Cormier stated, my question is if there are needs, would it not be the public identifying those needs, should there not be public representation in the committee. My only question is of the list of who would represent, who would be included; I am really asking so you need to tell me. How would the committee know where the biggest need was?

Ms. Sullivan: That is where the portion that we brought over from another section, those are identified from the public needs and have come from the public.

Ms. Cormier: If indeed it is a committee, stay with me in the logic; and the committee has that list, over time there will be more needs, who is going to bring it to the committee to say here is another need that we have and let the investors and the City Finance make the decision. That is what I am asking, what is going to feed the committee as to what are the needs.

Mr. Mang: It is defining the procedure for public input.

Ms. Cormier: Whether they are sitting on the committee or the input is there, but we need to have that because it is silly to have a bubble were they are talking to each other but the issue is still out there.

Mr. Fluetsch: We would actually not make it IV-F but VI-C-3. I worked the sentence out: *The Governing Body would create a standing committee to evaluate and enhance Santa Fe’s financial eco-system.* What is an appropriate financial eco-system and who is to judge what is appropriate and what is not. There is nobody there that can do that.

Chair: Let's reiterate so that we are not being redundant that everyone understands that the standing committee is not members of the city. It could include members of the City Council, it is not just a committee of the City Council like the Finance Committee, but is a committee that includes appropriate people from the public.

Ms. Sullivan: It is a standing committee of the residents.

Ms. Cormier: And you have that defined later that it would be comprised of x, y and z.

Ms. Brewer stated that we should also add an explorer; if it is going to be a long-standing committee there are going to be new issues coming up so to explore new ways to address the local eco-system.

Ms. Cormier: How about the current and developing eco-system, would that get you to the future. As Brad is saying, *standing committee to evaluate and enhance Santa Fe's current eco-system*. If we say current and developing, then it is implicit that it is not a one shot and you are done.

Ms. Sullivan: I want to suggest and it doesn't have to be tonight that you give attention to next steps for #B, possible next steps #C. I would like to make it as easy as possible for the city council to say; we are going for that. Give them a road map to initiate discussion.

Chair, where do we go from here?

Mr. Mang stated that next steps are for the four of them to get together and start writing along these lines. The question is whether we can do this in 3-weeks, we should get it out to everyone at least a week in advance to review and then come back together. The question is if a 2-week period for writing adequate or not given the kinds of schedules we all have.

Ms. Sullivan: It would be helpful to me if we answered a different question then we would know if there was pressure to do something faster. I again, am thinking about March 6th which is Election Day; a week later is when the Mayor and new Councilors will be sworn in. At that point we will have a new governing body. We have had some conversation and I'm not sure that we came to the conclusion if it made sense to create a report ready to present to the departing council or if we wanted it to be part of the new administration.

The Chair said he did not think it would be feasible at this point in time for the departing City Council. I think as it played out we had a successful presentation to the Finance Committee on where we stood. The truth is, it took us longer than we wanted it to take but I thought we were well received at that Finance Committee. At this point in time we have a lot of work to do and to try to rush in

to something for people who are going away, I don't know that there is value. But I do think there is value in moving forward and continuing to move promptly so we get it off our plates and address it to the new government officials.

Mr. Fluetsch: Just so the Task Force gets an idea of where the city is at now. Budget season started this week. Right now the city departments are working on their budgets. I received a promotion a couple of weeks ago and now I'm the Financial Planning Reporting Officer and the budget is my primary responsibility so my time is spoken for. It will be even more difficult for me to meet in person. What I would like is that we can draft a lot of this at home and we won't violate any rules e-mailing between the 4 of us.

Ms. Sullivan: What if we looked at March 7th as a meeting of this group which gives us 4 weeks for the work of the sub-committee and whatever input we get from this group on the 7th and given our input from the remaining task force members we would like to chart when we would like to make our presentation and possibly get on their agenda.

Mr. Fluetsch timeline: We are writing the budget in February, the City Manager, new Mayor will be sitting down with Departments going through the budgets and finalizing them and then the budget hearings are with the Finance Committee in April. It is pretty packed from April through May on budget, the city's Governing Body agenda. We want to have this finished before April 1st and that we should try to schedule and get on the last City Council meeting in March otherwise we are going to lose that audience. Note: City Council is 2nd and last Wednesday of the month. We should target the March 28th to present the Task Force final report.

The Chair asked if procedurally we are allowed to go directly to City Council? Do you think that our meeting at the Finance Committee allows us to proceed? Mr. Fluetsch responded, yes.

Mr. Mang outlined dates:

March 7th would provide 2 weeks for review before the March 28th City Council meeting should revisions be necessary. The final document would need to be given to the City Council 1 week before the City Council meeting which is March 21st.

Next meeting: March 7th - preference is for Market Station at 4:30 pm.

Ms. Cormier also offered the suggestion of a conference call. The Chair said he has a conference call number he can share with the members.

III. PUBLIC COMMENT

James Lodes: I have spoken before in opposition. I think one fundamental problem that you have had is that the original feasibility study misappropriated or misallocated the benefits of cash management and improved financial investment by the city to the Public Bank. I gather that are some of the conclusions you have had. The other problem is that a Chartered Bank is a very expensive proposition from a regulatory standpoint as well as on-going operations and so on. The recommendation I heard having to do with the city investigating the environment of the financial landscape I think is a good one but let me suggest another. If the city wants to get involved in somehow making loans to businesses or not necessarily loans but somehow facilitation financially loans to local businesses it could set up or use an existing non-profit. I am talking about a structure similar to the Loan Fund which is in Albuquerque and the city has contributed to in the past. Number one, a non-profit is vastly less expensive than a Charter Bank both operationally and in terms of creating. And if you use an existing one like Santa Fe Foundation, you wouldn't even need to create it. Secondly, the thing I like about it is that offers the degree of separation that was intrinsic in the Public Bank idea that the Board would be separate and independent from the municipality. You would retain that positive attribute, monies could be funneled through and loans could be made. If you want to call it a Public Bank it is really a Public Fund. I have done a little bit of work with loan funding and what I have learned from their underwriting is that it was too rigid. To have an organization that is stricter than a borrower would encounter in a bank is not useful. Plus there are a number of other guarantees or participation, there are all sorts of ways to slice and dice it and a non-profit that is adept to facilitation small business loans could accomplish a lot in the city. If you want to suggest that as a vehicle for the city to make loans indirectly; and I hate to say loans because it include guarantees, it could include participation; there are a number of ways to go.

Ms. Hagan: I wanted to support what Judy and Brad were saying earlier about linking the two recommendations. The recommendation if you simply said, we do not recommend a Public Bank for Santa Fe (end of sentence). If instead you join them into a sophisticated English sentence and English is very powerful, you start out with a subordinate clause, although we do not recommend a Public Bank for Santa Fe, we do recommend pursuing – and then your bank clause is a positive point.

Ms. Cormier: I wanted to respond; the New Mexico Community Development Loan Fund is a community development financial institution, a CDFI and they are funded through the Treasury Department which is public funds and that is part of the reason they have strict rules.

George Campbell: You have put a lot of work and thought in to what you have done over the last couple of months, your conclusions and

recommendations are interesting. I would strongly encourage you to share the wealth of what you have learned in this process in a positive way to tell the community that a Public Bank in Santa Fe won't work is only a little piece of what you have learned. Share with us the other things you have learned about possibilities of working with people in Albuquerque in pursuing a state or a regional Public Bank; give us something positive of your learning. Don't just tell us that a Public Bank in Santa Fe won't work. I'm going to poo poo that. I am going to say that is not enough, I need to know – you have taken a couple of months and thought – share more of the positive thoughts – where do we go from here, what are the things that we need to do and I heard some of those things tonight. I am just emphasizing, that is where your major thrust should be not just telling us a Public Bank in Santa Fe won't work.

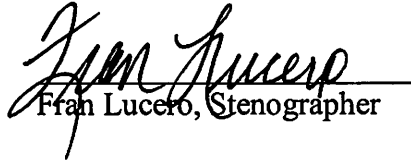
Mr. Breckner: The Resolution does ask you to present and I think you fairly dealt with the pros and cons so in balance, I think you need to be very clear on those and I think that in the draft of the report that you discussed tonight seems to be going in that direction. Listening to your presentation, Mr. Buchholtz to the Finance Committee, there was amongst one councilor a willingness to continue to explore the possibility of the need to find out more and to explore when doing the financial planning. I think you need to be very clear so that you don't mislead anyone as to what your feelings are as that would be inappropriate at this time given what you know. You don't want to lead Councilor's into spending taxpayer's money in an inappropriate way and it is going to generate further negativity about the possibility and potentially waste public money. I do think you need to be very clear on that. In response to one issue discussed here tonight, the June 5th report from the Finance Director, that came about, if I recall, directly from a specific obligation in the Resolution. There seems to be some sense as to why it came about, that was the first thing that was asked for in the Resolution, the second thing was to establish a Task Force in your working words. Ms. Sullivan was talking about the work that Banking on New Mexico has done for the last 5-years and the input from the public; I would be cautious about reporting on that. It does come from an Advocacy Group, it does come from a group that has not been obligated to public notice, to public disclosure and is not recognized in the same way that the Task Force is. Just be cautious about using that as an explanation of what the public believes because the public has not been involved in the way that a government entity involves the public. You talk about the issues that need to be addressed amongst other issues in the conclusions and recommendations, one of the things you have discussed in this group was the need to publicize many other institutions and organization and so forth, some of them on the Finance Department website, that may be inappropriate in the recommendations. Thank you very much.

IV. ADJOURNMENT

There being no further business to come before the Public Bank Task Force, Mr. Fluetsch moved to adjourn at 6:45 pm, second by Mr. Hibben, motion carried by unanimous voice vote.

Signature Page:

Mr. David Buchholtz, Chair



Fran Lucero, Stenographer