

**APPENDIX C**  
**City Resolution No. 2017-32, Creating a Public Bank Task Force,**  
**April 26, 2017**

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.**  
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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.

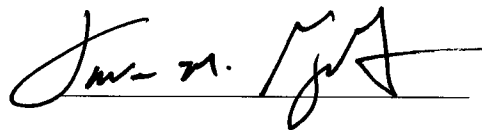
17 E. Two (2) residents at large.

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.

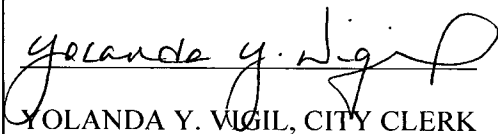
1 **MEETINGS; DURATION:** Staff shall identify and utilize a third party facilitator who in  
2 coordination with the chairperson shall lead the task force meetings. The chairperson shall  
3 coordinate with the professional facilitator to convene the task force within ninety (90) calendar  
4 days of 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

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APPROVED AS TO FORM:



KELLEY A. BRENNAN, CITY ATTORNEY



### City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

**Section A. General Information**

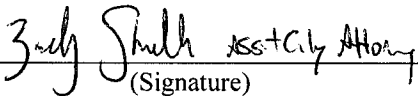
(Check) Bill: \_\_\_\_\_ Resolution:  X   
(A single FIR may be used for related bills and/or resolutions)

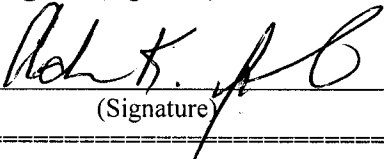
Short Title(s):  A RESOLUTION REQUESTING THE FINANCE DEPARTMENT STAFF PROVIDE THE GOVERNING BODY WITH AN ASSESSMENT OF THE CURRENT FINANCIAL MANAGEMENT PRACTICES AS THEY PERTAIN TO THE FINDINGS IN THE PUBLIC BANKING FEASIBILITY STUDY AND THAT THE CITY ATTORNEY PROVIDE AN OPINION AS TO THE FEASIBILITY OF ESTABLISHING A PUBLIC BANK; AND CREATING A TASK FORCE TO DETERMINE THE PROCEDURES, TIMELINES AND REQUIREMENTS THAT WOULD BE NECESSARY TO ESTABLISH A CHARTERED PUBLIC BANK AND TO MAKE RECOMMENDATIONS TO THE GOVERNING BODY IN PREPARATION FOR THE GOVERNING BODY TO MAKE AN INFORMED DECISION.

Sponsor(s):  Councilors Villarreal, Dominguez, Maestas, Ives and Lindell

Reviewing Department(s):  City Attorney's Office

Persons Completing FIR:  Alexandra Ladd  Date:  4/4/17  Phone:  955-6346

Reviewed by City Attorney:   (Signature)  Date:  4/7/17

Reviewed by Finance Director:   (Signature)  Date:  4.7.17

**Section B. Summary**

Briefly explain the purpose and major provisions of the bill/resolution:  
 This resolution directs the Finance Department staff to provide the Governing Body with an assessment of the current financial management practices as they pertain to the findings in the public banking feasibility study; and creates a task force to determine the procedures, timelines and requirements that would be necessary to establish a chartered public bank and to make recommendations to the Governing Body in preparation for the Governing Body to make an informed decision.

**Section C. Fiscal Impact**

- Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:
- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
  - b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
  - c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)\*

Finance Director: \_\_\_\_\_

**1. Projected Expenditures:**

- a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: “A” if current budget and level of staffing will absorb the costs  
“N” if new, additional, or increased budget or staffing will be required
- c. Indicate: “R” – if recurring annual costs  
“NR” if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

\_\_\_\_\_ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY <u>16/17</u>	“A” Costs Absorbed or “N” New Budget Required	“R” Costs Recurring or “NR” Non-recurring	FY _____	“A” Costs Absorbed or “N” New Budget Required	“R” Costs – Recurring or “NR” Non-recurring	Fund Affected

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Professional Services	\$ <u>7032</u>	<u>A</u>	<u>NR</u>	\$ _____	_____	_____	_____	<u>GF</u>
All Other Operating Costs	\$ _____	<u>N</u>	<u>NR</u>	\$ _____	_____	_____	_____	_____
Total:	\$ <u>7032</u>			\$ _____				

\* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. \*\*For fringe benefits contact the Finance Dept.

**2. Revenue Sources:**

- a. To indicate new revenues and/or
- b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY _____	“R” Costs Recurring or “NR” Non-recurring	FY _____	“R” Costs – Recurring or “NR” Non-recurring	Fund Affected

_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
Total:	\$ _____		\$ _____			

**3. Expenditure/Revenue Narrative:**

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

Costs noted above are for stenographer fees (\$1032) associated with meetings held by the task force and \$6000 to pay for a professional facilitator for the meetings. The costs assume six meetings requiring six hours of transcribing. These costs may vary depending on the number and length of meetings held by the task force. The funds to pay for the stenographer and the facilitator would come from unbudgeted cash in the general fund.

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**Section D.      General Narrative**

**1. Conflicts:** Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

None identified.

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**2. Consequences of Not Enacting This Bill/Resolution:**

Are there consequences of not enacting this bill/resolution? If so, describe.

The city would not benefit from the assembled expertise of a task force in order to better understand what steps would need to be taken to establish a public banking function for the city of Santa Fe.

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**3. Technical Issues:**

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None identified.

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**4. Community Impact:**

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

As indicated in the "Public Banking Feasibility Study – Final Report" a public banking initiative in Santa Fe has the potential to "provide enhanced fiscal management, improved net interest rate margins, and a more robust local lending climate." The report also notes that through streamlining and making the City's current internal financial management practices more efficient, public resources can be allocated to reduce the interest paid on borrowed cash. The study calls for increasing local investment through Community Development Financial Institutions and credit unions to address the needs of the most "under-banked" segment of the market

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