

Santa Fe County Clerk's Office
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SANTA FE COUNTY
BOARD OF COUNTY COMMISSIONERS
MEETING

February 9, 2010

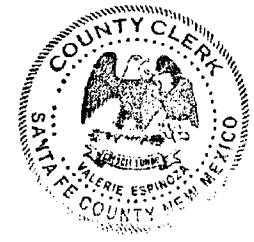
- Harry Montoya, Chair – District 1**
- Kathy Horgan – District 4**
- Liz Stefanics – District 5**
- Virginia Vigil – District 2**
- Michael Anaya – District 3**

COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

BCC MINUTES
PAGES: 205

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Valerie Espinoza
County Clerk, Santa Fe, NM



SANTA FE COUNTY
REGULAR MEETING
BOARD OF COUNTY COMMISSIONERS

February 9, 2010

This regular meeting of the Santa Fe Board of County Commissioners was called to order at approximately 1:15 p.m. by Chair Harry Montoya, in the Santa Fe County Commission Chambers, Santa Fe, New Mexico.

Following the Pledge of Allegiance and State Pledge, roll was called by County Clerk Valerie Espinoza and indicated the presence of a quorum as follows:

Members Present:

Commissioner, Harry Montoya, Chair
Commissioner Virginia Vigil, Vice Chair
Commissioner Kathleen Holian
Commissioner Liz Stefanics
Commissioner Mike Anaya

Members absent:

[None]

V. INVOCATION

An invocation was given by Affordable Housing Administrator Darlene Vigil.

VI. APPROVAL OF AGENDA

A. Amendments

B. Tabled or Withdrawn Items

ROMAN ABEYTA (County Manager): Thank you, Mr. Chair. We have the following amendments to today's agenda, the first being under VIII. Approval of Minutes, we added approval of the December 8, 2009 BCC minutes.

possible approval for an expenditure of community funds in the amount of – in this case, Mr. Chair, it's going to be \$5,000 in support of the Madrid ball park renovations.

Moving to page 4 of the agenda, XIV. A. Public Hearings, Growth Management, item number 2. CDRC Case #S 09-5211, Saddleback Ranch is tabled. And on page 5 of the agenda, item 5, CDRC Case #S 08-5210, the Sandstone Pine Estates, that case has also been tabled. Those are staff's amendments, Mr. Chair.

CHAIRMAN MONTOYA: Okay. Any changes? Commissioner Vigil.

COMMISSIONER VIGIL: Thank you. Mr. Chair, I'd like to request that under Public Hearings, item 4, the Caja del Rio Landfill variance be brought up to item 1. I have several bills pending in the legislature that I may need to be there for but this is an issue in the district and if that's all right with the body I'd request that amendment.

CHAIRMAN MONTOYA: Okay. Commissioner Stefanics? Commissioner Holian?

COMMISSIONER STEFANICS: I'll move approval of the agenda as amended.

COMMISSIONER HOLIAN: Second.

CHAIRMAN MONTOYA: Okay. Motion by Commissioner Stefanics, second by Commissioner Holian. Further discussion?

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

VII. APPROVAL OF CONSENT CALENDAR

A. Consent Calendar Withdrawals

CHAIRMAN MONTOYA: Are there any withdrawals?

COMMISSIONER HOLIAN: Move for approval.

COMMISSIONER VIGIL: Second.

CHAIRMAN MONTOYA: Motion by Commissioner Holian, second by Commissioner Vigil.

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

XII. CONSENT CALENDAR

A. Community Funds

- 1. Discussion and Possible Approval for an Expenditure of Community Funds in the Amount of \$500 in Support of the Santa Fe DWI Program's Youth Conference (Commissioner Montoya)**

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Commissioner Liz Stefanics
Commissioner Mike Anaya

Members absent:

[None]

V. INVOCATION

An invocation was given by Affordable Housing Administrator Darlene Vigil.

VI. APPROVAL OF AGENDA

A. Amendments

B. Tabled or Withdrawn Items

ROMAN ABEYTA (County Manager): Thank you, Mr. Chair. We have the following amendments to today's agenda, the first being under VIII. Approval of Minutes, we added approval of the December 8, 2009 BCC minutes.

On page 2 of the agenda, XII. Consent Calendar A. Community Funds, we added 5. A Request Approval for an Expenditure of Community Funds in the Amount of \$500 to the Santa Fe Botanical Garden. We added an item 6. Discussion and

2. Request Approval for an Expenditure of Community Funds in the Amount of \$500 for the Annual "Change Your Reality Youth Conference" Sponsored in Part By Santa Fe County DWI Program (Commissioner Stefanics)
 3. Request Approval for an Expenditure of Community Funds in the Amount of \$2,500 for L & L Portables (Commissioner Anaya)
 4. Discussion and Possible Approval for an Expenditure of Community Funds in the Amount of \$500 in Support of the Santa Fe DWI Program's Youth Conference (Commissioner Holian)
 5. Request Approval for an Expenditure of Community Funds in the Amount of \$500 to the Santa Fe Botanical Garden for Bus Transportation for Santa Fe Public School Students to the Leonora Curtin Wetland Preserve (Commissioner Stefanics)
 6. Discussion and Possible Approval for an Expenditure of Community Funds in the Amount of \$10,000 in Support of the Madrid Ball Park Renovations (Commissioner Anaya)
- B. Final Orders**
1. CDRC CASE # N P 09-5240 Zia RV Sales. Carlos Gallegos, Applicant, James Siebert, Agent, Requested A Master Plan Amendment to Include a 1.50-Acre Parcel as Part of a Previously Approved Master Plan. the Property is Located at 6 Taylor Road Via the I-25 Frontage Road, Within Section 5, Township 15 North, Range 8 East, (Commission District 5) Jose E. Larrañaga, Case Manager (Approved 4-0)
 2. CDRC CASE # MP/PDP 09-5230 Galisteo Village Store. Timothy Williams Applicant, Linda Tigges, Agent, Requested Master Plan and Preliminary Development Plan Approval for the Galisteo Village Store, Private Social Club for the Village, Studio/Office and Residence Consisting of a Footprint of 4,952 Square Feet on .568 Acres. The Property is Located in Township 14 North, Range 9 East, (Commission District 3). Jose E. Larrañaga, Case Manager (Approved 4-0)
- C. Miscellaneous**
1. Resolution No. 2010-24. A Resolution Stating the Intent of the Board of County Commissioners of Santa Fe County to Reimburse the County for Capital Expenditures, in an Amount Not to Exceed \$2,500,000, for the Cuatro Villas/Greater Chimayo Interconnection Project from Proceeds of Tax Exempt Bonds to Be Issued Within the Next Eighteen Months
 2. Request Approval to Enter Into Contract # 2010-0038-FD/MS for \$2,353,900.00, Excluding Applicable New Mexico Gross Receipts

- Tax, With Rio Vista Construction for the Construction of the Western Region Headquarters-Rancho Viejo Fire Station (Community Service Department)**
3. **Request Approval of Caretaker Lease Agreement Between Santa Fe County and Mr. Arthur Trujillo for Property Located at Santa Fe County Public Works Yard at 685 B NM 472 Stanley, New Mexico, Legal Description T-11 North R-8E Sec 27(Community Service Department)**

VIII. APPROVAL OF MINUTES

A. Approval of January 12, 2010 BCC Minutes

COMMISSIONER VIGIL: Move to approve.

COMMISSIONER STEFANICS: Second.

CHAIRMAN MONTTOYA: Motion by Commissioner Vigil, second Commissioner Stefanics. Discussion?

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

VIII. B. Approval of December 8, 2009 BCC Minutes

COMMISSIONER HOLIAN: Move for approval.

COMMISSIONER VIGIL: Second.

CHAIRMAN MONTTOYA: Motion by Commissioner Holian, second by Commissioner Vigil. Discussion?

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

IX. SPECIAL PRESENTATIONS

B. Recognition and Thanks to the Volunteers Who Have Served as Site Stewards and Tour Docents at Petroglyph Hill, on the Thornton Ranch Open Space, for 2009 (Community Services Department)

BETH MILLS (Open Space Planner): Good afternoon, Mr. Chair and Commissioners. With me is Colleen Baker who is our program director, and I want to thank you for giving our program the opportunity to recognize and express our thanks to those volunteers who have acted as site stewards and docents at Petroglyph Hill on the Thornton

Ranch open space. With their help we conducted 12 tours in 2009 to the hill between June and December. This means that approximately 150 county residents and visitors were able to enjoy the unique recreational and educational experience of visiting Petroglyph Hill, which as you know is one of 24 sites designated for protection under Galisteo Basin Archeological Sites Protection Act.

We're fortunate and grateful to these individuals who have great knowledge of the history, archeology and local lore of the region and who have agreed to help us with our public outreach and have volunteered to do so. In addition, several of these individuals act as site stewards through the New Mexico Site Stewards program. These volunteers visit the cultural resources on Petroglyph Hill regularly and serve as our "eyes on the land" and through their dedication and consistency in monitoring this area our program is alerted to negative impacts and changes to the cultural resource, and all these folks provide a great service to Santa Fe County and contribute greatly to our management effort. So I'd like to thank them individually today if I could. They're seated here.

So I'd like to acknowledge them and they might come forward, and to show our appreciation we have an open space and trails cap for you. David Eck, who in his day job is the archeologist for the State Land Office and has a tremendous amount of knowledge that he's been able to share on these tours. Rebecca Proctor, who also in her daily life serves as the archeologist for State Parks. Phil Young, who took the bulk of the tours this fall and contributed greatly to our program. He was formerly the director of site watch in New Mexico. Todd Brown, who is not here, but is a volunteer and a Cerrillos resident, and also a COLTPAC member. Joy Paasonen, who is one of our site stewards. Louise Krevit, who is also a site steward. Also Sheldon Krevit. I was hoping to see Al Webster here who has also served as a site steward. In addition to these folks let me just mention others who couldn't be here today who have contributed greatly. Bill Baxter, who is a very important person to our program and has contributed greatly. Susan Shuli Lamden, Joe Sneed, Sam Jackson, Janet McVickar, Polly Shasma and David Kozlowski.

So again, many thanks to these folks. We couldn't do a fraction of what we were able to do last year without them, so I'm very grateful. Thank you.

COMMISSIONER VIGIL: Mr. Chair, while our volunteers are heading back to their chairs or leaving to their next location, I just want to let them know how much they're appreciated, how much they are a part of an integral project that has been recognized nationally. Our COLTPAC and our open space and trails program has been recognized many times in national affiliates. Other communities wonder how Santa Fe County has made this happen, and in fact how we have made it happen is because of volunteers and caring individuals such as yourselves. Thank you so much.

CHAIRMAN MONTOYA: Thank you, Commissioner Vigil. Commissioner Stefanics.

COMMISSIONER STEFANICS: I'd like to thank the volunteers who are here today. I also had the opportunity to take the tour and I don't think my volunteers are here today with the group, but it was a beautiful day and we were there with quite a bit of press

and we got a very good story out of the tour that day. And we all stood on the top of the hill while the thunderstorm came in. And it was quite an event. Thank you very much.

CHAIRMAN MONTOKA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. I would just like to say that I visited Petroglyph Hill last year and it really was one of the highpoints of my entire year. I was just totally blown away by that place. And I think that we are so fortunate in our county to have such a treasure trove of knowledge and hardworking people who are willing to do what you do and we owe such a debt of gratitude to you for not only making this very special place accessible to the people of our county but also protecting it for future generations. Thank you very, very much.

CHAIRMAN MONTOKA: And I too would also like to thank you. I will definitely schedule an appointment and go to Petroglyph Hill and actually spend some time there, as opposed to just driving by it all the time. So thank you all for your volunteerism. Appreciate it.

IX. A. Recognition of Shirley Hooper-Garcia for Dedication and Service to Santa Fe County, the Santa Fe County's Clerk's Office and the State of New Mexico (Clerk's Office, Valerie Espinoza)

VALERIE ESPINOZA (County Clerk): Thank you, Chairman, and thank you for allowing us this time to acknowledge Shirley Hooper. When we reflect on the contributions and accomplishments of former Secretary of State Shirley Hooper, there are many. Shirley Hooper worked for Santa Fe County as our chief Deputy Clerk in 2005 to 2006 and part of 2007. She is well remembered in the Clerk's Office for her major contributions and knowledge of the job, from legislative presentations, her customer service, her work with the School for the Deaf, her grant-writing skills, and for spearheading the renovation of the Clerk's Office. She kept me in line and continues to do so. She is my mentor and guide and that's a tough job.

Many of you realize she's like a mother to me and she's known as the Mother Hubbard of the Clerk's Office. To this day, when she enters the old courthouse she is greeted with respect and admiration from all staff that knows her. She is smart, a true leader, and a role model for public service.

She brought with her professionalism, optimism and pride when working in the Clerk's Office. We can still call on her for advice. I'll remember our first meeting together, as I mentioned to you earlier, Chairman Montoya, when we first came to our first County Commission meeting we didn't have a clue that there were TVs, that we were being recorded. After you broke into executive session Shirley said to me, she whispered – the microphone was on over there where I sit and she said, "That's one damn smart bunch of County Commissioners we got here."

I also have, from State Senator Diana Duran who took the time out of her busy

schedule today to recognize one of New Mexico's true leaders, former Secretary of state Shirley Hooper. Senator Duran believes we need more leaders like Shirley Hooper, a woman who has worked tirelessly for the people of New Mexico, as a leader in modernizing the election process. Senator Duran is honored to be a part of recognizing Shirley Hooper as together they have worked through such critical issues as ballot security, voter integrity, and all the important issues of voter ID.

I have a long list of Shirley's résumé and I'm just going to briefly read a few of her accolades. In 1950 she was a legal secretary for Finis Heidel in Lovington. She first worked for the New Mexico State Legislature in 1959 when I was born, and was assistant chief clerk in the House for Al Romero. She worked every session through the 1960s as assistant chief clerk in the House of Representatives. In 1960 she was secretary to bank presidents in Hobbs. In 1969 she was part of the constitutional convention. In the late 1960s to early 70s she worked as secretary to several division directors at the New Mexico State Land Office. This was during Alex Armijo's term. She worked in the early 70s to 1977 for the State Court of Appeals Judge Louis Sutton as his secretary. And in 1978 she was elected as New Mexico's Secretary of State and served until 1982, and that's when I had the pleasure of meeting her and working for her.

She was elected County Clerk in Lea County in 1986, and again in 1988, and that's in Hobbs. In the early 1990s she worked in the public defender's office in Hobbs and in 2004 to 2009 she served on the New Mexico School for the Deaf board of regents and was elected president in 2008. And on January 1, 2005, she walked in the County Clerk's Office as my Deputy County Clerk. Thank you.

DENISE LAMB (Director of Elections): I'm just going to be brief and talk a little bit about how, a lot of times in our Bureau of Elections there's not a lot to laugh about when you're really pumping it up for an election but Shirley made me laugh so hard at all the goings on that the tears rolled down my face. And that's not easy to do.

We called each other names; we have a pet name for each other and I'll share it with you. We call each other the Old Heifer. You know what they say about – somebody told me a joke once, kind of tasteless, but I'm going to tell you anyway. The question was, how come they called it PMS? And the answer is Mad Cow Disease was already taken. That's an old southern joke that again, is probably not too PC but it's pretty funny.

Shirley and I share a lot of characteristics of kind of southern culture and we think actually that we may even be related to each other. We share a family name that goes back quite a few generations. And I just want to thank her for being here today and I want to thank her for having shared a part of her life here at the County Clerk's Office. The staff here is just crazy about her and has been. We just love her to pieces and Shirley, thank you for everything that you did for us. Appreciate it.

CHAIRMAN MONTTOYA: Okay, Shirley. It's your turn.

SHIRLEY HOOPER-GARCIA: Wow. Thank you, Commissioners and mi hijita. And Heifer, thank you. I want to recognize my husband, sweet Ed and my son, Cameron, and all of you sweet, sweet people. I love every one of you. They have signs, we

love you, Mama Shirley. Valerie nicknamed me Mama Shirley. Thank you. Thank you. Thank you. Gracias.

It was an honor, one of the finest days I've ever experienced when I walked in this office, this County Clerk's Office in this courthouse as Valerie's chief deputy. I know some of you know it, she gave me my last job and I gave her her first. So it was such an honor to be called the Dream Team with Val and Denise and me. I was so honored by that. The media kind of tacked that on and I have never forgotten my roots. I even have on the same dress I wore when I walked in. On that same day we had a meeting with the employees and I was wide-eyed and they were too, and I said, oh, I hope some day the Commissioners will allow funds so that we can give this office a makeover. I think you couldn't even cuss a cat in this office. So that happened and I thank you so much.

You two older Commissioners, God, it's good to see you again, and I wish you well. And I wish you well, the new ones, I rooted for you when you won the election. I see some of the big bananas here. Even some of the big bananas. [Inaudible], I found out used to say, she's even friends with the big bananas. You're all big bananas.

I gave a prayer to the Commission the last year I worked and I can't remember it of course. I wrote it; I should have been able to remember it, but I know this part. Everyone in this room are public servants, and so I wish you well, that you walk with God in all your deliberations. May God bless all of you, and the State of New Mexico, the County of Santa Fe and United Nations and the USA. Thank you.

COMMISSIONER VIGIL: Mr. Chair, before everybody sort of settles into their next step there's a couple of things I'd like to say. But before I do that there's one person I'd like to recognize, a very good friend of the family of Shirley Hooper-Garcia, and that's Becky Montoya, who is the adjutant deputy cabinet secretary for the Department of Transportation. Becky, thank you for being here.

Shirley, it's with an honor that I'm even in your presence. You have been such a wonderful role model for so many of us. And I was thinking about what I could say about you today in your honor and I can't tell you how many wonderful things came to my head and started spinning. I tried to narrow it down and I just didn't quite know how to do it. So I thought, really, the old standard I used to use is by using every letter in your name that starts each one of your names. And there's words for you in every letter of the alphabet. But Shirley Hooper, I have known you to be very sophisticated, humble, quite influential, respected and respectful, youthful, always youthful, honorable, officious, because you held so many offices and with the highest amount of dignity and integrity. You're original. There's no one else like you, Shirley. You're such a people person. You're quite esteemed in everything you do and how people look at you. You're a very reasonable person, which I highly respect. You're gracious. You've always had accountability. You rejuvenate those of us around you. You're quite courageous, and I know that from knowing how courageous you've been through being a sister, a mother, and a wife, and all that you have done for your family, you're quite insightful. And most of all, you are very admired. Shirley Hooper-Garcia, thank you. Thank you for being in my life.

CHAIRMAN MONTTOYA: Okay. Shirley, I too – she did with my name one time and it was nothing like that. Shirley, I really appreciate your being here, taking the time. I really admired – gosh, Commissioner Vigil said it all in terms of the work that you did for Santa Fe County, we really appreciate it. Come and visit it more often. We'll listen to some western music together. All right. Thank you so much. Anyone else like to say anything?

X. MATTERS OF PUBLIC CONCERN –NON-ACTION ITEMS

CHAIRMAN MONTTOYA: These are issues that the public has. If there's anything anyone would like to say or come forward. Seeing none, we will move to Matters from the Commission.

XI. MATTERS FROM THE COMMISSION

- A. An MOU Between Santa Fe County, the City of Santa Fe, the New Mexico Department of Public Safety, the New Mexico National Guard, the Federal Bureau of Investigation, the U.S. Bureau of Land Management, the New Mexico Department of Game and Fish and the U.S. Forest Services to Jointly Identify and Study Opportunities for Possible Planning, Funding and Acquisition of a Multi-Purpose Law Enforcement and Security Shooting Ranch Facility in Santa Fe County (Commissioner Anaya)**

MR. ABEYTA: Mr. Chair, this MOU is coming forward from Commissioner Anaya. We have already engaged in meetings with these different entities and for the purpose of what the MOU says, planning a multi-purpose law enforcement and security shooting range. Right now we use a range that is quite out-dated. It's small and it's run by the Department of Public Safety. We do not have a regional facility for all of these agencies but all of the agencies working together would like to try to identify a location and funding for this.

One of the first things the group felt we needed to do was to get the consent of our different governing bodies to allow us to meet and plan and hopefully come up with a regional facility for all of us. So that's all this MOU does is it just gives us the authorization as County staff to meet with these different entities for those purposes. Nothing is being committed as far as County resources at this time in terms of cash dollars. It's all staff and primarily staff from the Sheriff's Office. So I would recommend that we approve this at this time.

CHAIRMAN MONTTOYA: Okay, we have a recommendation. Commissioner Vigil.

COMMISSIONER VIGIL: Mr. Chair, I'll move we approve, but I do have

discussion.

COMMISSIONER HOLIAN: Second.

CHAIRMAN MONTTOYA: Okay. Motion by Commissioner Vigil, second by Commissioner Holian.

COMMISSIONER VIGIL: And Roman, we may not know this and I'm sure maybe the task of these organizations have been – one of the reasons why I would strongly support this is because it does create a regional facility and that may alleviate the problem we have with so many ad hoc shooting ranges. I know we get complaints from BLM and other areas and even within the county there are many shooting ranges that are freelance. So I am hoping that this will, through the work they do provide us an opportunity to create prohibitive areas, maybe for a shooting range and maybe provide the opportunity to have a regional shooting range. I would assume that that would happen. Maybe since you've had communications with Commissioner Anaya you can respond.

MR. ABEYTA: Mr. Chair, Commissioner Vigil, yes, and you'll see that the MOU does talk about the shooting range not only being private but also designed in a way so that the public could use it so that we would have a place to send the public. Because you're right. The Bureau of Land Management has expressed to us a concern that people are going out, as you say, to BLM property and just shooting where they find a spot. So this would give us a way to tell them we have a range for you to go to and direct them in that way. So that is part of what's being considered.

COMMISSIONER VIGIL: Thank you, Mr. Chair.

CHAIRMAN MONTTOYA: Okay, we have a motion and second.

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

XI. B. NCRTD Status Update (Commissioner Stefanics)

COMMISSIONER STEFANICS: Thank you, Mr. Chair. It's been a quiet month or two for the NCRTD, the North Central Regional Transportation District. Their building is on track for rehabilitation. We're doing some budget adjustments but all the funds are in place. The second item I think we would expect is that we continue to have requests for expanded services, but it's totally dependent upon the gross receipts taxes that are collected, so we will take everybody's requests into account. We have had requests for 599 service in Santa Fe County, both for the National Guard and the Department of Corrections, but we will have to put that on the next priority list. So if our gross receipts taxes come in at a higher level it might be a service we can provide but at this point in time we continue to get requests. Thank you very much. That's all, Mr. Chair.

CHAIRMAN MONTTOYA: Okay. Thank you, Commissioner. Any questions?

XI. C. Resolution No. 2010-25. A Resolution Recognizing and Celebrating February 13th as Love Your River Day (Commissioner Vigil)

COMMISSIONER VIGIL: Thank you, Mr. Chair. I always welcome the opportunity to promote any event, funding or recognition of the Santa Fe River. As you know we have been working very closely with the City of Santa Fe in creating the Santa Fe River Trail. This event that I'd like to recognize is another way, another opportunity to promote that. It would be my vision that at some point in time, however long I stay with the Board of County Commissioners or whoever succeeds me considers this a priority. The Santa Fe River Trails are trails that beautify our city and our county and if we are able to push forth the agenda to get the funding for this we'll be able to have a wonderful river trail and I think the vision is to conduct it with Arroyo Chamiso so it will actually create a full circle around our county and those people who want to utilize trails will be able to have much more of their disclosure.

With that, Mr. Chair,

Whereas, the Santa Fe River is a significant natural and cultural landmark in Santa Fe County; and

Whereas, the Santa Fe River is an important natural watercourse that provides critical riparian habitat for wildlife; and

Whereas, the Santa Fe River provided life sustaining water that made it possible for people to settle here and shaped the development of Santa Fe and the traditional farming communities; and

Whereas, the Santa Fe River still provides water for domestic use and irrigation for the City of Santa Fe and the traditional farming communities; and

Whereas, the Santa Fe River is important to maintaining the traditional ways of life of the Pueblos of Tesuque, Cochiti, Santo Domingo, and the traditional Hispanic communities of Agua Fria, La Cieneguilla, La Cienega, and La Bajada; and

Whereas, citizens of Santa Fe enjoyed swimming, fishing, and skating along the Santa Fe River well into the 20th century – me being amongst one of those, Mr. Chair; I remember actually fishing in the Santa Fe River when I was quite young; and

Whereas, the Santa Fe River is significant to the character and sense of place of the Santa Fe area; and

Whereas, Santa Fe County is collaborating with the City of Santa Fe and various government agencies and non-profit organizations to restore the river; and

Whereas, the Santa Fe City Council established the Adopt the River Program in partnership with the Santa Fe Watershed Association; and

Whereas, Santa Fe County has partnered with the Santa Fe Watershed Association to bring the Adopt the River Program to the Santa Fe River in the County; and

Whereas, the Adopt the River program engages the business community, youth, and citizens of Santa Fe in restoring the Santa Fe River to its rightful place as the heart of the

community; and

Whereas, the Adopt the River program, co-sponsors with Santa Fe County and the City of Santa Fe an annual Love Your River Day to raise awareness about the importance of the Santa Fe River to the community of Santa Fe

I ask that we resolve, as the Board of County Commissioners that February 13, 2010 shall be recognized by Santa Fe County and celebrated by the citizens of Santa Fe as Love Your River Day.

Mr. Chair, with that I move adoption of this resolution.

COMMISSIONER HOLIAN: Second.

CHAIRMAN MONTTOYA: Motion by Commissioner Vigil, second
Commissioner Holian. Any discussion?

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

COMMISSIONER VIGIL: And Mr. Chair, I'd just like to say that there is an event planned. It is at the de Vargas Park on February 13th to promote Love Your River Day and for more details you can contact the Santa Fe Watershed Association, or constituency services, Rita Maes, or Colleen Baker from our COLTPAC Division. Thank you, Mr. Chair.

XI. OTHER MATTERS FROM THE COMMISSION

CHAIRMAN MONTTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Well, Mr. Chair, I would like to thank Commissioner Vigil for always recognizing the Santa Fe River, and I think it is a vital part of our community, so I do thank you for that. And that's all I have today.

CHAIRMAN MONTTOYA: Okay. Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. Well, I too would like to thank you, Commissioner Vigil, and I have to say that I participated in one of the cleanup days a while back and it was just a wonderful experience, bringing the community together. So just that alone is worth it, I think.

So, let's see. I have one thing. On February 20th Mayor Coss and Councilor Calvert are sponsoring the Santa Fe Renewable Energy Expo, and they invited me to give a short presentation on our new renewable energy financing program. And I need to have a catchy name before that time, so I'm going to make a suggestion to you in executive. I don't want to unveil it just yet. But in any event, the Expo won't just be about the renewable energy program. It will also be about PNM's renewable energy programs, tax credits for renewable energy, the City's permitting process for renewable energy projects. Also they're going to talk about the Homewise energy home loan program for energy efficiency, and also there'll be an opportunity to meet the vendors. So again, it's on Saturday, February 20th. It's from

9:00 to 12:00. It's at the Santa Fe Community Convention Center. And guess what: there's free parking. So don't miss it.

COMMISSIONER VIGIL: That enough is worth going.

CHAIRMAN MONTTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: Thank you, Mr. Chair. I think I was in the majority in a previous land use meeting where we heard the case of Karen Esquivel. Karen Esquivel was denied her variance. I'd like to as a member of the majority voting on that case ask Land Use to bring that case before us again for another review. And with that, if Roman would give Land Use that direction unless there's anyone opposed to that. I'm in favor or relooking at that. I think, along with Commissioner Stefanics's reference earlier we do need to start talking about how we deal with some of these cases during the economic downturn we're experiencing right now. It might be good to establish some guiding principles or policies to assist us with that. So if no one opposes that I'd like to give Roman that guidance.

Also, on affordable housing we have been meeting on a regular basis with staff and City Councilors and also staff from the City and things are happening so fast that I think we need to provide some direction for. The \$8,000 credit that has been extended by the federal covenant has been extended through April 30th, I think. June 1st there has to be a closing date. I know that we're doing some training sessions for Santa Fe County employees who might qualify for the affordable units. However, based on the down payment plan we have approved and the \$8,000 credit it might be good to expedite in some manner, perhaps looking at those trusts that actually exist right now, Homewise and the Community Trust, see if there are any Santa Fe County employees, any Santa Fe County residents, anyone who we can assist in expediting a first time home for these people on their waiting list. I know that that places that task in a fast pace but if we don't we'll lose the \$8,000 credit and so will the first time homeowners. So I'd like to direct staff to see if there's a way we can look at the lists through the trusts, look at Santa Fe County employees and try to identify those that we can put in a fast pace for first time homes.

I also wanted to comment, Mr. Chair. There's a lot of publicity that we have received on Santa Fe Studios, the principal economic development that this Commission has taken a leadership role. Most recently I'm hearing that there is data differentiation on what benefits the film industry brings to New Mexico. I would just like to propose to those who actually express those concerns that the data that is out there can easily be manipulated and it has become more apparent to me because you have studies that show opposing views on the financial benefit of a Santa Fe Studios.

My proposition is to talk to those of us who experience the pulse of our community, those of us who learn about their constituents in our community who want to be a part of the film industry. And I'm talking early education, I'm talking Community College and college students. This has been the most comprehensive plan that Santa Fe County has undertaken to move forward to create a future for our community and it doesn't only just create a studio and leave it, it looks at how we're going to feed our community through workforce development.

I want to caution residents out there who are learning information from other sources.

Actually maybe not caution, just invite them to speak to those of us who have been gauging this project for over five years now, and as I said represent the pulse of this community. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Thank you, Commissioner Vigil. I just quickly wanted to update you in terms of the meetings that I had with the leadership from the different pueblos. I've begun that process again and if any of the Commissioners are wanting to go along, please let me know. I know Commissioner Holian had in the past and certainly that invitation is open again.

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Are you going to be sending out a message to us about that?

CHAIRMAN MONTOYA: Yes. I'll have Hutch send that out.

COMMISSIONER HOLIAN: Thank you.

COMMISSIONER STEFANICS: Mr. Chair, I have a question when you're finished.

CHAIRMAN MONTOYA: I'm done.

COMMISSIONER STEFANICS: Back to the request from Commissioner Vigil to bring back one of the cases. Since we have already heard that in public session I'm wondering about the procedures. Does it need to go back on a public hearing or can it just be brought to us as business.

CHAIRMAN MONTOYA: Just for a vote.

STEVE ROSS (County Attorney): Mr. Chair, Commissioner Stefanics, our rules provide for reconsideration of matters, so usually what you'll see is first an item to be voted on, whether the item should be reconsidered at all, and then later the actual item coming back for reconsideration if the first vote is successful.

COMMISSIONER STEFANICS: So we could place that on the very next agenda? Or not?

MR. ROSS: It has to be. It has to be done within 30 days our rules provide.

COMMISSIONER STEFANICS: Which would actually mean two agendas. So I'm asking if it would be on our very next agenda.

MR. ROSS: It would have to be on our very next agenda and there would have to be two items.

COMMISSIONER STEFANICS: Okay. Thank you very much.

CHAIRMAN MONTOYA: Okay. Any other Matters from the Commission?

XIII. STAFF AND ELECTED OFFICIALS' ITEMS

A. Finance Division

1. Review and Discussion of the Current State of the Fiscal Year 2010 Operating Budget and Future Planning for the Fiscal Year 2011 Operating Budget With Requested Action for Potential/Additional Budget Cuts if Necessary [Exhibit 1: Power Point Presentation]

MR. ABEYTA: Thank you, Mr. Chair. With me this afternoon making this presentation or assisting me with the presentation will be Carol Jaramillo, our budget administrator. She's passing out information now. Teresa Martinez, our Finance Director, Penny Ellis-Green, the Assistant County Manager, and Bernadette Salazar, the Human Resources Director.

As you know, Mr. Chair and members of the Commission, we are in the middle of this recession, hopefully we're past the middle and working our way out of it, but as a result we do need to have these sessions more often than not. We had a mid-year discussion about a month ago. We're getting ready to move into the preparation of the fiscal year 2011 budget but we thought that we would get started early with giving you a review and have discussion regarding the current state and potential and possible steps we'll have to take as a County in order to balance our budget in 2011. And so with that brief introduction, Mr. Chair, I'm going to turn over the presentation now to Teresa so that we can get right into it.

TERESA MARTINEZ (Finance Director): What we thought we'd do when we orchestrated this presentation is we organized it kind of in the fashion of where are we at? How are we doing? Give you an update on revenues and expenditures, and then go into the potential impacts to the budgets that are – we call them the unknowns. Lots of legislation was introduced this session that has or could have a possible impact on our property tax revenue as well as our gross receipts tax revenue. And then we thought we'd go into what are our next steps? How do we deal with this down-turned economy, lesser revenues, and defining what core government is for Santa Fe County.

I'll go ahead and begin with slide number one, which is intended to give you a summary of the property taxes and an update. You have two charts in here. The first chart will be reflective of the revenue as it's booked month by month with a comparison by fiscal years, and the second chart is to compare it to a good year. 2006 is a year where we had 100 percent collections, so we show you how we're faring month by month by other fiscal years. So you can see that in the first chart property tax revenue as booked, the FY 2010 actual is the green line, if you will. And you can see that in the months of November and December it's doing a little bit better than the other years, which is a good indicator. We've come in at budget for November and December and are awaiting the January receipts. So we'll see how we fare there.

We still have two big months of May and June for property tax collections, but right now we are faring okay in comparison to previous fiscal years. When you look at the

percentage of collection, comparing that to the good year of 2006 you can see that 2009 November collections are a little bit down or lesser than what we're seeing in 2010, which is a good sign, and we are just under what they collected in December, which is the big month of collections for Santa Fe County. So overall, property tax is holding its own right now, staying on budget. So we're grateful for that.

We want to recommend or indicate that the 2009 property tax total valuation increased a little bit weaker than it has in years past. The increase from 2008 to 2009 was only a 1.3 percent increase. In the previous two fiscal years it was actually up 7.8 percent and 12.4 percent. And I think part of that can be attributed, obviously to the economy and the impacts the recession has had on housing.

Our property tax collections are stable and our first year collections, which basically means the current year collections are hovering right around 99 percent of the total budget. So that's good.

Our FY 2011 property taxes should be budgeted conservatively to reflect the weakened valuation increases. And also there's a lot of legislation – we started to put a slide together, trying to summarize all the legislation for you, but they've introduced so many it would have been a 15-page presentation just on the House bills and Senate bills that have been introduced on property tax alone. So we just want to note that there's lots of legislation out there that could definitely have an impact on our revenue collection. We'll monitor them and we'll provide you updates as things become final.

The next slide is the gross receipts taxes. For gross receipts taxes it's so far so good, but we want to caution, because the last two months of collections have actually been below budget. The next month that will be recorded will reflect activity for December and I'm real interested to see if that hopefully comes in at budget, but I'm a little fearful that the remainder of the fiscal year GRT collections will probably be under budget. And having said that, we are probably looking towards next year and showing a reflected additional downturn of five percent of our GRT budget estimates.

So keep in mind that this year we budgeted very conservatively. We budgeted ten percent down from the previous fiscal year, and I'm grateful that we did ten, because the first four months of the fiscal year, five months, we're hanging in at budget, and the last couple months are coming in under budget. So my fear is we may not make budget by year end. We again hope that we'll do a five percent decrease next fiscal year in our estimations and also want you to know that there's legislation out there that is directly impacting GRT and we'll discuss that in further detail a little bit later in the presentation.

The chart summarizes, kind of where we're at with GRT. The red line is indicative of what we collected in fiscal year 2009. The purple line is our fiscal year 2010 budget and the green line is our actuals. So you can see that it was slightly up on the month of September and then you can see just that budget or better for October or November and you can see that we've started doing a downturn in December-January. So I'm a little fearful that the rest of the months will probably see a downturn when you compare actuals to budget. So again, we'll monitor that and keep giving you our monthly updates and our quarterly updates, letting

you know how the GRTs are faring.

The next slide is intended to show you what have we done thus far to try to manage our budget in a down-turned economy and lesser revenues and trying to keep existing services at the level that they're at. There's two pie charts in here. The first pie chart represents the cuts that we made back in October when we restructured our financing mechanism for the Health Department, and our jail medical and RECC. And if you look at that we managed to cut \$3.4 million. When we set out to do those cuts we were trying to get to \$5 million, so we obviously had to use some cash to balance that first rounds of cuts. Most of the cuts were made operationally. There were a few departments that made the cuts with either vacancy savings or vacant positions. I want to make it clear that no positions were eliminated when we did the first round of cuts. And no positions have been eliminated thus far.

If you look at the fiscal year 2010 mid-year proposed budget cuts, we identify them as proposed because that will be an agenda item for you at the end of the month, and we were able to cut an additional \$1.2 million. For a lot of the services that are in here, a lot of the functions, that last cut left them at the bare minimum, and if we have to do further cuts then we may be inflicting upon our ability to deliver services. So we have a lot of planning that we're going to have to do in the next fiscal year to forecast the revenues, forecast the continued downturn and still manage the service delivery.

I want to make the point that we entered the fiscal year 2010 budget with a flat baseline budget. We've cut them twice in this fiscal year, and we did that so we could fund RECC, Health, and Corrections, and also in anticipation of potential legislative action that may be forthcoming. Specifically when we did the mid-year cuts it was centered around the fact that we could be looking at the loss of the hold-harmless GRT. And we were trying to cut half of that value for Santa Fe County, which was about \$1.5 million. So we came close. That was good.

We've implemented cost-saving measures which included travel restrictions, reduction of take-home vehicles, reduction in cell phones. We've implemented smart buying practices and energy efficiency initiatives, and we'll continue to do that. And when possible, we've held the vacant staff positions and not filled them. Now, I want to make it clear that if it was along the lines of public safety service delivery we have not made any cuts or not held those positions. So we're very aware of our public safety service obligation. So we're freezing where we can, I should say, not cutting.

Potential legislative action. We summarized property tax impact. There are many, many bills out there relative to property tax. First and foremost I want to indicate that it's very difficult to analyze and forecast many of them right now and the impact to Santa Fe County. We will work closely with the Assessor's Office to try to analyze and forecast those bills that look like they might become something of a pertinent action for Santa Fe County. One of the things that we should note that was out there on one of the bills was a proposed three percent limit to the annual increase for assessed valuations. Another bill recommended the roll-back values to the 2004 values. For us the 2004 values was \$4.3 billion and in that

year we collected \$24.6 million, which is much less than the \$37 million we have budgeted in the current fiscal year. So if we roll back that will have some impact, obviously, to our budget, so we'll watch that closely.

Another bill wanted to value limits continued regardless of the change in ownership. So we'll watch these. We'll work closely with the Assessor's Office, and we'll try to keep you abreast of what's materializing as we go through the completion of the session and see what materializes.

Legislative appropriations, we know on the table right now are possible reductions to our capital projects totaling \$6 million, and with regard to gross receipts tax impact, I summarized two bills, the two that would have an impact to Santa Fe County right now. House Bill 119, when it was initially introduced there was concern that it would limit the percentage of GRTs that the local governments could enact. So at last checking that 2.5 limit was not an issue for us. So that is good news. And we may enact additional taxes but they would be by voter referendum. And then lastly, the new State GRT rates would increase in the following increments: FY 2011, the rate would be 5.5; 2012, 5.38; 2013, 5.25, and 2014, 5.13, with the intent that in 2015 it would go back to the five percent rate to the state.

The other bill that we're keeping an eye on is Senate Bill 247, which initially was to eliminate the hold-harmless gross receipts tax distribution, and now it's recognized as a phased approach, if that bill materializes. In 2011, it would again have a 20 percent decrease, and then go to 40, 60, 80 and eventually 100 percent, and then the entire hold-harmless GRT that the County currently receives would be eliminated. So for Santa Fe County that's \$3.9 million. So we'll keep an eye on that definitely.

So what do we do now? Our forward thinking is that we would highlight the areas that we need to keep an eye on. These areas all have an impact or could have a potential impact on general fund and future general fund support. So we'll begin with fire operations. We recently went out for the fire excise tax and that failed, so that's going to limit our ability to complete capital expenditures, and we're working with Stan to come up with a reduced capital plan and efforts as to how we fund that and get things done and build a timeline where we can fund what we can with what we have available.

Our fiscal year 2011 expenses will more than likely exceed revenues in the fire operations fund by about \$700,000. Project 48 is currently on hold, and I want to make it clear that we've already filled 44 positions of Project 48, so we're lacking four. So right now I have Stan on hold just till we see how the revenues materialize through mid-year, and then we can see if it's something we can entertain. And we forecast if we continue in the same pattern right now we could deplete our cash reserves in the fire operations fund by fiscal year 2012.

RECC operations – well, we have had many discussions on the RECC. We have an MOA with the City of Santa Fe that currently gives them an obligation only to fund 50 percent of our capital expenditures. Operational expenditures are funded by the County 100 percent. Our discussions with the City have indicated thus far that they're not interested in expanded support by themselves to help with the future costs of the RECC, so that means that

this could be a potential operation that the general fund will need to support by fiscal year 2012. And we could go through their cash reserves by fiscal year 2012.

Health programs, we need to probably redefine our Health Department. Our fiscal year 2011 expenses will exceed our revenues. Our health programs really must be prioritized and I'm saying that in line with we need to define what is our core service that we will provide in a health function. And I want to note that we will probably deplete our cash reserves in fiscal year 2012 if we do not redefine our Health Department.

Corrections operations, I came to you about a year or two ago recommending that we close the YDP. I still leave that on there as it should be a potential consideration. Our fees for electronic monitoring should probably be increased. More cost-cutting measures should be taken where possible with all programs within that department, and it's to the point where we need to limit the general fund support that is going to this effort. And we have additional slides on Corrections in just a bit.

So that's the general fund budget summarized. Health programs and the funding of the sole community provider requirements. Sole community base requirement will be based on the previous year's amount of indigent claims. This fiscal year that's just around \$5 million, and then if we look to fund Health as it is now or a redefined Health Administration, we are looking at \$7 to \$9 million to fund those two things. Corrections operation and debt service, we're looking at probably additional support from the general fund to the tune of \$14.95 million. RECC operations, \$3.4 million. Down the road, could be an issue for the general fund once they deplete their cash. We'll have to look and see how we fund the RECC operations. And fire operations, not including capital expenditures, we'll see a \$700,000 shortfall in fiscal year 2011. So all of these could be looking towards the general fund support in future years.

And also we have legislative actions out there again that could negatively impact our property tax and GRT revenues, which are our major sources to the general fund, which would restrict our ability to support additional programs or additional growth of support in future years.

So the first slide we included was the Health and Human Services organization. This is an attempt to redefine what potentially our health services could become for Santa Fe County. You'll see that the majority of the programs that are listed are the DWI program, administration staff to help all programs, the mobile healthcare van, the MCH coordinator, the healthcare assistance program oversight, which is basically oversight of the indigent program, and within that falls the County fairgrounds, and then senior services and community centers.

We'll move into Corrections. In fiscal year 2010 the general fund will support the Corrections operation to the tune of \$10.7 million. So the intent of this chart is to show you through December 31st what each function currently stands at, if you will, from an operational standpoint, revenues when compared to expenditures. You can see that each function is basically operating at a deficit. And these numbers here are reflective – do not include operating transfers in. So it's not reflective of the general fund transfer to support Corrections

and it's not reflective of the GRT. There's a Corrections GRT dedicated to this that generates \$5 million in a good year.

So we broke it down by month, and you can see that Corrections Administration is in a deficit of \$435,000. The electronic monitoring is at a deficit of \$257,000, so we have obviously proposed looking at the fees and seeing if we can entertain an increase there. The inmate medical is at a deficit of \$2 million. YDP is at a deficit of \$469,000, and adult at a deficit of \$3.8 million. This is just looking strictly at revenues collected for care of prisoner revenues, and comparing that to expenditures through December.

So if you factor in the Correctional GRT, which we anticipate, or in this case is only reflecting collections through December of \$2.3, almost \$2.4 million to the total operation variance, the total shortfall of \$6.9 million. That puts us in the hole about \$4.6 million, which is the money that the general fund will transfer to sustain the Corrections operation.

The YDP slide, Annabelle will probably kill me. Roman allowed me to keep this in, but it's déjà vu all over again, and again, I repeated earlier that I came to you a year ago and recommended closing the facility. So I bring it to you for consideration again. The main point here is that we have to resolve the ongoing Corrections dilemma, which remains a challenge for the County as a whole and a bigger challenge for the general fund. We are forecasting that in this fiscal year there will be a \$1 million deficit in the YDP program at the end of the fiscal year, and that's leaving things status quo. So obviously, if we get more paying beds then that will bring our revenue up and the picture will be better.

If you look at the far most right column you'll see that our 2010 revenue through December is \$550,000. Our expenditures to date are \$.83 million, or \$800,000 for personnel and another \$190,000 for the other operating categories. So through December we have a shortfall of \$400,000. If we look to the future of 2011 we're forecasting a million dollars in revenue generation and expenditures of \$2.6 million. So we will more than likely be at a deficit of \$1.6 million next fiscal year if things remain as they are, which means we continue to operate at the same level and we're unable to bring in more paying beds.

So for comparison purposes, we've included the green section, if you will, which is an analogy or a comparison of what it would cost us to house our juveniles at other facilities. I will qualify this in saying the research we did on this is probably a year to a year and half old, and at the time that we looked to see if there were other facilities that had available beds, the going – I think the highest rate we found was \$135, so we used that conservatively, and we figured the cost for one youth housed for 365 days is \$49,000. If we had to house 20 youth elsewhere it's \$985,000. And if it was 24, then that would be just over one million. So the point of this is to compare that. If we housed elsewhere we would be looking at a cost of \$1.2 million, versus operating of \$2.6 million.

Now the challenge in this is that you have to find available beds for our juveniles. That would be something that we would have to consider. But it's for comparison purposes.

The next slide we labeled the Budget Blues. For fiscal year 2011 we are trying to reflect and anticipate revenues when compared to expenditures. Red highlights are obviously expenditures. The green highlights are anticipated revenue. You can see that in each

operation the revenue will not be sufficient to sustain the expenditures. So what we did is we broke it down below for you, by program, showing what we think the revenue will be, and this again is based on what we're seeing this fiscal year. We identified the expenditures again, based on what we're seeing this fiscal year, and we forecast a total deficit of \$14.95 million. So this scenario, if it materializes will cause the general fund to support an additional \$4.25 million.

So the point I think I'm making on this slide is years ago, when we decided to run a jail and a Corrections Department we defined that as a core government service. The hard thing for us is it's a bad economy, times are tough, and population numbers are down. And they're down everywhere, so it's difficult to try to forecast a better scenario. But the point I need to make is that we need to put a cap on how much our Corrections Department will demand of the general fund. We need to define what we expect from Corrections, so I want to make the point that the support that the Corrections Department will get next fiscal year is 22 percent of the general fund budget, and that's really close to my state mandatory required reserve requirements. So it's kind of scary. And my point to you is that two, three years of this and we will go through our cash and we could be in trouble. So I think we're at a point where we need to define Corrections and put a cap on what the general fund can support. And I joke, and I don't know if I should say this, but I joke saying that it's almost as if our inmate care has exceeded our employee service and employment. So it's a little scary. We need to be serious about these numbers and we need to define Corrections, define core government and decide what general fund will support in the future.

We will now move to the slide of use of cash. And the intent of this is to put it all into perspective and have it nice and summarized for you. Obviously, the use of cash is a bad financial practice. Cash – I know you've heard this 100 times – is non-recurring. Once it's gone, it's gone. We should use cash for one-time expenditures instead of for recurring expenditures, and I want to make the point too that our bond rating companies are going to frown upon any use of our cash for ongoing operations. Last rating call I entertained with them there were already questions.

Last fiscal year we did not drop a positive variance to cash, so we did not increase our cash, which is the first time that's happened probably the entire time I've been with the County. So they had hard questions for us and one of their questions was, well, why did you not have a positive? Why didn't you make money? And I shouldn't say make money. Why didn't you have a positive increase to your cash? Because you typically drop anywhere from \$2 to \$4 million to cash. And typically that's because we're in a really good economy and we have property tax collections coming in greater than budget, and GRT collections coming in greater than budget. Last fiscal year in particular we had one-time expenditures that we could explain. We funded water rights. We worked with the bond counsel and we had a reimbursement resolution, so this fiscal year that was made whole. So when it was all said and done we would have dropped \$2 million to cash.

So I want to make the point that use of cash is very, very serious and that we keep that in mind as we make the decisions to use cash. The intent of the chart is to show you our cash

on July 1st was \$44.4 million. We have a mandatory statutory requirement for a general fund reserve of \$15, almost \$16 million, so that's the first thing we'll consider. Our capital package in fiscal year 2010 was just under a million dollars and we probably will not spend all of that if we can restrict it to ensure that our cash balances do not get depleted. And I want to note that in prior years we've had a capital package anywhere in the neighborhood of \$1.5 to \$1.9 million. So this is a reduced capital package. We acquired the Santa Fe Canyon Ranch. We had a judicial center complex project, which is supported by a 1/16 GRT, and we're budgeting cash for that project there. Water rights, we set aside a little contingency if you will for possible acquisition of water rights, given that the rates are so good right now, \$4 million. We set aside \$500,000 to complete the growth management plan. We have non-departmental set-asides which are basically infrastructure and discretionary, and that was \$237,000. And then about two months ago we came to you and said let's put aside a recessionary contingency of \$5 million just to sustain us if we come to the point where we are looking at cuts and that will give us some time to transition if need be.

And then we transfer cash to the road fund to assist with capital purchases. So when all of that is said and done, you're looking at a potential cash balance in June of just over \$20 million. So to try to forecast what we'd be looking at for 2011, we took the available cash of \$20 million, we added back in the reserve requirement. That takes us to \$35 million, almost \$36 million. In fiscal year 2011 we're anticipating a general fund reserve statutory requirement of \$15 million. We are hoping for a capital package of \$900,000; that could change. We'd like to continue with our recessionary contingency of \$5 million. Our non-departmental is \$1 million, and our transfer to the road fund is \$500,000.

Now, these are all estimates and I don't know that they'll materialize when it's all said and done. We'll have to wait to the end of the fiscal year and see how the revenues materialize and the expenditures materialize.

But if you look at the next slide, which is required additional support needed, possibly to fund Health and Corrections, that can take up to \$10 million of our cash. If we do that we could be looking at an ending cash balance June 30th of \$2.8 million, and that number scares me, quite frankly. So we need to be very, very conservative in the use of our cash.

So after that wonderful picture where do we go? We've progressed to defining budget priorities all with the theme of we need to define core government services provided by Santa Fe County. We have for you a chart that shows our current level of support. This is relative to the general fund, and what we tried to do is stack the different programs and highlight them off to the right by what potentially could be eliminated, what could be reduced, methods of reducing and streamlining activities should be actively pursued for those areas in that middle area, those functions in that middle area, and then absolutely what could not be eliminated and reduced.

Obviously our jail debt and our judicial debt service, so any debt service component we have must be funded. So our continued or current level of support to the Corrections operations cannot be sustained indefinitely, and general fund has to look forward and prepare for the potential that it has to support the RECC and/or the fire operations in fiscal year 2012.

This slide is really important and it's intended to be a starting point for yourselves to look at and try to think in terms of could we define Santa Fe County and what is the core government that we want to deliver. So we have additional information in the slide that will show you how we propose to move in that direction.

So the next slide speaks to What now? A lot of these are very common sense but I felt they were important enough to restate. We need to – this is Countywide – spend within our means. We need to continue with our long-term financial planning. We will audit our revenue sources and eliminate high levels of receivables, and in order to do that it's going to be a huge, coordinated effort, and it means we have to improve our billings and collections procedures.

We will use ongoing revenues only for ongoing expenses and one-time sources only for one-time uses.

We will inventory our reserves across all funds to ensure that reserves are appropriate. We know that fire, health, RECC and Corrections are in jeopardy of not meeting our own reserve requirements as mandated in our budget policy. So we'll have to look at that. We mandate that every fund in Santa Fe County have at least one month's worth of operation.

Use of cash reserves will be necessary to balance the 2011 budget. Spending reserves basically buys us time for additional planning. So fiscal year 2011 will be a year of planning, a year of defining government and a year of determining how and what cuts will be necessary to sustain our County budget.

And lastly, if I can't say it enough, we'll clarify our service priorities and expectations for the County as a whole.

So how do we get there? How do we implement what we need to do? Well, we can do additional cuts to the operating budgets, but again, as I said earlier, some programs will not be able to sustain additional cuts without crippling their ability to provide services. We can do a hard freeze unless the position is what we call critical to public safety. Use of cash reserves to plug shortfalls. We will definitely have to work with our bargaining units and we will have to re-evaluate our contractual services and see if there's anything that we can transition or eliminate.

So we've proposed a timeline for you to do the cutting to the core, as we labeled it. We will begin planning for the 2011 budget cycle in February. March, we will project our revenue and expenses to determine if immediate action is necessary. April, May and June will be ongoing evaluations and then we will propose a plan which may include additional cuts, which includes both programs and FTEs. We will in July recommend general fund program cuts and just to give you a heads-up that could be as many as 60 employees. August and September we'll come up with ways to implement the cuts, including the employees if necessary. December we'll project revenue and expenses to determine if additional cuts are necessary, and in February we'll begin the cycle again and start planning for our 2012 budget.

So 2011 is a year of planning and implementing any necessary cuts. To this point we've been able to sustain our cuts with operational expenditures and I think future cuts we'll have to entertain potential FTEs. So in light of the presentation we just delivered to you we

tried to find some quotes that would be apropos if you will, but hopefully light-hearted enough to make you smile a little bit. And I'll stand for any questions.

CHAIRMAN MONTOYA: Commissioner Stefanics, then Commissioner Holian, then Commissioner Vigil.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. First of all, I'm going to jump all over the place here. Teresa, on the timeline on page 15, it seems to me that some of the items on the timeline are a little off for our fiscal years.

MS. MARTINEZ: Okay.

COMMISSIONER STEFANICS: Could you help me with that?

MS. MARTINEZ: Sure. The intent, Mr. Chair, Commissioner Stefanics, was to look at the next budget cycle, for 2011. So we start that planning process in February for the next fiscal year. So we will be evaluating where the revenue and expenditures are at the current level, trying to forecast any potential downturns for the next year's budget. So we'll be evaluating where we are in this budget cycle and trying to assess, okay, do we need to forecast the budget for property tax down? Do we need to forecast the gross receipts tax budget down? Which I know for a fact I'd like to decrease next year's GRT budget by five percent right off the top.

COMMISSIONER STEFANICS: Excuse me. I don't think that's what I'm asking.

MS. MARTINEZ: Okay.

COMMISSIONER STEFANICS: What I'm asking is do we not need to make some decisions about FY 11 before July 1?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, that would be my preference. That would help.

COMMISSIONER STEFANICS: So really July of 2010 is too late.

MS. MARTINEZ: You're probably right, because we turn the budget in July 31st. We thought this was – to push it aggressively might be hard to do, so we were trying to take a conservative estimate, but for my purchases and a budget standpoint and trying to forecast the next fiscal year, the sooner we do it the better. It's just a difficult topic matter if you will, because we're looking at cuts, we're looking at people and we're looking at programs. So we were trying to accommodate as much time as we could to get there, hoping just to get there.

COMMISSIONER STEFANICS: So on that point, do we have a statutory deadline for submission of the budget?

MS. MARTINEZ: Well, the interim has to be turned in my May 31st, and then the final budget is in the month of July.

COMMISSIONER STEFANICS: End of July?

MS. MARTINEZ: The end of July. May, we recognize would probably be too soon to include any cuts in the interim, but we could make the cuts by the final submission.

COMMISSIONER STEFANICS: Okay. Roman, on the decisions that might have to be made, have you thought about a process to involve – and I know that the County

employees have already had the committee come up with ideas for saving funds over these past year and a half. But do you have any ideas for how the public and our County employees could be involved with giving us some clear messages about what they think are expendable and what is totally off the table?

MR. ABEYTA: Mr. Chair, Commissioner Stefanics, yes. We've discussed that and what we want to develop is an employee survey, a survey that we can give to all the employees and also the public, where it would be a few questions but the focus would be what do the employees think are core services and what do they think are not core services. And we can then translate that or we can change it and also provide the same survey to the public. But we do – my intentions are to have this survey, have the employees surveyed and see what they think from their perspective. And also the Commission. We need to provide that to the Commission also.

COMMISSIONER STEFANICS: Right. We do have a marketing firm that assists us occasionally. Is that correct?

MR. ABEYTA: Yes.

COMMISSIONER STEFANICS: There are ways to ask questions of the public to determine values – the public meaning our employees as well, to determine values of what they consider most important. And I had a conversation with you earlier this week regarding, for example, youth programs in the summer. And that if you fund youth programs then you're keeping kids off the street, you're stopping some perhaps crime, vandalism, that then moves into the Corrections arena, etc., etc.

So it is possible that the values of our county residents could come forward if we crafted the questions so that it wasn't set up as what program would you cut at the County, versus what's important to you? So I would just caution us about asking employees and the public so that they could give us their priorities about what's important.

The other thing is what's duplicated somewhere else, so that when we are asking for people's input we help them identify, gee, this is already being done somewhere else, and then we as Commissioners can look at whether or not we should continue to fund duplication of services. So that's just one item on that.

And Roman or Steve, maybe you can answer the next question. On the RECC and our MOA with the City, is there a term to that MOA?

MR. ABEYTA: Mr. Chair, Commissioner Stefanics, not that I'm aware of, but we'll research that.

COMMISSIONER STEFANICS: Well, I think that all services change over time, whether services expand, whether they cost more, and I hope that our MOA does have some kind of term to it because it would seem to me that in all economies we would want to adjust up most of the time and sometimes maybe down. Steve, do you have any comment on that?

MR. ROSS: Mr. Chair, Commissioner Stefanics, it doesn't have a term but it does have termination provisions.

COMMISSIONER STEFANICS: And the termination provisions have to do

with –

MR. ROSS: Giving notice of termination, the amount of time that's required to get out of it.

COMMISSIONER STEFANICS: So if the County felt that the City's funding of the RECC was not adequate, that would be grounds to terminate the MOA?

MR. ROSS: There's no grounds specified specifically, but if that were an important consideration that could be included in a letter to the City saying we're concerned about the level of funding pursuant to paragraph whatever it is, we're considering terminating it, or however you want to proceed.

COMMISSIONER STEFANICS: Which would then allow the City to either develop its own services or come back to the negotiation table.

MR. ROSS: Correct.

COMMISSIONER STEFANICS: Okay. I think that we have discussed the RECC in the past and I think that this is not something that we should just pass over again, that we need to seriously look at our relationship with the City and the RECC.

Teresa, on the reserves, could you tell us, and I know that we had a conversation earlier this year when we dealt with budget, and could you talk about the reserves? What are statutory requirements and what are extraordinary ordinances or reserves that the County put upon our funds?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, statutorily, we only have two funds that we have to have reserves for. That's the general fund and the road fund. And the general fund comes to about 3/12, 25 percent, and the road fund is one month's reserve, or operations if you will. Santa Fe County, I think back in 2003 the BCC at that time decided to enact an additional \$2.3 or \$2.4 million reserve on top of the statutory requirement. So we have that as well. And then in years past, really this year I think is the first year that we did the recessionary contingency if you will, which earmarked \$5 million.

About two years ago we had budget policies approved by the Board and within those policies we specified that every fund that does not have a statutory requirement for Santa Fe County at a minimum would retain one month's worth of operations. So they have to have one month's reserve, Countywide, by our own policy. So we are in jeopardy for fire, RECC, Corrections and Health in maintaining our own policy within the next two years.

COMMISSIONER STEFANICS: Okay. On the Corrections, Mr. Chair, again, something we've discussed in the past, but my question is are there any surrounding counties that do not have a corrections facility? Let's just do it that way. Annabelle?

ANNABELLE ROMERO (Corrections Director): Mr. Chair, Commissioner Stefanics, there are a number of counties in the northern area that either have limited capacity or don't have correctional facilities. I don't have a list presently to provide an update on what is happening as we speak this week because of our improvements at the facility in our compliance with the DOJ agreement. This week we've met with the US Marshal's Office and in fact they will be looking at that facility this week, and we expect to begin to bring in federal marshal inmates at both facilities, or increase our numbers.

COMMISSIONER STEFANICS: So, Mr. Chair, Annabelle, are you saying that we then would not have any vacancies to go out to shop other arrangements and agreements?

MS. ROMERO: In order to place our inmates in other places?

COMMISSIONER STEFANICS: No. If you set up this arrangement with the federal marshals are we then not going to have any vacancies or capacity for other counties to utilize our space?

MS. ROMERO: I'm not able to tell yet how many inmates the federal marshals will be able to provide. Yesterday, for example, one of the numbers we talked about has sort of since doubled today in more recent conversations. So I'm not able to project, but I expect that we still will be able to serve surrounding counties.

COMMISSIONER STEFANICS: Okay. And this was a statutory question so I'm not sure if you can answer this, Steve or Roman. Are counties not required to provide some correctional holding capacity?

MR. ROSS: No. There's no requirement. That's why a number of counties don't have jails.

COMMISSIONER STEFANICS: So legally, what's their obligation then? To arrest people and send them home?

MR. ROSS: Well, you obviously have to take them somewhere, so that's why all these intergovernmental arrangements exist to move them around the state and incarcerate them at the appropriate place. But no, there's no requirement, so a lot of the smaller counties that can't afford them don't have jails and merely rely on these -- we have a ton of contracts at our own jail with 30, 40 counties.

COMMISSIONER STEFANICS: Well, where I'm moving with this is this is not a short-term fix; this is a long-term fix, is whether or not, rather than set up contractual arrangements for cost per inmate, we might want to negotiate with counties for some -- a percentage of their taxes to support our correctional facility being their regional facility. So it would be an ongoing basis for funding. And I don't know if we've tried that in the past but if a county knew, and I know there are many poor counties out there without the tax base that we have, but if a county knew that they were automatically going to be giving us a percentage they would always know that we would be accommodating their prisoners or their arrestees. Then perhaps that might be a source of income for us. Just an idea.

Okay, so Teresa, your comment about the bond companies not looking well upon our dipping into our reserves conflicts with some of our state legislators who think that we're holding too many reserves. In your experience, are there other counties that hold an excess of reserves other than state statute requirements?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, there are some. I don't know if it's to the level that we have, but there are definitely other counties out there that have excess reserves above the statutory requirements.

COMMISSIONER STEFANICS: Personally, I think it's the reserves that are saving us as we have to dip into this cash, but I also think that we have to somehow work on

the perception with the people who are trying to take away our hold-harmless money and other things that we're trying to be prudent and fiscally conservative. I guess – I was prepared to ask, Mr. Chair, Steve Shepherd a question, but it's really for all the department heads. And when – so I'm going to make a statement rather than ask the question right now, and maybe come back to it later. But when there's change, or when you have to make a change, and if you were held harmless for employees. If you had to make a change, could you come forward with something different in the way you would run your program? In the way that you would run your services? Or if you thought that there were services that you thought were duplicative, or if you thought there were services that weren't being utilized? Or if there was a better way to do road maintenance? What I'm asking is whether our departments have taken off their hats of making sure that everybody has a job, and we will say that everybody has a job, but would you do business differently? And sometimes that's the hard thing that comes with being a manager is coming up with those ideas or coming up with those risks.

Now, we are trying to protect the public funds. We're trying to protect public services, but when we get to a situation like this it might be time to think about what could we do differently. Now, I know that we tried recently the fire tax. And we weren't too successful. And I know there's a bill that may or may not go through that would require a referendum. If you talk to the House of Representatives they think it's going through. If you talk to the Senate, they don't think it's going through. But one of the things we talked about here was whether or not we could put out to the voters a quality of life tax that would support youth programs, libraries, and some other things that are allowed by statute.

Now, it's great when the voters speak and the voters decide what they think is important. But sometimes we have to ask the voters and I know it costs money to ask voters to come to the polls to make decisions, but I don't think that we should eliminate any available resources that might be out there. So I'll stop for right now and then maybe come back after I hear other questions. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Okay. Thank you, Commissioner Stefanics.
Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. Thank you, Teresa, for that very clear and easily understandable presentation. Maybe I had rather it not be so understandable. These questions are not in any particular order other than I jotted them down. So when will we get data for the January GRT coming in? And is that GRT – that isn't GRT that actually was spent in January? It was spent some months earlier? Is that it?

MS. MARTINEZ: Right. Mr. Chair, Commissioner Holian, the GRTs are usually two months behind. So what we're looking for is the December activity, which should really be reported in February.

COMMISSIONER HOLIAN: I noticed on that chart there there was sort of like a little spike. So we're looking to see whether we spiked too or not, I guess.

MS. MARTINEZ: That's correct.

COMMISSIONER HOLIAN: Then on page 12, about this general fund cash, I just wanted to ask about two items under the cash for July 1, 2009 through June 30, 2010, for

the judicial center complex project and water rights set aside, those are not going to be items that we get paid back in some way by a future bond issue?

MS. MARTINEZ: Mr. Chair, Commissioner Holian, the water rights would definitely not be repaid back. In this particular scenario we set aside \$4 million in hopes that if we could attain water rights at a great price we would do that. Now, the judicial center complex project, that has bonding issues and it has the 1/16 GRT. So right now, that \$2.5 million is reflective of the cash that's been building up in that 1/16, all along intended for the judicial center. So we've also used that to pledge for the judicial center.

COMMISSIONER HOLIAN: Okay. So we've already gotten in and now we've promised to spend it for that.

MS. MARTINEZ: Right.

COMMISSIONER HOLIAN: And the \$4 million, have we spent it or committed it yet?

MS. MARTINEZ: We have committed a good part of it and I anticipate that we will probably spend all of it by the end of the fiscal year.

COMMISSIONER HOLIAN: Okay. Thank you. Another question I have is how many employees do we have in the Health and Human Services organization, roughly?

MS. MARTINEZ: Mr. Chair, Commissioner Holian, 60.

COMMISSIONER HOLIAN: Sixty. And also, on the YDP, so if we were to close the YDP, what would happen to the youth that are there now? I guess the Santa Fe youth. And I assume that it would cost something for us to have them housed somewhere else. So how much would we actually save if we close that?

MS. MARTINEZ: Mr. Chair, Commissioner Holian, on that particular slide we made some estimates, so we'd have to confirm that the contract prices are still valid, but the point we were making here is if we contracted out for 24 of our youth that would cost almost \$1.2 million, and we figured we'd have to look at either a new FTE or some type of contractual service for the transportation of our youth to the different facilities. That was adding another \$60,000. So our estimation is \$1.2 million, if we contracted out, versus our current expenditure budget is about \$2.6 million, \$2.5 million.

COMMISSIONER HOLIAN: I see. It seems to me that we have brought in youth from other counties at this point and other places and so on. Has it really made a difference? Have we bought down that deficit by doing that? Or do we end up spending so much more to do that that it doesn't really help us in the long run?

MS. MARTINEZ: Mr. Chair, Commissioner Holian, we've been working with Annabelle on this very scenario. Her staffing right now is reduced and we talked about the problem that when they have a female come into the system that coordinates or creates a staffing issue for her and a housing issue for her. Because she can't have the males and the females in the same pods. So we were trying to do different scenarios as to how many more FTE would she need. So we were looking at a potential increase of four new FTEs. As we do our analysis and we don't agree on this number, but my estimation is we need to have, conservatively – I said in years past 24. Doing the numbers now we need to have 22 paying

beds every day in order to make things work. So any new population definitely will help because it obviously brings in more revenue. If it's female versus male that creates staffing and housing issues for us. So some months and some days – it's by the day, really. The population is higher and then the next day it could drop. But we don't sustain 20 paying beds on a daily basis.

COMMISSIONER HOLLAN: Okay. Thank you. And then my final question is, well, or a comment more, is that I think that we really need to look at possibilities for other sources of income. I know that Steve had mentioned something about even possible sources of income through our property taxes. And so I would like to learn more about those, as well, to see what our options might be. Now, I assume that with those, any new source of income essentially we would have to go to the voters. But I really think that we should keep everything on the table at this point, because we're rather in dire straits. Thank you.

CHAIRMAN MONTOYA: Thank you, Commissioner Holian. Commissioner Vigil.

COMMISSIONER VIGIL: Thank you, Mr. Chair. First let me start off by making a comment. We may need an update after the legislation terminates. There are two bills that may impact the decisions that we make financially. One of them is the double-dipping bill, which will affect quite a few of our employees. In fact do we have a number of how many employees that would impact?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, it's right around 52 people currently employed by Santa Fe County.

COMMISSIONER VIGIL: Okay. If that bill actually passes I would like to see how that would affect our employees, and I hope that first and foremost we give our employees the opportunity to either remain employed and I think the consequences of that are they would have to give up their retirement, or in the alternative, they can resign their positions and maintain their retirement. That may have an impact on us.

The other bill, and I don't have a number, but it is of concern to me because it's a bill that's sort of hovering over the legislation and Commissioner Stefanics, you may know about this, and that is one that freezes local government's ability to go to referendum for GRTs for at least four years and after four years I think there's a sunset clause on that and this of course would free up the state to enact GRTs. So I'm concerned about us following that kind of legislation because I think this would impact the quality of life tax should we decide to go out for GRTs. And in that line, Teresa, have we enacted all of the GRTs that have been allowed by state statute?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, we just about have. We haven't obviously, enacted the quality of life. There's a couple more out there for county hospitals, but we would have to own and operate the county hospital. So I believe we've enacted just about everything we can. So we have the fire excise tax possibly in the future and the quality of life.

COMMISSIONER VIGIL: Okay. I'm going to just editorialize here. I think if we actually did go out to the community and ask them what it is that is important to them,

either basic services – public safety would probably be a repetitive theme, so I think we need to consider, as Commissioner Stefanics had mentioned, how the community would give us feedback with regard to that. And I think there is also a couple of items that I would like to clarify as we're going through this hearing. First and foremost, Santa Fe Canyon Ranch, the cost of that was \$7 million. And I think at least from my perspective my vote went to pursuing that because that is something we could invest in and possibly even resell and recapture our investment in it. Have we pursued that at all?

MR. ABEYTA: Mr. Chair, Commissioner Vigil, yes. We have met with members of the community so that we can develop a community survey to give us an idea of what uses would be acceptable to the community, and then based off of the results of that then we would start the master planning process for that property and then bring forward some ideas to the Commission. But our goal is to, like you said, reinvest that property but we want to make sure that we have the community's consent and the Commission's before we go off as staff and pursue some kind of development. But we have already engaged the community and are starting that process.

COMMISSIONER VIGIL: Okay. And Roman, we'll be getting updates on that, I presume.

MR. ABEYTA: Yes.

COMMISSIONER VIGIL: Okay. This next question may go to you, Annabelle. I'm not sure. Unless Teresa has a quick one. What item in Corrections is the most costly?

MS. ROMERO: Medical.

COMMISSIONER VIGIL: It's our medical?

MS. ROMERO: Yes.

COMMISSIONER VIGIL: I've heard kind of proposals here to look at alternative ways of dealing with the Youth Detention Facility, and that would mean that we would look at alternative sites for incarceration for them. Can you give me some feedback on that?

MS. ROMERO: Yes, Mr. Chair, Commissioner Vigil. In my opinion, first of all, when the additional sites were surveyed was actually about a year and a half ago. Some of those sites are no longer available, and in fact that we're able to have children in from other counties goes to the fact that there's not other beds available. So I'm not certain that there would be beds to take the children that we have from Santa Fe County. Also, in my opinion, the amount that the facility is actually costing, after revenue, and subtracting what it would cost to house children outside of the facility, that we're essentially breaking even or maybe it's about a \$200,000 a year cost.

One of the things, in terms of transportation of the children, it would cost more than just having one transport officer. There would have to be a unit of at least five or six, because there could be multiple settings at any given time and it would depend on where the children are housed. It wouldn't be possible to have them all at one place, and they wouldn't all be going to court on the same dates. So my perspective that actually we're running the facility in

a very cost-efficient way. I also want to speak to the number of 24, having to have 24 paying beds at the facility in order to break even, that number was arrived at approximately a year ago, and since that time I've reduced the staffing, the correctional officer staffing by half. Actually by one position more than half.

So it's my contention that we don't actually need to have 24. In recent months we had almost daily 30 children incarcerated there, and in some cases we've been going over 30, as much as 35, 36 in recent days. We're much closer to sustaining the facility and I believe that that number is going to continue to grow. While it's true that we have to make changes based on whether we have a female in the unit or not, up to now we've been able to accommodate that without adding any positions. We cut the 53 correctional staff down to 29 correctional staff. We initiated that process and we did that approximately nine months ago. So I believe that we don't need the 24 paying beds in order to sustain that.

COMMISSIONER VIGIL: Okay. And Annabelle, based on the discussions that you've heard thus far, if you as the division director for Corrections had to look at a way that you could be more cost-efficient, what would you do?

MS. ROMERO: What I believe is that we are providing good services at both of the facilities and that that pays off. We've recently seen that pay off in terms of premiums regarding insurance. I think we've cut quite a bit in the last two rounds and there's nothing more to cut. What I think is that all of the effort has to be focused on bringing in more revenue.

COMMISSIONER VIGIL: Okay. Thank you. Along those lines, Teresa, how much have we been able to save with our cost-cutting measures thus far? Do you have a total number?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, I don't have an updated total number, but I can tell you that we cut 20 take-home vehicles. We're saving about \$6,000 a month on cell phone costs. And I think one of our earlier estimates is that we had been somewhere in the neighborhood of I think under \$700,000 with some of the initiatives that included programmatic cuts as well as savings implementation. But I can get you an updated number for the next monthly report.

COMMISSIONER VIGIL: That would be good. Are there other measures in place for cost-cutting Countywide?

MS. MARTINEZ: Well, we have the SAVE initiative which has an implemented phase. We're currently in phase 2, I believe, which is definitely soft freezes. If we proceed to phase 3 we'd be looking at hard freezes and definite cuts. And some of the cuts that have been discussed is all take-home vehicles go away. All cell phones go away. That type of stuff. So there's a few more measures that we could do that would generate some additional savings, but I don't think it would sustain the larger picture.

COMMISSIONER VIGIL: Would that be implemented here shortly?

MS. MARTINEZ: I don't know. I think we've had that discussion and we haven't put an actual live date in there. But it's coming.

COMMISSIONER VIGIL: I guess the last statement I want to make is more

of an observation. I think Roman and Penny and Teresa, all of you have heard that this Commission is highly prioritizing not losing jobs. So that when we get to the phase where it looks like we're going to have to look at employees and employment I think you have a couple of recommendations from this Commission, and I want employees to have a strong sense of assurance that it really is them that we're focused on and looking for them. I believe the furlough plan has been suggested. I think Commissioner Stefanics also suggested looking at a voluntary two hour less workweek per employee to see how much cost savings that would bring. I think if we do have to look at cutbacks we need to look at this from a shared responsibility perspective without having any particular employees or person that works for Santa Fe County be sort of the fall-guys for this. That wouldn't sit well for me. So whatever alternatives we can look at for cost savings without having to lose jobs I'm totally in favor of. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: I just have a couple of questions. First of all, I just want to say I agree with Commissioner Stefanics on the RECC operations. We definitely need to revisit that MOA with the City. And on the Health and Human Services organization, is that being proposed or is that the current organizational structure?

MS. MARTINEZ: Mr. Chair, that's kind of being proposed, and it's kind of along the lines of if you have to put your thinking hat on what would a newly defined health program be for you? So this is proposed. It's not currently implemented.

CHAIRMAN MONTOYA: The only reason I wasn't clear on that is the sobering center isn't on here.

MS. MARTINEZ: That's correct, Mr. Chair.

CHAIRMAN MONTOYA: Okay. And then the other question I have in relation to that. You have a department director and a division director.

MS. MARTINEZ: In the Health organization?

MR. ABEYTA: That reflects the current – the department director is the CSD overall department and not the Health. So you wouldn't have two people over health. That's just where the Health Division would report to the CSD Director.

CHAIRMAN MONTOYA: Oh, I see. So it's not two directors. I would also agree with Commissioner Vigil in terms of looking at the Santa Fe Canyon Ranch to see what could be done to sell it, lease it, whatever might be done to generate additional revenue there. And I would also agree with Commissioner Stefanics in terms of the quality of life tax. Taking a look at – again, that goes out to the voters and not something that we would impose. And I think it definitely again comes down to again defining what it is that we do. What does County government do? I think that's clearly what we have to do in terms of what are the statutory requirements that we have? What is our obligation? Period. And then, from there, look at where we're at in terms of a lot of the other things we do which there are a lot of things we do that are good, but are they required. So I would like to see that also in terms of what are we required to do in terms of public safety, incarceration, in terms of health programs. Everything that we do. Are there any other questions? Commissioner Holian, then Commissioner Stefanics.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. One thing that occurred to me is I would image that the adult corrections facility and probably the juvenile detention facility use a great deal of energy and water. And so I'm wondering, Annabelle, whether you have any idea on what your utility bills were/are. I know that we have some stimulus money now that we can put towards energy saving measures and it seems to me like those two facilities would be the most important to concentrate on because my guess would be that they pay much higher utility bills than any other. Is that true?

MS. ROMERO: I believe it's true. We've been really successful at reducing, especially the water bill to probably a third of what it was three years ago. But I'm sure it's still substantial in comparison with other County buildings.

COMMISSIONER HOLIAN: I saw some research numbers on that because I know that our water conservation department is actually applying for grants for water efficient washing machines and things like that. Because I would imagine that you use an incredible amount of water for laundry, correct?

MS. ROMERO: That's correct.

COMMISSIONER HOLIAN: Do you have any idea of what the bills are? What they run and how much our potential savings could be?

MS. ROMERO: I'm not able to provide that information right now. I do know that we've been able to reduce them very substantially over the last three years, but I can't tell you what the amount is on a monthly basis.

COMMISSIONER HOLIAN: Do you use compact fluorescent lights and things like that?

MS. ROMERO: We do have them in many places in both of the facilities, but not throughout.

COMMISSIONER HOLIAN: Because it seems like that would be a potential, a huge potential for saving on your electric bill.

MS. ROMERO: I'm fairly certain that where we've been able to put them without compromising security we've already done that. Within the housing units it's more difficult to do because you have to have a certain wattage of light at all times for security purposes. But throughout the rest of the facilities and administrative areas and so forth we do have cost-efficient lighting.

COMMISSIONER HOLIAN: Well, in any event I would just sort of maybe direct our staff to – it seems to me that probably is the building that far and away uses the most energy and water and to at least look for other savings there, if it's a possibility. Maybe it's not.

MS. ROMERO: Thank you, Commissioner. We will do that. Thank you.

COMMISSIONER HOLIAN: Thank you.

CHAIRMAN MONTOYA: On that point, what about a wind turbine? Could that be a possibility?

MR. ABEYTA: Mr. Chair, we can look into that.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Annabelle, one question for you before to other ones. I'm assuming that the Department of Justice has standards for medical care.

MS. ROMERO: That's correct.

COMMISSIONER STEFANICS: Are we doing anything in excess of those standards?

MS. ROMERO: I do not believe so.

COMMISSIONER STEFANICS: Okay. Because I – you had mentioned that the medical care was the most expensive so I wanted to clarify that. Thanks very much.

The Regional Planning Authority between the City and the County has been trying to identify some functions or activities that we could work on together. Maybe we could – going back to something the chair mentioned, about what the core functions were for our County, and then deciding – or identifying, not deciding, but identifying what might be non-core that could be done in conjunction or in combination with the City to not duplicate, to coordinate, and to maybe pool together administrative costs. Now, that has been one of the light discussions at the RPA, and by light I mean we haven't dwelled on it at great length. And Penny, since you're working with staff on that right now and our chair is also chairing that for a while, perhaps we could put that back on the agenda to start discussing.

We are actually discussing how some money there could be used and if we here at the County became coordinated about how some of that money could assist any of these joint ventures like the RECC or something else we could do with the City, maybe that could help us in some small way. So I would just like to put that out.

The other thing I would like to ask, Roman and Teresa, is anything new that we have decided to do this last year, which we have decided to some new things, what is it costing us? Do you have any idea?

MS. MARTINEZ: Let me look at my stack chart real quick.

COMMISSIONER STEFANICS: For example, we're working on – we already know about Santa Fe Canyon Ranch. We've brought it up several times. We are required to do some water purchases for the Buckman Direct Diversion. We're doing the energy assessment district. Is there a cost to this?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, there will be a cost to this, but we also have stimulus dollars assisting us with that.

COMMISSIONER STEFANICS: Great. Could we almost say, Mr. Chair, Teresa, that it's a wash?

MS. MARTINEZ: I'll say yes now and then I'll coordinate with Duncan to make sure I'm saying it correctly.

COMMISSIONER STEFANICS: Okay. Well, that's another thing we might start looking at. And when we decide to do something here at the Commission, maybe what we need to be looking at is the cost neutrality or where the funding will come from for anything. It goes back to last meeting and at some point we were discussing something and I said well, who here at the County is going to be responsible for this? And if we are going to start looking at losing retirees or we're going to be looking at possible layoffs, if we really

think we're going to be putting on anything new we need to be identifying do we really have the staff power to do this? Are we creating a burden for somebody else? And can we really absorb the cost?

So we all have our pet projects, myself included, and I just think that we're going to have to put a dollar to everything we talk about from now on until we come out of this. Thank you, Mr. Chair.

CHAIRMAN MONTTOYA: Okay. Any other comments or suggestions on this? The only thing I'll add is the properties that we've got like Santa Fe Canyon Ranch and the Top of the World are potential revenue generators in terms of utilizing those properties for agricultural purposes or that sort of thing and I know that we're looking at the Top of the World for contracting possibly with someone so that we have some sort of revenue generation, shared revenue with whoever we select. But those are the kinds of things maybe that I would encourage us to look at maybe with other properties also that we have throughout the county as potential revenue generators.

COMMISSIONER VIGIL: Mr. Chair.

CHAIRMAN MONTTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: I know that we're sort of getting ready to wind up but I think this is a perfect opportunity to provide some more information with regard to all the decisions we make for purchases. And I wanted the public probably more in particular to know that when Santa Fe County moved forward with Santa Fe Studios, and I think it's relevant right now because that project is getting a lot of publicity. We did not go to the taxpayer. We did not need to go to the taxpayer and that's because the project is principally being built on bonds. Am I correct with that, Mr. Ross?

MR. ROSS: I believe so. I believe that's right.

COMMISSIONER VIGIL: Okay. So that really is, I think, one of their really clever ways and tools that County government has to be able to promote projects is through bonding and our bonding capacity. And I think we've had a great bonding capacity because we've been able to conservatively budget. And Teresa, I applaud you and your department and Roman, you for working with them on that, and I know that that's going to be a lot more difficult to do, but I'd like that to still remain the focus of your finance reporting is conservative budgeting. I think that has gotten us through where we are so far and will continue to be a safety net for us.

And I hope that Santa Fe County remains a resource in assisting our community in further development of projects that fully benefit Santa Fe County. Thank you, Mr. Chair.

CHAIRMAN MONTTOYA: Okay. Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. I thought I was finished by Commissioner Vigil brought up the studios. I'd be interested in having someone identify for us potential – and I know there's nothing built there yet – the potential property taxes for the studios that would be benefiting our County once this comes about. I see our Assessor is shaking his head no, but if we're talking about a private entity, and we're talking about a business, why would there be no impact?

DOMINGO MARTINEZ (County Assessor): Whenever the County owns the property it's exempt from property tax. It depends if you lease the property to the film industry we might be able to collect property taxes on the leases.

COMMISSIONER STEFANICS: They're buying it. We're talking about Santa Fe Studios that would be buying the land and building. So what I'm asking about is the potential property tax revenue on a film studio.

MR. MARTINEZ: It depends on how you construct that lease.

COMMISSIONER STEFANICS: It's not a lease. It's a purchase.

MR. MARTINEZ: But the purchase is over a certain amount of years, the way I understand it. So it depends on when that title transfers over to that entity. But if the County's going to keep possession of it until maybe the fifth or sixth year that they're making payments, that's when it will probably go back on the tax rolls.

COMMISSIONER STEFANICS: Okay. So my question is do we have any concept of what property taxes could be gathered from having such a film studio in Santa Fe County?

MR. MARTINEZ: No, we do not because we don't know what kind of buildings they're going to erect there, what the square footages are, anything like that.

COMMISSIONER STEFANICS: Okay, Mr. Chair and Domingo, do you have any way of perhaps talking to another county that has such a site to determine what kind of value they put on it, just for ballpark for us in the future?

MR. MARTINEZ: Yes, I could.

COMMISSIONER STEFANICS: Thank you. I would really appreciate that, because that would be helpful for some future planning and might push us to sell it sooner. Thank you, Mr. Chair. Thank you, Domingo.

CHAIRMAN MONTROYA: Thank you, Domingo. Okay, we're going to take about ten minutes, so we'll be back about 25 till, just a recess before we go on to the next one.

[The Commission recessed from 3:25 to 3:45.]

XIII. A. 2. Approval of Santa Fe County Fiscal Year 2011 Sole Community Provider Match Contribution to the New Mexico Health & Human Services Department for CHRISTUS St. Vincent Regional Medical Center, Española Hospital, and Los Alamos Medical Center Sole Community Provider Funding (Community Services\Health & Human Services) [Exhibit 2: Power Point Presentation]

CHAIRMAN MONTROYA: Let's call this meeting back to order.

MR. ABEYTA: Thank you, Mr. Chair. This item was on your agenda two weeks ago and the discussion, the primary discussion revolved around the amount of sole community provider match to give to CHRISTUS St. Vincent. The discussion two weeks ago

was regarding what the County is required to contribute based on prior year indigent claims and the request that St. Vincent's Hospital has made and what the state has made available. And the difference between the two is one was \$5.1 million, the other was around \$8.3 million.

And so what the Commission asked at the time was to go back, meet with CHRISTUS St. Vincent and come back today with scenarios or options for the Commission to consider. What I do want to remind the Commission is that the sole community provider match approval for all eligible hospitals must be committed to the Health and Human Services by February 15th, which is Monday. And this reflects a deadline that already they have given since January. The original date is January 15th but they did give a 30-day extension. So with that, Mr. Chair, our presentation will include immediate budget consideration and the sole community provider payment and then the two scenarios. Again, one scenario would be a payment of \$5.1 million. A second scenario would be a payment of \$8.3 million.

Now, common assumptions for the various scenarios presented included GRT budget projections for FY 2011 being down by five percent, which would give us a total projected value of \$8.55 million. The required maintenance of indigent programs at the FY 2010 level is \$1.8 million. Continuation of programs funded by grant dollars would be based in entirely on awards received. Now, the scenarios we're going to present you will require a significant use of cash reserves, or significant cuts to fire operations and general funds, including support for Corrections, or possibly both.

Now, this slide, Mr. Chair, forecasts the fiscal year 2011 and it compares the first scenario, which would be a \$5.1 million sole community provider match. The second scenario, which would be an \$8.3 million sole community provider match as recommended by the State of New Mexico. So the total revenue available for either scenario is \$8.5 million. Now, taking into consideration the sole community provider in the \$5.1 million, which is Scenario One, the total County-funded programs, which is \$12.7 million, gives us a total of \$17.8 million, \$17,876,606, which would leave a County deficit of \$9.3 million.

Now, under this first scenario the County would continue to fund indigent primary care, Maternal Child Health support, the mobile health van, sobering center, teen court and health administration. Other services that would be funded include inmate medical care at the jail. We would eliminate our Española E-911 agreement, the RECC, which is at \$3.3 million, other services at \$25,000, senior services at \$881,000, and paratransit at \$91,000. That gives us our total of \$12.775 million.

Now Scenario Two is an \$8.395 million match from Santa Fe County. Now, in order to make Scenario Two we would have to drop certain programs, and the programs that we would drop would be indigent primary care, the sobering center, again, Española E-911, other services and paratransit. And if we didn't fund those then we can fund the \$8.3 million request. Now, what we would do with the sobering center and with indigent primary care and other services is those services would be picked up directly by CHRISTUS St. Vincent. They would run those programs directly and the County would no longer be involved in those

services.

The next slide is again, I'm going to Teresa to help me explain. It is a breakdown of Scenario One, which is the \$5.1 million match. It will include the programs to fund, programs we would eliminate, how it all adds up, and then impacts it would have to other funds. Then we would have, after we get into detail with Scenario One we'll have the same kind of detail in Scenario Two. Teresa.

CHAIRMAN MONTOYA: Commissioner Vigil has a question.

COMMISSIONER VIGIL: Just so I'm clear, the indigent primary care fund, is that the fund where we allocated \$1.8 million to service providers such as La Familia, Women's Health, the heart hospital, those?

MS. MARTINEZ: Yes.

COMMISSIONER VIGIL: Okay. And I guess we'll get to questions and comments later. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Sure. Teresa, go ahead.

MS. MARTINEZ: Mr. Chair, in Scenario One, the \$5.1 million includes all of the amounts for the hospital.

COMMISSIONER STEFANICS: Excuse me, Mr. Chair. Could I ask a clarifying question on the first chart? The \$8.395 that was recommended by the State of New Mexico, explain that a little bit.

MS. MARTINEZ: Okay. Mr. Chair, Commissioner Stefanics, recommended by the State of New Mexico is basically equivalent to what the hospitals have requested for fiscal year 2011. So that breaks down by a portion for Española, Los Alamos and CHRISTUS St. Vincent. So that would be –

COMMISSIONER STEFANICS: Okay, so it's not recommended by the State of New Mexico.

MS. MARTINEZ: No. That's my misstatement. It comes to us, it's communicated to us through the state but it's basically based on the letters of request that we receive from the different hospitals.

COMMISSIONER STEFANICS: Thank you. I just wanted us to be clear on that, Mr. Chair.

CHAIRMAN MONTOYA: Thank you.

MS. MARTINEZ: Okay. Scenario One is anticipating that we would only fund at the minimal level, which is based on the previous years indigent claims, and that would be for all three hospitals. So in doing Scenario One we had to identify what would we fund, and in Scenario One we covered what we would fund, which included the indigent program, MCH, mobile healthcare van, general fund supports teen court to the tune of \$73,000, health administration, and the sobering center. Basically all we would eliminate would be the Española contract for E-911, which is at a value of \$69,000. So if we try to do the math and say how do we make an SCP payment of \$5.1 million and sustain our operations with a limited amount of resources?

Our SCP payment would be \$5.1 million, our funded health programs total

\$3,507,857, and in order to do this we propose to use indigent cash to the tune of \$1.8 million, which would be the amount we need to fund our indigent program. Then we would factor in the indigent GRT of \$4.2 million, the EMS GRT of \$4.2 million, which are the two 1/8 increments that are dedicated to the support of health and our other services, and that would leave a remaining balance of \$1.7 million. We propose that we would dedicate that balance to fund the RECC, and then we would take the remainder of the necessary budget value of \$3.3 million from EMS fund cash. Use of cash is a one-time proposal to balance the budget in fiscal year 2011 and would basically eliminate our cash reserves.

So in this scenario we fund the RECC, we fund the health programs to \$3.5 million, we give fire a break for a year, because in year's past the RECC was funded by this funding dynamic as well as additional support from both the general fund and the fire fund. So for fiscal year 2011 we propose that fire not general fund would have to help sustain RECC, giving both a year to sustain all the other competing demands on the general fund. In this scenario we are funding the inmate medical care 100 percent from the general fund for \$4.8 million. We will fund the teen court match for \$73,000, fund paratransit 100 percent for \$91,000, and fund senior services at \$881,000.

All the numbers we're recommending for the funding are basically based on the current year budget. So this is assuming a flat budget for next fiscal year, regardless of the scenario. So the total impact to the general fund is an additional \$5.8 million, \$5.9 million to support our existing programs. That's leaving things status quo.

What is the result? Well, Countywide we have to look at cuts to do this. We'd have to eliminate maybe some of our non-core programs. We'd have to reduce some of our non-core programs. We'd have to really evaluate the Corrections budget and we would reduce our one-time set-asides. And when I speak to one-time set-asides, those would be things that we discussed earlier like water rights set-aside, set-aside for the growth management plan, those types of things.

So this scenario could potentially result in the loss of general fund and other staff members. So in this scenario we have a little bit more detail behind it. And I want to make it really clear this is, if you will, a placeholder. This is something to get the conversation started, knowing that we have to propose cuts. There is no – this is not a firm proposal. This is just something to get us started in the direction that we need to be moving to with regard to defining core government services.

So the approach I took was looking at the last things in potentially being the first things to go. So this cut or reduce non-core is really a listing of some of the more recent things this County has implemented programmatically. And they're listed at their current operational budget value. They have the associated FTEs attached to them. This is in no way a recommendation; it's just a placeholder and clearly to say this is the direction we need to start moving in. And in light of what we just heard, Commissioner Vigil, we obviously would take all the recommendations that were brought to us and try to come up with a plan as we identified in that time line.

So if we start on the left-hand column of the scenario, this again, we have a required

SCP payment of \$5.1 million, based on prior year indigent claims. We've identified the programs that we will fund. So the total that we need to fund for both the SCP payment and the entire health programs, inmate medical, RECC and senior, is \$17.8 million. We need to fund \$17.8 million and we have revenue of \$8.5 million. So there we result with our \$9 million deficit. So the column on the right is just a starting place for how do we even begin to fund this?

If we continue to fund status quo the programs that are listed on the left then we need to go, okay, what are the latest things we've added and can we potentially reduce or cut those programs? And then in light of the legislative action that's on the table, we indicated the amount of retirees we have, that budget value, and the account, 52 retired employees right now. We listed at-will employees, their value, and the count that we have right now. And then we propose additional cuts that the general fund could possibly entertain. Community funds is the discretionary fund. We propose an additional 12 percent.

Transparency is our whole transparency project, we propose a cut there. We don't propose to reduce the whole program; it's a 50 percent cut. Community projects, that's a 50 percent cut in light of the fact that we may potentially lose a lot of our community projects. The question has been asked how do we continue with the staffing?

Road projects, may cut 50 percent. Planning, 25 percent. 911/GIS 25 percent. And then total general fund cost would come to \$1.3 million. And the way we approached this is we looked at the percentage cut that we were looking at and we said it could be entertained possibly by cutting FTEs or looking at their operational budget. So these are very raw estimates. And as we have done with all our other cuts we worked with all the department directors to ensure that the cuts and the recommendations of such cuts come from them because they know their programs better and for me to try and guess which programs or which people I could cut could be detrimental to the operation and delivery of service. So we will coordinate that effort consistently as we have in the past.

Corrections, we recommend a 12 percent cut. That would be an additional \$2.6 million, and fire admin, we recommend a 25 percent cut; that would be an additional million. So a total available with cuts, just looking at what we added more recently, and potentially the impacts that legislation may have we come up with \$18 million.

COMMISSIONER STEFANICS: Mr. Chair.

CHAIRMAN MONTGOMERY: Commissioner Stefanics.

COMMISSIONER STEFANICS: I'd like to ask some questions about this page and I'd like to be clear myself and have the public be clear about some of the items that we think we might need to cut or reduce, and I know that the list is similar for both pages, for both scenarios.

MS. MARTINEZ: That's correct.

COMMISSIONER STEFANICS: So in terms of youth recreation, is that our summer programs for youth or is that a different program?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, that is the summer recreation programs for our youths.

COMMISSIONER STEFANICS: Is there one program or are there several programs?

COMMISSIONER STEFANICS: I think there's one program with several locations.

MR. ABEYTA: Yes, there's three or four contracts we have with three or four different agencies.

COMMISSIONER STEFANICS: So these are not the City-funded youth programs. These are programs that are out in the county in very specific places. I know there is one in Eldorado. Is there one in Pojoaque?

MR. ABEYTA: Agua Fria, Eldorado, Pojoaque and Edgewood.

COMMISSIONER STEFANICS: Okay, so there's four.

MR. ABEYTA: There's four.

COMMISSIONER STEFANICS: Okay. Open space and trails.

COMMISSIONER VIGIL: Let me clarify that. I don't know about one in Agua Fria. That park has never been used for recreation. Did they combine with the City or something?

MR. ABEYTA: Mr. Chair, yes. They combine with the City and they use a site in Agua Fria as part of the City program.

COMMISSIONER VIGIL: Oh, the basketball. Okay. Thank you.

COMMISSIONER STEFANICS: So the open space and trails, that \$226,000 that's identified there, is that purchase of land? Is that maintenance? What is that?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, I think that's tied to staffing.

COMMISSIONER STEFANICS: To staff. So going back to youth recreation, is that \$80,000 that's suggested for staff? Or is it for other?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, that's contractual. So those would be contracted services that would either be reduced or cut. There are no associated employees with that.

COMMISSIONER STEFANICS: Okay. So in open space and trails, the total amount would be related to FTE. For libraries, that would be contractual?

MS. MARTINEZ: That's correct.

COMMISSIONER STEFANICS: Okay. So we are talking about which libraries here besides – I know about Eldorado.

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, we currently fund Eldorado, Santa Fe, the Southside, and Española.

COMMISSIONER STEFANICS: Okay. And we give nothing to the Edgewood library.

MS. MARTINEZ: That is correct.

COMMISSIONER STEFANICS: Okay. So that is contractual. That amount there. Transportation?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, this is a current

amount that we pay for the bus shuttle to Eldorado. And our hope is that this year the Regional Transit District could pick that up as part of their operating costs.

COMMISSIONER STEFANICS: Okay, so our gross receipts taxes should be paid for that if it's on our priority list.

MS. MARTINEZ: That is correct if we define it as such.

COMMISSIONER STEFANICS: Okay. So that might not need to be cut if it's picked up some other way.

MS. MARTINEZ: Right.

COMMISSIONER STEFANICS: Okay. Satellite offices. Is that for FTEs or is that for rent?

MS. MARTINEZ: That will be a little bit of both. We have temporary positions filling the satellite offices. Most of them have only the one temporary employee. I believe one or two may have backup employees, but constantly our expenditures relative to employees is always only one. If another fills in it's only as a backup. So I think that's – is that strictly salary? That one truly is both operational and employees.

COMMISSIONER STEFANICS: Okay. The RPA, that is the Regional Planning Authority between the City and the County, and so this would be – this is more than just the contract for the staff. This is for other expenses?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, this again would be one of those that's both. It would have one full-time FTE and I think at one time there was conversation about a part-time FTE, and that would also include the operational expenditures associated with that. And that's a shared cost between the City and the County, so our thought process was recommend potentially cutting or reducing that in hopes that current staff could take on the responsibility, both on the City side and the County side.

COMMISSIONER STEFANICS: Okay. The energy efficiency program – what is that \$60,000?

MS. MARTINEZ: That would be representative of one FTE.

COMMISSIONER STEFANICS: Okay, so that would wipe out – do we have any other FTE working in that program?

MS. MARTINEZ: Not to my knowledge.

COMMISSIONER STEFANICS: Okay. So that would wipe that out. The intergovernmental summit, this is where we have a summit between all the government entities with the tribes?

MS. MARTINEZ: That is correct.

COMMISSIONER STEFANICS: And that's once a year?

MS. MARTINEZ: That's once a year.

COMMISSIONER STEFANICS: The graffiti program, that's an FTE?

MS. MARTINEZ: That will be a little bit of both. An FTE and a little bit of an operation, mainly probably FTEs.

COMMISSIONER STEFANICS: The Boys and Girls Clubs are contractual?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, that's correct.

COMMISSIONER STEFANICS: And that's during the year? That's for a year's service.

MS. MARTINEZ: That is an annual amount.

COMMISSIONER STEFANICS: Okay. So if the retiree, or what we call the double-dipper bill goes through, there would be 52 employees that it would affect within the County.

MS. MARTINEZ: That is correct.

COMMISSIONER STEFANICS: Now, at-will employees, identified as eight. Could we talk about the types of work that they do?

MR. ABEYTA: Mr. Chair, Commissioner Stefanics, those are primarily upper management positions.

COMMISSIONER STEFANICS: So Roman, as the County Manager, if you identified some of your managers to leave you would just have lower level classified employees carrying out the duties?

MR. ABEYTA: Yes, or we'd have to reorganize in a way so that we could accommodate it.

COMMISSIONER STEFANICS: So that we might end up having classifieds moving up?

MR. ABEYTA: Moving up, not making as much, and then eliminating lower level positions to achieve the same savings.

COMMISSIONER STEFANICS: The community funds?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, those are the discretionary funds.

COMMISSIONER STEFANICS: So those are funds that the County Commissioners use for small grants based upon requests. Okay, what is the total amount that County Commissioners spend per year? This year? I know we took a cut in the amounts – what are we spending this year? The five of us?

MS. MARTINEZ: Hold on; I'm getting fed the information. Okay, each of you this fiscal year gets \$37,500. But I don't have a tally to see what we've actually expended to date. But each Commissioner currently has \$37,500. We did a cut this fiscal year.

CHAIRMAN MONTOYA: I thought it was \$30,000.

COMMISSIONER STEFANICS: I thought we had done a cut.

MR. ABEYTA: It was cut from \$40,000. The original was \$40,000.

CHAIRMAN MONTOYA: And then we did another cut.

COMMISSIONER STEFANICS: So right there, that's \$160,000, if we cut out the entire community funds, as opposed to just 12 percent.

MS. MARTINEZ: About \$160,000.

COMMISSIONER STEFANICS: The transparency, what is this specifically? An FTE?

MR. ABEYTA: That's the public information officer vacancy we have right now.

COMMISSIONER STEFANICS: I understand. Okay. Community projects? That's all FTE?

MR. ABEYTA: Those would be primarily FTE, and it would be a result of what we lose in legislative cuts.

COMMISSIONER STEFANICS: So if we don't have community capital projects –

MR. ABEYTA: Then we don't need the staff.

COMMISSIONER STEFANICS: The roads projects?

MR. ABEYTA: Same thing.

COMMISSIONER STEFANICS: So we're looking, that's FTE primarily, not costs for maintenance of roads.

MR. ABEYTA: Right. It's FTEs

COMMISSIONER STEFANICS: That's projects and the staff. The planning, that's FTE again?

MR. ABEYTA: Those would be just planning functions that we have at the County in different departments.

COMMISSIONER STEFANICS: The E-911?

MR. ABEYTA: This is primarily our Rural Addressing Program. We've come to close to 90 percent of having all homes and properties addressed and so we may be able to reduce there. We would still need FTEs to maintain, but we won't need the current number that we have now.

COMMISSIONER STEFANICS: Okay, now, in Corrections, I see 30 FTE.

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, for both Corrections and Fire Admin we tried to say a 12 percent decrease would equate to \$2.6 million or the equivalent of 30 FTE. So this is an either/or combination and it would be working with the department directors to determine how we'd try to even come to that percentage of a cut. So we're not dictating that it be employees or that it be operational expenditures. We're just trying to give you a value and the equivalent FTEs if this materialized.

COMMISSIONER STEFANICS: Okay. Thank you, Mr. Chair. Thank you, Teresa. I just think that as we're looking at these reductions we need to be really clear with the public, with our staff, what things are on the table and for those who aren't reading what we're reading. So thank you very much for going through that with me.

MR. ABEYTA: And Mr. Chair, I just want to reiterate, especially the cut or reduce non-core programs, all we did was take the last ones in and said those would be the first ones out. It was just for example purposes. We understand that none of this means we're going to go here but it gives you an idea of the decisions that we need to make as we move forward.

CHAIRMAN MONTOYA: So this is in line with what I had requested earlier in terms of what are we required to do.

MR. ABEYTA: Right. Exactly.

CHAIRMAN MONTOYA: These are above and beyond.

MR. ABEYTA: Well, depending on what perspective we bring to it.

CHAIRMAN MONTOYA: Yes, okay. Commissioner Vigil.

COMMISSIONER VIGIL: Along those lines, Roman, are there any other non-core services that weren't as recent as this that we should be looking at?

[Commissioner Anaya joined the meeting.]

MR. ABEYTA: We're looking at that. These were just the more obvious in order to put in there for this presentation. But I'm sure there are others that we can find.

COMMISSIONER VIGIL: Okay. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Okay. Teresa.

MS. MARTINEZ: In Scenario Two, I rounded it up for easy calculation purposes. The amount that the commitment would be in terms of Santa Fe County's match is \$8.3 million, \$8.395 million. So for purposes of explaining I just rounded it up to \$8.4 million. That includes the requests that we received from Los Alamos and St. Vincent. So in trying to decipher how we would do this we said, okay, what County programs would we keep? And our approach here is what kinds of programs could a hospital take over, provide the direct services for, and maybe have more resources to do that type of service. So in this scenario we propose to keep MCH, the mobile healthcare van, health administration, support of the teen court, and grants. And our philosophy in all our grants is the good old Paul Griffin statement is that if you live by the grant you die by the grant. So anything that's funded by the grants lives by the grant. So that's the perception in our scenarios.

Programs that we propose to be transitioned to the hospital: indigent primary care, the sobering/assessments, the whole CARE Connection scenario, a portion of the inmate medical costs, medical providers – we currently have two contract agreements to provide medical services for both our fire and RECC components, and our paratransit, which is currently in agreement with the City. And the reason we targeted a good part of these is that they're currently contractual services and that would be something that we could transition and it would just be somebody else paying the bill. It wouldn't be Santa Fe County; the hospital would be paying the bill and we would work to ensure that the same level with regards to the delivery of service continues. Programs to eliminate or contracts to eliminate, it still remains Española E-911.

So how did we do the math? We said we had an SCP payment rounded up to \$8.4 million. We'd have a total funded health program of \$788,000. We propose to use \$2 million in indigent fund cash. The indigent GRT collections of \$4.2 million, EMS GRT collections of \$4.2 million, and that would leave a remaining balance of \$1.3 million. Again we propose to take that \$1.3 million and fund the RECC operations, having to use a portion of EMS fund cash to the tune of a million, and fire would have to step in in this scenario and contribute \$900,000 to come up with the \$3.3 million for RECC.

The general fund would have to fund 100 percent of the senior services. It would equate to 90 percent of the inmate medical cost at \$4.2 million, and we would continue to fund the teen court match of \$73,100. In this scenario the total impact is a general fund support of \$5.2 million.

So what are the results? Again, same non-core programs were listed. We'd eliminate or we'd reduce. We'd look at cuts to the Corrections operations, cuts to the fire operations, and this also would in cuts to the general fund. Other considerations: employees taken on by the hospital could potentially lose their government benefits, and we'd have to have discussions with our bargaining units as we approach a scenario like this. In any case, it's the use of cash and the additional use of cash from the general fund to make both scenarios work.

If you look at the detail, we again – same format if you will. We showed the total SCP payment of \$8.4 million, health programs that we continue to fund to the tune of \$780,000, and the other services which represent seniors at \$881,000, RECC at \$3.3 million, and inmate medical at just over \$4 million. We also have a commitment from the hospital to have an immediate release of our annual medical invoices. That currently is stated at a value of \$150,000. So in total we'd need to fund \$17.5 million with available revenue resources of \$8.5 million.

So what we've listed on the right-hand side is very similar to the last scenario. Again, this is not concrete. We took the approach of what are the latest things we've added? What could potentially be cut or reduced? Identify for you the retiree costs in light of legislative action, at-will employees, and the same recommendations for the general fund programs, Corrections and Fire admin. And doing those recommended cuts would come to \$18.3 million, and a potential of 119 employees. In all of these scenarios if we were to say we won't research furloughs, we won't research other options, we'd probably be looking at the number of 50 to 60 employees. But again, our hope is to do the planning, come up with a plan for you. Just so you know when Finance set out in this downturn of the economy, our number one goal was hopefully not ever have to reduce our staffs. So we're very much in line with your thoughts.

CHAIRMAN MONTOYA: Teresa, on this, why is the transparency in Scenario One at \$50,499 and then on Scenario Two it's \$100,997?

MS. MARTINEZ: In Scenario One we would only be reducing it by half, and in Scenario Two we would cut the entire budget.

CHAIRMAN MONTOYA: So where does it reflect that?

MS. MARTINEZ: In Scenario One, if you look at the backup to that, you'll see that transparency is only at \$50,499, and we identified for you that there's one associated FTE there. In Scenario Two it continues with the one vacant FTE and proposes total reduction of that program. So it's different approach in how we try to come up with the funding.

CHAIRMAN MONTOYA: Okay. I guess I still don't see. It's still reflected as one FTE on both.

MS. MARTINEZ: And that's correct. On both scenarios those only one FTE. The transparency is \$100,000. The increased side would come from the operational budget. So if we had the website manager, those types of things, the website contract, those types of things. This would be totally eliminating the transparency program.

CHAIRMAN MONTOYA: So Scenario One isn't one full time employee.

MS. MARTINEZ: No. In this particular reference, again this is one of those that we identified what the equivalent FTE is, and we could cut either way; try to cut the employee or cut operational expenditures. So in this particular case it would mainly be contractual expenditures.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. Probably more just a comment at this time. I think that on the pages, whether Scenario One or 2 that we have some proposed cuts, there might be arguments for why we need to keep things. And while, for example, transparency is not a direct service, it is. And in fact, it might lead to lawsuits if we did not fund transparency. I happen to be a member of the New Mexico Foundation for Open Government. So I read on a monthly basis their lawsuits and which governments are paying out for not providing information to the public.

So I just think that behind a lot of these different lines there are consequences. So part of the decision-making that we have, that the County Manager has is which lines that would be decreased have less of a consequence. We might say that they're all important, so I think this is pretty important to consider.

CHAIRMAN MONTOYA: Okay. Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. I have a comment – well, actually a request to make as well. We are facing really unprecedented budget challenges as far as I can tell. I've only been in office for a year but I think this is unprecedented. So I would like to recommend that after the legislative session is over that we schedule a retreat so that we can really get together and hash these things out and go into detail about all of these items, and really talk about which ones are less expendable than others, shall we say. Anyway, I'm making that request if it's okay with the other Commissioners and staff.

CHAIRMAN MONTOYA: Yes. Commissioner Vigil.

COMMISSIONER VIGIL: I totally agree with that. I think our scenario will change once the legislature is over, as I mentioned earlier. I also think that we really need to gain some more information on the overall benefits of some of these programs and I'd like to discuss strategy as to how we're going to move forward in identifying cost cuts and again, I restate I'd like to look at alternatives for employee cuts through furloughs or the two hour a pay period, or whatever. And not having those in front of us, I think makes it really difficult for me to make a decision.

The other question I have is this budget, Teresa, is based on the projected GRT revenues, both the E-911 and the indigent GRT revenues. Are these assumptions? Is the \$4 million for each GRT an anticipated revenue even with the downfall?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, it's an anticipated revenue with the downfall, so with the additional five percent cut projection.

COMMISSIONER VIGIL: Okay. Well, I think that's it, Mr. Chair.

CHAIRMAN MONTOYA: Okay. Welcome, Commissioner Anaya.

COMMISSIONER ANAYA: Sorry I'm late.

CHAIRMAN MONTOYA: No problem.

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. I also have the feeling that we should be looking longer into the future as well, and looking at what kind of potential we have. I really can't help but feeling that as a County that there is potential out there for new revenue streams in certain ways. I think that at this point, at this sort of really critical time we might be motivated to sort of look in a broader sense. Of course it's hard to bring revenue streams on in a year or two years in some cases, but if we do some planning five years out maybe we can put ourselves in a position where we're not faced with this in five years. That we have some backup revenue streams and so on. So I'd like to sort of put that out on the table as well.

COMMISSIONER STEFANICS: Mr. Chair and Teresa, on the last page where you have the chart with the columns, if you look at the third light blue column from the right.

MS. MARTINEZ: Okay, and just for clarification Mr. Chair and Commissioner Stefanics, these were reference material that I put in for you. So it won't be on the screen is what I'm saying.

COMMISSIONER STEFANICS: Well, I'm wondering if that's an incorrect number. It says \$23.8 million, and yet the bar is higher than the \$39.1 million but shorter than the \$32 million. I'm just wondering.

MS. MARTINEZ: So that would be fiscal year 09.

COMMISSIONER STEFANICS: 2010.

MS. MARTINEZ: Right.

COMMISSIONER STEFANICS: Under fiscal year 2010, is that \$23.8 million correct?

MS. MARTINEZ: Let me check for you. What that might be lacking is the addition of the \$6.9 million we get pulling the two sources together, our match and the federal match coming with the total.

COMMISSIONER STEFANICS: Well, it says it's federal stimulus funds, but in terms of the chart – it's not crucial for today. You just might want to check them for the future and then just send me an email or something. That's all.

CHAIRMAN MONTTOYA: Are there any other – are you done, Teresa?

MR. ABEYTA: Mr. Chair, there's one last slide, that depending on what we decide, it shows the cost of indigent primary care and the sobering/assessment, and what that totals to be, and then other services that would be picked up by CHRISTUS St. Vincent. The total of all services would be \$3.4 million. So to conclude, we've prepared two scenarios for you. One is providing a sole community provider payment of \$5.1 million in which the County deficit resulting from that would be \$9.3 million. Scenario Two, if we provided a sole community provider payment of \$8.3 million and the health programs were picked up by CHRISTUS St. Vincent, then our deficit would be \$9 million.

COMMISSIONER STEFANICS: Mr. Chair.

CHAIRMAN MONTTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: On the chart that talks about sole community provider match, could you, Roman, provide us with the rationale for turning over the indigent primary care to the hospital? And I'm also wondering whether or not those primary care clinics would have any comment about this.

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, as we met with the hospital we tried to approach what would be the services that the hospital could easily transition to? What would be a good fit? Now, indigent care, because they currently are very much partnering with a lot of the entities that we have as direct service providers. Both sides put that in there as a recommendation thinking that they could take that program over with the least amount of interruption and commit to reporting requirements, commit to coming back to us and showing the delivery of service that would be very much in line with our historical delivery of service. And that's the conversation that was held at the table. So the same vendors for at least a budgeted amount of \$1.8 million. Same providers.

COMMISSIONER STEFANICS: So I guess the second part of my question was has there been any conversation with the primary care providers about this?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, there has not.

COMMISSIONER STEFANICS: I'm sitting here trying to decide if they would like this or not like this or if there's an upside or a downside. Alex, you might want to comment if you care to.

ALEX VALDEZ: Mr. Chair, Commissioner Stefanics, yes. I'm Alex Valdez. I'm CEO for CHRISTUS St. Vincent. Your staff and the County Manager and counsel and others, we've worked aggressively over the last two weeks to try to figure out how best we can find ourselves on one hand assuring us we can take advantage of the federal dollar in sole community provider funding for indigent care and at the same time assuring ourselves that we're able to provide as much service as possible. And these conversations will of course be ongoing.

As it pertains to primary care, indigent primary care, Mr. Chair and Commissioner Stefanics, this can be done in one of two ways. One way would be that we literally go ahead and enter into contracts and pay bills and do that for any provider that's providing indigent primary care service, and we establish, together with the County Commission and staff a reporting mechanism which we've already presented staff with models of what that might look like, so you can be assured as to who the provider is that's getting paid, the amount that the provider is getting paid, and there may even be a number there of a patient identifier that would be relevant for purposes of the provider. And we can report to you either monthly or quarterly in terms of how those payments are made, and we would do the paying on our end.

The other option would be that the County would continue to receive whatever claims it receives under its authorized review of levels of provision of care, and you let us know, and on a monthly basis we'll go ahead and run checks out to those providers. So you would continue in the fiscal agent responsibility, but we, CHRISTUS St. Vincent, would be paying the providers directly and then providing a reporting mechanism to you. So at the end of the

day this should not, under either scenario, we should not be affecting the providers who receive funding under indigent primary care in any respect in this scenario.

COMMISSIONER STEFANICS: So, Mr. Chair, Alex, while you're there, this chart, you would receive the federal match for this \$3.4 million?

MR. VALDEZ: Mr. Chair, Commissioner Stefanics, that's correct. And we would take over the responsibility for payment of indigent care items that the County is currently paying for, and under this scenario we would also take over the operation for the sobering center, as well as the staff component in that. And then several items that relate to jail health, such as if you are currently paying CHRISTUS St. Vincent for inpatient services to an inmate, we would treat that as an indigent care matter and relieve the County of that type of payment. Or if there's pharmacy services, for all intents and purposes those pharmacy services are going to people who would be defined as indigent, and in that definition of indigent we would absorb the cost of those pharmaceuticals and alleviate the County of having to pay for that.

And these are items that we've identified to date. Our intent is to continue this conversation and figure out if there are other items that the County is either in a contractual relationship for that arguably would be for indigent type service that we might be able to pay and assist with and pay the provider directly so that the County is not having to make that payment. So we've had several weeks of conversation but there are additional conversations to be had.

COMMISSIONER STEFANICS: Okay, well, Mr. Chair, I want to go back to what my question was. I asked if you thought you could get federal match for that entire \$3.4 million for the direct services. Indigent primary care, sobering, inmate, RECC, etc. Now, there's something in my recollection that the federal government does not do Medicaid reimbursement for the incarcerated.

MR. VALDEZ: That is correct, Mr. Chair, Commissioner Stefanics. This is not – I don't believe that this is Medicaid reimbursement for incarcerated.

COMMISSIONER STEFANICS: But it's a Medicaid match.

MR. VALDEZ: It is a sole community provider match. At the same ration that you find with Medicaid, but we don't refer to this as a Medicaid match. It's a separate federal program under sole community provider. We'll be happy to research that further. But we've had two groups of attorneys now consulting and advising us on this and one of them came in yesterday when we met with the County, because we of course are wanting to make sure – and this is an issue of course, or a question, but we want to make sure that we're on a sound legal footing in terms of developing program and payment for program in this fashion and I hope that the County shares the same opinion that I do, and I realize the sensitivity around this but we feel comfortable with the level of legal research, review, and this is very similar to how programs are structured in a number of hospitals that have been subject to review in other states already. So we feel comfortable with this type of approach.

COMMISSIONER STEFANICS: Okay, so I understand, Mr. Chair, that we are considering the \$5.1 million compared to the \$8.4 million, and that the primary issue here

is federal match dollars that would assist the hospital.

MR. VALDEZ: Mr. Chair, Commissioner, correct.

COMMISSIONER STEFANICS: Mr. Chair and maybe Steve, because we could debate this one, but this is a technical question. If we identify the \$8.4 million, are we now changing our base and our obligation for future years? And I am very concerned about whether or not we should be just identifying the \$5.1 million and a supplemental, or if we identify the \$8.4 million if we are locking ourselves in for future years. And I would want us to be very clear about this before we make a decision.

MS. MARTINEZ: Mr. Chair and Commissioner Stefanics, if I may. We had a workshop with Anna Bransford from the state, I don't know, two, three years ago, and that was one of the first things. Because I had a misunderstanding of our base and how the SCP, the supplemental would be added to that. That was the very question I asked her directly, and said if I give \$8 million in this year or \$9 million in this year, and I come upon hard times in the next fiscal year, does that mean I automatically have to make that \$8 or \$9 million committed in the previous year. And we do have the option to go down. We are not stuck or bound by that \$8 or \$9 million in a particular fiscal year.

COMMISSIONER STEFANICS: Okay. Thanks for that comment. And then if we find out any other information you should just bring it to our attention. So, Mr. Chair and Teresa, in looking at Scenario One and Scenario Two, the deficit or the cuts that we're really looking at are only like about \$400,000 off.

MS. MARTINEZ: Right.

COMMISSIONER STEFANICS: Can you – what am I missing? The light bulb hasn't gone off in my head for this. Why is there such a small –

MS. MARTINEZ: Small difference? I think the main component can be attributed to the jail medical costs still being at the almost \$4 million in the different scenarios. In Scenario One we would keep the \$4.8 million and in Scenario Two we'd be just over \$4 million. The difference in the health programs is significant. \$3 million-plus versus \$788,000 in Scenario Two. So I think it's a combination of those two factors. The sobering center, obviously is constant. It's not constant. Pardon me. In the sobering center we would keep an \$800,000 operation in Scenario One, and that would be eliminated in Scenario Two. So I think it's a combination of several funding factors. The jail does not change much.

COMMISSIONER STEFANICS: Well, Mr. Chair, we received many pieces of information from the New Mexico Association of Counties, the National Association of Counties, and one of the recent publications had an article that indicated one county in allotting their sole community provider funds set up several requirements for the hospital to meet in terms of transparency and reporting. When I came on this Commission a year ago, that was one of my concerns, is whether or not we could receive some other ways of reporting how funds were used by the hospital as it was related to our County funds. And I think I would still want that to happen and for us to be clear about it.

I also believe that in past years there have been – and I'm not going into this to be highly critical, but it's part of the transparency issue. That as we identify funds for the

hospital that they're never identified as this is what the taxpayers of the county are contributing to the hospital. It never says it that clearly in any of their ads. And I think that the people of Santa Fe County deserve to know that their money is going to the hospital and it should be there in black and white somehow.

So as we move ahead with whatever decision we make I still will have some concerns about transparency and what more the hospital could identify in terms of how they report to us how the funds are used and how they let the public know how the funds are used. Thank you, Mr. Chair.

CHAIRMAN MONTOTOYA: Okay. Thank you. Commissioner Vigil.

COMMISSIONER VIGIL: Thank you, Mr. Chair. I guess I have an overriding question. First of all, an observation. Local government, counties in particular, are required by statute to do particular projects and spend dollars on those projects. For example, we are not required to run a correctional facility. However, we are required to build the judicial complex. We are not required to do some of the other services that we've entered into, however, we're required to maintain the public health building. All of the requirements that are placed on us at some level it's arguable are unfunded mandates because the only alternatives we have are to go to the voters for the GRTs to make those things happen.

So my first question is the indigent GRT revenue of \$4.275 million, are we required to transfer those dollars to the hospital?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, I don't know if we're required. I can only speak to the historical perspective, which that's how we've funded in the past, using both the indigent and the EMS. So I can research and see if we are required to do it in that manner.

COMMISSIONER VIGIL: Okay. What concerns me, again, the overriding question is there is an Indigent Fund Act. The Indigent Fund Act does provide enabling language to counties to be the fiscal agent, the administrator of the Indigent Fund Act. Will we be in any violation of that act or any other acts, like say, the Maternal Child Health Act, the DWI Planning Act, any of those acts. Will be we in violation of those acts if in fact we no longer become the principal fiscal agent? I don't know if there's an answer to that and Steve, it's probably too broad a question to request a quick answer. I'll just defer to you.

MR. ROSS: Mr. Chair, Commissioner Vigil, we're not purporting to transfer either the MCH program or the DWI program, so those are not a problem. Now, as far as the indigent fund, the Indigent and County Healthcare Act I think is what's it's called, we can, I believe, delegate the authority to process claims as Mr. Valdez has described without violating the act. We'd still retain control of the reimbursement rules and periodically review claims and approve them, just like we do now through the Indigent Board. We would just be delegating to the hospital the authority to pay under our instructions, whatever they might be. There's a broad range of possibilities there. But I think we're okay doing that as well. There's nothing, I think, that's been proposed here that we have a statutory issue with. I've been involved in all these discussions and there's nothing that bothers me about anything that's been proposed.

COMMISSIONER VIGIL: So administratively, we have a certification process that comes to us for indigent claims. And these come from other service providers. And those indigent claims are a vast array of them. We get dental health claims, we get heart surgery claims. There's just a wider array of those as they come forth, once they're certified. Would that certification process still need to be within County government as prescribed by statute?

MR. ROSS: No, it doesn't have to be within County government, as long as we have clear instructions and the hospital has clear instructions about what to pay and what criteria to apply to the various claims. They just process them pursuant to those criteria. It shouldn't be too much of a problem.

COMMISSIONER VIGIL: The EMS GRT revenue, was that revenue that was created by referendum when the voters took action on an additional GRT that provided for EMT and other health services?

MR. ROSS: Yes.

COMMISSIONER VIGIL: Is that a separate GRT?

MR. ROSS: Yes.

COMMISSIONER VIGIL: I see that it's listed separately. Are there any problems with the language in that referendum if we do create this scenario of indigent funds being distributed by the hospital?

MR. ROSS: No, the origin of those funds would primarily be from one of the first 3/8 as I understand it. In other words, not from the EMS GRT.

COMMISSIONER VIGIL: Okay. I'm confused. Are you proposing to use the EMS GRT for the matching funds?

MS. MARTINEZ: We're proposing to use the EMS GRT to fund the whole picture, which could include sole community provider required payment as well as our health funded and other services program. So it's one big pool.

COMMISSIONER VIGIL: And I guess my question is is there any problem with the referendum on that?

MR. ROSS: There shouldn't be as long as we are careful not to use EMS funds, funds from the EMS GRT for purposes that aren't permitted by that act. It's fairly clear, and I think with the 3/8 to work with, plus the EMS fourth eighth and the 1/16, I think there's ample revenue to ensure that those funds, those tax dollars are spent for correct purposes.

COMMISSIONER VIGIL: Okay. And I guess the only other concern I have is that the service providers have not been engaged in the communication. I'm sure that every one of them, and I think we have – I don't know where Steve is – what? 12? 15? Service providers? Sometimes others come on. I'm sure that they have budgeted in their own separate budgets for this and this having been the first time that we've looked at this proposal and them not being communicated to is of high concern to me. That is definitely something that would need to be involved in this process. Thank you, Mr. Chair.

CHAIRMAN MONTROYA: Commissioner Anaya.

COMMISSIONER ANAYA: Thank you, Mr. Chair. Roman, I'm on page 3 of this handout. The sole community provider match. I apologize for being late. You've got Scenario One and Scenario Two, and we're talking about either/or. Correct?

MR. ABEYTA: Yes.

COMMISSIONER ANAYA: Okay. Now on I think it's the third page to the last – or let me back up. If we were to give \$5.1 million to the hospital, how much would they receive in federal funds?

MS. MARTINEZ: Mr. Chair, Commissioner Anaya, it's usually between three to 3 ½ times what you commit. So at a minimum they'd get at least the \$15 million.

COMMISSIONER ANAYA: They would get \$15 million.

MS. MARTINEZ: \$15 million plus.

COMMISSIONER ANAYA: And if we were to give them \$8.4 million – what is the number there? \$8.5?

MS. MARTINEZ: It's actually \$8.395, but for purposes –

COMMISSIONER ANAYA: So \$8.4 million. If we were to give them \$8.4 million how much would they get back?

MS. MARTINEZ: On that particular scenario, that's considering other hospitals. The portion relative to St. Vincent's is \$8.2. \$8.3 million, so at least \$24, \$25 million back.

COMMISSIONER ANAYA: \$25 million. So we would be losing for our communities if we don't give the \$8 million. And I'm just throwing this out there. I'm trying to comprehend everything. We would be bringing in probably \$10 million more to our community if we gave them the \$8.4 million. Correct?

MS. MARTINEZ: Mr. Chair, Commissioner, that's correct.

COMMISSIONER ANAYA: The third page from the last, there's a total of \$3,463,000. Correct?

MS. MARTINEZ: That is correct.

COMMISSIONER ANAYA: That is what St. Vincent's says they're going to take from us and serve and provide? Correct?

MS. MARTINEZ: In direct services. That's correct?

COMMISSIONER ANAYA: They're going to take the indigent primary care, which is \$1,840,000. They're going to take care of that. It's no longer going to come through the Commission, if the Commission decides to go this route.

MS. MARTINEZ: That is correct.

COMMISSIONER ANAYA: They will handle all the indigent care.

MS. MARTINEZ: Right.

COMMISSIONER ANAYA: And they would report to us, hopefully, what they're taking care of in terms of indigent.

MS. MARTINEZ: That is correct.

COMMISSIONER ANAYA: Sobering/assessment. Is that our sobering center? So they would take over the sobering center. They would keep our employees that

work there and they would operate it. And they would pay total operations of that.

MR. ABEYTA: Yes.

COMMISSIONER ANAYA: The inmate medical care, \$190,000. Is that current?

MR. ABEYTA: Mr. Chair, Commissioner Anaya, yes. That's pretty much the doctor at the jail.

COMMISSIONER ANAYA: And we take care of that now?

MR. ABEYTA: No, they take care of it.

COMMISSIONER ANAYA: They take care of it, but they would continue to take care of it.

MR. ABEYTA: They do a share of it; they would take over the entire thing.

COMMISSIONER ANAYA: Okay. And they would report back to us and let us know what they're doing in terms of medical care?

MR. ABEYTA: Yes.

COMMISSIONER ANAYA: Pharmaceutical. \$289,000. That's the medicine that we give to our inmates.

MR. ABEYTA: Yes.

COMMISSIONER ANAYA: And they would take care of that and they would report back to us on – okay. The medical provider. Tell me about that one.

MR. ABEYTA: That's a physician that we have on contract with the RECC and she provides training for the dispatchers. So when you have a call and there's an emergency. And so they would take over that contract.

COMMISSIONER ANAYA: Do we have that now?

MR. ABEYTA: Yes.

COMMISSIONER ANAYA: They would take it over. \$20,000. Other services. What is the other services?

MR. ABEYTA: That's another medical doctor that we have that helps train and provides service for the Fire Department. They would take over that. Same thing like the RECC.

COMMISSIONER ANAYA: Okay. And they would provide us information as Commissioner Stefanics talked about.

MR. ABEYTA: Yes.

COMMISSIONER ANAYA: Paratransit.

MR. ABEYTA: This is a contract we have with the City of Santa Fe where they go out and they pick up senior citizens, take them to doctor's appointments, things like that. They would have the contract with the City directly for county residents.

COMMISSIONER ANAYA: Okay. Is there any other – in all this that I just mentioned, how many employees do we have there?

MS. MARTINEZ: Mr. Chair, Commissioner Anaya, the component for employees would include indigent primary care currently has three staff dedicated to that function, and the sobering center, if I'm not mistaken is – budgeted positions for sobering and

assessments is 21, I may be hearing in the background. We maybe have 14 filled, but we have budget authority for 21 positions.

COMMISSIONER ANAYA: There's 21 for –

MS. MARTINEZ: The sobering center.

COMMISSIONER ANAYA: Oh, there's 21 and three. So we have 24 total?

MS. MARTINEZ: Yes.

COMMISSIONER ANAYA: So those 24 employees, if this were to happen would be transferred over to St. Vincent's?

MS. MARTINEZ: Mr. Chair, Commissioner Anaya, on the indigent primary care we would have to discuss if maybe we retained at least one staff member for the oversight and reporting back to the Indigent Board and oversight of the hospital and the reporting mechanisms that we put in place, as we come to an agreement. So we would propose that at least one of those position would stay with the County. So we're talking total, 23 positions.

COMMISSIONER ANAYA: Okay. I got you. So 23 positions. Okay. Thank you. Thank you, Mr. Chair.

COMMISSIONER VIGIL: A follow-up to that question, Mr. Chair. With regard to those employees, it's not as simple as St. Vincent's taking it over because these employees are covered under a state retirement system. They'll actually need to be consulted with. We need to look at a transitional program and if in fact they want to remain with the County and not go into the private, sort of non-profit sector. All of this isn't as simple as a takeover, right? I'm realizing it's a little more complicated. It sounds good but the actual occurrence of this involves people's lives, people's choices and we need to tread very cautiously with that, I think.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. Earlier this week, Roman, we had discussed a different scenario of \$6.750 million that would be an option to the \$5.1 or the \$8.4 and included the sobering center and the inmate medical care. So why is that not being considered as a scenario here?

MR. ABEYTA: When we looked at that scenario it was a greater deficit to the County. We couldn't make the numbers work so that it was – it made an even bigger deficit.

COMMISSIONER STEFANICS: Well, the deficit that you provided to us earlier this week on a handout, and we got it by email as well, is not a greater deficit. It's a \$7.2 million deficit as opposed to the \$8.5 million in Scenario Three, or in scenario Four, the \$7.3 million.

MR. ABEYTA: Mr. Chair, Commissioner Stefanics, the earlier scenarios we were working with included transferring the medical staff to St. Vincent's at the jail. The nursing, all the nurses and all the psychiatry. And we've talked over the last 24 hours about what possible impacts that would have to all the progress that we've made at the jail and the Department of Justice audit we just got out of, and we didn't feel like that would be prudent to include. And so it changed the scenarios.

COMMISSIONER STEFANICS: Okay, so Mr. Chair, I have a question for Alex. Alex, Does JACO have accreditation standards for medical care for inmates that you would have to follow if you took over the inmate medical care?

MR. VALDEZ: I don't know what the standard, Mr. Chair, Commissioner Stefanics, I don't know what the standards are that we would have to abide by if we took over all of jail health. In this option we're not proposing to take over all of jail health, just certain contractual obligations such as the medical director and pharmacy in that regard.

COMMISSIONER STEFANICS: And could you identify why you wouldn't be interested in the rest of the medical services?

MR. VALDEZ: Mr. Chair, Commissioner Stefanics, we haven't had time for a detailed conversation on all of jail health at this point. We just haven't had a chance to really dig into that discussion. So as I'm standing here I don't have any opinion one way or the other. I think that part of our discussions of course would have to be, and I agree with the County Manager that you have just come out from under the DOJ and I think that's a significant consideration. On our side we would be concerned about tort claims liability for instance, and the fact that many cases that you find in a jail setting ultimately become civil rights cases and how those matters would be ultimately handled, I think that's a much more complex and detailed conversation that what we've had an opportunity to have at this point.

COMMISSIONER STEFANICS: Well, Mr. Chair, I'm going to throw in my opinion here before – I don't know how close we're getting to any kind of votes or anything. I am comfortable with – if we look at the chart that Commissioner Anaya was asking about, direct services provided by the hospital. I am comfortable with everything on that page except for the indigent primary care, and that is primarily due to the fact that we as a County have had absolutely no discussion with any of the primary care clinics. And I just met with them, staff and I just met with them a couple weeks ago to talk about how to make the billing process more friendly. So if we got to that point, I could still see giving more than the \$5.1 million, and just in my math, and I would need you, Teresa, to identify this, if we took out that indigent primary care – we're talking about \$6.6?

MS. MARTINEZ: That is correct.

COMMISSIONER STEFANICS: So I have some concerns about including the indigent primary care in this model or this scenario. And I just feel like we would owe a discussion to those clinics before we would make a decision.

COMMISSIONER VIGIL: Mr. Chair, along those lines. I'm going to propose something, because I think there's a lot more transparency that needs to occur here. We need to make this decision by the 15th. Today we are the 9th. Can we schedule a work-study, bring in the primary care providers, have some communications with them. I want to hear from them what the consequences of this action is. It's pretty radical. We haven't done anything like this. So I would like for staff to schedule a work-study session, go ahead and advertise – this is my recommendation. I don't know how the other Commissioners feel. Go ahead and advertise it for a decision on the sole community provider since we do need to move forward with that before the 15th, and better engage our community to help us decide what the best

alternative would be and what the consequences of our decisions would be.

I know my availability is minima. but this is a priority. I will prioritize it.

CHAIRMAN MONTOYA: What are we looking at in terms of lengths of time in terms of this transition on Scenario Two?

MR. ABEYTA: On Scenario Two we would be looking at either, the easier things July 1, and then the harder things like the sobering center employment would September, October or possibly January.

CHAIRMAN MONTOYA: So it's not going to be an immediate thing where it's going to impact.

MR. ABEYTA: No.

CHAIRMAN MONTOYA: And the other question that I had in terms of the savings on retirees, the double-dippers, are those 52 positions proposed to not be filled?

MR. ABEYTA: We would analyze that. Some would not, but some would be filled. So I don't want to leave you with the impression that we'd eliminate 52 retirees and not have to fill those. Because there may be some where we would.

CHAIRMAN MONTOYA: So those aren't – so that's not a real number then.

MR. ABEYTA: No. Because some would have to be filled.

CHAIRMAN MONTOYA: Okay. Any other discussion?

COMMISSIONER VIGIL: On the double-dippers, first of all we don't know if in fact that legislation is going to be enacted, but if it does, my understanding of reading the bill is that employees would be given the option of to go ahead and continue receiving their retirement, which means they would have to resign from their position? Or they can hold off on their retirement and start becoming an FTE and be a contributor to the retirement system, a continued contributor. But we don't know if that's going to really pass. It's getting a lot of opposition at the legislature. So we're not even sure that option is available to us. I think I agree with Commissioner Holian that later on we need to come together and discuss what real options we have for cost savings.

CHAIRMAN MONTOYA: Okay.

COMMISSIONER STEFANICS: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: I would – I know everybody has a busy schedule so I don't know if we have a majority that could meet on Friday or Monday, because Monday is the 15th. So we have to make a decision by the 15th. If Commissioners can do a work session I would support that.

MR. ABEYTA: Mr. Chair, we would have to do it on Monday because there's a three-day notice requirement. It would be Monday.

COMMISSIONER VIGIL: As I said, I would clear my schedule. I think it's really important. And I think, Roman, one of the things that needs to occur is some communications with supervisors and employees who are affected by this, and perhaps some feedback on that. Is everybody available? Do we have a time?

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN MONTTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: I'm looking at my schedule and I've got a doctor's appointment in the morning and then a meeting from 11:30 to 1:00. But I've got another question to ask, Roman. Is there any way we could bill the hospital for the services and keep them under our service?

MR. ABEYTA: Mr. Chair, Commissioner Anaya, I think that would take some legal review before I'd be comfortable answering that.

COMMISSIONER STEFANICS: Could you repeat the question? I didn't understand it.

COMMISSIONER ANAYA: What we're trying to do is we're trying to - I'm trying to capitalize on the \$10 million. And I know we want to get Alex the money so that he can capitalize and make our community better and healthier, and we only have so much money that we're dealing with. \$5.1 million. And we have \$3.4 million in services that we're trying to figure out. So I guess what I'm saying is if we get Alex or the St. Vincent's the \$8.4 million and then bill him \$3.4 million to provide services to the County.

MR. VALDEZ: Mr. Chair, Commissioner Anaya, if we focus in on indigent primary care, for instance, the \$1.8 million, which we discussed with counsel was that it is possible for the County to maintain the standards that it has or change whatever standards it desires for the providers. Do the claims processing, submit the claims to CHRISTUS St. Vincent, and then CHRISTUS St. Vincent would pay the providers directly. So the only change under this scenario is that instead of the County paying the providers directly, CHRISTUS St. Vincent would be paying the providers directly, but the County would retain its claims processing, its claims review, its determination of eligibility and everything else that it currently has. It just would not be cutting the check; we would cut the check based on a voucher from you. We would then cut the check to the provider. And then we would have a reporting mechanism back to you and you could, at the County level, take the claims submitted to us for payment and then our payment of those goes back for verification throughout.

So that is the scenario that we can employ for that. On the other activities, based on the advice of legal counsel, and that's two counsel now, the more we are engaged in the delivery of service or the payment directly for service, without going through the County the better off everyone is from a legal perspective.

COMMISSIONER ANAYA: Okay. Mr. Chair, and I don't have a problem with the way he just described the indigent primary care. But there was something that I brought up earlier and then Commissioner Vigil spoke about briefly, which was the staff. And if those 23 staff members were to go under St. Vincent's then those staff members, which are now County employment would lose their retirement? Or not?

MR. VALDEZ: Mr. Chair, Commissioner Anaya, they would no longer be County employees. They would no longer be governmental employees. So the current configuration of their retirement would be affected. We haven't, of course, had an opportunity to sit down at the HR level and work on the complexities of what this type of

transition would call for, but as I indicated to County staff, we have in the past dealt with transition of a number of physician practices to us and things of that nature. Granted, it's all private to private, but we do have experience in that regard. The issue around the retirement would be an issue that would have to be dealt with. But once again, and I appreciate the position of the County Commission on this because we share the same position and that is we have to collectively think about how best we're going to preserve jobs for our community.

There's a \$12 million impact in not being fully funded to base for sole community provider funding. It's risky for everyone. So that's our position.

CHAIRMAN MONTTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: What if we contracted those employees?

MR. ABEYTA: Mr. Chair, Commissioner Anaya, we would need to research that.

COMMISSIONER ANAYA: Okay. All right. Thank you.

CHAIRMAN MONTTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. Do we have a – we could give some funding later as supplemental, correct?

MR. ABEYTA: Yes.

COMMISSIONER HOLIAN: And that funding would be matched the same as the sole community provider funds?

MR. ABEYTA: Yes.

COMMISSIONER HOLIAN: And we don't have a deadline on that of February 15th?

MS. MARTINEZ: I believe it's September, yes. It's a later deadline, so we'd have time.

COMMISSIONER HOLIAN: Okay. Well, one thing that I would like to throw out there for discussion is that we allocate the \$5.1 million now and then that would buy us some time to look into the issues, the employee issues and what programs could be taken over and so on. It seems to me like there's so many questions that we have to answer and answering them all in one week is tough. So anyway, that's one option. Perhaps Mr. Valdez would like to comment on that.

MR. VALDEZ: Mr. Chair, Commissioner Holian, several things about that approach. First of all, our current base funding from sole community provider calls for a match of \$8.2 million. So if the Commission were to fund at \$5.1 million, that's a reduction of about \$3.1 million in match. The loss of federal dollar as a result of not fully funding to base will be in excess of \$12 to CHRISTUS St. Vincent Hospital. And that is built into base. So by not figuring out how we get to base that puts me in FY 11 in the position of having to radically affect our base budget to the tune of over \$12 million.

As it goes to supplemental, and we've had this conversation before, I've never budgeted supplemental because I never know what I'm going to get or if I'm going to get anything from any county including Santa Fe for supplemental. So I have – if that were the case I would have to – our budget for FY 11 would look at at least a \$12 million budget

reduction out of base.

CHAIRMAN MONTOYA: Okay, I have a question, kind of related to the primary care providers. What threat would they be under by this changing of the guard?

MR. VALDEZ: Commissioner Montoya, I don't see any threat at all that I can think of as I'm standing here, because instead of Santa Fe County writing the checks after verification, CHRISTUS St. Vincent would write the checks but the County would retain the verification. So there may be something that I just haven't thought of but as I'm standing here I don't see any negative implication for whomever submits claims to the County for processing, because we would then have, and the County would have the assurance with our reporting back to you on what those claims are for verification purposes between the County and the hospital.

CHAIRMAN MONTOYA: So they'll be getting a reimbursement check from you instead of Santa Fe County, basically is the big change.

MR. VALDEZ: That's correct, Mr. Chair.

CHAIRMAN MONTOYA: And then I guess I know that it is impacting the employees at the sobering center, going from one retirement system to another. And I also see that there's still also employed, which in this day and age is certainly a critical component, probably more to be employed than what retirement system you may be in at this point. But can you tell me a little bit about what St. Vincent's offers in terms of retirement benefits?

MR. VALDEZ: Mr. Chair, we provide a contribution to retirement at a certain percentage. I think that percentage is 3.5 – no, I think it's higher than that now. I think it's about four percent of base salary and I'd have to defer to my HR person to come in and let the County know what the entire range of benefits are that we do provide to our employees.

CHAIRMAN MONTOYA: So you do offer some benefits.

MR. VALDEZ: We do. The biggest difference is going to be under the County retirement system it's a defined benefit after 25 years and we don't have a defined benefit on the hospital side of the equation.

CHAIRMAN MONTOYA: Okay. Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you. I thought I just heard Alex Valdez indicate that we provided \$8.1 million sole community provider match this year, and Teresa, according to your chart it says \$5.9 million.

MS. MARTINEZ: Mr. Chair and Commissioner, in this fiscal year's calculation you have the stimulus dollars and credits that we received as a result of those stimulus dollars. So that's where we keep referring to the lesser amount.

COMMISSIONER STEFANICS: So it was \$6.9 million from our indigent funds.

MS. MARTINEZ: Let me see. I don't think that sounds right. We gave –

COMMISSIONER STEFANICS: I'm looking at the chart you provided us.

MS. MARTINEZ: In the chart I included everything, including the stimulus dollars.

COMMISSIONER STEFANICS: The purple that says –

MS. MARTINEZ: \$6.9 million.

COMMISSIONER STEFANICS: \$6.9 million.

MS. MARTINEZ: Right. Had we not had stimulus dollars our total requirement would have been \$6.9.

COMMISSIONER STEFANICS: Okay. So, Mr. Chair, I move that we vote on \$5.1 million today, and consider supplemental at a later date.

COMMISSIONER HOLIAN: Second.

CHAIRMAN MONTOYA: I have a motion by Commissioner Stefanics, second by Commissioner Holian. Discussion?

The motion passed by majority [3-2] voice vote with Commissioners Vigil, Stefanics and Holian voting in favor and Commissioners Anaya and Montoya voting against.

COMMISSIONER VIGIL: What I would request is – did that motion, Commissioner Stefanics, include the study session that I proposed? And do you feel compelled to have that done before the 15th now that we've taken action on this? Because we can always reconsider.

COMMISSIONER STEFANICS: Mr. Chair, Commissioner Vigil, if we schedule something on the 15th I'll make myself available for discussion and possible reconsideration.

COMMISSIONER VIGIL: I'm recommending that we move forward that way. This is a huge decision and the action we took now won't be bringing in as many dollars as we all hoped it would, so if there's an option that that could occur before the 15th I'd like to pursue it. If everyone can make a meeting.

CHAIRMAN MONTOYA: I'm probably going to be hard pressed. It would be done at what time?

COMMISSIONER ANAYA: Monday?

COMMISSIONER VIGIL: Monday. Can we look at something first thing in the morning?

CHAIRMAN MONTOYA: Eight o'clock?

COMMISSIONER VIGIL: Eight o'clock would work.

MR. ABEYTA: Okay, we'll do 8:00 Monday.

COMMISSIONER STEFANICS: Commissioner Anaya, you had some conflict.

COMMISSIONER ANAYA: I had a doctor's appointment. I'll be late, or –

COMMISSIONER STEFANICS: When could you do something on Monday?

COMMISSIONER ANAYA: The 15th?

COMMISSIONER STEFANICS: I know you're invested in the issue so that's why I'm asking, Mr. Chair.

COMMISSIONER ANAYA: Two o'clock.

COMMISSIONER VIGIL: Two o'clock would work for me. And Commissioner Holian and Liz Stefanics are fine with that.

COMMISSIONER ANAYA: And what are we going to talk about?

COMMISSIONER STEFANICS: Mr. Chair, based upon Commissioner Vigil's recommendation it was to bring in some of the primary care providers to ask them, to alert them about the possible switching over and to see if they have any comments on the pros and cons. We really – we can hear Mr. Valdez' comments about them but he's not the primary care provider. So if the primary care providers are fine with this he could end up with a larger pot of money.

COMMISSIONER ANAYA: Is that the only reason?

COMMISSIONER VIGIL: No, the other request I made is that the management speak to employees with regard to feedback from them because I think they are the most directly impacted by this. So I think those are two pieces of information that are real critical that would affect the decision for me.

CHAIRMAN MONTOYA: So all of that will be discussed on Monday at 2:00. Okay.

COMMISSIONER VIGIL: I know it's short notice, Roman, and it's unfortunate.

MR. ABEYTA: We can do it and we can meet with all the staff between now and then.

CHAIRMAN MONTOYA: Okay. All right. So 2:00 Monday.

XIII. B. Matters From the County Manager

- 1. Update on Various Issues**
- 2. New Judicial Courthouse Complex**

MR. ABEYTA: Mr. Chair, I don't have anything under item 1 or 2 to report at this time.

XIII. C. Matters From the County Attorney

- 1. Ordinance No. 2010-02. A Ordinance Authorizing the Issuance of the Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A and 2010B in a Combined Maximum Aggregate Principal Amount Not to Exceed \$40,000,000 for the Purpose of Defraying a Portion of the Costs of Constructing the Buckman Direct Diversion Project and Providing for the Exact Principal Amounts, Maturities, Prices, Redemption Features and Other Details to be Determined in a Subsequent Resolution [Exhibit 3: Resolution Text]**

MR. ROSS: Mr. Chair, we have an ordinance for your consideration which approves the sale of bonds to fund the Buckman Direct Diversion project. Mr. Franklin is here to make a brief presentation if you'd like to hear one.

CHAIRMAN MONTROYA: Mr. Franklin. Emphasis on brief.

PETER FRANKLIN (Bond Counsel): Mr. Chair, Commissioners, Peter Franklin with Modrell Sperling. What I just passed out is a draft preliminary official statement for the marketing and sale of two series of bonds, which Mr. Ross just referred to. I just want that in front of the Commissioners because it's one of the things that the ordinance, which I'll briefly summarize, says that you've been presented with.

This ordinance authorizes parameters, meeting the sort of maximum amount for two series of bonds, tax-exempt bonds to be used to fund the County's remaining share of Buckman Direct Diversion project costs. The ordinance authorizes a maximum amount of bonds not to exceed \$40 million and both series of bonds will be secured by capital outlay gross receipts tax revenue.

The reason there are two series is, as you may recall, the capital outlay GRT is allocated one half to County-only projects and one half to projects that benefit both the City of Santa Fe and Santa Fe County. Now, the Buckman Direct Diversion project is sufficiently large that we actually need portions of both those allocations to fund bonds for the project. But we've already issued water rights acquisition bonds for water rights benefiting the County but not really the City out of the County-only half. So for that reason we've divided the capital outlay GRT into two halves and we're working to keep all that straight.

We expect to sell the bonds on March 9th at which time we'll come back to the BCC with the bond purchase agreement and the proposed terms of the bonds, and we expect to close the transaction on I believe March 24th. I'd be happy to answer any questions you have at this time.

COMMISSIONER VIGIL: I'll move to approve.

CHAIRMAN MONTROYA: Motion by Commissioner Vigil.

COMMISSIONER HOLIAN: Second.

CHAIRMAN MONTROYA: Second by Commissioner Holian. Discussion?
Commissioner Stefanics.

COMMISSIONER STEFANICS: I'd like to clarify the impact on the residents of the county with the sale of these bonds. What will be the financial impact on the residents of the county?

MR. FRANKLIN: Mr. Chair, Commissioner Stefanics, these bonds will not require any increase in taxes. They are payable solely from 75 percent of the capital outlay gross receipts tax, which is a quarter cent tax that has been in effect in the city and the county since 2003. It would involve no tax increase.

COMMISSIONER STEFANICS: Thank you very much.

CHAIRMAN MONTOYA: Okay. Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. When will the actual sale occur and what are the interest rates running these days.

MR. FRANKLIN: For the interest rate question I would refer to Kevin Powers who is not here with us. The bonds will be sold on March 9th. Interest rates, this we expect to be a AA rated transaction, the second highest rating. The County's last transaction had an average rate – it was a very short transaction. It was like an eight-year total transaction. Those had interest rates of less than two percent. We don't expect – those bonds were secured by property taxes. We wouldn't expect the rates to be as low as that but we do expect to get very competitive rates and a very good borrowing cost.

COMMISSIONER HOLIAN: Okay. Thank you, Peter.

CHAIRMAN MONTOYA: Okay. Any other discussion?

The motion passed by unanimous [5-0] roll call vote with Commissioners Anaya, Holian, Stefanics, Vigil and Montoya all voting in the affirmative.

XIII. C. 2. Executive Session
a. Discussion of Pending or Threatened Litigation
b. Limited Personnel Issues
c. Discussion of the Purchase, Acquisition or Disposal of Real Property and Water Rights

MR. ROSS: Mr. Chair, we need a closed executive session to discuss pending or threatened litigation, and discussion of the purchase, acquisition or disposal of real property and water rights. I don't have any limited personnel issues unless you have something you'd like to bring up.

CHAIRMAN MONTOYA: Are there any limited personnel issues?

COMMISSIONER VIGIL: Mr. Chair, I think I would like to bring one up. So for all the purposes stated by our attorney and the limited personnel issues I move we go into executive session.

CHAIRMAN MONTOYA: I have a motion by Commissioner Vigil.

COMMISSIONER STEFANICS: Second.

CHAIRMAN MONTOYA: Second, Commissioner Stefanics. Roll call.

The motion passed by unanimous [5-0] roll call vote with Commissioners Anaya, Holian, Stefanics, Vigil and Montoya all voting in the affirmative.

COMMISSIONER VIGIL: Mr. Chair, I think there are some people here for a 5:00 hearing and I'm not sure if they're here for the SWMA flare hearing. They may be here for other purposes, so I'm wondering if you could let them know when we'd be back.

CHAIRMAN MONTOYA: Steve, do we know?

MR. ROSS: Probably about – we can probably get back pretty quickly. Let's call it 6:15.

CHAIRMAN MONTOYA: 6:15. So we'll be back at 6:15. Thank you.

[The Commission met in executive session from 5:25 to 6:25.]

COMMISSIONER STEFANICS: I move we come out of executive session having only discussed pending or threatened litigation, limited personnel issues, discussion of the purchase of real property or water rights, and that was it. Without making any decisions.

CHAIRMAN MONTOYA: Okay, we have a motion by Commissioner Stefanics.

COMMISSIONER HOLIAN: Second.

CHAIRMAN MONTOYA: Second by Commissioner Holian. Discussion?

The motion passed by unanimous [5-0] voice vote.

XIV. PUBLIC HEARINGS

A. Growth Management

- 4. BCC CASE # VAR/MIS 10-5020 Caja Del Rio Landfill Variance and Information Regarding the Gas Collection System. The Santa Fe Solid Waste Management Agency, Applicant, is Requesting a Variance of Article III, Section 2.3.6 of the Land Development Code to Place A Thirty Foot (30') Stack Structure Required as Part of the Federally Mandated System for Methane Mitigation at the Caja Del Rio Landfill. the Subject Property is Located at 149 Wildlife Way, Via County Road 62, Within Section 22 & 27, Township 17 North, Range 8 East, Santa Fe County, (District 2). Jose E. Larrañaga, Case Manager**

JOSE LARRAÑAGA (Review Specialist): Thank you, Mr. Chair. The Caja del Rio Landfill site is overseen by the Santa Fe Solid Waste Management Agency, a

governmental agency with a board of directors made up of County Commissioners and City Councilors. The Caja del Rio Landfill became operational in 1997 and is subject to federal New Source Performance Standard Rule. Pursuant to NSPS requirements the landfill is subject to installing a gas collection and control system. The federal requirements mandate the gas collection and control system be operational by April 2010. The methane gas is generated by the natural degradation of waste within the landfill. The system to be installed will collect and destroy some 99 percent of the methane gas.

A combustion device is required to destroy the methane gas collected by the system. The combustion devices considered at this site included an open flare, an enclosed flare, or a generator that runs on the landfill gas, which would create electricity to be used onsite. SWMA commissioned a landfill gas to energy study to determine if the installation of an engine plant for power generation was feasible. The study determined that the landfill did not generate enough methane gas to operate and justify the cost of such a plant. SWMA determined that the enclosed flare was the most cost-efficient combustion device for the elimination of the methane gas collected on the landfill site.

The proposed flare will be enclosed by what is referred to as a stack. The stack height is specifically designed around the burner configuration and the anticipated landfill gas heat output for proper combustion. The stack covers the burners and ensures the flame is not visible by the surrounding area.

SWMA submitted construction plans for the system to be installed at the landfill site to the Building and Development Services Department. During plan review staff discovered the proposed stack exceeded the maximum height permitted in the Land Development Code. The proposed height of the stack is 30 feet. Therefore the applicant is requesting a variance of Article III, Section 2.3.6 of the Land Development Code.

Article III, Section 2.3.6b states, "The height of any dwelling or residential accessory structure shall not exceed 24 feet. The vertical depth of fill materials from the natural grade, with or without retaining walls, shall be considered as a component of the building or structure. This depth shall be included in the determination of building height."

Article II, Section 3 states: "Where in the case of proposed development it can be shown that strict compliance with the requirements of the Code would result in extraordinary hardship to the applicant because of unusual topography, or other such non-self-inflicted conditions or that these conditions would result in inhibiting the achievement of the purposes of the Code, an applicant may file a written request for a variance."

Recommendation: Staff has reviewed this application and has found the following facts to support this submittal: The requested height is the minimum height necessary for the proposed gas collection and control system to function properly; the stack height is specifically designed around the burner configuration and the anticipated landfill gas heat output for proper combustion; the height of the stack ensures the flame would not be visible by the surrounding area and will not impact neighboring properties; the gas collection and control system, as designed will allow the landfill to meet federal requirements.

Staff's review of the applicant's request has established findings that literal

enforcement of Article III, Section 2.3.6b would be contrary to the public interest and the purpose of the Land Development Code. Strict compliance to the requirements of the Code could create a hazard and jeopardize the health and safety of the county and its inhabitants. The federal mandate associated with the site is a non-self-inflicted condition. Granting a variance to allow the height of the stack for the purpose of a gas collection and control system would be considered a minimal easing of the Code and would result in achieving the purpose of the Code. Staff recommends approval of the applicant's request for a variance of Article III, Section 2.3.6b to allow a 30-foot structure needed to mitigate the methane gas within the landfill site. Thank you, Mr. Chair.

CHAIRMAN MONTTOYA: Okay. Thank you, Jose. Questions for staff? Okay, is the applicant here? Would you like to come forward?

RANDALL KIPPENBROCK (SWMA Executive Director): Good evening. First of all, I want to thank the County staff for helping us out on this, including Steve Ross, Shelley, Jack, and John. I have three posters in front of you to give you a brief overview, a better idea of what this is all about. The first poster that's on the easel is a typical landfill gas collection system. You'll see that we have on the landfill 15 extraction wells that are embedded into the landfill and they're collected by underground piping. In the underground piping the gas is pulled by a blower system. And from the blower system the liquid or condensate is knocked out and eventually it combusts through the flare that's on the end.

There are three options that we looked at. The first option is the least desirable but the least expensive and what I put up in front of you is a daytime view of an open flare, but when it's nighttime you see the flare itself. That's on my right-hand side. Obviously, that would not be a good neighbor approach, and the flare itself, the structure itself would probably be between 15 and 20 feet, but the flare itself could be as high as 15 feet.

So we elected to go, in conjunction with the joint powers board, elected to go with an enclosed system that you see on the left-hand side, the third poster there. That enclosed system basically is about a six to eight-foot diameter structure up to 30 feet and allows the burner to be closer to the ground but by the time it combusts there's no visible flare at the top. That's what we're going with. As Jose mentioned, we did look at the feasibility of an energy plant or co-generated, but at this time the quantity and the quality of gas, it's unknown at this time and we thought that we'd need to wait until further evaluation of our system, once it's in place. I'm also waiting for the Public Regulation Commission to work with PNM to see if they can give us a better rate of return for the sale of electricity. That would help us make this co-generation power more beneficial.

But in the meantime I am requesting the approval of this 30-foot flare. Two things that we have done. We lowered it down from 40 feet to 30 feet and the gray structure that you see that's a sample of it, we selected a color profile to match the surrounding transmission line. It's a dark brown color, so it won't be as visible as well in the daytime. That's it.

CHAIRMAN MONTTOYA: Okay. Questions for the applicant? Commissioner Vigil.

COMMISSIONER VIGIL: Thank you, Mr. Chair. Thank you, Randall, and I appreciate the visuals. When do you anticipate there might be some way of creating a renewable energy source through this methane gas? Will SWMA ever have an increase in methane gas so perhaps we could provide a model project to pipeline that over to some of the state buildings or the golf course? Some of the adjacent – either through natural gas or electricity. I know electricity might be a little more complicated but do you anticipate there will ever be a volume?

MR. KIPPENBROCK: I anticipate there will be a volume in the future, but I think the most viable project is to take that landfill gas and basically a natural gas and co-generate that into electricity, since we have a grid next to us. And put it on the grid.

COMMISSIONER VIGIL: Okay. That would create a benefit for the landfill itself.

MR. KIPPENBROCK: It will create a benefit for the landfill as well as in that area.

COMMISSIONER VIGIL: Okay.

MR. KIPPENBROCK: The landfill itself doesn't use a lot of electricity but we could maybe work it in conjunction with the Buckman Direct Diversion down the road.

COMMISSIONER VIGIL: Okay. Thank you. Always concerned about renewable energy. Mr. Chair, members of the Board, one of the conditions that I'd like to propose, and it sounds like staff is recommending we approve this and that it does meet our variance guidelines is in relation to a problem we've had at Caja del Rio and that's the asphalt plant. While there's been no activity per se in its original purpose for the asphalt plant I do believe it still remains out there and there may be some administrative discussions. I don't know. What I would like to propose, Randall, and I'd like your feedback on this is that – and it isn't part of the conditions of approval so I'm going to actually read this, Shelley and Jack, so that you can identify it as part of the condition of approval. That the applicant, that would be SWMA, shall not permit the unpermitted asphalt batch plant on its premises to be operated and shall cause the batch plant to be removed within a reasonable time. Would that be something that SWMA might accept?

MR. KIPPENBROCK: Yes.

COMMISSIONER VIGIL: Okay. Another condition that I would like is that the applicant shall not create any uses that are not normally associated with the operation of a solid waste landfill without first consulting and communicating with Santa Fe County's Land Use Department. Would that be acceptable?

MR. KIPPENBROCK: Yes.

COMMISSIONER VIGIL: Okay. With those, Mr. Chair, I'd like however we proceed that these conditions be a part of the request for approval.

CHAIRMAN MONTTOYA: Okay. So those are entered into the record then.

COMMISSIONER VIGIL: Yes.

CHAIRMAN MONTTOYA: Okay. Any other questions? Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. Randall, these are just questions in order to sort of educate the public. My first is are any of the byproducts of combustion whatsoever discharged to the atmosphere, or are they all contained?

MR. KIPPENBROCK: On this particular project?

COMMISSIONER VIGIL: Yes.

MR. KIPPENBROCK: It is about 99 percent combustion. You are going to have some fugitive emission. But I will tell you that the enclosed system is far superior to the open system. The open system is about 98 percent. This is about 99-point something.

COMMISSIONER HOLIAN: Okay. Thank you. And when the methane is collected, is there any leakage that occurs of the methane to the atmosphere?

MR. KIPPENBROCK: No. You can have leakage from the landfill itself, surface emissions. But there are going to be some monitoring/reporting requirements to ensure that we do not have anything. As a matter of fact this system is supposed to have a negative pressure, a vacuum pressure on the landfill to make sure there's no potential emission of methane gas.

COMMISSIONER HOLIAN: And what would happen if we didn't do this? Could there actually possibly be an explosion that occurred if we allowed the methane to build up?

MR. KIPPENBROCK: No, I don't think you could have an explosion but you could conceivably have a landfill gas in the landfill itself that could be burning. It's not necessarily an explosion. The only time you're going to get an explosion is if it traveled to a nearby dwelling and it reaches between a lower explosive limit to an explosive limit. You have to be within that range to be within that range to be in explosive range. What we do is what we call quarterly monitoring. All of our buildings, the property line to see if there's any methane gas migration. We don't have any of those at this time.

COMMISSIONER HOLIAN: So the methane would migrate underground? It would not seep out into the atmosphere?

MR. KIPPENBROCK: Methane – it's the path of least resistance is the way we look at it. If it's easier to go underground or go up in the air, whatever the path of least resistance would be. In our case since it's lined, it would most likely come up to near the surface on the edge of a liner. You could conceivably have it at the very top, but then you're looking at a large surface area, 45 acres, more or less. I don't think it's an issue at this time. And if it is it would be picked up by surface monitoring that we're going to be required to do this year.

COMMISSIONER HOLIAN: Thank you, Randall.

CHAIRMAN MONTROYA: Okay. Other questions? Okay, this is a public hearing, so if there is anyone who would like to speak on this case please come forward.

CAROLINE SEMON: Mr. Chair and Commissioners, I'm Caroline Semon. I live across from the landfill. And Mr. Kippenbrock, I want to thank you for the public notice sign placed on the Caja del Rio Road, and for the notice in the Santa Fe New Mexican. Thank you also for your thoughtful consideration in the placement of the methane burning structure in

a place where it is not visible to the people living in the area. And Commissioner Vigil, thank you for all help and your actions concerning the removal of the asphalt plant in the landfill area. Mr. Chair and Commissioners, and thank you I was going to ask that the asphalt plant be removed, so thank you very, very much.

COMMISSIONER VIGIL: Thank you, Carol.

CHAIRMAN MONTOYA: Thank you. Any other people wanting to testify? Okay, so this public hearing is now closed. What are the wishes of the Board? Commissioner Vigil.

COMMISSIONER VIGIL: Mr. Chair, I move that we approve the variance, all of the conditions stated by staff and approve it with the conditions as proposed by myself to remove the asphalt and ask SWMA to come before the Commission for any other changes in operations that are associated with the landfill.

COMMISSIONER HOLIAN: Second.

CHAIRMAN MONTOYA: We have a motion by Commissioner Vigil, second by Commissioner Holian. Further discussion?

The motion passed by unanimous [5-0] voice vote.

[Commissioner Vigil left the meeting.]

XIV. A. 1. BCC CASE # MJS 10-5030 Real Food Nation Liquor License. Real Food Nation, Applicant, Requests Approval of a Restaurant Liquor License to Serve Beer and Wine With Meals. The Subject Property is Located at 624 Old Las Vegas Highway, Within Section 4, Township 15 North, Range 10 East, Santa Fe County, (District 4). Jose E. Larrañaga, Case Manager

MR. LARRAÑAGA: Thank you, Mr. Chair. The applicant is requesting approval of a restaurant liquor license. Real Food Nation will not have a bar, however, they intend to serve beer and wine with meals. The issuance of a restaurant liquor license will not increase the intensity of the restaurant as there is not any proposed expansion of the existing site. The property is acknowledged by the County as a legal non-conforming commercial property for restaurant and/or food service use. An administrative development plan for the station café and restaurant was approved and recorded with conditions in 2008. The development plan describes a building for a kitchen area to prepare food and a building to be utilized as a restaurant.

Ordinance No. 2005-08 designates this site as a neighborhood mixed use which allows for beer and wine to be served in a restaurant as a permitted use. The zoning on this site allows for the building approved by the County as a restaurant to serve beer and wine with meals. The State Alcohol and Gaming Division granted preliminary approval of this request in accordance with Section 60-6B-4 NMSA of the Liquor Control Act. Legal notice

of this request has been published in the newspaper. The Board of County Commissioners are required to conduct a public hearing on the request to grant a restaurant liquor license to this location.

Recommendation: Staff has reviewed this application and has found the following facts to support this submittal. The US 285 South Highway Corridor Zoning District designates this site as a neighborhood mixed use which allows for beer and wine to be served in a restaurant as a permitted use. The applicant's request complies with Ordinance No. 2005-08 and the Santa Fe County Land Development Code. The applicant has met the State of New Mexico requirements for noticing, distance from schools and churches. Therefore staff recommends approval of the applicant's request. Thank you, Mr. Chair.

CHAIRMAN MONTTOYA: Okay. Questions for staff? Seeing none, this is a public hearing. And actually is the applicant here? Would you come forward?

[Duly sworn, Blyth Timken testified as follows:]

BLYTH TIMKEN: My address is 624 Old Las Vegas Highway, Santa Fe, New Mexico, 87505.

CHAIRMAN MONTTOYA: Is there anything you'd like to add?

MS. TIMKEN: Not really. No.

CHAIRMAN MONTTOYA: Any questions for the applicant? Okay. Thank you. This is a public hearing so now we'll open it up for anyone who would like to testify on this case. Okay, seeing none this public hearing is now closed. What are the wishes of the Board?

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. I am very pleased to move for approval of this case. I live just down the road and I want to say that you guys have great food and I really appreciate that you have recyclable take-away containers.

CHAIRMAN MONTTOYA: Okay.

COMMISSIONER STEFANICS: Second.

CHAIRMAN MONTTOYA: Second by Commissioner Stefanics. Any further discussion?

The motion passed by unanimous [4-0] voice vote. [Commissioner Vigil was not present for this action.]

- XIV. A. 3. CDRC Case # Z.08-5450 Cimarron Village Master Plan. Joseph Miller, Applicant, Land Development Consultant, Agent Request a Master Plan Amendment to the Previously Approved Cimarron Village Development to Allow A Mixed Use Development Consisting of 34 Commercial Lots, 3 Single Family Residential Lots, 20 Live/Work Units, and 30 Townhouse Units for A Total of 53 Dwelling Units on 81.69 Acres+ and a Rezoning of an 8.126-Acre Parcel to a Neighborhood Mixed Use Zoning Designation for Residential and Commercial Development. The Property is Located East of Eldorado on the East Side of US 285, Off Colina Drive and Camino Valle, Within Sections 9 & 16, Township 15 North, Range 10 East (Commission District 5) Vicki Lucero, Case Manager [Exhibit 4: Will Serve Letter from EAWSD, 2/8/10]**

VICKI LUCERO (Review Team Leader): Thank you, Mr. Chair. On December 17, 2009 the CDRC recommended approval of the proposed development. On January 12, 1993 the BCC granted approval for the creation of a Village Center Commercial District and master plan zoning approval for a large-scale mixed-use development, Cimarron Village, consisting of 34 lots – 22 commercial lots, one community service lot, eight multi-family lots, and three single-family lots.

The applicant is now requesting a master plan amendment to bring the original master plan into compliance with the US 285 South Highway Corridor Zoning District Ordinance, which was not in effect at the time of the original master plan approval. The amended master plan would also increase the residential density to a total of 53 dwelling units and increase the number of commercial lots to 34 in addition to having live/work units. Approximately 21.8 acres of the subject property is located in the Village Mixed-Use area as designated in the US 285 South Corridor Ordinance which allows for higher densities. Therefore, this proposal conforms to the density allowance of the ordinance.

The applicant is also requesting a rezoning of an 8.126-acre parcel located on the northwest corner of US 285 and Camino Valle to a Neighborhood Mixed-Use Zoning designation. Under Ordinance No. 2005-08 this particular parcel is eligible for Neighborhood Mixed-Use Zoning.

The development will be completed in six phases. This application was reviewed for access, water, fire protection, liquid and solid waste, terrain management, archaeology and affordable housing.

Recommendation: This application is in compliance with Article V, Section 5.2, Master Plan Requirements of the County Land Development Code, and is consistent with the US 285 South Highway Corridor Zoning District Ordinance. Therefore staff recommends master plan zoning approval subject to the following conditions. Mr. Chair, may I enter those conditions into the record?

[The conditions are as follows:]

1. All redlines comments must be addressed.
2. Master plan with appropriate signatures must be recorded with the County Clerk.
3. Compliance with applicable review comments from the following:
 - a) State Engineer
 - b) State Environment Department
 - c) Soil & Water District
 - d) State Department of Transportation
 - e) County Hydrologist/Water Resources Dept.
 - f) Development Review Director
 - g) County Fire Marshal (Site Plans & Building Plans)
 - h) County Public Works
 - i) State Historic Preservation Division
 - j) Technical Review Division
 - k) County Open Space, Parks and Trails Division
 - l) Public Schools District
 - m) County Housing Division
 - n) County Planning Division
4. Development within the US 84-285 Highway Corridor shall comply with the district standards of the US 285 South Highway Corridor ordinance (Ordinance No. 2005-08).
5. Complete access permits will be required from NMDOT for access off US 285.
6. When any of the 20 live/work units or the 30 townshouses are converted into condominiums or offered for sale this development will be subject to the County's Affordable Housing Ordinance. This shall be noted on the master plan.
7. Village and neighborhood mixed-use areas shall be shown on the Master Plan. Village mixed-use area shall not exceed 21.8 acres.
8. An updated Traffic Impact Analysis will be required at preliminary development plan stage.
9. Solid waste removal must be addressed in a maintenance agreement at preliminary development plan stage.
10. The topography and terrain management plans must be consistent.
11. The development must provide a minimum of 25% residential floor area and a minimum of 25% of non-residential floor area. Total residential development shall not exceed 50% of the total square footage of development.

CHAIRMAN MONTROYA: Okay, questions for staff? Seeing none, if the applicant would come forward please and be sworn in.

[Duly sworn, Danny Martinez testified as follows:]

DANNY MARTINEZ: My name is Danny Martinez, 7009 Marilyn, like Marilyn Monroe, Avenue NE, Albuquerque, New Mexico, agent for Mr. Miller.

Mr. Chair, members of the Commission, it's been quite some time that this

development has been in the process. We actually started this original development back in 1991 and have gone through a lot of hoops and rolls and everything that has taken the project down to this point. The biggest concern that we have in this project over here was after the moratorium Mr. Miller was very involved with the development of the 285 ordinance. His property was a focal point of the ordinance from the standpoint that the issues related to the commercial, to multi-family, to the village center district all together, were concentrated on this particular parcel, yet the whole ordinance covers quite a length from I-25 all the way to the Lamy turnoff, so the involvement by Mr. Miller in the development of this ordinance has been very intense and again, we've basically taken a lot of time and met with staff and tried to come up with a plan that would meet the intent of the ordinance.

As noted in the development plan and as noted by staff, the compliance has been something that we're after. We do have a concern with a couple of the conditions that we'd like to note as we move further on down with the development. But in general we feel that the ordinance and the development plan are pretty much in compliance with each other.

Mr. Miller is available for questions if any other questions we're available at this point.

CHAIRMAN MONTROYA: Thank you. Any questions for the applicant?

Commissioner Stefanics then Commissioner Holian.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. I would like to know if the applicant is ready to accept all the conditions noted by staff.

[Duly sworn, Joe Miller testified as follows:]

JOE MILLER: As far as your question, yes. We looked at all those conditions and we agree with all of them.

COMMISSIONER STEFANICS: Okay.

CHAIRMAN MONTROYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. This application was reviewed by the Santa Fe County Open Space and Trails and they made several recommendations. And I'm wondering if you're willing to incorporate them into your master plan. One is that the proposed areas for open space be fully accessible and usable to pedestrians and equestrians.

MR. MILLER: No. We don't agree with that. This is an open space strictly for the people who are living in the subdivision itself. It's not open to the public.

COMMISSIONER HOLIAN: Well, they also point out that this proposed development is between – there is a trail corridor that runs the length of US 285 to Ranch Road and then there's the Eldorado Wilderness area on the other side, and it would be really nice if there were connectivity through this property, between the trail and the Eldorado Wilderness area. I think that would be very good for the residents of Santa Fe County.

MR. MILLER: I met with the Eldorado Wilderness people who run the wilderness center and they objected to that. They do not want any kind of an access to ours into their center. There is a private wilderness center to permit people who live in Eldorado, and it's restricted to them and they think that if we made an access into their place the public may start using their wilderness center and they were opposed to that.

COMMISSIONER HOLIAN: Okay. Thank you.

COMMISSIONER STEFANICS: Mr. Chair

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: On that point, question for Shelley or staff. Without the – the applicant is not required to comply with recommendations from Open Space. Is that correct?

SHELLEY COBAU (Review Division Manager): Commissioner Stefanics, Mr. Chair, that's correct. The memo from Open Space and Trails is not part of an ordinance requirement. The 285 Corridor Ordinance does not require trail connectivity across this particular piece of property. Development Review staff and Land Use Administrator feel this project is totally compliant with master plan procedures and we recommend approval.

COMMISSIONER STEFANICS: Thank you, Shelley. Mr. Chair, I do – I'll save my comments for later. Thank you

CHAIRMAN MONTOYA: Okay. Any other questions for the applicant? Okay. Thank you. This is a public hearing. If there's anyone who would like to testify in this case if you would please come forward.

[Duly sworn, James Jenkins testified as follows:]

JAMES JENKINS: James Jenkins, 14 Camino Costadino, Santa Fe, 87508. Thank you, Mr. Chair. I'm Jim Jenkins. I am president of the Eldorado Area Water and Sanitation District, and I asked for a letter to be submitted to the package and –

CHAIRMAN MONTOYA: We got it.

MR. JENKINS: Thank you, Vicki. A couple points of clarification. The applicant did approach the district two years ago and requested water service for this project, and I think there's been some confusion between all the various parties and I want to try to set the record straight from the District's point of view. We had met with County staff in 2008 and provided the County with a water hydrologic study which demonstrated the water supply for the district for a 100-year supply. It was our understanding that having provided that, we would then be in a situation where a will-serve letter was sufficient to meet the compliance requirements from the District's point of view or the District's side of that issue.

And we were very pleased with the County Hydrologist's review letter of September 9th of last year in which Karen Torres pointed out that in her professional judgment the District did in fact have a 100-year supply of water and was able to supply this project. However, in further detail of her review she called out for several engineering studies, and I'm not sure exactly what that means but I did want to point out that neither this applicant nor any other applicant is going to be able to provide an engineering study of our system and how it works. As all of you probably know that system was built over 40 years with several different submissions to the County Commission for approval. Each one of those, I'm assuming, had with it a review of the engineering design of the water system. So we have a subsequent series of submissions that were approved, and it would appear that the County is now asking for yet another engineering study of the entire system.

And as I said, no applicant is going to be able to do that. We have 110 miles of

pipeline. We have 15 wells. We have five booster stations. We have six tanks. That would require an incredible engineering study. Neither the District can do it nor, in my estimation can any applicant do it. It would appear, and I'm seeking advice from not only the Commission but from the County staff. Is this a requirement going forward for any future development in the area that we serve? And I have to add that this project is in our District. And by the Water and Sanitation District Act we have to provide service if we have the water. So we're in a compliance roll ourselves.

So I'm pointing out in my memo and I won't go through all the rest of the details, that the references to engineering studies really put us in a quandary, because we cannot serve our District as we are required to by law as a quasi-municipality chartered by the state, if this is going to be an ongoing issue. The rest of the issues with Mr. Miller as his application goes, I'm not here for or against other than to assure the Commission we do have the water supply. And in fact part of the requirements, the conditions for giving Mr. Miller the approval for a will-serve letter was that Mr. Miller brings to the District five wells which will add to our supply by a significant margin, upward to 20 percent more water than we currently have.

So I just wanted to add that as clarification because of some of the issues that were raised in the hydrologist's letter. So thank you very much.

CHAIRMAN MONTTOYA: Okay. Thank you, Jim. Anyone else like to – please come forward and be sworn in.

[Duly sworn, Paul White testified as follows:]

PAUL WHITE: My name is Paul White, 94 Camino Chupadero, Santa Fe. I just wanted to mention to the Commissioners that Eldorado has applied for water rights transfers and those water rights transfers are currently in the hearing process with the State Engineer. I think you should take that under consideration in this process. Thank you.

CHAIRMAN MONTTOYA: Thank you. Anyone else? Please come forward.

[Duly sworn, Alicia Nation testified as follows:]

ALICIA NATION: I am here actually today to speak on another matter, however, I have been living in the 285 Corridor for about seven years and I'm closely involved with the community of hikers and equestrians. I recently had the opportunity to send – I'll call it a survey – out to equestrians in the area. This was throughout the county as a matter of fact. And one of the hopes that the equestrians are hoping that we can move forward with in conjunction with Land Use and sustainable use of lands in the development of the County plan is to expand the trails system throughout the county so that we do have contiguous trails. I do understand that every landowner has his or her needs and choices and priorities, but most of the people who are hikers or equestrians are very, very willing to work within parameters and to work cooperatively with the landowners and with homeowners.

In the 285 area, with the increasing traffic on 285, crossing the road and getting around would be very difficult if there were breaks in the trails where individuals, either on horseback or with dogs, and hikers had to be crossing the main highways. So I would ask that it be a consideration wherever possible that we have contiguous trails to major open space areas. Thank you.

CHAIRMAN MONTOYA: Thank you. Anyone else? Last call. Okay, this public hearing is now closed. So what are the wishes of the Board? Commissioner Holian,

COMMISSIONER HOLIAN: Mr. Chair, can I ask a question?

CHAIRMAN MONTOYA: Sure. Absolutely.

COMMISSIONER HOLIAN: Shelley, is it possible for us to put that in as a requirement that there would be trail connectivity through that property? Or do we have no jurisdiction over that?

MS. COBAU: Commissioner Holian, there's nothing in the Code that would require trail connectivity. I can read you what the 285 Corridor Plan states regarding trail connectivity. It says that to make residential areas and mixed-use development with a well connected network of paths and trails. Mr. Miller has complied with that on his site. So he is Code-compliant. So in order for him to comply with the request, that would be fine if he were willing. He has stated that he's not, so it's not something that we can require by Code.

COMMISSIONER HOLAN: I see. Thank you.

CHAIRMAN MONTOYA: Any other discussion?

COMMISSIONER STEFANICS: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: I move that we approve this CDRC Case #Z 08-5450 with the recommendations and conditions of the staff and encourage the developer to consider connectivity in the future.

CHAIRMAN MONTOYA: Okay. We have a motion by Commissioner Stefanics. I'll second for discussion. Any other discussion? Commissioner Anaya.

COMMISSIONER ANAYA: Thank you, Mr. Chair. I just want to thank Joe for getting your stuff all in so that we could look at it and move these projects forward when we get all the stuff. So thank you for doing that, Joe. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Any other discussion?

The motion passed by unanimous [4-0] voice vote. [Commissioner Vigil was not present for this action.]

- XIV. A. 6. CDRC Case # S 06-5031 the Village at Galisteo Basin Preserve Preliminary Plat/Development Plan. Commonweal Conservancy Inc., Applicant, Ted Harrison, Agent Request Preliminary Plat and Development Plan Approval for Phase I of the Village at Galisteo Basin Preserve Which Will Consist of 131 Single-Family Residential Lots, 3 Multi-Family Residential Lots for a Total of 149 Residential Units, and 5 Non-Residential Lots Within a 60-Acre Development Envelope within an Overall 10,000+ Acre Area. The Request Also Includes the Following Variances of the County Land Development Code: 1) to Allow Driveway Locations to Be Closer than 100 Feet From Intersections; 2) to Allow Slopes of Up to 5% within 50 Feet of an Intersection Rather Than Required 3% or Less Within 100 Feet of an Intersection; 3) to Allow Driving Lanes for Minor Arterial Roads and Local Sub-Collector Roads to Be Reduced to A Width of Less Than 12 Feet; 4) to Reduce the Required R-O-W Width From 50 Feet to 32 Feet for Local Sub-Collector Roads and 25 Feet for Local Lane Roadways; 5) to Allow a Cul-de-Sac Length of 900 Feet; 6) to Allow Commercial and Residential Building Heights of Up to 30 Feet in Certain Areas (Commission District 3) Vicki Lucero, Case Manager**

MS. LUCERO: Thank you, Mr. Chair. On September 8, 2009, the BCC tabled this case and directed the applicant to submit a new market analysis, to provide more data regarding water availability for the entire development, and to work with the communities of Galisteo, Eldorado, Lamy, Cañoncito, and the Eldorado Area Water and Sanitation District. The applicant has submitted documentation regarding the meetings they have held with these communities and entities. However, as of the time this information was submitted they had not met with the community of Cañoncito. And I believe the applicant had a meeting scheduled last week which got cancelled due to the weather but they have spoken to at least one person within that community and they can expand on that further during their presentation.

The applicant did submit a revised market analysis. Staff's review comments on the market analysis are attached in Exhibit D. The applicant submitted a letter to the County Utilities requesting water service for phases 2 through 5 of the proposed development in order to address the long-term water availability issues as directed by the BCC at the September meeting. The Utilities Department has issued a ready-willing-and-able letter to provide water to the development subject to several conditions. And that letter is referenced in Exhibit L.

Staff believes that a change in water supply from a private system to the County Utility would require a master plan amendment and this should be done prior to the Board taking action on the preliminary plat for phases 2 through 5. Staff also believes this change could have an impact on the design of the water system that should be taken into account. This may require revised plans to be submitted for review.

On June 18, 2009 the CDRC met and acted on this case. The decision of the CDRC was to recommend approval of this request. The request that was presented to the CDRC included a variance to allow cul-de-sacs greater than 500 feet in length. Article V, Section 8.2.1.d of the Land Development Code states that cul-de-sacs shall not be longer than 500 feet. However, in low density residential areas the lengths of cul-de-sacs may be adjusted by the CDRC with the changes consistent with public safety factors. The CDRC approved the cul-de-sac lengths. After several meetings with the applicants regarding the specific issue staff has determined that a variance for the length of cul-de-sac is not needed.

The Land Use Administrator has prepared a statement that I would like to read into the record. "The Village at Galisteo Preserve has presented numerous challenges for the Land Use Development Review staff and other department staff members. The success of the project depends on a number of new planning and development techniques that are not yet in full play in Santa Fe County. The ideas of clustered, mixed-use development patterns, community-based affordable housing, new road configurations, green building, watershed management and restoration, agriculture and open space protection, alternative energy development and localized economic development initiatives are basic growth management principles that were originally considered and outlined in the Santa Fe County 1999 Growth Management Plan.

"Many of these were implemented in the creation of the Community College District and the subsequent adoption of Ordinance No. 2000-12, an ordinance providing for land use and zoning regulations for that district. At this moment, however, those adopted principles apply only to the Community College District and not to the County in general. The Village at Galisteo Basin Preserve has to be reviewed under the existing rules and regulations that apply specifically to it and not to the Community College District. In addition, this has created a more difficult situation for Land Use staff as they fully understand that as part of the development of a new sustainable land use plan and code many of our older and ineffective growth management strategies and techniques are being reconsidered and new rules and regulations are being proposed. Consequently, a number of issues presented by the Village at Galisteo Basin Preserve are variances to our existing codes and must be presented as such, as that is what they are, variances to existing rules and regulations.

"In the majority of the land use cases that we review in our department we do not support variances but present them to the governing body for final consideration and determination. In this case we present the detailed issues of the variances but suggest that in relation to or in comparison with the Community College District ordinance, and in consideration of proposed new growth management techniques and regulations most of these variances might well be in compliance with future rules and regulations. Furthermore, since the last Board of County Commission meeting County Land Use, Public Works and Fire staff have met with the applicant's staff and gone over each variance in more detail to determine in comparison with the CCD regulations and currently proposed new ideas if any of their proposed variances present an immediate threat to health and safety concerns that we might have.

"At this point in the deliberation of this project and in the consideration of our new sustainable land development plan and code it is the opinion of the Land Use Administrator that

these project variances do not pose any threats to health, safety and welfare concerns, and most of them may in fact not be variances under the proposed new plan and code. We hope that you will review these variances in that same context.”

Staff recommendation: Article II, Section 3 states that the Development Review Committee may recommend to the Board and the Board may vary, modify, or waive the requirement of the Code, and upon adequate proof that compliance with Code provisions at issue will result in an arbitrary and unreasonable taking of property, or exact hardship, and proof that a variance from the Code will not result in conditions injurious to health or safety. The applicant is requesting a variance of allowable building height and several variances having to do with road construction design standards. They are requesting to reduce right-of-way widths, reduce driving surface width, increase roadways at the approach to intersections, and reduce spacing between intersections.

The County Land Development Code states, “The arrangement, character, extent, width, grade and location of all roads shall be considered in relation to convenience and safety and to the proposed use of land to be served by such roads.”

Self-sustaining, clustered mixed-use developments such as the Village at Galisteo Basin Preserve are not categorized differently or regulated differently than typical residential, commercial or mixed-use developments under the County Land Development Code. The only regulations that apply specifically to this type of development are found in the Community College District Ordinance. The applicant has somewhat designed this project based on the purpose, principles and guidelines of the Community College District Ordinance. Although staff recognizes that the design standards and regulations of the CCDO are more appropriate standards for this development to follow, staff cannot recommend approval of the variances requested because this development does not fall within the jurisdiction of the Community College and must comply with the regulations and standards set forth in the County Land Development Code.

The decision of the CDRC was to recommend approval of this request. If the BCC’s decision is to approve this request staff recommends the following conditions be imposed. Mr. Chair, may I enter those into the record?

[The conditions are as follows:]

1. All redlines must be addressed.
2. Compliance with applicable review comments from the following:
 - a. State Engineer
 - b. State Environment Dept
 - c. Soil & Water Conservation
 - d. State Department of Transportation
 - e. County Hydrologist/Water Resources Department
 - f. Development Review Director
 - g. County Fire Marshal (Site & Building Plans)
 - h. County Public Works
 - i. State Historic Preservation Division

- j. County Technical Review
 - k. Open Space, Parks & Trails Division
 - l. Public School District
 - m. County Housing Division
 - n. County Planning Division
3. Development within the US 84/285 Highway Corridor shall comply with the district standards of the US 84/285 South Highway Corridor Ordinance (Ordinance No. 2005-08)
 4. All archeological easements shall be shown on the plat. The State Historic Preservation Office shall approve all proposed mitigation measures prior to final plat recordation.
 5. Base flood elevations for the Arroyo de Los Angeles and its tributaries shall be established prior to final plat approval.
 6. All redline comments must be addressed.
 7. Road names and addresses must be approved by Rural Addressing prior to final plat recordation.
 8. Final homeowners documents and disclosure statement are subject to approval by staff prior to final plat.
 9. Water restrictive covenants shall be recorded with the final plat.
 10. All utilities must be underground.
 11. All lots are subject to the Santa Fe County Fire and Rescue Impact fees. This must be clearly noted on the final plat.
 12. The applicant must submit an engineer's cost estimate and final guarantee for all required improvements (i.e., road construction, street and traffic signs, fire protection, etc.) prior to final plat recordation. A schedule of compliance projecting time period for completion of improvements must be included. Upon completion, the applicant must submit a certification by a registered professional engineer that improvements have been completed according to the approved development plan.
 13. The following note must be put on the plat: *Permits for building construction will not be issued until required improvements for roads, drainage and fire protection have been completed as required by staff.*
 14. An access permit will be required from NMDOT prior to final plat approval.
 15. An approved discharge from the Environment Department shall be submitted prior to recording the plat.
 16. Compliance with conditions of the master plan approval.
 17. A water quality and water system maintenance plan shall be submitted prior to final plat approval.
 18. This development will be subject to the Santa Fe County Sustainable Land Development Plan and Sustainable Land Development Code.
 19. The top of all swales must be at least ten feet off the pavement to provide a clear zone. Street trees cannot be placed in the clear zone.

20. The proposed streets throughout the development must comply with the exact road standards of the Community College District Ordinance as specifically described in Exhibit M. This includes placement of curb and gutter and increasing right-of-way widths.
21. Master plan must be amended to reflect the change of water service from an onsite community water system to service by the County Water System prior to preliminary plant application of Phases II-VI.
22. Development must comply with Section 5.9 (Culverts, open channels and stormdrain systems) of the County Floodplain Ordinance (Ordinance 2008-10).
23. The applicant must provide road cross-section every 50 feet to show cut and fill slopes. The sections must include street names and station numbers. These sections must be provided with the submittal of the final plat/development plan for this project in order to facilitate a detailed review.

CHAIRMAN MONTTOYA: Questions for staff. Commissioner Anaya.

COMMISSIONER ANAYA: Thank you, Mr. Chair. Vicki, did they change the name?

MS. LUCERO: Mr. Chair, Commissioner Anaya, at this point they have not suggested a name change.

COMMISSIONER ANAYA: Okay, I'm going to go ahead and move to table. No, I'm just kidding.

CHAIRMAN MONTTOYA: I almost gave you a second there. Okay. The applicant, if he'd please come forward and be sworn in.

[Duly sworn, Scott Hoeft testified as follows:]

SCOTT HOEFT: Scott Hoeft, Santa Fe Planning Group, 109 St. Francis, Santa Fe, New Mexico, 87504. After the last meeting that we had in September Ted asked me to come aboard to help out with some of the outstanding issues. He's pulled in a lot of different ways. We had some issues that we really needed to sit down with staff and solve, mostly the variance issues and so he asked me to come aboard to see if we can sort out these issues. By the reading of the staff report that you just heard you can tell that we've come a long way in the last four months.

What we'd like to do though is not go through a belabored presentation. I'm going to start off where we left off at the last hearing. I'm going to address the five points that were kind of hanging that I looked at in the minutes of the previous hearing and from there – I'll be about five minutes in length, and from there I'll turn it over to the public to make statements if I can have a chance though at the end to speak at the end of the project to conclude. That would be helpful.

So where we left off last were the variances, and we had five to deal with, actually four now, because the issue with the cul-de-sac and the length of it was no longer applicable. And that was an issue related to density. But what I don't want to do is go through each of the variances in turn. What I want to state though is that what we concluded when we met with

staff, with Shelley, with Jack, with Public Works, is that we weren't that far off. What was pretty apparent is that what we were asking for was almost within the confines of the CCD District and in fact there were only a few instances here and there that were beyond the CCD District.

And so when we began to study that it became apparent that what we were asking for really wasn't that abnormal and that in fact it was very progressive, and in fact, even thinking ahead to the new code, the SLDP, we were very consistent with ultimately what was going to be planned. And so I think once we kind of got that all on the table and we really went through each of the instances and literally, the staff of Commonweal brought out drawings and we showed where each of these instances were going to be, that it became, it seemed a lot less onerous for staff to review and overall I think we've come a long way. And I know they can't technically recommend support of variances pursuant to the Code, they can say, as Jack stated in his paragraph, that he feels they don't pose a significant threat to the health, safety and welfare.

And so I think that we've come a long way with those variance issues and again, with staff conditions, I feel we support where we're at right now. What I want to do, however, is at the end of my presentation come back and modify two of the conditions. We met with Shelley and with Vicki yesterday and I think we've come a long way with actually sorting out two more. So the variance issues I think we've come along with.

The second issue that I'd like to point out was I saw where we left off last in September was in neighborhood meetings, and there was a concern that we haven't met with Eldorado, Lamy, and Galisteo. And what Ted did immediately in October, as I mentioned, he pulled in a lot of different ways is had neighborhood meetings. And he did meet with those groups pursuant to the request of this Board to gather additional feedback. And for the most part, they were relatively positive meetings. The one exception was Cañoncito. We tried. Ted had a meeting I think up until last week and it was snowed out. We did have a chance to talk with Ms. Gurule, who is the association representative in that area, and at a glance she didn't quite see why we were meeting with her because it's quite a distance from the project itself. It's about 12 miles away, but she'd be more than willing to sit down with us and discuss the project. But at a glance she was supportive of the project.

The next issue was market study. You asked us to update the market study that was completed in 05 and 06. In other words, we did. We submitted those two updated reports and you have a review letter from Santa Fe County staff member Duncan Sill, and overall, those are relatively positive. A couple of things to point out with the market study, and I don't want to get into the nuts and bolts unless you have specific questions, is just generally the theme of what we're talking about here with this project. This project has a competitive advantage, and you read that within those reports, and that competitive advantage is that you have a project on 10,000 acres that's utilizing 300 acres. Okay. 10,000 acres utilizing 300 acres. That's pretty impressive. And why those people are going to buy in that community is for that 10,000 acres.

And so you have a product that has a multiple type of housing units. You have tighter density of a traditional community, which again, goes with the variance request that we're

asking for, and it's going to be a product that we feel is going to be in demand. And so that is the competitive advantage that I believe comes out in those market studies.

The next issue I'd like to talk about is water. We feel that we've satisfied the qualifications and the requirements of the preliminary development plan submittal and plat and Steve Ross can verify that and we went farther in that we received a letter from Marvin Martinez, we worked with the County Utility Department to get a ready-willing-and-able to serve letter for the balance of the project at your request. So we accomplished that. And that letter is in your packet as well and it largely states it would be served by the County utility for the balance of the project beyond Phase 1.

And the last thing I'd like to talk about in terms of the points that you brought up at the last hearing was the name of the project. Commissioner Anaya, we heard the concern regarding the name and as stewards of the community, Commonweal did not want to get in the position of feeling like they were pirating the historical nature of that area, and so we've changed the name. The name of the project is Trenza. A single word, it means braid, and it gets at the community and the weave that is going to be illustrated within the design intent. It's going to have the multiple product types, the multiple income levels, the tighter density, the vast amounts of open space. It's going to be a braid within the community. So the new name of the project is Trenza. The Village at Galisteo Basin Preserve no longer exists.

So the last thing I'd like to talk about in my brief presentation is this comment on the meeting we had with Robert Freilich. So when Ted asked me to come aboard to help him shore up some of these issues I said, look, the first thing we have to do is sit down with Robert Freilich because we have to understand the intent of the project and what we're trying to accomplish. Is this consistent with ultimately where the County wants to go? And so we set up a meeting with Robert, with Roman Abeyta, with Steve Ross, back in October to present the project to him, which he's never seen before, and to say this is what we're trying to accomplish. What do you see? And is this a problem for the County? And he was very supportive of the project.

The variances, he was supportive of most of the variances as well. He thought those were very consistent with ultimately where the Code is going to be. He liked the idea of the traditional community, the neo-traditional planning, the new urban principles and the tight density, the multiple product types, the multiple income levels, all woven into this tight community, while the balance of the land, 10,000 acres left as open space for the benefit of the community and for the public. He liked that idea.

We also talked about the primary and secondary growth areas. We've all seen the maps now in the new plan that shows primary, secondary growth areas and we asked the point specifically, we asked – this area is in a secondary growth area. It's not in a primary growth area. How does that affect you? And he said, that's fine. The intent of the map is not to say everything needs to occur first within the primary growth area and then only then can the secondary growth area come into play. In fact, the secondary growth area, this is a model project, can serve as an example of what others should follow within the community. Tight density, vast amounts of open space – what more can the County ask for?

So in sum, I can't speak for Mr. Freilich; he's not here this evening. But overall, in those meetings that we had, initially, right after the hearing that we had in September, Mr. Freilich was very supportive of the project. So with that, that's my presentation. I'll stand for questions and I'll open it up to the public. Thank you.

CHAIRMAN MONTTOYA: Okay, questions for the applicant? Commissioner Anaya.

COMMISSIONER ANAYA: Scott, I was just checking to see if you were awake earlier.

MR. HOEFT: You got me.

CHAIRMAN MONTTOYA: Did you see him jump?

COMMISSIONER ANAYA: Tell me about the cemetery.

MR. HOEFT: The cemetery is something that we just talked about today to try to – I needed to get a handle on it as well. And what it is is that what we're going to be doing is not going through the traditional processes of embalming people. It will be natural process, to where people will be put into the ground in a natural way without the normal chemicals that are used in the embalming process. The other option on that will be that be that people who are in fact cremated, rather than using the dollars that they would normally spend on funeral arrangements or on the process would be taking those dollars, donating it to Commonweal, so in turn they would be buying additional land for the preserve.

COMMISSIONER ANAYA: So who can be buried there?

MR. HOEFT: Anyone.

COMMISSIONER ANAYA: And tell me about the natural. What do you mean? You're not going to need a casket?

MR. HOEFT: That I don't know. If you would indulge me, could I just talk to my colleague really briefly?

COMMISSIONER ANAYA: Yes. I want to know the details.

MR. HOEFT: You know maybe it's time. Let me just let Ted answer this question. He has a really good handle on it.

COMMISSIONER ANAYA: Another thing I want to talk about is who can be buried there and how much is it going to cost to be buried there. We've got a lot of indigent people that die and can't pay for places or plots, and I want to know if they can be able to be buried there without being charged.

MR. HOEFT: Ted will have to answer that question. Let me get him up here right now and he can field the question, Commissioner, if that's okay with you.

[Duly sworn, Ted Harrison testified as follows:]

TED HARRISON: Ted Harrison, 2112 Paseo del Monte, Santa Fe, New Mexico. Mr. Chair, Commissioner, actually, there's an individual in the audience that is working with us very specifically on the green burial program, so he can give you – I hesitate to say the gory details. But he can give you quite a story as to the work that he's pursuing to bring forward nationally and to have our project be an example of how we can go back to a burial process that doesn't have all the layering and expense that the funeral industry has

come to apply to the death process.

We were excited about pursuing a project, pursuing a community development that was truly cradle to grave. And to do the grave part of it most responsibly we've looked to experts around the country as to what is the most benign way to take a body into the ground, with the lowest carbon footprint. And the most gentle, lowest-carbon footprint way to do that is to take a body quickly after the person has died, refrigerate them wrap them in a shroud and inter them into the ground. And then another element of the green burial is you don't end up with headstones in the Kentucky bluegrass, that's also a part of a lot of the way we've been doing cemeteries in the last 50 years.

So to keep the land and the burial site native grasses or shrubs. And folks who choose to be buried this way end up essentially with a GPS coordinate as to where their loved one has been buried. There's also a plan for a ritual site so that in the process of acknowledging that person's life and their passing there's a space within this five-acre cemetery. It's not a large piece of the project. That they would have a place at the cemetery to be able to offer last remarks and an acknowledgement.

There is the opportunity for folks to be interred after they were cremated, although the lowest carbon footprint approach is to take the whole body into the earth. How many people could be accommodated? I think the plan right now is a 5 1/2-acre cemetery. It's shocking. It's not my experience as to what the density of bodies could be in a cemetery of 5 1/2 acres, but I think Joe Sehee who is the head of the US Green Burial Council might describe the density as being 1,500 to 2,000 people. So when we talk about it having be a cemetery that's open to the larger public it would be quickly filled up, I think. So if we want to expand it, if that's an opportunity at a later point, if this is a well received concept then we're certainly open to that. We do have quite a bit of land.

We also have the opportunity to pursue scattering, so people who have gone through the process of being cremated and don't necessarily want to be interred can be scattered within the larger open space and a lot of people – we get calls and they've mentioned this in an earlier presentation, we get calls every week for folks. I wish we had this many folks interested in the lots. But we have folks every week calling us about the opportunity to be scattered or buried in this landscape.

So there may be ways to accommodate people in all variety of practices. Whole body burial, a burial of an urn that has cremated remains or a scattering. In terms of cost, I think a traditional burial can run \$12,000 to \$20,000. And there's a variety of price points. It isn't our business but Joe Sehee could probably speak to it more specifically, but the idea is to make this available to folks for a couple hundred dollars. So if you're just coming in on a scattering or an interment of ashes it's a very modest cost. The opportunity to use the green burial as a fundraising strategy is something that also we're in discussions on, but it would be totally voluntary. Folks could make a donation to deal with the larger land stewardship goals of the project.

COMMISSIONER ANAYA: Thank you.

CHAIRMAN MONTROYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Mr. Chair, on this point, since Commissioner Anaya brought it up I understand anyone can come to the County to get a permit for a green burial and that there are several burials such as this all over the county. So this is not a new idea. But I would like to let you know that the company you're dealing with had a very bad experience with a friend of mine's family who died. And they were not prepared to deal with it. And I would hope that the business will get its act together before they ever deal with a dead person and a family again. Thank you.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. Scott, I'm just sort of wondering, of the 10,000 acres, how much has been purchased at this point and how much is in a conservation easement at this point.

MR. HOEFT: I need to confer with my colleague really quick. 8,500 has been purchased and 1,250 is under easement.

COMMISSIONER HOLIAN: And the remaining part of the land is under contract in some way or it's being – it will be held until they can purchase it?

MR. HOEFT: Yes. Correct.

COMMISSIONER HOLIAN: Okay. Thank you.

CHAIRMAN MONTOYA: Seeing no questions, this is a public hearing so if anyone would like to testify on this case please come forward.

[The following speakers were all sworn in as a group.]

CHAIRMAN MONTOYA: So if you could all go ahead and start. I'm going to give you each two minutes and I ask that we try not to be repetitive. If it is I'll ask you to move to another point or ask that you cease your comments at that point. So I just ask for no redundancy and go ahead.

RICI PETERSON: Good evening, Mr. Chair and Commissioners. My name is Rici Peterson and I'm the executive director of the Santa Fe Conservation Trust. We're located at 316 East Marcy in Santa Fe. And I'm one of the people sworn in just now. I'd like to say that the Santa Fe Conservation Trust is the local land and trails organization and is a very strong supporter of the Commonweal Conservancy Project. We feel that the variances enhance the quality of life for current and future generations as part of their overall plan to create a high standard of living, promote public health, and to protect more than 12,000 acres of open natural land for people and wildlife.

At the Santa Fe Conservation Trust our work is to provide landowners and communities with a partner to protect the land that protects quality of life for all. And I'd like to say that if all developers and landowners worked the way that Commonweal is working there wouldn't be need for land conservation organizations like ours because they are definitely acting in the leadership role to help create good, healthy communities and sustainable land practices as well.

We are very proud at the Santa Fe Conservation Trust of the County's leadership in creating a sustainable land use code and we feel that this project fits well within it. We hope that it will be approved and that it will serve as a role model for other developers in Santa Fe

County and eventually nationwide. This is how it ought to be done. Thank you.

CHAIRMAN MONTOYA: Thank you, Rici. Next.

JOE MILLER: My name's Joe Miller. I've been here before. I just want to make some comments and go on the record here. We're probably the closest neighbors to this project. You go down 285 and you turn west into theirs or you can turn east into ours. And I just want to go on record that we have no objection to it at all. I think it's a good project and going to add to the community. Thank you.

CHAIRMAN MONTOYA: Thank you, Joe. Next.

RICHARD GRISCOM: My name's Richard Griscom and I have been sworn in. 22 Via La Puente, Galisteo. I've been a resident there since 1971. I'm representing the Galisteo Planning Commission in being here tonight. I'm not sure I can do this in two minutes, Mr. Chair, but I'll do my best.

CHAIRMAN MONTOYA: Okay.

MR. GRISCOM: On June 12, 2007 the Galisteo Planning Committee presented to the Board of County Commissioners a series of recommendations about this project. We in our recommendations we recommended approval of the project but based on five conditions. And I want to talk for several seconds this evening about those conditions. The Board of County Commissioners at that meeting in 2007 did accept the recommendations for conditions as a part of its approval.

Following that approval by the County Commission, a committee was formed in Galisteo of eight volunteers to work with Commonweal in negotiating how the conditions would be fulfilled. And the eight people on that committee include representatives of the three relevant organizations in Galisteo, the Galisteo Water Board, the Ranchitos de Galisteo Water Board, and the Galisteo Community Association.

The first of the five conditions was that the County require that the hydrological assumptions used and the testing carried out to estimate water availability for the project be as conservative and thorough as possible. The committee engaged the services of Dr. Peggy Johnson from the New Mexico Bureau of Geology and Mineral Resources to give us a report on those questions, whether the testing was thorough and whether the assumptions were conservative, and her report came through affirmative that indeed that we could consider that condition met.

The second condition was that the total hydrological impact of the project be evaluated by examining the water and water requirements of all three phases of the project before the final approval of phase 1. I understand – if I understand the situation correctly, that is being done now by the Board. The Board is looking at the fact that this project is going to require 197 acre-feet of water, not just 31. Thirty-one is the figure for phase 1; 197 is the figure for the whole project. And as I perceive the posture of what's happening at this and prior meetings I think the Commission is taking all that into consideration, so I think that condition is in the process of being met.

The third condition was that Commonweal be required to show beyond a reasonable doubt that its Galisteo Basin Preserve will not cause an impairment of Galisteo's wells. We

engaged the services of Mr. Neil Blandford with the cooperation of Commonweal to give us an opinion on this question. His report came through also affirmative that the project would not cause an impairment of Galisteo's wells.

The fourth condition was that in case the Galisteo Basin Preserve tied in with the Eldorado Water and Sewage District for its water supply, that the Eldorado Lamy wells not be drawn upon for the projects' water needs. This is something we need to keep an eye on. It's my understanding that Commonweal does not intend to tie in with Eldorado, rather it intends to tie in with the County, and the County's water system. So if that's the case then this condition also would be fulfilled. But it's something we need to be aware of and keep an eye on. We feel very strongly that the Lamy wells operated by the Eldorado system have had a negative effect on our alluvial aquifer and we don't want that negative effect to be increased.

A final condition I want to talk about is that Commonweal post a performance bond to guarantee that Galisteo's water supply be restored to its condition prior to the development if the water supply is impaired due to the development as established by a joint monitoring program. We were unable to get a performance bond. It was our idea initially and in the planning commission to push for a performance bond, and the County went along – the Board went along with it, but when push came to shove and we started contacting real estate and insurance agents about that we weren't able to get one. The reply was uniformly it's too far in the future. We were looking at 100-year impact. It's too speculative. We could not get a policy.

We therefore agreed with Commonweal that we would, in lieu of that, that we would try to forge an agreement between Galisteo and Commonweal Conservancy that would adequately protect us, and that's what we've been working on for the last two years. An agreement that includes several monitoring wells, and I wanted to mention earlier that the CDRC made it a condition of its approval in I think it was March of 2007, that there be a well monitoring program set up to monitor the impact of the Commonweal, if any, on Galisteo's wells. So we have negotiated for the past two years on this agreement that does imply two monitoring wells on the Preserve, located in a direct line between the Preserve and the Village of Galisteo. And the thrust of the agreement is that if the water levels in those two monitoring wells fall beyond a certain agreed upon point then it will be deemed – the deeming will be made that Galisteo's wells are being impacted. And Commonweal will be required at that point to take action to make us whole and to restore our water supply, even though the dropping of the wells may not have occurred in the Village of Galisteo yet.

Commonweal would have at that point three options: to deliver water to us through a pipeline or another avenue; to drill a new well on the reserve for us; or to tie in with another utility that would give us water. And Galisteo would have the choice. Galisteo would have the choice of which of those three options would be acceptable. Galisteo would not have to accept the one that Commonweal initially proposed.

So we're very close to having a final agreement on that contract. Two of the three Galisteo entities that I mentioned earlier have signed off on it. Commonweal is prepared to

sign off on it, but the Galisteo Water Association has some problems with it, so there's some further negotiation that needs to happen. I feel comfortable that given enough time that we can reach an agreement that the Galisteo Water Board would support. So I'm prepared to recommend that the Commission approve this project, or phase 1 of this project, again, with the understanding that that agreement will be finalized. I want to state before closing that all sides, all four entities, Commonweal, the three Galisteo entities, have negotiated in good faith. We're very close to having a final agreement and I want to commend Commonweal for its attitude in wanting to work with us. I think it's a rather new, innovative and commendable approach and I think it's working, and with that I'll close and answer any questions that you might have.

CHAIRMAN MONTOYA: Thank you. Next please.

DANIEL WERWATH: My name is Daniel Werwath with the Santa Fe Community Housing Trust, 1111 Agua Fria Street, and I am under oath. I'll try and keep this nice and brief and maybe make up some of Mr. Griscom's time there. Just a few points I want to make. One, Commonweal's been consulting with us for several years on the affordable housing component of their plan and we like it and we agree with it. The second big point is that I think that we support this project on the basis of its innovation, especially in the areas of sustainability. And the third point is just that we're committed to helping them market these affordable units and find appropriate buyers and income-qualify those folks for this project. Thanks.

CHAIRMAN MONTOYA: Thank you. Next, please.

PAUL WHITE: My name is Paul White and I was sworn in. 94 Camino Chupadero, Santa Fe. First of all I want to say that I think this is an excellent project and I encourage the County to approve this project. I do have concerns about the water supply from the – if it would be from the Buckman Direct Diversion. There's a number of concerns as far as the viability of the Buckman Direct Diversion project and I do not believe that the water rights associated with the diversion are sustainable. They are subject to downstream litigation, currently in process right now, subject to drought, and I think it would be a mistake to continue planning using the Buckman Direct Diversion for large-scale development plans. Thank you.

CHAIRMAN MONTOYA: Thank you. Next, please.

FRED MILDER: My name is Fred Milder. I live at 52 West Basin Ridge in Galisteo and I am under oath. I'll be very brief. Commonweal is one of the few if not the only developers in this area that is not developing for money, is not developing in a self-serving fashion but is in fact developing to serve the community that it intends to be building in. And I can't approve of this project more than that.

CHAIRMAN MONTOYA: Thank you, Fred. Next.

MITCH GUZACH: My name is Mitch Guzach. I reside at 1899 Pacheco and I was sworn in earlier. Mr. Chair, members of the Commission, I've been in the real estate profession for 30 years, plus or minus, and on the other side of that a primary interest of mine has been land use, sustainability, and issues about sprawl. And I was honored with a tour of

the property by Mr. Harrison and I was really impressed with the concept of the cluster development to get away from the 20-acre ranchettes and the 40-acre ranchettes and how much more sustainable the whole project is by being condensed. So that I think is the major point that I want to say is that we've got a really forward-looking development here in terms of the whole cluster concept.

I've got a concern about the water. I was looking at the property, one of the ways I was looking at was as a lender, because I'm in the mortgage business. And I talked to my underwriter, I actually talked to a couple underwriters. And bottom line, their major concern was, well, who's going to deliver the water? And the conversation led to their conclusion which was that the owner of the property was a more dependable source of water than the County was. That there were issues about cost. It was going to be difficult to be able to determine what the cost was going to be, if we were hooked up to a County water system. And then all the questions about water rights – who has senior rights? Who has junior rights? So from a financing standpoint there would be more solidity and security with the owner being in charge of that decision. And the previous speaker talked about what those options were. It ultimately may need to be the County. It doesn't seem to be a need at this point.

I think that's what I wanted to say. Thank you very much.

CHAIRMAN MONTOKA: Okay. Thank you. Next, please.

JOANNE TROFIMUK: Joanne Trofimuk, 882 Camino los Abuelos in Galisteo. And I feel like the grinch, because I don't agree with most of what these people said. Galisteo, all these water things have been studied, the hydrologists, are based on a 100-year study. Galisteo have been there more than 100 years. And I think it is this Commission's responsibility to protect some of these little towns. I understand all about, and I think certainly the conservancy issue and the group housing is fine. However, we are very concerned about our water supply. And I think Mr. Griscom overstated the fact that everybody in Galisteo, we're going to come to this agreement. We have asked another hydrologist to look at it, not on a 100-year study, and she has found some things that are very questionable.

We talk about the health, safety and welfare of people. I'm concerned about the health, safety and welfare of the residents of Galisteo. They are people that have there for generations. And when you create something like this you are going to have all the expenses that go with it for the County. You are going to have police, fire, all of the things, all of the problems that come with basically what is going to be a small city or small town, probably at least 4,000 people. When you go to pay for those, the people who live in Galisteo, the ones who have lived there for generations, and not be able to pay the taxes to support that, they are the ones that will be relocated.

Fortunately, we have a graveyard in Galisteo. It's not green. It's very inexpensive, and the coyotes can't dig them up. I think that this sounds good on paper, but when you get down to it it's impractical. One of the things is water conservation. They're going to collect rainwater. When we tried to do this contract they said they didn't want to be responsible for a year where there was drought. News flash: we are always in a drought. This is the desert. I've

lived here for 25 years. This is the most moisture I've seen this winter in those 25 years. So you can't count on precipitation from the sky. And we are very concerned about our water supply. We are looking into it. We have got another attorney looking at it. The fact that we will have to possibly have them bus in water is not an answer for us. I mean, that doesn't make sense.

So, like I said, I'm the grinch. I don't agree with any of this. I think building cluster building is going to destroy all of these little towns, Cerrillos, Galisteo, Cañoncito, all of these little New Mexico towns that make us different. And it is your obligation to protect us.

CHAIRMAN MONTROYA: Thank you. Next, please.

WALTER WAIT: My name is Walter Wait, 48 Bonanza Creek Road, Santa Fe, and I have been sworn in. Mr. Chair, members of the Commission, I'm here representing the San Marcos Association, and essentially for the San Marcos District Community Plan. Our plan does advocate Commonwealth's efforts, mainly because of the 12,000 acres of open space that would border the San Marcos District. We're very, very – we think that it is very important to us that this planned cluster development will add to our open space. And when you associate that with the Rancho Viejo open space, the state and BLM land and our own Cerrillos Park, that it creates a very important or even a vital aspect of our future economy in the San Marcos area. So we really advocate the whole concept of this open space for us. Thank you very much. We think it should be encouraged.

CHAIRMAN MONTROYA: It should be encouraged? Thank you. Next, please.

TERRY SMITH: My name is Terry Smith. I live at 7408 Old Santa Fe Trail, and I was sworn in earlier. I'd like to associate myself with the remarks of the first speaker, Rici Peterson. I served until December for three years as board chair of the Santa Fe Conservation Trust, and just a bit of a vignette, when land trusts support development it's quite an amazing proposition. They don't typically do that. But when a developer is putting 96 percent of his or her land into permanent conservation easement to protect it from development in perpetuity we think that's a very significant and very important reality. And we are already holding the easements on the 1,250 acres that Commonwealth has put under easement. I think an incredible investment by a development that is not yet fully and finally approved has nonetheless moved forward to begin fulfilling its commitment to conserving the land.

The first 17 miles of a planned 50-mile trail system are now in place. People are using them regularly and enjoying them, and they are connective. They connect to the Community College trail system creating a whole new area for people to hike and bike and enjoy the outside. So I believe that the project is a terrific model. On behalf of myself and reflecting the sense of the board of the Santa Fe Conservation Trust I urge you to do whatever is necessary to approve and to move the project forward.

CHAIRMAN MONTROYA: Thank you. Next, please.

DAVID BACON: David Bacon, 54 San Marcos Road West. I'm sworn in. The little work I've done with Ted has been of the very highest sort and I feel that he's taken great pains and great care in details on this project. It strikes me that this project is exactly

what we want to see going forward in Santa Fe County, especially in that part of the county. I just am very impressed with really everything he's done and especially again, to resonate with many other people, the open space that he's set aside I think is really, really important. And I think it's a model that we need to follow. So I would urge support of it. Thank you.

CHAIRMAN MONTOYA: Thank you. Next, please. There's room for three up here at least here in the front.

DAVID HINKLE: My name is David Hinkle. I live at 3 Cerrado Drive in Eldorado, and I was affirmed to tell the truth a few minutes back. I'm a professor of planning at the University of New Mexico, and until recently was the head of that program, and also the coordinator of natural resources and environmental planning. My students and I have been doing research in this area, in the Galisteo Basin over the last ten years. We've worked with community planning elements in Cañoncito, Lamy, Galisteo, Cerrillos, San Marcos and Santo Domingo. We've done watershed studies and analyses of land health and monitored this over the course of that time, both in cooperation with non-profit organizations and also with the State Environment Department, looking at water issues and water quality.

My sense is that the normal alternative to this is lots of small scale development which is much more injurious to the landscape and to water resources, that unfortunately, many of the other kinds of preferred subdivisions elsewhere in this state have not involved much public input, except for under duress, and that there has been a consistent and well founded and intentioned collaboration between the proposed property developers and the communities. And I think this is a sound project that should be supported. Thank you.

CHAIRMAN MONTOYA: Thank you.

JAN-WILLEM JANSENS: My name is Jan-Willem Jansens. I have been sworn in. I live at 770 West Manhattan, Santa Fe, 87501. I'm here also as a fourth year member of COLTPAC, executive director of Earth Works Institute, and I've been working with Commonweal Conservancy since 2002 on land restoration and stewardship issues for the proposed area, and for four years more in the Galisteo Watershed, working with issues of community organizing regarding land restoration and stewardship.

I urge you all to adopt the proposed plan, including the proposed variances, and this is why. I think the Galisteo Basin Preserve realization is a critical piece in the landscape-wide cultivation of the beauty and the valuable ecological and cultural resources of the Galisteo Watershed. This plan really would help the security and integrity of the landscape, especially because of the large-scale open space that's being preserved, plus the community that's going to be there in place to take care of that land, because even if you have 12,000, 13,000 acres of open space, the fact that you have a community that chooses to live there with the intention and commitment to take care of the land in many different ways is the key to success for a landscape like this.

And why is this landscape so important? Well, in recent studies in the Galisteo Watershed we've discovered that four of the eight eco-regions of New Mexico come together in the Galisteo Watershed, and the Galisteo Basin Preserve is right in the middle, in the transition zone of these eco-regions. This explains why under the smoke of Santa Fe we see a

lot of wildlife crossing east-west and north-south across the Galisteo Creek, following the different open space, grasslands, the different creek systems, and the ridgelines.

We're doing more research in this and a lot of landowners have seen wildlife all over the place. This wildlife is not local. It is part of the continental. The spine of the continent's migration zones across the state and the Galisteo Watershed is a major conservation zone connecting different areas across the state and across the continent. That's why we don't want to have sprawl in this landscape, but a very thought-through way of development and people who know how to take care of this landscape. And just this form of development helps to do this, to take care of these ecological resources that are there.

A lot of other things that I wanted to say have been said, so I think also the site's caretaking, this form of development will invite innovation. Innovation in a lot of ways is stewardship and restoration of the land and the conservation of resources that are very scarce, such as water. And the variances that are being asked lead to just the compactness and the integrity of the form of development that's being proposed here and with that the integrity of the landscape surrounding it. So therefore again, I think this is the best thinkable solution and opportunity for this landscape. Thank you for your preservation of this opportunity.

CHAIRMAN MONTOKYA: Thank you. Next, please.

BOB KRIEGER: My name is Bob Krieger. I live at 46 Centaurus Ranch Road in Aldea. Obviously, we agree growth will occur with or without our input and without green initiatives. The first speaker described this as leadership in development. I'm a member of the US Green Building Council, not Burial Council, and as a member of this and also the local Green Builders Guild, a subset of the Homebuilders Association, and we're committed to green and we expect to be building in there as a group of small, independent businesses. So local businesses, local employment, local business generation as opposed to exporting dollars like Centex does out of state.

So our commitment is to do good while doing well. Right now, none of us are doing well and we're still doing good. If one of your obligations indeed is to protect, as was mentioned earlier, it is also an obligation I believe, for you to plan. And this is a very well planned development.

CHAIRMAN MONTOKYA: Thank you. Next, please.

ALICIA NATION: I'm Alicia Nation. I'm here to represent the New Mexico Mustang and Burro Association. I came to the County with a discussion a few months ago to the Planning Department for a project which would involve bringing wild horses to the area as part of an educational and sustainability education program. This would provide opportunities for young people and for the community at large to learn about sustainable food production, sustainable land management and to have educational opportunities while at the same time creating a place in New Mexico for a small placement of wild horses.

It was suggested that I go and visit with Ted Harrison and he's a very busy gentleman. I finally got around to meet him. And I can tell you I was extraordinarily impressed by this gentleman. He was very, very thoughtful in considering my concerns and very much integrity with the project that he had planned and overall use of the land in terms of all of the areas of

community obligation that he needs to meet. One thing that has impressed me about the Galisteo Basin Preserve project is that it is a community project. It is inclusive. It invites people to come on to the land and to experience the trails there. It opens the property to many, many different uses, consideration of a community including wildlife, including the land itself, including the people in the area, including the resources. It's more than a community when we think of an economic community. It's a community where all aspects of our experience in the ecosystem are needing to be nurtured and preserved and that's what I see him doing.

In my conversations with Ted Harrison we discussed the possibility of having a small placement of wild horses on the land there. This would be an opportunity for New Mexicans to experience something which we would have to go very, very far away to experience. Something very positive.

In my conversations with him, another topic came up which quite frankly stunned me when Mr. Harrison expressed a willingness to consider this. I am one of over 50 million people in the United States who suffer from environmental illness. Environmental illness is a disease which you can't see but is very debilitating. There are many, many people in the Santa Fe area who suffer from this disability and you would not know them when you meet them. It means some days you might see me on alert, and another day, after I've had an exposure, which might happen in a private home, where I would be quite sick. Many people never get out of the house.

When I suggested to Mr. Harrison that perhaps in the affordable housing realm he might be able to make some accommodations to address serving a population like this, he was extremely receptive. I provided him with an extensive list of things and he looked at it and said, you know, we can look at this and consider this as a possibility.

So besides creating an opportunity for the community at large to enjoy and to appreciate and to conserve the land we have an opportunity with this management here with the Commonweal to address a population that is hugely underserved in Santa Fe County. People who have chronic fatigue, environmental illness and similar diseases, often end up sleeping in their cars because they do not have a safe place to live. The normal home environment is not safe for these people. But certain accommodations made in the course of building affordable housing could accommodate many of these people and create opportunities for people to have successful and meaningful lives.

So in addition to supporting the project here for its conservancy and its overall community excellent planning, I would encourage the County to work with Commonweal to develop opportunities for affordable housing that is also environmentally safe for the people in the community who desperately need those resources for residences. Thank you.

CHAIRMAN MONTOYA: Thank you. Next, please.

MURIEL FARIELLO: My name is Muriel Fariello. I live at 35 Camino Los Angelitos in Galisteo, New Mexico. I'm secretary-treasurer for the Water Users Association for Ranchitos de Galisteo and I'm also on the community association. I also have been involved with working with Richard Griscom and the group that was put together to bang out a contract with Commonweal.

My concerns are the scope of the project. I think it's too big in scope, in my personal opinion. I don't think there's enough water to sustain 2,000 houses up there or whatever's there, the number of people that will be brought to the land. But anything like that is going to have a tremendous impact on our lifestyle down in Galisteo.

Eldorado is looking for increased water rights. Saddleback Ranch is looking to break down into 50 parcels. Cimarron Village is just heating up and now Commonweal. Each says they have 100 years of water rights. What is that? 400 years? I don't know how these studies are done. I don't know how in good conscience we can move forward with a lot of these projects on the basis of the same, Office of the State Engineer, same reporting, looking at the same numbers and coming up with them. Our wells haven't dropped yet, but people up river, their wells have dropped. Hacienda Tranquila, those wells have dropped precipitously. And we're very concerned about the water. Thank you.

CHAIRMAN MONTROYA: Thank you. Next, please.

COURTNEY WHITE: My name is Courtney White. I live at 22 Avenida de Monte Alto in Eldorado and I've been sworn in. Mr. Chair, I'm here representing the Quivira Coalition, which is a non-profit based here in Santa Fe. We work with ranchers across the region. We do work in support of sustainable agriculture, land restoration and we've done some ranching ourselves, actually, up on Rowe Mesa. I approached Ted Harrison of Commonweal about eight or nine months ago with the idea of maybe turning out some cows on Thornton Ranch, there on Commonweal property with the idea of creating a demonstration project to take what we've learned in our work about sustainable food production, local grass-fed food production, to kind of a level higher, which is to look at these landscapes potentially for climate change mitigation, which sounds kind of crazy but actually there's a lot of work going on around the country on how to sequester carbon in soils and in plants through sustainable agricultural uses. It's a way of increasing business diversification for ranchers, it gives tremendous opportunities for folks who want to try these kinds of practices.

We want to try a little project on Commonweal's property. We're in discussion with Ted and Commonweal about that. I think the possibilities are actually quite interesting. We would manage the animals in a way to improve land health, grow more grass, would produce local grass-fed food. I'd like to take some of that meat, for example, and apply it to the Eldorado community school my children go to. A friend of mine has a program in Tucson he calls Tacos Sin Carbon.

So I'm here in support of this project and in support of what Commonweal is trying to do with all of its various innovative elements and hope that you will approve it tonight. Thank you.

CHAIRMAN MONTROYA: Thank you. Next, please. How many more are coming forward? Okay, if you'd come closer please.

TED FLEMING: Thank you, Mr. Chair, Commissioners. I was sworn in earlier. My name is Ted Fleming. I'm architect, a sculptor. I've lived in Galisteo for 13 years and I'm also a member of the water board. I'd like to talk just on the broader concept. There's been a lot of good information about specific things but I was hoping just to talk about the

overall project. I'm working with the premise that development in the Galisteo Basin is inevitable, and I think that maybe kind of ridiculously obvious. We're all here for I believe that reason. That's why you all are working as hard as you do. But I do think there are some ways of thinking that I would tend to believe that it's possible to stop any or perhaps all development in the Galisteo Basin in its tracks.

I think that's unrealistic and I want to talk about that, and I also think that posture disallows creative thinking. And I think what we're looking at here is extremely creative thinking. In my opinion the question is not if but how development proceeds here, and how to plan for it and manage it intelligently, as opposed to from a point of fear, but rather intelligently. And I stress the word planning. Commissioner Anaya, I remember in the last BCC hearing, and this has really stayed with me. You talked about going to school on the bus in the morning. Going through what is now Eldorado and seeing – I think you said one house. I can't think of a better example of a contemporary context of what's gone on in this area which we know is thousands of years old, but to see what is now Eldorado over that relatively short span of time, I think is extraordinary.

As I said, I've been in Galisteo – I'm a newcomer. I've only been there for 13 years. But in that time I've seen 15 new houses built just within the historic district, just within the boundaries of our historic village. That represents a 25 percent increase in density as was the village 13 years ago. At this rate, just at this rate, our village will double in size by the year 2048. I hope I'm wrong. I hope that doesn't happen, but that's the direction that things are going in and it certainly is allowable, well allowable within the zoning restrictions. So that doubling of the population could happen within my children's lifetime.

So as you think about how healthy this land was before human settlement, before highways and suburban sprawl. And then if you will, and with all due respect to those who live there, think about Eldorado on the Thornton Ranch. Think what that would be like, how that would affect Galisteo. The Commonwealth project preserves and also restores open space, and the restoration aspect I think is a huge part of this. It's the antithesis of standard suburban development. So these next comments are based on what I saw happening last time and I'm really glad to see how the County staff and the Commission has moved forward with thinking to incorporate what has been planned for in the College District. But I do want to stress that if that kind of thinking were abandoned, if the old adage, if the old plan of typical suburban planning were held, which might deny Commonwealth its ability to move forward, I really do believe that we're left with something very much like, if not exactly like or maybe worse than Eldorado on the Thornton Ranch. There's no unencumbered open space. Continued depredation of the land and a much greater, much more direct negative impact on Galisteo.

I truly believe that the Galisteo Basin Preserve project represents the true hope for this region. That kind of thinking I believe represents the true hope for us. So I respectfully urge you, Commissioners, to grant Commonwealth the variances they've requested and allow them to move forward. I believe in doing so this would represent true collective wisdom, long-range thinking and leadership. Thank you very much.

CHAIRMAN MONTONA: Thank you. Next, please.

FRAN HARDY: I've been sworn in. Fran Hardy, 31 Old Road, Lamy. My husband and I bike ride all the time in the 285 Corridor since we live in Lamy, and we were zipping down Lamy Crest and we saw the first sign for the Galisteo Basin Preserve and I said, oh, God, more development. Because I really love that basin. I'm not an original resident of New Mexico but I love the small communities. I love the whole feeling of New Mexico. I want to spend the rest of my days here and I'm very concerned about development. But I went on line to their website and I said, oh, my God, this is totally different that business as usual. And we went over and we talked to Ted and we walked around and we got to know about this project and I've been very impressed all the way through with Ted and what he does.

One of the first things he did was put trails in. Not just as a sea cliff out in California for wealthy residents to walk but for the whole community. For everybody. And every time I go over there to hike I encounter people mountain biking, hiking and on horseback that are assuming that this project is going to happen because they're really excited that they have this beautiful place to enjoy now, this public land. And I tell them, please contact your Commissioners, because these people are from all over. Some are from Eldorado. Some are from much further away. Please let them know that you support this project, because if you don't this may not happen and these trails will become development. So please let them know. Because those people are thinking that this is done-deal, that that this project is going to happen. So they're counting on you to preserve these 13,000 acres and I really hope that you'll do that.

And in terms of the people of Galisteo, I really empathize. I think that the whole of this state and the small communities do need to think about water but I think we need to do that on a statewide basis. I think that what Commonweal is proposing and I've gone over and had John Dillon dig in that arroyo that he's restoring and showing me how close to the surface the water is there now that he's been restoring that arroyo. These are the kinds of things that Commonweal is putting their money into, not building a suburban community but restoring the land. And it was amazing how close to the surface that water was in the middle of summer when everything else was totally parched around it.

So this is the kind of things that they're doing. This is going to help the people of Galisteo but I'd also like to see the County not put the whole thing on Commonweal, that it's their fault if Galisteo doesn't have water. Galisteo has a long-term problem that needs to be addressed by the County, whether it's Buckman – I'm not a hydrologist. I don't know what the solution is. The problem is not Commonweal; the problem is that Galisteo has water problems.

CHAIRMAN MONTTOYA: Okay, this is a public hearing. Would you please sit down. Thank you. Next please.

NEIL BLANDFORD: My name is Neil Blandford, 7617 Northridge Avenue NE, Albuquerque, New Mexico. I'm a principal hydrologist with Daniel B. Stevens and Associates. I conducted the study, or a study for the Village of Galisteo, considering the water supply for the proposed development and the potential effects on the Village. Subsequent to

that study I met with representatives of the Village, three of which have spoken here tonight, and Mr. Griscom mentioned me earlier.

Essentially, my conclusions were that the effects of the proposed development, if the entire water supply of 195 acre-feet were taken from the development area itself would be negligible on the Village wells. And I'm not going to go through all of that analysis here but if you have questions about that I'd be happy to answer them now or at a later time during this hearing.

CHAIRMAN MONTTOYA: Are there any questions at this point? All right. Thank you.

BRENT BONWELL: My name is Brent Bonwell, 31 Agua Viviendo, and I am under oath. Ted asked me to – I'm a cyclist and been living on the 285 Corridor on the east side of 285 for almost 20 years and ridden out there. I ride literally thousands of miles per year. He indicated that Commissioner Stefanics had some questions about bike lanes, possibly on these roads and concerns about the widths that are in some of these adjustments that they're asking for. From the standpoint of a cyclist, on these areas where there's very low traffic, particularly residential areas with no curbside parking the widths of the road should not be of concern. On the main arterial roads from the Village to 285 it's my understanding there will be a separate off main arterial road path as they have in Eldorado to supply easement for cyclists or hikers, so it would not be in the main arterial roads. But in the subarterial roads and the residential streets themselves the amount of traffic that's in there would be negligible compared to the cyclist and that should be fine.

Also, as a resident out there, I'm not a resident of Eldorado so I'm not legally allowed into Eldorado wilderness area; I have to trespass if I go out there. But the preserve, when they built their trails they welcomed the whole community and I've been an enthusiastic user of those trails and really support what they're doing out there and wanted to address those concerns and express my support for this project. I am also a member of COLTPAC for the central area region, so you know that as well, but I am speaking as an individual and a resident of the 285 Corridor.

CHAIRMAN MONTTOYA: Thank you. Next please.

LUCY LIPPARD: I have been sworn in. My name is Lucy Lippard, 14 Avenida Vieja in Galisteo. I too live in Galisteo and I too love it. And I actually do have water problems. I'm not here to talk about my water problems but I have been hauling water for about six or seven years and the Village system cannot accommodate me. But that's not why I'm here. I care about the landscape in Galisteo. I'm a writer and I write often about landscape. And it worries me terribly that if with the usual Ranchette kind of development which everybody is going on about and I agree with what's been said, that the beautiful little village of Galisteo will be simply swallowed up by suburbia. And its rural character will be lost, its historic character will be lost. The archeologists have already been trying to protect all the archeological sites in the Galisteo Basin. It's a different place. I know this sounds kind of like not in my backyard, but the fact remains that this is such a special place I think it deserves to be preserved and not swallowed up by ranchettes. Thank you.

CHAIRMAN MONTROYA: Thank you. Next.

SUBY BOWDEN: Mr. Chair, Commissioners, my name is Suby Bowden. I have been sworn in under oath. My address is 333 Montezuma Avenue. Tonight, you're obviously here to vote on variances and so the focus of my talk will be the variances in particular. Traditionally, the majority of the variances that you address are individual for the pursuit of an individual property owner, an individual developer. There is a second type of variance, which is essentially community variances, what we call planning and changing of code. And there's a long history of code changes, variances in this community that I think that Commonweal is a very fundamental aspect of.

Commonweal as you've heard tonight is a community variance. All of the variances that have been requested are site-based. They're widths of road or they're heights. These are not randomly requested. Commonweal early on analyzed their site to determine where locations could be that would not be seen by any of the highways or the village of Lamy and Galisteo. That led them to their current site. They also analyzed passive solar in order to reduce energy use for our community and they also looked at the fragile ecosystems of the grasslands since the dominance of the Eldorado development.

So in the process of their choosing to analyze all these before picking a site it led them to a hillside. Now, that is more costly development for any developer. No developer would normally pick a hillside to build on. But it did lead to a hillside in their effort to protect the community and think about the community. And in that process the widths of roads are typically narrower in a hillside community, as you've witnessed all over the world, and they also require greater heights in order that buildings can look over other buildings and receive passive solar.

The five major community-based variances that I've seen in the Santa Fe area I consider Commonweal to be number five. The first one is the Law of the Indies, which chose to have a very compact density and narrow streets, and that was obviously in the 1600s. In the 1800s the communities of Santa Fe and Lamy and Galisteo began to spread out, have wider roads, have greater property between houses. In the 1940s what we know as today's subdivisions occurred, and that in Santa Fe became Casa Solana and the west side of St. Francis, and today it is Eldorado as a quite dominant landform for the county.

And then in the 1980s the Rancho Viejo and your own Land Use Department chose to choose a new major variance, and to implement it into Code, and that was the Community College District. And instead of the tradition from the 1600s through to the 1980s of expanding, expanding, expanding and using more land, your County made a major change, major variances, and began to pull the community back together into greater density and narrower roads. And the only difference between -- there are two major differences between that and Commonweal. Rancho Viejo has never committed to protect all the rest of their land as open space. They'll be equal in size to the City of Santa Fe someday. Commonweal chose to protect open space and they chose a hillside, and that hillside requires minor variances for roads, four locations where intersections will be closer than 75 feet to a stop sign, and 13 locations where fire trucks will be on more of a slope than they traditionally are if you're

down in the grasslands.

I consider these very minor variances for the tremendous community good. And so I please encourage you to approve the variances tonight and to actually apply them into Code in your Sustainability Land Development Plan as your own Land Use Administrator, Jack Kolkmeier, has stated, these project variances do not pose any threats to health, safety and welfare concerns, and most of them may in fact not be variances under the proposed new Sustainability Land Development Plan and Code. Thank you very much.

CHAIRMAN MONTOYA: Thank you.

JOE SEHEE: My name is Joe Sehee. I live at 8 Destacada Court. I'd like to say that I don't have a dog in the race but I feel like I have a litter right now. I relocated my family five years ago because I was so moved by the vision of Ted Harrison and the Commonweal Conservancy for this new kind of community. I also came out to help bring forward the first green cemetery in the state, which I do really believe has enormous potential for facilitating landscape level conservation and ecological restoration and being a tremendous amenity for the community.

I wanted to comment on a couple things that were mentioned in our last meeting here, one being that there may not be enough families interested in this kind of community and having lived in Eldorado for the past five years I've come to learn that there are many families wanting an alternative to the single-family, detached [inaudible] or ranchette that is so available in the southern part of the county.

And I found it interesting that the word utopian was used somewhat pejoratively last session, and in fact the fact that this community has such a big vision is one of the reasons I think we should find a way to support it. I think it has the potential to inspire others to embrace a new ethic in market-based conservation and in development and the fact the project has been held up already to inspire others. I've met some of you through Leadership Santa Fe. I was a participant as was Commissioner Holian a couple years ago, and most recently served as chairman of the organization. And for several years we had one project to choose from a development project that would show what a development could and should look like and it was this very project that was brought forward to teach future leaders of Santa Fe, which I think is significant.

And I want to finally, following up on what was just said previously say these variances seem enormously minor compared to the tremendous public good that it going to be generated by this project. And there's a lot of precedents for them being used. I was an affordable housing for a number of years and learned that until developers were incentivized properly, until there was fast-tracking and variances, and such incentives, we had a really hard time getting affordable housing developed. I really hope that beyond this project we can as a County figure out ways to promulgate policies so that more Commonweal Conservancies will be inspired to come forward. Thank you.

CHAIRMAN MONTOYA: Thank you. Is that it? Okay. How many more? So this is the last testimony we'll take.

RODNEY HALL: My name is Rodney Hall, 11-VC, Galisteo, New Mexico,

and I'm under oath. The plan sounds really nice. So far, nobody's talked about where the water is going to come from. We're talking possibly 2,000 to 5,000 people in an area that has very little water. Galisteo is currently threatened by the pumping of the Lamy wells by Eldorado, by proposed developments at Saddleback, and we're looking now at a very large development and no one can say where the water's coming from. It may come from the County, it may come from Eldorado, and we can't get any answers about where that water is going to come from. And we're afraid that it's going to come out of the Galisteo Creek, which will mean that our wells will be in jeopardy.

I would like to request that the Commission table this issue until water supply for this development can be established.

CHAIRMAN MONTOYA: Thank you. Okay. So this public hearing is now closed. Commissioner Holian.

COMMISSIONER HOLIAN: Mr. Chair, I move for approval of CDRC Case 06-5031 with approval of the variances.

COMMISSIONER STEFANICS: I'll second.

CHAIRMAN MONTOYA: Have a motion by Commissioner Holian, second by Commissioner Stefanics. Discussion? Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. This is an interesting situation. We have a 12,000-acre ranch in the Galisteo Basin. The heirs of the ranch do not want to be ranchers any longer. They want to sell it. So who is going to buy this ranch? It's possible that another rancher might come along and want to buy the ranch and that would be great, but I think in this economic condition, in the economic times that we're in now and other situations I think it's highly unlikely that a rancher would come along.

Is the County going to buy this for open space? That's extremely unlikely. We actually don't have any money for open space at all anymore. We're considering passing a bond issue in the future but as of now we don't have the money and what's going to happen when the next big ranch comes along for sale? It's most likely that a developer or developers would buy this land, and if we were to develop in the traditional model that we have over the past years, what would that look like? It would be divided up into 40-acre lots, and then 20-acre lots and then 10-acre lots and we'd probably get down to 2.5-acre lots after a while.

And what would we have? We'd have a patchwork of homes. We'd have a spider web of roads that would shatter the wildlife habitat and the agriculturally productive land. So the designers of the preserve have an idea, and I think that I won't repeat all that has been said this evening about all the good features of this particular concept, but I would like to particularly highlight that their consideration of land conservation is almost unprecedented. You just look at the sheer area of the open space that is being preserved. And what I think is particularly commendable is that they are actually incorporating food production into their ideas. They've already planted a fruit tree orchard. They have plans for community gardens, and most interesting of all, they're going to actually be considering grazing cattle. If cattle grazing is done properly it can actually be a land restoration technique. It can be a technique to bring the grasslands back. And if we bring the grasslands back in that area what does that

mean? It means that the water, when it rains and the water hits the ground, instead of flowing off and creating erosion and going off to be evaporated somewhere it will actually soak into the ground. It will actually help our aquifers.

So I know that this is not the last large ranch that is going to come on the market out in that area and we need creative solutions as to how to deal with the economic realities that we're faced with as well as, at the same time, to preserve the open space. And I believe that Trenza planned community is that solution. Thank you.

CHAIRMAN MONTOYA: Okay. Commissioner Anaya.

COMMISSIONER ANAYA: Thank you, Mr. Chair. When you all were talking I was thinking about Bruce King, because Bruce King would say, I got friends that are against it and I got friends that are for it, and I'm for my friends. But I want to thank all of you for your comments, whether they were for it or against the project. I want to thank Ted and Scott for their hard work and for them meeting with the communities. I want to thank Jan for meeting with me after the first meeting, or the last meeting we had to go over each of the variances, and I appreciate you coming in and talking to me about that, Jan. Thank you.

I have a question for staff and that is on the fire impact fees that will be generated from the building permits, what district they go to? I believe they would go to the Eldorado District but I want to make sure that if this gets approved that those impact fees be split up to the Galisteo District and the Eldorado District.

MS. LUCERO: Mr. Chair, Commissioner Anaya, the development is located within the Eldorado Fire District, so typically, that's where the fees would go. I don't know if there's a mechanism for changing that.

COMMISSIONER ANAYA: If I could make an amendment, an extra condition that those fire impact fees be split up and go the Eldorado and Galisteo, because they'll be the ones responding.

I want to thank you all for naming the project a different name than the Village at Galisteo Preserve, because now Trenza is definitely different. And when I heard the name it reminded me of my daughter, because she always had trenzas. Thank you all for including the cemetery, because we always put in developments and we forget that after we pass on we need places to put those individuals so thank you for doing that.

I think that in these tough times that if we support this it will create jobs and stimulate our economy in Santa Fe County. And a lot of these issues that we talk about in terms of water and water availability rely on staff. And their comments and concerns, and I want to thank staff for their hard work because it's not been easy. And we can't -- I wonder about water too. I have a well in Galisteo and I hope it never goes dry but we have to rely on the experts that are out there to tell us whether we're going to have water or not, so I rely on them.

I think that the Galisteo community working closely with Ted and his group, with the five conditions that were brought up a few years ago by the community of Galisteo and Richard Griscom. I'm glad to see that most of them or all of them are going to be met. That's all I have, Mr. Chair. Thank you.

CHAIRMAN MONTOYA: Okay. Commissioner Stefanics? Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. I actually wanted to add one condition to the list of conditions here and that is for a well monitoring agreement to be worked out with the Galisteo Water Board. They had mentioned that as their fifth – yes, I'm making a motion – I'm amending my own.

CHAIRMAN MONTOYA: You're amending your motion to add this condition.

COMMISSIONER HOLIAN: Yes. Another condition.

CHAIRMAN MONTOYA: So that's 24.

COMMISSIONER HOLIAN: Shelley?

MS. COBAU: Mr. Chair, members of the Commission we'd like to point out that we met with the applicant yesterday and we would like to allow the applicant to ask for an amendment to the conditions that staff had added. I think that their request for an amendment to those two conditions was valid and will make the conditions more enforceable in the future. So if the applicant could ask for those I would really appreciate it.

MR. HOEFT: Commissioner Holian, I concur with your condition that you just added. And condition #19 and #20 is what we talked about at length with Shelley and Vicki yesterday. And we just wanted to talk onto the end of the last alternative solution as approved by the Public Works Director prior to final plat submittal. Thank you.

CHAIRMAN MONTOYA: So that's on both #19 and #20?

MR. HOEFT: That's correct.

CHAIRMAN MONTOYA: Okay. So would the maker of the motion accept those changes?

COMMISSIONER HOLIAN: Yes.

CHAIRMAN MONTOYA: Okay. Second?

COMMISSIONER STEFANICS: Yes.

CHAIRMAN MONTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: Yes. About the impact fees. Does the Commission agree to that? Putting that on? Okay.

COMMISSIONER STEFANICS: So just a point of clarification. You're asking that they be split?

COMMISSIONER ANAYA: Since it's right in the middle of both districts, and they'll both be responding.

COMMISSIONER STEFANICS: And let me ask staff, is Lamy in the Eldorado Fire District? Shelley?

MS. COBAU: We believe so, Mr. Chair, Commissioner Stefanics. We may have a map here. Just give us a moment and we'll check.

COMMISSIONER STEFANICS: So while you're looking that up, this is a question, Mr. Chair, for staff. When a fire call comes in, it goes to the RECC? And then they dispatch it?

MS. COBAU: Mr. Chair, Commissioner Stefanics, I believe that's correct. And we did meet with Buster Patty at length about the Village at Galisteo Basin Preserve because fire was involved in some of the impacts of the variances that were proposed. And Captain Patty had indicated that first response would come from Eldorado in this case.

COMMISSIONER STEFANICS: So my question is, if Eldorado is contacted how would Galisteo ever learn about the call? Just be self-monitoring the radio?

MS. COBAU: They might not learn of it, unless they were needed. If they didn't have enough response with the call to Eldorado and they get there then I don't know why they would call another district, unless there were a large grass fire or something that they needed more equipment on. But that would definitely be a question for Captain Patty or one of the other Fire Department members. I can't speak to that exactly.

COMMISSIONER STEFANICS: Well, Mr. Chair and Commissioner Anaya, I recognize the property is caught between the two. I just would want to make sure that if Galisteo received a portion of the fee that they then would be involved in activity.

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: If we could – if there's a call in this area that the both page out, on Eldorado and Galisteo.

MR. ROSS: Yes, Mr. Chair, Commissioner Anaya, we'd have to look at those RECC protocols and see what the rules are. I know they have lots of rules and who they call and when they call and when they call for backup and stuff like that. The other thing that we were just talking about is we're not really sure that you can split impact fees, so we'd like to check that and report back to you quickly. I don't think you should change your motion but it's possible state law or our ordinance, which none of us have looked at in a while, might have some guidelines. So we'd like to check that and make sure it's okay to do that.

COMMISSIONER ANAYA: Okay.

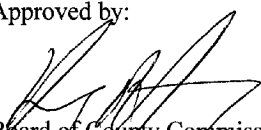
CHAIRMAN MONTOYA: Any other discussion? Is there anything else?

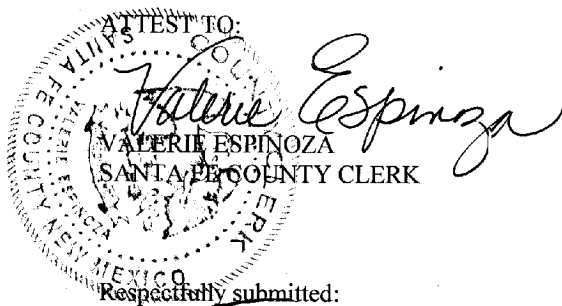
The motion passed by unanimous [4-0] voice vote. [Commissioner Vigil was not present for this action.]

XV. ADJOURNMENT

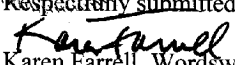
Chairman Montoya declared this meeting adjourned at 9:45 p.m.

Approved by:

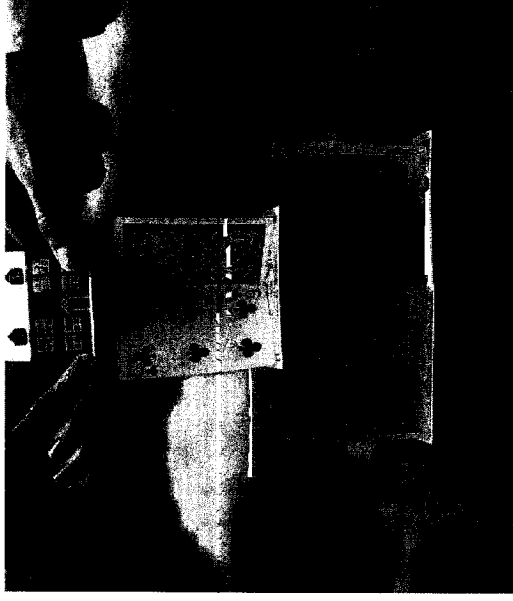

Board of County Commissioners
Harry Montoya, Chairman



Respectfully submitted:


Karen Farrell, Wordswork
227 E. Palace Avenue
Santa Fe, NM 87501

SANTA FE COUNTY BOARD OF COUNTY COMMISSIONERS

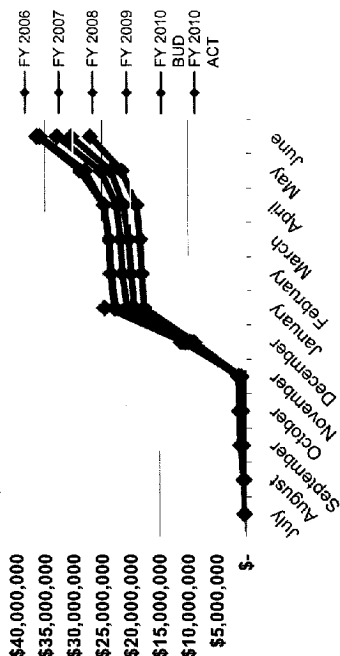


BUDGET STUDY SESSION
February 9, 2010



PROPERTY TAXES – HOW WE’RE DOING

SANTA FE COUNTY PROPERTY TAX REVENUE AS BOOKED

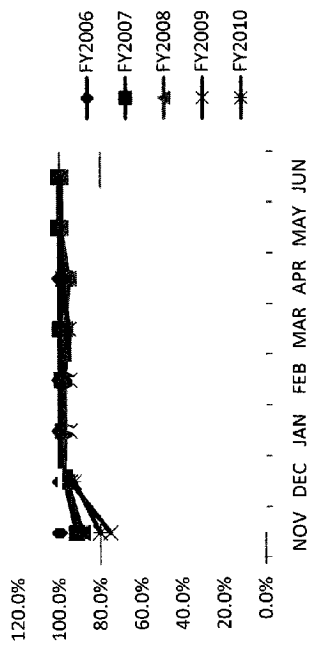


✓ The 2009 property tax total valuation increased by a weak 1.3% -- down from 7.8% and 12.4% in the prior two tax years respectively.

✓ Property tax **collections** remain stable, with first year collections hovering around 99% of total.

✓ FY 2011 property taxes should be budgeted conservatively to reflect weakened valuation increases.

SANTA FE COUNTY TAX COLLECTION AS A PERCENT OF FY 2006 PERCENTAGE OF BILLED TAXES COLLECTED



Numerous pieces of legislation are before the State Legislature which will impact property tax and valuations. These proposals are being closely monitored to determine the impact to SFC as soon as it is known.

GROSS RECEIPTS TAXES – SO FAR SO GOOD, BUT...

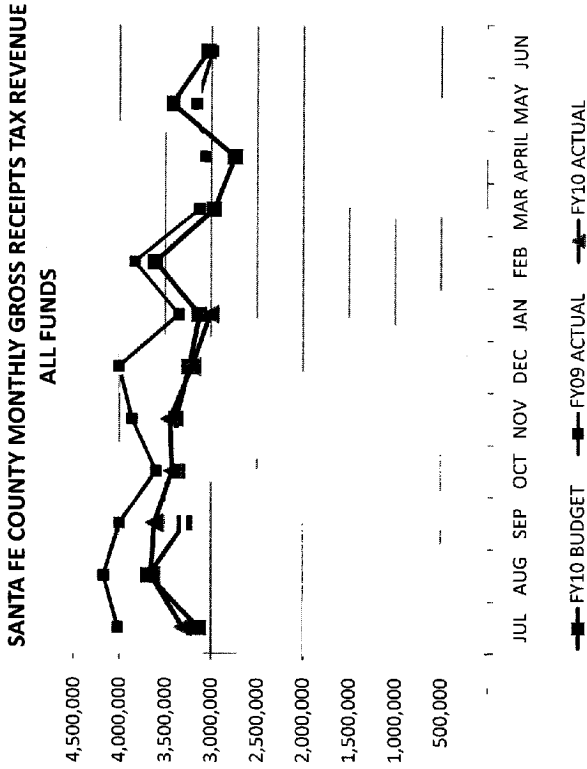
- ✓ FY2010 GRTs *budgeted* very conservatively -- down by 10% from FY2009.

- ✓ Collections are currently hanging close to budget.

But...

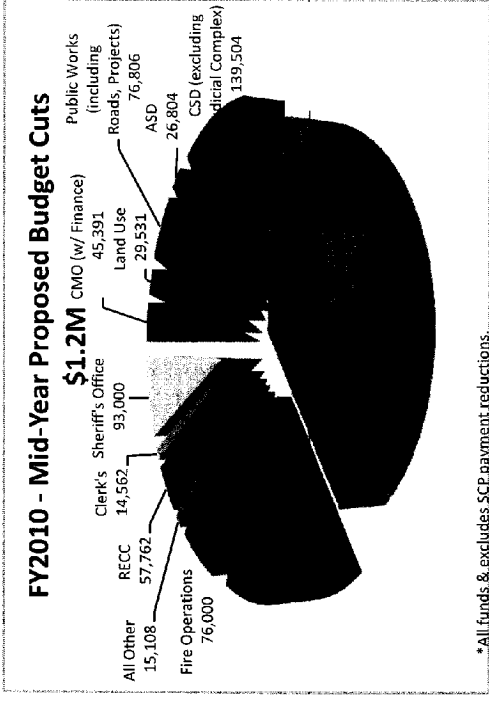
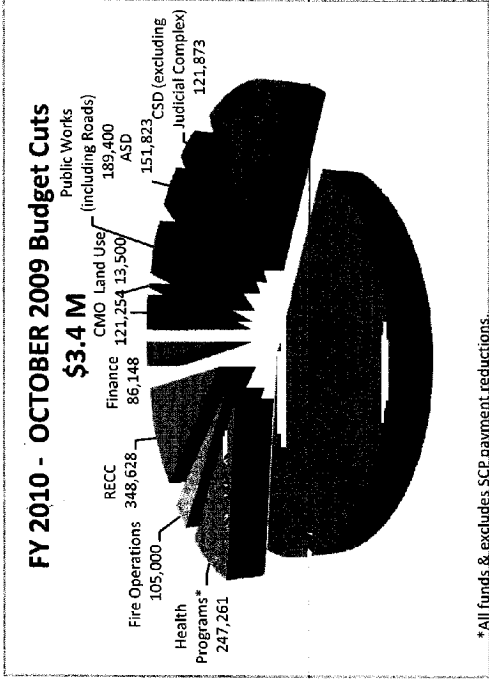
- ✓ Collections have been below budget for two months in a row.

- ✓ FY2011 should be budgeted even more conservatively with an additional 5% reduction.



Numerous pieces of legislation are before the State Legislature which will impact future GRT collections. There is also legislation to phase out the "hold harmless" payments to local governments beginning in FY2011. These proposals are being closely monitored to determine the impact to SFC as soon as it is known.

EXPENDITURES ARE BEING REDUCED




After beginning FY2010 with a flat baseline, budgets have been cut twice in FY2010 to reflect changing sources of funding Health, RECC and Corrections and to anticipate reductions in revenue due to pending legislative actions.


Cost Saving Measures implemented include: travel restrictions, reduction of take-home vehicles, reduction in cell phones, "smart buying", and energy efficiency initiatives.

Many vacant staff positions have been frozen.





Potential Legislative Action



Property Tax Impact

- Difficult to analyze and forecast potential impact to the County.
- Proposed 3% limit to the annual increase for assessed valuations.
- Roll back values to the 2004 values.
- Value limits continue regardless of change in ownership.

Legislative Appropriations

- Reductions to appropriations for Capital Projects total **\$6,028,287**

Gross Receipt Tax Impact

HB119:

- No limitation of 2.5 % on local GRTs
- Local governments may enact additional taxes by required voter referendum
- New State GRT rates
 - FY2011 – 5.5%
 - FY 2012 – 5.38%
 - FY 2013 - 5.25%
 - FY 2014 - 5.13%

SB 247:

- Phase out Hold Harmless gross receipts tax distributions to counties
- Proposed decreases
 - FY 2011 20% \$ 780,000
 - FY 2012 40% \$1,560,000
 - FY 2013 60% \$2,340,000
 - FY 2014 80% \$3,120,000
 - FY 2015 100% \$3,900,000

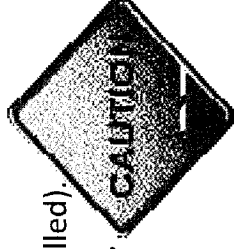


FORWARD THINKING



FIRE OPERATIONS

- ✓ Failure of the Fire Excise Tax means a scaled back capital expansion.
- ✓ FY2011 expenses will exceed revenues in the Fire Operations Fund by about \$700,000.
- ✓ Project 48 on hold (currently 44 filled).
- ✓ *Depletes cash reserves in FY2012.*



RECC OPERATIONS

- ✓ MOA with City of Santa Fe limits City contribution to 50% of capital expenditures.
- ✓ Discussion with City indicates no expanded support in the future.
- ✓ General Fund will need to support beginning in FY2012.
- ✓ *Depletes cash reserves in FY2012.*

HEALTH PROGRAMS

- ✓ FY2011 expenses will exceed revenues.
- ✓ Health programs must be prioritized to minimize general fund support.
- ✓ *Depletes cash reserves in FY2012.*

CORRECTIONS OPERATIONS

- ✓ Closure of YDP should be considered.
- ✓ Fees for Electronic Monitoring should be increased.
- ✓ More cost cutting measures should be taken with all programs within department.
- ✓ General fund should limit support.

THREATS TO THE GENERAL FUND BUDGET



Health programs and funding of Sole Community Provider payments
(\$7.3 to \$8.9 million)



Corrections Operations & Debt Service (\$14.95 million)



RECC Operations(\$3.4 million)

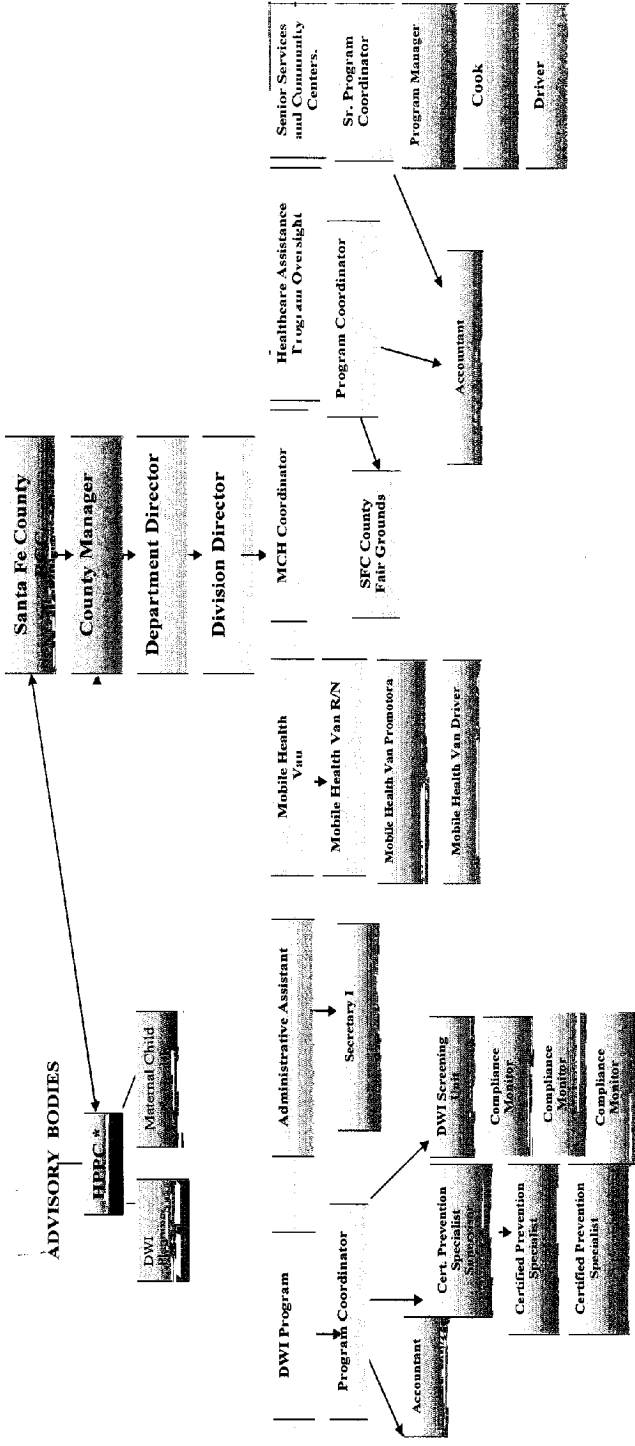


Fire Operations not including capital (\$.7 million)



***Legislative actions may negatively impact Property Tax and GRT
revenues – major sources of revenue to Santa Fe County.
(Unknown amount)***

Health & Human Services Organization

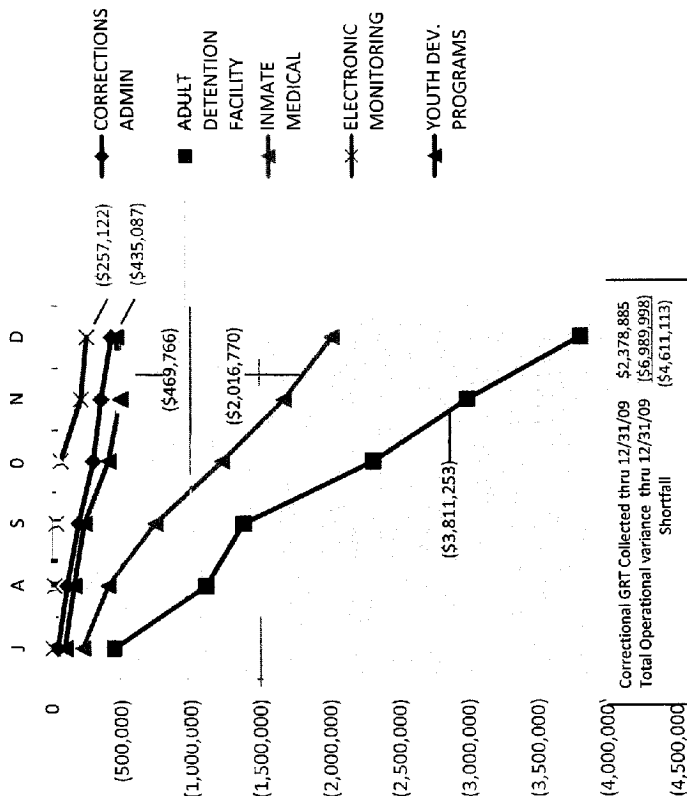


* HPPC = Santa Fe County Health Policy and Planning

Corrections Overall

Corrections Operational Variance thru 12/31/09

without Transfers In



In FY2010 the General Fund will support the Corrections Operation with \$10.7 million.



YDP – It's deja vu all over again

Resolving the ongoing Corrections dilemma remains a challenge for the County.

The FY 2010 shortfall in just the YDP program is projected to be nearly \$1 million.

COST TO HOUSE JUVENILES AT OTHER FACILITIES

1 youth housed **365 days** \$ 49,275
20 youths housed **365 days** \$ 985,500

24 youths housed **365 days** \$1,182,600

TRANSPORTATION COSTS

Contract **or** new FTE \$ 60,000
TOTAL EXPENSE \$1,242,600

FY 2010 Revenue \$0.55 M

FY 2010 Expense

PERSONNEL \$0.83 M

OTHER \$0.19 M

SHORTFALL (\$0.47 M)

AS OF 12/31/09

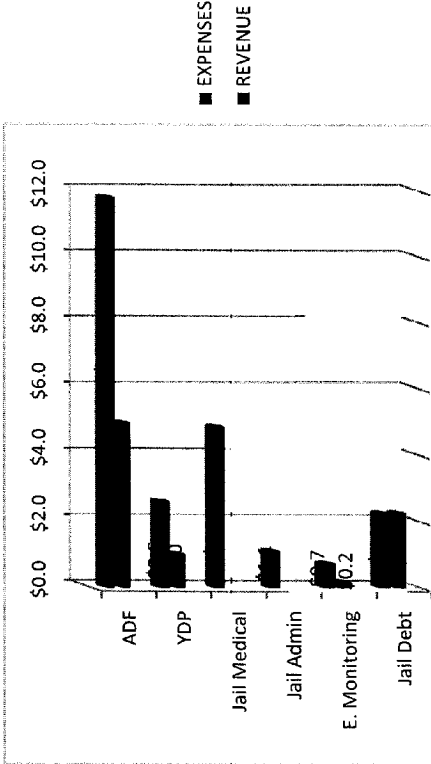
FY 2011 REVENUE \$1.0 M

FY 2011 EXPENSE \$2.6 M

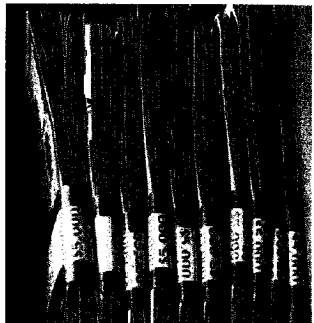
SHORTFALL (\$1.6 M)

FY 2011 BUDGET BLUES

SANTA FE COUNTY CORRECTIONS DEPARTMENT
PROJECTED EXPENSE VS. REVENUE
FY2011



In FY2011 Santa Fe County will have to plug a \$14.95m total budget shortfall in the Corrections Department. This support will need to come from the General Fund. This equates to about 22% of the total General Fund budget.

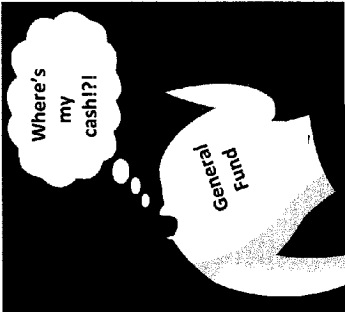


CORRECTIONS DEPARTMENT FY 2011 PROJECTIONS (IN MILLIONS)				
PROGRAM	REVENUE	EXPENSES	DEFICIT	ASSUMPTIONS
ADF	\$ 4.95	\$ 11.80	\$ 6.85	Based on FY10 revenue, GRT (after debt payment) down 5%, flat expense budget
YDP	\$ 1.00	\$ 2.60	\$ 1.60	Based on FY10 revenue, flat expense budget
Jail Medical	\$ 1.00	\$ 4.85	\$ 3.85	Based on FY10 revenue, flat expense budget
Jail Admin	\$ 0.15	\$ 1.10	\$ 0.95	Based on FY10 revenue, flat expense budget
E. Monitoring	\$ 2.24	\$ 0.70	\$ 1.54	Based on FY10 revenue, flat expense budget
Jail Debt	\$ 8.34	\$ 23.29	\$ 14.95	GRT (down 5%) pays debt service
TOTAL	\$ 8.34	\$ 23.29	\$ 14.95	DEFICIT TO BE FUNDED THROUGH GENERAL FUND SUPPORT
FY 2010 GF Support	\$ 10.70			Amount increased from \$8.6 to \$10.7
add'l GF Support	\$ 4.25			

Use of Cash

USE OF CASH IS A BAD FINANCIAL PRACTICE

- ✓ Cash is non-recurring – once it's gone... it's gone.
- ✓ Bond rating companies frown on using cash for ongoing operations – rating downgrade would lead to unfavorable borrowing.



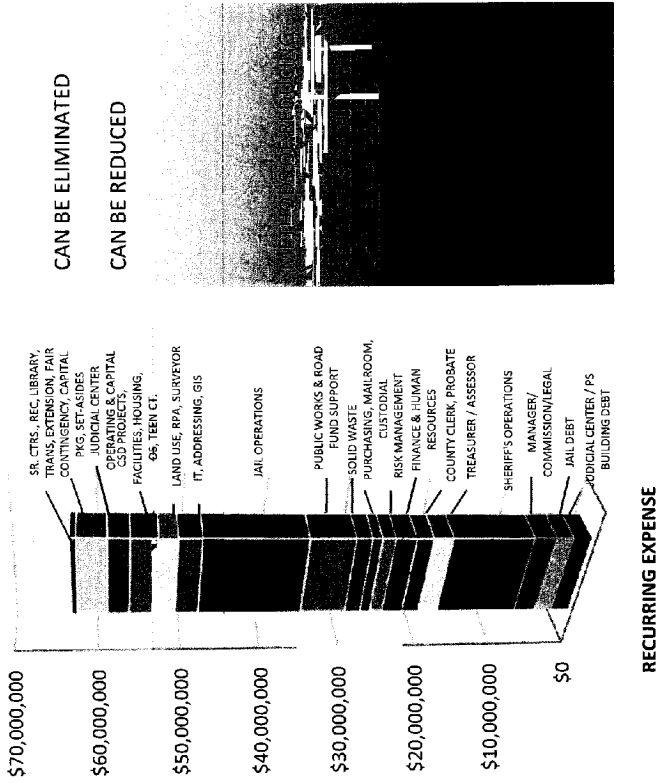
GENERAL FUND CASH		PROJECTED	
		BUDGET	ACTUAL
Cash - July 1, 2009		\$ 44,420,590	\$ 44,420,590
FY 2010 BUDGET			
FY 2010 General Fund Reserve		(15,787,954)	(15,787,954)
Capital Package		(977,460)	(977,460)
Santa Fe Canyon Ranch		0	(7,012,469)
Judicial Center Complex Project		(2,584,895)	(2,584,895)
Water rights set-aside		(4,000,000)	(4,000,000)
Growth Management Plan		(500,000)	(500,000)
Non-Departmental		(237,500)	(237,500)
Recessionary Contingency		0	(5,000,000)
Transfer to Road Fund (Capital Purchases)		(316,134)	(316,134)
Available Cash June 30, 2010		\$ 20,016,647	\$ 8,004,178
Available Cash July 1, 2010 (add reserve back in)		\$ 35,804,601	\$ 23,792,132
FY 2011 BUDGET			
FY 2011 General Fund Reserve		(15,240,000)	
Capital Package		(900,000)	
Recessionary Contingency		(5,000,000)	
Non-Departmental		(1,025,000)	
Transfer to Road Fund (Capital Purchases)		(500,000)	
Additional Support Needed to Fund Health & Corrections*		(10,250,000)	
Available Cash June 30, 2011 (No special Set-asides)		\$ 2,889,601	

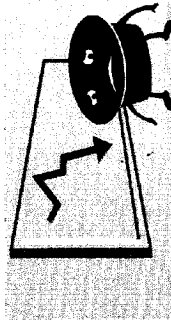
* This is in addition to the FY2010 level of \$10.7 million

DEFINING BUDGET PRIORITIES

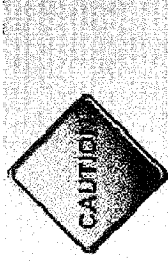
- ✓ Santa Fe County must define what is considered "Core Government" services.
- ✓ Current Level of support to Corrections Operations cannot be sustained indefinitely.
- ✓ General Fund must prepare to support RECC and/or Fire Operations in FY2012.

FY2011 General Fund





What Now!!!

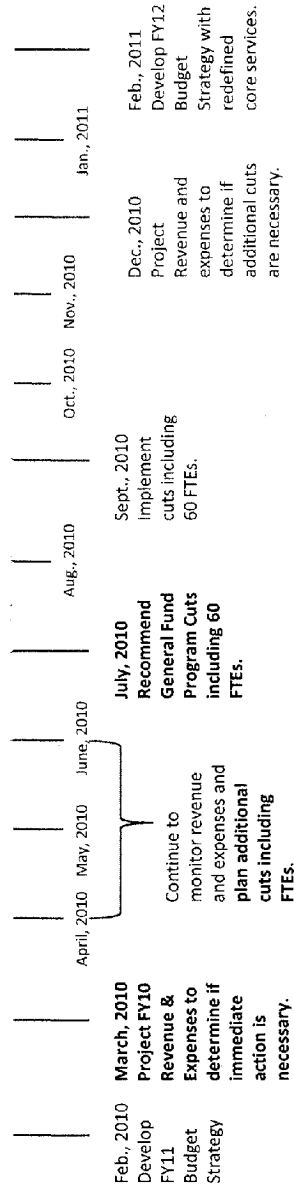


1. Spend within our means.
2. Long-term financial health equals long-term financial planning.
3. Audit revenue sources and eliminate high levels of receivables. Improve billing and collections procedures.
4. Use ongoing revenues only for ongoing expenses (and one-time sources only for one-time uses).
5. Inventory reserves across all funds to ensure that reserves are appropriate.
6. Use of cash reserves will be necessary to balance the FY2011 budget. Spending reserves buys time for planning additional budget cuts. The County cannot do this for multiple years.
7. Clarify service priorities and expectations for the County as a whole.

IMPLEMENTING WHAT WE CHOOSE TO DO

- ✓ Additional cuts to operating budgets (some programs will be unable to sustain additional cuts without crippling their ability to provide services).
- ✓ Hard freeze unless position is critical to public safety.
- ✓ Use cash reserves to plug shortfalls.
- ✓ Work with bargaining units.
- ✓ Transition contractual services.

TIMELINE FOR "CUTTING TO THE CORE"



***Annual income twenty
pounds, annual expenditure
nineteen six, result happiness.***

***Annual income twenty
pounds, annual expenditure
twenty pound ought and six, result
misery.***



Charles Dickens,
David Copperfield, 1849
English novelist (1812 -
1870)

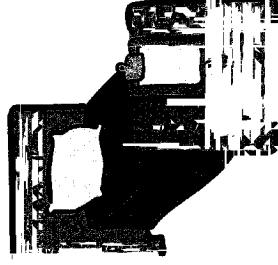


Errol Flynn
US (Australian-Tasmanian-born)
movie actor (1909 - 1959)

***My problem lies in reconciling
my gross habits with my net
income.***

SOLE COMMUNITY PROVIDER MATCH

- Health & Human Services Department SCP match funding recommendation for FY2011 based on hospital request(s)
- SFC Funding Scenario(s) Recommendation for FY 2011
- SCP Match Approval for all eligible hospitals must be committed to Health & Human Services by February 15th (this deadline already reflects a one month extension).



Immediate budget consideration

Sole Community Provider Payment

Common Assumptions for the various scenarios presented:

- GRT budget projections for FY 2011 are down 5%. Total projected \$8.55 million.
- Required maintenance of Indigent Program at FY 2010 level of \$1,840,100.
- Continuation of programs funded by grant dollars based entirely on awards received.

All scenarios will require a significant use of cash reserves, or significant cuts to Fire Operations and General Funds (including support for Corrections), or both.

SOLE COMMUNITY PROVIDER MATCH

Forecast for Fiscal Year 2011

SCP PAYMENT FUNDING	Scenario 1	Scenario 2
Total GRT Revenue Available	\$8,550,000	\$8,550,000
SCP Payment	\$5,101,000	\$8,395,776
	(based on PY Indigent claims)	(as recommended by State of NM)
Total County Funded Programs	\$12,775,606	\$9,173,074
Total	\$17,876,606	\$17,568,850
County Deficit	-\$9,326,606	-\$9,018,850
Health	SFC Funded	SFC Funded
Indigent Primary Care	\$1,840,100	\$180,000
Maternal Child Healthcare Support	\$180,000	\$227,208
Mobile Health Van	\$227,208	
Sobering/Assessment	\$879,176	
Teen Court	\$73,100	\$73,100
Health Administration	\$381,373	\$381,373
Other Services		
Inmate Medical Care	\$4,847,000	\$4,099,744
Espanola E-911	\$0	\$0
RECC	\$3,350,380	\$3,330,380
Other Services	\$25,000	
Senior Service	\$881,269	\$881,269
ParaTransit	\$91,000	\$0
Total	\$12,775,606	\$9,173,074

Total SCP Payment \$5,101,000

Programs to Fund

Indigent Primary Care Fund
Maternal Child Healthcare
Mobile Healthcare Van
Teen Court Support
Health Administration
Sobering/Assessments

IMPACT TO OTHER FUNDS

RECC Operations
EMS GRT Revenue
Total RECC Operations Budget
Fire Operations Fund – “safe” for one year

Programs/Contracts to Eliminate

Espanola E-911

General Fund
Fund 100% of Inmate Med.
Fund Teen Court w/Match
Fund 100% Paratransit
Fund 100% of Senior Services
Total Impact to General Fund

DOING THE MATH:

SCP Payment
Funded Health Programs
Use of Indigent Fund Cash
Indigent GRT Revenue
EMS GRT Revenue
Balance to Fund RECC

RESULT

Elimination of some “Non-Core” Programs
Reduction of some “Non-Core” Programs
Significant cuts to the Corrections Operations
Reduce One-Time Set Asides (More Cash)

This scenario will also result in the loss of General Fund and other staff members.

4
[This document is for informational purposes only and does not constitute a contract.]

Scenario 1 – Detailed Amounts

HOW WILL WE FUND IT?				FTEs
Revenue				\$ 8,550,000
Cut or Reduce "Non-Core"				
Scenario 1 SCP Payment	Youth Recreation			\$ 80,000
	Open Space & Trails			\$ 226,056
	Libraries			\$ 80,666
	Transportation			\$ 120,000
	Satellite Offices			\$ 66,578
	Summer Intern Program			Temps
	RPA			63,800
	Energy Efficiency Program			173,000
	Intergovernmental Summit			\$ 60,000
	Graffiti Program			7,700
Programs to Fund	Boys & Girls Clubs			37,090
	Total Programs Cut			Temp
				\$ 150,000
				\$ 1,064,890
	Retirees (Possible legislative action)			\$ 2,900,000
				52.0
	At-Will Employees			\$ 891,000
				8.0
	Community Funds (12%)			\$ 17,000
	Transparency			\$ 50,499
Contract to Eliminate Espanola E-911	Community Project (50%)			\$ 341,860
	Roads Projects (50%)			\$ 584,694
	Planning (25%)			\$ 135,827
	E-911/GIS (25%)			\$ 185,000
	Total General Fund Cuts			\$ 1,314,880
	Corrections (12%)			\$ 2,600,000
	Fire Admin (25%)			\$ 1,014,355
	TOTAL AVAIL. W/CUTS ADDED			\$ 18,335,125
				618.9

Total SCP Payment \$8,400,000

County Will Keep Programs

Maternal Child Healthcare
Mobile Healthcare Van
Health Administration
Support of Teen Court
Grants (Teen Court, DWI)

Programs transitioned to hospital:

Indigent Primary Care
Sobering/Assessments/ATR
Portion of Inmate Medical
Medical Providers (Fire & RECC)
Paratransit

Programs/Contracts to Eliminate

Espanola E-911

DOING THE MATH:

SCP Payment (\$8,400,000)
Funded Health Programs (\$ 788,581)

Indigent Fund Case

Indigent GRT Revenue \$4,275,000
EMS GRT Revenue \$4,275,000
Balance to Fund RECC \$1,361,419

IMPACT TO OTHER FUNDS

RECC Operations
EMS GRT Revenue \$1,361,419
FIRE OPERATIONS TRANSFER \$ 900,000
Total RECC Operations Budget \$3,330,380

General Fund
Fund 100% of Senior Services \$ 881,269
Fund 90% of Inmate Medical \$4,249,744*
Fund Teen Court - Match \$ 73,100

Total Impact to General Fund \$5,204,113

RESULT

- Elimination of some "Non-Core" Programs
- Reduction of some "Non-Core" Programs
- Significant cuts to the Corrections Operations
- Significant cuts to Fire Operations

This scenario will also result in the loss of General Fund and other staff members.

Other Considerations -

- ✗ Employees taken on by hospital would lose Government benefits
- ✗ Discussion with bargaining units will be required.

Scenario 2 – Detailed Amounts

HOW WILL WE FUND IT?

	County	Revenue	FTEs
Scenario 2			
SCP Payment	\$ 8,400,000	\$ 8,550,000	2.9
Programs to Fund			
MCH	\$ 180,000		
Health Admin	\$ 381,373		
Mobile Health Van	\$ 227,208		1.0
Teen Court	\$ 73,100		1.0
Other Services			
Seniors	\$ 881,269		
RECC	\$ 3,330,380		
Inmate Medical	\$ 4,099,744		
Subtotal	\$ 17,573,074		
Release of Annual Medical Invoices	\$ 150,000		
Total Needed to Fund All	\$ 17,573,074		
Contract to Eliminate			
Espanola E-911			
		\$ 1,365,378	2.0
		\$ 2,600,000	30.0
		\$ 1,014,355	7.0
TOTAL AVAIL/W/CUTS ADDED		\$18,385,623	119

SOLE COMMUNITY PROVIDER MATCH

Direct Services Provided by Hospital:

Health	
Indigent Primary Care	\$1,840,100
Sobering/Assessment	\$879,176

Subtotal Health \$2,719,276

Other Services

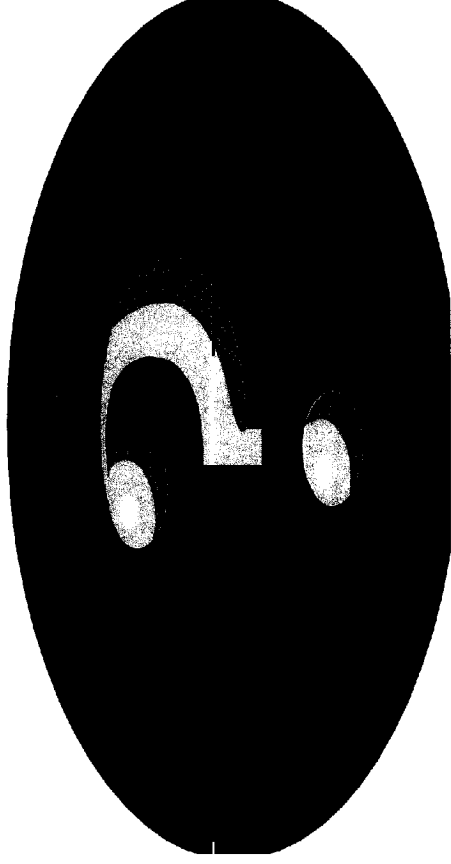
Inmate Medical Care	\$190,000
Medical Provider	\$268,000
Pharmaceutical	\$20,000
RECC - Medical Provider	\$25,000
Other Services - Medical Provider	\$0
ParaTransit	\$61,000

Subtotal Other Services \$594,000

Immediate Release of Medical Invoices \$150,000

Total \$3,463,276

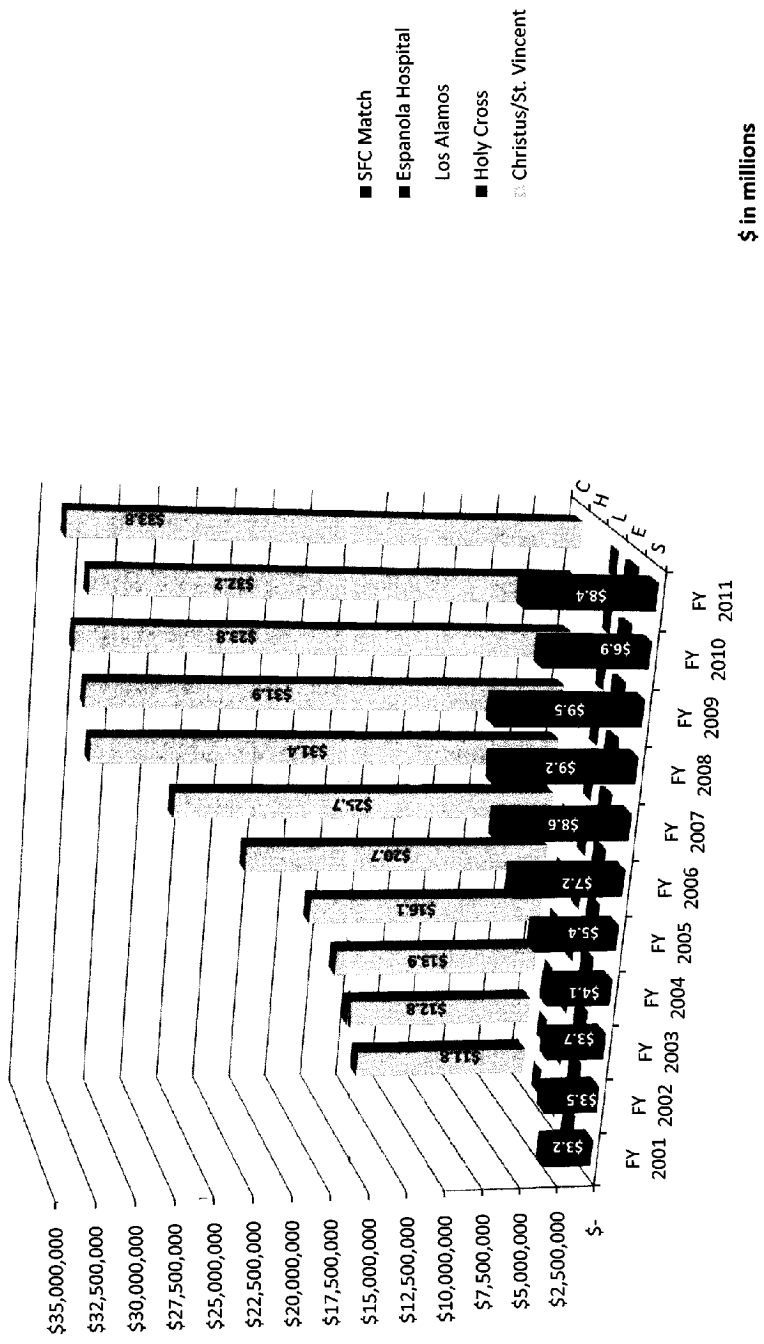
SOLE COMMUNITY PROVIDER MATCH



It is not always what we know or analyzed before we make a decision that makes it a great decision. It is what we do after we make the decision to implement and execute it that makes it a good decision. William Pollard

FY 2010 SFC Match offset by credit of Federal Stimulus dollars

SFC Match versus Hospital(s) Revenue



NOTICE

SANTA FE COUNTY, NEW MEXICO

§

Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A

SANTA FE COUNTY, NEW MEXICO

§

Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010B

Preliminary Official Statement, subject to completion,
dated February 26, 2010

The Preliminary Official Statement, dated February 26, 2010 (the "Preliminary Official Statement"), relating to the above-described bonds (the "Bonds") of Santa Fe County, New Mexico (the "County"), has been posted as a matter of convenience. The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format (Adobe Acrobat 7.0). Although this format should replicate the Preliminary Official Statement available from the County, appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat 7.0 may cause the Preliminary Official Statement that you view or print to differ in appearance from the Preliminary Official Statement.

The Preliminary Official Statement and the information contained therein are subject to completion or amendment or other change without notice. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration under the securities laws of any such jurisdiction.

For purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Preliminary Official Statement alone, and no other document or information on the internet, constitutes the "Official Statement" that the County has deemed "final" as of its date in respect of the Bonds, except for certain information permitted to be omitted therefrom.

No person has been authorized to give any information or to make any representations other than those contained in the Preliminary Official Statement in connection with the offer and sale of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorized. The information and expressions of opinion in the Preliminary Official Statement are subject to change without notice and neither the delivery of the Official Statement nor any sale made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date of the Preliminary Official Statement.

By choosing to proceed and view the electronic version of the Preliminary Official Statement, you acknowledge that you have read and understood this Notice.

Preliminary Official Statement dated February 26, 2010.

*Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 26, 2010

NEW ISSUE – BOOK-ENTRY ONLY

Ratings: Moody's " " Standard & Poor's " "

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in "TAX EXEMPTION" herein, interest on the Bonds (a) is excludable from gross income of the recipients thereof for federal income tax purposes, (b) is not a specific preference item for purposes of the federal alternative minimum tax for individuals and corporations and (c) is exempt from all taxation by the State of New Mexico or any political subdivision of the State. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Bonds for certain owners of the Bonds, see "TAX EXEMPTION" herein.

SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010A

SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010A

Dated: Date of Delivery

Due: June 1, as shown on inside cover

The Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A and Series 2010B (together, the "Bonds") are being issued by Santa Fe County, New Mexico (the "County") to provide funds for: (1) defraying a portion of the cost of constructing the Buckman Direct Diversion Project; and (2) paying all costs pertaining to the issuance of the Bonds. See "PURPOSE AND PLAN OF FINANCING" herein. The Bonds are being issued pursuant to the general laws of the State, including Sections 4-62-1 to 4-62-10 NMSA 1978, as amended (the "Act"), and enactments of the Governing Body relating to the issuance of the Bonds, including the Bond Ordinance (as defined herein). Interest on the Bonds is payable on June 1 and December 1 of each year commencing June 1, 2010 as more fully described herein.

The Bonds are issuable only as fully registered bonds in denominations of \$5,000 each or any integral multiple thereof. The Bonds will bear interest from the delivery date. The Paying Agent and Registrar is the Santa Fe County Treasurer, Santa Fe, New Mexico.

SEE MATURITY SCHEDULE SET FORTH ON THE INSIDE COVER OF THIS OFFICIAL STATEMENT.

The Bonds will be issued pursuant to a book-entry only system and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") in New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical delivery of bond certificates representing their beneficial ownership interests. So long as DTC or its nominee is the owner of the Bonds, disbursement of payments of principal and interest to DTC is the responsibility of the Paying Agent, disbursement of such payments to DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants, as more fully described herein. See "DESCRIPTION OF THE BONDS - Book-Entry Only" herein.

THE BONDS ARE SUBJECT TO OPTIONAL REDEMPTION PRIOR TO MATURITY AS MORE FULLY DESCRIBED HEREIN. SEE "DESCRIPTION OF THE BONDS - Optional Redemption of Bonds" HEREIN.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of validity by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel. Modrall, Sperling, Roehl, Harris & Sisk, P.A., has also acted as special counsel to the County in connection with the preparation of this Official Statement and the sale of the Bonds to the Underwriter. Certain other legal matters will be passed upon by the Underwriter by Brownstein Hyatt Farber Schreck LLP. It is anticipated that the Bonds will be available for delivery on or about March 24, 2010 through the facilities of DTC in New York, New York.

[Underwriter logo]

Dated: February 26, 2009

* Preliminary, subject to change.

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

[inside cover]

The Bonds will bear interest from the date of delivery at the rates described below, payable semiannually on June 1 and December 1 of each year until maturity, commencing June 1, 2010, and will mature on June 1 in each year of the years set forth below:

MATURITY SCHEDULE

**S
SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010A**

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP Numbers
2010		%	%	
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				

*Preliminary; subject to change.

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RECORDED 02/24/2010

\$
SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010B

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP Numbers
2010		%	%	
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				

The Series 2010A Bonds will be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the 2010A Pledged Revenues (as hereinafter defined). "2010A Pledged Revenues" means the Joint Water Project Allocation (i.e. 37.5%) of the revenues of the County Capital Outlay Gross Receipts Tax imposed on persons engaging in business in the County pursuant to Section 7-20E-21 NMSA 1978 and County Ordinance No. 2002-5, which revenues are remitted to the County monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6.13 NMSA 1978, and which remittances currently equal one-fourth of one percent (0.250%) of the taxable gross receipts reported by persons engaging in business in the County.

The Series 2010B Bonds will be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the 2010B Pledged Revenues, which are defined in the Bond Ordinance as the "County-Only Water Project Allocation" (i.e. 37.5%) of the revenues of the County Capital Outlay Gross Receipts Tax imposed pursuant to Section 7-20E-21 NMSA 1978 and County Ordinance No. 2002-5, which are remitted in the same manner as the 2010A Pledged Revenues, as described above, and which remittances currently equal one-fourth of one percent (0.250%) of the taxable gross receipts reported by persons engaging in business in the County.

The registered owners of the Series 2010A Bonds may not look to any general or other fund for the payment of the principal of, or interest on such obligations except for the 2010A Pledged Revenues. The registered owners of the Series 2010B Bonds may not look to any general or other fund for the

*Preliminary; subject to change.

payment of the principal of, or interest on such obligations except for the 2010B Pledged Revenues. The Bonds do not constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation, nor will they be considered or held to be general obligations of the County. Neither the full faith and credit of the County nor the ad valorem taxing power or general resources of the County, the State of New Mex.co, or any political subdivision thereof are pledged to the payment of the Bonds.

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SFC CLERK RECORDED 02/24/2010 24/2010

SANTA FE COUNTY, NEW MEXICO

102 Grant Avenue
Santa Fe, New Mexico 87501
(505) 986-6200

BOARD OF COUNTY COMMISSIONERS

Harry B. Montoya, Chair
Virginia Vigil, Vice-Chair
Mike D. Anaya, Commissioner
Kathleen Suzanne Holian, Commissioner
Elizabeth T. Stefanics, Commissioner

COUNTY ADMINISTRATION

Roman Abeyta, County Manager
Teresa Martinez, Finance Director
Victor A. Montoya, Treasurer
Valerie Espinoza, County Clerk
Stephen C. Ross, County Attorney

BOND COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A.
500 Fourth Street N.W., Suite 1000
P.O. Box 2168 (87103-2168)
Albuquerque, New Mexico 87102
(505) 848-1800

REGISTRAR AND PAYING AGENT

The County Treasurer will serve as Registrar and Paying Agent

UNDERWRITER

FINANCIAL ADVISOR TO THE COUNTY

RBC Capital Markets

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02/24/2010
02/24/2010

No dealer, salesman or other person has been authorized by Santa Fe County, New Mexico (the "County") or the Underwriter to give any information or to make any statements or representations, other than those contained in this Official Statement, and, if given or made, such other information, statements or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information set forth or included in this Official Statement has been provided by the County and from other sources believed by the County to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the County described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Bonds have not been registered under the Securities Act of 1933, in reliance upon exemptions contained in such Act. The registration of the Bonds in accordance with applicable provisions of the securities law of the states in which the Bonds have registered and the exemption from registration in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement is "deemed final" by the County for purposes of Rule 15c2-12 of the Municipal Securities Rulemaking Board. The County has covenanted to provide such annual financial statements and other information in the manner as may be required by regulations of the Securities and Exchange Commission or other regulatory body.

This Official Statement contains statements that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "project," "intend," "expect" and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. A number of such risks and uncertainties are described under the heading "SPECIAL FACTORS RELATING TO THE BONDS."

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Copies of the ordinance authorizing the issuance and sale of the Bonds are available upon request at the office of the County Clerk, 102 Grant Avenue, Santa Fe, New Mexico 87501; (505) 986-6200.

**SANTA FE COUNTY, NEW MEXICO
CAPITAL OUTLAY GROSS RECEIPTS TAX REVENUE BONDS
SERIES 2010A & 2010B**

SUMMARY OF INFORMATION

The following is a summary of certain provisions discussed in this Official Statement. THIS SUMMARY DOES NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE COMPLETE OFFICIAL STATEMENT. This summary is only a brief statement and a full review of the entire Official Statement should be made by potential investors.

Issuer: Santa Fe County, New Mexico (the "County") is a political subdivision of the State of New Mexico (the "State"), organized and existing under the Constitution and the general laws of the State. The County operates under a Manager-Commission form of government and is located in northern New Mexico. The County has a land area of approximately 1,909 square miles and an estimated population of 147,000. See "THE COUNTY".

Dated: Date of Delivery.

Principal Payment: The Bonds are registered bonds maturing on June 1 of the years set forth on the inside cover page of this Official Statement.

Interest Payment: Interest will be payable semiannually on June 1 and December 1, commencing June 1, 2010.

Purpose: The proceeds of the Bonds will provide funds for (1) defraying a portion of the cost of constructing the Buckman Direct Diversion Project; and (2) paying all costs pertaining to the issuance of the Bonds. See "PURPOSE AND PLAN OF FINANCING" herein.

Authorization: The Bonds are being issued pursuant to the general laws of the State, including Section 4-62-1 to 4-62-10 NMSA 1978, as amended (the "Act"), and enactments of the Board of County Commissioners relating to the issuance of the Bonds, including the Bond Ordinance.

Security: The Bonds are special limited obligations, payable solely from, and secured by, an irrevocable and first lien (but not necessarily an exclusive first lien) upon the Pledged Revenues, as herein defined. See "SECURITY FOR THE BONDS" herein.

Special Obligations: THE PRINCIPAL OF AND INTEREST ON THE BONDS WILL BE PAYABLE SOLELY FROM PLEDGED REVENUES, AND WILL NOT BE PAYABLE FROM ANY FUNDS OF THE COUNTY EXCEPT THE DESIGNATED SPECIAL FUNDS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT CONSTITUTE AN INDEBTEDNESS NOR A DEBT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION NOR WILL THEY BE CONSIDERED OR HELD TO BE GENERAL OBLIGATIONS OF THE COUNTY. NEITHER THE FULL FAITH AND

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CREDIT NOR THE GENERAL TAXING POWER OF THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, AND NO OWNER HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE COUNTY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT UNDER THE BOND ORDINANCE.

Reserve Fund: No deposit to the Reserve Fund for the Series 2010A Bonds or Series 2010B Bonds will be made from the proceeds of the Bonds. No deposit shall be required in the 2010A Reserve Fund so long as the 2010A Pledged Revenues in each Fiscal Year equal or exceed 125% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding 2010A Parity Bonds. No deposit shall be required in the 2010B Reserve Fund so long as the 2010B Pledged Revenues in each Fiscal Year equal or exceed 125% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding 2010B Parity Bonds.

If the 2010A Pledged Revenues or 2010B Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentences, the County shall acquire a Reserve Fund Insurance Policy in an amount equal to the 2010A Minimum Reserve or 2010B Minimum Reserve, as applicable, or shall begin making substantially equal monthly deposits in the 2010A Reserve Fund or 2010B Reserve Fund, as applicable, from the first legally available 2010A Pledged Revenues or 2010B Pledged Revenues, as applicable, so that after 24 months an amount equal to the 2010A Minimum Reserve or 2010B Minimum Reserve will be held in the applicable Reserve Fund.

Minimum Reserve: Both the 2010A Minimum Reserve and 2010B Minimum Reserve shall be an amount equal to the least of (i) ten percent of the principal amount of the outstanding Bonds, (ii) the maximum annual debt service on the outstanding Bonds, or (iii) 125% of the average annual debt service on the outstanding Bonds. The 2010A Minimum Reserve and 2010B Minimum Reserve shall be recalculated every year on or about June 1.

Optional Redemption: The Series 2010A Bonds maturing on and after June 1, 20__ are subject to prior redemption at par at the option of the County, in one or more units of principal of \$5,000 on and after June 1, 20__, in whole or in part at any time. The Series 2010B Bonds maturing on and after June 1, 20__ are subject to prior redemption at par at the option of the County, in one or more units of principal of \$5,000 on and after June 1, 20__, in whole or in part at any time. If the Bonds are optionally redeemed in part, the Bonds to be so redeemed shall be selected by lot by the Registrar in such manner as the Registrar shall consider appropriate and fair. The redemption price will be the principal amount of each \$5,000 unit so redeemed, accrued interest thereon to the redemption date.

Additional Bonds: In addition to the Bonds, additional bonds may hereafter be issued and secured by and paid from the Pledged Revenues on parity with the Bonds. The County will not issue additional bonds payable from the Pledged Revenues with a lien on the Pledged Revenues prior and superior to the lien of the Bonds thereon.

Nothing contained in the Bond Ordinance will be construed in such a manner as to prevent the issuance by the County of additional bonds payable from the Pledged Revenues with a lien thereon subordinate and junior to the lien of the Bonds thereon, nor to prevent the issuance of Bonds or other obligations refunding all or part of the Bonds as permitted by the Bond Ordinance. See "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES" herein.

Outstanding Parity
Obligations:

There are no outstanding obligations with a lien on the 2010A Pledged Revenues on parity with the lien thereon of the Series 2010A Bonds. The Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2039, presently outstanding in the principal amount of \$12,090,000, are secured by a first lien (but not necessarily an exclusive first lien) on the 2010B Pledged Revenues.

Secondary Market
Disclosure:

The County will enter into an undertaking (the "Undertaking") for the holders of the Bonds to send certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12). See "CONTINUING DISCLOSURE" herein.

Delivery:

The delivery of the Bonds to the Underwriter is expected on or about March 24, 2010.

Paying
Agent/Registrar:

Santa Fe County Treasurer, Santa Fe, New Mexico

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OFFICIAL STATEMENT

§ SANTA FE COUNTY, NEW MEXICO Capital Outlay Gross Receipts Tax Revenue Bonds Series 20010A

§ SANTA FE COUNTY, NEW MEXICO Capital Outlay Gross Receipts Tax Revenue Bonds Series 20010B

INTRODUCTION

This Official Statement, which includes the cover pages and the appendices hereto, sets forth certain information in connection with the offering of \$ * combined aggregate principal amount of the Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A (the "Series 2010A Bonds") and the Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010B (the "Series 2010B Bonds," and together with the Series 2010A Bonds, the "Bonds") to be issued by Santa Fe County, New Mexico, pursuant to Parameters Bond Ordinance No. 2010-__ adopted on February 9, 2010 (the "Parameters Bond Ordinance"), as supplemented by a Resolution of the County adopted on March 9, 2010 (collectively, the "Bond Ordinance").

The Bonds are payable solely from the Pledged Revenues (as hereinafter defined). The Bonds will be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues. "Pledged Revenues" means collectively (1) with regard to the Series 2010A Bonds, the Joint Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010A Pledged Revenues"), and (2) with regard to the Series 2010B Bonds, the County-Only Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010B Pledged Revenues").

The Bonds are being issued to provide funds for the Project. See "THE PROJECT" herein.

*Preliminary; subject to change.

Pursuant to the Bond Ordinance, the County has covenanted not to repeal or amend any law, ordinance, or resolution in a manner that impairs any of the outstanding Bonds.

Additional bonds may hereafter be issued and secured by the Pledged Revenues having a lien on the Pledged Revenues on parity with, or subordinate and junior to, the lien on the Pledged Revenues securing the Bonds. Additional Obligations may not be issued with a lien superior to the lien on the Pledged Revenues securing the Bonds. See "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES – Other Obligations Secured by Pledged Revenues" herein.

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Bond Ordinance.

THE PROJECT

The Bonds are being issued for the purpose of providing funds for (1) defraying a portion of the cost of constructing the Buckman Direct Diversion Project; and (2) paying all costs pertaining to the issuance of the Bonds. See "PURPOSE AND PLAN OF FINANCING" herein.

SPECIAL FACTORS RELATING TO THE BONDS

Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below, which, among other factors discussed herein, could affect the payment of debt service on the Bonds and could affect the market price of the Bonds to an extent that cannot be determined at this time.

Gross Receipts Tax Collections are Subject to Fluctuation

Gross receipts tax collections are subject to the fluctuations in spending which determine the amount of gross receipts taxes collected. This causes gross receipts tax revenues to increase along with the increasing prices brought about by inflation, but also causes collections to be vulnerable to adverse economic conditions and reduced spending. The County's economic base and the future collections of Pledged Revenues are directly affected by economic activities in the County. The County's retail sales are affected by general economic circumstances.

The Pledged Revenues are based on the gross receipts generated by businesses operating in the County. Various circumstances and developments, most of which are beyond the control of the County, may have an adverse effect on the future level of Pledged Revenues. Such circumstances may include, among others, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the County, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the County, the State and the region and various other factors.

Bankruptcy and Foreclosure

The ability and willingness of an owner or operator of property to pay gross receipts taxes may be adversely affected by the filing of a bankruptcy proceeding by the owner. The ability to collect delinquent gross receipts taxes using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency or other similar proceedings affecting the owner of a

taxed property. The Federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies could result in gross receipts tax collections that may be insufficient to pay debt service on bonds when due.

Limited Obligations

The Bonds constitute a lien only on the Pledged Revenues. Therefore, the security for the punctual payment of the principal of and interest on the Bonds is dependent on the County's receipt of the Pledged Revenues in amounts sufficient to meet the debt service requirements of the Bonds. See "SECURITY FOR THE BONDS" and "PLEDGED REVENUES" herein. The Bonds and the interest thereon do not constitute a debt or indebtedness of the County within the meaning of any provision or limitation of the Constitution or laws of the State and do not give rise to a pecuniary liability of the County or a charge against its general credit or taxing power. The Bonds are not obligations of the State, and the owners of the Bonds may not look to the State for payment of the principal of or interest on the Bonds.

Additional Parity Obligations

The County may issue additional Parity Obligations without Bondholder consent, upon meeting coverage or other financial tests. See "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES – Outstanding Obligations secured by Pledged Revenues" herein. Parity Obligations would have a lien on the Pledged Revenues on parity with the lien of the Bonds. As a result, if Pledged Revenues are insufficient to pay debt service on the Bonds and the Parity Obligations in any year, debt service will be paid on a proportionate basis.

Secondary Market

Although the Underwriter expects to maintain a secondary market in the Bonds, at this time no guarantee can be made that a secondary market for the Bonds will be maintained by the Underwriter or others. Owners of the Bonds should be prepared to hold their Bonds to maturity or prior redemption.

State Legislation

The State Legislature of the State of New Mexico (the "Legislature") may amend the laws relating to the levy, calculation and/or the distribution of, or otherwise impacting, gross receipts taxes, including the Pledged Revenues. In some cases, the Legislature has made amendments which negatively impacted the amount of gross receipts tax revenues received by local governments. For example, in 1991, the Legislature adopted legislation reducing the amount of State gross receipts taxes distributed to municipalities from 1.350% to 1.225% and eliminated municipal water and sewer services from the State gross receipts tax base.

In 1998, the Legislature adopted legislation providing deductions from gross receipts for receipts from the sale of prescription drugs and for receipts from medical and other health services provided by medical doctors and osteopaths to Medicare beneficiaries. Those receipts were historically subject to gross receipts taxation.

In 2004, the Legislature enacted legislation creating a deduction from gross receipts tax for receipts from retail sales of food (not including restaurant sales and certain sales of prepared foods) as defined for federal food stamp program purposes, effective January 1, 2005. Retailers are required to report receipts from sales of such groceries and then claim the deduction. The statute provides for

payments to be made from the State general fund to reimburse local governments for revenues lost as a result of the new deduction. Those distributions, as related to County Capital Outlay Gross Receipts Tax, are included within the Pledged Revenues.

In addition, in 2004 the Legislature created a deduction from gross receipts tax for receipts of licensed medical care providers from Medicare Part C and managed health plans that by contract do not reimburse providers for gross receipts tax, effective January 1, 2005. This legislation includes provision for payments from the State general fund to reimburse local governments for revenues lost as a result of this deduction. Those distributions are included within the Pledged Revenues.

According to the New Mexico Taxation and Revenue Department, the initial distributions, including the reimbursements, in March 2005 showed a decrease in revenues for some municipalities, in some cases between 11 percent and 21 percent. The Taxation and Revenue Department believes this decrease is due to incorrect reporting from food retailers who completed a modified tax form. The problem was corrected in the April 2005 distributions.

In 2004, the Legislature also repealed the credit of one-half of one percent against the gross receipts tax imposed by the State that had previously been allowed to taxpayers within municipalities which levy a municipal gross receipts tax of at least one-half of one percent.

Other amendments to State laws affecting taxed activities and distribution of gross receipts tax revenues could be proposed in the future by the Legislature. There is no assurance that any future amendments will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the County. Notwithstanding the foregoing, the provisions of State law authorizing the issuance of revenue bonds (including gross receipts tax or sales tax revenue bonds such as the Bonds) include a provision stating that any law which authorizes the pledge of revenues to the payment of revenue bonds, or which affects the pledged revenues "shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any such outstanding revenue bonds." The County makes a similar covenant in the Bond Ordinance, subject to provisions permitting amendment with consent of owners of a requisite percentage of Bonds.

DESCRIPTION OF THE BONDS

General

The Bonds are being issued in the aggregate principal amount of \$ * in order to provide funds for the Project. See "PURPOSE AND PLAN OF FINANCING" herein.

The Bonds will be dated the date of delivery. The Bonds will bear interest from their dated date at the rates, and will mature in the amounts and on the dates, as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2010. The Bonds will bear interest from the most recent interest payment date to which interest has been fully paid or duly provided for or, if no interest has been paid, from the date of issuance. The Bonds will be issued as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof.

*Preliminary; subject to change.

Payment-Regular Record Date

The principal of any Bond shall be payable to the registered owner thereof as shown on the registration books kept by the County Treasurer (the "Registrar") for the Bonds, upon maturity or prior redemption thereof and upon presentation and surrender at the office of the County Treasurer (the "Paying Agent"). If any Bond shall not be paid upon such presentation and surrender at or after maturity or on a designated prior redemption date on which the County may have exercised its right to prior redeem any Bond, it shall continue to draw interest at the rate borne by the Bond until the principal thereof is paid in full. Payment of interest on any Bond will be made by check or draft mailed by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof as of the fifteenth (15th) day of the calendar month (whether or not a business day) preceding each regularly scheduled interest payment date on the Bonds (the "Regular Record Date") at the address as it last appears on the registration books with respect to the Bonds on the Regular Record Date (or by such other arrangements as may be mutually agreed to by the Paying Agent and any registered owner on such Regular Record Date) notwithstanding any transfer or exchange thereof subsequent to such Regular Record Date and prior to such interest payment date. Any interest not so timely paid or duly provided for will cease to be payable as described above and will be payable to the person in whose name any Bond is registered at the close of business on a special record date to be fixed by the Registrar (the "Special Record Date") whenever moneys become available for payment of any such defaulted interest. Notice of the Special Record Date will be given not less than ten (10) days prior thereto, by first-class mail, to the registered owners of the Bonds.

All payments of principal and interest on the Bonds will be made in lawful money of the United States of America. The County and the Registrar may treat the registered owner of a Bond as the absolute owner thereof for all purposes except as otherwise provided in the Bond Ordinance with respect to the Regular Record Date and the Special Record Date for the payment of interest. Payment of or on account of either principal or redemption price or interest on any Bond will be made only to or upon the written order of the registered owner thereof or his legal representative. All such payments will be valid and effectual to discharge the liability upon the Bond to the extent of the sum or sums so paid.

Optional Redemption of Bonds

The Series 2010A Bonds maturing on or after June 1, 20__ are subject to prior redemption at the County's option in one or more units of principal of \$5,000 on and after June 1, 20__ in whole or in part at any time, in such order of maturities as the County may determine (and by lot if less than all Bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner as considered appropriate and fair) for the principal amount of each \$5,000 unit of principal so redeemed plus accrued interest to the redemption date.

The Series 2010B Bonds maturing on or after June 1, 20__ are subject to prior redemption at the County's option in one or more units of principal of \$5,000 on and after June 1, 20__ in whole or in part at any time, in such order of maturities as the County may determine (and by lot if less than all Bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner as considered appropriate and fair) for the principal amount of each \$5,000 unit of principal so redeemed plus accrued interest to the redemption date.

Redemption Procedures

Notice of redemption shall be given by the Registrar by sending a copy of such notice by first-class, postage prepaid mail at least thirty (30) days prior to the redemption date to the registered owner of each Bond, or portion thereof, to be redeemed at the address shown as of the close of business of the

Registrar on the fifth (5th) day prior to the mailing of notice on the registration books kept by the Registrar. The County shall give notice of optional redemption of the Bonds to the Registrar at least forty-five (45) days prior to the redemption date (unless such deadline is waived by the Registrar). The Registrar's failure to give such notice to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notices of redemption shall specify the maturity dates and the number or numbers of the Bonds to be redeemed (if less than all are to be redeemed) and if less than the full amount of any Bond is to be redeemed, the amount of such Bond to be redeemed, the date fixed for redemption, and that on such redemption date there will become due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem all Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent, the Bonds to be redeemed shall be deemed not outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption with funds deposited with the Paying Agent by the County.

Conditional Redemption

If money or Defeasance Obligations (as defined in Section 31 of the Parameters Bond Ordinance) sufficient to pay the optional redemption price of the Bonds to be called for optional redemption are not on deposit with the Paying Agent prior to the giving of notice of optional redemption referred to above, such notice shall state such Bonds will be redeemed in whole or in part on the optional redemption date in a principal amount equal to that part of the optional redemption price received by the Paying Agent on the applicable optional redemption date. If the full amount of the optional redemption price is not received as set forth in the preceding sentence, the notice shall be effective only for those Bonds for which the optional redemption price is on deposit with the Paying Agent. If all Bonds called for optional redemption cannot be redeemed, the Bonds to be redeemed shall be selected in the manner deemed reasonable and fair by the County and the Registrar shall give notice, in the manner in which the original notice of optional redemption was given, that such money was not received. In that event, the Registrar shall promptly return to the Owners thereof the Bonds or certificates which it has received evidencing the part thereof which have not been optionally redeemed.

Registration, Transfer and Exchange of Bonds

The County shall cause books for registration, transfer, and exchange of the Bonds to be kept at the principal office of the Registrar. Upon surrender for transfer or exchange of any fully registered Bond at the principal office of the Registrar duly endorsed by the registered owner or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Registrar and duly executed, the Registrar shall authenticate and deliver, not more than three (3) business days after receipt of the Bond or Bonds to be transferred, in the name of the transferee or registered owner, as appropriate, a new Bond or Bonds in authorized denominations, in fully registered form of the same aggregate principal amount, maturity and interest rate.

The Registrar shall not be required to transfer or exchange any Bond (i) during the period of fifteen (15) days next preceding the mailing of notice calling any Bonds for redemption, or (ii) after the mailing to registered owners of notice calling such Bonds or portion thereof for redemption. The Registrar shall close books for change of registered owners' addresses on each Record Date; and transfers

will be permitted within the period from each Record Date to each Interest Payment Date, but such transfers shall not include a transfer of accrued interest payable.

If any Bonds shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such Bond, if mutilated, and such evidence, information or indemnity relating thereto as the Registrar may reasonably require, if lost, stolen or destroyed, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not contemporaneously outstanding. If any such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, the Registrar may request the Paying Agent to pay such bond in lieu of replacement.

Book-Entry Only

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of

the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

So long as Cede & Co., or its registered assigns, is the registered owner of the Bonds, the County will be entitled to treat Cede & Co., or its registered assign, as the absolute owner thereof for all purposes of the Bond Ordinance and any applicable laws, notwithstanding any notice to the contrary received by the County and the County will have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act by statute, regulation or otherwise on behalf

of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and the County does not have responsibility for distributing such notices to the Beneficial Owners.

The County does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Bonds.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

Source of Payment

The Bonds are payable and collectible solely from an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues. "Pledged Revenues" means collectively (1) with regard to the Series 2010A Bonds, the Joint Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010A Pledged Revenues"), and (2) with regard to the Series 2010B Bonds, the County-Only Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010B Pledged Revenues").

All of the Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the Pledged Revenues, which are irrevocably so pledged by the Bond Ordinance. The registered owner or owners of the Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor. The Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the County; and each of the Bonds shall recite that it is payable and collectible solely from the Pledged Revenues, the income from which is so pledged, and that the registered owners thereof may not look to any general or other fund for the payment of principal and interest on the Bonds.

Funds and Accounts

The Bond Ordinance creates or continues an Acquisition Fund, a 2010A Income Fund and a 2010B Income Fund, a 2010A Debt Service Fund and 2010B Debt Service Fund, and a 2010A Reserve Fund and 2010B Reserve Fund.

Disposition of Bond Proceeds

The proceeds from the sale of the Bonds shall be applied by the County simultaneously with the delivery of the Bonds to the Purchaser in the following manner and priority:

(A) Accrued Interest. First, all moneys received as accrued interest on the Series 2010A Bonds or Series 2010B Bonds shall be deposited into the 2010A Debt Service Fund or 2010B Debt Service Fund, as applicable, to apply to the payment of interest next coming due on the Series 2010A or 2010B Bonds.

(B) Expenses. Second, to the extent not paid by the Underwriter, an amount necessary, together with other legally available funds of the County, shall be used to pay Expenses.

(C) Acquisition Fund. Third, all remaining proceeds derived from the sale of the Bonds shall be deposited promptly upon the receipt thereof in the Acquisition Fund. The money in the Acquisition Fund shall be used and paid out solely for the purpose of the Project in compliance with applicable law.

(D) Reserve Funds. County moneys or a Reserve Fund Insurance Policy, in the amount of the 2010A Minimum Reserve and 2010B Minimum Reserve, shall be deposited into the 2010A Reserve Fund or 2010B Reserve Fund on the date of issuance of the Bonds or thereafter, as provided in Sections 17(A)(5) and 17(B)(5) of the Parameters Bond Ordinance.

(E) Project Completion. As soon as practicable after the completion of the Project, and in any event not more than sixty (60) days after the completion of the Project, any balance remaining in the Acquisition Fund (other than any amount retained by the County for any Project costs not then due and payable) shall be transferred from the Acquisition Fund and deposited in the 2010A Debt Service Fund and 2010B Debt Service Fund, in amounts proportional to the aggregate principal amount of, respectively, the Series 2010A Bonds and the Series 2010B Bonds and used by the County to pay principal and interest on the Series 2010A Bonds and Series 2010B Bonds as the same become due.

(F) Underwriter Not Responsible. The Underwriter of the Bonds shall in no manner be responsible for the application or disposal by the County or by its officers of the funds derived from the sale thereof or of any other funds herein designated.

Flow of Funds

(A) Income Funds. So long as any of the Bonds are outstanding either as to principal or interest, or both, the County shall credit all 2010A Pledged Revenues to the 2010A Income Fund and all 2010B Income Fund. The following payments shall be made from the 2010A Income Fund and 2010B Income Fund.

(B) Debt Service Funds.

(1) Series 2010A Bonds. As a first charge on the 2010A Income Fund the following amounts shall be withdrawn from the 2010A Income Fund and shall be credited to the 2010A Debt Service Fund:

(aa) 2010A Income Fund. So long as any of the Series 2010A Bonds are outstanding either as to principal or interest, or both, the County shall credit all 2010A Pledged Revenues to the 2010A Income Fund. The payments set forth in the succeeding subparagraphs of subsection (A) of Section 17 shall be made from the 2010A Income Fund.

(bb) 2010A Debt Service Fund. As a first charge on the 2010A Income Fund, the following amounts shall be withdrawn from the 2010A Income Fund and shall be credited to the 2010A Debt Service Fund:

(i) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each Interest Payment Date, one-sixth (1/6) of the amount necessary to pay the next maturing installment of interest on the Bonds then outstanding.

(ii) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of principal of the outstanding Bonds and monthly thereafter, commencing on each principal payment date, one-twelfth (1/12) of the amount necessary to pay the next maturing installment of principal on the Bonds then outstanding.

(iii) Credit. In making the deposits required to be made into the 2010A Debt Service Fund, if there are any amounts then on deposit in the 2010A Debt Service Fund available for the purpose for which such deposit is to be made, the amount of the deposit to be made pursuant to subparagraph (2) above shall be reduced by the amount available in such fund for such purpose.

(iv) Transfer of Money out of 2010A Debt Service Fund. Each payment of principal and interest becoming due on the Bonds shall be transferred from the 2010A Debt Service Fund to the Paying Agent on or before two Business Days prior to the due date of such payment.

(v) 2010A Reserve Fund. No deposit shall be required in the 2010A Reserve Fund so long as the 2010A Pledged Revenues in each Fiscal Year equal or exceed 125% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding 2010A Parity Bonds. If the 2010A Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the County shall acquire a Reserve Fund Insurance Policy in an amount equal to the 2010A Minimum Reserve or shall begin making substantially equal monthly deposits in the 2010A Reserve Fund from the first legally available 2010A Pledged Revenues so that after 24 months an amount equal to the 2010A Minimum Reserve will be held in the 2010A Reserve Fund. The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of cash deposit into the 2010A Debt Service Reserve Fund, if any. Notwithstanding anything to the contrary set forth in this Bond Ordinance, amounts on deposit in the 2010A Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Series 2010A Bonds. After funding the 2010A Reserve Fund in an amount equal to the 2010A Minimum

Reserve, no additional payments need be made into the 2010A Reserve Fund so long as the moneys therein shall equal not less than the 2010A Minimum Reserve. The moneys in the 2010A Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in subparagraph (6) of this subsection 17(A), only to prevent deficiencies in the payment of the principal of and interest on the Series 2010A Bonds resulting from failure to deposit into the 2010A Debt Service Fund sufficient funds to pay the principal and interest as the same accrue.

(vi) Defraying Delinquencies in the 2010A Debt Service Fund and 2010A Reserve Fund. If, in any month, the County shall, for any reason, fail to pay into the 2010A Debt Service Fund the full amount above stipulated from the 2010A Pledged Revenues, then an amount shall be paid into the 2010A Debt Service Fund in such month from the 2010A Reserve Fund (if moneys are then on deposit in the 2010A Reserve Fund) equal to the difference between that paid from the 2010A Pledged Revenues and the full amount so stipulated. If the moneys paid into the 2010A Debt Service Fund from the 2010A Reserve Fund are not equal to the amount required to be paid into the 2010A Debt Service Fund for such month, then in the following month, an amount equal to the difference between the amount paid and the amount required shall be deposited into the 2010A Debt Service Fund, in addition to the normal payment required to be paid in such month, from the first 2010A Pledged Revenues thereafter received and not required to be otherwise applied. The money deposited in the 2010A Debt Service Fund from the 2010A Reserve Fund, if any, shall be replaced in the 2010A Reserve Fund from the first 2010A Pledged Revenues thereafter received not required to be otherwise applied. If, in any month, the County shall, for any reason, fail to pay into the 2010A Reserve Fund the full amount required, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first 2010A Pledged Revenues thereafter received and not required to be otherwise applied. The moneys in the 2010A Reserve Fund shall be used solely and only for the purpose of paying any deficiencies in the payment of the principal of and the interest on the Series 2010A Bonds; provided, however, that any moneys at any time in excess of the 2010A Minimum Reserve in the 2010A Reserve Fund may be withdrawn therefrom and applied to any other lawful purpose. Cash accumulated in the 2010A Reserve Fund shall not be invested in a manner which could cause the Series 2010A Bonds to become arbitrage bonds within the meaning of the Code. Any investments held in the 2010A Reserve Fund shall be valued annually, on or about June 1, at their current fair market value and, if the amount then on deposit in the 2010A Reserve Fund exceeds the 2010A Minimum Reserve, all amounts in excess of the 2010A Minimum Reserve shall be transferred to the 2010A Debt Service Fund and used to pay principal of and interest on the Series 2010A Bonds.

(vii) Payment of 2010A Parity Obligations. Concurrently with the payment of the 2010A Pledged Revenues required by subparagraphs (2), (5) and (6) of this subsection 17(A), any amounts on deposit in the 2010A Income Fund shall be used by the County for the payment of principal of, interest on and debt service reserve fund deposits relating to 2010A Parity Bonds now outstanding and to additional 2010A Parity Bonds, if any, hereafter authorized to be issued and payable from the 2010A Pledged Revenues, as applicable, as the same accrue. If funds on deposit in the 2010A Income Fund are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Series 2010A Bonds and any other outstanding 2010A Parity Bonds, then the available funds in the 2010A Income Fund will be used, first, on a pro rata basis, based on the amount of principal and interest then due with respect to each series of outstanding 2010A Parity Bonds, for the payment of principal of and interest on all series of outstanding 2010A Parity Bonds and, second, to the extent of remaining available funds in the 2010A Income Fund, on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding 2010A Parity Bonds, for the required debt service reserve fund deposits for all series of outstanding 2010A Parity Bonds.

(viii) Termination upon Deposits to Maturity. No payment shall be made into the 2010A Debt Service Fund or the 2010A Reserve Fund if the amounts (excluding any amount in the 2010A Reserve Fund represented by a Reserve Fund Insurance Policy) in such funds total a sum at least equal to the entire aggregate amount due as to principal, premium, if any, and interest, on the Series 2010A Bonds to their respective maturities or applicable redemption dates, in which case moneys in the 2010A Debt Service Fund and the 2010A Reserve Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same accrue, and any moneys in excess thereof in the 2010A Debt Service Fund and the 2010A Reserve Fund may be used as provided in subsection (C) of this Section.

2. 2010B Bonds.

(aa) 2010B Income Fund. So long as any of the Series 2010B Bonds are outstanding either as to principal or interest, or both, the County shall credit all 2010B Pledged Revenues to the 2010B Income Fund. The payments set forth in the succeeding subparagraphs of subsection (B) of Section 17 shall be made from the 2010B Income Fund.

(bb) 2010B Debt Service Fund. As a first charge on the 2010B Income Fund, the following amounts shall be withdrawn from the 2010B Income Fund and shall be credited to the 2010B Debt Service Fund:

(i) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each Interest Payment Date, one-sixth (1/6) of the amount necessary to pay the next maturing installment of interest on the Bonds then outstanding.

(ii) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of principal of the outstanding Bonds and monthly thereafter, commencing on each principal payment date, one-twelfth (1/12) of the amount necessary to pay the next maturing installment of principal on the Bonds then outstanding.

(iii) Credit. In making the deposits required to be made into the 2010B Debt Service Fund, if there are any amounts then on deposit in the 2010B Debt Service Fund available for the purpose for which such deposit is to be made, the amount of the deposit to be made pursuant to subparagraph (2) above shall be reduced by the amount available in such fund for such purpose.

(iv) Transfer of Money out of 2010B Debt Service Fund. Each payment of principal and interest becoming due on the Bonds shall be transferred from the 2010B Debt Service Fund to the Paying Agent on or before two Business Days prior to the due date of such payment.

(v) 2010B Reserve Fund. No deposit shall be required in the 2010B Reserve Fund so long as the 2010B Pledged Revenues in each Fiscal Year equal or exceed 125% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding 2010B Parity Bonds. If the 2010B Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the County shall acquire a Reserve Fund Insurance

Policy in an amount equal to the 2010B Minimum Reserve or shall begin making substantially equal monthly deposits in the 2010B Reserve Fund from the first legally available 2010B Pledged Revenues so that after 24 months an amount equal to the 2010B Minimum Reserve will be held in the 2010B Reserve Fund. The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of cash deposit into the 2010B Debt Service Reserve Fund, if any. Notwithstanding anything to the contrary set forth in this Bond Ordinance, amounts on deposit in the 2010B Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Series 2010B Bonds. After funding the 2010B Reserve Fund in an amount equal to the 2010B Minimum Reserve, no additional payments need be made into the 2010B Reserve Fund so long as the moneys therein shall equal not less than the 2010B Minimum Reserve. The moneys in the 2010B Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in subparagraph (6) of this subsection 17(B), only to prevent deficiencies in the payment of the principal of and interest on the Series 2010B Bonds resulting from failure to deposit into the 2010B Debt Service Fund sufficient funds to pay the principal and interest as the same accrue.

(vi) Defraying Delinquencies in the 2010B Debt Service Fund and 2010B Reserve Fund. If, in any month, the County shall, for any reason, fail to pay into the 2010B Debt Service Fund the full amount above stipulated from the 2010B Pledged Revenues, then an amount shall be paid into the 2010B Debt Service Fund in such month from the 2010B Reserve Fund (if moneys are then on deposit in the 2010B Reserve Fund) equal to the difference between that paid from the 2010B Pledged Revenues and the full amount so stipulated. If the moneys paid into the 2010B Debt Service Fund from the 2010B Reserve Fund are not equal to the amount required to be paid into the 2010B Debt Service Fund for such month, then in the following month, an amount equal to the difference between the amount paid and the amount required shall be deposited into the 2010B Debt Service Fund, in addition to the normal payment required, to be paid in such month, from the first 2010B Pledged Revenues thereafter received and not required to be otherwise applied. The money deposited in the 2010B Debt Service Fund from the 2010B Reserve Fund, if any, shall be replaced in the 2010B Reserve Fund from the first 2010B Pledged Revenues thereafter received not required to be otherwise applied. If, in any month, the County shall, for any reason, fail to pay into the 2010B Reserve Fund the full amount required, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first 2010B Pledged Revenues thereafter received and not required to be otherwise applied. The moneys in the 2010B Reserve Fund shall be used solely and only for the purpose of paying any deficiencies in the payment of the principal of and the interest on the Series 2010B Bonds; provided, however, that any moneys at any time in excess of the 2010B Minimum Reserve in the 2010B Reserve Fund may be withdrawn therefrom and applied to any other lawful purpose. Cash accumulated in the 2010B Reserve Fund shall not be invested in a manner which could cause the Series 2010B Bonds to become arbitrage bonds within the meaning of the Code. Any investments held in the 2010B Reserve Fund shall be valued annually, on or about June 1, at their current fair market value and, if the amount then on deposit in the 2010B Reserve Fund exceeds the 2010B Minimum Reserve, all amounts in excess of the 2010B Minimum Reserve shall be transferred to the 2010B Debt Service Fund and used to pay principal of and interest on the Series 2010A Bonds.

(vii) Payment of 2010B Parity Obligations. Concurrently with the payment of the 2010B Pledged Revenues required by subparagraphs (2), (5) and (6) of this subsection 17(B), any amounts on deposit in the 2010B Income Fund shall be used by the County for the payment of principal of, interest on and debt service reserve fund deposits relating to 2010B Parity Bonds now outstanding and to additional 2010B Parity Bonds, if any, hereafter authorized to be issued and payable from the 2010B Pledged Revenues, as applicable, as the same accrue. If funds on deposit in the 2010B Income Fund are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Series 2010B Bonds and any other outstanding 2010B Parity Bonds, then the available funds in the 2010B Income Fund will be used, first, on a pro rata

basis, based on the amount of principal and interest then due with respect to each series of outstanding 2010B Parity Bonds, for the payment of principal of and interest on all series of outstanding 2010B Parity Bonds and, second, to the extent of remaining available funds in the 2010B Income Fund, on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding 2010B Parity Bonds, for the required debt service reserve fund deposits for all series of outstanding 2010B Parity Bonds.

(viii) Termination upon Deposits to Maturity. No payment shall be made into the 2010B Debt Service Fund or the 2010B Reserve Fund if the amounts (excluding any amount in the 2010B Reserve Fund represented by a Reserve Fund Insurance Policy) in such funds total a sum at least equal to the entire aggregate amount due as to principal, premium, if any, and interest, on the Series 2010B Bonds to their respective maturities or applicable redemption dates, in which case moneys in the 2010B Debt Service Fund and the 2010B Reserve Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same accrue, and any moneys in excess thereof in the 2010B Debt Service Fund and the 2010B Reserve Fund may be used as provided in subsection (C) of this Section.

(C) Surplus Revenues. After making all the payments hereinabove required to be made by this Section and paying the Insurer all amounts due or to become due to the Insurer, the remaining 2010A Pledged Revenues and 2010B Pledged Revenues, if any, may be applied to any other lawful purpose, as the County may from time to time determine.

General Administration of Funds

The funds designated in the Bond Ordinance shall be administered and invested as follows:

A. Places and Times of Deposits. The funds shall be separately maintained as a trust fund or funds for the purposes established and shall be deposited in one or more bank accounts in an Insured Bank or Banks. Each fund or account shall be continuously secured to the extent required by law and shall be irrevocable and not withdrawable by anyone for any purpose other than the designated purpose. Payments shall be made into the proper fund or account on the first day of the month except when the first day shall not be a Business Day, then payment shall be made on the next succeeding Business Day. No later than two Business Days prior to each Interest Payment Date, moneys sufficient to pay interest and principal then due on the Bonds shall be transferred to the Paying Agent. Nothing in the Bond Ordinance shall prevent the County from establishing one or more bank accounts in an Insured Bank or Banks for all the funds required by the Bond Ordinance or shall prevent the combination of such funds and accounts with any other bank account or accounts or investments for other funds and accounts of the County.

B. Investment of Moneys. Moneys in the 2010A Reserve Fund and 2010B Reserve Fund shall be invested in accordance with paragraph C of this section and moneys in any other fund or account not immediately needed may be invested in any Qualified Investment. The obligations so purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund or account, and any loss resulting from such investment shall be charged to such fund or account. The County Treasurer shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the fund or account whenever it shall be necessary to do so in order to provide moneys to satisfy any required payment or transfer from such fund.

C. 2010A and 2010B Reserve Funds. Moneys, if any, in the 2010A Reserve Fund or 2010B Reserve Fund may be invested only in Qualified Investments with a maturity not greater than

five years (except for investment agreements approved in writing by the Insurer, if applicable).

(1) The County shall annually on or about June 1 of each year, commencing on the first June 1 succeeding funding of the 2010A Reserve Fund and 2010B Reserve Fund, value the 2010A Reserve Fund and 2010B Reserve Fund, on the basis of the current fair market value of deposits and investments credited to the 2010A Reserve Fund and 2010B Reserve Fund.

(2) For purposes of determining the amount on deposit in the 2010A Reserve Fund or 2010B Reserve Fund, any Reserve Fund Insurance Policy held by, or the benefit of which is available to, the County as security for the Series 2010A Bonds or Series 2010B Bonds shall be deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, except that, if the amount available under a Reserve Fund Insurance Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Reserve Fund Insurance Policy and not reinstated or another Reserve Fund Insurance Policy provided, then, in valuing the 2010A Reserve Fund or 2010B Reserve Fund, as applicable, the value of such Reserve Fund Insurance Policy shall be reduced accordingly.

(3) If, upon any valuation, the value of the 2010A Reserve Fund exceeds the 2010A Minimum Reserve, the excess amount shall be withdrawn and deposited into the 2010A Debt Service Fund; and if the value of the 2010B Reserve Fund exceeds the 2010B Minimum Reserve, the excess amount shall be withdrawn and deposited into the 2010B Debt Service Fund.

(4) If the value of the 2010A Reserve Fund is less than the applicable 2010A Minimum Reserve, the County shall replenish such amounts from the first 2010A Pledged Revenues thereafter received not required to be otherwise applied or other moneys legally available therefor. If the value of the 2010B Reserve Fund is less than the applicable 2010B Minimum Reserve, the County shall replenish such amounts from the first 2010B Pledged Revenues thereafter received not required to be otherwise applied or other moneys legally available therefor.

(5) At such time as the Series 2010A Bonds are paid in full or are deemed to be paid in full, the amount on deposit in the 2010A Reserve Fund may be used to pay the final installments of principal and interest on the Series 2010A Bonds and otherwise may be withdrawn and transferred to the County to be used for any lawful purpose. At such time as the Series 2010B Bonds are paid in full or are deemed to be paid in full, the amount on deposit in the 2010B Reserve Fund may be used to pay the final installments of principal and interest on the Series 2010B Bonds and otherwise may be withdrawn and transferred to the County to be used for any lawful purpose.

(6) If the amounts described in subparagraph (5) above are used for a purpose other than payment of the Series 2010A Bonds or Series 2010B Bonds, as applicable, there shall be delivered an opinion of nationally recognized bond counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the laws of the State and that such use shall not result in the inclusion of interest on any Bonds in gross income of the recipient thereof for federal income tax purposes.

(7) If moneys have been withdrawn from the 2010A Reserve Fund or 2010B Reserve Fund, or a payment has been made under a Reserve Fund Insurance Policy constituting all or a portion of the either 2010A Reserve Fund or 2010B Reserve Fund, and deposited into the 2010A Debt Service Fund or 2010B Debt Service Fund to prevent a default on the Series 2010A Bonds or Series 2010B Bonds, then the County will pay, from the 2010A Pledged Revenues or 2010B Pledged Revenues, as applicable, or other moneys legally available therefor, the full amount so withdrawn, together with interest, if any, required under the terms of the Reserve Fund Insurance Policy, or so much as shall be

required to restore the 2010A Reserve Fund to the 2010A Minimum Reserve and the 2010B Reserve Fund to the 2010B Minimum Reserve, and to pay such interest, if any. Such repayment shall be made as required by Sections 17(A)(6) and 17(B)(6) hereof.

The County may in part, or in whole, replace amounts in the 2010A Reserve Fund or 2010B Reserve Fund with a Reserve Fund Insurance Policy.

Default, Remedies and County Duties

Each of the following events is declared in the Bond Ordinance to be an "Event of Default":

(A) failure to pay the principal of any of the Bonds when the same becomes due and payable, either at maturity, or by proceedings for redemption, or otherwise; or

(B) failure to pay any installment of interest when the same becomes due and payable; or

(C) if the County shall for any reason be rendered incapable of fulfilling its obligations under the Bond Ordinance; or

(D) default by the County in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Bonds or in the Bond Ordinance on its part to be performed (other than a default set forth in subparagraphs (A) and (B) above), and the continuance of such default for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the County by the holders of twenty-five percent (25%) in aggregate principal amount of the Series 2010A Bonds or Series 2010B Bonds then outstanding; or

(E) the County (i) files a petition or application seeking reorganization or arrangement of debt under Federal Bankruptcy law, or other debtor relief under the laws of any jurisdiction, or (ii) is the subject of such petition or application which the County does not contest or is not dismissed or discharged within sixty (60) days.

Upon the happening and continuance of any of the events of default described above, then and in every case, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Series 2010A Bonds or Series 2010B Bonds then outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the County, the Board of County Commissioners and its agents, officers and employees, but only in their official capacities, to protect and enforce the rights of any holder of Series 2010A Bonds or Series 2010B Bonds, as applicable, under the Bond Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Ordinance or in an award relating to the execution of any power herein granted for the enforcement of any legal or equitable remedy as such holder or holders may deem most effectual to protect and enforce the rights provided above, or to enjoin any act or thing which may be unlawful or in violation of any right of any Bondholder, or to require the Board of County Commissioners to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the Series 2010A Bonds or Series 2010B Bonds, as applicable, then outstanding. The failure of any Bondholder so to proceed shall not relieve the County or any of its officers, agents or employees of any responsibility for failure to perform, in their official capacities, any duty. Each right or privilege of such holder (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of

any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege.

Upon the happening of any of the events of default described above, the County, in addition, will do and perform all proper acts on behalf of and for the owners of the Bonds to protect and preserve the security created for the payment of the Bonds and to insure the payment of the principal of and interest on the Bonds promptly as the same become due. All proceeds derived therefrom, so long as any of the Bonds, either as to principal or interest, are outstanding and unpaid, shall be applied as set forth in the Bond Ordinance. In the event the County fails or refuses to proceed, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Series 2010A Bonds or Series 2010B Bonds then outstanding, after demand in writing, may proceed to protect and enforce the rights of the owners of the Bonds as described above.

Defeasance

When all principal, interest and prior redemption premium, if any, in connection with the Series 2010A Bonds or Series 2010B Bonds hereby authorized have been duly paid, the pledge and lien for the payment of the Series 2010A Bonds or Series 2010B Bonds shall thereby be discharged and that series of Bonds shall no longer be deemed to be outstanding within the meaning of the Bond Ordinance. Payment shall be deemed made with respect to any Bond or Bonds when the County has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations) to meet all requirements of principal, interest and prior redemption premium, if any, as the same become due to their final maturities or upon designated redemption dates. Any Defeasance Obligations shall become due when needed in accordance with a schedule agreed upon between the County and such bank at the time of the creation of the escrow. Defeasance Obligations within the meaning of this Section, shall include only (i) cash, (ii) non-callable direct obligations of the United States of America ("Treasures"), (iii) evidences of ownership of proportionate interest in future interest and principal payments on Treasures held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasures are not available to any person claiming through the custodian or to whom the custodian may be obligated, (iv) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (v) securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Bonds.

To accomplish defeasance, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement, (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Bond Ordinance and (iv) a certificate of discharge of the Paying Agent with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed to the Issuer and the Paying Agent.

Bonds shall be deemed Outstanding under the Bond Ordinance unless and until they are in fact paid and retired or the above criteria are met.

Amendment of Bond Ordinance

The Bond Ordinance may be amended without the consent of the holder of any Bond to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained in the Bond Ordinance. Prior to the date of the initial delivery of the Bonds to the Underwriter, the provisions of the

Bond Ordinance may be amended with the written consent of the Underwriter, with respect to any changes which are not inconsistent with the substantive provisions of the Bond Ordinance. In addition, the Bond Ordinance may be amended without receipt by the County of any additional consideration, but with the written consent of the holders of seventy-five percent (75%) of the Bonds then outstanding (not including Bonds which may be held for the account of the County); but no ordinance adopted without the written consent of the holders of all outstanding Bonds shall have the effect of permitting:

- (A) An extension of the maturity of any Bond; or
- (B) A reduction of the principal amount or interest rate of any Bond; or
- (C) The creation of a lien upon the Pledged Revenues ranking prior to the lien or pledge created by the Bond Ordinance; or
- (D) A reduction of the principal amount of Bonds required for consent to such amendatory ordinance; or
- (E) The establishment of priorities as between Bonds issued and outstanding under the provisions of the Bond Ordinance; or
- (F) The modification of or otherwise affecting the rights of the holders of less than all the outstanding Bonds.

SECURITY FOR THE BONDS

Pledge and Security

Subject to the uses thereof permitted by, and the priorities set forth in, the Bond Ordinance, the 2010A Pledged Revenues and the amounts and securities on deposit in the 2010A Debt Service Fund and the 2010A Reserve Fund (if funded) and the proceeds thereof are pledged to, and the County will grant a security interest therein, for the payment of principal of and interest on the Series 2010A Bonds; and the 2010B Pledged Revenues and the amounts and securities on deposit in the 2010B Debt Service Fund and the 2010B Reserve Fund (if funded) and the proceeds thereof are pledged to, and the County will grant a security interest therein, for the payment of principal of and interest on the Series 2010B Bonds. The Series 2010A Bonds and Series 2010B Bonds constitute irrevocable and first liens, but not necessarily exclusive first liens on, respectively, the 2010A Pledged Revenues and 2010B Pledged Revenues as set forth in the Bond Ordinance.

Special Limited Obligations

All of the Bonds and all payments of principal, premium, if any, and interest thereon whether at maturity or on a redemption date, together with any interest accruing thereon, shall be special limited obligations of the County and shall be payable and collectible solely from the Pledged Revenues. The owner or owners of the Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor. The Bonds shall not constitute an indebtedness or a debt of the County within the meaning of any constitutional or statutory provision or limitation, nor shall they be considered or held to be general obligations of the County, and each of the Bonds shall recite that it is payable and collectible solely out of the Pledged Revenues, pledged as set forth in the Bond Ordinance, and that the holders thereof may not look to any general or other municipal fund for the payment of the principal of and interest on the Bonds. Nothing

herein shall prevent the County from applying other funds of the County legally available therefor to the payment of the Bonds, in its sole discretion.

PURPOSE AND PLAN OF FINANCING

Purpose

The net proceeds received by the County from the sale of the Bonds, together with other available funds of the County, will be used to provide funds for the Project. See "THE PROJECT" herein.

Sources and Uses of Funds

The sources and uses for the Bonds are as follows:

Sources of Funds	Series A	Series B	Total
Par Amount	\$ _____	\$ _____	\$ _____
Net Original Issue Premium (Discount)	\$ _____	\$ _____	\$ _____
Net Proceeds	\$ _____	\$ _____	\$ _____
Uses of Funds			
Costs of Issuance	\$ _____	\$ _____	\$ _____
Underwriter's Discount (____%)	\$ _____	\$ _____	\$ _____
Total Uses	\$ _____	\$ _____	\$ _____

* Preliminary, subject to change
(1) Includes rating agency fees, legal fees, financial advisor fees and other miscellaneous costs and contingencies.

ANNUAL DEBT SERVICE SUMMARY

The following tables set forth for each fiscal year from 2010 through 2029 the amounts required in each such fiscal year to pay scheduled annual debt service on the Bonds, as well as the debt service coverage ratio, based on fiscal year 2009 Pledged Revenues.

Santa Fe County, New Mexico Series 2010A Bonds Debt Service/Coverage*

Year Ending June 30	2010A Bond Principal	2010A Bond Interest ⁽¹⁾	2010A Bond Debt Service	Estimated 2010A Pledged Revenues ⁽²⁾	Coverage Ratio ⁽¹⁾⁽²⁾
2010	\$--	\$--	\$--	3,656,676	2.25
2011	785,000	837,697	1,622,697	3,656,676	2.26
2012	855,000	765,331	1,620,331	3,656,676	2.25
2013	870,000	753,703	1,623,703	3,656,676	2.25
2014	885,000	739,783	1,624,783	3,656,676	2.25
2015	900,000	722,879	1,622,879	3,656,676	2.25
2016	920,000	702,179	1,622,179	3,656,676	2.25
2017	945,000	677,063	1,622,063	3,656,676	2.25
2018	975,000	648,335	1,623,335	3,656,676	2.26
2019	1,005,000	616,160	1,621,160	3,656,676	2.26
2020	1,040,000	580,985	1,620,985	3,656,676	2.25
2021	1,080,000	543,129	1,623,129	3,656,676	2.25
2022	1,120,000	502,737	1,622,737	3,656,676	2.25
2023	1,165,000	459,729	1,624,729	3,656,676	2.25
2024	1,210,000	413,828	1,623,828	3,656,676	2.25
2025	1,260,000	365,065	1,625,065	3,656,676	2.25
2026	1,310,000	313,153	1,623,153	3,656,676	2.25
2027	1,365,000	258,002	1,623,002	3,656,676	2.25
2028	1,425,000	199,307	1,624,307	3,656,676	2.25
2029	1,485,000	136,750	1,621,750	3,656,676	2.26
2030	1,550,000	70,370	1,620,370	3,656,676	
Total	\$2,150,000	\$10,306,133	\$32,456,183		

(1) Estimated Interest, assuming average annual interest rate of ____%.

(2) 2010A Pledged Revenues are based on [[unaudited]] collections for fiscal year ending June 30, 2009. There is no assurance that 2010A Pledged Revenues received in the future will equal the 2010A Pledged Revenues used in coverage computations. See "PLEDGED REVENUES" herein.

*Preliminary; subject to change.

Santa Fe County, New Mexico
Series 2010B Bonds Debt Service/Coverage*

Ending June 30	2009 Bond Debt Service	2010B Bond Principal	2010B Bond Interest ⁽¹⁾	2010B Bond Debt Service	Total Debt Service	Estimated 2010B Pledged Revenues ⁽²⁾	Coverage Ratio
010	\$547,505	\$--	\$--	\$ --	\$ 547,505	\$3,656,676	6.68
011	896,981	330,000	397,385	727,385	1,624,366	3,656,676	2.25
012	895,981	365,000	363,484	728,484	1,624,465	3,656,676	2.25
013	896,981	365,000	358,520	723,520	1,620,501	3,656,676	2.26
014	898,181	370,000	352,680	722,680	1,620,861	3,656,676	2.26
015	895,431	380,000	345,613	725,613	1,621,044	3,656,676	2.26
016	895,931	390,000	336,873	726,873	1,622,804	3,656,676	2.25
017	895,331	400,000	326,226	726,226	1,621,557	3,656,676	2.26
018	893,931	415,000	314,066	729,066	1,622,997	3,656,676	2.25
019	896,181	425,000	300,371	725,371	1,621,552	3,656,676	2.26
020	896,931	440,000	285,496	725,496	1,622,427	3,656,676	2.25
021	897,331	455,000	269,480	724,480	1,621,811	3,656,676	2.25
022	896,731	475,000	252,463	727,463	1,624,194	3,656,676	2.25
023	895,950	490,000	234,223	724,223	1,620,173	3,656,676	2.26
024	896,438	510,000	214,917	724,917	1,621,354	3,656,676	2.26
025	898,038	530,000	194,364	724,364	1,622,401	3,656,676	2.25
026	898,438	550,000	172,528	722,528	1,620,965	3,656,676	2.26
027	897,638	575,000	149,373	724,373	1,622,010	3,656,676	2.25
028	895,638	600,000	124,648	724,648	1,620,285	3,656,676	2.26
029	897,438	625,000	98,308	723,308	1,620,745	3,656,676	2.26
030		1,550,000	70,370	1,620,370	1,620,370	3,656,676	2.26
total	\$ 7,583,005	\$10,240,000	\$5,161,379	\$5,401,379	\$32,984,384		

(1) Estimated Interest, assuming average annual interest rate of ____%.

(2) 2010B Pledged Revenues are based on [[unaudited]] collections for fiscal year ending June 30, 2009. There is no assurance that 2010B Pledged Revenues received in the future will equal the 2010B Pledged Revenues used in coverage computations. See "PLEDGED REVENUES" herein.

PLEDGED REVENUES

The Bonds are special obligations of the County, payable from the Pledged Revenues. "Pledged Revenues" means collectively (1) with regard to the Series 2010A Bonds, the Joint Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010A Pledged Revenues"), and (2) with regard to the Series 2010B Bonds, the County-Only Water Project Allocation (i.e. 37.5%) of the revenues of the one-

*Preliminary; subject to change.

fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010B Pledged Revenues").

Pursuant to County Ordinance No. 2002-5 ("Ordinance No. 2002-5"), which enacts the County Capital Outlay Gross Receipts Tax, 75 percent of the revenues generated by the Capital Outlay Gross Receipts Tax are dedicated for (1) acquisition, construction or improvement of water or wastewater systems or facilities and related facilities, including water or sewer lines and storm sewers and other drainage improvements; (2) acquisition of land for open space, public parks or public recreational facilities and for the design, acquisition, construction, improvement or equipping of parks and recreational facilities; and (3) construction, reconstruction or improvement of roads, streets or bridges, including acquisition of rights of way. Ordinance No. 2002-5 further provides that at least one-half of the revenues generated from the County Capital Outlay Gross Receipts Tax shall be used for projects that benefit residents within the incorporated boundaries of the City of Santa Fe. The Joint Water Project Allocation represents the one-half of the 75% portion of County Capital Outlay Gross Receipts Tax revenue which may be used for water projects benefitting both the County and the City of Santa Fe, which amounts are pledged as the 2010A Pledged Revenues under the Bond Ordinance. The County-Only Water Project Allocation represents the one-half of the 75% portion of County Capital Outlay Gross Receipts Tax revenue which may be used for water or wastewater projects that benefit unincorporated portions of the County, which amounts are pledged as the 2010B Pledged Revenues under the Bond Ordinance.

Capital Outlay Gross Receipts Tax

Imposition of Tax. The Gross Receipts and Compensating Tax Act (Sections 7-9-1 through 7-9-98, NMSA 1978) authorizes the County to impose a gross receipts tax (the "Capital Outlay Gross Receipts Tax") which is levied by the County for the privilege of doing business in the County and is collected by the New Mexico Taxation and Revenue Department (the "Department"). See "*Manner of Collection and Distribution of Capital Outlay Gross Receipts Tax*" under this caption.

Taxed Activities. For the privilege of engaging in business in the County, the Capital Outlay Gross Receipts Tax is imposed upon any person engaging in business in the County. "Gross Receipts" is defined in the Gross Receipts and Compensating Tax Act as the total amount of money or value or other consideration received from selling property in the State of New Mexico (including tangible personal property handled on consignment in the State), from leasing property employed in the State of New Mexico, from performing services in the State of New Mexico and from selling services outside New Mexico, the product of which is initially used in New Mexico. The definition excludes cash discounts allowed and taken, the State-Shared Gross Receipts Tax payable on transactions for the reporting period and any county sales tax, county fire protection excise tax, county and municipal gross receipts taxes, any time of time-price differential and certain gross receipts or sales taxes imposed by an Indian tribe or pueblo.

Legislative Changes. Revisions to laws of the State affecting taxed activities and distributions of gross receipts tax revenues could be adopted in the future by the State Legislature. Proposals affecting taxed activities and distributions are frequently considered by the State Legislature. There is no assurance that any future revisions to State laws will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the County. See "SPECIAL FACTORS RELATING TO THE BONDS – State Legislation" herein.

Exemptions. Some activities and industries are exempt from the Capital Outlay Gross Receipts Tax, many by virtue of their taxation under other laws. Exemptions include, but are not limited to, certain receipts of governmental agencies and certain organizations, receipts from the sale of vehicles, occasional sales of property or services, wages, certain agricultural products, dividends, and interest and receipts from the sale of or leasing of natural gas, oil or mineral interests. Various deductions are allowed including but not limited to receipts from various types of sales and leases of tangible personal property or services, receipts from sales to governmental agencies or certain organizations, receipts from processing certain agricultural products, receipts from certain publication sales, certain receipts from interstate commerce transactions, receipts from retail sales of food (not including restaurant sales and certain sales of prepared foods), and receipts of licensed medical care providers from Medicare Part C. There are over fifty specified exemptions and deductions from gross receipts taxation. However, the general presumption is that all receipts of a person engaging in business in the County are subject to the Capital Outlay Gross Receipts Tax.

Manner of Collection and Distribution of Capital Outlay Gross Receipts Tax. Businesses must make their payments of Capital Outlay Gross Receipts Tax on or before the twenty-fifth of each month for taxable events in the prior month. Collection of the Capital Outlay Gross Receipts Tax is administered by the Revenue Division of the Department (the "Revenue Division"), pursuant to Section 7-1-6 NMSA 1978. Collections are first deposited into a suspense fund for the purpose of making disbursements for refunds, among other items. On the last day of each month, the balance of the suspense fund is transferred to the State general fund, less the following disbursements to the counties in the State. The Revenue Division remits monthly to each county for which the Department is collecting a local option gross receipts tax subject to any increase or decrease made to correct errors in amounts previously distributed, including the County, an amount equal to the net receipts attributable to the local option gross receipts tax imposed by that county, less any deduction for administrative cost determined and made by the Department pursuant to the act authorizing imposition by that county of the local option gross receipts tax and an additional administration fee of 0.6% of such net amount.

Remedies for Delinquent Taxes. The Revenue Division may assess Capital Outlay Gross Receipts Taxes to a taxpayer who has not paid the taxes due to the State. If any taxpayer to whom Capital Outlay Gross Receipts Taxes have been assessed or upon whom demand for payment has been made does not make payment thereof (or protest the assessment or demand for payment) within thirty (30) days after the date of assessment or demand for payment, the taxpayer becomes a delinquent taxpayer. Such taxpayer remains delinquent until payment of all the taxes due, including interest and penalties, or until security is furnished for the payment thereof. The Revenue Division may, under certain circumstances, enter into an agreement with a delinquent taxpayer to permit monthly installment payments for a period of not more than thirty-six (36) months. Interest is due on any delinquent tax from the first day following the day on which it is due at the rate of 1.25% per month until paid, without regard to any installment agreement. However, if the Capital Outlay Gross Receipts Tax is paid within ten (10) days after demand is made, no interest shall be imposed for the period after the date of demand.

The Revenue Division may levy upon all property or rights to property of a delinquent taxpayer and sell the same in order to collect the delinquent tax. The amount of delinquent Capital Outlay Gross Receipts Taxes is also a lien in favor of the State upon all property and rights to property of the delinquent taxpayer, which lien may be foreclosed as provided by State statutes.

Capital Outlay Gross Receipts Tax Report. Set forth below is a history of the Capital Outlay Gross Receipts Tax Revenues received by the County from the January 1, 2003 effective date of that tax:

Fiscal Year Ended June 30	Capital Outlay Gross Receipts Tax Percentage	Capital Outlay Gross Receipts Tax Revenues ⁽¹⁾	Pledged Revenues (2010A/ 2010B) ⁽²⁾	Percent Increase (decrease)
2009*	0.250%	\$ 9,753,100	\$ 3,656,676	(7%)
2008	0.250%	10,479,934	3,929,981	9%
2007	0.250%	9,602,018	3,600,757	5%
2006	0.250%	9,150,898	3,431,589	7%
2005	0.250%	8,562,862	3,211,074	5%
2004	0.250%	8,180,590	3,067,723	--
2003**	0.250%	1,071,447	401,793	--

Source: Santa Fe County Financial Director

* [[Unaudited.]]

** First year in which Capital Outlay Gross Receipts Tax was imposed by the County; figures reflect 6 months of collections.

⁽¹⁾ Does not include other gross receipts taxes imposed by the County, which are not part of Pledged Revenues.

⁽²⁾ Equals 37.5% of Capital Outlay Gross Receipts Tax revenues.

Other Gross Receipts Taxes (not pledged)

Pledged Revenues consist of the Joint Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) increment of County Capital Outlay Gross Receipts Tax and the County-only Water Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) increment of Capital Outlay Gross Receipts Tax. The County also imposes certain other gross receipts taxes which are not pledged to the repayment of the Bonds. These include the first one-eighth of one percent (0.125%) increment, the second one-eighth of one percent (0.125%) increment, the third one-eighth of one percent (0.125%) increment and a one-sixteenth of one percent (0.0625%) increment of County Gross Receipts Tax; a 0.125% County Infrastructure Gross Receipts Tax; a 0.125% Corrections Gross Receipts Tax; a 0.125% County Environmental Gross Receipts Tax; a 0.250% Emergency Communications and Medical Services Gross Receipts Tax; a 0.125% County Regional Transportation Gross Receipts Tax; and a 0.0625% County Health Care Gross Receipts Tax. The total gross receipts tax rate within the County is 6.5000% (combined State (5.0000%) and County (1.5000%) gross receipts tax rates).

Gross Receipts Reported by Standard Industrial Classification

The following represents total taxable gross receipts reported in the County for the last 5 calendar years, by Standard Industrial Classification, as well as the total gross receipts reported in the County:

	<u>2009*</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Agriculture	12,615,172	18,281,879	19,107,948	19,832,900	18,912,456
Mining	720,003	1,149,186	447,404	328,070	180,245
Utilities	127,766,274	144,893,676	140,793,027	131,385,453	127,958,102
Construction	579,935,584	819,229,612	824,721,461	682,231,154	596,057,960
Manufacturing	53,449,693	70,683,934	83,992,702	78,191,516	72,879,351
Wholesale Trade	56,194,153	76,164,735	95,559,540	92,344,946	76,901,734
Retail Trade	931,209,897	1,115,311,626	1,166,521,337	1,123,065,867	1,066,910,521
Transportation/Warehousing	19,271,662	21,297,647	25,843,302	15,782,040	11,774,508
Information/Cultural	132,562,668	99,531,182	87,101,237	84,753,098	68,359,356
Finance/Insurance	27,722,942	38,045,689	37,864,658	29,860,436	28,451,086
Real Estate/Rental/Leasing	60,355,438	80,154,401	103,702,728	114,557,577	112,724,724
Professional/Scientific/Technical	234,724,813	271,037,782	266,916,959	226,405,661	225,755,157
Management of Companies	6,590,251	11,272,229	13,625,893	8,966,766	10,230,275
Admin./Support/Waste Mgmt.	19,411,976	20,943,165	18,114,554	13,163,066	9,169,606
Educational Services	8,772,972	11,165,177	10,854,034	10,490,202	8,921,593
Health Care/Social Assistance	150,038,786	156,014,720	152,334,432	135,211,942	125,873,187
Arts/Entertainment/Recreation	22,825,590	26,648,749	28,953,599	21,219,843	22,655,515
Accommodation/Food Services	347,265,006	400,972,453	390,834,308	387,492,651	357,017,885
Other Services (except pub admin)	341,090,090	424,448,655	435,904,448	453,429,141	429,469,288
Public Administration	1,136,305	1,797,522	726,403	20,604	820,596
Unclassified Establishments	11,731,281	8,535,998	7,970,777	5,560,475	4,739,148
Total Taxable	3,145,368,311	3,817,582,025	3,911,892,758	3,634,295,414	3,375,764,298
Total Reported	5,537,519,038	7,043,378,575	7,101,914,301	6,562,830,219	6,148,259,812
State of New Mexico					
Total Taxable	41,665,843,812	50,890,095,365	49,440,667,976	46,727,075,797	41,751,801,379

Source: New Mexico Taxation and Revenue Department and UNM Bureau of Business and Economic Research.
 * Through November, 2009

Historical Total Gross Receipts Reported For County and State

The following table shows the gross receipts generated (both in retail trade only and in total) in the County and the State for the last 5 calendar years. For the purposes of this table, gross receipts means the total amount of money received from selling property within the State, from leasing property located in the State and from performing services in the State. Gross Receipts includes, among other things, food sales and services such as legal and medical services.

<u>Year</u>	<u>Santa Fe County</u>		<u>State of New Mexico</u>	
	<u>Total</u>	<u>Retail Trade</u>	<u>Total</u>	<u>Retail Trade</u>
2009*	\$5,537,519,038	\$1,688,391,037	\$ 85,526,631,776	\$21,510,921,723
2008	7,043,378,575	2,154,370,796	114,741,598,593	25,019,895,803
2007	7,101,914,301	2,202,020,641	103,740,330,414	26,012,239,572
2006	6,562,380,219	2,086,605,775	94,347,408,225	24,014,746,059
2005	6,148,259,812	1,951,302,634	78,771,700,292	20,454,852,088

Source: New Mexico Taxation and Revenue Department and UNM Bureau of Business and Economic Research

* Through November, 2009

Historical Taxable Gross Receipts Reported For County and State

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Taxable Gross Receipts</u> <u>Reported in</u>	<u>Taxable Gross Receipts</u> <u>Reported in the</u>
	<u>Santa Fe County</u>	<u>State of New Mexico</u>
2009*	\$3,145,368,311	\$41,665,843,812
2008	3,817,582,025	50,890,095,365
2007	3,911,892,758	49,440,667,976
2006	3,634,295,414	46,727,075,797
2005	3,375,764,298	41,751,801,379

Source: New Mexico Taxation and Revenue Department and UNM Bureau of Business and Economic Research

* Through November, 2009

ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES

Outstanding Obligations Secured by Pledged Revenues.

Other Liens. There are no outstanding obligations with a lien on the 2010A Pledged Revenues on parity with the lien thereon of the Series 2010A Bonds. The Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2009, presently outstanding in the principal amount of \$12,090,000 are secured by a first lien (but not necessarily an exclusive first lien) on the 2010B Pledged Revenues.

Additional Bonds Test. The Bond Ordinance does not prevent the issuance of additional Parity Bonds payable from and constituting a lien upon the 2010A Pledged Revenues on parity with the lien thereon of the Series 2010A Bonds, or upon the 2010B Pledged Revenues on parity with the lien thereon of the Series 2010B Bonds. Before any additional Parity Bonds are actually issued, it must be determined that:

(A) The County is then current in the accumulation of all amounts which are required to have then been accumulated in the applicable (i.e. 2010A or 2010B) Debt Service Fund and Reserve

Fund (if any accumulation is then required in the Reserve Fund) as required by Section 17 of the Parameters Bond Ordinance; and

(B) No default shall exist in connection with any of the covenants or requirements of the Bond Ordinance, or the bond ordinance or ordinances authorizing the issuance of Outstanding Parity Obligations, Subordinate Obligations or Junior Subordinate Obligations; and

(C) The Pledged Revenues received by the County in the twelve months immediately preceding the date of issuance of the proposed additional Parity Bonds shall have been sufficient to pay an amount representing at least 150% of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on (i) the applicable outstanding Bonds (i.e. Series 2010A or Series 2010B), (ii) other outstanding Parity Bonds, Subordinate Obligations and Junior Subordinate Obligations payable from and constituting a lien upon the applicable Pledged Revenues (i.e. 2010A Pledged Revenues or 2010B Pledged Revenues), and (iii) the Parity Bonds proposed to be issued.

Certification or Opinion Regarding Revenues. A written certificate or opinion by an Independent Accountant, that the applicable (i.e. 2010A or 2010B) Pledged Revenues are sufficient to pay the required amounts under the test set forth above, shall conclusively determine the right of the County to issue additional Parity Bonds. The Independent Accountant may utilize the results of any annual audit to the extent it covers the applicable period.

Refunding Bonds

The provisions of the Bond Ordinance described above are subject to the following exceptions:

Privilege of Issuing Refunding Obligations. If at any time the County shall find it desirable to refund any outstanding obligations constituting a lien upon the 2010A Pledged Revenues or 2010B Pledged Revenues, the Series 2010A Bonds or Series 2010B Bonds or other obligations, or any part thereof, such obligations may be refunded, but only with the consent of the holders, unless the obligations shall then mature or be callable for redemption, or the plan of refunding calls for payment of the obligations at maturity or at a redemption date, regardless of whether the lien priority is changed by the refunding except that superior obligations are prohibited as provided in the Bond Ordinance.

Limitation upon Issuance of Parity Refunding Obligations. No refunding obligations shall be issued with a lien on the Pledged Revenues on parity with the lien of the Bonds, unless:

(A) The lien on the applicable (i.e. 2010A or 2010B) Pledged Revenues of the outstanding obligations so refunded is on parity with the lien on the 2010A Pledged Revenues or 2010B Pledged Revenues of the applicable Bonds; or

(B) The refunding obligations are issued in compliance with the requirements described above under "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES - Outstanding Obligations Secured by Pledged Revenues -- Additional Bonds Test."

Refunding Part of an Issue. The refunding bonds or other refunding obligations issued shall enjoy complete equality of lien with the portion of any bonds or other obligations of the same issue which is not refunded, if any; and the holder or holders of such refunding bonds or other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the same issue refunded thereby. If only a part of any issue or issues is refunded, then there may be no refunding without the consent of the holders of the unrefunded portion of such obligations, unless:

(A) The refunding obligations do not increase the aggregate principal and interest requirements for any Fiscal Year commencing prior to the last maturity date of such unrefunded obligations; or

(B) The lien of the refunding obligations is subordinate to the lien of any obligations not refunded; or

(C) The refunding bonds or other refunding obligations are issued in compliance with the requirements described above under "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES - Outstanding Obligations Secured by Pledged Revenues -- Additional Bonds Test."

Limitation upon Issuance of Any Refunding Obligations. Any refunding obligations payable from 2010A Pledged Revenues or 2010B Pledged Revenues shall be issued with such details as the Board of County Commissioners may provide, but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue or issues, including the Bonds.

Subordinate and Superior Obligations

The County will not issue additional bonds payable from 2010A Pledged Revenues or 2010B Pledged Revenues with a lien thereon prior and superior to the liens thereon of, respectively, the Series 2010A Bonds or Series 2010B Bonds. Nothing contained in the Bond Ordinance will be construed in such a manner as to prevent the issuance by the County of additional bonds payable from the 2010A Pledged Revenues or 2010B Pledged Revenues with a lien thereon subordinate and junior to the lien of the Series 2010A Bonds or Series 2010B Bonds thereon, nor to prevent the issuance of bonds or other obligations refunding all or part of the Series 2010A Bonds or Series 2010B Bonds as permitted by the Bond Ordinance.

COUNTY COVENANTS IN THE BOND ORDINANCE

The County covenants in the Bond Ordinance, among other things, that:

Use of Bond Proceeds. The County will proceed without delay to apply the proceeds of the Bonds as set forth in the Bond Ordinance.

Payment of Bonds. The County will promptly pay the principal of and the interest on every Bond at the place, on the date and in the manner specified in the Bond Ordinance and in the Bonds according to the true intent and meaning of the Bond Ordinance.

County's Existence. The County will maintain its corporate identity and existence so long as any of the Bonds remain outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the County, without adversely affecting to any substantial degree the privileges and rights of any owner of the Bonds.

Extension of Interest Payments. In order to prevent any accumulation of claims for interest after maturity, the County will not directly or indirectly extend or assent to the extension of time for the payment of any claim for interest on any of the Bonds, and the County will not directly or indirectly be a party to or approve any arrangements for any such extension. If the time for payment of any such interest shall be extended, such installment or installments of interest, after such extension or arrangement, shall not be entitled in case of default hereunder to the benefit or security hereof, except subject to the prior payment in full of the principal of all Bonds hereunder and then outstanding and of the matured interest on such Bonds, the payment of which has not been extended.

Records. So long as any of the Bonds remain outstanding, proper books of record and account will be kept by the County, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues.

Audits and Budgets. The County will, within two hundred and ten (210) days following the close of each Fiscal Year, cause an audit of its books and accounts relating to the 2010A Pledged Revenues and 2010B Pledged Revenues to be commenced by an Independent Accountant showing the receipts and disbursements in connection with such revenues.

Other Liens. Other than as described and identified by the Bond Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the 2010A Pledged Revenues or 2010B Pledged Revenues.

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Impairment of Contract. The County agrees that any law, ordinance or resolution of the County that in any manner affects the Pledged Revenues or the Bonds shall not be repealed or otherwise directly or indirectly modified, in such a manner as to impair adversely any Bonds outstanding, unless such Bonds have been discharged in full or provision has been fully made therefor or unless the required consents of the holders of the then outstanding Bonds are obtained pursuant to the Bond Ordinance.

Debt Service Fund and Reserve Fund. The Debt Service Fund and Reserve Fund shall be used solely and only, and those funds are pledged, for the purposes set forth in the Bond Ordinance.

Surety Bonds. Each County official and employee being responsible for receiving Pledged Revenues shall be bonded at all times, which bond shall be conditioned upon the proper application of such funds.

Performing Duties. The County will faithfully and punctually perform all duties with respect to the Bonds required by the Constitution and laws of the State of New Mexico and the ordinances and resolutions of the County relating to the Bonds.

Tax Covenants. The County covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code. The Chairperson of the Governing Body and other officers of the County having responsibility for the issuance of the Bonds shall give an appropriate certificate of the County, for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the County regarding the amount and use of all the proceeds of the Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Bonds.

The County covenants that it (a) will take or cause to be taken such actions which may be required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purpose of the borrowing, (ii) restrict the yield on investment property acquired with those proceeds, (iii) make timely rebate payments to the federal government, if required, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The Chairperson of the Governing Body and appropriate officers are hereby authorized

and directed to take any and all actions, make calculations and rebate payments, and make or give reports and certifications, if any, as may be required or appropriate to assure such exclusion of that interest.

In furtherance of the covenants set forth above, the County has established a fund separate from any other funds established and maintained under the Bond Ordinance designated as the Rebate Fund (the "Rebate Fund"). Money and investments in the Rebate Fund shall not be used for the payment of the Bonds and amounts credited to the Rebate fund shall be free and clear under any pledge under the Bond Ordinance. Money in the Rebate Fund shall be invested in a manner provided in the Bond Ordinance for investment of money, and all amounts on deposit in the Rebate Fund shall be held by the County, or a designated trustee, in trust, to the extent required to pay rebatable arbitrage to the United States of America. The County shall unconditionally be entitled to accept and rely upon the recommendation, advice, calculation and opinion of an accounting firm or other person or firm with knowledge of or experience in advising with respect to the provisions of the Code relating to rebatable arbitrage. The County shall remit all rebate installments and the final rebate payment to the United States of America as required by the provisions of the Code. Any moneys remaining in the Rebate Fund after redemption and payment of all the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and remitted first to the Insurer to the extent of any amounts owed to the Insurer and then to the County.

The Bonds are designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, as amended by the American Recovery and Reinvestment Act of 2009 ("ARRA"). Prior to ARRA, a qualified small issuer was defined as an issuer who did not reasonably anticipate the amount of its tax-exempt bonds (other than certain private activity bonds) would exceed \$10,000,000 in a calendar year. For 2009 and 2010, ARRA increased the \$10,000,000 threshold to \$30,000,000 for determining when a tax-exempt bond qualifies for the small issuer exception. The County has no "subordinate entities" with authority to issue tax-exempt obligations within the meaning of that Section of the Code. In that connection, the Governing Body covenants that the County in or during the calendar year in which the Bonds are issued, (i) will not designate as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code tax-exempt obligations, including the Bonds, in an aggregate principal amount in excess of \$30,000,000 and (ii) will not issue tax-exempt obligations within the meaning of Section 265(b)(4) of the Code, including the Bonds and any qualified 501(c)(3) bonds as defined in Section 145 of the Code (but excluding obligations, other than qualified 501(c)(3) bonds, that are private activity bonds as defined in Section 141 of the Code), in an aggregate principal amount exceeding \$30,000,000.

Continuing Disclosure Undertaking. The officers of the County are authorized to sign such documents and to take such actions in the future with respect to the County's continuing disclosure obligations as are necessary or desirable to comply with the Continuing Disclosure Undertaking and the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Notwithstanding any other provisions of the Bond Ordinance, failure of the County to comply with the Continuing Disclosure Undertaking shall not be considered an "event of default," and holders and beneficial owners of Bonds shall be entitled to exercise only such rights with respect thereto as are provided in the Continuing Disclosure Undertaking.

THE COUNTY

General

Santa Fe County (pop. 147,000, estimated 2007) is located in north central New Mexico and occupies a land area of 1,909 square miles. The City of Santa Fe, which is the state capital and a popular tourist community, is located within the County. Also located in the County are a variety of Native

American Pueblos, agricultural villages, bedroom communities and ranching communities, spread over terrain that includes river valleys and mountain ranges. Forty percent of the land within the County is comprised of federal land (Native American, National Forest and Bureau of Land Management). The County offers year-round tourism possibilities, with a dry climate, national parks and forests, and historic landmarks as the principal attractions.

The economy of the County is based upon government and related activities, retail trade, tourism, arts and entertainment, and recreation.

Governing Body

The Board of County Commissioners consists of five individuals elected for four-year terms. The County is divided into five districts, each represented by an elected Commissioner. The function of the County is briefly addressed in the grant of powers provided all New Mexico counties pursuant to Section 4-37-1 NMSA 1978. The function is "... to provide for the safety, preserve the health, promote the prosperity and improve the morals, order, comfort and convenience of the county or its inhabitants...." The Board oversees:

- 1. the assessment, collection and distribution of *ad valorem* taxes by an elected Assessor and Treasurer;
- 2. law enforcement by an elected Sheriff;
- 3. recording and filing by an elected County Clerk;
- 4. fire protection by Volunteer Fire Departments;
- 5. road maintenance by the Public Works Division of the Growth Management Department;
- 6. managerial and administrative services by an appointed County Manager; and
- 7. planning, health, welfare, recreation and cultural affairs by appointed citizen advisory boards.

The members of the Board of County Commissioners and their respective terms are as follows:

Member	Position	Term Expires
Harry B. Montoya	Chairperson	12/31/10
Virginia Vigil	Vice-Chair	12/31/12
Mike D. Anaya	Commissioner	12/31/10
Elizabeth T. Stefanics	Commissioner	12/31/12
Kathleen Suzanne Holian	Commissioner	12/31/12

Administrative Officers

The current members of the County Administration are as follows:

Roman Abeyta, County Manager since September 29, 2006. Mr. Abeyta has held several positions over the past 15 years with Santa Fe County as well as the City of Santa Fe. Mr. Abeyta began his career with Santa Fe County in September 1991 as an Animal Control Officer. Mr. Abeyta joined the County Land Use Department where he held several positions over a 9 year period including Assistant Planner, Development Review Specialist II, Development Permit Supervisor and Deputy Land Use Administrator. In 2001 Mr. Abeyta became Land Use Director of that department. Mr. Abeyta was appointed Deputy County Manager, a position he held until May 2006, when he served as Assistant City

Manager of the City of Santa Fe. Mr. Abeyta was born and raised in Santa Fe, New Mexico and is a 1991 Capital High School Graduate. Mr. Abeyta has 5 sons that range in age from 3-17.

Victor A. Montoya, County Treasurer since January 1, 2005. Currently Vice Chairman of the New Mexico Public Employees' Retirement Association. Deputy County Treasurer, Santa Fe County, 2004. Mr. Montoya has been in public service for 25 years in various positions with the Office of the State Auditor, the Office of the Attorney General, the Energy, Minerals and Natural Resources Department, the State Land Office and the Public Employees Retirement Association. Mr. Montoya graduated from the College of Santa Fe with a Bachelor's Degree in Business Administration.

Teresa Martinez, County Finance Director since October 2006. Ms. Martinez has served as the County's Accounting Supervisor from September 1999 through July 2006, and Deputy Finance Director from July 2006 through September 2006. Ms. Martinez has a Bachelor of Accountancy from the College of Santa Fe.

Stephen C. Ross, County Attorney since 2003. Served as Assistant General Counsel for the New Mexico Energy, Minerals and Natural Resources Department, 2000-2003; Deputy County Attorney, San Juan County, New Mexico, 1993-2000. Mr. Ross obtained a Juris Doctor Degree from the University of Utah in 1989.

Other Employees

The County has approximately 911 full-time employees. The County believes that relations with its employees are good.

Retirement Plan; Other Post-Employment Benefits

Public Employees Retirement Association

Substantially all full-time employees of the County participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries.

Non-law enforcement plan members (other than County fire department employees) are required to contribute 3.2875% of gross covered salary under the plan, under which the County contributes an amount equal to 19.0125% of gross covered salary. County fire department plan participants that are not union members are required to contribute 8.10% of gross covered salary under the plan, under which the County contributes an amount equal to 21.15% of gross covered salary. County fire department plan participants that are union members are required to contribute 4.5% under the plan, under which the County contributes an amount equal to 24.85%. Law enforcement participants (excluding detention employees, who are considered general participants) are required to contribute 3.09% of covered gross salary under the plan, under which the County contributes an amount equal to 27.76%. The contribution requirements of plan members and of the County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended June 30, 2009, 2008, 2007, 2006, and 2005 were \$8,830,179, \$7,631,724, \$5,950,620, \$5,310,887 and \$4,114,267, respectively, equal to the amount of the required contributions for those years.

Gabriel, Roeder, Smith & Co. completed an actuarial valuation of the Public Employees Retirement Fund as of June 30, 2007. The Public Employees Retirement Board accepted the actuary's

conclusions that the assets, benefit values, reserves and computed contribution rates reflect utilization of an inflation rate of 4% per annum, compounded annually, and other risk assumption changes including salary increases for longevity and merit, the real rate of return on investments, mortality, active member withdrawals, disability and retirement rates to allow for expected future experience. Actuarial information, as of June 30, 2007, is shown below:

Summary of PERA Funds⁽¹⁾
(Dollars in thousands)

Retired and Active Membership	78,454
Actuarial Information	
Accrued Liability ⁽²⁾	\$12,962,480
Value of Assets	\$12,032,215
Unfunded (Overfunded) Accrued Liability	\$ 930,265
Present Value of Statutory Obligations	\$16,492,182

Source: Public Employees Retirement Association of New Mexico

⁽¹⁾ Includes both the state and municipal divisions.

⁽²⁾ Includes the accrued liability of both the retired and active members.

The Retirement Plan suffered as a result of volatility in the financial markets and economic contraction in 2008 and 2009. The Retirement Plan lost approximately 30% of its value as of February 2009, losing 16.53% from September to December 2008. There are currently 60,712 active members of PERA and 26,793 retirees and beneficiaries receiving monthly benefits from PERA as of December 2008. It is expected that beneficiaries of PERA will increase approximately 10% per year as result of the increased number of "baby boomer" retirees. The State Legislature is considering significant changes to the existing system in order to address large scale losses and the potential future insolvency of the Retirement Plan. Under current law, the County is not responsible for any future deficiencies in the Retirement Plan.

PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

New Mexico Retiree Health Care Authority

The County contributes to the State-sponsored New Mexico Retiree Health Care Fund, a cost-sharing multiple employer defined benefit postemployment healthcare plan administered by the Retiree Health Care Authority ("NMRHCA"). The NMRHCA administers the New Mexico Retiree Health Care Act, Sections 10-7C-1 through 10-7C-19 NMSA 1978, for the purpose of providing comprehensive group health insurance coverage for persons who have retired from certain public service in the State and eligible dependants. The Retiree Health Care Act establishes the required contributions of participating employers. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary, and each participating employee to contribute 0.65% of its annual salary. The County's contribution to the NMRHCA for the years ended June 30, 2009, 2008, 2007 and 2006 were \$459,432, \$413,934, \$341,186 and \$316,539, respectively, which equal the required contributions for those years.

The NMRHCA has a fund base comprised of active employee payroll deductions, participating employer contributions, monthly premium contributions of enrolled participants, investment income, and amounts distributed annually from the Taxation and Revenue Suspense Fund ("TRS Fund"). A separate

distribution from the TRS Fund, which is currently set at \$3,000,000 per year, is scheduled to sunset June 30, 2010. Employer and employee contribution rates are established by statute as is the amount of the distributions from the TRS Fund. Such contribution rates are currently 1.3% and 0.65% of the participating employee's salary, respectively. These rates combined, as well as other sources of revenue, are significantly less than what is necessary to fund the normal cost and amortization of the UAAL (as described below) over a 30-year period.

Based on the Governmental Accounting Standards Board ("GASB") Statement 43 valuation for the Fiscal Year ended June 30, 2006, and assuming that the NMRHCA Fund is an equivalent arrangement to an irrevocable trust and, hence using a discount rate of 5.0%, the unfunded actuarial accrued liability ("UAAL") has been calculated to be approximately \$4.1 billion. As required by GASB Statement 43, this calculation takes into consideration only current assets of the NMRHCA Fund. The Legislative Council, the Legislative Finance Committee, the Governor and the NMRHCA, as required by statute, established a working group that, among other things, examined the options to improve the actuarial soundness of the NMRHCA Fund and reported its findings to the Governor, the New Mexico Legislative Council, at the Legislative Finance Committee and the NMRHCA.

Recent actions by the NMRHCA improved its financial outlook. As recently as January 2008, NMRHCA's fund was projected to be insolvent by June 2014. NMRHCA recently increased premiums paid by retirees by 9% and also increased the contribution levels paid by retirees in response to recommendations from the Legislature in 2008. These actions, taken together, increased the projected solvency period to approximately June 2020. NMRHCA also established as policy that premium increases going forward should track medical trend increases. In the past, premium increases were substantially lower than medical inflation, which was a leading contributor to declining solvency. Under current law, the County is not responsible for any future deficiencies in NMRHCA.

County Budgets

The County adheres to the following procedure in establishing its annual budget: the County staff prepares a budget which is forwarded to the Governing Body in April for the fiscal year commencing the following July 1; public input is sought by the Governing Body during the months of April and May in public hearings; the budget is approved by the Governing Body and forwarded for approval to the State of New Mexico, Local Government Division of the Department of Finance and Administration; the final budget is returned to the County with recommended changes and modifications, if any; and the final budget is acknowledged by the Governing Body.

The operating budget includes proposed expenditures and the means of financing them.

The County Manager is authorized to transfer budgeted amounts within a division up to an annual maximum amount of \$20,000, but he must obtain approval of the Governing Body for all other funding adjustments. As a management control device, the County employs formal budgetary integration at the line item level.

Deficit financing is not permitted under New Mexico law. The level of classification detail at which expenditure may not legally exceed appropriation for each budget item is the fund level (i.e., General, Water, Sewer, etc.).

County Investments

Statutory Requirements

The Board of County Commissioners, acting as the County Board of Finance, is charged with the ultimate supervision and control of all County funds pursuant to Sections 6-10-8, 6-10-10 and 6-10-35(G) NMSA 1978. The statutory duties of the County Board of Finance include the selection of financial institutions for deposit of County funds, setting collateral requirements for such deposits, and selection of custodians for collateral required of depository financial institutions. The County Treasurer is charged with responsibility for day-to-day management of County deposits and investments pursuant to Sections 4-43-2, 6-10-8 and 6-10-10 NMSA 1978, which responsibilities include the maintenance of accurate books and records and regular reporting of the County's financial condition to the County Board of Finance. Pursuant to Sections 6-10-10 and 6-10-31 NMSA 1978, the County Board of Finance and the County Treasurer are jointly responsible for establishing investment strategies for County funds not required to meet the immediate cash flow needs of the County, and the selection of suitable securities and other investments.

County Investment Policy

County Resolution 2004-107 establishes the County's investment policy (the "Policy"), which governs the investment activities of the County and applies to all financial assets held by the County Treasurer. The paramount objective of the Policy is to preserve and protect County funds while earning a market rate of interest on all money not immediately needed to meet operational needs. To enable the County Board of Finance and the Treasurer to accurately assess the County's current and future cash-flow needs, the Policy establishes the County Investment Committee, consisting of the Chairman of the County Board of Finance, County Treasurer, County Manager, County Finance Director and County Attorney or their respective designees, and directs that the Board of Finance meet at least quarterly.

Subject to the oversight of the County Board of Finance, the Treasurer is authorized to invest County funds in the following permitted investments pursuant to Sections 6-10-10(A)-(B), 6-10-10(F)(2), 6-10-10(G)(3), 6-10-31 and 6-10-36(C)-(D) NMSA 1978: Local Government Investment Pool, interest-bearing account, certificates of deposit and other time deposits with Depository Financial Institutions, bonds, notes and other debt securities backed by the full faith and credit of the United States, and bonds, notes and other debt securities that are direct obligations of the federal home loan mortgage association, the federal national mortgage association, the federal farm bank or the student loan marketing association and are either (i) backed by the full faith and credit of the United States or (ii) rated at least Aaa by Moody's Investor Services, Inc. or AAA by Standard & Poor's. As a matter of practice, the County Treasurer requires that all County funds be secured by collateral the market value of which is at least 102% of the amount deposited.

Education

Santa Fe Public Schools

The Santa Fe Public School District is a political subdivision of the State organized for the purpose of operating and maintaining an education program for school-age children residing within its boundaries. Currently the District operates and maintains a variety of facilities in meeting its obligation to provide an educational program within its boundaries that cover 1,016 square miles with an estimated population of 125,000. The District is the 5th largest school district in the State with a 2009-2010 enrollment of 13,684 students. The District operates 30 school sites, including 21 elementary schools, 3

middle schools, 2 high schools 4 charter/alternative schools. The District's educational program includes vocational, technical and occupational training.

Santa Fe Community College

Santa Fe Community College is a co-educational community college offering 2-year Associate of Arts, Associate of Science and Associate of Applied Science degrees. The Community College occupies 366 acres within the City of Santa Fe, with a faculty of 372 (full and part-time), serving approximately 14,500 students (full-time and part-time). Approximately 83 percent of the students are part-time. 58 percent of students receive financial aid.

St. John's College

St. John's College is a private, co-educational 4-year liberal arts college. The College's undergraduate program is an all-required course of study based on the classic works of western civilization. The College has an enrollment of approximately 475 students, with a faculty-student ratio of 1:8. The College offers a graduate degree program leading to a Master of Arts in Liberal Arts degree.

New Mexico School for the Deaf

The New Mexico School for the Deaf is a state institution serving New Mexico children with permanent hearing loss ages 2 through 22. The School provides a rigorous academic program that focuses on language and literacy development and critical thinking skills. The School's curriculum conforms to New Mexico state standards and benchmarks. The School's 30-acre campus is located in the City of Santa Fe and provides housing for up to 96 residential students.

Transportation

The County is served by interstate highways and county roads, several public transportation services, including the Santa Fe Trails Transit System, which is run by the City of Santa Fe, and the Santa Fe Municipal Airport, which is also run by the City of Santa Fe. The State's New Mexico Rail Runner Express provides commuter train service between Santa Fe and Albuquerque.

Labor Force and Percent Unemployed

The following table, derived from information supplied by the New Mexico Department of Workforce Solutions, presents information on employment within the Santa Fe Metropolitan Statistical Area ("MSA"), the State and the United States, for the periods indicated. The annual unemployment figures indicate average rates for the entire year and do not reflect monthly or seasonal trends.

Year	Santa Fe MSA		State of New Mexico		United States
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2009	78,150	5.80%	957,371	6.80%	9.30%
2008	79,406	3.50%	959,458	4.10%	5.80%
2007	78,908	2.80%	945,700	3.50%	4.60%
2006	77,191	3.60%	951,287	4.10%	4.70%
2005	78,046	4.60%	934,667	5.80%	5.60%
2004	84,069	2.90%	910,502	4.80%	5.70%
2003	79,356	3.00%	878,749	6.10%	5.80%
2002	79,317	2.50%	882,103	5.00%	6.00%
2001	75,758	2.80%	854,818	5.50%	4.70%
2000	76,911	3.00%	839,500	5.80%	4.50%

Source: New Mexico Department of Workforce Solutions and UNM Bureau of Business and Economic Research.

Non-Agricultural Wage and Salary

The following is a history of nonagricultural wage and salary employment for Santa Fe County as reported by the New Mexico Department of Workforce Solutions.

<u>Industry</u>	<u>2009*</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Mining	128	155	155	161	101
Utilities	268	239	268	279	272
Construction	3,722	4,782	5,088	5,102	4,775
Manufacturing	810	927	1,068	1,136	1,228
Wholesale Trade	1,134	1,253	1,218	1,148	1,104
Retail Trade	8,480	9,199	8,782	8,845	8,665
Transportation & Warehousing	846	923	655	626	618
Information	1,449	1,882	1,954	1,475	1,333
Finance & Insurance	1,812	1,830	1,810	1,909	1,853
Real Estate & Rental & Leasing	919	1,005	1,138	1,251	1,035
Professional & Technical Services	2,712	2,897	2,905	2,819	2,783
Management of Companies and Enterprises	225	225	250	269	360
Administrative & Waste Services	2,163	2,504	2,707	2,306	2,479
Educational Services	4,841	5,004	5,248	5,559	5,461
Health Care & Social Assistance	8,636	8,457	8,124	6,968	7,083
Arts, Entertainment & Recreation	2,171	2,317	2,103	2,057	2,161
Accommodation & Food Services	8,163	8,235	8,428	8,344	8,169
Other Services, Except Public Administration	2,360	2,508	2,404	2,405	2,428
Non-classifiable	n/a	2	n/a	n/a	n/a
Total Private Sector	50,839	54,344	54,305	52,659	51,908
Public Administration	11,232	11,226	10,976	10,848	10,566
Grand Total	62,071	65,570	65,281	63,507	62,474

Source: New Mexico Department of Workforce Solutions.

* Average Second Quarter, 2009

Major Employers

Some of the largest employers in the Santa Fe MSA are set forth below. No independent investigation into their affairs has been made and consequently there can be no representation as to the stability or financial condition of the companies listed hereafter, or the likelihood that such companies will maintain their status as major employers in the area.

Employer	Type	Number of Employees	% of Santa Fe MSA Employment
State of New Mexico	Government	8,344	13.44%
Christus St. Vincent Regional Medical Center	Health Care	1,900	3.06%
Santa Fe Public Schools	Education	1,800	2.90%
City of Santa Fe	Government	1,486	2.39%
Hilton Santa Fe Golf Resort and Spa at Buffalo Thunder and Cities of Gold Casino (Pueblo of Pojoaque)	Gaming/Government	1,000	1.61%
Santa Fe County	Government	890	1.43%
Santa Fe Community College	Education	750	1.21%
Santa Fe Opera	Fine Arts	662	1.07%
Peters Corporation	Fine Arts	472	0.76%
Santa Fe Ski Company	Recreation	400	0.64%
Total		17,704	28.51%28.51%
Total Santa Fe MSA Non-Agricultural Employment		62,071	100.00%

Source: Santa Fe Chamber of Commerce - October, 2009

Per Capita Income

The following table sets forth per capita personal income levels for Santa Fe County, the State of New Mexico and the United States.

	Per Capita Personal Income		
Year	Santa Fe County	New Mexico	United States
2008	N/A	\$33,430	\$40,208
2007	\$42,184	30,706	38,615
2006	40,147	29,673	36,276
2005	37,934	27,644	34,586
2004	34,448	26,184	33,050
2003	32,999	24,892	31,484
2002	32,932	24,246	30,810
2001	31,608	24,085	30,472
2000	29,949	22,134	29,770
1999	29,346	21,836	27,880

Source: UNM, Bureau of Business and Economic Research.

Effective Buying Income

The following table shows Effective Buying Income by income group for Santa Fe County, the State of New Mexico and the United States:

Percent of Households by Effective Buying Income Groups

Effective Buying Income Group	Santa Fe County	New Mexico	United States
Under \$25,000	21.32%	29.16%	23.43%
\$25,000 – 34,999	10.73%	12.53%	11.01%
\$35,000 – 49,999	16.10%	16.47%	15.42%
\$50,000 and over	51.85%	41.84%	50.14%

Source: Claritas, Inc., 2008

Age Distribution

The following table sets forth a comparative age distribution profile for Santa Fe County, the State of New Mexico, and the United States.

Percentage of Population

<u>Age</u>	<u>Santa Fe County</u>	<u>New Mexico</u>	<u>United States</u>
0-17	21.0%	25.2%	24.5%
18-24	9.0%	10.5%	9.9%
25-44	26.2%	25.7%	27.7%
45-54	16.6%	14.5%	14.4%
55 & Older	27.2%	24.1%	23.4%

Source: Claritas, Inc., 2008

Median Household Effective Buying Income

The following table shows median household Effective Buying Income for Santa Fe County, the State of New Mexico and the United States.

Median Household Effective Buying Income			
<u>Year</u>	Santa Fe County	State of New Mexico	United States
2008*	\$52,442	\$42,577	\$50,170
2007*	50,603	41,569	49,314
2006*	50,059	41,045	48,775
2005	41,531	34,203	39,324
2004	39,742	32,737	38,201
2003	39,400	32,291	38,035
2002	41,152	32,083	38,365
2001	40,573	30,322	39,129
2000	38,876	29,992	37,233
1999	36,781	28,795	35,377
1998	36,127	27,744	34,618
1997	34,804	27,503	33,482
1996	33,285	26,499	32,238

Source: Claritas, Inc., April, 2008
 * Estimated

Population

The following chart sets forth historical population data for the City of Santa Fe, Santa Fe County and the State.

<u>Year</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>	<u>New Mexico</u>
2030*	n/a	226,012	2,626,553
2020*	n/a	191,403	2,383,116
2010*	n/a	158,624	2,112,986
2000	62,794	129,292	1,819,046
1990	57,605	98,928	1,515,069
1980	49,160	75,519	1,303,303
1970	41,167	54,774	1,017,055
1960	33,394	44,970	951,023

Source: U.S. Dept. of Commerce, Bureau of the Census.
 * Projected.

Historical General Fund Balance Sheet

The following Historical General Fund Balance Sheet and Statement of Historical Revenues, Expenditures and Changes in Fund Balances have been included herein for informational purposes only. Except as otherwise noted, figures were taken from the audit reports prepared by the County's independent auditors. Audited figures are excerpts of the audit reports and do not purport to be complete. Reference is made to the complete audit reports which are available upon request. The County has not requested the consent of Barraclough & Associates, P.C., which performed the audit of the County's Financial Statements, to the inclusion of the audit report and excerpts thereof in this Official Statement, and the auditor has not conducted a post-audit review of those Financial Statements.

Fiscal Year Ended June 30	2009	2008	2007	2006	2005
ASSETS					
Equity in pooled cash investments – Unrestricted	\$41,016,246	\$41,451,376	\$33,793,088	\$23,713,215	\$19,671,694
Equity in pooled cash investments - Restricted	1,839,296	1,838,905	1,838,198	1,815,290	1,815,290
Receivables, net of allowance for uncollectable					
Accounts	41,499	29,892	94,558	67,344	25,965
Taxes	6,341,501	5,500,784	4,492,988	4,637,536	3,634,953
Interest	388,707	744,996	639,701	336,208	145,322
Grantor agencies and other	629,963	671,275	612,495	564,364	395,737
Due from other funds	1,457,912	593,466	1,949,727	1,012,293	827,631
Total Assets	\$51,715,124	\$50,830,694	\$43,420,755	\$32,146,250	\$26,516,592
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable and accrued expenditures	\$940,997	\$566,674	\$1,080,217	\$1,178,059	\$1,858,404
Accrued payroll	777,821	567,670	411,789	-	-
Deferred revenue	7,278,703	4,522,498	3,347,890	3,387,050	2,725,796
Deposits held for others	-	-	-	-	-
Other	24,006	23,615	22,908	-	-
Total Liabilities	\$9,021,527	\$5,680,457	\$4,862,804	\$4,565,109	\$4,584,200
Fund Balance					
Reserved for					
Encumbrances	\$3,225,140	\$3,677,892	\$2,564,302	\$2,231,266	\$1,915,499
Subsequent year expenditures	-	-	-	-	-
Total reserved fund balance	\$3,225,140	\$3,677,892	\$2,564,302	\$2,231,266	\$1,915,499
Unreserved – Designated for					
Contingency	1,815,290	1,815,290	1,815,290	1,815,290	1,815,290
Unreserved – Undesignated	37,653,167	39,657,055	34,178,359	23,534,585	18,201,603
Total unreserved fund balance	39,468,547	41,472,345	35,993,649	25,349,875	20,016,893
Total fund balance	42,693,597	45,150,237	38,557,951	27,581,141	21,932,392
Total liabilities and fund balance	\$51,715,124	\$50,830,694	\$43,420,755	\$32,146,250	\$26,516,592

Source: Santa Fe County Annual Audit Reports for the fiscal years ended June 30, 2009, 2008, 2007, 2006 and 2005; these figures are excerpts only and do not purport to be complete.

Historical General Fund Revenues, Expenditures and Changes in Fund Balances

Fiscal Year Ended June 30	2009	2008	2007	2006	2005
Revenues					
Grants	\$ 1,867,419	\$ 1,198,786	\$ 2,085,995	\$ 1,754,243	\$ 2,100,757
Taxes and special assessments	45,989,054	45,168,805	41,723,011	36,313,562	33,008,259
Interest earnings	3,879,418	5,693,887	4,750,661	2,904,858	1,280,136
Charges for services, fines and penalties	1,749,087	1,525,638	1,755,849	1,906,418	1,772,133
Other	128,467	108,439	39,116	320,587	423,254
Total revenues	\$53,613,445	\$53,695,555	\$50,354,632	\$43,199,668	\$38,584,539
Expenditures:					
Current					
General government	\$16,407,071	\$17,729,096	\$17,832,387	\$14,906,976	\$14,018,320
Public safety	9,783,459	10,422,751	7,957,272	7,809,025	6,553,023
Highways and streets	6,798,988	4,585,306	3,757,624	4,771,030	3,096,024
Health and welfare	383,017	93,969	411,119	571,966	1,643,085
Culture and recreation	830,535	754,241	406,900	282,550	391,700
Economic development	-	-	-	-	-
Capital outlay	8,774,791	4,660,250	1,115,713	2,379,668	2,694,732
Debt service (principal and interest)	-	-	-	-	-
Total expenditures	\$42,977,861	\$38,245,613	\$31,481,015	\$30,721,215	\$28,396,884
Excess (Deficiency) or Revenues over Expenditures	\$10,635,584	\$15,449,942	\$18,873,617	\$12,478,453	\$10,187,655
Other Financing Sources (Uses):					
Operating transfers, in	1,777,527	1,239,557	981,567	2,461,464	1,068,058
Operating transfers, out	(14,869,751)	(10,097,213)	(8,878,374)	(9,291,168)	(10,300,316)
Total other financing sources (uses)	(13,092,224)	(8,857,656)	(7,896,807)	(6,829,704)	(9,232,258)
Excess (Deficiency) of Revenues and other Financing Sources over expenditures and other financing uses	\$(2,456,640)	\$ 6,592,286	\$10,976,810	\$ 5,648,745	\$ 955,397
Fund balance, beginning of year	45,150,237	38,557,951	27,581,141	21,932,392	20,976,995
Prior period corrections	-	-	-	-	-
Fund balance, as restated	45,150,237	38,557,951	-	-	-
Fund balance, end of year	\$42,693,597	\$45,150,237	\$38,557,951	\$27,581,141	\$21,932,392

Source: The amounts shown for each fiscal year are derived from the County's audited financial statements. Reference is made to such financial statements and related audit reports which are available upon request.

Direct and Overlapping Debt and Mill Levies

The following calculation analyzes the debt load and per capita debt of the County payable from property taxes. In addition to outstanding debt of the County, the calculation takes into account debt attributable to taxing entities that is the responsibility of taxpayers within the boundaries of the County.

Governmental Entity	2009 Valuation	GO Debt Outstanding	Applicable Percentage	Amount
State of New Mexico	\$54,399,590,800	\$435,730,000	11.59%	\$ 52,607,290
City of Santa Fe	3,500,660,629	20,000,000	100.00%	20,000,000
Town of Edgewood	82,832,268	-	100.00%	-
City of Española	43,857,788	-	25.91	-
Española Schools	517,654,271	1,475,000	20.98%	309,437
Moriarty Schools	462,942,624	26,270,000	46.98%	12,342,118
Pojoaque Schools	168,731,844	8,690,000	100.00%	8,690,000
Santa Fe Community College	6,307,308,467	24,320,000	100.00%	24,320,000
Santa Fe Schools	6,307,308,467	109,025,000	100.00%	109,025,000
Santa Fe County	6,633,131,738	124,040,000	100.00%	124,040,000
Total Direct & Overlapping Debt				\$351,333,845
Ratio of Estimated Direct & Overlapping Debt to 2009 Assessed Valuation:				5.57%
Ratio of Estimated Direct & Overlapping Debt to 2009 Estimated Actual Valuation				1.72%
Per Capita Direct & Overlapping Debt:				\$2,456.88

Selected Debt Ratios and Values

The following table sets forth details relating to the ratio of general debt and overlapping debt to population and assessed valuation:

County Population ⁽¹⁾	147,000
Total Estimated General Obligation Direct and Overlapping Debt	\$ 351,333,845.00
Per Capita Direct and Overlapping Debt	\$ 2,456.88
2009 Assessed Valuation	\$6,633,131,738.00
Ratio of Estimated Direct and Overlapping Debt to 2009 Assessed Valuation	5.57%

⁽¹⁾ Estimated 2007.

Other County Obligations

The table below summarizes all outstanding revenue bond obligations of the County as of June 30, 2009. There are no outstanding obligations secured by the Pledged Revenues.

Type and Series of Revenue Bonds	Original Principal Amount	Interest <u>Rate</u>	Date of Final Maturity	Amount Outstanding as of 6/30/09	Pledged Revenues
County Gross Receipts Tax Revenue Bonds, Series 2008	\$30,000,000	3.50-5.00%	6/1/2033	\$28,635,000	5/16 of one percent gross receipts tax
Correctional System Revenue Bonds, Series 1997	\$30,000,000	4.10-6.00%	2/1/2027	\$19,240,000	5/16 of one percent gross receipts tax
Gross Receipts Tax Revenue Bonds, Subordinate Series 1997A	\$ 6,000,000	4.10-6.00%	2/1/2027	\$ 4,650,000	5/16 of one percent gross receipts tax

LITIGATION AND INSURANCE

At the time of the original delivery of the Bonds, the County will deliver a certificate to the effect that no litigation or administrative action of proceedings is pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Bond Ordinance, the levying or collecting of taxes to pay the principal of and interest on the Bonds or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

The County maintains insurance on its assets and operations as is customary and adequate, in its opinion, for similar entities insuring similar operations and assets. The County carries general liability insurance, auto damage and workers compensation with the New Mexico County Insurance Authority for its errors and omissions coverage, emergency medical, volunteer fire fighters and law enforcement liability coverage. There can be no assurance, however, that the County will continue to maintain the present level of coverage or that the insurance maintained will be sufficient.

TRANSCRIPT AND CLOSING STATEMENTS

A complete transcript of proceedings and a no-litigation certificate (described above under "LITIGATION AND INSURANCE") will be delivered by the County when the Bonds are delivered. The County will at that time also provide a certificate of the County relating to the accuracy and completeness of this Official Statement.

TAX EXEMPTION

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax for individual corporations. Additionally, interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision of the State.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. The County has made various representations and warranties with respect to, and has covenanted in the Bond Ordinance and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Bonds will not become includable in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel has opined that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions contained in the Code, interest on the Bonds will be included in the adjusted current earnings of certain corporations, and such corporations' adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses).

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Original Issue Discount

The Bonds may be offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a bond accrues periodically over the term of the bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at an original issue discount should consult their tax advisors for an explanation of the accrual rules.

Original Issue Premium

The Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a bond through reductions in the holders' tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

Internal Revenue Service Audit Program

The Internal Revenue Service (the "IRS") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS will treat the County as the taxpayer and the Bondowners may have no right to participate in such procedure. Neither the initial purchasers of the Bonds nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds. The County has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income except to the extent described above for the owners thereof for federal income tax purposes. None of the County, the Underwriter nor Bond Counsel are responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

FINANCIAL STATEMENTS

Appendix A contains excerpts from audited Financial Statements of the County for the fiscal year ended June 30, 2008. The Bonds are not payable from any revenues or funds of the County other than as set forth in the Official Statement. The financial statements are included for informational purposes only.

LEGAL MATTERS

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, will render an opinion with respect to the validity of the Bonds and with respect to tax matters described above under "TAX EXEMPTION." The proposed form of such opinion is attached hereto as Appendix B. Certain legal matters will be certified for the County by Stephen C. Ross, Esq., County Attorney.

RATINGS

Moody's Investor's Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned municipal bond ratings of "Aa2" and "AA", respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from Moody's and S&P.

Such ratings reflect only the views of such organizations. The ratings are not a recommendation to buy, sell or hold the Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Bonds may have an adverse effect on the market price of the Bonds. The Underwriter has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the ratings on the Bonds, or to oppose any such proposed revision or withdrawal.

CONTINUING DISCLOSURE

The County will make a written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, Section 240.15c 2-12) (the "Rule"). The County undertakes to provide the following information:

- (a) Annual Financial Information;
- (b) Audited Financial Statements, if any; and
- (c) Material Event Notices.

While any Bonds are outstanding, the County will provide the Annual Financial Information on or before March 31 of each year (the "Report Date"), beginning March 31, 2010, to Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") annually and to provide notice to EMMA of certain events, pursuant to the requirements of the Rule. It will be sufficient if the County provides to EMMA the Annual Financial Information by specific reference to documents previously provided to each Nationally Recognized Securities Information Repository and state information depository, if any, or filed with the Securities and Exchange Commission and, if such a document is a "final official statement" within the meaning of the Rule, available from the Municipal Securities Rulemaking Board.

If the Audited Financial Statements are not provided as part of the Annual Financial Information, the County will provide the Audited Financial Statements when and if available while any Bonds are outstanding to EMMA.

If a Material Event occurs while any Bonds are outstanding, the County will provide a Material Event Notice in a timely manner to EMMA.

The County will provide in a timely manner to EMMA or the Municipal Securities Rulemaking Board notice of any failure by the County while any Bonds are outstanding to provide to EMMA Annual Financial Information on or before the Report Date, any changes in its fiscal year-end, or any amendment to its undertaking described in this section.

The following are the definitions of the capitalized terms used in this section:

"Annual Financial Information" means the financial information (which will be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB") or operating data with respect to the County), provided at least annually, consisting of information of the type set forth under the headings "PLEDGED REVENUES- *Capital Outlay Gross Receipts Tax Report* " in this Official Statement. Such Annual Financial Information shall also include Audited Financial Statements, or if Audited Financial Statements are unavailable, then unaudited financial statements.

"Audited Financial Statements" means the County's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements have been audited by such auditor as is then required or permitted by the laws of the State.

"Material Event" means any of the following events, if material, with respect to the Bonds:

Principal and interest payment delinquencies;
 Non-payment related defaults;
 Unscheduled draws on debt service reserves reflecting financial difficulties;
 Unscheduled draws on credit enhancements reflecting financial difficulties;
 Substitution of credit or liquidity providers, or their failure to perform;
 Adverse tax opinions or events affecting the tax-exempt status of the security;
 Modifications to rights of security holders;
 Bond calls;
 Defeasances;
 Release, substitution, or sale of property securing repayment of the securities; and Rating changes.

"Material Event Notice" means written or electronic notice of a Material Event.

Unless otherwise required by law and subject to technical and economic feasibility, the County will employ such methods of information transmission as are requested or recommended by the designated recipients of the County's information.

The continuing obligation of the County to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Bond Ordinance; (ii) the date on which the County is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require the undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

The County's undertaking described in this section may be amended from time to time, without the consent of any Bond owner upon the County's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:

- (a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the County;
- (b) the undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and
- (c) the amendment does not materially impair the interests of the owners of the Bonds.

Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

The obligations of the County under the undertaking described in this section are for the benefit of the owners (including beneficial owners) of the Bonds. Each owner is authorized to take action to seek specific performance by court order to compel the County to comply with its obligations under the

undertaking, which action will be the exclusive remedy available to it or any other owner. The County's breach of its obligations under the undertaking will not constitute an event of default under the Bond Ordinance and none of the rights and remedies provided by the Bond Ordinance will be available to the owners with respect to such a breach.

Compliance with Prior Undertakings

The County has previously entered into continuing disclosure agreements in accordance with SEC Rule 15c2-12. The County believes that it is in material compliance with the requirements of outstanding continuing disclosure agreements entered into in connection with general obligation bonds issued by the County.

The County discovered in 2008 that, since 2000 it had not filed annual information required by continuing disclosure agreements entered into in connection with two series of revenue bonds issued by the County in 1997. The County notified the MSRB of its failure to file the required information and, as of the date of this Official Statement, the County believes that it is currently in material compliance with the requirements of outstanding continuing disclosure agreements entered into in connection with outstanding County revenue bonds. The County has implemented procedures intended to assure compliance with its continuing disclosure agreements.

UNDERWRITING

(the "Underwriter") has agreed to purchase the Bonds from the County [[pursuant to a Bond Purchase Agreement dated , 2010 (the "Bond Purchase Agreement"),]] at a price of \$, which reflects the par amount of the Bonds (\$) (i) less original discount in the amount of \$, (ii) plus original issue premium in the amount of \$, (iii) less an Underwriter's discount of \$, and (iv) less costs of issuance and a bond insurance premium of \$. The Underwriter will be obligated to take and pay for all of the Bonds if any are taken. The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

No guaranty can be made that a secondary market for the Bonds will develop or be maintained by the Underwriter or others. Thus, prospective investors should be prepared to hold their Bonds to maturity. In addition, the Underwriter may allow commissions or discounts from such initial offering prices to dealers and others.

ADDITIONAL INFORMATION

All of the summaries of the statutes, ordinances, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such document, copies of which are either publicly available or available for inspection during normal business hours at the offices of the County Clerk of Santa Fe County, 102 Grant Avenue, Santa Fe, New Mexico 87501, or at the offices of RBC Capital Markets, Financial Advisor to the County, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico 87110.

OFFICIAL STATEMENT CERTIFICATION

As of the date hereof, to my knowledge and belief, this Official Statement is true, complete and correct in all material respects, and does not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they are made, not misleading.

The preparation of this Official Statement and its distribution has been authorized by the Governing Body of Santa Fe County.

SANTA FE COUNTY, NEW MEXICO

By /s/
Harry B. Montoya, Chairperson
Board of County Commissioners

ATTEST:

 /s/
Valerie Espinoza, County Clerk

APPENDIX A

**EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF
SANTA FE COUNTY, NEW MEXICO
FOR THE YEAR ENDING JUNE 30, 2009**

The County has not requested the consent of Barraclough & Associates, P.C., which performed the audit of the County's financial Statements, to the inclusion of the audit report and excerpts thereof in this Official Statement, and the auditor has not conducted a post-audit review of those financial statements.

APPENDIX B

FORM OF BOND COUNSEL OPINION

, 2010

\$

Santa Fe County, New Mexico
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010A

\$

Santa Fe County, New Mexico
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010B

Ladies and Gentlemen:

We have acted as bond counsel to Santa Fe County, New Mexico (the "County") in connection with the issuance and sale by the County of its \$ Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A (the "Series 2010A Bonds") and its \$ Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010B (the "Series 2010B Bonds," and together with the Series 2010A Bonds, the "Bonds"). The Bonds are issued pursuant to the Constitution and laws of the State of New Mexico (the "State") and Parameters Bond Ordinance No. 2010-___ adopted on February 9, 2010 (the "Parameters Bond Ordinance"), as supplemented by a Resolution of the County adopted on March 9, 2010 (together, the "Bond Ordinance"). Except as expressly defined herein, capitalized terms used herein have the same meanings as such terms have in the Bond Ordinance.

We have examined those portions of the Constitution and the laws of the State and the United States of America relevant to the opinions herein, a certified transcript of proceedings of the Governing Body of the County (the "Transcript"), and other proceedings and documents relevant to the authorization and issuance by the County of the Bonds, including the form of the Bonds in the Bond Ordinance. As to the questions of fact material to our opinion, we have relied upon the Transcript and other representations and certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, and subject to the assumptions and qualifications set forth below, we are of the opinion that, under existing law on the date of this opinion:

1. The Bonds are valid and binding, special, limited obligations of the County, payable as to principal and interest solely from the Pledged Revenues and from the Debt Service Fund and Reserve Fund which are pledged therefor under the Bond Ordinance (provided that the Reserve Fund is to be funded only upon the occurrence of the event provided in and subject to the provisions of Section 17(E) of the Parameters Bond Ordinance);
2. The Bond Ordinance creates a valid lien on the Pledged Revenues pledged therein for the security of the Bonds on parity with additional Parity Obligations (if any) to be issued hereafter and also creates a valid lien on the Debt Service Fund and the Reserve Fund; and
3. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes. We are also of the opinion that interest on

the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions contained in the Internal Revenue Code of 1986, as amended (the "Code"). Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences; and

4. Interest on the Bonds is excludable from net income for present State income tax purposes.

The opinions set forth in Paragraph 3 above are subject to continuing compliance by the County with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance by the County of the Bonds. Failure to comply with these covenants may result in interest on the Bonds being included in gross income retroactive to their date of issuance.

The opinions expressed herein are based upon existing legislation as of the date of issuance and delivery of the Bonds, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation.

The obligations of the County related to the Bonds are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers (including bankruptcy powers) delegated to it by the United States Constitution. The obligations of the County and the security provided therefor, as contained in the Bond Ordinance, may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of result.

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds or upon any tax consequences arising from the receipt or accrual of interest on, or the ownership of, the Bonds except those specifically addressed in Paragraphs 3 and 4 above.

Respectfully submitted,



James Jenkins, President

Jerry L. Cooper, Vice President

Roberta A. Armstrong, Secretary

Stephen Wust, Director

Jerry Bradley, Director

Gene Schofield, Treasurer, Non-director

David Denig-Chakroff, General Manager

RECORDED 02/24/2010

February 8, 2010

Ms. Vicki Lucero

Land Use Administration

Santa Fe County

321 Grant Street

Santa Fe, NM 87501

RE: CDRC #Z 08-5450 Cimarron Village Development

Ms. Lucero:

In 2008, Joseph Miller, Applicant submitted water requirements for the Cimarron Village development to the Eldorado Area Water and Sanitation District ("District") for review. In October, 2008, the District issued a "Will Serve" letter stating that the District was 'ready, willing and able' to provide the requested 20.25 acre-feet per year of water to serve the proposed Cimarron Village Development. This service would include potable drinking water as well as fire service. Under the District's New Water Service Policy, the Applicant is required to provide a water supply in excess of the project's water budget, water rights, and fees to the District, and to install all required infrastructure. The District and the Applicant entered into a Development Agreement wherein wells on the property were conveyed to the District to meet, in part, the requirements of the New Water Service Policy. As the property lies within the District boundary, the District is required to provide water service. The District is not addressing staff issues with the applicant's construction, easements, or the rest of what he is responsible for, only those sections that appears to infringe on our authority for our system.

In March 2009, the District was contacted by Ms. Karen Torres for information regarding the design and operation of the District's facilities. As a courtesy to Santa Fe County, the District provided detailed information regarding wells, tanks, pumping capacity, water usage, numbers of customers, etc. At that time Ms. Torres was cautioned not to draw any conclusion regarding the design and function of the District's system that would require the review of a licensed engineer. Ms. Torres acknowledged that she is not a licensed engineer. We were clear at the time, that it was vital to not tie together the adequacy of water supply issues with the viability of the system to deliver water from an engineering perspective.

In a letter dated September 2, 2009, from Ms. Torres to Ms. Lucero, Ms. Torres reviewed the application for Cimarron Village Development. In her response, Ms Torres put to rest a persistent rumor that there is no reliable groundwater in the Eldorado area. Indeed, Ms. Torres states repetitively that the District appears to have the water capacity and water rights to service the proposed development.

However, in several sections, Ms. Torres expresses her view that an 'engineering study' should be completed of the District's system for compliance with Santa Fe County's Land Use Code. Exactly what engineering study is required by water and sanitation districts and by what provisions in the land use code are not readily clear. In conversations with Ms. Torres, the District advised her that information requested by her was not available.

This Applicant, and indeed no Applicant would be in a position to conduct detailed 'engineering studies' of the District's system. Therefore, although the District welcomes the findings with respect to supply of water, the District must conclude that Santa Fe County is now requiring these studies of the District for this and all future applications. Certainly, we are unfamiliar with such a requirement for mutual domestic water users or other water distribution entities within Santa Fe County, including utilities in Eastern and Southern Santa Fe County. No previously approved application for service from Eldorado contained such a requirement.

Ms. Torres also suggests an "engineering analysis to evaluate system capacity for the portion of the EAWSD system which will serve this development." This demonstrates a lack of understanding regarding water supply management of a public water system. The District manages its system as a whole, and the system has repeatedly passed fire supply requirements for the community. There is no isolated "portion" which will serve the applicant's development. Further, in meetings between the District and County staff, the District understood that demonstration of a 100 year water supply was

sufficient for meeting County development requirements and that the 'will serve' letter was all that was required of the District going forward.

Article VII, Section 6.3.3b of the Land Use Code reads: "In general, the Board [of County Commissioners] shall encourage the use of [Community Water] systems, and shall approve them unless the indicated reviews demonstrate that such systems, or the expansion thereof, will substantially conflict with the policies and goals of the County General Plan and this Code." As the District operates an existing system to which the applicant merely wants to join, it appears that his proposal clearly follows the intent of this section.

The District is a quasi-municipality established under New Mexico state law. Its system is required to meet all relevant engineering standards for such operations. Therefore, while fully understanding that water supply is and should be an issue, we can discern no basis for submitting the engineering operations standards for review by Santa Fe County. Nor, do we consider that the cost of such engineering studies should be visited upon the District's water users. Therefore, if all that is requested is an informal evaluation of the District system by Ms. Torres, certainly the District would provide such a tour. However, completion of engineering studies and subsequent review by Santa Fe County is not an option available to the District.

The District's rate and tax payers would be unduly burdened by excessive costs not required of any other comparable legal entity. Furthermore, since the issue is supply, the results of any engineering study would provide no basis for an informed decision regarding whether the District has the ability to provide water service to this or any other project. As to the quality of service provided, Eldorado is a self-regulating political subdivision. Its records are transparent and available to all of its members and the public at large and the rates it charges for services are regulated to ensure quality service to all its customers. This will be true of this Applicant. All internal standards for the health, safety, and welfare of its water users guarantee that existing users and this Applicant could be served from both a water supply and an operations standpoint.

Upon review of the water requirements of this application, the District's 'will serve' letter remains valid.

Respectfully,

James Jenkins
President

Cc: Jack Kolkmeier, Santa Fe County
Steven Ross, Santa Fe County
Charles DuMars, LRPA
Nate Gentry, LRPA
Joseph Miller, Applicant
EAWSD Board of Directors