Rail Yards Advisory Board

Thursday, July 23, 2009
4:00 PM
Albuquerque/Bernalillo County Government Center
Council Committee Room
9th Floor, Suite 9081

M I N U T E S

Members Present:
Irene Garcia for Mayor Chavez
Councilor Isaac Benton
Leba Freed, Wheels Museum
Rep. Miguel Garcia
Sen. Eric Griego
Rep. Rick Miera
Sen. Jerry Ortiz y Pino
Jay Rembe, ULI – New Mexico
Ron Romero and Yasmin Khan, Barelas Neighborhood
Diana Dorn-Jones, South Broadway Neighborhood

Members Absent:
Commissioner Art de la Cruz
Bill Hume for Governor Richardson
Rep. Gail Chasey

Staff Resources:
Michael Mehling, Dept. of Family and Community Services
Marti Luick, Council Services
Kara Shair-Rosenfield, Council Services
Petra Morris, Council Services
Ed Boles, Planning Department
Lawrence Kline, FAICP, Project Coordinator

Presenters:
Richard Czoski, Executive Director, Santa Fe Railyards Community Corporation
David Bucholtz, City of Albuquerque Bond Counsel, Brownstein Hyatt Farber Scheck
Paul Cassidy, City of Albuquerque Financial Advisor, RBC Capital Markets
Marquita Russel and Matthew Jaramillo, New Mexico Finance Authority

Others Present:
Alan Clarke, Wheels Museum
Dave Penella, Mid-Region Council of Governments

1. **APPROVAL OF 4-20-09 MINUTES:** Councilor Benton moved to approve the minutes from the 4-20-09 meeting. The motion was seconded and passed unanimously.

2. **SANTA FE RAILYARD REDEVELOPMENT – PRESENTATION BY RICHARD CZOSKI**
   - **a. Project by the Numbers:**
     - **i.** Total project is 50 acres: 40 acres in one location (Rail Runner station) and 10 acres one mile away connected by a trail
     - **ii.** SFRYCC developed 37 acres
     - **iii.** 500,000 sq. ft. of development
     - **iv.** 42 land parcels – 82% leased
     - **v.** 13 years from purchase to substantial completion
     - **vi.** 900 parking spaces, including a 400-space underground garage
     - **vii.** Underground parking cost $35,000/space in 2005 dollars
     - **viii.** Working towards a multiple-screen IMAX theater with 2,000 seats; will be 80% underground because of strict architectural standards/design guidelines for entire site
     - **ix.** Total investment to-date: $135 million - $65 million public, $70 million private
   - **b. Funding Details:**
     - **i.** $21 million Land Acquisition
     - **ii.** $14 million Parking Garage Construction
     - **iii.** $13 million Park, Plaza & Alameda
     - **iv.** $12 million Infrastructure
     - **v.** $3 million Off-site Improvements
     - **vi.** $1.3 million Archaeology
     - **vii.** $0.7 million Environmental
     - **viii.** $65 million PUBLIC SECTOR INVESTMENT
     - **ix.** $70 million Private Building Construction
     - **x. $135 million TOTAL PROJECT VALUE**
   - **c. Funding Sources (Public):**
     - **i.** City Bonds: $21 million for acquisition and $14 million for parking garage
     - **ii.** City Loan from MFA: $12 million for Infrastructure
     - **iii.** Other City Funding: $11.5 million
     - **iv.** Private Contributions: $6 million (Trust for Public Lands donations)
     - **v.** Federal Funding: $0.5 million
   - **d. Agreement with City of Santa Fe:**
     - **i.** City of Santa Fe is SFRCC's landlord, but also the client
     - **ii.** City master leased 37 Acres to SFRCC
     - **iii.** 10-year agreement
     - **iv.** Spent a great deal of time with neighborhood associations to make sure they were completely informed; became very collaborative; got great ideas. Wasn't easy, but got a lot of buy-in at the end. At one point, neighborhood wasn't happy with proximity of live-work project; redesigned project to be sensitive to neighbors.
     - **v.** Compensation to City
       1. $7 million Acquisition
       2. $12 million infrastructure to NMFA
       3. Paid back over 20 years
       4. All debt to be paid by approximately 2027
     - **vi.** Compensation to SFRCC
       1. 100% of Income from Ground Leases, Events Management to pay compensation to City
       2. Allowed to retain small reserve if money left after paying debt service and operating. Rest would go to City. Haven't had excess revenues yet – probably won't for a while.

e. **Mid-Presentation Q&A with Board Members and Guests:**

- **David Buchholtz:** NMFA loan – what is the scope of responsibility of City to repay NMFA?
- **Richard Czoski:** Gross Receipts Tax.
- **David Buchholtz:** Proceeds used to pay for infrastructure upgrades?
- **Richard Czoski:** We built all the public improvements with that money.
- **David Buchholtz:** At current time, how much of their GRT has been used and exposed to repayment, and how much money that has been generated by the project is used for repayment?
- **Richard Czoski:** 1) Acquisition cost was funded by 1/8 cent GRT. 1995 purchase will be paid off in 2011. 2) Infrastructure – we're meeting obligation 100%, but at this point interest only, ramps up significantly. We're just starting to pay principal on 2004 financing.
- **David Buchholtz:** Did NMFA agree to that?
- **Richard Czoski:** NMFA agreed to that financing format.
- **Eric Griego:** Didn't see any other financing – tax credits, historic tax credits?
- **Richard Czoski:** No, but one of our partners is seeking NMTC.
- **Eric Griego:** $3 M for off-site improvements. What are the Santa Fe rules for on-site vs. off-site?
- **Richard Czoski:** City did the off-site improvements on their own.
- **David Buchholtz:** This project developed in good part before TIDD and PID tools were in place. Background – City of Santa Fe does almost all capital improvements based on GRT, not G.O./property taxes. Historically, Santa Fe's GRT per capita is greater than ABQ. Their world view on capital development is very different than ours.
- **Eric Griego:** Downtown HDIC structure – technically they were a non-profit. Do you have a straightforward 501(c)3 board?
- **Richard Czoski:** We had 6 unpaid board members at our peak; there are 3 board members now and 17 community members. Board members are prohibited from making investments even around the site. Board members have been involved since late 1980s, early 1990s.
- **Jerry Ortiz y Pino:** Do you pay property tax as a non-profit?
- **Richard Czoski:** No, but our tenants pay taxes based on lease-hold value after 10 years.
- **Jerry Ortiz y Pino:** A lot of development is taking place adjacent to the Santa Fe RY. Has that had an impact on the City's, or County's, take on property taxes?
- **Richard Czoski:** It's inevitable that they will. They just did a reassessment. Properties in the area have gone up in value just by virtue of proximity to the RY project. Our property isn't in the historic district, but we're surrounded by the historic district. We've seen people push the limit on what they're doing on residential sites. Still have a lot of traditional neighborhood, but a lot of infill going on around it. Elementary School near property only had 150 students and was set to close; but with new life coming into area, younger families, school has stayed open as a charter school
- **Yasmin Khan:** The SFRY has a lot of different uses than ours is going to have. Wondering, when you were working on the decision process for the percentage of residential versus commercial, what went into decision-making process? Was repayment of $19 M a driving force?
- **Richard Czoski:** The Master Plan had some residential, not a lot, in it. There wasn't much residential in MP because the community expressed that they didn't want residential. There were thousands of surveys that went into developing the MP. Not just neighboring communities, all of Santa Fe brought into the project. To some extent, economics drove decision about uses. MP set out uses in the beginning. In the 40 acre site, not much residential planned. In the south 10 acres, there is a mix of uses.

f. **Project Elements:**
   i. North 40 acres. Built a plaza b/c community wanted a plaza. Historic plaza had been taken over by tourists. A plaza for more local events desired.
   ii. How we selected tenants: Primary mission was to have all local business. Reality – we have 64% local. Only 6% national – REI and Verizon. 100,000 sq. ft. of non-profits – including Teen Center, El Museo Cultural, Growers' Market. Built financial models around 20% of project being non-profit. Adds a lot of texture and diversity to the project. Makes it more for locals. Subsidy is in the form of reduced rent – difference is made up in higher rents for for-profits.
   iii. Tenant Lease Terms
      1. Ground Lease
      2. 90 year term
      3. $___ per SF/year
      4. Tenants own their own buildings and can sell buildings in 90-year term
      5. Annual CPI increases
      6. Reappraisal every 10 years
      7. Tenant can transfer improvements

- **David Buccholtz:** Can you describe how the City managed its portion of the process? What kind of administrative infrastructure was needed to accomplish this project?
- **Richard Czoski:** City hired a group called Design Workshop to do the Master Plan. City Councilors were always involved, City Land Use was always involved. This is a Public Works project. I worked most closely with director of Public Works. Land Use had to get their arms around the Chapter 14 code, which is used everywhere else, is subordinate to the MP, and lays out density guidelines, etc. We hold our tenants' hands all the way through entitlement. MP and Chapter 14 didn't always agree. There was a learning process to establish a working relationship with the City. We went back to Council half a dozen times to tweak development review. When we were at the peak of construction, the City had one full-time person in Public Works who was our liaison for this project. Now, the person in Public Works spends about 20% of his time with us.
- **David Buccholtz:** Where was money for $1M a month coming from?
- **Richard Czoski:** We had the contract with TLC plumbing. They submitted invoices to us, we'd submit them to the City, and the City would reimburse us. NMFA loan.
- **Richard Czoski:** One of the reasons the City hired us, every lease had to go through City Council and was public record. Through SFRCC, leases are private. An independent auditor audits us every year. Audit goes to City Council. At end of our agreement, if City doesn't renew, everything goes to the City. A lot of safeguards were put into the agreement that would allow us to do business but still be accountable to the public.
- **Rick Miera:** Are you extremely unique in this situation? County is in leasing facility with private, not-for-profit: there are rules for County, no more than 3-year leases at a time. You've overcome that by being a private entity, but you're still able to take advantage of public funds. Are there other outfits like yours that you're familiar with?
- **Richard Czoski:** Not familiar with any others. Had to go through rigorous process to get 501(c)3. Strictly followed all public procurement requirements when we went out to bid. I think we're pretty unique. I came from private sector commercial background. There was a lot of trepidation on private sector's part to invest all their money in this project, also because we were trying to lease them parcels before there was infrastructure in place. Took a lot of cajoling to get private sector folks to invest.
- **Yasmin Khan:** What percentage of the organizations were already in the area or came from somewhere else after RY was redeveloped.
- **Richard Czoski:** About 90% of businesses were already in that area. Teen Center was already in the area. We tried to keep as many as we could.
- **Phil Gallegos:** What kind of criteria was used to determine leases?

- **Richard Czoski:** We had competition for commercial ground leases at one point. We're very up front that national chains shouldn't even bother coming to us. We approve every lease and sub-leases in the entire project. We don't approve residential purchases, but we approve all commercial purchases.

g. Project Elements (cont.)

i. At the end of 90 years, the City owns all the buildings. Picked 90 years because, in New Mexico, if you lease for 99 years and one day, you own it.
ii. Biggest building is 100,000 sq. ft.
iii. Building being built of shipping containers – first in Santa Fe – furniture design studio. Developer is going to try to license methodology.
iv. Farmer's Market – 27,000 sq. ft. – one end, 10,000 market hall. Built balance of building to lease out. Income from leases pays debt service on market.
v. Architecture is very different from the rest of Santa Fe. Handful of historic buildings. State Historic Preservation Office said they wanted historic buildings on site to stand out. Wanted a diversity of architecture. Community didn't want it to be too sleek.
vi. Residential above commercial. All developers have to comply with Santa Fe's affordable housing code. 9 units, 2 are affordable.
vii. Park – Conservation Easement
   1. 13 acres
   2. Restrictive Covenants
   3. Tax Credits can be sold, easements in perpetuity
   4. Non-traditional design. Designed with water in mind. Performance center – show outdoor movies
   5. Retained where tracks used to be
   6. Kids' play area
viii. Public Space – built by TPL, managed by SFRCC. Created website where people could go to reserve spaces. Have had events up to 15,000 people.
ix. Have created a "brand" just for the RY itself.
x. Every Saturday morning, get 4-5,000 people for Farmers' Market.
xi. Built a tank to harvest roof water. 10,000 gallon cistern tank above ground. Two 30,000 underground cisterns that irrigate the park.
xii. What Makes This Project Different
   1. Community based project planning – 7 years of planning
   2. Land leases – City owns the land
   3. Subsidies for community-based non-profits
   4. Rail operations retained
   5. Not "Highest and Best Use"
   6. Development/leasing/management by a non-profit
   7. Conservation Easement

h. Q&A with Board Members and Guests:

- **Miguel Garcia:** TPL – not really clear on their role. Aside from brokering purchase, they're involved in public space area? How are they still involved? Are they still in the picture?
- **Richard Czoski:** TPL help create the conservation easement. They took title to 10 acres to make sure City went through with conservation easement. Raised nearly $13 M for park and did design (approved by City) and construction management for 13 acres. Last September, they completed their development role. Now, they're holder of the conservation easement. Their role is to make sure that terms of CE are met.
- **Isaac Benton:** SFRCC, not the City, now maintains the open space, is that right?
- **Richard Czoski:** Tenants pay a certain amount for maintenance . City actually maintains CE and streets. RY Stewards (75 volunteers) also help with maintenance of the site. Another 501(c)3 provides enhanced landscaping. Just established themselves.

- **Diana Dorn-Jones:** You talked a lot about community involvement. What did that look like? 28 meetings. How did the community get involved?
- **Richard Czoski:** In the Master Planning process, it vastly understates the number of meetings. I wasn't around when MP was done. Telephone poll was taken. Poll was sent out – maybe 700 responses on written poll. Santa Fe Reporter published original Community Plan and solicited input on the MP. Some of our Board members were there at the time – I can put them in touch with you. I've been to 300 meetings in 5 years. All of our meetings are subject to open meetings act.
- **Diana Dorn-Jones:** Would like to see agendas from meetings. Might be a great model for us.

3. **TAX INCREMENT DEVELOPMENT DISTRICTS (TIDD) AND PUBLIC IMPROVEMENT DISTRICTS (PID) – PRESENTATION BY DAVID BUCHOLTZ AND PAUL CASSIDY**

   a. **David Buchholtz:** I am impressed every time I hear from the SFRCC people. I would like this to be less formal – more Q&A. I want to find out from the board members what information you need. The tools we're going to talk about are not magic wands. Community needs and policy underpinnings are what will drive the project – THEN we will determine and apply appropriate tools to carry out the plan. I have been bond counsel for City since 1998. As way of background, City's traditional way of financing capital is done in 2 ways: 1) General Obligation, 2) CABQ relies much less on GRT-backed financing for capital. Not to say you can't borrow against GRT, but City tends to shy away from over-use on GRT. City has traditionally used SADs in connection with infrastructure improvements. Last SAD was 227 or 228, meaning City has done 227 or 228 SADs – that's a significant number.
      - **i.** New tools available: PID and TIDD
      - **ii.** Public Improvement District – modernized/streamlined version of SAD. District can choose to assess or tax itself. Those taxes/assessments used to build infrastructure within the district. Most commonly used with Single Family Residential development. Unanimity is usually desired for PID.
      - **iii.** Tax Increment Development District: Not the agreement to tax itself but direction of taxes within district rather than to General Fund. City TIDD policy passed just after legislature enacted State statute. 1) Mesa del Sol, 2) Uptown – Winrock and Quorum. Advantage of TIDD is that you have the ability to access state tax revenue that might not otherwise come to the local community. Have to go to legislature, state board of finance to get approval. Direction of taxes that otherwise are generated in that area (GRT or property tax) at a portion of that growth that stays within the district. City, of its own volition, can initiate TIDD. City of Las Cruces formed a downtown TIDD of their own volition.
      - **iv.** Those are the basic tools that City has available for capital development: 1) General Obligation Bonds, 2) GRT-backed Bonds, 3) Project Revenue Bonds (Airport, Baseball), 4) PID, 5)TIDD.
   - **Yasmin Khan:** Is there a time-limit on TIDDS?
   - **David Buccholtz:** Yes, don't quote me, but roughly a 25-year time limit to issue and repay bonds. TIDDs are not intended to be open-ended.

   b. **Paul Cassidy:** Winrock example: Redevelopment of existing area. Developer needs full 25 years. Doesn't plan to issue bonds until 2015. Bonds will be issued to reimburse infrastructure they're going to build.
      - **i. David Buccholtz:** A point of clarification – Paul is from RBC Capital Markets, which is the City's financial advisor. They do not sell bonds to or buy bonds from the City. The City chose to hire an investment banker, independent of City underwriters, to advise on these more complicated financing issues.

   c. **Paul Cassidy:** We helped Winrock develop their TIDD application. We also helped Mesa del Sol develop their TIDD application in the early days. And we also helped City Council run numbers on proposed Events Center complex. Events Center Example:

Take a portion of City's GRT that would be dedicated to pay bonds for infrastructure for redevelopment. When we ran the numbers, out of $400 million project, the TIDD could only generate $11M or so (75% of city, county and state). Limited availability to bring in new businesses. It would be possible to create TIDD for RY. Base year would be virtually $0. Portion up to 75% of GRT could be used to pay back bonds for TIDD.

d. **David Buccholtz:** Council can choose to be the governing body of a TIDD. Under a TIF (tax increment financing), no new tax revenue sources required. The State has a very arduous process of determining how much of the increment they will give up; if you get the State increment, it's like getting State grant money.
   - **Eric Griego:** The State piece is the biggest, most lucrative.
   - **Leba Freed:** 27 acres; working with neighborhoods. Would the neighborhood be involved with housing or just the 27 acres of the site?
   - **David Buccholtz:** This would be a City-sponsored TIDD. PID or SAD would be a complicated starter. If City continued to have significant ownership, PID or SAD may be problematic over time, but don't want to dismiss it outright.
   - **Paul Cassidy:** After development took place, and if you were to sell off down the road, could impose a PID or SAD.
   - **Leba Freed:** Could the whole neighborhood be involved?
   - **David Buccholtz:** The more owners you bring into the district, the more diversity of position there is likely to be. Control of ownership so you don't have the question of diverse interests that might challenge.
   - **Leba Freed:** RY is vital to downtown and arena. Could there be a TIDD that brought downtown in?
   - **Paul Cassidy:** Las Cruces example. TIDD is downtown-wide.
   - **David Buccholtz:**: In ABQ we have three TIDDS: 1) Mesa del Sol, 2) Quorum, 3) Winrock. Bern. Co. formed TIDD for SunCal. In Las Cruces, they carved out a portion of their downtown and created a TIDD. I think there is a TIDD application in Rio Rancho.
   - **Paul Cassidy:** TIDD being considered in Farmington. Think there are going to be more redevelopment-oriented TIDDs.
   - **Eric Griego:** Need to find some funding streams. Haven't worked through all the community planning issues yet, which we need to do, but trying to determine if there's a chunk of money that can support this. TIDD is one tool that seems appropriate to use in Las Cruces and for the RY.
   - **Rick Miera:** Uptown TIDD flew – redevelopment. My question – Paul, the geographic boundaries? Understanding what you did to evaluate Events Center TIDD ($11M), you have the RY which has a very limited 27 acres, not much to grab on to right now, but if you put the two together?
   - **Paul Cassidy:** You could absolutely run them together.
   - **David Buccholtz:** Mesa del Sol technically has 5 TIDDS and PIDs as well.
   - **Paul Cassidy:** If sponsored by City, draw boundaries based on what you want, the more businesses that generate GRT the better, could work.
   - **Rick Miera:**: When you did the arena evaluation, you did not consider RY, right?
   - **Paul Cassidy:** That is correct.
   - **Yasmin Khan:** Governing Boards/oversight. How are they different if it is City initiated?
   - **David Buccholtz:** Governing Body determines who is the governing body of the TIDD. Council names the people to the governing board. Within a period of time, there has to be an election or Governing Body would assume role of governing board.
   - **Paul Cassidy:**Developer-driven PIDs and TIDDS, usually a developer representative on the board.
   - **Eric Griego:** If we went with Santa Fe model, non-profit manager – would that effect anything?
   - **Paul Cassidy:** I don't think it would be affected.

- **David Buccholtz:**: What Santa Fe has is the City owns the underlying ground. There is a fairly complex ground lease arrangement between the City and non-profit. We could probably sit down and flush something out.
- **Eric Griego:** Could you apply for NMTC for a particular part of the project? City still owns land, leased to another entity – how would that work?
- **David Buccholtz:** We have Marquita Russel and Matthew Jaramillo from NMFA.

4. NEW MARKET TAX CREDITS – PRESENTATION BY MARQUITA RUSSEL AND MATTHEW JARAMILLO

a. NMFA has been very active in SAD world and in PIDs more recently.
b. Public project loan fund.
c. NMFA has AA+ bond rating. Saves money through lower interest rate.
d. Ongoing program. Applications can be made at any time.
e. TIDDS are more difficult for NMFA to finance at this point. If revenue stream doesn't come in until year 6 or 7, would be difficult for us to finance. Unrated bonds (high interest rate).

- **Miguel Garcia:** Why is there a void in the developer-driven TIDD?
- **Marquita Russel:** TIDD bonds are future revenue to be generated by the development.
- **Paul Cassidy:** Risk of completion of the project.
- **David Buchholtz:** Repayment source in the TIDD is the growth of the tax base after the TIDD is formed. There has to be success in the development of the project. Speculative to know whether the growth will actually occur, hesitation to finance.
- **Paul Cassidy:** Winrock is a good example. Winrock decided not to do it the traditional way. They're fronting the money, then once they show success, they'll issue bonds to reimburse themselves.
- **Yasmin Khan:** How do TIDDS work with gentrification, and how do you do TIDDS with small, local businesses?
- **David Buchholtz:** Property values will need to go up in order to create the increment. On the GRT side, potentially not that much of a challenge. Challenge to use some of these tools and still keep traditional neighborhood and not price people out because of rising property taxes.
- **Eric Griego:** You don't have to pledge any property taxes. You could just pledge GRT.
- **David Buchholtz:** There are going to be tensions between social needs and market needs.
- **Diana Dorn-Jones:** Historically, people get priced out because there is a need to repay a debt. Neighborhood Improvement Districts don't exist yet. But probably need a tool to help neighborhoods improve but not price people out. It's not in our best interests to be led blindly into something where, in our desire to develop the RY and do something good, people in the neighborhood are be priced out.
- **Leba Freed:** In terms of the Wheels relationship to the neighborhoods, our extensive studies have shown that we'll be successful economically.
- **Marquita Russel:** As a private entity, there are other financing methods – such as NMTC – that might work. Private funds can get leveraged through NMTC. Lower costs of borrowing. "But for" financing. Requires that borrower be a private entity – operating capital, vertical structure. It's a true loan – there has to be collateral (building, leasehold agreement, lien on the leasehold). Improvements to building will meet outstanding debt. 7-year program. 50% stays with project at the end of 7 years. Constrained by timing, have to have a ready-to-go project. $4-5 million needs to be amount of improvements being made. Many sources can be leveraged. Doesn't have to be a standard bank loan.

- **Miguel Garcia:** Going back to TIDDs. Issue of environmental remediation. Can the increment be used to do remediation?
- **David Buchholtz:** Good question. At some point, remediation might not be a capitalized infrastructure. But portions of it might qualify.
- **Eric Griego:** $50 million question is, we don't know what the finished site is going to look like, but the financing will be a big part of that. Going forward, what should we be focused on? Richard, any thoughts? Should we be focused on setting up a non-profit? I think financing is going to be the major issue. 27 acres, rare site, mixed uses.
- **Richard Czoski:** My perspective is only two hours old. I think you need a Master Plan so you can determine what you're going to build, what it's going to cost. You have to have a product. At this point, it's chicken and egg. Need to do site prep and investigation. In Santa Fe, at one point, everybody was trying to get all the answers, and the project never went anywhere. If you can get a core mission and focus on that core mission, you're just going to have to say "I don't have the answers to that right now." Easy to get sidetracked. Have to keep the project moving forward. Financing is key.
- **Eric Griego:** I think we're pretty far along. Maybe we don't have total unanimity yet.
- **Isaac Benton:** Predevelopment process. Transparent discussion about how to move project forward. Focusing on making the site "developer ready" – ULI recommendations. Environmental/legal issues getting cleaned up. Also based on where funds came from, we said there are certain goals that are laid out – a certain amount of workforce housing, keeping neighborhood businesses from being harmed and will hopefully be improved by redevelopment, certain amount of public access preserved, historic preservation, Wheels Museum. Outlined, in general terms, that we would start an RFQ/RFP process for Master Developer who would work with City and community to develop MP. Idea was that we need expertise of Master Developer in order to create a Master Plan. The idea of a non-profit Master Developer is pretty compelling. Question: SFRY is in the center of a pretty high-performing, high-value commercial area – it was probably pretty easy to get big anchor tenants to jump. This is a little tougher. Similar situation in terms of proximity to downtown, but immediate surrounding areas are struggling, and we want to bring them up as part of this redevelopment.
- **Rick Miera:** How many people bid on Santa Fe's RFP?
- **Richard Czoski:** One. Our board cared. They came to the conclusion that the City couldn't pull it off on their own. A for-profit would never pass muster; had to be a non-profit to move things forward in Santa Fe.
- **Eric Griego:** ABQ High – had to go out of state to find someone to do that. We need to figure out who is going to pull all the pieces together. I'm, personally, more comfortable with a non-profit.
- **Richard Czoski:** The development couldn't afford the expertise that the board brings and the dedication they bring. There are some folks here who are excellent, very bright, dedicated people. If you could get a board of them (NAIOP members, e.g.), you couldn't afford those people if it were a private-development corporation. As a non-profit, we only need to meet our costs. Development is high-risk, high-return. You have to find people who want to do it. You don't get transparency with private development. This is a different model. I'm surprised how well it's worked.
- **Marquita Russel:** But it did take the City's support early on until it could become viable on its own.
- **Isaac Benton:** Long-term, the City of Santa Fe expects to recoup its money, right?
- **Richard Czoski:** After 2027, City will get a seven-figure return for the next 80 years. City gets to decide what to do with the annuity in the long-term.
- **Isaac Benton:** For City to recoup its investment and be able to have money to pump back into neighborhood in long-term, will need to balance public/private uses. Maybe find one anchor, but shooting for local business growth and presence.

- **Yasmin Khan:** Growing local commercial, how do affordable commercial and affordable residential work with these financing tools?
- **David Buchholtz:** Development agreement at Mesa del Sol relative to TIDD. Debbit O'Malley and Ike Benton negotiated with Mesa del Sol in their development agreement – imposed requirements for affordability and transportation. The best way to hold a private developer's feet to the fire is for the City to act as a business as well.
- **Isaac Benton:** Mesa del Sol's original development proposal was 6% affordable. Final version was close to 20% affordable. It was tough negotiating. We'd love to have gotten even more, but we really did the best we could. Mesa del Sol was the guinea pig. There are some things I would do differently if we were to do that over again. In terms of financing, good question. How much of development is for affordable housing, open space, etc., would affect the financing you can get.
- **Marquita Russel:** TIDDs aren't a great option for just residential. Financing for TIDDs depends more on the commercial side.
- **Isaac Benton:** The idea was for this board to help move the ball forward and get a proposal to the community.
- **Eric Griego:** We've been thinking of ways to make the site attractive for the kind of development we want. Will putting NMTC on the table help? A key decision for this group to make, do we want a non-profit group to be the Master Developer?
- **Isaac Benton:** I would agree, but how many people are out there who can/would do it?
- **Eric Griego:** We have to ask.
- **Diana Dorn-Jones:** Even though we're having a discussion about financing, the vision is going to drive it. The community needs to start developing the vision, and then figure out what financing tools to use.
- **Richard Czoski:** Need private sector expertise with public sector model.
- **Diana Dorn-Jones:** There is also great potential for job creation. Manufacturing possibilities.
- **Yasmin Khan:** Our needs are on the other end of the spectrum than what was needed in Santa Fe. I would like to think of our RY as a place that is more useful – groceries, e.g.
- **Leba Freed:** I think the Santa Fe model would be very suitable.
- **Diana Dorn-Jones:** There are not any non-service jobs in the Santa Fe project.
- **Richard Czoski:** Most of the jobs are service jobs.
- **Isaac Benton:** Fundamental differences between the two communities. I would not be comfortable that our Planning Department or a local design firm would do the Master Plan would adequately. I think we need advice on tenancy, market, etc. as part of our planning process. If we want to move the Master Plan forward, who are we going to have do that?
- **Eric Griego:** When do we lose the window on NMTC?
- **Marquita Russel:** First of the year. We're going to go after more, but I would recommend you focus on the project.

5. **NEXT STEPS:** Coordinate with Richard Czoski to have a SFRCC Board Member present to the RYAB about the Master Planning process they went through.

6. **ADJOURN**