SANTA FE RAILYARD COMMUNITY CORPORATION
Board of Directors' Meeting
Tuesday, August 8th, 2017, 5:00 – 7:00pm
Sunrise Room, Sage Inn & Suites, Santa Fe, NM

Attending: Board Members: Steve Robinson (President), Donald Meyer (Vice President), Lleta Scoggins (Treasurer), Chris Calvert, Dave Dunmar, Bob Dunn, Ouida MacGregor, Jacques Paisner, Jenny Parks, Rosemary Romero, Devon Ross, Patrick Varela and Dave Vlaming

Also Attending: SFRCC: Richard Czoski (Executive Director), Sandra Brice (Events and Marketing Director), Scott Harrison (Office Manager – taking minutes) and Anita Martinez (Accountant)

Public: Matthew O'Reilly (City of Santa Fe Director of Asset Development), Ann Wrinkle (SITE Santa Fe)

Call to Order: The meeting was called to order at approximately 5:02pm by Steve Robinson.

Approval of Agenda: The agenda was unanimously approved, motion by Chris Calvert, 2nd by Rosemary Romero.

Approval of Meeting Minutes: The Board meeting minutes of 7/11/17 were unanimously approved, motion by Lleta Scoggins 2nd by Dave Vlaming.

Public Comments:

- Update from Matt O'Reilly on Santa Fe University of Art and Design (SFUAD) property status.
  - Matt stated that he had met previously with Devon Ross and understood that SFRCC might be interested in being involved with the process regarding the future of the property.
  - Steve Robinson clarified SFRCC's position.
    - In 2010 several, but not all, members of SFRCC Board created a subsidiary called CSF Management, LLC to support the City with aspects of the new lease to Laureate. Devon was a member of that group
    - There was some discussion at recent SFRCC Committee meetings and Board meetings about what might happen with the campus when Laureate ends their lease.
    - However, Steve wanted to clarify that this inquiry was initiated by CSF Management, LLC and not SFRCC.
  - Matt provided the Board with an update on the status of the campus and the property.
    - Laureate will be ending their lease in June, 2018 and exiting the campus. The City expects official notice soon. Laureate is currently a tenant in good standing.
    - Laureate has instituted a teach-out and has begun relocating students to other campuses.
    - The City's main priority is a higher education use for the core of the campus.
    - The City is in communication, and at different levels of negotiation, with several universities about the campus. There are some interesting possibilities being considered, but any further information on these possibilities and negotiations is confidential at this time.

    - When the City purchased the property in 2009, it purchased more property than it currently owns. The City sold off some tracts to the State. The Higher Education Center parcel and the Barracks parcel (Tract O) were bought by the State.
    - The State has declared an emergency on the Barracks, and they will be demolished. The City is in the process of relocating the utilities associated with the Barracks (water and sewer lines) to ensure the other utilities on the property are not affected.
- Chris asked about the current condition of the campus and the property.
    - Matt said the campus is in the process of powering down. Maintenance staff is being reduced. As the student numbers decline, use of the campus will decrease.
    - To remain a tenant in good standing, Laureate must still maintain the buildings.
    - As the campus is powered down, buildings will be secured to prevent vandalism and trespassing.
    - Chris asked if routine landscaping and landscape maintenance is being performed. Matt stated that it is being done as required and where possible. Much of the vegetation is mature vegetation. The City wants the campus to look as presentable as possible for interested groups who tour the campus.
- Rosemary asked: what is the consideration for housing that goes beyond student housing? There is a substantial amount of land on the property that is not currently utilized, some of which could be utilized for other uses besides higher education.
    - Matt stated that Saint Michael's College, the College of Santa Fe and Laureate did not build out to capacity in terms of the amount of land on the property. There are tracts of land that could be developed in different ways; however, the City's focus to this point has been identifying higher learning educational institutions.
- Bob asked if the fact that Laureate is for-profit contributed to the campus not being sustainable.
    - Matt stated that there are a number of reasons that the campus did not ultimately work out for Laureate.
    - He said that the City hopes to find a university for whom the property and the lease would be feasible and advantageous, and the City also would like to see a solution that could potentially re-employ some of the former SFUAD staff living in the community. The City is trying to find a solution, not for the short term, but one that will benefit the City in the future as well.
- Ouida asked if the rare collections books and works of art on the campus are being adequately protected.
    - Matt stated that the City has expressed very clearly to Laureate, and Laureate has stated to its employees, that items are not to leave the campus. Debra Garcia with the Arts Commission has toured the campus. The significant and valuable items (pottery, photos, rare books) are all secured. The City has also directed Laureate to rekey all buildings once they are powered down. And ideally there will be a smooth transition with little or no gap between Laureate and the new tenant.
- Steve asked if the City has an aspirational timeframe.
    - Per Matt, one benchmark is the end of the Laureate lease which is the end of June, 2018. The City also has internal benchmarks. Those benchmarks are confidential at this time, but they are a priority.

    - He stated that in the FY 2017/18 budget, the City set aside $1 million to help cover the pending debt service payment, which is over $2 million annually. This, combined with the revenue that the Garson Studios could generate could potentially cover the City's debt service for another year.
  - Matt encouraged Board members to let him know of any possibilities in terms of higher education institutions. He is interested in ascertaining interest and pursing any serious possibilities.
  - Richard asked: if the City is not successful in negotiating a deal with a higher education institution, would zoning allow for the wholesale redevelopment of the 62 acres?
    - Matt stated yes, in theory, according to the provisions of the Midtown LINC, which allows some variation in architecture and building height for the property. However, there are some great assets on the property that it would be preferable to keep (Greer Studios, Greer Garson Theatre, etc.) But there are other older buildings that could potentially be demolished. So, theoretically yes, but redevelopment of the entire property is not the goal at this point. Keeping the core buildings for a university and redeveloping the other areas is also an option.
    - The City would consider 1.) a university taking all of the property, 2.) part of the property, or even 3.) a combination of higher education institutions occupying the property.
  - Matt stated that, in general the City is being very methodical in their approach, trying to ascertain what universities need to make the campus and property work for them. However, there may come a point when the Governing Body will feel pressure to move in another direction.
  - Matt thanked the Board for their time and stated that he appreciated the interest of the CSF Management Board members in assisting the process. Assistance is not needed at this point, but he appreciates knowing there is interest in supporting the process.

New Business:

- Richard assessed the Board's interest in touring the Halpin Building on September 12th at 4:00pm, before the Board meeting.
  - Richard recently met with NM Museum Foundation who extended the invitation to the Board.
  - The Board expressed interest in the tour, and Richard will arrange the tour and send an email to the Board.
- New time for Architectural Design Review Committee meeting and dates for the Board meetings.
  - The Board unanimously approved a motion to move the Architectural Design Review Committee meetings from 3:00pm to 2:00pm, motion by Lleta Scoggins, 2nd by Ouida MacGregor.
  - The Board unanimously approved a motion to schedule future Board meetings for the second Tuesday of the month as opposed to the first Tuesday, motion by Ouida MacGregor, 2nd by Dave Vlaming.
    - There is no specification in the Bylaws for the dates of the Board meetings, so no amendment to the Bylaws is required.
  - Sandy stated that she may consider rescheduling the monthly PUMP meeting to allow for increased attendance.
- The date of the November Board meeting has been changed from November 7th to November 14th.

Amendment of Agenda: The agenda was amended to move "SITE Santa Fe Banners" from the Executive Director's Report to the last item of New Business, motion by Chris Calvert, 2nd by Bob Dunn.

- SITE Santa Fe Banners
  - Ann Wrinkle distributed a banner proposal to the Board and staff.
  - Richard provided the Board with background.
    - The Architectural Design Review Committee endorsed banners for Guadalupe Street and Paseo de Peralta. The proposed locations are not on the Railyard property, but the City had asked for SFRCC's opinion.
  - Ann Wrinkle addressed the Board.
    - On August 7th, The City Public Works Committee approved the following three locations for banners (to be installed on existing lamp posts and brackets): 1.) Guadalupe Street from Paseo de Peralta to Alameda; 2.) the North Railyard pending SFRCC's approval (there are 27 lamp posts in the North Railyard), and; 3.) Cerrillos Road between Guadalupe Street and St. Francis. In addition, Councilor Trujillo recommended that Airport Road be considered.
    - Per Ann, SITE Santa Fe's proposal to the SFRCC Board is that SFRCC approve installation of banners on some or all of the Railyard's 27 light posts, pending having the budget to do so. Ann stated that SITE Santa Fe would likely not have the budget to install all 27 banners.
    - The banners would be two feet wide by three feet high, printed on two sides.
    - Previously, the Architectural Design Review Committee had approved the installation for 90 days on Guadalupe Street and Paseo de Peralta, contingent on City code limitations. City code allows duration of 30 days. A longer duration requires an ordinance change.
    - SITE Santa Fe's proposed duration is 30 days, from approximately mid-September to mid-October.
  - Richard addressed the Board.
    - If SFRCC approves the proposal, it will create a precedent.
    - What will likely follow is an increasing number of requests to install banners on the Railyard, some of which may be more geared toward advertising. Thus, SFRCC would need to create a consistent policy.
    - There is also the possibility of negatively impacting the Railyard branding that SFRCC has worked very hard to create and maintain.
  - The Committee discussed the proposal.
    - Chris stated that he is not opposed to SITE's proposal, but he understands the concern with creating a precedent. In creating a policy, which would take more time than this meeting will allow, he recommended limiting banners to unique circumstances, as opposed to an event that is ongoing.
    - Rosemary stated there are good examples of banner policies from other cities for special circumstances; these could be used in creating SFRCC's policy. In addition, the Santa Fe 400th Celebration had a policy for the banners that were installed.
    - Ouida expressed two concerns or issues: 1.) There will already by a line of banners along Guadalupe Street, so she does not see the necessity for having banners also installed on the Railyard, and; 2). The Santa Fe 400th Anniversary was a City project, but the SITE Santa Fe expansion, which she supports, is not. She could understand hanging banners for a Railyard event, but she worries about the negative feedback SFRCC may receive by approving this proposal.

- Sandy stated that the arms that SITE Santa Fe must purchase to install the banners on the Railyard may require 4-6 weeks for delivery, which could negate the possibility of installing them for SITE's proposed timeframe. She suggested that the PUMP Committee discuss creation of a policy. This could also be a revenue source via a fee, but she agrees that there should be a time limit. There may be liability issues with respect to how the banners are hung. She proposed that the PUMP Committee discuss the issue and come back to the Board with policy recommendations.
- Bob Dunn did not agree with a policy of charging fees for installing banners. Ouida also suggested that Tony Sawtell be consulted as to the legal implications of charging fees.
- Richard stated that there is not sufficient time to create a banner policy before giving SITE an answer on their proposal. If SFRCC approved the SITE proposal a target date for a banner policy would need to be established.
- Ann stated that SITE Santa Fe is also requesting that SFRCC, as SITE's landlord, endorse the other two locations the City approved.
- Ouida MacGregor made a motion to deny SITE Santa Fe's proposal and to develop a Railyard banner policy for the future, 2nd by Jenny Parks. The motion was defeated. Two Board members were in favor and seven were opposed. Four Board members did not vote and Lleta needed to leave the meeting prior to the vote.
- Patrick Varela made a motion that SFRCC approve banners on the historic streetlights that are on the streets and parking areas under SFRCC's jurisdiction for 30 days. Chris Calvert made a friendly amendment that the number of banners not exceed 27, as depicted on SITE Santa Fe's proposal map, and that SFRCC immediately commence developing a policy for future banner requests, to be completed within 60 days. 2nd by Devon Ross. The motion was approved with 11 voting for and 1 against.

Financial Report:

DRAFT JUNE 2017 FINANCIALS

- Dave Vlaming presented the draft June, 2017 Financials.
- SFRCC's cash position as of August 8th is $442,327.
- There were no significant variances in Current Assets.
- Current Liabilities
  - #2822 (NMFA Loan Deferral)
    - The account reflects the $600K deferral for FY 2016/17.
  - #2824 – (Cinema Parking Deferral Fee)
    - This amount of approximately $312K includes SFRCC's estimate for the cinema parking liability, including the numbers not received from the City since January.
- Operating Expenses
  - The year-end accrual shown for NMFA Debt Service (approximately $663K) is skewed and is the result of bringing the balance sheet up to date. The cash report represents a more accurate depiction of the financial status.
- Cash Report
  - Total Income is approximately $67K above plan YTD.
  - Total Expenses are approximately $8K below plan YTD.
  - Net Operating Income is approximately $75K above plan YTD.

- Debt Service Payment Schedule (Will meet all obligations)
  - $8,031.99 (October 1, 2017)
  - $12,226.10 (November 1, 2017)
  - $44,800.99 (April 1, 2018)
  - $660,009.34 (May 1, 2018)
- City Audit Committee Update
  - Richard and SFRCC CPA Eun Hong attended a meeting of the City Audit Committee on July 12, 2017.
  - Richard briefed the Board on SFRCC's responses to the City Audit Committee.
    - Responding to the question as to whether SFRCC is a "going concern" because of the significant negative balance in net assets, SFRCC's response was that, in spite of the negative balance in net assets, the income stream from ground leases is very secure and will grow over time per the ground lease terms; thus, the negative balances will diminish.
    - The Audit Committee asked if it is realistic to expect that the payable to the City will ever be repaid and whether there was an anti-donation issue. SFRCC's response was that SFRCC will pay back the entire $20 million in debt service, and that there is no anti-donation issue. SFRCC has received deferrals, not credits which could be seen an anti-donation issue.
    - The Audit Committee also asked whether the lease from the City meets the requirements for a capital lease. Barraclough & Associates, who performed SFRCC's annual audit, provided a detailed response stating that it does not meet the requirements for a capital lease. It is an operating lease.
  - After Richard's presentation, the Audit Committee seemed satisfied with the responses. A formal written response from SFRCC was issued on August 3rd, 2017.
- Richard briefed the Board on the updated year-end Proforma
  - SFRCC's cash carry forward at the end of FY 2017/18 was $283,326.
  - This puts SFRCC is good financial position to meet its $725,000 debt service obligations (rent paid to the City) in FY 2017/18.

The draft June, 2017 Financials were accepted.

Executive Director's Report:

PUBLIC USE MANAGEMENT UPDATE - SANDRA BRICE

- Events
  - The monthly event flier for August was included in the Board packet.
  - The Railyard Concert and Movie Series ends this month. Attendance this season for these events has been substantially larger.
  - We are the Seeds (August 17-19)
    - This event is getting substantial media coverage.
    - Sandy pleased with how professionally the event is being administrated and managed.
    - Included in the opening ceremony on Thursday afternoon, August 17th is the unveiling of three Alan Houser sculptures. The insurance for these pieces is the responsibility of the Railyard Park Conservancy.
    - The event will include 20 Legacy Artists formerly with the SWAIA Traditional Indian Market.

- Sandy is working with the Santa Fe Institute on an Interplanetary Project proposed for June 18th, 2018.
    - This would be a Railyard-wide event celebrating interplanetary space science.
- Marketing
    - The updated Railyard maps for the North Railyard and Baca have been completed.
    - Per Sandy, the October opening of SITE Santa Fe and the opening of the St. Francis/Cerrillos underpass may occur within the same timeframe.
- Conservation Easement Amendment #2
    - This amendment is in the process of being finalized.
    - Sandy stated that it has been a very positive process working with the Santa Fe Conservation Trust and the City on this amendment.
- Plaza Concrete Repair
    - Richard and Sandy have been working with the City on getting the permeable asphalt on the Railyard Plaza repaired. There have been safety issues with people tripping on the damaged asphalt.
    - It will be replaced with tinted concrete.
    - Jenny asked if there will be drainage issues, since the new material will not be permeable.
        - Richard stated that the water will run off rather than percolate, but there should be no drainage issues as a result.

COMPLETION OF RAILYARD PROJECTS

- The PSA for $240K for parking construction, waste enclosures, and garage wayfinding signage goes to City Council tomorrow.
- RyCo Bankruptcy
    - There will be a hearing on the building sale schedule, proposed by trustee Craig Dill, on August 23, 2017.
    - The proposed schedule includes the bids closing on September 15, 2017 and the auction on October 3, 2017
- NMDOT Alcaldesa Pedestrian Crossing
    - SFRCC is still waiting for NMDOT to respond on the level of detail for construction exhibits.
- Other
    - Richard and Steve made a presentation on Monday morning, August 7th to the Council on International Relations from Japan. The presentation went very well, and Richard and Steve also gave the group a tour of the Railyard.

Executive Session

Devon Ross made a motion to enter Executive Session at 7:00pm, 2nd by Chris Calvert

The Board of Directors did meet in closed Executive Session, pursuant to exceptions to the Open Meetings Act, and nothing was discussed except possible disposition of real property, potential litigation review, and personnel matters, and no final action was taken during the Executive Session. No minutes were taken.

Ouida MacGregor made a motion to return to regular session at 7:03pm, 2nd by Rosemary Romero.

Next Board Meeting: Tuesday, September 12th, 2017, 5:00-7:00pm - Location: Sunrise Room, Sage Inn & Suites, Santa Fe, NM

Being no further requests for business, Dave Vlaming motioned to adjourn, 2nd by Rosemary Romero and the meeting was adjourned at 7:04pm.

Respectfully submitted,
Scott Harrison, Office Manager