

Summary Minutes of:

FINANCE COMMITTEE MEETING
Tuesday September 14, 2010, 6:00 p.m.
City Hall
405 N. Paseo de Oñate, Española, NM

Call to Order Meeting: The meeting was called to order by Chairwomen, Chayo Garcia at 6:00 p.m. Members present: Chairwomen Chayo Garcia, Councilor Robert Seeds and Councilor Pedro Valdez. Councilor Greg Ortega was not present.

Approval of Agenda:
Agenda as presented:
--BEGIN--

Call to Order
Approval of Agenda
Approval of Minutes: August 10, 2010 Finance Committee Meeting
Public Comments
Committee Member Comments
Discussion/Action Items

1. Presentation from Henry Herman and Eric Martinez on Jet Stream Wind Inc. on Alternative Energy
2. Update on Bond Refinancing by Finance Director
3. Lodger's Tax Fund Update by Finance Director
4. Update from Finance Director on previously proposed projects and funding sources:
 - a. Railroad Museum
 - b. Gateway Signs
 - c. Medians
 - d. Hunter Property
5. Discussion of Regional Economic Development Initiative Contribution Amount
6. Discussion of Regional LANL Community Coalition Contribution Amount
7. Review of ICIP Plan

Matters from the Chair
Announcements
Executive Session
Adjournment

A motion was made by Councilor Pedro Valdez to remove item number 7. The motion was seconded by Councilor Robert Seeds. Motion carried 3/0.

Approval of Minutes: August 10, 2010 Finance Committee Meeting *A motion was made to approve the minutes as presented by Councilor Pedro Valdez. The motion was seconded by Councilor Robert Seeds. Motion carried 3/0.*

Public Comments- There were no public comments

Committee Member Comments- There were no committee member comments

Discussion from Henry Herman on Jet Stream Wind Inc. on Alternative Energy
Chief Executive Officer Henry Herman, from Jet Stream Wind Inc. presented information regarding alternative energy alternatives as a means to generate revenue for the City of Española. A power point presentation was given to each of the Finance Committee members. Mr. Herman stated that he represented Jet Stream Wind Inc. and that he was currently working with several municipalities around the state. Mr. Henry Herman gave several examples of how the municipality could save money and save energy. Mr. Herman also stated that renewable energy is now governed by federal laws and this was important for generating revenues. Mr. Herman also added that renewable energy could promote economic development and jobs could be added in the municipality if a renewable energy source would be implemented. Mr. Herman also stated that several credits, including tax credits could be recognized from the renewable energy ventures. Other benefits included: training and classes could be offered locally in order to prepare and train the local workforce.

Mr. Grisgarden stated that a commercial mortgage broker would be able to finance the lease through a back program at a term of 10-30 years. The minimum amount was \$5 million to a maximum of \$30 million. The purchase lease was a standard purchase lease program. Mr. Grisgarden stated that this would not affect bond capacity or rating. Mr. Grisgarden stated that the public officers were located out of Albuquerque and Santa Fe. He also added that detailed information and specifics would be left for the committee review. He concluded by saying that the total cost of the venture could be funded without any out of pocket costs to the municipality. Mr. Henry Herman stated that if the City of Espanola moved forward with this type of project, new jobs could be created as early as spring of 2011. He stated that before the city could move forward, a study would have to be completed within 30 days in order to view what types of renewal energy sources could be implemented within the City of Espanola. According to Mr. Henry Herman, the City of Espanola cost to start would be \$30,000 for the study, and once determined what source could be implemented, the \$30,000 could be refunded. Mr. Henry Herman added an initial rate of pay for locals would be right around \$35,000 to \$40,000. Mr. Herman stated that Espanola is ideal for this type of implementation. Mr. Herman added that the municipality would be able to balance out the consumption and hopefully eliminate the cost of the electricity costs to the municipality now. The expected revenue to be generated out of such implementation could be up to about \$20 million dollars a year. Councilor Pedro Valdez asked how the implementation would occur. Mr. Herman gave examples of how other municipalities are utilizing sources of renewable energy. He also added that the payback period versus the life span of the equipment is very short. Councilor Robert Seeds mentioned that the wind received here is not comparable to other municipalities down south. Mr. Herman added that there is an area that could sustain a wind source of energy. Mayor Alice Lucero asked what the charge per kilowatt could be charged. Mr. Herman stated that 13.1 cent charge is now being paid by New Mexico Gas Company. A total amount of 4 cents for Jemez Electric Coop. there is a difference between a coop and a private corporation such as New Mexico Gas Company. Power purchase agreements are also recommended to enter into a 15 year term with companies and borrow up to 2/3 of the equity. Councilor Pedro Valdez would like to see the presentation to be taken to Public Works Committee. Mayor Alice Lucero recommended it to be placed at the workshop. Councilor Pedro Valdez stated that he would like to do some research on the company and renewable sources of energy model. Mayor Alice Lucero stated that funding sources have been looked at and whether or not the \$30,000 amount could be negotiated. Mr. Herman stated that the terms could be negotiated. Jet Stream would reimburse the municipality within the current fiscal year. Councilor Robert Seeds stated that he was concerned with the study and not being able to move forward. He added that as the Governing Body needs to listen to the presentation and not jump into a decision right now. Mr. Herman stated that he knew the municipality could benefit from it and they would be a joint venture partner in the process. The final decision of the committee was to take the presentation to the full council on September 20, 2011 for the City Council Workshop.

Update on Bond Refinancing by Finance Director

Mr. Ron Archuleta stated that he has educated himself by meeting with New Mexico Finance Authority and looked at the current debt service of the municipality. Mr. Archuleta yielded the floor to Mr. John Archuleta and stated that Mark from their company had researched the current debt service. Presentation and information was given by John Archuleta from George K. Baum and Co. An amount of 10-14% was the amount recognized to be saved as per presentation. Mr. Archuleta stated that they are meeting with NMFA next month and that within 60 days information could be brought back. Councilor Robert Seeds asked if the municipality would recognize payment savings or by refinancing would it extend the life of the payment. Mr. Archuleta responded by saying debt without call options cannot be refinanced and added that the lowest interest rates in years are to be recognized. He added that the total life of the debt would not be extended.

Lodger's Tax Fund Update by Finance Director

Mr. Ron Archuleta stated that the DFA approved the budget and the letter was submitted. Mr. Ron Archuleta stated that \$20,463 would be available for distribution. Mr. Ron Archuleta stated that the city would start auditing the lodgers soon. Councilor Robert Seeds asked what the city could do to encourage distribution within the neighboring pueblos. Chayo Garcia stated that local lodgers need to comply first and then look at other means. Mr. Ron Archuleta also stated that there are various options to assess the situation and audit the lodgers within the municipality. Mayor Alice Lucero stated that the Lodgers Tax Board is advisory in nature and that the Governing Body would approve the final distribution amounts. Joyce Sandoval added that receipts to date are funds collected this fiscal year. Councilor Chayo Garcia asked who receives

the funds for deposits. Ron Archuleta stated that the Finance Department needs to receive the funds for deposit. Lupita DeHerrera stated the DFA has the guidelines and information for the local lodgers and what the procedures should be. Councilor Robert Seeds asked what the audit statuses are. FY09 draft report and exit conf should be received soon per Ron Archuleta. Mr. Archuleta stated that the current auditor and contract will be terminated as soon as possible. Mr. Archuleta stated that the State Auditor is on board to support this current termination.

Update from Finance Director on previously proposed projects and funding sources:

Railroad Museum:

Mr. Archuleta stated that the grant local match of \$355,000 had some expended amounts expended in engineering costs. He stated that the grant term expired in September of 2014. Councilor Pedro Valdez stated that he would like to see the project move forward but in phases over a period of a few years. Mayor Alice Lucero stated that the previous City Council had not actually approved the design and that she would like to see the approval of construction and possibly entertain in a special session.

Gateway Signs:

Councilor Chayo Garcia stated that funds were approved previously and now that the road work has been completed she would like to see the signs implemented. Mr. Ron Archuleta stated that through Senate Bill 182, during the previous legislature the funds had been retracted. Mr. Archuleta stated that the funds were being reserved for the purpose of getting signs placed in the municipality.

Medians:

Councilor Robert Seeds stated that there are councilors and constituents that want to get involved and start beautifying the city. City Manager James Lujan that the median project was underway and being implemented in the near future.

Hunter Property:

Mr. James Lujan stated that Phase 1 study had been completed and that the study would detect: lead, mold and asbestos. Mayor Alice Lucero added that she would like to see the survey completed by the end of the month.

Discussion of Regional Economic Development Initiative Contribution Amount

Per Mr. Ron Archuleta, there is \$10,000 available for this out of the city managers budget.

Discussion of Regional LANL Community Coalition Contribution Amount

Per Mr. Ron Archuleta, there is \$14,000 available from the City Managers budget.

Matters from the Chair

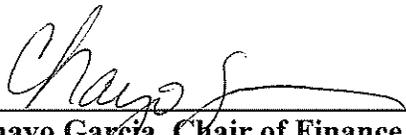
Announcements-there were no announcements

Adjournment

Motion was made by Councilor Robert Seeds and seconded by Councilor Pedro Valdez.

Meeting adjourned at 8:30 p.m.

ADOPTED AND APPROVED THIS 9TH DAY OF NOVEMBER 2010.


Chayo Garcia, Chair of Finance
Committee

ATTEST:


Heather E. Velasquez, City Clerk

