



AGENDA

SPECIAL MEETING OF
THE GOVERNING BODY
JANUARY 28, 2021
5:00 PM
ATTEND VIRTUALLY

SPECIAL PROCEDURES FOR SPECIAL GOVERNING BODY MEETING

Attendance: In response to the State's declaration of a Public Health Emergency, the Mayor's Proclamation of Emergency, and the ban on public gatherings of more than five (5) people, the Special Governing Body meeting will be conducted virtually.

Viewing: Members of the public may view the meeting through the Government Channel on Comcast Channel 28 and Comcast HD928 or may stream the meeting live on the City of Santa Fe's YouTube channel at <https://www.youtube.com/user/cityofsantafe>. The YouTube live stream can be accessed at this address from most smartphones, tablets, or computers.

The video recording of this and all past meetings of the Governing Body will also remain available for viewing at any time on the City's YouTube channel at <https://www.youtube.com/user/cityofsantafe>. Staff is available to help members of the public access pre-recorded Governing Body meetings on-line at any time during normal business hours. Please call 955-6521 for assistance.

Agenda: The agenda for the meeting will be posted at <https://www.santafenm.gov>.

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **SALUTE TO THE NEW MEXICO FLAG**
4. **INVOCATION**
5. **ROLL CALL**
6. **APPROVAL OF AGENDA**
7. **DISCUSSION/ACTION ITEMS**
 - a. Approval to Mutually Terminate the Exclusive Negotiation Agreement ("ENA") between KDC/Cienda ("Team Midtown") and the City of Santa Fe Regarding the Midtown Property, Formerly Known as the College of Santa Fe and Formerly Operated as the Santa Fe University of Art and Design.



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(Richard Brown, Director – Community and Economic Development,
rdbrown@santafenm.gov, 955-6625)

8. **ADJOURN**

Pursuant to the Governing Body Procedural Rules, in the event any agenda items have not been considered prior to 11:30 p.m. and the Governing Body does not vote to extend the meeting, such items shall be postponed to a subsequent meeting, provided that the date, time and place of such meeting is specified at the time of postponement.

NOTE: New Mexico law requires the following administrative procedures be followed when conducting “quasi-judicial” hearings. In a “quasi-judicial” hearing all witnesses must be sworn in, under oath, prior to testimony and will be subject to reasonable cross-examination. Witnesses have the right to have an attorney present at the hearing.

Persons with disabilities in need of accommodations, contact the City Clerk’s office at 955-6521, five (5) working days prior to meeting date.

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City of Santa Fe, New Mexico

memo

Date: January 25, 2021

To: City of Santa Fe Governing Body

From: Rich Brown, Director of Community and Economic Development *RB*

CC: Erin McSherry, City Attorney
Andrea Salazar, Assistant City Attorney

Subject: Midtown District Development Exclusive Negotiation Agreement
Request for Mutual Termination

BACKGROUND:

On May 14, 2020, the City entered into an Exclusive Negotiation Agreement (“ENA”) with KDC/Cienda (“Team Midtown”) to pursue master development of the Midtown District Campus.

On December 7-9, 2020, the City and Team Midtown engaged in a Charrette to strategize a plan for moving forward- the parties identified a number of risk factors that were key issues for Team Midtown. Due to these risk factors mostly associated with financial uncertainty caused by the change of commercial economic conditions under COVID, Team Midtown sent a letter on January 21, 2021, proposing a mutual termination of the ENA. Some of the mitigating factors they include (see attached letter from Team Midtown for full list):

- Timing – the extended process to complete due diligence and entitlements have added considerable time and risk to the process
- Access – Gaining additional vehicular access to the campus is a threshold requirement. The cost and process to mitigate this into new development plans is unknown.
- Infrastructure Replacement – Team Midtown has discovered that the campus’ infrastructure is incomplete and obsolete and may require up to \$30M in public subsidies.

Given these challenges, extended time and risked outline, Team Midtown has requested that the City does not amend the ENA and request the City will agree to terminate the agreement on a mutual basis.

As a City, we acknowledge the fact that COVID has changed the economy, commercial and financial markets, and that we need to change as well. Team Midtown's needs/desires go outside the bounds of what we can offer through amendments to the ENA. This recognition compels us to agree that a mutual termination is the right choice at this time.

ACTION REQUESTED:

Staff requests that the Governing Body approve the mutual termination of the Exclusive Negotiation Agreement.

ATTACHMENTS:

- Letter requesting mutual termination of the Exclusive Negotiation Agreement between KDC/Cienda and the City of Santa Fe



January 21, 2021

Mayor Alan Webber
City of Santa Fe
200 Lincoln Avenue
Santa Fe, NM 87504

It has been an honor and privilege to work with the City of Santa Fe as the Midtown Master Developer. After many months of meeting with partners, consultants, community stakeholders, and city leaders and staff, KDC Cienda-SF and the Midtown Team have identified the following challenges to the successful development of the Midtown Campus:

- Timing – The 12-month exclusive right to negotiate in the ENA assumes that due diligence and entitlements can be completed much faster than we all now believe possible. The community and the City have raised issues that will require an extended process of community engagement to resolve. The work required to respond to the community properly will add considerable time and risk to the process.
- Alignment of Risk Sharing – The RFEI established a system that allowed the master developer to share the financial risk of due diligence costs with the City. In the final ENA, all of the financial risk for due diligence and planning was transferred to the master developer. Successful development will require an alignment of risk between the City and any developer.
- Access – Gaining additional vehicular access to the campus was one of the threshold requirements for the conceptual plan submitted by Team Midtown and most of the other responders. After meeting with community stakeholders, it is apparent that additional access will be required to mitigate the traffic issues that the new development will generate in the surrounding neighborhoods. It is unclear if the City will be able to secure the additional access.
- Building Condition / Environmental Contamination - Due diligence has confirmed that the existing buildings have no commercial value. Existing and probable other contamination will add cost to the demolition of existing buildings, the re-use of the buildings to be renovated, and infrastructure development. Obtaining a Brownfield designation will be required to satisfy the requirements of private-sector lenders and investors. The process of the City obtaining a Brownfield designation for the campus will take longer than originally anticipated, adding additional time and expense.
- Infrastructure Replacement – During our review, we discovered that the campus's infrastructure is incomplete and obsolete and may require \$30M of public subsidies.

Since the City's selection committee unanimously selected Team Midtown as the Master Developer on May 4, 2020, and despite the provisions requiring the Parties to act in good faith to amend the ENA for COVID, the complications and uncertainty caused by COVID and the government ordered shut-downs have created greater risk and cost to this redevelopment that neither Party could have fully anticipated. Given the challenges, extended time, and risks outlined above, KDC Cienda respectfully suggests that the City and the Master Developer do not amend the ENA but instead mutually terminate our ENA Agreement.



Team Midtown and our individual partners are committed to working with the City of Santa Fe and the surrounding neighborhoods to ensure that a Midtown redevelopment will happen and the transition to the next phase of the Midtown redevelopment is smooth and productive for all. Thank you for selecting KDC Cienda as the Master Developer finalist. Team Midtown collectively and individually are standing by to work with the City and help manage these issues as you would like.

James Feild
Cienda Partners

Philip Wise
Cienda Partners

William J. Guthrey
KDC

- cc: Peter Aberg, President, Aberg Property Co.
Chris Ray, Executive Vice President, Aberg Property Co.
Alexander Dzurec, Principal, autotroph
Erika Campos, Director of Strategic Planning & Development, Christus St Vincent's
Darrell Hurmis, EVP / Principal, Land & Investments, Henry S. Miller
Mark Hogan, President, Hogan Group
Mike Loftin CEO, Homewise
Justin Golding, Production Safe Zone, Golding Entertainment
Rik Blyth, General Manager, La Fonda
Ernie Romero, President / Manager, Phase One Realty
Jay Grab, CEO, Phase One Realty
Jamie Blosser, Executive Director, Santa Fe Art Institute
Becky Rowley, President, SFCC & Higher Education Center
Meghan F. McGarrity, Interim Director, SFCC & Higher Education Center
Andrew Irvine, Senior Principal, Stantec
Scott Verhines, Senior Principal, Stantec
Carlos Ruiz, Senior Project Engineer, Stantec
Brett Sherman, Principal, Stantec
Sage Morris-Greene, Owner, The Original Santa Fe & Canyon Road Walking Map
Tim B. Castillo, Special Advisor to the Provost for Santa Fe Initiatives, UNM
Chris Baca, President/CEO, yeshousing
Holly Barela, Senior Vice President, CFO, COO, yeshousing
Michelle DenBleyker, Senior Vice President Real Estate Development, yeshousing
Melynn Schuyler, Executive Director, YouthWorks