

**Village of Taos Ski Valley Tax Increment Development District**

P.O. Box 100, 7 Firehouse Road, Taos Ski Valley, NM 87525

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**Chairperson:** Neal King

**Vice-Chair:** Rick Lopez, Department of Finance and Administration, Local Government Division, Director

**Board Members:** Richard Duffy, Chaz Rockey, Tom Wittman

**Co-Treasurers:** Nancy Grabowski, Chaz Rockey

**Clerk:** Ann M. Wooldridge, CMC

**VILLAGE OF TAOS SKI VALLEY  
TAX INCREMENT DEVELOPMENT DISTRICT BOARD  
DRAFT SPECIAL MEETING MINUTES  
TENDERFOOT KATIE'S, TSV RESORT CENTER  
TAOS SKI VALLEY, NEW MEXICO  
TUESDAY, SEPTEMBER 11, 2018, 10:00 A.M.**

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**1. CALL TO ORDER**

The special meeting of the Village of Taos Ski Valley Tax Increment Development District (TIDD) Board of Directors was called to order by Chairperson King at 10:20 a.m. The notice of the special meeting was properly posted.

**ROLL CALL**

Ann Wooldridge, TIDD Clerk, called the role and a quorum was present.

**TIDD Board Members Present**

Chairperson Neal King

Board Member Richard Duffy

Board Member Rick Lopez, who entered at the beginning of item 4. A.

Board Member Chaz Rockey, Co-Treasurer

Board Member Tom Wittman

**TIDD Board Staff Present**

TIDD Clerk Ann Wooldridge

TIDD Co-Treasurer Nancy Grabowski

TIDD Attorney Dennis Romero

**2. APPROVAL OF THE AGENDA**

**MOTION: To approve the agenda with the amendment to move item 4. B. in front of item 4. A.**

**Motion: Board Member Wittman      Second: Board Member Duffy      Passed: 4-0**

**3. Consideration to Approve the Minutes of the July 18, 2018 Special Meeting of the Board of Directors of the Village of Taos Ski Valley Tax Increment Development District**

**MOTION: To approve the Minutes of the July 18, 2018 Special Meeting of the Board of Directors of the Village of Taos Ski Valley Tax Increment Development District**

**Motion: Board Member Wittman      Second: Board Member Duffy      Passed: 4-0.**

**4. Other Business**

**B. Financial Update**

Board Member Rockey summarized the financial status of the TIDD, reporting on totals since TIDD inception in July 2015. Approximately \$2 million has been received from the Village's GRT increment, about \$2 million from the State's GRT increment, and about \$200,000 from Taos County's Property Tax increment. He said that the developer had been reimbursed \$3.65 million, \$100,000 had been used for TIDD administrative expenses, and approximately \$250,000 was currently left in reserves.

Board Member Rockey said that according to his calculations, and based solely on GRT amounts paid by TSVI, he estimates that the TIDD tax revenue has a shortfall of \$1.3 million since inception.

**A. Developer Presentation: TIDD Refresher and Update**

The presentation began by noting that in 2014, the Village and TSVI joined together to share the goal to develop a multi-season, world class resort. At that time, the skier visitation days were down to around 200,000 from a high of 350,000 in the 1990s. The draft 2012 Village Master Plan showed a planned increase of approximately 650 beds. Because of the Village's limited ability to finance public infrastructure, the Village and TSVI developed a list of public infrastructure needed to upgrade and add services for the benefit of all residents, businesses, and visitors, to position Taos Ski Valley to compete as a

mountain resort, and to support private development. The sum total of the list of projects came to \$45.5 million, and included the up-valley utility trench, Core Village public spaces, Core Village utilities, roads, and river crossings, Kachina infrastructure, and TIDD formation administrative costs.

Possible financing mechanisms investigated included Village-issued municipal bonds, however there would have been insufficient capacity, the financial risk would have been carried completely by the Village, and there would have been no participation by the County or the State. Assessment districts, such as a PID or a SAD, were considered but there was deemed to be insufficient capacity, and undesirable financial impact on residents, through assessments, and again no participation by the County or the State. A TIDD was also considered, with positive attributes such as that TSVI would fund the upfront outlay for public infrastructure allowing for much faster completion of projects, the financial risk would be transferred completely from the Village to TSVI, new growth would pay for growth in that incremental GRT and Property Tax revenues would be used to reimburse the developer, there would be no additional assessments or taxes on Village residents, and a TIDD would capture financial contributions from the County and the State. Board Member Rockey noted that it's important to remember that TSVI carries the loss, not the Village, if the TIDD is not able to reimburse.

**TIDD Basics:** A TIDD is a special, limited purpose government entity that is authorized by the Village and is for the purpose of financing certain public improvements. The TIDD's operations are subject to Village regulations, and State law, and are governed by the Amended Revised Master Development Agreement between the TIDD, the Village, and TSVI. The TIDD issues bonds to raise capital to support public improvements and the bond proceeds are used to reimburse up-front outlays. The bond debt service payment is funded by growth in GRT and Property Tax revenues resulting from the projects, and not from additional assessments, levies, or taxes on residents.

Board Member Rockey also explained that the formation of a TIDD requires a vote in the affirmative by greater than 50% of land owners. In the Village's case, 98% of land owners approved of formation.

The effective date of the TIDD was July 1, 2015, with a 25-year life span from the first bond issuance, which would make it go until 2043. There are dedications from all levels of government: the Village contributes 75% of incremental GRT and Property Tax revenues, the State contributes 50% of its incremental GRT revenue, and the County contributes 35% of its incremental Property Tax revenue, all above established baselines.

The TIDD is overseen by a Board of Directors which acts as the governing body, monitors the TIDD to identify any mechanical issues, authorizes reimbursements to the developer, and provides input concerning desired projects and timing to TSVI. The incremental monthly GRT and annual Property Tax is based on 2014 baselines of \$2.8 million annual Village GRT, and \$60.8 million annual Village taxable value Property Tax.

The presentation continued, explaining that the MDA defines the roles and responsibilities of the Village, TSVI, and the TIDD. It identifies the TIDD as a mechanism for reimbursing TSVI for dedication of infrastructure to the Village, constructed and funded by TSVI, it describes the Village dedication of incremental GRT and Property Tax to the TIDD, it defines the process of TSVI dedication, Village acceptance, and TIDD reimbursement obligations, it caps the maximum amount of reimbursement to TSVI, and it provides credits to TSVI for certain impact and system development fees. The MDA was amended in May 2017 to remove the concept of a PID from the agreement, and to create the draw-down bond mechanism which greatly reduces the cost of transactions for the TIDD.

The project update reported that the focus has been on the Core Village where there is the highest density of beneficiaries, and where 90% of Village GRT, Property Tax, and Lodger's Tax are generated. Board Member Rockey said that he considers the highlights of the TIDD projects to be the underground utility trench up Route 150, the complete upgrade of Core Village utility and road networks, the new snow-melted mountain plaza, and the restored streams.

Drew Chandler, with Russell Engineering, presented the list of projects having been completed, by year. The 2015 improvements were the Siberia sewer line, the Sutton Place and Siberia water lines, the Armadillo parking storm culvert, and the NM 150 joint service utility trench, which was completed halfway. The 2016 improvements were the Siberia water and sewer lines completion, the pedestrian mountain plaza and storm system, the Armadillo Parking sanitary sewer and dry utilities, the completion of the NM 150 utility trench, the Firehouse Road gas line, and improvements on Sutton Place, namely the sewer line, storm system, dry utilities, river work and river crossing, curb and gutter, paving, sidewalk and landscaping, and detention pond.

2017 improvements included Sutton Place hydrant relocation with new piping, parking island, landscaping, curb and gutter, guardrail, and drainage improvements, as well as storm water and snow storage pond landscaping. Other improvements in 2017 included the Ernie Blake Road modular bridge, Lake Fork river work, asphalt work for the new utility trench as well as asphalt work for drainage and snow storage finalization, and for the new drainage culvert. Many Strawberry Hill and Strawberry Road improvements were made such as water, sewer, gas, communications, and electric utilities, as well as new Kandahar water and sewer main lines.

2018 improvements included many upper and lower Ernie Blake Road utility improvements, as well as utility improvements on Thunderbird Road, river work and crossing, and the boardwalk across the detention pond, and the Twining Road natural gas line.

Board Member Rockey said that the developer has spent \$32.5 million to date on infrastructure projects. He presented a list of projects in progress and those completed, as well as TIDD projects not yet begun. \$16.1 million worth of projects have been dedicated to the Village to date, with the developer having been reimbursed \$3.7 million through the TIDD. Although \$4.1 million has been collected by the TIDD, he estimates that it should have been around \$5.4 million. Because of the two GRT location codes, one for the Village and one for the TIDD, and NM Tax and Revenue not being able to correct any location code errors on submissions, TSVI's confidence in payback and ability to fund future projects has been impacted.

TSVI is interested in getting things straightened out with NM Tax and Revenue in order to identify infrastructure projects going forward. He noted that private development has complemented the public infrastructure improvements, namely the Children's Center renovation, as well as construction of The Blake and the Plaza.

When asked about cost overruns, Board Member Rockey said that the NM 150 utility trench had had the largest cost overrun, from an estimated \$9 million to an actual \$13.2 million. The Sutton Place river crossing cost overrun had also been substantial.

Some infrastructure projects will not be dedicated to the Village, as originally considered, such as the Visitor drop-off area, the parking improvements, and some of the utility trench such as the electric lines and the fiber optic. Board Member Duffy asked if, although the list of TIDD-funded projects couldn't change, would the developer be required to complete them.

Board Member Rockey explained that the list of projects could only be amended by making application to the State. The TIDD list of projects is a list of eligible projects, and it is up to the developer to decide which projects to complete as well as when to do them, Board Member Rockey explained. NM State Statutes describe the oversight and administration of a TIDD. Board Member Rockey said that TSVI is interested in working with the Village on collaborative projects, if there are projects to be completed that would be ineligible for reimbursement through the TIDD.

Board Member Lopez noted that the presentation had been extremely helpful and produced a lot of transparency surrounding the Village's TIDD. He noted that all of the questions had been relevant, and that other TIDD Boards have the same questions.

It was noted that a quorum of the Village Council was in attendance at this meeting.

#### C. Discussion of TIDD Board Responsibilities

Attorney Romero said that he had conferred with Attorney Sweeney about the TIDD Board's responsibilities. He explained that the Board's role is fairly limited. This could be modified with a limited agreement. The central functions concern the process leading up to and culminating in a financial reimbursement to the developer. Attorney Romero reported that there is no statute guaranteeing that a list of projects be completed. The developer is taking the risk, so it is up to the developer to decide on the timing of projects. The Statutes presume a good-faith effort for collaboration. He said that the potential list of projects, as well as the costs, was always likely to be modified. The main intention of the TIDD Statute is for good faith obligations. There was discussion about whether TIDD projects could also be listed on the Village's ICIP list. Attorney Romero explained that it wouldn't be necessary to remove a project from the TIDD project list, if the developer decides not to complete the project.

#### 5. Miscellaneous

#### 6. Announcement of the Date, Time, & Place of the Next Meeting of the TIDD Board

The next regular meeting of the Village of Taos Ski Valley Tax Increment Development District (TIDD) Board will take place on October 9, 2018 at 9:00 a.m. at the Edelweiss Lodge Club Room. **This meeting was later postponed to November 14, 2018 at 1:00 p.m. at the Edelweiss Lodge Club Room.**

#### 7. ADJOURNMENT

##### MOTION: To Adjourn

**Motion: Board Member Wittman**

**Second: Board Member Lopez**

**Passed: 5-0**

The meeting was adjourned at 12:00 p.m.

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Neal King, Chair

ATTEST:

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Ann M. Wooldridge, Clerk