

2536426

SANTA FE
BOARD OF COUNTY COMMISSIONERS
SPECIAL MEETING

April 14, 2003

Jack Sullivan, Chairman
Paul Campos, Vice Chairman
Michael D. Duran
Michael D. Anaya
Harry B. Montoya



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COUNTY OF SANTA FE
STATE OF NEW MEXICO
I HEREBY CERTIFY THAT THE INSTRUMENT WAS FILED
FOR RECORD ON THE 28 DAY OF May A.D.
20 03 AT 1:13 O'CLOCK P.M.
AND WAS DULY RECORDED IN BOOK 2536
PAGE 426-497 OF THE RECORDS OF
SANTA FE COUNTY
WITNESS MY HAND AND SEAL OF OFFICE
REBECCA BUSTAMANTE
COUNTY CLERK, SANTA FE COUNTY, N.M.
Rebecca Bustamante
DEPUTY

SANTA FE BOARD OF COUNTY COMMISSIONERS
LEGAL CONFERENCE ROOM COUNTY ADMINISTRATION BLDG

SPECIAL MEETING

April 14, 2003 - 4:30 p.m.

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Notice of Special Meeting

Notice is hereby given that the Santa Fe Board of County Commissioners will hold a Special Meeting on Monday, April 14, 2003 at 4:30 p.m. in the Legal Conference Room at the County Administration Building.

AGENDA

- I. Roll Call
- II. Approval of Agenda
- III. Consent Calendar ⁵⁶
 - A. Approval of Resolution 2003- A Resolution Requesting a Decrease To the Housing Special Revenue Fund (230) Public Housing Development Grant to Realign the FY 2003 with the FY 2002 Cash Balance for Expenditure in FY 2003
 - B. Request Ratification of Amendments to DWI Grant Agreements 02-D-J-G-27 and 02-X-J-G-27
 - C. Request Ratification of Amendments to Statement of Assurances for DWI Grant/Distribution and Detoxification Applications for FY03 and FY04
 - D. Request Ratification of Revised MOU Between Santa Fe County and DFA/LGD/DWI
- IV. Care Connection Update
- V. Adjournment

The County of Santa Fe makes every practical effort to assure that its meetings and programs are accessible to the physically challenged. Physically challenged individuals should contact Santa Fe County in advance to discuss any special needs (e.g., interpreters for the hearing impaired or readers for the sight impaired).

SANTA FE COUNTY

SPECIAL MEETING

BOARD OF COUNTY COMMISSIONERS

2536428

April 14, 2003

This regular meeting of the Santa Fe Board of County Commissioners was called to order at approximately 4:45 p.m. by Chairman Jack Sullivan, in the Santa Fe County Commission Chambers, Santa Fe, New Mexico.

Following the Pledge of Allegiance, roll was called by County Clerk Bustamante and indicated the presence of a quorum as follows:

Members Present:

Commissioner Jack Sullivan, Chairman
Commissioner Paul Campos
Commissioner Paul Duran
Commissioner Mike Anaya
Commissioner Harry Montoya

Members Absent:

[None]

III. APPROVAL OF THE AGENDA

- A. Amendments
- B. Tabled or withdrawn items

CHAIRMAN SULLIVAN: We have a change, which only is a change of lettering of the Consent Calendar. We have four action items on the Consent Calendar as a result of the Housing Authority meeting that we just concluded. What's the wishes of the Commission with regard to the Consent Calendar?

COMMISSIONER MONTOYA: Move for approval, Mr. Chairman.

CHAIRMAN SULLIVAN: There's a motion for approval. Is there a second?

COMMISSIONER ANAYA: Second.

CHAIRMAN SULLIVAN: Second from Commissioner Anaya. Any discussion of the four items we're approving? Four items on the Consent Calendar, a, b, c, and d.

The motion to approve the agenda passed by unanimous [5-0] voice vote.

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CHAIRMAN SULLIVAN: We'll move to item number V, which is a CARE Connection update. Mr. Robert Anaya.

ROBERT ANAYA: Mr. Chairman, Commissioners, what I'd like to do is Mr. Shepherd is passing out two papers, two documents. [Exhibits 1 and 2] The first is a summary that I'll walk through with the Board, and stand for your direction, questions, comments. The second is just a copy in its entirety of the current lease purchase option that we have for the old magistrate court facility.

Mr. Chairman, Commissioners, over the course of the last three-plus years, Santa Fe County has been working with state and local government agencies to, St. Vincent's Hospital and various behavioral health providers throughout the county. There have been two primary tracks routed to this coordination. One, screening, assessment and referral, and two, a sobering center or detoxification project.

At the last Board of County Commissioners meeting that provided direction for this project, the Commission provided direction to one, move forward with the renovations necessary to move the Health Services Division into the old magistrate court facility, two, seek additional revenue from the New Mexico State Legislature for the operation of the assessment center and sobering center, three, change the legislation to allow for the purchase of the facility with the existing state resources, and four, bring back a recommendation to the County Commission with available resources.

Santa Fe County received \$30,000 of additional capital resources from the New Mexico State Legislature. We received no additional resources for operations, and we were able to change the legislation on the existing state money that we have to be able to acquire the facility with those resources. As part of what I discussed earlier about what the Commission approved, the Commission approved the following costs for the Health Services Division, which is roughly one third of the building: \$10,500 for renovation, \$15,655 for phone installation, wiring and non-capital phone equipment, \$69,645 for network equipment, training and installation, for a total of \$95,800. In addition to this, the County has been paying a \$14,000 lease payment for this facility. The Health Services Division was unable to move into the facility as a result of the flooding of the District Attorney's offices in the light that they are currently utilizing those facilities.

The estimated balance requested in the upcoming budget cycle to finish the Health Services Division section is \$147,282 dollars. And I note there that if this amount is not approved in the current budget cycle, then the Health Services Division is prepared to move into the facility with existing furniture and existing partitions.

COMMISSIONER DURAN: Mr. Chairman, I just had one question. Robert, does the \$147,282 include the [inaudible] or is it an additional amount?

MR. ANAYA: Mr. Chairman, Commissioner Duran, that's in addition to the \$95,800. The utilities to cover the Health Services Division in the old magistrate facility are projected at \$26,400 annually. This figure will be covered through existing resources currently being paid out by our existing programs within the Health Services Division. The phone and telecommunications cost is projected at \$10,000 annually, to also

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be paid for by the Health Services Division.

If you'll turn to page two, I've listed at the top of the page items that are within that lease purchase document in front of you that if we were to purchase the building before 10/31 of 2002 it would have been \$1,600,000. We're currently in the phase on or before January 31st, 2004, which that facility will cost \$1,650,000. And after 1/31, it will be \$1,750,000. I've also noted at the bottom that after November of 2002, 25 percent of our monthly rent would be credited to the purchase price of the facility. The term of the lease currently, started on September 1, 2002, it's a one year lease with an option for two additional years.

What do we currently have in the bank, if you will? Accumulated MOA dollars, \$635,000. DWI revenues, \$300,000. Current state appropriations, not including the recent \$30,000 amount of \$448,500 for a total of \$1,383,000 dollars. New resources that we will receive in the next fiscal year, \$300,000 for DWI on July 1st and \$350,000 from the MOA in October of 2004. Legislative appropriate of \$30,000, that's the legislative appropriation we just recently received for a total of \$680,000 even.

Recommendations. The purchase price that we estimated and it's a conservative estimate, today, is a purchase price of \$1,630,000. If you subtract the current available today, we have a shortfall, prior to the start of the next year, of \$240,000. Number one, if it is workable with Finance, I suggestion borrowing the \$247,000 dollar difference from the unexpended balance of MOA dollars for purchase, and repaying that amount to the MOA in the next fiscal year. I have had a preliminary discussion with the hospital, and they appear to be agreeable to this particular aspect. What I've done on the next few lines is just show that \$680,000 dollars and break out what it is we're proposing to the Commission today.

If we'll go to the next page, I can go back to the previous page if there's questions. Number two, I suggest limited remodel and utilizing the remaining balance of funds in the upcoming fiscal year to begin the operations of the screening and assessment piece of the project as provided in the attached - it's page number four, is the attached - \$400,017 of operating costs and \$30,000 of capital budget. That \$400,000 allocation would get the screening assessment and referral piece up to approximately 66 percent of what we had initially envisioned as the wish list start for that particular project.

Number three, I suggest continuing to move the Health Services Division into the building, as soon it is available and prepared for occupancy. Four, I request serious consideration of the capital requests necessary to cover the additional rehabilitation costs of the Health Services Division portion of the building in conjunction with all of the other capital projects that this Commission has to consider. That is the \$147,000 figure that Commissioner Duran alluded to a few moments ago.

Number five, there are no additional operational resources for the sobering center. I recommend that we keep the space available through the period that the City stated that they would hold the \$500,000 allocation that they've provided to be used for the renovation costs of the sobering center. What that translates into is that resolution that

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approved the half million dollars from the city was approved on January 29, 2003, projecting forward to July 29, 2004.

Six, in partnership with the City, seek the state and federal resources necessary to start the operation and sobering center during the above listed time frame. And then seven, at the last Wednesday's meeting of the CARE Connection, the CARE Connection took a formal vote to recommend starting with the assessment and referral center as phase one to get the project moving forward.

Number eight, at a subcommittee meeting of the Health Policy and Planning Commission, it was a subcommittee because they didn't have a quorum at the last meeting, the subcommittee voted and recommended to also endorse moving forward with the screening and assessment referral phase. And I have the chair of the Health Policy and Planning Commission here as well. I stand for any questions and seek the direction of the Board of County Commissioners.

CHAIRMAN SULLIVAN: Questions for Robert?

COMMISSIONER DURAN: Mr. Chairman.

CHAIRMAN SULLIVAN: Commissioner Duran.

COMMISSIONER DURAN: Robert, going back to number five, are you aware that the City - I mean, is the City still pretty much in favor of giving us the \$500,000, not giving us, but giving the facility the \$500,000?

MR. ANAYA: Mr. Chairman, Commissioner Duran, yes they are in favor of supporting the project. The \$500,000 they only want to utilize for the renovation costs, not for acquisition costs, for renovation costs of the sobering piece of the building only.

COMMISSIONER DURAN: Okay. And is it your understanding that the City is in agreement, or is on board with us to seek state and federal resources necessary to start the operation of the sobering center.

MR. ANAYA: Mr. Chairman, Commissioner Duran, when the City Council approved the resolution to support the project, both the CARE Connection, both assessment, referral and sobering phases, they also supported seeking additional funds. Both sides felt that we were going to be more successful in a recent session that we were -

COMMISSIONER DURAN: My main question is are we, the City and the County, are together on this issue and working together on it?

MR. ANAYA: Mr. Chairman, Commissioner Duran, I think that yes, we are working together, but I think that if the City had their druthers, they would do the sobering center piece first. That's my honest feeling based on all the meetings that I've attended over the last three and a half years, and their direction.

COMMISSIONER DURAN: But is everything in place for them to do the sobering center first?

MR. ANAYA: Mr. Chairman, Commissioner Duran, no. This Commission, if it desired, could not take the recommendation of staff and the recommendation of the CARE Connection and say, "Well, let's try doing the Sobering Center piece," but from a County perspective, and the resources that we're putting out, and behavioral health

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services, I don't think we would be doing ourselves a service in doing that project first. But you could do that.

COMMISSIONER DURAN: Thank you. Thank you, Mr. Chairman.

CHAIRMAN SULLIVAN: Robert, I have a question. Going back to page two, down at the bottom, we have - I'm a little confused on the arithmetic here. The year one assessment of \$400,017, who do we assess to get that money?

MR. ANAYA: Mr. Chairman, on the bottom of page two, that \$400,017 is the amount of money out of those resources that we have available, if the Commission would desire, is what they could operate that facility in year one. If you go to the back, page four, it'll give you a breakout of what \$400,017 is. It's essentially a project manager, an executive director for the screening assessment referral database and so on and so forth.

CHAIRMAN SULLIVAN: So aren't we more or less eating our seed corn there? Once we spend that first year's assessment, we have a similar amount for the second year, right?

MR. ANAYA: Mr. Chairman, we do have a similar - we have an additional amount. Instead of having the reduction as a result of that \$247,000 that you can use for purchase in year two, you'll \$650,000 of operating cost. That particular aspect is a place in which the Commission can decide, have we been successful getting more money for the sobering center? And the Commission could make a choice of saying, We can bring the assessment center to 100 percent, or we can leave it to 66 percent. And if we could find some other proceeds, use some of that additional operating cost to get the sobering center piece started. That's a decision that the Commission will have to make for year two, if they would move in this direction.

CHAIRMAN SULLIVAN: The \$247,00 that we would borrow would in essence be paid back through the MOA with St. Vincent's in October of 2004. Is that the plan there?

MR. ANAYA: Mr. Chairman, that is the proposed plan.

CHAIRMAN SULLIVAN: Okay, so I guess my other question then is where do we get the \$650,000 after we use up the \$400,000 and the \$30,000 and the \$247,000, in essence all of the \$680,000? The only thing that we then have left is general fund and future MOA dollars; is that right?

MR. ANAYA: Excellent point, Mr. Chair. This entire project hinges on the continuation of the MOA. The \$300,000 allocation you would get annually, as we have in years past, DWI dollars, but the \$350,000 allocation is completely contingent on the continued existence of the MOA. And I would just note that if the MOA would go away, if you will, that we would have several other key issues in County government that we would have to re-address as far as finances go.

CHAIRMAN SULLIVAN: I hope - and I don't anticipate that it will go away, but from what I understand from Finance, we are seeing a reduction, are we not, in that line item?

MR. ANAYA: Actually, Mr. Chairman, Katherine Miller, the previous

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County Manager, Steve Shepherd and myself have been quite diligent and aggressive, and we've actually increased that particular line item.

CHAIRMAN SULLIVAN: Okay, but the sole community provider line item has gone up, and the MOA is only based on the sole community provider, right?

MR. ANAYA: Correct.

CHAIRMAN SULLIVAN: Okay. So as long as we're getting sole community provider funds, and as long as St. Vincent's agrees that a part of those sole community provider funds, i.e. the part that - the quarter, the 25 percent that Santa Fe County puts in comes back to Santa Fe County to designated programs, which is what we're doing here, then this works.

MR. ANAYA: Correct.

CHAIRMAN SULLIVAN: That's your bottom line.

MR. ANAYA: Correct. If those sole community dollars cease to exist, it does not work.

CHAIRMAN SULLIVAN: Or if St. Vincent's decides that it's going to keep all the sole community dollars for itself.

MR. ANAYA: Correct, Mr. Chairman. I think that's a strong negotiating stand.

CHAIRMAN SULLIVAN: Commissioner Campos I think had a question.

COMMISSIONER CAMPOS: Just a quick question, Mr. Anaya. The City of Santa Fe is not agreeing to put up any operating dollars at this time, is that right?

MR. ANAYA: Mr. Chairman, Commissioner Campos, that's correct.

COMMISSIONER CAMPOS: Okay. The first plan that was presented to us by the consultant was that the City was going to put in X number of dollars every year for operation of the sobering and I guess the assessment centers?

MR. ANAYA: Mr. Chairman, when we brought the initial business plan, that was the case. When we had further discussions with the County Manager, their standpoint became - not only that of the County Manager, but obviously of the Council - that they had no - given their current financial positions - they had no operating dollars and could not commit any operating dollars, and that the one commitment that they would make would make would be renovation money of the half million dollar only. That's correct.

COMMISSIONER CAMPOS: So how does that affect your business plan?

MR. ANAYA: Mr. Chairman, Commissioner Campos, this particular recommendation that I have before you is a partial project. It does not include the sobering center in year one. It does not affect our business plan with that particular phase. If the Commission would want to visit, or revisit if you will, the sobering center aspect, it could have big impacts. It just depends on what the direction is of the Commission. Our recommendation is to get started with the screening assessment referral, and that budget is whole, and that budget does not require any additional infusion of general money, based on the assumption that we just made, that the MOA program still stays in existence.

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COMMISSIONER CAMPOS: How much was the City going to contribute to annual operations?

MR. ANAYA: Mr. Chairman, Commissioner Campos, I believe the number was \$140,000 towards the overall price.

COMMISSIONER CAMPOS: Thank you.

CHAIRMAN SULLIVAN: Another question?

COMMISSIONER DURAN: Mr. Chairman?

CHAIRMAN SULLIVAN: Commissioner Duran.

COMMISSIONER DURAN: Robert, if this whole thing falls apart and we are unable to fund the program entirely, and we're left with that building, would it be available for County use for other departments, for other uses? I mean, I really doubt that the community is going to allow this needed to service to go away, but in the event that it does, what would we do with that building?

MR. ANAYA: Mr. Chairman, Commissioner Duran, I think the Commission's going to have some choices as pertains to that. In discussions with the hospital, specifically relating to the sole community money that would be pumped in there, their preference would be that in the event that the sobering center project was not to come to a fruition, if the direction was taken, based on what I've put forth today, that they would prefer to see that that space be utilized for a health-related type use. Possibly some more health-related offices for the County, possibly some other health organization in the community. That doesn't say that the Commission would have to do that.

COMMISSIONER DURAN: I'm thinking of - if we go ahead with the purchase, and in a year or two years the funding for the CARE Connection falls through, let's say the City decides to do their own sobering facility somewhere else, would we have a need for that building in the future? I mean, after we've established the program and purchased the building.

MR. ANAYA: Mr. Chairman, Commissioner Duran, I think yes, you would. I think you would be able to utilize that space. I think if you just took a snapshot of what's happened within your Health Services Division over the last three years, that division in itself has grown substantially. You also have the Department of Health that is in a very cramped area currently that we provide that space for. They expressed some interest in the past of leasing additional space to cover some of their public health programs, which would also fit very well within that direction. I do think you have those options to think of, relative to that additional third. My only hope would be that, at minimum, we would work over the course of that 18 month span to make that sobering center piece work. But I do think you have options.

COMMISSIONER DURAN: What 18 month span?

MR. ANAYA: The City Council provided the half million dollar allocation, and they left it sitting there and they put a time limit on it.

CHAIRMAN SULLIVAN: Oh, okay. Thank you. Thank you, Mr. Chairman.

CHAIRMAN SULLIVAN: Robert, on that same item five, of the \$500,000 that

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the City committed for the next 18 months, how much will it take to get the sobering center going?

MR. ANAYA: Mr. Chairman, we haven't done a thorough estimate of the rehab costs for the sobering center, but Mr. Flores has said that it's probably roughly going to take a half million dollars just to get it renovated. So we'd probably use every bit of that half million dollars to get it renovated. As far as the operational costs, we had figures from five hundred to six hundred thousand dollar range as far as operating the 20- to 25-bed facility. I think that that could be phased in as well. So I wouldn't say that that's absolutely what they need to run the sobering center. I think there's a potential there for the sobering piece to phase in just like the assessment piece is phasing in. So I think that's a moving target. They could probably start with a few beds and then work their way up.

CHAIRMAN SULLIVAN: So is the piece then for 18 months to leave that space vacant? You say keep the space available. Does that mean - by available do you mean vacant?

MR. ANAYA: Mr. Chairman, I am suggesting that we would have to keep it vacant at least to be able to continue to make sure we're turned over every stone we can to get other operating dollars. I guess there's a possibility of using it on a short-term basis, but I would think that if we utilized the space immediately, that we would probably send the wrong message to the City Council.

CHAIRMAN SULLIVAN: What percentage of square footage does that represent of the total building?

MR. ANAYA: The sobering piece is 3,000, approximately 3,000 square feet.

CHAIRMAN SULLIVAN: Out of how much?

MR. ANAYA: Out of 10,500. Am I right there?

TONY FLORES (Projects Manager): Mr. Chairman, the total building is 11,200 square feet of usable area. We currently have the ability to use 10,200 square feet because the State Environment Department is still on that lease through June of 2005 for 1,000 square feet. So we have 10,200 available for County use.

CHAIRMAN SULLIVAN: So then Health Services Division would use 7,200 square feet?

MR. FLORES: Mr. Chairman, Health Services Division would occupy about 3,200 square feet. The Care Connection component would occupy the other third. So basically we'd take the building and divide it up into thirds.

CHAIRMAN SULLIVAN: So 4,000 would be for the CARE Connection?

MR. FLORES: Approximately.

CHAIRMAN SULLIVAN: And tell me what the CARE Connection is. Are these other non-profits that are going to be participating in the cost or in the lease payments?

MR. ANAYA: I'm sorry, Mr. Chairman, could you repeat that?

CHAIRMAN SULLIVAN: I said tell me again what the CARE Connection is. 4,000 feet of space, that's going to be the assessment part, and this is going to be done by non-profits, or it's going to be done solely by the County?

MR. ANAYA: Mr. Chairman, what we're proposing, based on the

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recommendations on the CARE Connection, is that we contract those services out to a non-profit entity within the community.

CHAIRMAN SULLIVAN: So 4,000 of the 10,200 square feet we would have some revenue? As a part of that contract, I assume they would pay the County rent. Is that correct?

MR. ANAYA: Mr. Chairman, Commissioners, in the business plans to this point, and if you'll look at the back page, relative to that aspect of the project we've assumed a rent of \$1, similar to what we've done with other non-profit facilities, La Familia Medical Center and the like.

CHAIRMAN SULLIVAN: Okay, so then the only paying customer we have is the 1,000 square foot Environment Department.

MR. ANAYA: Mr. Chairman, that's correct.

CHAIRMAN SULLIVAN: Any other questions for Robert?

COMMISSIONER DURAN: Mr. Chairman?

CHAIRMAN SULLIVAN: Commissioner Duran.

COMMISSIONER DURAN: Robert, that 3,000 square feet, we could utilize that though on a short term basis for County business that wouldn't be threatening or indicate that we are not interested in leaving it vacant for the City while they make their decisions. Don't we rent space for the assessor right now - not the assessor, the clerk, to store her equipment? Or is it all - part of that question is, if we don't, are there any other entities or departments within County government that could go in there on a short term basis that would alleviate some of the concern that we have of vacant space?

MR. ANAYA: Mr. Chairman, I think that you could utilize it on a temporary basis, as long as your intent is that it's for the sobering center if it happens within that prescribed time frame. But yes, I think that you could use it.

COMMISSIONER DURAN: I think that if we move forward on this that we should definitely make sure that the City gets that message, that it's there awaiting their decision.

CHAIRMAN SULLIVAN: Robert, are there some individuals from some of the entities here that wanted to speak today?

MR. ANAYA: Mr. Chairman, we do have some of the representatives of the CARE Connection here that can answer any questions you might have.

CHAIRMAN SULLIVAN: Would anyone like to make a brief comment to the Commission about this?

CAROL MCPHAL: I don't have anything prepared for you, but I can answer questions. I'm Carol McPhal, and I'm the administrator of the Santa Fe Community Guidance Center, Presbyterian Medical Services. We have been participating in this project for several years, trying to help create diversion services within our community for people with mental health issues, substance abuse issues. If you look at the history, this has been going on for a very long time. We're trying to put together the funds that we have available right now to make a project happen that hasn't been able to happen for a variety of different reasons. Are there any

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questions that I might answer?

CHAIRMAN SULLIVAN: I have a question. Suppose we just did the detox center, the sobering center? Is there an advantage to that? Is there a disadvantage? I understand one advantage is that the City's \$500,000 becomes immediately available. In terms of these other available monies that Robert's outlined here in his memo, I assume that all of those could still apply towards that, that they'd be eligible for \$300,000 in DWI money, MOA money and so forth. Those funds - Robert's shaking his head. I assume all those monies could be applied.

MS. MCPHAL: I think all of those funds can be made available. However, the provider of those services, who is here, who is with RAP, would be the agency in town that would be participating in this project, doesn't have all of the resources currently in place, personnel and funds available, nor the infrastructure for doing the assessment, looking at the case management services, looking at helping people to go back out into the community or remaining in the community. What they've focused on is the social detox model and helping people to address those issues that they have.

The problems that we've discussed with the CARE Connection within our community are broader than substance abuse and alcoholism. We know that there are a lot of people who have co-occurring disorders, meaning they have mental health issues and substance abuse and alcohol issues. Those people, in order to address them adequately we need to do comprehensive assessments and intensive case management follow-along. And that's why the assessment center has been the recommendation of the CARE Connection to be the first step of this project rather than the other way around.

CHAIRMAN SULLIVAN: My understanding is that those assessments are being done now but they're being done by a variety of separate organizations and the feeling is that if it was centralized and under one roof we could have better control and follow-up and follow-through. Is that essentially -

MS. MCPHAL: Yes, that's true. And the data collection system that goes along with the assessment center is a key component of being able to track the assessments as we're doing them and to follow along with the individuals. We do duplicate a lot of effort within our community because we have a lot of things separated and we have a lot of costs going to the assessment. What we have proposed within the CARE Connection is that we reduce those costs for all of those other providers, centralize that so that - and everyone is agreed on the different kinds of assessment instruments and the tools that will be utilized so that they can then incorporate those into the services that they have within the community to make it more cost-effective and increase the utility of those assessments.

CHAIRMAN SULLIVAN: Let's say then we go ahead with the assessment part of it. We've got six staff persons here on the budget totaling \$273,000 plus benefits, totaling \$339,000. These are I assume are all County staff.

MS. MCPHAL: No.

CHAIRMAN SULLIVAN: No?

MS. MCPHAL: No.

CHAIRMAN SULLIVAN: Explain that to me.

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MS. MCPHAL: Only one position is a County staff position and that's the County Project Manager. Then the rest of those positions are for the assessment center, which is intended to be put out through a request for proposals to the community and the community will be able to respond. It could be that it's one agency that replies and obtains that contract. It could be that a variety of different agencies say that they can do a part of that service and again, the collaboration of the community is where the CARE Connection is intending these services to pull together the resources that we have.

CHAIRMAN SULLIVAN: So these other five wouldn't be County employees, but the County would be paying for it by virtue of a contract with some entity or entities.

MS. MCPHAL: Yes, it would be. Correct.

CHAIRMAN SULLIVAN: Through an RFP. So I'm trying to get, explain to me, what are the non-profits, what are these providers then bringing to the table? They're bringing their expertise, obviously, to the table. The County is contracting for them to provide these services, but you're not putting any of your money into this, right? From your budget?

MS. MCPHAL: I think the RFP would be written in a way that there would be the expectation that there would be matches from those agencies that are bidding on those contracts. There would be the expectation that there would be some kind of either monetary match or some kind of an in-kind match. The way that, if I can be so bold, if the guidance center were bidding on a contract like this, if PMS were bidding on a contract like this, what we would probably propose is that we already have in place the Santa Fe Crisis Response team, and that crisis response team has many of the skills and the expertise level that is required for some of these positions. They already know the community. They go out and send you the assessments. They also have case management skills.

So I can see that we would bid on a portion of this contract if it came out, probably with the assessment and screening and the case management staff. And we would essentially provide those staff for the contracted amount. We would also have that team already in place. So what we're trying to do is provide other services as well with some of those team members, but then we can work through team members to provide the services here with this requirement.

CHAIRMAN SULLIVAN: Do you have a comment on that? Thank you. Stay close by. Some of the other members of the Commission may have a question for you. Thank you very much.

DAVE SILVA: Mr. Chairman, Commissioners, my name is Dave Silva and I'd like to say that I support Robert's presentation, recommendation for about three different reasons. Although I definitely would like to see a sobering center, a place where people could go, there's three things that have happened in the time we've been trying to do this. The first is that the model has changed somewhat. Originally, the City had proposed the idea of helping us set up a site at our place and we would do something similar to, like what St. E's does, where it's not a licensed facility but you'd be able to do some social detox services there in a kind of emergency - not emergency - homeless shelter type setting so that you do away with the licensing. Then we switched there to getting it a licensed facility, and then from there, there's been discussions by the state that we should take a look at doing something in terms of medical.

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So we're really undecided as to what and how it should run. So rather than jumping into that at this point I think it gives us some time to flesh what it should look like.

The second thing is the City has made it clear, at least from what I've understood in attending the meetings is that we've had a discussion about the idea that the County and this whole thing is, there is some risk involved. The County is willing, or at least the people that we're talking to are willing to at least examine that and take that risk whereas the City is saying, You guys get it up and running and we'll give you the money, and I don't think that's fair. So the money in place, to be able to operate that, or that we hoped at been in place is really in reality not in place.

And then the third thing is even if we did have the sobering center first, we don't have the intense case management, the idea of having the data and the information that we need in order to apply for larger grants through the federal, mainly the federal but other means. And it really is going to take a lot of collaboration and I think this is the perfect place to be able to try to do that as opposed to doing it through the sobering center. I think then it falls naturally. Because we're not going to have someone to continue to do the case management, to send them in to make sure that people are doing what they're supposed to after. We couldn't take everyone from the sobering center into our rehab center; we don't have enough beds. So some of the other options would be the out-patient programs that some of the other providers are currently doing.

But that's what I have to say unless there's any questions.

CHAIRMAN SULLIVAN: So let me just finish then by saying, what Robert has brought up and you have too that the City's position or opinion is that the detox center should be done first. And I guess my question is, we don't have a City representative here, maybe the City could explain to us how you would propose to do that. What I'm hearing is that you're saying, Here's \$500,000 and we'd like to see the detox center first. How would you propose or recommend that we do that?

TERRY RODRIGUEZ: Mr. Chairman, Commissioners, my name is Terry Rodriguez. I'm the acting Human Services planner for the City. First of all, I'd like to thank Robert for a very accurate picture of what the City is looking at. And the City is very willing to let the CARE Connection drive this process and say that they want to see these other pieces implemented first. But the City is sitting on the position that they want to have treatment services available also. We don't want to have it just be assessment and data and the kinds of systems that need to be done to support this. And we believe Dave, if he's saying that once we get these other systems in place then a sobering center will be a more appropriate and eligible place to start building a capacity for those services.

So it's not that the City's saying We have to have this first. It's saying, Okay, we've got the proposal from the CARE Connection. We'll give you 18 months to see that we can get the other pieces in place to make this a viable option for having the sobering center happen at that time when we have a budget that's going to be for real, that won't be starting off with a deficit. In answer to Commissioner Campos' question about the operating costs that the City was looking at, the City was looking at shifting some of the monies that it's already putting into

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these types of services for operating. We have two contracts with the PD that come out to about \$90,000 that the City uses for these types of services. We also provide money from the Human Services fund that provides for these types of services, as well as the big myriad of other human services that are given money from the Human Services Commission. So we are very willing to allow this process to work the way it needs to work through and we're giving that \$500,000 for the renovation. We'd like to see a plan that says, That's how much it's going to cost, and in addition to just renovation, Councilors had also said that that money could also be used for equipment, which would then be used for, we were thinking in the area of this data system, of the more expensive types of pieces of equipment that need to go into making this a real, viable option for us all.

CHAIRMAN SULLIVAN: Okay. Thank you. Questions from the Commission for any of the speakers.

COMMISSIONER CAMPOS: I have a question.

CHAIRMAN SULLIVAN: Commissioner Campos, followed by Commissioner Montoya.

COMMISSIONER CAMPOS: Ma'am, did you imply that the City would be willing to expend in the future money for future operations, if things start going? A redirection of funds?

MS. RODRIGUEZ: It would be a redirection of funds. My other job with the City of Santa Fe is the grant-seeker. I look for funds that specifically support the Community Services Department for the City and we have submitted an application to the federal government that would then be used directly for CARE Connection types of operations. And we're hoping along with the resolution that we have put in at the beginning of this legislative session to continue working our state reps, to continue, because we got such a real positive feeling from them this year that we were going to be able to get money for capital and operations. So I believe we're going to be able to go back as a united front again to the state legislature for the kinds of money that we need to make it work. So it would be about a million dollars.

The application that we have into the federal government was for \$1.5 million. It would be a five-year grant cycle, three-year grant, \$500,000 a year is what we're looking at for those.

COMMISSIONER CAMPOS: Thank you.

MS. RODRIGUEZ: Thank you.

CHAIRMAN SULLIVAN: Commissioner Montoya.

COMMISSIONER MONTOYA: Mr. Chairman, Robert, regarding the funding that was reauthorized, was that the \$448,500?

MR. ANAYA: That's correct, Mr. Chairman, Commissioner Montoya.

COMMISSIONER MONTOYA: And then on your second bullet on the third paragraph, seek additional revenue from the state legislature, how much did we request this year? And we got \$30,000?

MR. ANAYA: We had roughly a million dollars requested, Senator Griego had a rather substantial request. And I would say, along those lines, Mr. Chairman, Commissioner

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Montoya, we still have a potential of getting some more money out of the local liquor excise, where we get the \$300,000.

COMMISSIONER MONTOYA: Additional \$300,000?

MR. ANAYA: That's what we were asking for. There were a couple of other counties that were also asking for an increase. The word that we got was now, during the interim, they're going to have some interim committees doing some work and there is a potential that we could increase that.

COMMISSIONER MONTOYA: Increase it above \$300,000.

MR. ANAYA: Above \$300,000.

COMMISSIONER MONTOYA: Mr. Chairman, I have a question for Corky regarding kind of the overall building management plan, and I know that we've been talking a little bit about how this would look countywide. Where do you see this preliminarily, fitting in with kind of the overall plan, long-term plan in terms of buildings and structures that the County will own.

CORKY OJINAGA (Projects and Facilities Director): Any additional facility we could use at this point. I think in long-range planning, this is a good facility to try to acquire at this time for these reasons given here today. We could use it somewhere else in the future. I'm sure we could find other departments to do that as well.

COMMISSIONER MONTOYA: Okay. Thank you. Then I guess just a comment that I had, and I mentioned it before, this facility could easily utilize, if we have the local option in place, utilize those funds for this. I don't know, Mr. Chairman, Gerald, are we pursuing that with the Association of Counties? Did we let them know that we'd like to have them pursue that as one of the priorities for the next legislative session?

MR. GONZALEZ: There have been, I believe, Mr. Chairman, Commissioner Montoya, some contacts made with the Association of Counties and we'll continue to pursue that. In terms of the overall plan for County housing space, housing County functions, we have initiated an internal discussion. We're looking again at those issues and what kind of a long-term plan we ought to be thinking in terms of with respect to housing the County functions. Clearly, we're busting at the seams where we are presently in some other locations. There does need to be kind of a comprehensive look at where we're headed for in the long term and we've begun the process of talking of that internally and have even thought about perhaps doing a contract assessment of what the needs are for the County for the future.

COMMISSIONER MONTOYA: Thank you, Mr. Chairman.

CHAIRMAN SULLIVAN: Commissioner Duran, questions?

COMMISSIONER DURAN: I'm fine. Thank you.

CHAIRMAN SULLIVAN: Commissioner Anaya.

COMMISSIONER ANAYA: I guess this question is to Corky. Where are we? Are the district attorneys still using that building we're going to use for the CARE Connection? Is that right?

MR. OJINAGA: Mr. Chairman, Commissioner, yes, that's correct.

COMMISSIONER ANAYA: And what is the status over there at the district

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attorney's office now? Are we about ready to move?

MR. OJINAGA: I believe the time frame we have is May 1, approximately May 1 to get the district attorneys back into that space.

COMMISSIONER ANAYA: And if we do approve this for this screening and assessment, what is our status? Have we already put in the phone system? Some of the phone system into that building right now? How much money have we spent on that building?

MR. OJINAGA: Mr. Chairman, Commissioners, I'd like to defer that to Tony. He's been working directly with our IT Division on that.

MR. FLORES: Mr. Chairman, Commissioner Anaya, as part of the analysis that Robert's presented, the \$95,800 included some of the phone installation and wiring for the Community Health Services Division. As part of the issue with the District Attorney's office having to be located temporarily at that facility, as part of the insurance claim, the building has been wired, the entire building has been wired for telecommunication and data lines. So there will be some up front work that would not have to be done with the CARE Connection assessment or sobering center or another component in there since we have the entire building wired. There will be some need in there for the equipment to have some connectivity with that existing wiring. Total cost, probably another \$24,000 on top of the \$84,000. So about \$105,000, \$115,000 of improvements to telecommunication and network improvements to the entire building.

COMMISSIONER MONTOYA: For the entire building?

MR. FLORES: Mr. Chairman, Commissioner Montoya, the entire building has been wired, due to the fact that we needed to have the DA occupy the entire facility.

COMMISSIONER ANAYA: So when you wired it, you knew that the CARE Connection was possibly going to go in? So we didn't have to duplicate things?

MR. FLORES: Mr. Chairman, Commissioner Anaya, yes.

COMMISSIONER ANAYA: Okay. And right now, are we still leasing from St. Vincent's now to keep some of the Health Services over there?

MR. FLORES: Mr. Chairman, Commission, yes.

COMMISSIONER ANAYA: We're waiting at St. Vincent's. What we approved last time from the Commission was that we continue working towards the CARE Connection? What did we vote on last time, this Commission?

MR. ANAYA: Mr. Chairman, Commissioner Anaya, the direction that the Commission gave us was to incur the expenditure of the \$95,800 necessary to continue to move the Health Services Division staff in and then after the session, which is now, I was going to come back and essentially present the financial picture after the session.

COMMISSIONER ANAYA: Mr. Chairman, I think there's a need out there for screening and assessment so that we don't duplicate the process. I think we've talked about it quite a bit and I know that the CARE Connection people have worked very hard to come together and they're the experts out there. I wish that we could have made a - take action on this today, but I'm definitely in favor of it and I know that once things come together and we move on, I think the City is really going to come and step up to the plate and help us. I know

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they're working very hard together, the City and the County, and I thank you for being here and your comments. And thank all the CARE Connection people for being here. I know there's more of you out there that aren't here, but I appreciate it and I think that this will go a long way. Thank you, Mr. Chairman.

CHAIRMAN SULLIVAN: Let me ask if Mr. Estremera-Fitzgerald would like to make a comment from the Health Planning and Policy Commission. Do have anything Jaime, that you wanted to add? Since you represent our Health Planning and Policy Commission members?

JAMIE ESTREMERA-FITZGERALD: Thank you, Mr. Chairman, Commissioners. The only comment that I really wanted to add was two-fold. Number one, the fact that we weren't successful this session, I want you to know was not because the delegation was not fighting for this. Unfortunately, as you know, we didn't get the City on board till almost the end of January. And all of you that know how the legislative process works, we need to start working right now for the next legislative session, not in January. Unfortunately, a lot of the legislators, I spoke with Senator Griego several times. We went together to visit each member. We tried to squeeze more money but they were really just already unfortunately committed. But they have committed that they will, at this next legislative session, if we work with them now, County and City together, they'll commit some large amounts of dollars that we can collectively - and it's not just, by the way, legislators from our delegation. There are delegation members, like in San Miguel, Senator Pete Campos, is willing to put some of his capital outlay towards this and the reason is, this facility will serve not only residents in Santa Fe County but people that are in need in our communities around us.

The second thing that I want to just let you know, I have had conversations about this specifically with the Governor, with the Lt. Governor, with also the secretaries of both DOH, HSD, and we have to really recognize, and I would just want to put before you that we have a different administration. Treatment is a very, very key part of this administration that I think we need to take advantage of. My suggestion is that your Health Planning and Policy Commission stands ready to help the CARE Connection and the City of Santa Fe to work together and sit down with these cabinet secretaries. They have told me that there could be dollars that could be available from the state to help in the operation of this if we can come together and find ways that we can help the state in having some additional beds available. There's a real need and I believe that there are monies that we can get. So I just want to put that before you because I think the plan that Mr. Robert Anaya has brought forth is a good one and that's why, as your commissioners in the Health Planning and Policy Commission we decided as a subcommittee, I think the commission would have voted anyway to say move it forward because if we keep the momentum going, I think, as Commissioner Anaya just said, we can get things to work.

The state is more willing than ever to help us. Santa Fe County, just so you know, is probably recognized as a model county. You put a Health Planning and Policy Commission in place. You've got groups like the CARE Connection. There's no reason that we can't assist the state and I think have them help us too. So I just want to put this out to you. I hope that you will move forward with this. Thank you so much.

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CHAIRMAN SULLIVAN: I think we all agree that there's a need there. I think we need to be prudent and try to understand the finances that are going to make this work.
Commissioner Montoya.

COMMISSIONER MONTOYA: Is anyone out there aware the contract that was going to Amistad is now supposedly going to go to Regional Care of something like that? Dave, do you know anything? Wouldn't then the CARE Connection then be eligible to try and get some of that \$1 million?

MR. SILVA: Commissioners, I was at the negotiations for the region as part of a board member with the state regarding that money from Amistad. And it turns out that it's about \$800,000 in direct services. What they did is they're going to go ahead and take the \$900,000+ thousand and process it through the RCC, the Regional Care Coordinator, which in this case is Region II behavior health, that's the R2BHP that you've heard about. The difference is part of the administrative cost that the RCC would get and then the \$800,000+ would then be used there at the - I don't have the Senate bill that has passed earmarking that money, but it's supposed to be dealing with the heroin population problems, basically, and the state was very clear in saying that's the population that this money needs to be earmarked for.

COMMISSIONER MONTOYA: In the region, right?

MR. SILVA: In the region. Right. The problem - so it will be an RFP out to the community, and it wouldn't preclude Amistad from participating but it would open it up to a lot of other providers. It wouldn't just be maybe one provider getting all of the money. It would be several providers and provided you're able to show how you will target that population of heroin users. So they money definitely is going to be made part of the RCC's process, but it will be very specific as to how it should be used and the state has told us in not so - well, they were very specific saying that it will be watched very closely.

COMMISSIONER MONTOYA: So that would allow the CARE Connection, that group, that cadre of organizations to apply for some or all of that money?

MR. SILVA: Exactly. It could be. As a matter of fact, the region will be getting some technical assistance from the state as to how to put the RFP out. That's pretty exciting. At least they're using the same money that all the other programs are getting it and they're funneling it through the RCC process, indicating to the rest of us who participate in it that we're all playing by the same rules.

COMMISSIONER MONTOYA: Thank you, Mr. Chairman. Thank you, Dave.

COMMISSIONER CAMPOS: Mr. Chairman,

CHAIRMAN SULLIVAN: Commissioner Campos.

COMMISSIONER CAMPOS: I think there's a gentleman up front who wanted to comment.

MICHAEL COOP: Mr. Chairman and Commissioners, thank you very much. My name is Michael Coop and I've been working on the CARE Connection going on a year now in my role in working primarily on the business plan. And all that I wanted to do is just speak on behalf of the CARE Connection and its deliberations last week, which is the only opportunity that it's had to get together and discuss this since the legislative response.

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And the CARE Connection is prepared to stay in the lead and work very hard on developing a plan with the City as well as with providers and County staff of course, but to really put together a budget and an operating plan that we believe can be implemented to cover the sobering center's needs and the treatment needs for this project. So I can just assure you that the work will not stop. Based on your decision tonight, it will, assuming you approve this, the CARE Connection will continue and bring forward many more recommendations to you on how to proceed in the future. And we believe the funding is there. We believe we can put a good plan together. We just have not had the opportunity to really address it in depth yet. Thank you.

COMMISSIONER CAMPOS: Mr. Chairman.

CHAIRMAN SULLIVAN: Commissioner Campos.

COMMISSIONER CAMPOS: I'd like to have Katherine Miller come up and talk to us about the fund, the general fund, the implications. Maybe a little reality therapy. We're getting excited about this. I mean we can get excited. It's a great program. It's a great program we can all get excited about it, but what are the implications to the County, the general fund, especially in light of our budgetary situation.

KATHERINE MILLER (Finance Director): Mr. Chairman, Commissioner Campos, a lot of the discussions this morning and the past week or so with Robert have been around that issue exactly, that can we bring on this facility and these two programs without subsequently having to come back to the Commission for funding. And that covers things like utilities and stuff like that. For what's being proposed here, to go into the facility, the funds do exist. In other words, for the Health Services Division they're currently paying rent and utilities at various facilities, so we said, Okay, can we translate that over to the old magistrate court building. Yes, that's one of the resources to cover the operating costs of the building itself.

And then the second area was the CARE Connection component and the budget that's set forth there, the operating cost. Obviously, if we extend beyond the programs that are presented today those funds have to come from somewhere else. The general fund and the EMS/Healthcare fund do not have room for expansion at this moment. So the proposal that was put together was one designed just to do this level of service and we have the funds to cover this level of service. At the moment that's it. So acquiring the building and putting the Health Services Division, which we are pressed for space for them already, that would be covered and this scaled-back component of the CARE Connection.

COMMISSIONER CAMPOS: The scaled-back, the assessment portion of it, it's within our budget? We can work with that at this point?

MS. MILLER: Mr. Chairman, Commissioner Campos, what's proposed today is what they would work within, what we could come up with with the funds we have available and that is where it would have to sit until we found other funding sources.

COMMISSIONER CAMPOS: Now, how many dollars of general fund money would have to go to the assessment component?

MS. MILLER: As it stands right now, the way that it's proposed, that Robert brought forward, no general fund dollars.

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COMMISSIONER CAMPOS: Okay. Good. Thank you.

CHAIRMAN SULLIVAN: Okay. Gerald, I'd like to get this wrapped up if we can. We have this as a discussion item on the agenda today. What is your intent? Do you want us to discuss this or think about it and bring it back to the next BCC or what's the plan?

MR. GONZALEZ: Mr. Chairman, members of the Commission, since this wasn't presented as an action item but as a discussion item I think the focus was to determine whether we should bring it forward at the next meeting as an action item. What will occur once the Commission makes a decision is that we have a limited period of time in which we must notify, or not limited, but the next step would be to notify the owners of the facility that we're going to purchase it. We then have 15 days to execute the purchase agreement. The purchase agreement is attached to the copy of the lease which we provided you. On page 20, I think Section 28 of the basic lease is found the language that sets in motion what that process would be. Then at the end of that, or within that 15 days, we would have to execute the purchase agreement which is attached at Exhibit C to that lease.

It's a fairly detailed purchase agreement. It has a number of requirements with respect to appraisal, surveying and that sort of thing, and those requirements would all have to be fulfilled within that period.

CHAIRMAN SULLIVAN: Okay. Thank you. Do we have other questions or comments from the Commission? Commissioner Anaya.

COMMISSIONER ANAYA: Okay, when this comes back before us, when we make the decision to approve it, this would mean acquisition of the building, start getting things set up for the screening and assessment portion of it, moving the Department of Health in there, getting out of St. Vincent's and moving them into that. What other things? Am I leaving anything out, or is that pretty much it?

MR. ANAYA: Mr. Chairman, Commissioner Anaya, that summarizes essentially what we'd be asking.

CHAIRMAN SULLIVAN: Robert, how much do we save in rents by moving the agencies that are renting now from St. Vincent's into this?

MR. ANAYA: Mr. Chairman, Commissioners, we have I believe an estimate. Steve, could you give me a rough estimate of what we're paying now? We've got \$40,350 in our budget request. If you take out the - that doesn't include 232 and that doesn't include you and Marie's office, because currently they're in a County office. But if you take the 26-4 and the 10 you have some savings there.

COMMISSIONER ANAYA: Mr. Chairman, so, Robert, just to clarify things, what is in this packet that you handed out for Commissioner Duran's concerns? What I just said is everything in here? Is that correct?

MR. ANAYA: Mr. Chairman, Commissioner Anaya, yes.

COMMISSIONER ANAYA:

And that would mean that the other - the Environment Department uses 1,000 square feet. The CARE Connection would use 4,000 square feet and the Health Services Division would use 3,200 square feet and we'd have the capability or option to lease out the

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rest of the building?

MR. ANAYA: Mr. Chairman, Commissioner Anaya, the last part is the decision that you would have to make as regard to are you going to hold onto that piece until that time elapses at the City Council, and maybe do some interim, short-term items in that building? That would be the one item that you would have to determine, is to leave it open short-term use only for that period of the City Council, would be my recommendation. But that item is what you would have to determine as a Commission.

COMMISSIONER DURAN: We could use it all except for the 3,000 they're going to use, right?

COMMISSIONER ANAYA: Is that the remaining? What is the remaining piece?

COMMISSIONER DURAN: Three thousand.

MR. ANAYA: Mr. Chairman, Commissioner Anaya, it's 3,000 right now but when you take a look at the proposed start-up for the assessment and screening, we're only talking about 66 percent in year one of the screening and assessment. So that number, as far as what's available, is going to be a little larger than the 3,000 because we're not going to be using that whole 4,000 in the initial phase of the screening and assessment project. We don't have the resources to use the whole piece, [inaudible] of remaining space that would be used as short-term uses as suggested by Commissioner Duran, and then at the end of that term if we were unable to obtain any additional resources then the Commission will have to make the determination as to what they would want it to be used for.

COMMISSIONER ANAYA: So, are you asking for direction on when we do make the decision, that we decide what we need to do with that 3,000 square feet, or do you not need that decision right away?

MR. GONZALEZ: Mr. Chairman, Commissioner Anaya, if I could, the way we've presented the proposal, we tried to present it as basically a stand-alone proposal, apart from the Environment Department section, three units, two of which could stand alone in terms of the funding and nevertheless allow us to acquire the building, leaving open the option that the third could be used in a more flexible way, either to accommodate the sobering center program, or short-term or long-term leases, depending on what course the City decides to take. But basically, so that we could acquire the building, we could operate it and have sufficient funding in order to be able to do that, having divided it up into those three components. I hope that helps.

MR. ANAYA: Mr. Chairman, Commissioners, there's also an important aspect to the resources that I haven't brought up to this point yet. The \$300,000 state money that we currently have, we've held it through the course of this year for the purpose of using the acquisition. That's why we're coming with some lead time between now and the end of the fiscal year. If the Commission makes a determination that they do not want to purchase the facility, then Steve and I have a two-month window to expense as much as we can of that \$300,000 within reason. We would lose a substantial piece of that, probably \$200,000, if we didn't purchase the building. And it's an important piece of this whole puzzle that this

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Commission needs to be aware of.

COMMISSIONER ANAYA: Thank you, Mr. Chairman. Thanks, Robert.

CHAIRMAN SULLIVAN: Okay, so then, let's just get the direction of the Commission. Is it the direction of the Commission as Mr. Gonzalez has asked for that this item be placed on the agenda for the next regular BCC meeting? I see some heads nodding to my right. I see some heads nodding to the left. We're just kind of getting some direction since it's not an action item here. I think you have your direction there, Mr. Gonzalez to put this item on the agenda, and if there's any refinements, particularly from Finance that you could provide in the interim, and if there's any of these, I guess in the software industry you call it vaporware, and I don't know what you call it in the substance abuse and alcoholism industry, but we're constantly reassured and believe me, Senator Griego stood up here for 30 minutes and had his checkbook in front of him for all intents and purposes and assured us, not that we would get the money, obviously, but that he would put his best efforts toward it and if there's any assurances that we could get more than \$30,000 I'm certain that would make the Commission feel more comfortable in undertaking this.

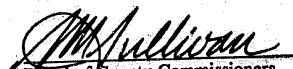
MR. GONZALEZ: Thank you, Mr. Chairman.

CHAIRMAN SULLIVAN: Okay. Thank you, Robert, we appreciate the presentation. And thank you everyone for attending and helping us with this decision.

ADJOURNMENT

Chairman Sullivan declared this meeting adjourned at approximately 6:00 p.m.

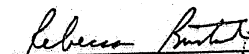
Approved by:


Board of County Commissioners
Jack Sullivan, Chairman

Respectfully submitted:


Karen Farrell, Commission Reporter

ATTEST TO:

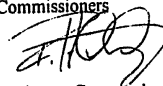

REBECCA BUSTAMANTE
SANTA FE COUNTY CLERK



MEMORANDUM

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To: Board of County Commissioners

Fr: Robert A. Anaya 

Re: Purchase of Old Magistrate Court and recommendations for the Care Connection

Over the course of the last three plus years the Santa Fe County has been working with state and local government agencies, St. Vincent Hospital and various behavioral health providers from throughout the County.

There have been two primary tracks relative to this coordination, 1) screening, assessment and referral; and 2) sobering center (detoxification).

In the last Board of County Commission meeting that provided direction for this project the Commission provided direction to 1) move forward with the renovations necessary to move the Health Services Division into the Old Magistrate Facility; 2) seek additional revenue from the New Mexico State Legislature for the operation of the assessment center and sobering center; 3) change the legislation to allow for the purchase of the facility with the existing resources; and 4) bring back recommendations to the County Commission with available resources.

Santa Fe County received \$30,000 of additional capital resources from the legislature; we received no additional resources for operations; and we were able to change the legislation to allow for purchase with the existing state legislative resources.

The Commission approved the following costs for the Health Services Division (HSD) of the building roughly 1/3 of the building:

\$10,500 renovations
\$15,655 phone installation, wiring and non-capital phone equipment
\$69,645 for network equipment, training and installation

Total \$95,800

Estimated balance requested in the upcoming budget cycle to finish HSD section \$147,282. (If this amount is not approved HSD is prepared to move in with the above \$95,800 only)

The utilities to cover the HSD are projected at \$ 26,400 annually this figure will be covered through existing resources currently being paid out by our existing programs in HSD. The phone and telecommunications cost is projected at \$ 10,000 to be paid for by HSD program budgets.

Purchase Options:

1)	On or before 10/31/02	\$1,600,000
2)	On or before 01/31/04	\$1,650,000
3)	After 1/31/04	\$1,750,000

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*Credit of 25% of monthly rent after 11/02

Term of Lease: 09/01/02 one year lease with option for two additional years

Available Resources:

Accumulated MOA:	\$635,000
DWI	: \$300,000
Legislative	\$448,500
Total	\$1,383,000

New Sources 2003-2004

DWI	\$300,000 (July 1, 2003)
MOA	\$350,000 (October 2004)
Legislative	\$ 30,000
Total	\$680,000

Recommendations:

Purchase Price Subtracting Lease Payment	\$1,630,000
Current Available (Today)	-- \$1,383,000
Balance	(\$247,000)

1. If it is workable with finance I suggest borrowing the \$247,000 difference from un-expended balance in the MOA (for purchase) and repaying that amount to the MOA in the next fiscal year. (I have had preliminary discussions with the hospital and they appear to be agreeable)

New Sources	\$680,000
Year 1 Assessment	(\$400,017)
Capital Expenses	(\$30,000)
Borrowed For Purchase	(\$247,000)
Balance	\$2,983

2. I suggest limited remodel and utilizing the remaining balance of funds in the upcoming fiscal year to begin the operations of the screening and assessment piece of the project. (as provided in the attached \$400,017 operating and \$30,000 capital budget)

3. I suggest continuing to move the HSD into the building as well as soon as it is available and prepared for occupancy. 2536451

4. I request serious consideration of the capital request necessary to cover the additional rehabilitation costs of the HSD portion of the building in conjunction with other capital requests.

5. There are no additional operational resources for the Sobering Center. I recommend that we keep the space available through the period that the City stated they would hold the \$500,000 (eighteen months from the date of the City resolution in support of the project January 29, 2003) until July 29, 2004

6. In partnership with the City seek the state and federal resources necessary to start the operation of the sobering center during the above listed time frame.

7. At their meeting of April 9, 2003 the Care Connection made a formal recommendation to start with the assessment and screening center as phase I to get the project started making limited renovations to the facility.

8. At a sub-committee meeting of the Health Planning Commission (a quorum of the full commission was not present) the above recommendation was approved.

I stand for any questions and seek the direction of the Board of County Commissioners.

CARE CONNECTION CENTER: OPERATING EXPENSES

Start-up Costs for Year One of Operations, 2003 -- 2004

STAFFING	
County Project Manager	29,000 (.5 FTE)
Executive Director	65,000
Database Development/Manager	55,000
Assessment/Screening	37,000
Case Management Staff	62,400 (2 FTE)
Support Staff	25,000

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Subtotal	273,400
Benefits @ 24%	65,616
Total Staffing	339,016

OPERATING EXPENSES	
Rent	1
Utilities	4,000
Travel	12,000
Insurance	10,000
Telecommunications	15,000
Contractual	5,000
Data Support Services	15,000
Subtotal	61,001

TOTAL 400,017

CAPITAL EXPENSES	
Computer hardware, equipment, etc.	30,000

Agreement #23-0

LEASE

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between

A. J. MOELLENBECK AND CHARLOTTE A. MOELLENBECK, AS CO-
TRUSTEES OF THE A. J. MOELLENBECK PROFESSIONAL
ASSOCIATION RETIREMENT TRUST U/A/D JUNE 1, 1985

and

THE COUNTY OF SANTA FE, NEW MEXICO

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LEASE

This Lease (the "Lease") is made by and between A. J. Moellenbeck and Charlotte A. Moellenbeck, as Co-Trustees of the A. J. Moellenbeck Professional Association Retirement Trust U/A/D June 1, 1985 ("Landlord"), and The County of Santa Fe, New Mexico ("Tenant").

Landlord and Tenant agree as follows:

1. DEFINITIONS. When used in this Lease, the following initially capitalized terms shall have the following meanings.

(a) "Building" shall mean the building located on the Real Property, with the street address of 2052 Galisteo Street, Santa Fe, New Mexico, 87505.

(b) "Common Areas" shall mean all of the areas of the Real Property and the Building which are intended and made available by Landlord for the general use of all of the tenants of the Building and their invitees, employees, etc., including the driveways, parking areas, trash areas, sidewalks, landscaped areas, and similar areas of the Real Property, and common or shared entrance ways, hallways, restrooms and similar areas of the Building, as are more particularly depicted on Exhibit A attached hereto and incorporated herein by this reference.

(c) "Commencement Date" shall mean September 1, 2002.

(d) "Effective Date" shall mean the date of the complete execution of this Lease by Landlord and Tenant, as reflected on the signature pages to this Lease.

(e) "Initial Term" shall mean a period commencing on the Commencement Date and continuing for twelve (12) calendar months thereafter.

(f) "Landlord" shall mean A. J. Moellenbeck and Charlotte A. Moellenbeck, as Co-Trustees of the A. J. Moellenbeck Professional Association Retirement Trust U/A/D June 1, 1985.

(g) "Landlord's Address" shall mean 4 Chippewa Circle, Santa Fe, New Mexico, 87507, or such other address(es) as Landlord shall specify by written notice to Tenant.

(h) "Lease" shall mean this Lease, including all Exhibits attached hereto and incorporated herein by this reference, and the Rules and Regulations.

(i) "Permitted Use" shall mean general and administrative offices and the operation of a shelter care facility. Landlord acknowledges that the use of the Premises as a shelter care facility will require the application by Tenant for a special exception from the City of Santa Fe. Landlord, at Tenant's sole cost and expense, shall reasonably cooperate with Tenant in connection with the filing, processing and seeking approval of, such application.

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(j) "Premises" shall mean the approximately 10,200 square feet portion of the Building more particularly identified on Exhibit A attached hereto and incorporated herein by this reference.

(k) "Real Property" shall mean that certain real property described in Exhibit B attached hereto and incorporated herein by this reference.

(l) "Renewal Term" and "Renewal Terms" shall mean one or more of two (2) additional, successive periods of twelve (12) full calendar months each, with the first Renewal Term, if exercised by Tenant as set forth below, commencing upon the expiration of the Initial Term and the second Renewal Term, if exercised by Tenant as set forth below, continuing successively thereafter. Provided an event of default on the part of Tenant is not existing under this Lease at the time of the attempted exercise of Tenant's right to extend the Term, Tenant shall have the separate right to extend the Term for each of the Renewal Terms by providing Landlord with written notice of the exercise of such right at any time prior to the later of either (i) the date which is three (3) months prior to the expiration of the then existing Term (the "exercise date"), or (ii) if Tenant shall fail to provide written notice of the exercise or non-exercise of such right at any time prior to the exercise date, then the date which is fifteen (15) days after Landlord's written notice to Tenant of Tenant's failure to exercise such right by the exercise date.

(m) "Rent" shall mean the sum of One Hundred Seventy Thousand Three Hundred Forty and No/100's Dollars (\$170,340.00) per annum, which shall be payable in monthly installments, in the amount of Fourteen Thousand One Hundred Ninety-Five and No/100's Dollars (\$14,195.00) per month, as provided in Paragraph 3(a) of this Lease.

(n) "Tenant" shall mean The County of Santa Fe, New Mexico.

(o) "Tenant's Address" shall mean, for mailing purposes, Post Office Box 276, Santa Fe, New Mexico, 87504, and for hand delivery purposes, 102 Grant Avenue, Santa Fe, New Mexico, 87501, or such other address(es) as Tenant shall specify by written notice to Landlord.

(p) "Term" shall mean the Initial Term and, if applicable, the Renewal Term.

2. LEASE GRANT. Upon the terms and conditions of this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, the Premises, together with the right, in favor of Tenant, and Tenant's clients, invitees and employees, to the non-exclusive use, in common with Landlord and other tenants of the Building and Real Property, and their clients, invitees and employees, of the Common Areas, all for the Permitted Use, for the Term; excepting and reserving to Landlord the following: (i) the right to install, maintain, use, operate, repair, and replace utility lines, telephone facilities, equipment, machinery, connectors, pipes, ducts, conduits, wires, etc. in, through, under or above the Premises and Common Areas, in a manner and in locations which will not unreasonably interfere with Tenant's access to or use of the Premises; (ii) the right, from time to time, to determine and alter the nature and extent of the Common Areas, including the location and relocation of driveways, entrances, exits, automobile parking areas and spaces, the direction and flow

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of traffic, construction of improvements, installation of prohibited areas, construction of landscaped areas, etc., provided and on the condition that the same does not substantially interfere with Tenant's access to or use of the Premises; (iii) the right to grant to others easements for ingress, egress and underground utilities over, along and under any driveways, entrances, exits, etc., comprising the Common Areas, and to install the same, provided the same does not substantially interfere with Tenant's access to the Premises; and, (iv) the right to add on to the Building.

3. RENT, LATE CHARGES, AND UTILITIES.

(a) In consideration of the lease grant, Tenant shall pay Landlord the Rent, in monthly installments, without demand, deduction or set off. The first monthly installment of Rent shall be due and payable by Tenant to Landlord on or before the Commencement Date. Subsequent monthly installments of Rent shall be due and payable on the first (1st) day of each month during the entire Term.

(b) If Tenant fails to pay any installment of Rent or any other sum due to Landlord within five (5) days after the date when the same is due, then Tenant shall pay, in addition, a sum equal to one and one-half percent (1½%) for each month, or portion thereof, that the installment remains past due, as a late charge. The parties stipulate and agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant.

(c) During the Term, Tenant shall cause the providers of electricity, gas, water, sewer, and refuse utility services to the Real Property and Building to transfer and maintain all accounts applicable to the Real Property and Building in the name of Tenant, and Tenant shall fully and promptly pay for all electricity, gas, water, sewer, and refuse utility services supplied to the Real Property and Building during the Term. On a periodic basis, no more frequently than monthly, Tenant shall provide Landlord with copies of invoices or statements received during such period from the providers of such utility services, together with evidence of payment of the same by Tenant. Landlord shall reimburse and pay to Tenant, within thirty (30) days after receipt by Landlord of such invoices, statements and evidence of payment, an amount equal to 8.93% of the amounts reflected on such invoices and statements.

4. DELIVERY, AND CONDITION OF PREMISES, BUILDING, AND COMMON AREAS.

(a) Tenant acknowledges that Tenant has been afforded the opportunity to consult with advisors of the Tenant's own choosing and is fully aware of the existing condition of the Premises, Building, Common Areas, and Real Property and takes the Premises and Common Areas on a strictly "as is" basis, without any warranty, representation or further obligation whatsoever on the part of the Landlord, its agents, associates, employees or affiliates with respect to the condition thereof at the time of delivery.

(b) Without Landlord's prior written consent, which shall not be unreasonably

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withheld, Tenant shall not install any equipment or fixtures in the Premises which shall require for its use utility capacity in excess of that provided. Whenever equipment or fixtures used in the Premises by Tenant shall overload any utility, Landlord shall have the right, at Tenant's expense, to install supplemental equipment or fixtures (e.g. additional electrical panel(s) and circuit breakers) in the Building, reasonably acceptable to Landlord and Tenant.

5. IMPROVEMENTS, ALTERATIONS AND ADDITIONS. Any improvements, alterations, or additions to the Premises that Tenant may desire shall be installed only by a duly licensed contractor reasonably acceptable to Landlord, and in accordance with sufficiently detailed plans and specifications which have been previously submitted to and approved in writing by Landlord, which approval shall not be unreasonably withheld. Any plans and specifications for improvements, alterations or additions submitted to Landlord shall be deemed to be approved if Landlord shall fail, within thirty (30) days after receipt of the plans and specifications, to notify Tenant of Landlord's approval or disapproval of the same. Any approval by Landlord or Landlord's architects and/or engineers of any of Tenant's plans and specifications shall not in any way constitute, or be construed to constitute, a representation or warranty of Landlord as to the adequacy or sufficiency of such drawings, plans and specifications, or the improvements, alterations or additions to which they relate, for any use, purpose or condition, but such approval shall merely be the consent of Landlord as may be required hereunder in connection with Tenant's construction of improvements, alterations or additions in the Premises. Any and all contractors, subcontractors and other persons engaged by or on behalf of Tenant shall procure and maintain worker's compensation insurance, and insurance coverage against such risks, in such amounts and with such companies as may be reasonably required by Landlord, and shall deliver certificates of such required insurance to Landlord prior to the commencement of any such work. Prior to the commencement of any such work, Tenant shall obtain and provide Landlord with (i) waivers of lien by all parties supplying material or performing any such work or, in the alternative, provide Landlord with one or more bonds in amount, form and issued by companies satisfactory to Landlord, to protect, hold harmless and indemnify Landlord against the filing of any liens for materials and work, and (ii) all permits, approvals and certificates required by all governmental authorities for such work (Landlord shall join in any application therefor, without expense to Landlord, if required). All materials and equipment to be incorporated into the Premises as a result of such Work shall be new and first quality and no such material or equipment shall be subject to any lien, encumbrance, chattel mortgage or title retention or security agreement. All alterations, additions, improvements and fixtures (whether temporary or permanent in character) made or installed in or upon the Premises, shall be at the sole cost and expense of Tenant, and shall immediately merge with and become Landlord's property on the installation or construction of the same, without compensation to Tenant. Notwithstanding, the foregoing to the contrary, as a condition to Landlord's consent to the installation and construction of a proposed alteration, addition or improvement to the Premises, Landlord, at the time of the giving of consent to the proposed alteration, addition or improvement, may reasonably require, or reserve the right to reasonably require, that the alteration, addition, or improvement be removed, and the Premises restored to the condition prior to the installation or construction thereof, by Tenant, at Tenant's sole cost and expense upon the expiration or earlier termination of the Term. If Landlord, as a condition to, and at the time of the giving of, Landlord's consent to the installation and construction of a proposed alteration, addition or improvement to the Premises, shall not so require,

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or reserve the right to require, that the alteration, addition, or improvement be so removed, and the Premises so restored, by Tenant, then Tenant shall have no obligation thereafter to remove such alteration, addition, or improvement. If any installation or construction which is so required by Landlord to be removed by Tenant is not so removed by Tenant upon the expiration or earlier termination of the Term, then Landlord may, at its election, remove the same and restore the Premises, and Tenant shall pay to Landlord the cost and expense of removing the same and restoring the Premises and repairing damage arising from such removal. All of Tenant's furniture, equipment and trade fixtures located in or on the Premises may be removed by Tenant at the expiration of this Lease, provided that Tenant shall repair and restore any damage caused by such removal. Any furniture, equipment and trade fixtures not so removed by Tenant shall be considered abandoned by Tenant and may, at the election of Landlord, either be retained as Landlord's property or may be removed from the Premises by Landlord at Tenant's expense. All such alterations, additions, improvements, removals and restoration shall be accomplished in a good workman-like manner, and shall not damage the Premises or the primary structure or structural qualities of the Building or the plumbing, electrical lines or other utilities.

6. USE AND SIGNS.

(a) Tenant shall use the Premises only for the Permitted Use and for no other use or purpose.

(b) Tenant, at Tenant's sole cost and expense, shall be responsible for, and shall do, all things necessary to obtain all permits, licenses and other governmental approvals necessary to Tenant's use of the Premises.

(c) Tenant will not occupy or use the Premises or Common Area, or permit any portion of the Premises or Common Area to be occupied or used for any purpose which is unlawful or hazardous. Any increase in fire insurance premiums on the Building or contents, or Landlord's liability insurance premiums, caused by the occupancy of Tenant, or any sub-tenant, of all or any portion of the Premises shall be paid by Tenant to Landlord within (10) days after demand therefor made by Landlord to Tenant, accompanied by evidence that the increase in such applicable premium is caused by the occupancy of Tenant or any sub-tenant, of all or any portion of the Premises.

(d) Tenant will conduct Tenant's business and control Tenant's agents, employees and invitees in such a manner as not to create any nuisance, or unreasonably interfere with, other tenants or Landlord in the occupancy and management of the Building and Common Areas.

(e) Tenant will use and maintain the Premises in a clean, healthful and safe manner and will comply with all laws, ordinances, orders, rules and regulations (state, federal, municipal and other agencies or bodies having any jurisdiction thereof) with reference to the use, condition or occupancy of the Premises. Tenant shall at all times fully and adequately heat and cool the Premises. Tenant shall not, without the prior written permission of Landlord, which permission shall not be unreasonably withheld, store or install any equipment servicing the Premises in any part of the Building, or on any part of the Real Property, other than in the Premises. If Landlord shall

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grant written permission for Tenant, at Tenant's sole expense, to install, in other parts of the Building or on other parts of the Real Property, equipment required or necessary to service the Premises, Tenant shall maintain and keep in a safe operating condition all such equipment and shall be solely responsible for any liability to and claim by or on behalf of any person, firm, governmental authority, corporation or entity for personal injury, death or property damage arising from the installation, use or maintenance of such equipment.

(f) Tenant acknowledges that the Building is a "NO SMOKING" building, and Tenant shall not smoke or permit any smoking in the Premises.

(g) Tenant shall keep the Premises free of vermin, pests, trash, refuse and debris, and free from unreasonable accumulations of hazardous or biowaste materials. All non hazardous and non biowaste trash, refuse, debris and the like, shall be kept in covered trash receptacles, which trash receptacles shall be kept within either the designated trash area for the Real Property, or within the Premises. Tenant shall, at Tenant's expense, comply with all applicable governmental statutes, ordinances, rules, regulations, etc., concerning the use, storage and disposal of hazardous or biowaste materials, and shall contract with a licensed and insured hazardous or biowaste disposal contractor for the regular removal from the Premises of all hazardous waste and biowaste materials. Tenant shall require that all such contractors provide Landlord a certificate of insurance and such evidence reasonably satisfactory to Landlord insuring Landlord and Landlord's managing agent (as an additional named insured) prior to the commencement of any service to Tenant by Tenant's contractor.

(h) Tenant shall not solicit or conduct business, store any items, etc. in the Common Areas of the Real Property.

(i) Tenant shall not (i) obstruct the Common Areas or use them for business or display purposes; (ii) without the prior written consent of Landlord, which consent shall not be unreasonably withheld, place or permit any radio, satellite, or television antenna, loud speaker or amplifier, or any phonograph or other similar device outside of the Premises or at any place where it may be seen or heard outside of the Premises (iii) permit the operation of coin-operated amusement devices in the Premises or Common Areas; or, (iv) keep or permit any pets in the Premises or Common Areas, other than guide dogs for the visually impaired.

(j) Tenant shall not, without the prior written consent of Landlord, which shall not be unreasonably withheld, install any signs, lettering, flags, material of a political nature or other advertising matter of any kind on any doors or windows or window frames of the Premises, the exterior of the Building, or anywhere on the Real Property. Any signs or advertising matter consented to by Landlord shall be professionally prepared, installed in compliance with all applicable governmental laws, codes, rules, regulations, etc. governing the same, and shall be maintained in good order and condition by Tenant.

TERMS

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7. REPAIRS AND MAINTENANCE.

(a) Except as otherwise provided in this Paragraph or Paragraph 7(b) below, Tenant shall keep the Premises, including all fixtures, signs, electrical fixtures, and all other hardware, floor coverings and decorations of every kind and nature located in the Premises, in good order, condition and repair and make all necessary repairs and replacements to the same, except those repairs or replacements necessitated by the acts of Landlord, or Landlord's employees, agents, licensees, contractors, or invitees, or by fire, casualty or acts of God covered by Landlord's hazard insurance policy covering the Building. Tenant shall keep the Premises and any appurtenant areas, clean and free from rubbish, and shall provide or contract directly for all janitorial services in the Premises. Tenant shall maintain all windows and doors, including the glass thereof, of the Premises in a clean and good order, condition and repair at all times. Tenant also shall be responsible for maintaining, repairing and replacing all light bulbs, fluorescent lamps, and all starters and ballasts used by Tenant in the Premises. Tenant also shall be responsible for (i) maintaining all electrical, mechanical, heating, air conditioning, and plumbing equipment and fixtures in the Premises, (ii) the repair and replacement of all such equipment and fixtures necessitated by the acts of Tenant, or Tenant's employees, agents, licensees, contractors, or invitees, and (iii) the first Five Hundred Dollars (\$500.00) of the cost of any other repairs or replacements of such equipment and fixtures, unless necessitated by the acts of Landlord, or Landlord's employees, agents, licensees, contractors, or invitees, or by fire, casualty or acts of God covered by Landlord's hazard insurance policy covering the Building. If Tenant shall fail to so maintain the Premises, Landlord may, but shall not be obligated to, repair the same and Tenant shall pay the costs incurred therefor to Landlord immediately upon demand. All maintenance, repairs and replacements to be done by Tenant under this paragraph shall be performed in a good and workmanlike manner. Tenant will not in any manner deface or injure the Building or Premises, and will pay the cost of repairing any damage or injury done to the Building or Premises or any part thereof by Tenant or Tenant's employees, agents, licensees, contractors, or invitees. At the expiration or termination of the Lease, Tenant shall deliver up the Premises with all improvements located thereon (except as otherwise herein provided) in a good, neat and "broom clean" order, repair and condition, reasonable wear and tear excepted, and shall deliver to Landlord all keys to the Premises.

(b) Landlord shall be responsible for the reasonably timely maintenance and repair of (i) the roof, foundation and structural and exterior portions of the Building (excluding the exterior portions of all windows and doors of the Premises), (ii) all plumbing and other utility service lines to the point of entry into the Premises, (iii) the cost in excess of Five Hundred Dollars (\$500.00) of all repairs or replacements of all electrical, mechanical, heating, air conditioning, and plumbing equipment and fixtures in the Premises, and (iv) the Common Areas, except and excluding, however, those repairs or replacements necessitated by the acts of Tenant, or Tenant's employees, agents, licensees, contractors, or invitees, which shall be the responsibility of and paid for by Tenant.

8. ASSIGNMENT AND SUBLETTING.

(a) Tenant shall not have the right to assign this Lease or to sublet the whole or any part of the Premises, including a collateral assignment of this Lease for financing purposes,

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without the prior written consent of Landlord, which shall not be unreasonably withheld. Landlord acknowledges that Tenant intends to sublet a portion of the Premises to the City of Santa Fe and "Care Connection" and that Landlord, upon satisfaction of the requirements of Paragraph 8(b), shall not unreasonably withhold Landlord's consent to such sub-letting. Upon the occurrence of an "event of default" as hereinafter defined, if the Premises or any part thereof are then assigned or sublet by Tenant, Landlord, in addition to any other remedies herein provided or provided by law, may at its option collect directly from such assignee or subtenant all rents becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to Landlord from Tenant hereunder.

(b) Landlord will not unreasonably withhold Landlord's consent to Tenant's assigning or subletting all or a part of the Premises; provided, however, that: (i) Tenant shall not be in default under any of the terms, covenants, conditions, provisions and agreements of this Lease at the time of either any notice or request for consent, or at the effective date of such subletting or assigning; (ii) no such subleasing or assigning shall be made with a tenant who shall use the Premises in a manner other than permitted under this Lease; and (iii) the proposed new tenant is reputable and credit worthy. If Tenant requests Landlord's consent to an assignment of this Lease or a subletting of all or any part of the Premises, Tenant shall submit to Landlord: (1) the name of the proposed assignee or subtenant; (2) the terms of the proposed assignment or subletting; (3) the nature of the proposed assignee or sub-tenant's business; and (4) such information as to the proposed assignee's or subtenant's financial responsibility and general reputation as Landlord may reasonably require.

(c) Unless otherwise specifically agreed in writing by Landlord, in no event shall any assignment or subletting relieve Tenant of Tenant's liabilities and obligations under this Lease.

9. LIABILITY.

(a) Subject to the provisions of Paragraph 9(c) of this Lease, Tenant shall be solely responsible for any liability to and claim by or on behalf of any person, firm, governmental authority, corporation or entity for personal injury, death or property damage arising from: (i) the use or occupancy by Tenant of the Premises or from any work or things whatsoever done or omitted to be done thereat by Tenant, its agents, servants, employees, contractors, invitees or licensees; (ii) any breach or default by Tenant of or under any of the terms, covenants and conditions of this Lease; (iii) any act, negligence or fault of Tenant, or any of its agents, employees, contractors, invitees or licensees; (iv) any accident, injury or damage whatsoever caused to any person, firm, or corporation or to any property occurring during the term hereof, in or about the Premises; and (v) all reasonable costs, counsel fees, expenses and penalties incurred by Landlord in connection with any such liability or claim.

(b) Tenant shall be solely responsible for any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, discharge, disposal or presence of any hazardous wastes, toxic substances or biowaste (including but not limited to any substances defined as or included in the definition of "hazardous substances,"

"hazardous wastes," hazardous materials," "toxic substances" or "biowaste" under any applicable federal or state laws or rules and regulations) on, under or about the Premises, Building or Real Property attributable to Tenant, including without limitation all consequential damages, costs of any required or necessary repair, cleanup, or detoxification of the Premises, Building and Real Property and the preparation and implementation of any closure, remedial or other required plans and all reasonable costs and expenses incurred by the Landlord relating to the above cleanup procedures, including but not limited to reasonable attorneys fees.

(c) Landlord shall not be liable for any damage to property of Tenant or of others, nor shall Landlord be liable for the loss of or damage to any property of Tenant by theft or otherwise unless due to the negligence or actions of Landlord, its servants, agents or employees, nor for any damage caused by other tenants or persons in the Building or caused by operations in construction of any work on behalf of third parties. Notwithstanding paragraphs (a) and (b) to the contrary, Tenant shall not be liable for and Landlord will be solely responsible and liable for all fines, suits, claims, demands, and actions (including attorney's fees) for any injury to person or damage to, or loss of property on or about the Premises or Real Property, caused by the negligence or misconduct of, or breach of this Lease by, Landlord or its agents, servants, employees, contractors, or licensees.

(d) Neither Landlord or Tenant shall be liable or responsible to the other for any loss or damage to any property or death or injury to any person occasioned by act of God, public enemy, criminal conduct of independent third parties, injunction, riot, strike, insurrection, war (declared or otherwise), court order, or any other matter beyond the control of Landlord or Tenant, as applicable.

10. SUBORDINATION, ATTORNMENT, AND NON-DISTURBANCE. This Lease and all rights of Tenant hereunder are and shall be subject and subordinate to any deeds of trust, mortgages, indentures or other instruments of security, that now or hereafter cover all or any part of the Premises, or any interest of Landlord therein, and to any and all advances made on the security thereof, and to any and all increases, renewals, modifications, consolidations, replacements and extensions of any of such deeds of trust, mortgages, indentures, or instruments of security. This subordination provision shall be self operative and no further instrument of subordination shall be required. Tenant, however, shall promptly execute and deliver such further instrument or instruments confirming this subordination as shall be reasonably requested by Landlord or by any mortgagee or proposed mortgagee of the Real Property, and, if Tenant shall fail to so promptly execute and deliver such instrument, Tenant hereby constitutes and appoints Landlord as Tenant's attorney-in-fact to execute any such instrument or instruments. Tenant further agrees that at the option of the holder of any mortgage or of the trustee under any deed of trust affecting the Real Property, this Lease may be made superior to said mortgage or deed of trust. At Tenant's request in connection with the execution of any such subordination confirmation, Landlord shall obtain a non-disturbance agreement from the holder of any mortgage or deed of trust constituting a lien against the Premises, whereby the holder of such lien agrees not to disturb Tenant's rights under this Lease so long as Tenant is not in default hereunder. Tenant further covenants and agrees upon demand by Landlord's mortgagee at any time, before or after the institution of any proceedings for the foreclosure of any such deeds of trust, mortgages, indentures, or other instruments of security or

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sale of the Premises pursuant to any such deeds of trust, mortgages, indentures, or other instruments of security, to attorn to such purchaser upon any such sale and to recognize such purchaser as Landlord under the Lease. The agreement of Tenant to attorn upon demand of Landlord's mortgagee contained in the immediately preceding sentence shall survive any such foreclosure action. In no event shall Landlord's mortgagee or such other purchaser be: (a) liable for any act or omission of any previous landlord; (b) subject to any offset or counter-claim which the Tenant might be entitled to assert against any previous landlord; or (c) bound by any amendment or material modification of the Lease hereafter made without the consent of such mortgagee. If Landlord's mortgagee or such other purchaser shall acquire the Real Property or otherwise assume the obligations of Landlord under this Lease, then the foregoing sentence, however, shall not relieve Landlord's mortgagee or such other purchaser from the obligation to timely perform and comply with the terms and provisions of this Lease to be performed and complied with on the part of Landlord from and after the date of such acquisition or assumption. Tenant shall upon demand at any time or times, before or after any such foreclosure sale, execute, acknowledge and deliver to Landlord's mortgagee any and all instruments and certificates that in the judgement of Landlord's mortgagee may be necessary or proper to confirm or evidence such attornment. Nothing in this paragraph shall be construed to reduce the rights of Tenant in the provisions of this Lease upon a transfer by Landlord of the Premises whether directly or indirectly made, including but not limited to a reduction in the term of this Lease.

11. INSPECTION AND RIGHT OF ENTRY.

(a) Landlord and Landlord's employees, agents and representatives shall have the right to enter into or upon the Premises, or any part thereof, at all reasonable hours, upon reasonable advance notice, for the following purposes: (i) examining the Premises; (ii) making such repairs or alterations therein as may be necessary in Landlord's sole judgement for the safety and preservation thereof or the Building or Real Property; (iii) erecting, maintaining, repairing or replacing wires, cables, conduits, vents, plumbing lines, equipment, etc., running in, to, through, above, or around the Premises; (iv) showing the Premises to prospective new tenants during the last six (6) month of the Term; or (v) showing the Premises during the Term to prospective purchasers or lenders, or their representatives, of the Real Property. Landlord may enter upon the Premises at any time in case of emergency without prior notice to Tenant. Landlord shall give Tenant at least two (2) business days prior notice before commencing any non-emergency repair or alteration. All work performed by or on behalf of Landlord in or on the Premises pursuant to this paragraph shall, to the extent reasonably possible, be performed with as little inconvenience to Tenant's business as reasonably possible; and in such manner as not to unreasonably interfere therewith.

(b) Landlord, in exercising any of its rights under this paragraph, shall not, in any event, be deemed guilty of an eviction, partial eviction, constructive eviction or disturbance of Tenant's use or possession of the Premises and shall not be liable to Tenant for same.

(c) Tenant shall not change any locks on doors entering into the Premises without the consent of Landlord, which shall not be unreasonably withheld, and, if any change is made, a copy of the key to such changed lock shall be given to Landlord. If in an emergency Landlord is unable to gain entry to the Premises by unlocking the entry door thereto, Landlord may force or

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otherwise enter the Premises without liability to Tenant for any damage. Tenant shall be responsible for all damages created or caused by its failure to give to Landlord a copy of any key to any lock installed by Tenant controlling entry to the Premises.

12. CONDEMNATION. If the Premises or any part thereof, or if the Building, or any portion of the Building, or if the Real Property on which the Building is located, or any portion of the Real Property shall be taken or condemned in whole or in part for public purposes, or sold in lieu of condemnation, leaving the Premises substantially unsuitable for use comparable to its use on the Commencement Date of this Lease, then the Term shall forthwith cease and terminate upon written notice from either party to the other. If, however, Landlord and Tenant shall reasonably determine that the Premises shall be substantially suitable for use comparable to its use on the Commencement Date subsequent to such taking or condemnation in whole or in part for public purposes, or sale in lieu of condemnation, then this Lease shall continue in full force and effect with the Rent being fairly and justly abated based upon the nature and extent of the damage sustained to the Premises. Tenant may make an independent claim in such condemnation proceeding for Tenant's personalty, trade fixtures and moving expenses; provided, however, that any such claim shall in no way affect any portion of any award which the Landlord or any holder of any mortgage affecting the Premises or the Real Property shall be entitled to receive.

13. FIRE OR OTHER CASUALTY AND INSURANCE.

(a) Landlord shall insure the Building against loss or damage by fire and those hazards covered by so called "extended coverage" insurance, in an amount not less than the replacement cost of the Building, and, if desired by Landlord, with "loss of rents" coverage for a period of not less than twelve (12) months; provided, however, that the coverage of such insurance shall in no event be less than, or reduced from, the coverage afforded and maintained under the insurance policy maintained by Landlord with respect to the Building as of the Effective Date.

(b) Tenant shall be responsible for maintaining insurance on any possessions, contents, fixtures and improvements of Tenant located in the Premises.

(c) If, during the Term, the Premises shall be partially damaged (as distinguished from "substantially damaged", as that term is hereinafter defined) by fire or other casualty, Landlord shall promptly proceed to repair such damage and restore the Premises to substantially the condition at the time of such damage, but Landlord shall not be responsible for any delay which may result from any cause beyond the Landlord's reasonable control.

(d) If, during the Term, the Premises shall be substantially damaged or destroyed by fire or other casualty, the risk of which is covered by Landlord's insurance, this Lease shall, except as hereinafter provided, remain in full force and effect, and Landlord shall, promptly after such damage and the determination of the net amount of insurance proceeds available to Landlord, expend so much as may be necessary of such net amount to restore (consistent, however, with zoning laws and building codes then in existence), the Premises to substantially the condition in which such portion of the Premises was in at the time of such damage, except as hereinafter provided, but

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Landlord shall not be responsible for delay which may result from any cause beyond the reasonable control of Landlord. Should the net amount of insurance proceeds available to Landlord be insufficient to cover the cost of restoring the Premises, in the reasonable estimate of Landlord, Landlord may, but shall have no obligation to, supply the amount of such insufficiency and restore the Premises with all reasonable diligence, or Landlord may terminate this Lease by giving written notice to the Tenant not later than a reasonable time after Landlord has determined the estimated net amount of insurance proceeds available to Landlord and the estimated costs of such restoration. In case of substantial damage or destruction, as a result of a risk which is not covered by Landlord's insurance, Landlord shall likewise be obligated to rebuild the Premises, all as aforesaid, unless the Landlord, within forty-five (45) days after the occurrence of such event, gives written notice to Tenant of Landlord's election to terminate this Lease. If Landlord shall elect to terminate this Lease, as aforesaid, this Lease and the Term shall cease and come to an end as of the date of said damage or destruction.

(e) Notwithstanding the foregoing, if the Premises shall be substantially damaged or destroyed by fire, windstorm, or otherwise within the last twelve months of the Term, either party shall have the right to terminate this Lease, provided that notice thereof is given to the other party not later than sixty (60) days after such damage or destruction. If said right of termination is exercised, this Lease and the Term shall cease and come to an end as of the date of said damage or destruction.

(f) Unless this Lease is terminated as provided in Paragraphs 13(d), (e) or (h), if the Premises shall be damaged or destroyed by fire or other casualty, then the Tenant shall: (i) repair and restore all portions of the Premises not required to be restored by Landlord to substantially the condition which such portions of the Premises were in at the time of such casualty; (ii) equip the Premises with trade fixtures and all personal property necessary or proper for the operation of the Tenant's business; and (iii) open for business in the Premises as soon thereafter as possible.

(g) If the provisions of Paragraphs 13(c) or (d) shall become applicable, the Rent shall be abated or reduced proportionately during any period in which, by reason of such damage or destruction, there is substantial interference with the operation of the business of Tenant in the Premises, having regard to the extent to which Tenant may be required to discontinue its business in the Premises, and such abatement or reduction shall continue for the period commencing with such destruction or damage and ending with the completion by Landlord of such work of repair and/or reconstruction as Landlord is obligated to do. Nothing in this paragraph shall be construed to abate or reduce Tenant's obligations to pay utilities pursuant to Paragraph 3(c).

(h) If, however, the Building shall be substantially damaged or destroyed by fire or casualty, irrespective of whether or not the Premises are damaged or destroyed, Landlord shall promptly restore (consistent, however, with zoning laws and building codes then in existence), the Building to substantially the condition thereof at the time of such damage, unless Landlord, within forty-five (45) days after such loss, gives notice to Tenant of Landlord's election to terminate this Lease. If Landlord shall give such notice, then anything in this Paragraph 13 to the contrary notwithstanding, this Lease shall terminate as of the date of such notice with the same force and

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effect as if such date were the date originally established as the expiration date of the Term.

(i) The term "partially damaged" and "partial damage", as used in this Paragraph 13 shall have reference to damage of such a character as can reasonably be expected to be repaired or restored within ninety (90) days from the time that such repair or restoration work would be commenced. The terms "substantially damaged" and "substantial damage", as used in this Paragraph 13 shall have reference to damage of such a character as cannot reasonably be expected to be repaired or restored within ninety (90) days from the time that such repair or restoration work would be commenced.

14. **HOLDING OVER.** Should Tenant, or any of its successors in interest, hold over the Premises, or any part thereof, after the expiration of the Term, unless otherwise agreed in writing by Landlord, such holding over shall constitute and be construed as a month-to-month tenancy, at a monthly rental equal to One Hundred and Fifty Percent (150%) of the Rent payable for the last month of the Term. The inclusion of the preceding sentence shall not be construed as Landlord's consent for Tenant to hold over.

15. **TAXES.**

(a) Landlord shall pay before they become delinquent all taxes; provided, however, that if authorities having jurisdiction assess taxes which Landlord deems excessive, then Landlord may defer payment thereof to the extent permitted by law, so long as the validity or amount thereof is contested by Landlord in good faith and so long as Tenant's occupancy of the Premises is not disturbed or threatened.

(b) Tenant shall pay all taxes and assessments imposed on the personal property, furniture or fixtures placed by Tenant in the Premises, the conduct of Tenant's business, or Tenant's use and occupancy of the Premises.

16. **EVENTS OF DEFAULT.**

(a) If, during the Term, any one or more of the following acts or occurrences shall happen, the same shall constitute an event of default by Tenant under this Lease, and shall entitle Landlord to exercise the rights set forth in Paragraph 17 of this Lease or otherwise as provided at law or in equity:

(i) Tenant shall fail to pay any Rent as and when the same shall be due and payable and such payment shall remain unpaid for fifteen (15) days after such payment is due and payable;

(ii) Tenant shall fail to perform or comply with any of the other covenants, agreements, terms or conditions of this Lease to be performed by Tenant (other than any default curable by payment of money), any such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant, or, in the case of a failure which cannot with due

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diligence be cured within thirty (30) days, Tenant shall fail to proceed promptly (except for unavoidable delays) after the giving of such notice and with all due diligence to cure such failure and thereafter to prosecute the curing thereof with all due diligence (it being intended that as to a failure not susceptible of being cured with due diligence within thirty (30) days, the time within which such failure may be cured shall be extended for such period as may be reasonably necessary to permit the same to be cured with all due diligence); or,

(iii) Either Tenant, or any guarantor of this Lease shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, composition, readjustment or similar relief under any present or future bankruptcy or other applicable law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of either Tenant, or any guarantor of this Lease or of all or any substantial part of either of their properties or of all or any part of the Premises; or

(iv) If within sixty (60) days after the filing of an involuntary petition in bankruptcy against either Tenant, or any guarantor of this Lease or the commencement of any proceeding against Tenant or any guarantor of this Lease seeking any reorganization, composition, readjustment or similar relief under any law, such proceeding shall not have been dismissed, or if, within sixty (60) days after the appointment, without the consent or acquiescence of Tenant or any guarantor of this Lease, of any trustee, receiver or liquidator of Tenant or of any guarantor of this Lease, or of all or any substantial part of the properties of Tenant or any guarantor of this Lease or of all or any part of the Premises, such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within sixty (60) days after the expiration of any such stay, such appointment shall not have been vacated, or if within sixty (60) days after the taking of possession, without the consent or acquiescence of Tenant or any guarantor of this Lease, of the property of Tenant or any guarantor of this Lease by any governmental office or agency pursuant to statutory authority for the dissolution or liquidation of Tenant or any guarantor of this Lease, such taking shall not have been vacated or stayed on appeal or otherwise; or

(v) If the Premises shall be vacated or abandoned by Tenant for a period of ten (10) days or more.

17. REMEDIES. Upon the occurrence of any event of default pursuant to Paragraph 16, Landlord shall have the option to pursue the following remedies:

(a) Landlord may, at its option, notwithstanding the fact that Landlord may have any other remedies hereunder or at law or in equity, by notice to Tenant, designate a date on which this Lease shall terminate; and thereupon, on such date, the Term of this Lease shall terminate, and all rights of Tenant hereunder shall expire and terminate, but Tenant shall remain liable as hereinafter provided. If this Lease is so terminated, Tenant shall peaceably quit and surrender the Premises to Landlord, and Landlord may enter upon, re-enter, possess and repossess the same by summary proceedings, ejectment or other legal proceeding, and remove all persons, goods, fixtures and chattels from the Premises, without liability or damages to Tenant, and in any such event neither Tenant nor any person claiming through or under Tenant shall be entitled to possession or to remain

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in possession of the Premises.

(b) If Landlord so re-enters and obtains possession of the Premises following an event of default, Landlord shall have the right, without notice to Tenant, to repair or alter the Premises in such manner as Landlord reasonably may deem necessary or advisable so as to put the Premises in good order and to make the same rentable, and shall have the right, at Landlord's option, to re-let the Premises or a part thereof, and Tenant shall pay to Landlord on demand all expenses incurred by Landlord in obtaining possession, and in altering, repairing and putting the Premises in good order and condition and in reletting the same, including reasonable fees of attorneys and architects, and all other reasonable expenses or real estate commissions, and Tenant shall pay to Landlord upon the dates for the payment of Rent following the date of such re-entry the sum of money which would have been payable to Landlord as Rent hereunder if Landlord had not re-entered and resumed possession of the Premises, less only the net amount of rent, if any, which Landlord shall actually receive (after deducting from the rents received the expenses, costs and payments of Landlord which in accordance with the terms of this Lease would have been borne by Tenant) from and by any reletting of the Premises, and Tenant shall remain liable for all sums otherwise payable by Tenant under this Lease, including but not limited to such expenses of Landlord and such deficiency, and Landlord shall have the right from time to time to begin and maintain successive actions or other legal proceedings against Tenant for the recovery of such deficiency, expenses or damages or for a sum equal to any installments of the Rent.

(c) As an alternative remedy, Landlord shall be entitled to damages against Tenant for breach of this Lease, in an amount equal to all reasonable expenses incurred by Landlord in obtaining possession, and in altering, repairing and putting the Premises in good order and condition and in reletting the same, including reasonable fees of attorneys and architects, and all other reasonable expenses or real estate commissions, and the excess, if any, of the Rent which would be payable under this Lease from the date of termination to the end of the Term, less the amount of Rent receivable by Landlord upon any reletting, both discounted to present worth at the rate of eight percent (8.0%) per annum. The obligation and liability of Tenant to pay the Rent shall survive the commencement, prosecution and termination of any action to secure possession of the Premises. Nothing herein contained shall be deemed to require Landlord to wait to begin such action or other legal proceedings until the date when this Lease would have expired had there not been any Event of Default.

(d) Notwithstanding any other provision of this Lease, Landlord, at Landlord's option shall be entitled to recover from Tenant (in lieu of all other claims for damages on account of such termination) as and for damages due to Tenant's default an amount equal to the excess of all Rent reserved hereunder for the unexpired portion of the Term of this Lease discounted at the rate of eight percent (8.0%) per annum to then present worth, over the fair rental value of the Premises at the time of termination for such unexpired portion of the Term.

(e) No re-entry or taking possession of the Premises by Landlord shall be construed as an election on its part to terminate this Lease, unless a written notice of such intention be given to Tenant. Notwithstanding any such reletting or re-entry or taking possession, Landlord

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may at any time thereafter elect to terminate this Lease for a previous default. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages occurring to Landlord by reason of the violation of any of the terms, provisions and covenants contained herein. Landlord's acceptance of rent following an event of default hereunder shall not be construed as Landlord's waiver of such event of default. No waiver by Landlord of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or default.

(f) Nothing contained in this Paragraph 17 is intended, or shall be construed, to limit or reduce Landlord's obligation to take reasonable attempts to mitigate Landlord's damages.

18. SURRENDER OF PREMISES. Upon the expiration or earlier termination of the Term, Tenant shall peaceably and quietly quit and surrender to Landlord the Premises, broom clean, in as good condition as they were on the Commencement Date, ordinary wear and tear, repairs and replacements by Landlord, loss by fire and casualty, and alterations, additions and improvements permitted hereunder to remain, excepted. Tenant's obligation to observe or perform this covenant shall survive the expiration or earlier termination of the Term. No act or thing done by Landlord or its agents during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid unless the same be made in writing and signed by Landlord.

19. ATTORNEY'S FEES. In case it should be necessary or proper for a party to bring any action under this Lease with an attorney, concerning, or for the enforcement of any rights hereunder, the prevailing party in each and any such case shall be entitled to recover a reasonable attorney's fee and all costs of suit.

20. MECHANICS' LIENS. Tenant will prevent the filing of any mechanic's lien or liens upon the Premises or the Building or improvements thereon during the Term caused by or resulting from any work performed, material furnished or obligation incurred by or at the request of Tenant. Upon the filing of any such lien, Tenant shall have the right to contest such lien, provided Tenant furnishes Landlord either with reasonably satisfactory evidence of the invalidity of such lien, or reasonably satisfactory security (which need not be a bond) protecting Landlord and the Building against any loss, cost, liability and expense (including reasonable attorney's fees). Landlord shall have the right, at Tenant's expense, to remove any such lien pursuant to the provisions of §48-2-9 NMSA, 1978 Comp.

21. LIABILITY INSURANCE.

(a) Tenant shall procure and maintain throughout the Term a policy or policies of comprehensive general liability insurance, with a combined single limit of not less than \$2,000,000, insuring Tenant, Landlord, and Landlord's managing agent (as additional named insureds) against any and all liability to the extent obtainable for injury to or death of a person or

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persons or damage to property occasioned by or arising out of or in connection with the use, operation and occupancy of the Premises. Tenant shall furnish a certificate of insurance and such evidence reasonably satisfactory to Landlord of the maintenance of all insurance coverage required hereunder, and each insurance company shall notify Landlord at least thirty (30) days prior to cancellation or material change of any such insurance.

(c) Landlord shall procure and maintain throughout the Term a policy or policies of comprehensive general liability insurance, with a combined single limit of not less than \$2,000,000.00, insuring Landlord and Tenant (as additional named insured), against any and all liability to the extent obtainable for injury to or death of a person or persons or damage to property occasioned by or arising out of or in connection with the use, operation, occupancy, etc., of the Common Areas, Building, and Real Property. Landlord shall furnish a certificate of insurance and such evidence reasonably satisfactory to Tenant of the maintenance of all insurance coverage required hereunder, and each insurance company shall notify Tenant at least thirty (30) days prior to cancellation or material change of any such insurance.

22. **BROKER.** Tenant represents that it has not dealt with any real estate broker or sales person in connection with this Lease other than Landlord's broker and agent, namely Phase One Realty, Inc., and W. James Metheny. Tenant shall indemnify and hold Landlord harmless from and against all claims, liabilities, costs or damages Landlord may incur as a result of a breach of this representation.

23. **ESTOPPEL CERTIFICATES.** Tenant agrees to furnish, from time to time, within twenty (20) days from the date requested by Landlord, or the holder of any deed of trust or mortgage covering the Real Property or Building, or any interest of Landlord therein, a certificate, signed by Tenant, certifying, if true, and if not true then specifying the reasons for the same, that this Lease is presently in full force and effect and unmodified; that the Term of this Lease has commenced and the full rental is then accruing; that the Tenant has accepted possession of the Premises and that any improvements required by the terms of this Lease to be made by Landlord have been completed to the satisfaction of Tenant; that no rent under this Lease has been paid more than 30 days in advance of its due date and setting forth the date to or through which rent has been paid; that the address for notices to be sent to Tenant is as set forth in this Lease; that Tenant, as of the date of such certificate has no charge, lien or claim of offset under this Lease or otherwise against rents or other charges due or to become due, and that to the knowledge of Tenant, Landlord is not then in default under this Lease. The certificate shall also contain an agreement by Tenant that, from the date of such certificate, Tenant will not pay any rent under this Lease more than 30 days in advance of its due date, will not surrender or consent to the modification of any of the terms of this Lease, nor to the termination of this Lease by Landlord and will not seek to terminate this Lease or abate rental by reason of any act or omission of Landlord until Tenant shall have given written notice of such act or omission to the holder of such deed of trust or mortgage and until a reasonable period of time has elapsed following the giving of such notice, during which period such holder or mortgagee shall have the right, but not the obligation, to remedy such act or omission. In the event Tenant shall fail to return a fully executed copy of such certificate to Landlord within the foregoing twenty (20) day period, then Tenant shall be deemed to have approved and confirmed all of the terms, certifications

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and representations contained in such certificate, and does appoint Landlord as Tenant's attorney-in-fact for purposes of executing any estoppel certificate which includes the information set forth in this paragraph.

24. WAIVER.

(a) No waiver by Landlord of any breach by Tenant of any of the terms, covenants, agreements or conditions of this Lease shall be deemed to constitute a waiver of any succeeding breach thereof, or a waiver of any breach of any of the terms, covenants, agreements and conditions herein contained.

(b) No employee of Landlord or of Landlord's agents shall have any authority to accept the keys of the Premises prior to the Termination Date and the delivery of keys to any employee of Landlord or Landlord's agents shall not operate as an acceptance of a termination of this Lease or an acceptance of a surrender of the Premises.

(c) The receipt and acceptance by Landlord of the Rent with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach, unless such breach is the nonpayment of the Rent so received and accepted. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent, late charges, and other sums then due shall be deemed to be other than on account of the earliest stipulated amount then due, nor shall any endorsement or statement on a check or payment by Tenant be deemed an accord and satisfaction and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent, late charges or other sums, or pursue any other remedy provided in this Lease.

25. NOTICES. Each provision of this Lease, or of any applicable governmental laws, ordinances, regulations, and other requirements with reference to the sending, mailing or delivery of any notice, or with reference to the making of any payment by Tenant to Landlord, shall be deemed to be complied with when and if the following steps are taken:

(a) All rent and other payments required to be made by Tenant to Landlord hereunder shall be payable to Landlord at Landlord's Address or at such other address as Landlord may specify from time to time by written notice delivered in accordance herewith.

(b) All notices required or permitted to be given hereunder shall be in writing and shall be deemed given if and as of the date when (i) delivered in person, (ii) placed in the hands of a courier service (e.g. DHL or Federal Express) prepaid, (iii) sent by facsimile transmission, or (iv) placed in the United States mail, postage prepaid, return receipt requested, all addressed or sent by facsimile transmission, as applicable, to the following addresses or facsimile numbers, or to such other respective addresses and/or facsimile numbers as may be designated by a party by notice given in accordance with the provisions of this Section

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If to Tenant:

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County Manager
Santa Fe County
Post Office Box 276
Santa Fe, New Mexico, 87504
Facsimile Number: 1-505-_____

With a copy to:

County Attorney
Santa Fe County
Post Office Box 276
Santa Fe, New Mexico, 87504
Facsimile Number: 1-505-986-6362

Project Development Division Director
Santa Fe County Project & Facilities Management Department
Post Office Box 276
Santa Fe, New Mexico, 87504
Facsimile Number: 1-505-995-2791

And:

Finance Director
Santa Fe County Finance Department
Post Office Box 276
Santa Fe, New Mexico, 87504
Facsimile Number: 1-505-_____

If to Landlord:

4 Chippewa Circle
Santa Fe, New Mexico 87507
Facsimile Number: 1-505-_____

With a copy to:

Ernest A. Romero/W. James Metheny
Phase One Realty, Inc.
P.O. Box 2832
(333 Montezuma Avenue - Second Floor)
Santa Fe, New Mexico 87504-2832
Facsimile Number: 505-988-5134

And:

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Mack E. With, Esq.
Jurgens, Thayer & With, P.A.
100 La Salle Circle, Suite A
Santa Fe, New Mexico 87505
Facsimile Number: 505-982-6417

26. **FORCE MAJEURE.** Whenever a period of time is herein prescribed for action to be taken by either party, such party shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays caused by governmental action, or lack thereof, shortages or unavailability of materials and/or supplies, labor disputes, strikes, slow downs, job actions, picketing, secondary boycotts, fire or other casualty, delays in transportation, acts of God, requests of any governmental agencies or authorities, acts of declared or undeclared war, public disorder, riot or civil commotion, or due to any cause beyond the reasonable control of the party in question.

27. **SEPARABILITY.** If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the Term, then and in that event, it is the intention of the parties here to that the remainder of this Lease shall not be effected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and legal, valid and enforceable.

28. **OPTION TO PURCHASE.**

(a) Landlord grants to Tenant the right and option (the "Option"), during the Term, to purchase the Real Property, together with all improvements thereon and appurtenances thereto, upon the terms and conditions contained in this Paragraph 28.

(b) If Tenant desires to exercise the Option to purchase the Real Property, Tenant shall notify Landlord in writing, in the manner described in this Lease, of Tenant's exercise of the Option to purchase the Real Property, which notice, to be effective, shall be given prior to the expiration of the Term.

(c) If Tenant shall so exercise the Option to purchase the Real Property, Landlord and Tenant, within fifteen (15) days after the date that notice of the exercise of the Option is given by Tenant, shall duly execute the Purchase and Sale Agreement attached hereto and incorporated herein by this reference as Exhibit C (the "Purchase and Sale Agreement").

(d) Notwithstanding either the exercise of the Option by Tenant, or the resulting execution of the Purchase and Sale Agreement, this Lease shall continue in full force and effect until the earlier of either the expiration of the Term, or the date of closing under the Purchase and Sale

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(e) If Tenant shall so exercise the Option to purchase the Real Property, and if Tenant shall proceed with the purchase of the Real Property and closing shall occur on such purchase, then, as also provided in Paragraph 2.2.2 of the Purchase and Sale Agreement, a sum equal to twenty-five percent (25%) of the amount of Rent paid by Tenant to Landlord for the period of time from November 1, 2002 until Closing shall be credited to Tenant and applied against the purchase price for the Real Property.

29. ENTIRE AGREEMENT, AMENDMENT AND BINDING EFFECT, RECORDING. This Lease contains the entire agreement between the parties regarding the Lease of the Premises, and supersedes and replaces any and all prior and contemporaneous written and oral agreements, promises, representations, or conditions with respect thereto. This Lease may not be altered, changed or amended, except by instrument in writing signed by both parties hereto. The terms and conditions contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise herein expressly provided. Neither this Lease, or any memorandum thereof, shall be recorded.

30. QUIET ENJOYMENT. Provided Tenant has performed all of the terms and conditions of this Lease, including the payment of rent, to be performed by Tenant, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term, without hinderance from Landlord, subject to the terms and conditions of this Lease.

31. GENDER, ETC. Words of any gender used in this Lease shall include any other gender, and words in the singular number shall include the plural, when the sense requires. All pronouns and any variations thereof shall be deemed to refer to the neuter, masculine, feminine, singular or plural as the identity of the parties requires.

32. CONSTRUCTION. The terms, provisions and conditions of this Lease represent the results of negotiations between the parties, each of whom has had opportunity to be represented by counsel of its own choosing, and none of whom has acted under duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms, provisions and conditions of this Lease shall be interpreted and construed in accordance with their usual and customary meanings, and the parties expressly, knowingly and voluntarily waive the application, in connection with the interpretation and construction of this Lease, of any rule of law or procedure to the effect that ambiguous or conflicting terms, conditions or provisions shall be interpreted or construed against the party whose attorney prepared the executed version or any prior drafts of this Lease.

33. CAPTIONS AND SUMMARY OF TERMS. The captions and Summary of Terms contained in, and attached to, this Lease are for convenience of reference only, and in no way limit or enlarge the terms and conditions of this Lease.

34. CHOICE OF LAW. This Lease shall be governed by and construed in accordance

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with the laws of the State of New Mexico.

35. **DISPUTE RESOLUTION; JURY TRIAL WAIVER.** If any dispute or controversy shall arise between Landlord and Tenant with respect to any aspect of this Lease or either parties' performance hereunder, such dispute or controversy shall be submitted to mediation, before a single mediator chosen by the parties. If the parties are unable to resolve the issue by mediation within thirty (30) days after a party notifies the other party of the existence of the dispute or controversy, then the matter shall be resolved by binding arbitration in accordance with the rules of the New Mexico Arbitration Act. In all events, Landlord and Tenant do hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matter whatsoever arising out of or in any connection with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, and/or any claim, injury or damage, or statutory remedy.

36. **COUNTERPARTS AND FACSIMILES.** This Lease may be executed in one or more counterparts, which when taken together, shall constitute one and the same original. Facsimile transmittals of this Lease with the parties signature(s) shall be binding instruments, the same as originals.

37. **DUE AUTHORIZATION.**

(a) Tenant represents and warrants to Landlord that the execution and delivery by Tenant of this Lease, and the consummation of the transactions contemplated hereby, have been duly authorized and approved by the Board of County Commissioners of Tenant, that no other proceedings on the part of Tenant or any other governmental agency are required to authorize the execution and delivery of this Lease or the consummation of the transactions contemplated hereby, that the person or persons executing this Lease on behalf of Tenant has or have been duly authorized, and have the authority, to execute this Lease on behalf of Tenant, and that the execution, delivery and performance of this Lease will not result in the breach or termination of any provision of, or constitute a default under any instrument to which Tenant is a party or otherwise bound.

(b) Landlord represents and warrants to Tenant that the execution and delivery by Landlord of this Lease, and the consummation of the transactions contemplated hereby, have been duly authorized and approved by the trustees of Landlord, that no other proceedings on the part of Landlord are required to authorize the execution and delivery of this Lease or the consummation of the transactions contemplated hereby, that the person or persons executing this Lease on behalf of Landlord has or have been duly authorized, and have the authority, to execute this Lease on behalf of Landlord, and that the execution, delivery and performance of this Lease will not result in the breach or termination of any provision of, or constitute a default under any instrument to which Landlord is a party or otherwise bound.

38. **LEASE APPROVAL.** Tenant acknowledges that approximately 1,000 square feet of the Building is occupied by the New Mexico Environmental Improvement Division under a lease with Landlord, which lease has a term which, unless sooner terminated, is scheduled to expire on

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July 31, 2005 (the "NMEID Lease"). Purchaser acknowledges having received a copy of the NMEID Lease. During the Term, Landlord shall not enter into any modification of the NMEID Lease, or any new lease, pertaining to the Building without the prior written consent of Tenant, which consent shall not be unreasonably withheld. Landlord shall provide Tenant with a copy of any proposed modification of the NMEID Lease, or any new lease, for Tenants review and approval, prior to Landlord's execution of the same. Any modification or new lease shall be deemed to be approved if Tenant shall fail, within fifteen (15) days after receipt of the same, to notify Landlord of Tenant's approval or disapproval of the same.

LANDLORD:

The A. J. Moellenbeck Professional Association
Retirement Trust U/A/D June 1, 1985

By: Charlotte A. Moellenbeck
Charlotte A. Moellenbeck
Its: Co-Trustee

By: A. J. Moellenbeck
A. J. Moellenbeck
Its: Co-Trustee

TENANT:

The County of Santa Fe

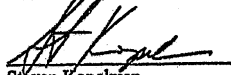
By: [Signature]
(Signature)
PAUL DURAN
(Name Printed)
Its: Chairman
(Title)

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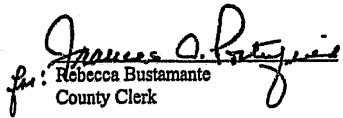
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Approved as to form:

Attest:



Steven Kopelman
County Attorney


for: Rebecca Bustamante
County Clerk
Katherine Miller
Finance Director

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est 1000

EXHIBIT A

DIAGRAM OF PREMISES AND COMMON AREAS

EXHIBIT A

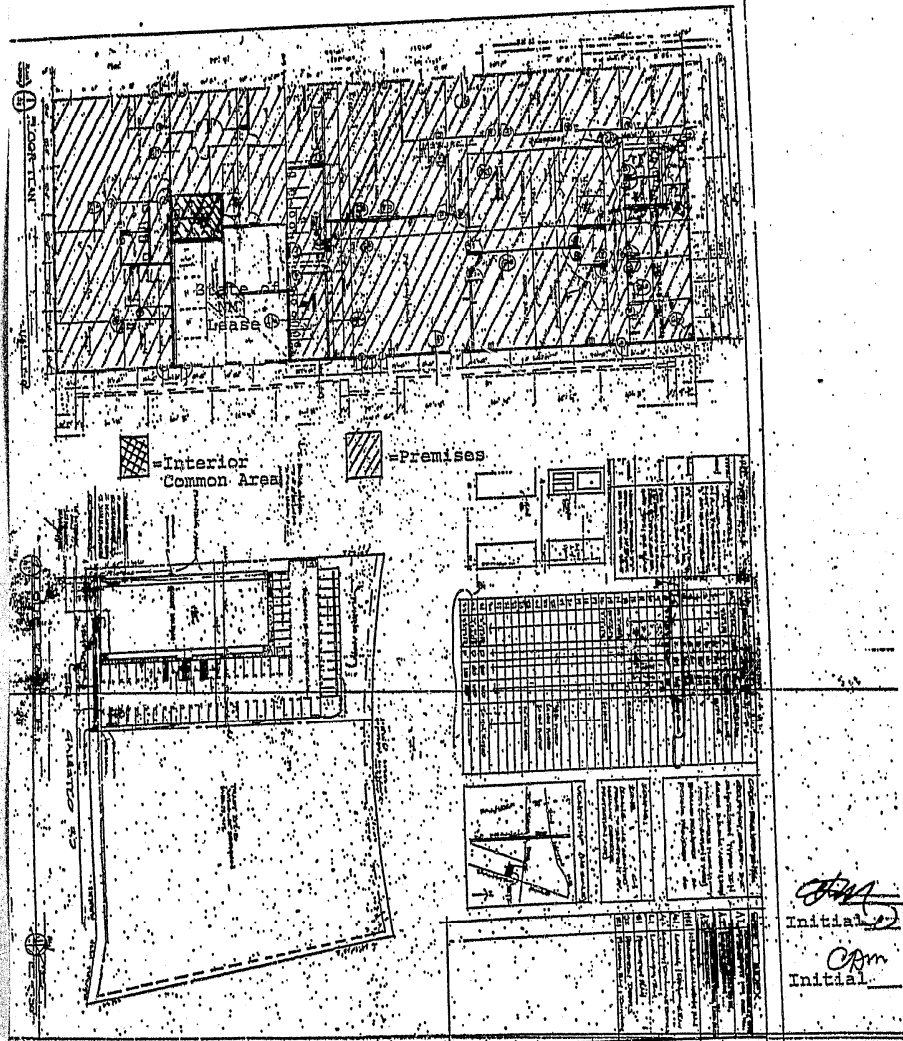
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LEGAL DESCRIPTION

Tract B2-B2, as shown and described on that certain plat of survey entitled *Lot Split - Tract B2-B Larson-West Tract Subdivision Santa Fe, New Mexico*, by James J. Medrano, N.M.P.S. 5217, recorded in Plat Book 246, page 047, of the real property records of Santa Fe County, New Mexico.

EXHIBIT 'A'
Premises

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MAGISTRATE COURT
BUILDING

DORMAN and GREEN
ARCHITECTS

DORMAN and GREEN
LAWYERS 1000 GALT ST.
SAN FRANCISCO, CALIF.

53186.5

EXHIBIT B

LEGAL DESCRIPTION OF REAL PROPERTY

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Tract B2-B2, as shown and described on that certain plat of survey entitled *Lot Split - Tract B2-B Larson-West Tract Subdivision Santa Fe, New Mexico*, by James J. Medrano, N.M.P.S. 5217, recorded in Plat Book 246, page 047, of the real property records of Santa Fe County, New Mexico.

EXHIBIT C

PURCHASE AND SALE AGREEMENT

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This Purchase and Sale Agreement ("Agreement"), dated effective as of the date of the complete execution hereof, as indicated below ("Effective Date"), is made by and between A. J. Moellenbeck and Charlotte A. Moellenbeck, as Co-Trustees of the A. J. Moellenbeck Professional Association Retirement Trust U/A/D June 1, 1985 ("Seller"), and The County of Santa Fe, New Mexico ("Purchaser").

The parties agree as follows:

1. **Property.** Subject to the terms and conditions set forth in this Agreement, upon Closing, as defined in Section 6.1, Seller shall sell and transfer to Purchaser, and Purchaser shall purchase and accept, the following:

- (i) That certain tract or parcel of land, more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Land"), which has the street address of 2052 Galisteo Road, Santa Fe, New Mexico, 87505;
- (ii) All buildings, structures, and other improvements and fixtures, if any, situated on the Land (the "Improvements");
- (iii) Any and all rights and appurtenances pertaining to the Land and the Improvements, including any alleys, strips or gores of land adjoining the Land, easements and rights-of-way (the "Appurtenances");
- (iv) All furniture, furnishings, and equipment located on the Land and owned by Seller, if any, together with any and all assignable third-party warranties or guaranties relating to the same (the "Personal Property"); and,
- (v) Subject to the terms and provisions of this Agreement, all of Seller's right title and interest in and to all leases ("Leases") now or hereafter affecting the Land and/or Improvements, together with all refundable security deposits ("Security Deposits") of Tenants under the Leases and in the possession of Seller, if any.

(Seller's respective interests in the Land, Improvements, Appurtenances, Personal Property, Leases and Security Deposits, being collectively referred to as the "Property").

2. **Purchase Price and Payment.**

2.1 **Purchase Price.** The aggregate purchase price for the Property shall be determined as follows (the "Purchase Price"):

2.1.1 **On or Before 10/31/02.** If funding of Closing, as hereinafter defined,

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on the purchase and sale of the Property shall occur on or before October 31, 2002, or if Purchaser is ready, willing and able to close and has provided adequate funds to Title Company (identified in Section 2.2) for funding of closing on or before October 31, 2002, but funding of Closing shall not occur on or before such date due to no fault of Purchaser, then the purchase price for the Real Property shall be One Million Six Hundred Thousand and No/100's Dollars (\$1,600,000.00).

2.1.2 On or Before 1/31/04. If funding of Closing, as hereinafter defined, on the purchase and sale of the Property shall occur after October 31, 2002, but on or before January 31, 2004, or if Purchaser is ready, willing and able to close and has provided adequate funds to Title Company for funding of closing after October 31, 2002, but on or before January 31, 2004, but funding of Closing shall not occur on or before such later date due to no fault of Purchaser, then the purchase price for the Real Property shall be One Million Six Hundred Fifty Thousand and No/100's Dollars (\$1,650,000.00).

2.1.3 After 1/31/04. If funding of Closing, as hereinafter defined, on the purchase and sale of the Property shall occur after January 31, 2004, but on or before November 15, 2005, then the purchase price for the Real Property shall be One Million Seven Hundred Fifty Thousand and No/100's Dollars (\$1,750,000.00).

2.2 Terms of Payment. The Purchase Price shall be payable by Purchaser to Seller, as follows:

2.2.1 Earnest Money Deposit. Within five (5) business days after the receipt by Purchaser of the Appraisal, identified in Paragraph 3 below, a sum equal to one percent (1%) of the Purchase Price shall be deposited by Purchaser, in escrow, with Capitol City Title Services, Inc., 515 Don Gaspar (P.O. Box 1941), Santa Fe, New Mexico, 87504-1941, Attn: Carla Pogemiller (the "Title Company"), which sum shall be held as an earnest money deposit (the "Deposit") pursuant to the terms of this Agreement. If Closing, as later defined, shall occur, the Deposit shall be applied toward the Purchase Price.

2.2.2 Credit for Lease Payments. A sum equal to twenty-five percent (25%) of the amount of "Base Rent" paid by Purchaser to Seller, for the period of time from November 1, 2002 until Closing, under that certain Lease, dated effective August __, 2002, regarding that certain premises comprising a portion of the Improvements on the Land (the "Purchaser's Lease"), shall be credited to Purchaser against the Purchase Price.

2.2.3 Cash at Closing. The remaining balance of the Purchase Price, after the application of the Deposit and the credit for the lease payments, plus or minus prorations, and plus those costs, fees and expenses to be paid by Purchaser pursuant to the terms of this Agreement, shall be paid by Purchaser, on or before Closing, in cash or wire transfer funds.

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3. **Appraisal.** Purchaser shall have until on or before the date which is thirty (30) days after the Effective Date (the "Appraisal Period") in which to have the Property appraised by a duly qualified commercial real estate appraiser regularly engaged in the commercial appraisal business in the County of Santa Fe, of Purchaser's choice, at Purchaser's expense, and to obtain a written report of such appraisal ("Purchaser's Appraisal"), dated as of a date within ninety (90) days of the Effective Date. If Purchaser's Appraisal shall indicate a fair market value for the Property which is equal to or more than the Purchase Price, then the parties shall proceed with the purchase and sale of the Property, subject to and upon the remaining terms and conditions of this Agreement. If Purchaser's Appraisal shall indicate a fair market value for the Property which is less than the Purchase Price, then, on or before the end of the Appraisal Period, Purchaser shall have the right to provide Seller with written notice of such fact, which notice shall be accompanied by a copy of Purchaser's Appraisal. Seller then shall have the right, for a period of ten (10) days after receipt of the copy of the Appraisal, in which to elect, at Seller's sole option and discretion, by written notice to Purchaser, either to (i) reduce the Purchase Price for the Property to the fair market value for the Property as indicated in Purchaser's Appraisal (in which event the Purchase Price for the Property shall be the fair market value for the Property as indicated in Purchaser's Appraisal), or (ii) to have the Property appraised by a duly qualified commercial real estate appraiser regularly engaged in the commercial appraisal business in the County of Santa Fe, of Seller's choice, at Seller's expense. If Seller shall elect the latter, then Seller shall so obtain such an appraisal and shall obtain a written report of such appraisal ("Seller's Appraisal") within sixty (60) days after the Effective Date; and deliver a copy of the same to Purchaser. If the fair market value for the Property, as indicated in Seller's Appraisal, is within Seventy-Five Thousand Dollars (\$75,000.00) of the fair market value for the Property indicated in Purchaser's Appraisal, then, subject to the remaining provisions of this Section 3, the Purchase Price for the Property shall be the mean average of the fair market values for the Property as indicated in Purchaser's Appraisal and Seller's Appraisal. If the fair market value for the Property, as indicated in Seller's Appraisal, is not within Seventy-Five Thousand Dollars (\$75,000.00) of the fair market value for the Property, as indicated in Purchaser's Appraisal, then the appraiser chosen by Purchaser and the appraiser chosen by Seller shall promptly select a third, duly qualified commercial real estate appraiser regularly engaged in the commercial appraisal business in the County of Santa Fe, at Purchaser's and Seller's equal expense, and the three appraisers, within ninety (90) days after the Effective Date, shall render a single appraisal of the fair market value of the Property, on the basis of a majority vote of such appraisers. Subject to the remaining provisions of this Section 3, the jointly determined fair market value for the Property shall be the Purchase Price for the Property. Notwithstanding any provision of this Section 3 to the contrary, if the fair market value for the Property, as finally determined by appraisal(s), or average thereof, pursuant to this Section 3, shall be equal to or greater than Seventy-Five Thousand Dollars (\$75,000.00) less that the Purchase Price set forth in Section 2, then Seller shall have the right to elect, by written notice to Purchaser, to terminate this Agreement. If Seller so elects to terminate this Agreement pursuant to this Section, the Deposit shall be refunded in full to Purchaser, and Purchaser and Seller shall be released from any and all obligations or liabilities under this Agreement.

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4. Title and Survey Examination, Indefeasible Title and Title Insurance.

4.1 Title Commitment. Within ten (10) days after the Effective Date, Seller, at Seller's cost and expense, shall cause Title Company, as local agent for Commonwealth Land Title Insurance Company, to issue and deliver to Purchaser: (i) a commitment (the "Title Commitment") for the issuance of an owner's policy of title insurance, regarding the Land, Improvements and Appurtenances, in the amount of the Purchase Price, written on the latest promulgated form utilized in the State of New Mexico; and (ii) a legible, complete and true photocopy of all documents ("Title Documents") described or mentioned in the Title Commitment, including those documents listed as exceptions to title.

4.2 Survey. Within ten (10) days after the determination of the Purchase Price pursuant to Section 3 of this Agreement, Seller, at Seller's cost and expense, shall also obtain and furnish to Purchaser a survey of the Land, Improvements and Appurtenances, prepared by a land surveyor duly licensed in the State of New Mexico, sufficient in detail to allow the issuance of the Title Policy, as defined in Section 4.5, with standard exceptions 1 through and including 3 deleted therefrom, by Title Company, certified to Seller, Purchaser and Title Company within sixty (60) days prior thereto (the "Survey"). The Survey shall reflect the location of any and all easements, setbacks and similar matters set forth as exceptions in the Title Commitment, and shall contain and set forth all information, certifications and matters thereon necessary or desirable for the Title Company to delete standard exceptions 1 through and including 3 from the Title Policy.

4.3 Examination and Objection. As used herein, the term "Title Objection Period" shall mean a period commencing on the first day following Purchaser's receipt of the Title Commitment, Title Documents and Survey and ending ten (10) business days thereafter. All matters shown on the Title Commitment and Survey which are not objected to by Purchaser by delivery of written notice to Seller and Title Company within the Title Objection Period shall be conclusively deemed to be acceptable to Purchaser. If Purchaser timely objects to any matter shown on the Title Commitment and/or Survey (each a "Title Objection"), Seller may, but shall not be obligated to, eliminate or cure a Title Objection. Seller shall notify Purchaser in writing within five (5) business days after the giving of written notice by Purchaser of the Title Objection ("Seller's Notice Period") of whether or not Seller is able and willing to eliminate or cure a Title Objection (said notice hereinafter called "Seller's Title Notice") and, if Seller is so able and willing, the elimination or curing by Seller of such Title Objection shall be completed on or before the Closing Date. Notwithstanding the foregoing, although Seller has no obligation to cure any Title Objection, subject to Purchaser's full performance hereunder, Seller shall deliver title to the Property to Purchaser, as of the Closing Date, free and clear of all monetary liens and encumbrances. If Seller notifies Purchaser that Seller is unable or unwilling to cure any Title Objection, Purchaser shall be deemed to have waived the subject Title Objection unless within five (5) business days following the receipt of Seller's Title Notice, Purchaser delivers to Seller and Title Company written notice terminating this Agreement. If Seller does deliver Seller's Title Notice, but Seller fails or is unable to eliminate or cure any Title Objection on or before the Closing Date, Purchaser shall be deemed to have waived

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such uncured Title Objection if Purchaser proceeds to close the purchase of the Property. If Purchaser elects to terminate this Agreement pursuant to this Section 4.3, the Deposit promptly shall be refunded, in full, to Purchaser by Title Company, and Purchaser and Seller shall be released from any and all obligations or liabilities under this Agreement. As used in this Agreement, the term "Permitted Exceptions" shall mean all matters (i) listed in the Title Commitment to which Purchaser does not raise a Title Objection within the Title Objection Period or, having objected, Purchaser waives or is deemed to have waived such Title Objection in accordance with the provisions of this Section 4.3, (ii) pertaining to the Leases, (iii) all other matters existing with the written consent of Purchaser.

4.4 Infeasible Title. At Closing, Seller shall duly execute, acknowledge and deliver a general warranty deed (the "General Warranty Deed"), conveying good, infeasible and insurable title to the Land, Improvements and Appurtenances, to Purchaser, free and clear of all liens and encumbrances, and tenancies other than the Leases, and specifically subject only to property taxes and assessments which are not yet due and payable and the Permitted Exceptions.

4.5 Title Insurance. Immediately following Closing, Seller, at Seller's expense, shall cause the Title Company to issue an owner's policy of title insurance, insuring title to the Land (which shall be described based upon and according to the Survey), Improvements and Appurtenances, written on the latest promulgated form used in the State of New Mexico, in the amount of the Purchase Price (the "Title Policy"). The Title Policy shall set forth exceptions only for the Permitted Exceptions and the standard preprinted exceptions, except that standard preprinted exceptions 1, 2, 3, 4 and 6 shall be deleted, and standard preprinted exception 7 shall be amended to except only water rights and claims or title to water, at Seller's expense.

5. Disclaimer. EXCEPT AS SPECIFICALLY STATED IN THIS AGREEMENT OR ANY DOCUMENT DELIVERED IN CONNECTION WITH CLOSING, SELLER HEREBY SPECIFICALLY DISCLAIMS ANY AND ALL WARRANTY, REPRESENTATION, GUARANTY, OR COVENANT, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS, TO, OR CONCERNING, IN ANY MANNER, THE FOLLOWING: (i) THE NATURE AND CONDITION OF THE PROPERTY, INCLUDING BUT NOT BY WAY OF LIMITATION, THE WATER, SOIL, GEOLOGY AND THE SUITABILITY THEREOF, THE ENVIRONMENTAL CONDITION OF THE PROPERTY, AND OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER MAY ELECT TO CONDUCT THEREON, INCOME TO BE DERIVED THEREFROM, OR EXPENSES TO BE INCURRED WITH RESPECT THERETO, OR ANY OBLIGATIONS OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE SAME; (ii) THE MANNER OF CONSTRUCTION AND CONDITION AND STATE OF REPAIR OR LACK OF REPAIR OR ANY IMPROVEMENTS LOCATED THEREON; (iii) EXCEPT FOR ANY WARRANTIES CONTAINED IN THE GENERAL WARRANTY DEED TO BE DELIVERED BY SELLER AT CLOSING, THE NATURE AND EXTENT OF ANY RIGHTS OF WAY, LEASE, POSSESSION, LIEN, ENCUMBRANCE, LICENSE, RESERVATION, CONDITION, OR OTHERWISE; (iv) THE

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COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES, RESTRICTIONS OR REGULATIONS OF ANY GOVERNMENT OR OTHER BODY; OR (v) THE ACCURACY OR COMPLETENESS OF, OR THE RIGHT OF PURCHASER TO RELY ON, ANY REPORTS, OR OTHER DOCUMENTS OR INFORMATION PREPARED OR SUPPLIED BY THIRD PARTIES WHICH SELLER OR SELLER'S AGENTS DELIVER OR MAKE AVAILABLE TO PURCHASER. PURCHASER ACKNOWLEDGES THAT PURCHASER HAS HAD THE RIGHT TO INSPECT AND INVESTIGATE ALL ASPECTS OF THE PROPERTY, AVAILED ITSELF OF THAT RIGHT, AND SHALL RELY UPON ITS OWN INSPECTIONS, AS WELL AS INQUIRIES TO THIRD PARTIES OTHER THAN SELLER AND SELLER'S AGENTS, IN DETERMINING THE FEASIBILITY OF CONSUMMATING THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. PURCHASER ALSO ACKNOWLEDGES AND REPRESENTS TO SELLER THAT PURCHASER IS A FINANCIALLY SUBSTANTIAL AND SOPHISTICATED REAL ESTATE INVESTOR. THE SALE OF THE PROPERTY AS PROVIDED FOR IN THIS AGREEMENT IS MADE "AS IS", AND PURCHASER ACKNOWLEDGES THAT, IN CONSIDERATION OF THE AGREEMENTS OF SELLER HEREIN, EXCEPT AS OTHERWISE SPECIFIED HEREIN, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY. THE DISCLAIMER OF SELLER CONTAINED HEREIN SHALL SURVIVE CLOSING.

6. Closing.

6.1 Escrow, Closing and Closing Date. An escrow (the "Escrow") shall be opened with Title Company (sometimes also referred to herein as "Escrow Agent"), by delivering a fully executed copy of this Agreement to Escrow Agent. Seller and Purchaser shall execute and deliver to Escrow Agent any additional or supplementary instructions as may be necessary or convenient to close the transactions contemplated hereby; provided however, any such additional instruction shall not conflict with and supersede this Agreement. The closing of the transaction ("Closing") shall occur at (or through) the offices of Escrow Agent, on or before the earlier of (i) the date which is sixty (60) days after the Effective Date, or (ii) November 15, 2005 (the "Closing Date"), unless extended by the mutual, written agreement of Seller and Purchaser.

6.2 Closing Matters.

6.2.1 Seller's Deliveries. Prior to or as of the Closing Date, Seller shall deliver to Escrow Agent the following:

- (i) The General Warranty Deed required pursuant to Section 4;
- (ii) A Bill of Sale conveying title to the Personal Property, if any,

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to Purchaser;

(iii) An Assignment and Assumption of Lease ("Assignment") duly executed by Seller, assigning and delegating Seller's rights, duties, and obligations to Purchaser under and regarding the Leases from and after the Closing Date, except as otherwise provided in this Agreement;

(v) A certification as required by the Foreign Investors Property Tax Act, as amended, duly executed by Seller;

(vi) Except as otherwise noted under this Agreement, a written notice addressed to each tenant under the Leases ("Tenant Notification"), duly executed by Seller, notifying such tenant of the acquisition of the Property by Purchaser, acknowledging that Purchaser has received and is responsible for any Security Deposits under the Leases, and containing appropriate instructions relating to the payment of future rentals, the giving of future notices and the naming of Purchaser as additional insured and/or loss payee, as applicable, on insurance coverages, if any, maintained by the tenant under the Leases; and,

(vii) Such other documents as may be reasonably required by Purchaser, Title Company or Escrow Agent, including, but not limited to, a closing statement.

6.2.2 Purchaser's Deliveries. Prior to or as of the Closing Date, Purchaser shall deliver to Escrow Agent the following:

(i) The funds required to be paid and delivered pursuant to Section 2, and such other funds required to pay any and all costs and expenses of Closing to be paid by Purchaser (All monies Purchaser are required to deliver shall be wired to the account designated by Title Company and available for disbursement no later than 1:00 p.m., local time, on the Closing Date.);

(ii) A counterpart of the Assignment, duly executed by Purchaser;

(iii) A counterpart of the Tenant Notification, duly executed by Purchaser;

(iv) Such other funds and documents as may be reasonably required by Seller, Title Company, or Escrow Agent, including a closing statement.

6.2.3 Prorations. In connection with Closing, the following items shall be prorated as of the Closing Date by increasing or decreasing, as the case may be, the funds to be delivered by Seller and/or Purchaser on the Closing Date, with all items of income and expense for the Property being borne by Purchaser for the Closing Date and thereafter; prepaid rents under the

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Leases; the Security Deposits; governmental fees and assessments, to the extent not paid by the tenant under the Leases; real and personal ad valorem taxes, to the extent not paid by the tenant under the Leases ("Ad Valorem Taxes") for the year in which the Closing occurs, and similar items. If the Ad Valorem Taxes for the year in which the Closing occurs are not known or cannot be reasonably estimated, they shall be estimated based on Ad Valorem Taxes for the year prior to Closing. Any additional Ad Valorem Taxes relating to the year in which the Closing occurs or prior years arising out of a change in the use of the Property or a change in ownership shall be paid by Purchaser when assessed. Unless in the name of tenants under the Leases, Purchaser shall take all steps necessary to effectuate the transfer of all utilities to its name as of the Closing Date, and where necessary, post deposits with the utility companies, and ensure that all utility meters are read as of the Closing Date. If not paid by the tenants under the Leases, Seller shall pay all utilities up to the day prior to the Closing Date and all utilities on the Closing Date and thereafter shall be paid for by Purchaser. Seller shall be entitled to recover any and all deposits held by any utility company as of the Closing Date. The provisions of this Section 6.2.3 shall survive the Closing.

6.2.4 Actions of Escrow Agent. As soon as is practicable after the delivery of the documents and funds required by Sections 6.2.1 and 6.2.2, Escrow Agent shall (i) file the General Warranty Deed, (ii) deliver the recorded General Warranty Deed, the Bill of Sale, the Assignment, and the Title Policy to Purchaser, (iii) deliver such other documents as applicable to the proper party and (iv) disburse the funds as shown on the closing statements.

6.3 Closing Costs. Any escrow fee charged by Escrow Agent shall be paid one-half (½) by Seller and one-half (½) by Purchaser. Purchaser shall pay any recording fees for the recording of the General Warranty Deed. Except as otherwise provided, each party shall be responsible for the payment of its own attorneys' fees incurred in connection with the transaction which is the subject of this Agreement.

6.4 Risk of Loss, Possession and Delivery. Possession of the Property shall be transferred to Purchaser upon completion and funding of Closing, and the risk of loss shall shift to Purchaser at that time. Seller shall be obligated to carry fire and extended coverage insurance on the Improvements prior to Closing, as required under Purchaser's Lease. If any damage or destruction occurs to the Improvements prior to Closing, Seller shall provide written notice of the same to Purchaser. In the event of any damage or destruction, Seller shall be obligated to repair and restore the Property to its condition at the time of the execution of this Agreement, reasonable wear and tear excepted, unless such damage or destruction exceeds Fifty Thousand Dollars (\$50,000.00), in which event Purchaser may elect, by written notice to Seller given within ten (10) days after receipt by Purchaser of written notice of such loss or damage, to either (i) require Seller to repair and restore the Property to its condition at the time of the execution of this Agreement, reasonable wear and tear excepted, in which event the Closing Date shall be extended, as necessary, for Seller to complete such repair and restoration, (ii) terminate this Agreement, or (iii) proceed with Closing and receive an assignment by Seller of any and all rights to proceeds under any casualty policy, with a reduction in the Purchase Price equal to the amount of any applicable deductible under such casualty policy.

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Seller shall deliver the Property to Purchaser in the same condition as existing on the Effective Date, reasonable wear and tear excepted. Purchaser shall have the right to reinspect the Property within two (2) days prior to Closing for the purpose of verifying that the Property is in the same condition as existing on the Effective Date.

6.5 **NMEID Lease.** Purchaser acknowledges that approximately 1,000 square feet of the Improvements is occupied by the New Mexico Environmental Improvement Division under a lease with Seller, which lease has a term which, unless sooner terminated, is scheduled to expire on July 31, 2005 (the "NMEID Lease"). Purchaser further acknowledges that the NMEID Lease pertains not only to such portion of the Improvements, but also to improvements located on adjacent parcels of real property which are currently owned by Seller. Due to the fact that the NMEID Lease pertains to multiple real properties, Seller shall partially assign the NMEID Lease to Purchaser, with the portion of the NMEID Lease assigned to Purchaser being equal to the percentage of square footage of the Improvements subject to the NMEID Lease as compared to the total square footage of all improvements subject to the NMEID Lease. As a result of such partial assignment, Seller shall pay over and deliver to Purchaser, promptly upon receipt, a like percentage of the total rentals received by Seller under the NMEID Lease. Purchaser acknowledges having received a copy of the NMEID Lease prior to the Effective Date.

7. **Default and Remedies.** TIME IS OF THE ESSENCE IN THIS AGREEMENT. IF SELLER SHALL BREACH ANY OF ITS OBLIGATIONS HEREUNDER, AND SUCH BREACH IS NOT CURED WITHIN TEN (10) DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM PURCHASER, OR SHALL FAIL TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT FOR ANY REASON OTHER THAN PURCHASER'S DEFAULT OR A TERMINATION OF THIS AGREEMENT BY PURCHASER OR SELLER PURSUANT TO A RIGHT TO DO SO UNDER THE PROVISIONS HEREOF, AND IF PURCHASER IS NOT THEN IN DEFAULT HEREUNDER AND IS READY, WILLING AND ABLE TO CONSUMMATE THIS TRANSACTION, THEN PURCHASER SHALL HAVE, AS ITS SOLE AND EXCLUSIVE REMEDY, THE RIGHT TO SUE FOR SPECIFIC PERFORMANCE AND OFFSET THE PURCHASE PRICE BY THE REASONABLE COST TO PURCHASER, IF ANY, DIRECTLY RESULTING FROM SELLER'S UNCURED BREACH UNDER THIS AGREEMENT, PROVIDED, HOWEVER, THAT SUCH OFFSET SHALL IN NO EVENT BE GREATER THAN FIFTY THOUSAND DOLLARS (\$50,000.00). UNLESS OTHERWISE AGREED IN WRITING BY PURCHASER AND SELLER, PURCHASER MUST FILE ANY SUCH SUIT FOR SPECIFIC PERFORMANCE WITHIN SIXTY (60) DAYS AFTER PURCHASER BECOMES AWARE OF THE BREACH BY SELLER OF ITS OBLIGATIONS HEREUNDER, AND IF PURCHASER DOES NOT FILE ANY SUCH SUIT WITHIN SUCH TIME, AS THE SAME MAY BE EXTENDED IN WRITING BY PURCHASER AND SELLER, PURCHASER SHALL BE DEEMED TO HAVE ELECTED TO TERMINATE THIS AGREEMENT AND RECEIVE A RETURN OF THE DEPOSIT. IF PURCHASER SHALL FAIL TO CONSUMMATE THIS AGREEMENT FOR ANY REASON, EXCEPT SELLER'S DEFAULT OR THE TERMINATION OF THIS AGREEMENT BY PURCHASER OR SELLER PURSUANT

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TO A RIGHT TO DO SO UNDER THE TERMS AND PROVISIONS HEREOF, THEN SELLER, AS ITS SOLE AND EXCLUSIVE REMEDY, MAY TERMINATE THIS AGREEMENT AND RECEIVE THE DEPOSIT AS LIQUIDATED DAMAGES. THE PARTIES AGREE THAT SELLER WILL SUFFER DAMAGES IN THE EVENT OF PURCHASER'S DEFAULT ON ITS OBLIGATIONS. ALTHOUGH THE AMOUNT OF SUCH DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, THE PARTIES AGREE THAT THE AMOUNT OF THE DEPOSIT IS A REASONABLE ESTIMATE OF SELLER'S LOSS IN THE EVENT OF PURCHASER'S DEFAULT. THUS, SELLER SHALL ACCEPT AND RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES BUT NOT AS A PENALTY. SUCH LIQUIDATED DAMAGES SHALL CONSTITUTE SELLER'S SOLE AND EXCLUSIVE REMEDY. ANY PARTY SUBSTANTIALLY PREVAILING IN ANY ACTION BROUGHT TO INTERPRET OR ENFORCE OR OTHERWISE UNDER THIS AGREEMENT SHALL HAVE THE RIGHT TO RECOVER COSTS OF SUCH ACTION AND REASONABLE ATTORNEYS' FEES FROM THE OTHER PARTY.

8. Notices. All notices required or permitted to be given hereunder shall be in writing and shall be deemed given if and as of the date when (i) delivered in person, (ii) placed in the hands of a courier service (e.g., DHL or Federal Express) prepaid, (iii) sent by facsimile transmission, or (iv) placed in the United States mail, postage prepaid, return receipt requested, all addressed or sent by facsimile transmission, as applicable, to the following addresses or facsimile numbers, or to such other respective addresses and/or facsimile numbers as may be designated by a party by notice given in accordance with the provisions of this Section

If to Purchaser:

County Manager
Santa Fe County
Post Office Box 276
Santa Fe, New Mexico, 87504
Facsimile Number: 1-505-_____

With a copy to:

County Attorney
Santa Fe County
Post Office Box 276
Santa Fe, New Mexico, 87504
Facsimile Number: 1-505-986-6362

Project Development Division Director
Santa Fe County Project & Facilities Management Department
Post Office Box 276

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Santa Fe, New Mexico, 87504
Facsimile Number: 1-505-995-2791

And:

Finance Director
Santa Fe County Finance Department
Post Office Box 276
Santa Fe, New Mexico, 87504
Facsimile Number: 1-505-_____

If to Seller:

4 Chippewa Circle
Santa Fe, New Mexico 87507
Facsimile Number: 1-505-_____

With a copy to:

Ernest A. Romero/W. James Metheny
Phase One Realty, Inc.
P.O. Box 2832
(333 Montezuma Avenue - Second Floor)
Santa Fe, New Mexico 87504-2832
Facsimile Number: 505-988-5134

And:

Mack E. With, Esq.
Jurgens, Thayer & With, P.A.
100 La Salle Circle, Suite A
Santa Fe, New Mexico 87505
Facsimile Number: 505-982-6417

9. Miscellaneous.

9.1 Entire Agreement. This Agreement constitutes the entire agreement between Seller and Purchaser respecting the sale and purchase of the Property, and will supersede and replace any and all prior and contemporaneous written and oral agreements, promises, representations, or conditions with respect thereto. The rights and obligations contained in this Agreement shall not merge at Closing; rather, they shall survive the Closing and bind the parties hereto.

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9.2 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New Mexico.

9.3 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their heirs, successors, assigns and personal representatives.

9.4 Modification. This Agreement may be modified only by a writing duly executed by the parties.

9.5 Assignments. Except as otherwise provided in this Agreement, this Agreement may not be assigned or delegated by either party without the consent of the other party. Any purported assignment without such consent shall be void and shall entitle the other party to the remedies allowed herein for a default in the performance of this Agreement.

9.6 Further Documents. The parties shall execute such additional documents as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement.

9.7 Counterparts and Facsimiles. This Agreement may be executed in one or more counterparts, including electronically transmitted counterparts, which when taken together, shall constitute one and the same original. Facsimiles of signed documents shall be binding, the same as the original of such signed document.

9.8 Calculation of Times and Extension of Dates. Unless otherwise indicated in this Agreement, the term "days" shall mean calendar days, including weekends and holidays. Notwithstanding the foregoing, if, under this Agreement, any time period is to expire, or the last date for performance of any act is to occur, on a Saturday, Sunday or legal holiday, designated as such under the Federal Legal Holidays Act, then the time period or date for performance of such act shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

9.9 Due Authorization. Purchaser represents and warrants to Seller that the execution and delivery by Purchaser of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized and approved by the Board of County Commissioners of Purchaser, that no other proceedings on the part of Purchaser or any other governmental agency are required to authorize the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, that the person or persons executing this Agreement on behalf of Purchaser has or have been duly authorized, and have the authority, to execute this Agreement on behalf of Purchaser, and that the execution, delivery and performance of this Agreement will not result in the breach or termination of any provision of, or constitute a default under any instrument to which Purchaser is a party or otherwise bound. Seller represents and warrants to Purchaser that the execution and delivery by Seller of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized and approved by the trustees of Seller, that no other proceedings on the part of Seller are required to authorize the

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execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, that the person or persons executing this Agreement on behalf of Seller has or have been duly authorized, and have the authority, to execute this Agreement on behalf of Seller, and that the execution, delivery and performance of this Agreement will not result in the breach or termination of any provision of, or constitute a default under any instrument to which Seller is a party or otherwise bound.

IN WITNESS WHEREOF, the parties have executed this Purchase Agreement as of the day and year first above written.

Seller:

The A. J. Moellenbeck Professional Association
Retirement Trust U/A/D June 1, 1985

By:

Charlotte A. Moellenbeck
Its: Co-Trustee

By:

A. J. Moellenbeck
Its: Co-Trustee

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Purchaser: **2536497**

The County of Santa Fe

By: _____
(Signature)

(Name Printed)

Its: _____
(Title)

Approved as to form:

Attest:

County Attorney

County Clerk

Finance Director