

VI. IMPLEMENTATION STRATEGIES



Implementation Strategies

The economic and programmatic success of the Village at the Galisteo Basin Preserve will demand precise execution, energetic marketing, good luck, and favorable timing.

As with any real estate initiative — especially one that challenges the traditional paradigm of land development in the American West — a careful balance will need to be struck between the vision statement and a development practice that will attract buyers and create economic value. We will also need to maintain flexibility to weather the inevitable ebbs and flows of the real estate market.

With these responsibilities in mind, Commonwealth’s approach to development implementation, marketing, and governance is guided by the lessons and experience of other successful conservation developments in the country.



Development implementation will require the following practices:

Strategic Partnering — The Village development process will foster a sense of shared authorship and joint ownership by working closely with design consultants, investors, nonprofit partners, lenders, and builders who share our vision and passion for developing environmentally responsible, socially cohesive new communities. Additionally, homebuyers, workers, and visitors to the community can play a “co-creation” role — helping to manifest the stewardship objectives of the project and advance the community’s social-welfare purposes.

Phased Development — A phased approach to infrastructure development and community-facilities construction will allow the Village to take form as a place with a vital, clearly identifiable center. Although cash flows from lot sales may not be sufficient to underwrite many of the “place-making” retail and/or institutional program elements (e.g., mercantile, café, post office), Commonwealth is committed to developing a number of these facilities during the initial phase of construction to make real the project’s mixed-use development goals.

Market Strategy — Given the unusual planning objectives and development requirements associated with the Village, Commonweal’s marketing plan anticipates a great deal of outreach to builders, developers, homebuyers, lenders, and other real estate sales professionals, as well as to regional and national media outlets. The project will be presented as a lifestyle opportunity for people who are interested in living responsibly in community and in close relationship to nature.

Stewardship and Regeneration — A comprehensive financing program and land-management plan will need to be clearly articulated and responsibly implemented to fulfill the open-space protection and land-restoration goals of the Preserve. Accordingly, in addition to an open-space endowment, Commonweal proposes to secure a fee of 1 percent from the sales price of every property transaction to underwrite the stewardship and recreational programming responsibilities associated with the Preserve’s open-space lands. The stewardship funds will be used for habitat restoration, cultural-resource protection, and trail management.

Governance and Evolution — The stability and functionality of the community will depend in large part on the quality of governance that guides decision-making and manages dispute-resolution activities. Accordingly, the CC&Rs and the development review process are designed to be sufficiently detailed and robust to allow the community to evolve and grow as its needs and priorities require.

Strategic Partnering

In addition to our work with existing partners (i.e., Charter School 37, Earth Works Institute, Santa Fe Conservation Trust, Homewise, Santa Fe Housing Trust, Regenesys, PMS, the Santa Fe Raptor Center, Santa Fe Mountain Center, Forest Guardians), Commonweal will continue to identify Santa Fe organizations, businesses, and individuals whose skills, experience, and values are closely aligned with the goals and purposes of the project. Special emphasis will be placed on groups and individuals who can help achieve the water and energy conservation, habitat preservation, economic development, and transportation goals of the project.

Throughout the master-planning phase of the project, Commonweal has engaged residents and community leaders in Eldorado, Lamy, Galisteo, and surrounding areas in dialogue and debate. Strategic alliances with neighboring communities will

ensure that the economic development, transportation, education, recreational, and cultural benefits generated by the Preserve will be broadly shared.

To advance the marketing objectives of the project, Commonweal will forge partnerships with organizations and businesses whose commitment to community-building and environmental protection can yield co-branding or joint-marketing value for the participants. This will involve an active collaboration with suppliers of environmentally responsible building materials/systems (e.g., Bioshield, Fujiclean, Seimens Photovoltaic) and with other sustainable development-aspiring companies (e.g., Patagonia, Interface, Toyota, Comcast).



The financing program for the Village development anticipates participation from the socially responsible investment (SRI) community. By investing in the Preserve, these financial partners will share some of the financial risk that is inherent in real estate development initiatives by agreeing to accept lower-than-market rates of return and/or by accepting longer payback time frames.

Phased Development

In most traditional real estate development initiatives, community-serving retail and commercial facilities are only developed after a project has matured to a point of full build-out. While the financial challenges associated with developing a café and mercantile are substantial, Commonweal is committed to developing the “bone structure” of a Village center to ensure that the Village has “a there there” during the initial phases of development.

To ensure that the founding commercial and institutional facilities contribute good and sustaining value to the community, these buildings will be designed and constructed in a manner that accommodates a flexible, adaptive development program (e.g., a sales center that can be redeveloped as a professional office; a café that can be redeveloped as a bar, small restaurant, or bookstore).

Phasing will help effectively manage the infrastructure development and the absorption rate for residential lots.

Specifically, the initial phase of development is planned for the efficient and cost-effective development of roads, utilities, water, and wastewater management systems. As evidenced in the Phase I Plat, the Village will be developed as a series of connected neighborhoods in close relationship to the Village center. By this approach, infrastructure can be tightly concentrated and cost-effectively developed.

To ensure a strong market response to the initial development plan, the range of lot sizes and product types in Phase I is weighted toward single-family detached homes. As the community takes form, and the Village's reputation becomes positively anchored among builders and real estate sales professionals, the range of residential products will increase and the proportion of attached loft/live-work/town home/compound homes will expand.

In the first phase of development, the recreational resources of the Village will include a minimum of 10 miles of hiking, biking, and equestrian trails, as well as a community amphitheater within an emergent Village Green. In the second and third phases of development, Commonwealth will construct the Village Green and Plaza, along with other public gathering spaces, pocket parks, and 20 miles of new trails.

Most of community-serving facilities will be developed in the second and third phases of plat approval and construction. During this period, new institutional facilities (e.g., fire station, elementary school, reverential compound), commercial-serving projects (e.g., fractional-share townhouses, professional offices, entertainment venues), and health care and special needs-serving establishments (e.g., assisted-living facilities) will give form and substance to the Village center.



Marketing Strategy

The financial and programmatic success of the Village will require a creatively conceived and effectively executed marketing strategy. The marketing plan for the project is designed to cultivate 300 to 400 qualified buyers during the approval phase of the development. If the Phase I Plat and development plan are timely approved by Santa Fe County, Commonweal will coordinate a lottery to allow interested buyers to purchase the initial lot offerings.

Among other activities, the marketing program for the Village will involve the following:

Communications

- Articulate the unique qualities and progressive values that distinguish this “regenerative development” in order to educate potential buyers about the Village and Preserve.
- Develop the key messages and create a compelling story that makes clear the opportunities and benefits associated with living in the Preserve.
- Map the Preserve’s conservation lands to specifically communicate the extent and significance of these lands for future residents.

Media + Outreach

- Use a non-traditional media mix to generate awareness and begin educating potential markets about the Preserve.
- Use signage, public relations, targeted community presentations, and other vertical marketing techniques to introduce the concept of “Preserve living” to the local market.

On-site Experiences

- Invite people to experience the site in ways that are not sales-oriented in order to begin to familiarize the public with the Preserve.
- Use the property for educational tours and events including hikes, runs, rides, lecture programs, and concerts.

Stewardship + Regeneration

The Preserve area that will adjoin the Village development includes more than 12,000 acres of spectacularly beautiful, historically significant, and highly productive wildlife habitat. To ensure that the Preserve lands are carefully and effectively managed in perpetuity, Commonweal proposes to implement a two-part financing strategy to underwrite a comprehensive stewardship program for the project. These financing elements will include:

Real Estate Transfer Fee — Commonweal plans to impose a 1-percent transfer fee on all property sales within the Village in perpetuity, a practice used by other successful conservation development initiatives in the U.S.

By this mechanism, the annual stewardship budget for arroyo restoration, habitat enhancement, trail building, and cultural-resource management, among other conservation and regeneration-related activities, should exceed \$400,000 per year after the tenth year of the Village's development.

Conservation Stewardship Organization — During the next year, Commonweal will incorporate an independent nonprofit organization to oversee the day-to-day management and operations of the Preserve open space. This conservation stewardship organization (CSO), will manage the Preserve to: (i) minimize soil erosion; (ii) improve the hydrological capabilities of the property; (iii) enhance the quality and diversity of wildlife habitat; and (iv) protect the recreational and scenic values of the property.

Governance + Community Evolution

The Village governance and regulatory system aims to balance stewardship responsibilities with judicious enforcement authority. It is designed to support Commonweal's effective management of the Village development, as well as guide the decision-making of a successor nonprofit organization and/or a homeowners association.

As presently conceived, the Village will be governed by a collection of managing organizations with discrete and separate authority. These entities will include the following.

Governance Entities — Governance will require the creation of the following entities, which will be authorized to administer private governance processes and empowered by a series of documents described below:



- The Neighborhood Association (NA)
- The Business District Association (BDA)
- The Design Review Committee (DRC)
- The Galisteo Basin Preserve Community Stewardship Organization (GBP-CSO)

Community Documents — The documents that define and guide these entities will also bind all present and future owners within the Village and provide for perpetual support and maintenance of the Village governance entities and processes. The documents shall include, but not be limited to:

- Community Operating Agreement — Residential Rules and Regulations
- Neighborhood Association — Rules and Regulations
- The Business District Association — Rules and Regulations
- The Community Design Guidelines

- The Articles of Incorporation and By-Laws for: the Neighborhood Association, Business District Association, and Galisteo Basin Preserve CSO.

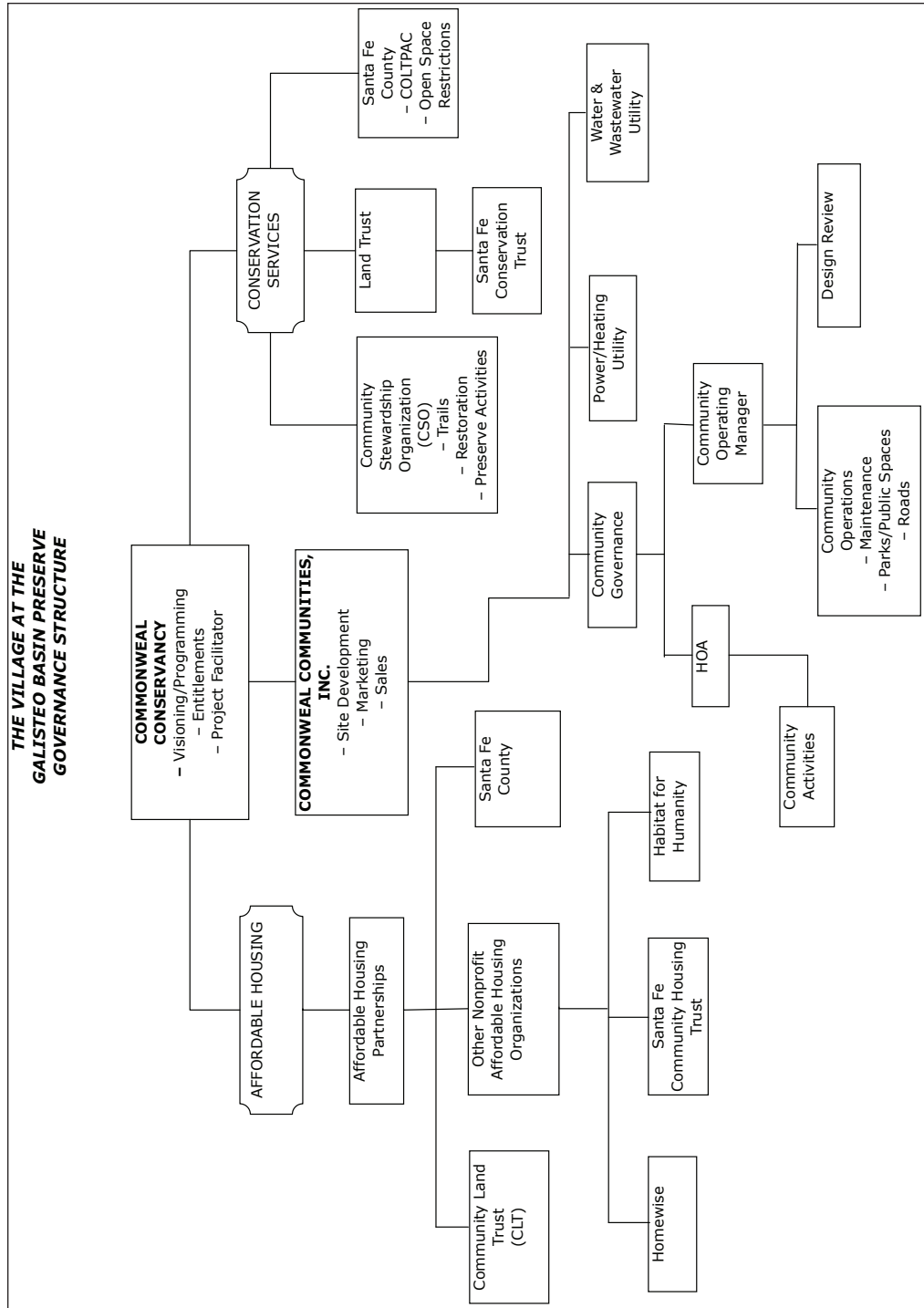
The Community Operating Agreement, and the Neighborhood and Business District Association documents will be recorded at time of final Phase I Plat approval.

Enforceable architectural and landscape Design Guidelines will be applied to all development within the Village as an extension of the Community Operating Agreement. These documents will not be recorded, however, so that they may be updated and revised to reflect the lessons learned from the Village development process. Their basic structure and key content is described in the “Community Operating Agreement for the Village” in the Technical Reports.

Common Area Management — Common areas will be maintained by both a master Neighborhood Association and/or sub associations specific to higher density products. The Neighborhood Association will be responsible for the maintenance and preservation of common open-space areas.

The Preserve Management — As noted above, the Galisteo Basin Preserve CSO will be responsible for the stewardship, maintenance, and operation of the Preserve open-space lands. Day-to-day operations may be supplemented and enhanced through relationships or contracts with a combination of conservation and stewardship entities (e.g., land trusts, volunteer organizations, and/or a collaboration with Santa Fe County’s open-space division).

Figure VI.A Flowchart of Village Operating Entities



Community Operating Principles

The following provides a simplified outline of the key sections, chapters, and topics addressed in the Community Operating Agreement for the Village at the Galisteo Basin Preserve (found in Technical Reports):

- Statement of Purpose
- Declaration
- Overview of the Community
- Vision for the Village
- The Neighborhood Association
- The Business District Association
- The Community Stewardship Organization
- Community Life
 - o Part I: The Neighborhood Association
 - Neighborhood Association Operation
 - Election Procedure; Board Meetings
 - Neighborhood Meeting and Voting
 - Records
 - Use of Professional Management
 - o Part II: Neighbors
 - Use of the Parcel
 - Safety and Appearance

- Pets; Rules and Regulations
- Role of the Chancellor
- Enforcement
- Initiation of Litigation by the Neighborhood Association
- Physical Surroundings
 - o Part I: The Village Commons and Preserve Lands
 - Use of the Village Commons
 - Maintenance and Capital Improvements
 - Roads, Utilities and Drainage
 - Purchase or Conveyance of the Neighborhood Commons
 - Dedication and Condemnation
 - Association Insurance and Reconstruction
 - o Part II: Private Domains Relationship between Parcels
 - Owner Insurance
- Design Guidelines
 - o Part I: The Village Design Guidelines
 - The Village Design Review Committee
 - o Part II: Review Process
 - Quick View: The Village Design Review Committee

- Finance
 - o Part I: The Neighborhood Association Budget
 - Accounting
 - Budget
 - Reserves and Deferred Maintenance
 - Unanticipated or Extraordinary Expenses
 - Capital Improvements
 - Zone Expenses
 - Contracts for Maintenance
 - o Part II: Assessments on Parcels
 - Allocation of Assessments
 - Transfer Fees
 - Collection of Assessments
 - Notice to Purchasers
- The Future
 - o Additional Neighborhood Association Powers
 - o Amendment
 - o Duration
 - o Definitions

Construction Schedule

June 2009	Final Plat Approval, Recording, and Permitting Completion
July 2009	Phase I Infrastructure Start: Clear & Grub, Rough Grading, Dry Utilities Installation, Wet Utilities Installation, Drainage Control Construction
September 2009 – September 2010	Phase I Commercial Construction
October 2009 – December 2011	Phase I Residential Sales and Construction
September 2009 – December 2011	Phase I Parks and Trails Construction
October 2000 – December 2011	Phase I Infrastructure Completion Period
December 2011	Phase I Completion