MINUTES OF THE

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

Santa Fe, New Mexico

June 21, 2012

A Regular Meeting of the New Mexico State Board of Finance was called to order on this date at 9:10 a.m. in the Governor’s Cabinet Room, Fourth Floor, State Capitol Building, Santa Fe, New Mexico.

1. **ROLL CALL: QUORUM PRESENT**

**Members Present:**
The Hon. Susana Martinez, President [by telephone; signing off at 10:15]
The Hon. John Sanchez, Lt. Governor
Mr. Robert J. Aragon, Public Member
Mr. Michael Brasher, Public Member
Mr. John Gasparich, Public Member, Secretary
Mr. Sam Spencer, Public Member

**Members Excused:**
The Hon. James B. Lewis, State Treasurer

**Legal Counsel Present:**
Mr. Zack Shandler, Attorney General’s Office

**Staff Present:**
Dr. Thomas E. Clifford, Secretary, Department of Finance & Administration
Ms. Stephanie Schardin Clarke, Director, State Board of Finance

**Others Present:**
[See sign-in sheets.]

2. **APPROVAL OF AGENDA**

**NEXT REGULAR MEETING: JULY 17, 2012, 9:00 AM**

Mr. Brasher moved approval of the Agenda, as published. Mr. Spencer seconded the motion, which passed 6-0 by voice vote.
3. **APPROVAL OF MINUTES**: May 21, 2012 (Regular Meeting)

Mr. Brasher moved approval of the May 21 Minutes, as submitted. Mr. Aragon seconded the motion, which passed 6-0 by voice vote.

**EMERGENCY FUND BALANCES**

*Presenter: Stephanie Schardin Clarke, Director*

4. **Emergency Balances – June 2012**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12 Operating Reserve Fund</td>
<td>$775,411.52</td>
</tr>
<tr>
<td>FY13 Operating Reserve Fund</td>
<td>$1,750,000.00</td>
</tr>
<tr>
<td>FY12 Emergency Water Fund</td>
<td>$68,400.00</td>
</tr>
</tbody>
</table>

Ms. Clarke reported these balances.

Responding to questions from Mr. Aragon, Ms. Clarke confirmed that any monies remaining in the FY12 Operating Reserve Fund at the end of this fiscal year would revert to the general fund. She stated that the First Judicial District Court (Item 5) is requesting a portion of the FY12 Operating Reserve Fund balance of $775,000, but the Regulation & Licensing Department (Item 6) is requesting a loan from the FY13 Operating Reserve Fund; so if the Board were inclined to approve any money for the latter request, it would be contingent upon the money becoming available on July 1.

Ms. Clarke confirmed that a special meeting may be scheduled on June 28, and staff is investigating whether there are items that could be necessary for fire and flood prevention that cannot be funded out of the Governor’s disaster declaration funds and might be funded out of general fund reserves. While it is a bit early to determine what might be needed, staff is working with the State Engineer’s Office, the Department of Homeland Security and the Village of Ruidoso to identify those items.

Responding to Dr. Clifford, Ms. Clarke stated that the Regulation & Licensing Department plans to ask the Legislature for a reimbursement of the loan from the Board (should it be approved), but it remains to be seen whether their request will be granted. She said there is also the potential that the receiver in the escrow company situation could seize assets that could be used to repay a loan.

Dr. Clifford asked if the loan to the Regulation & Licensing Department could be made from FY12 Operating Reserve Fund balances, and Ms. Clarke responded no, because the costs that are being requested for funding are all happening in FY13.

Ms. Clarke stated that, in speaking with the Financial Control Division and DFA’s General Counsel, they made a distinction between a grant and a loan. If the Board were to approve a grant to the Court (Item 5), the expenditure requirement in FY12 (the services and goods must be received in FY12) would apply; so the Board does not have an option to approve the Court’s...
request as a grant. With respect to a loan for FY12, she was told that the term "expended" does not have an application for a loan, so there is flexibility on approving a loan.

**EMERGENCY FUNDING REQUESTS**

Presenter: Judge Barbara J. Vigil, Chief Judge

5. **First Judicial District Court – Requests Approval of Emergency Loan to Furnish and Equip the New Courthouse ($826,788)**

Judge Vigil appeared before the Board with court administrator Stephen Pacheco, deputy court executive officer Kathleen Vigil, and court counsel Alisa Lauer.

Judge Vigil stated that the Court had no additional information to provide beyond what was detailed to the Board at its April 30 special meeting; but in the interim has updated its lists and used some of the resources available to the Court at the end of the 2012 fiscal year to purchase some furniture.

Judge Vigil listed the updated amounts as follows: furniture, $670,788; security, $87,000; and IT, $69,000, for a total of $826,788.

Governor Martinez observed that the request has been downscaled from $1.3 million, and asked how that was done. Judge Vigil responded that they prioritized the items and determined that the items on today’s list are essential to move into the new courthouse. Without the items on the priority #1 and priority #2 list, they would not be able to move into the new facility. She said priority #3 items, which were included in the original list, are necessary – but they can survive and operate without them, and plan to seek funding from the Legislature.

Governor Martinez asked Judge Vigil if she has determined why the County taxpayers, rather than the property seller, took on the $7 million expense to do the reclamation work on the property. Judge Vigil responded that she has not researched the issue, feeling it to be a separate issue from today’s request.

Governor Martinez said she thought the $7 million issue very important, since if the County hadn’t decided to use taxpayer money for the reclamation work, the Court wouldn’t be before the Board asking for this loan.

Judge Vigil responded that she is not a spokesman for the County and these were decisions made by public officials back when the property was acquired in a process that did not involve her.

Responding to the Governor, Judge Vigil said the Court has identified furniture items that can be moved from the old facility to the new facility, but many items are so dilapidated that it would not be a prudent use of public resources to move and reuse them.
Responding to Dr. Clifford about other potential needs for FY12 emergency funding, Ms. Clarke said she is very short on firm details, but in speaking with a member of the State Engineer’s staff yesterday, he indicated he has a list of about six different needs just from the Village of Ruidoso that would total in excess of $650,000.

Governor Martinez said she was in Ruidoso and observed efforts to fill 10,000 sandbags in anticipation of the rapidly approaching monsoon season, which will result in extensive flooding because of erosion from the fire. She said the Village has only two sandbag machines available to it, and there has been discussion about the need to purchase two more and possibly approaching the Board of Finance at next week’s special meeting to request emergency funding for the two machines.

Ms. Clarke said that, in addition to the sandbag machines discussed by the Governor, other items that staff is looking at as potentially eligible for emergency funding are emergency shelter trailers for residents whose homes were lost in the fire; reinforcement for Alto dam; rain velocity gauges that would provide a warning system of potential flash flooding; and costs to survey damage.

Governor Martinez asked Jessica Hernandez, counsel to the Governor’s Office, to make a presentation to the Board in reference to research she has done.

Ms. Hernandez said statute specifically says that the funds of each judicial district “shall provide for furniture, equipment, books and supplies”; so the funds of the judicial district are the funds that are in the operating budget, and those funds have been appropriated. She said there is an operating budget that is appropriated each year to each judicial district by the Legislature, and that appropriation was made, and therefore it is the responsibility of each district to manage their budget to accomplish the purchase of each of the items listed in that statute. If the district does not manage its budget such that it can make this purchase, that would raise the other questions that have already been mentioned here today: Is it the right time, given the other emergencies that the Board has to consider, to give additional monies to the District Court that are beyond its normal budget. She said the statute does not refer to additional money coming directly from the state, but refers specifically to funds of the district court, which means through the appropriation process that is complete for this fiscal year. She said she feels there is no obligation in the statute for the state to provide additional money beyond a normal appropriation to the operating budget of the Court. She added that this raises all the judgment calls that go with that in terms of whether this is the right time to give that amount of extra money to the District Court when there are issues of a more emergency nature.

Governor Martinez said she realizes there needs to be safety and security in the new courthouse because the public goes to hearings, and stress levels are greater in a court setting, so she is not opposed to providing the $87,000 in requested monies to address a public safety issue.

Responding to Mr. Aragon, Ms. Hernandez confirmed that the courts normally submit their budgets from the local district to the Administrative Office of the Courts (AOC), which makes a recommendation to DFA and LFC, and this is the standard appropriation process.
Responding to Mr. Aragon, AOC director Arthur Pepin stated that there was a request for funding for the First Judicial District for furnishings for the courthouse, which was passed by the Legislature and vetoed by the Governor.

Mr. Aragon noted, though, that the funding source in this case was not through the General Appropriations Act, and Ms. Hernandez said that was correct—this was not in HB2.

Mr. Aragon said the normal process is through HB2, and the tension occurring here is that it did not. He stated that the general policy of this Administration is not to service a 10-year debt to cover the cost of things like chairs.

Mr. Aragon said there is nothing that would prohibit the AOC from making a deficiency request for FY13 to cover any additional costs, and Mr. Pepin responded that he expects the AOC will make a request during the 2013 session. He said the AOC was not aware of the Administration’s policy when it made its request on behalf of the Court previously, and will follow that policy in the future.

**Mr. Aragon moved to approve priority IT requests #1, #2 and #3, as follows:**

<table>
<thead>
<tr>
<th>Description</th>
<th>#</th>
<th>Amount</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security Equipment (X-Ray, $25k; Metal, $8k, Wands, $2k)</td>
<td>2</td>
<td>$35,000</td>
<td>$70,000</td>
</tr>
<tr>
<td>Panic Alarm System Upgrade (Add’l Repeaters/Announcement)</td>
<td>1</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Metal Detector Conveyor</td>
<td>1</td>
<td>$7,000</td>
<td>$7,000</td>
</tr>
</tbody>
</table>

and if there is a special Board meeting next week, to revisit any other requests from the Court if there are any remaining balances at that time.

**Mr. Brasher seconded the motion.**

Mr. Aragon stated that he did not want to see any monies revert back to the general fund at the end of the fiscal year, but that was not to imply that what was left should necessarily go to the Court.

Mr. Brasher said he wasn’t as concerned about the monies going back to the general fund because he wasn’t sure that the Board’s rules say that the Board should use these emergency funds for this purpose. He agreed that the security function is critical and essential, but was not convinced the emergency funds should be used for furniture and IT.
Mr. Brasher asked Mr. Pepin if at least some of the items on the IT list were due to be replaced as part of the communications master plan, and Mr. Pepin responded that this was possible, but he wasn’t familiar with the new needs of the new courthouse. He said the AOC did provide equipment to upgrade the First Judicial District to a degree when the new case management system was implemented in October 2011, but the needs under discussion today remain as necessary infrastructure in the new facility to run the IT there.

Mr. Brasher commented that there is a bit of a fine line between buying new equipment and doing maintenance by replacing it - but this equipment would probably be in a master plan and could be replaced through a budget in an equipment replacement fund or the like. He said he would expect there would be funding somewhere to fund the IT equipment.

Mr. Brasher commented that he recognized the need for telecommunications equipment and furniture but wasn’t sure this was an appropriate use of emergency funding, and wondered if the Board had funded this kind of thing in the past through emergency funding.

Mr. Brasher said he supports the acquisition of the security equipment, however, since the employees will be much safer as a result of action taken by the Board today.

Mr. Spencer commented that, based on the needs of the Village of Ruidoso, and the limited amount of emergency funding available, he thought the Board should hold off today and wait until the special meeting next week. At that time, the Board should look at Ruidoso’s needs, which are very dire, and then look at funding the Court’s security equipment needs after that.

Judge Vigil said she truly empathizes with the needs of the Village of Ruidoso, and has no problem at all with the Board looking at those needs; however, if Ms. Hernandez’s opinion is that the Court’s requests should have been made differently last year, the Court is willing to make that request this year in January 2013 and put it under an HB2 special appropriation to pay back the Board of Finance loan. She said it is the timing that has created the Court’s emergency.

Dr. Clifford said obviously this could be addressed through FY13 funds from the Legislature. He said he did not think the Court’s emergency could be reasonably compared to that of the Village of Ruidoso, where a dam breach could potentially result in the loss of water supply to the entire village.

Ms. Clarke read the following resolution:

RESOLVED, the State Board of Finance determines, pursuant to Section 6-1-2 NMSA 1978, as amended, that a critical emergency exists that cannot be addressed by disaster declaration or other emergency or contingency funds, and therefore approves a loan to the First Judicial District Court from the FY12 General Fund Operating Reserve in the amount of $87,000 for security equipment specified as Priority #1, #2 and #3 in the Court’s request for the new judicial complex in Santa Fe. The First Judicial Court shall return any funds not expended for security equipment by January 30, 2013. The loan shall bear no interest and shall be repaid in full by June 30, 2013, and the First Judicial District Court
shall provide quarterly reports in a form prescribed by the Board each April 15, June 15, October 15 and January 15 until the loan is repaid in full.

Governor Martinez pointed out that next week’s special meeting may also include discussion about the Gila Wilderness fire, which has broken all records in New Mexico, and the fact that the monsoons will create a significant risk for Glenwood and the Reserve area.

The motion passed 5-1 by voice vote, with Mr. Spencer voting against the motion.

Presenters: Dee Dennis, Jr., Superintendent; Cynthia Richards, Director, Financial Institutions Division; Jenna Stewart, Attorney; Darryl W. Millet, Esq., Receiver

6. **Regulation and Licensing Department, Financial Institutions Division – Requests Approval of Emergency Loan for Receiver Services for FY 2013 ($458,333)**

Lt. Governor Sanchez stated that he would recuse himself from the vote because Mr. Millet has done legal work for him.

Mr. Dennis stated that the Regulation and Licensing Department (RLD) is requesting an emergency loan of $458,333 to complete an audit to provide customer services and an account analysis of the New Mexico Title Escrow Company (NMTE) in San Juan County. He said there was gross mismanagement of funds by NMTE and RLD believes that account holders have been harmed financially.

Ms. Richards reported that, on February 3, 2012, the Financial Institutions Division of the Regulation & Licensing Department received three complaints within a 24-hour period regarding New Mexico Title and Escrow Company in Farmington. FID staff met at 4:00 a.m. on February 3 to travel to Farmington to visit the escrow company, and arrived to find long lines down the sidewalk, with many people inside the building, “confused, angry, asking questions, demanding their money.” She said people then turned to FID staff and asked for help. Ms. Richards commented that she likened the experience to a run on a bank. Ms. Richards stated that, while there, they learned there were no escrow company employees in the building. No monthly reconciliation had been done for two years, and there was no bank account maintained for the trust fund.

Ms. Richards stated that FID was refused access to rooms within the building and had to obtain a court order. Four months later, they gained access to three locked rooms. One room contained a lavishly carved bar, a large pool table, and refrigerated kegs of beer. She said they subsequently discovered that the escrow monies had been used to open other businesses.

Ms. Richards stated that FID examiners found 66 checks totaling $1.6 million issued from the trust account. She said one check, for $132,000, was issued to the Denver Broncos stadium to purchase a one-year subscription to a skybox; and another check, for $52,000, was written to open another business.
Ms. Richards said that, out of 19 employees in FID, 10 have been dedicated to this project for the last four months, as have five out of the nine examiners. She stated that her Division "has had to rob Peter to pay Paul" in order to fulfill their obligations in this effort, and now their budget is exhausted. She asked for the Board's assistance in granting this emergency loan.

Ms. Stewart stated that she has been involved in this issue since inception and can assure the Board that, as a former prosecutor who handled general felonies in Santa Fe and saw a lot, "I have never seen anything like what I witnessed on February 3." She said they discovered several violations of law, the most significant being the failure to conduct monthly reconciliations for 24 months, and the legal remedies required to address the many problems are complex and unprecedented in New Mexico.

Ms. Stewart said the receiver has statutory authority and a court-ordered obligation to service the accounts that may have been compromised, and this is essential to prevent foreclosures and a multitude of lawsuits that may be filed. She stated that this is also essential to prevent deterioration of the local economy.

Ms. Stewart said other agencies have an interest in this case and will be involved. FID has communicated with the District Attorney's Office in Farmington, local law enforcement, Taxation & Revenue and the IRS; however, none of these entities is equipped with a receiver to service and manage customer accounts.

Mr. Dennis stated that, while there are no visible signs of an economic crisis as a result of this event, the consequences are severe. Unlike for victims of a fire, there is neither FEMA money nor insurance money to help these people rebuild their lives, and FID, RLD and the Board of Finance are the lifeline to the economy in San Juan County.

[Governor Martinez excused herself from the proceedings to attend a funeral.]

Dr. Clifford asked Ms. Clarke to discuss why this would not be an appropriate use of FY12 emergency funds as opposed to FY13 funds.

Ms. Clarke responded that the costs that would be funded through this requested loan are for the receiver's contract, which begins July 1. Currently, RLD has the contract in place with the receiver, and that goes through June 30; and that is why the Board is being requested to re-approve an FY13 loan, because if RLD had to wait until the Board's July meeting, there would be a break in the contract period.

Mr. Aragon moved to approve a loan in the amount of $458,333. Mr. Brasher seconded the motion.

Ms. Clarke read the following resolution:

RESOLVED, the State Board of Finance determines, pursuant to Section 6-1-2 NMSA 1978, as amended, that a critical emergency exists that cannot be addressed by disaster
declaration or other emergency or contingency funds, and therefore approves a loan to the Regulation and Licensing Department in the amount of up to $458,333 for costs of a court-appointed receiver related to New Mexico Title Escrow in Farmington, New Mexico, from the Board’s FY13 General Fund Operating Reserve contingent on those funds being available July 1, 2012, and upon transfer to the Emergency Fund by the Secretary of the Department of Finance and Administration to meet this emergency. Disbursement of funds shall follow Director review of invoices submitted evidencing the actual costs of the receiver services. Approval of this loan is subject to the stipulation that the Regulation and Licensing Department shall use any funds that become available, due to the seizure of assets from New Mexico Title Escrow or its associates, to repay the loan after such funds are used to repay customers for creditor liens with legal priority. The loan shall bear no interest and shall be repaid by June 1, 2013. Regulation and Licensing Department agrees to provide quarterly reports in a form prescribed by the Board each April 15, June 15, October 15 and January 15 until the loan is repaid in full.

Ms. Clarke stated that the receiver is providing monthly reports to RLD, so each time a monthly report is provided, it will be sent to the Board, which will then disburse the actual expended funds.

The motion passed 4-0 by voice vote. [Recused: Lt. Governor Sanchez.]

SEVERANCE TAX BONDS AND NOTES
Presenter: Rachel King, Bond Counsel, Sutin, Thayer & Browne

7(A) Approval of Resolution Reauthorizing Certain Severance Tax Bond Projects

Ms. King appeared before the Board and requested approval of this resolution, which would implement the Legislature’s reauthorization of various Severance Tax Bond projects.

Ms. Clarke stated that the Rio Rancho Park project is not included in either of today’s Severance Tax Note resolutions, as staff continues to work with the City of Rio Rancho staff to determine if there is a way to fund the project without any antidonation problems.

Mr. Brasher moved for approval. Mr. Aragon seconded the motion, which passed 5-0 by voice vote.

7(B) Approval of Amendment of Severance Tax Note Resolution, Series 2012S-A

Ms. King stated that, at its last meeting, the Board approved a senior note resolution to be sold to the State Treasurer’s Office; and as part of that resolution, the Board approved a list of projects. One of those projects, involving two appropriations for an adult day services facility in
Bernalillo County, is not ready to go forward. She said the resolution before the Board today reduces the par amount of the resolution by the project cost.

Mr. Brasher moved for approval. Mr. Aragon seconded the motion, which passed 5-0 by voice vote.

**HIGHER EDUCATION DEPARTMENT**

Presenters: Henry Mignardot, Capital Projects Coordinator; Miguel Hidalgo, Director of Special Projects; Mr. Lonnie Marque, Vice President for Administration and Finance; Mr. Alex Garcia, Campus Planner

8. **New Mexico Institute of Mining and Technology – Requests Approval of New Residence Hall Construction ($9,080,000)**

Mr. Mignardot stated that this project has been reviewed and approved by the NMHED Capital Projects Committee, and complies with the provisions in the building moratorium.

Mr. Mignardot stated that New Mexico Institute of Mining and Technology (NMIMT) requests approval of construction of a 150 bed, 37,000 square-foot residence hall that will be LEED Silver in accordance with the 2006 Executive Order on green building. The building will be three stories and modeled after a traditional student dormitory. Each floor will have restrooms and showers, along with common areas and group study rooms. The project will also enclose a multipurpose room along with a resident apartment. Total project cost is $9,080,000.

Mr. Mignardot said the NMIMT Master Plan noted additional on-campus student housing might well be the most critical physical improvement. The current freshman class is the largest in the school’s history, which has created challenges for the Residential Life Office. NMIMT reports a significant need for the new dormitory, as there are 710 beds on campus that are at capacity following steady enrollment growth over several years.

Mr. Hidalgo noted that there is a new trend on college campuses of returning to the former dormitory style to encourage more interaction among residents.

Mr. Aragon moved for approval. Mr. Brasher seconded the motion, which passed 5-0 by voice vote.

**PROPERTY DISPOSITIONS**

Presenter: Vance Lee, Director of Support Services

9. **Alamogordo Municipal School District No. 1 – Requests Approval of Trade of Real Property with the City of Alamogordo**

Mr. Lee requested approval of a land exchange with the City of Alamogordo. He said this transaction has been in the making for several years, as the District has seen a population
increase in the southern areas of Alamogordo that necessitates a new elementary school on that side of town. He said the school has received funding support from the PSCOC and is currently in the planning stages; furthermore, in February 2012, the citizens of Alamogordo passed a general obligation bond to support the project. He said the District owns two parcels of land, 10 acres each, along South Florida Avenue that are currently separated by a 5-acre parcel owned by the City of Alamogordo. He stated that the District wants to acquire the parcel to have adequate property to build the school. He said the District owns a 5-acre parcel adjacent to the City's senior center, and the School District has no use for the land, while the City has indicated a possible expansion of the senior center in the future, and wishes to acquire this property from the District in exchange for the parcel on South Florida Avenue.

Mr. Lee said the School District and City approved the exchange, and both parcels are currently vacant. He stated that neither property has water rights, and all documentation regarding the transaction has been submitted to DFA.

Mr. Brasher moved for approval. Mr. Spencer seconded the motion, which passed 5-0 by voice vote.

Presenters: Jose E. Terrones, Project Manager, Anthony Water and Sanitation District; John Appel, Attorney, Anthony Water and Sanitation District; Patricio Banegas, President, Anthony Charter School Governing Council; Patricia Matthews, Attorney, Anthony Charter School

10. Anthony Water and Sanitation District – Requests Approval of Lease of Real Property to Anthony Charter School ($733 per MEM, subject to adjustment as set in statute)

Mr. Appel requested approval of a five-year lease with Anthony Charter School for 1.587 acres of vacant land with utility access at 750 Landers Road for the purpose of a new charter school. The lease provides for extensions of five additional five-year terms, for a maximum of 30 total years.

Mr. Appel said the land is presently owned by the Anthony Water and Sanitation District and the District does not anticipate needing to use this property for the next 10 years. The property is co-located with land that is being used for a public library, which allows for joint use of an existing parking area.

Mr. Appel said the charter school would provide the buildings on the land, which will initially be temporary buildings. He stated that the District has agreed to make improvements to the land over the next five years.

Responding to Mr. Gasparich, Mr. Terrones said the total amount of land involved is about 3.5 acres.
Ms. Matthews stated that statute provides for $733 per student, which they have calculated at roughly $61,000 based on a population of 82 students. She said they hope to grow to 200. She stated that the payments would be made to the Water and Sanitation District, which would use the money to cover the cost of improvements to the site. She said they have also made substantial improvements in anticipation of this project. In addition, there will be infrastructure improvements made by the District such as road improvements, fencing and lighting.

Mr. Terrones said there is water, gas, sewer, electrical and a paved parking lot, and the site has been graded and is ready for portables. He stated that a capital improvement plan is in place that will cover additional work over the next five years, including security fencing, lighting, paving of an additional parking lot and landscaping. He said there would also be bleachers and a basketball court.

Mr. Gasparich commented that, for basically a vacant lot with utilities, the cost of rent seems very high. He asked if there is a value attached to the improvements, and are those specified in the lease.

Ms. Matthews responded that Board staff received a breakout of how the money will be turned into capital improvements by the District over five years.

Ms. Clarke referred to the Lessor’s Capital Improvement Plan on page 208 of the electronic binder as well as a financial analysis on page 192. She noted that, based on the projected growth of the school, rent is expected to grow to $114,000 per year in 2016-2017. Estimated expenditures made by the District range from $60,000 to $95,000 per year – if all of the amounts are totaled, the District comes out ahead after five years by about $130,000.

Ms. Matthews said the intent is to allow the school to go from portables to a permanent structure. She said a substantial amount of time has been spent polling the community, preparing engineering drawings and discussing long term what the plan will look like. Ms. Matthews said she has done a lot of work for charter schools, and this is one of the best transactions she has ever seen in terms of the benefits realized by both sides of the agreement.

Mr. Gasparich commented that it would seem that the $733 per MEM was designed to have a complete facility rather than a vacant lot. He wondered why they didn’t just buy the property and use the $733 per MEM to make their own improvements.

Ms. Matthews explained that, as soon as the charter school owns the property, the $733 per MEM payments stop – so if they purchased the property, they would have zero money for capital improvements. She also noted that, under Section 8(b)4.2 of the Charter Schools Act, it anticipates that the lease payments can be used for tenant improvements. She stated that, down the line, perhaps the District and charter school can come to an agreement to use the money to split the lot, and then the school could acquire the facility for a dollar.

Ms. Clarke stated that, if the Board were to approve this lease, then the next step would be for the Public School Capital Outlay Council to approve the lease assistance; however, her
understanding is that the PSCOC is not required to do that – so if they found that the amount of the lease was inappropriately high, they may very well not give approval.

Responding to Dr. Clifford, Mr. Banegas said they have approached the Gadsden School District to request the use of any vacant buildings, and they have been told there is no space available for that. He said they are currently located in a small administrative office, and the condition of the building is not good. If they cannot get this lease approved, they will be in a real bind because Anthony is a small community with no vacant buildings appropriate for this use.

Dr. Clifford said a memorandum from PSFA would have been very helpful to the Board in getting some perspective on this project and to evaluate it. He said it is not clear to him how this entire project is to be funded.

Mr. Aragon commented that this is an exorbitant amount for a vacant lot, and at the end of the lease term there is no option to purchase. He said he could not support this request.

Mr. Gasparich said he would be more comfortable if this were a flat lease for a piece of vacant land – that would seem to make more sense. He said the school will end up paying about $250,000 at the end of five years to rent a vacant lot, and he finds this hard to justify.

Mr. Gasparich suggested tabling this proposal to allow the District and school to work with staff to come up with a more palatable proposal.

Ms. Clarke commented that there are a lot of hypotheticals but nothing solid in the lease. She said the Board seems to be asking for a commitment of some kind as to what will happen at the end of the lease period.

Mr. Gasparich moved to table this request. Mr. Brasher seconded the motion, which passed 5-0 by voice vote.

PRIVATE ACTIVITY BONDS

Presenter: Stephanie Schardin Clarke, Director
11(A) Return of Cap Announcement

Ms. Clarke reported that $3 million of the $16 million PAB allocation approved by the Board in April for Friedman Recycling in Bernalillo County is being returned, and the parties are requesting an extension on the remaining $13 million.

Presenters: Mayling Armijo, Director of Economic Development & Cultural Services; David Friedman, CEO, Friedman Recycling
11(B) Bernalillo County – Approval of Extension for Sale and Issuance for Friedman Recycling of Albuquerque, LLC ($13,000,000)
Ms. Armijo requested an extension of the private activity bond allocation granted on May 21, 2012. She said financing is to be provided by Alliance Bank of Arizona and use of the New Markets Tax Credit program through the New Mexico Finance Authority. Because of difficulties in coordinating the two mechanisms, the County is requesting an extension of $13 million of the PAB allocation to July 27, 2012, the date set for the closing of this transaction. She said the County is returning $3 million of the PAB allocation. She thanked Board staff and legal counsel for their assistance.

Mr. Brasher moved for approval. Mr. Aragon seconded the motion, which passed 5-0 by voice vote.

STATE TREASURER’S OFFICE
Presenters: Linda Montoya Roseborough, Chief Investment Officer; Deanne Woodring, Investment Consultant, Davidson Fixed Income; Spencer Wright, Portfolio Manager

12. Approval of Broker/Dealer List

Ms. Roseborough stated that the broker/dealers are used by the State Treasurer’s Office in repurchase agreement transactions and securities transactions. She said the State Treasurer’s Investment Committee has approved the updated list.

Mr. Brasher moved for approval. Mr. Aragon seconded the motion, which passed 5-0 by voice vote.

13. Approval of Changes to State Treasurer’s Investment Performance Benchmarks

Ms. Roseborough thanked Secretary Clifflord, Ms. Clarke, LFC economist Scott Smith, and LFC Director David Abbey and his staff of analysts for reviewing the benchmarks and providing commentary. She said the State Treasurer, STO staff and State Treasurer’s Investment Committee have reviewed and approved these performance benchmarks.

Ms. Roseborough said these benchmarks would more accurately reflect cash flow demands for the general fund, bond proceeds funds, and LGIP fund. These are very short-term liquid pools of money with different objectives, as stated in the Investment Policy, and will satisfy STO’s goals of safety, liquidity, and yield, in that order.

Ms. Woodring stated that the benchmarks currently being used are a blend that was created in 2007 and were designed more as a target type of structured portfolio than what was actually occurring in the STO portfolio. She said they stepped back and looked at the objectives of each fund and determined what the proper risk component of each portfolio should be along with value to enhance returns in each case, where allowable.
Ms. Woodring said the funds are broken up into two categories, with objectives:

-- General Fund Liquidity: These funds have to stay short for ongoing payments of the general fund and payments within the bond proceeds funds. Those liquidity funds are earmarked with the existing benchmark, which is the S&P Government Investment Pool Index. This fund has a range of about $100 million to $500-$600 million on an ongoing monthly basis.

-- General Fund Core: This provides the opportunity for STO to add returns by looking at different asset classes and average maturity. The key component of return for STO is average maturity, so the recommendation is to shift the average maturity from 1.86 years to 2.2 years. The goal is to add value through strategy and extension of the duration. It was also recommended to go to a peer Treasury index, which will allow the portfolio managers to see the value they are contributing through their sector analysis and issues. This same process was done on the bond proceeds funds, in which there was originally a blended benchmark.

Dr. Clifford asked to what extent STO has thought about the unusual structure of Treasury yields right now, and how that should influence the thinking about these benchmarks. He asked what this Treasury benchmark would yield right now in the general fund core.

Ms. Woodring responded that the yield for STO in today’s market would be about .65% -- this is a laddered portfolio with zero maturities all the way out to five years. She said the current yield on Treasuries is .85%, but Treasuries are still the benchmark – everything that the portfolio managers are allowed to buy from this portfolio is still targeted and traded against Treasuries. She commented that, even though the Treasury market per se is “out of whack,” all the other issues are trading with that, so there are very tight spreads in agencies and corporate bonds, and there is a lot of risk in corporate bonds and foreign exposure – so it is all relative.

Ms. Woodring also stated that, for the two-year period, the additional yield on an agency security is about 5 basis points, and in the five-year period it is 20 basis points.

Dr. Clifford said he wasn’t sure one should be too focused on the fact that there are not significant benefits to diversification at this time - this is something that will flow from the market over time. He said he was concerned that this is essentially saying the benchmark will be the lowest risk investment class in the core fund as well as in the liquidity fund, which may be setting the bar a bit low going forward. He said it doesn’t feel like the benchmark is being used properly – it is expected that the managers will take on some risk, and the benchmark won’t really help to gauge that.

Ms. Woodring responded that there is an internal strategy for this. The portfolio managers meet weekly and look at the different asset classes and determine what asset allocation they want to be in. She agreed that the benchmark should be an ongoing living benchmark that sustains every market cycle; so the focus of this benchmark is to focus on the major component of return, which is the average maturity. By capturing that, STO is capturing the risk exposure – the price change of the portfolio -- as well as the earnings over life cycles, so one can show that having a two-year average maturity is a significant value-added return from where STO is today, and the
next step is to add the asset classes. She said the primary benchmark for purposes of reporting to the Board is the Treasury Index, however.

Responding to Dr. Clifford, Mr. Wright said a significant portion of the general fund core portfolio is invested in agency securities. He stated that STO is exposed to price risk, and on a monthly basis staff marks the portfolio to market, so one will see market value change as overall interest rates change. He said having this benchmark allows staff to manage to that target.

Mr. Spencer moved for approval. Mr. Gasparich seconded the motion, which passed 5-0 by voice vote.


[See page 214 in the Board’s electronic binder for these reports.]

15. Quarterly Investment Reports for Quarter-Ended March 31, 2012

[See page 310 in the Board’s electronic binder for these reports.]


Ms. Roseborough presented the April Investment Review, with the following highlights:

-- Major Stock Market indexes fell slightly during the month of April, remaining in positive territory on a year-to-date basis.

-- Global economic worries outweighed positive first quarter economic results.

-- China announced slowing growth, which caused concerns regarding US exports.

-- In the domestic fixed income market, bond prices rose and long-term yields dropped during April.

-- Rising yields in Spain and Italy contributed to investor fears. Greece remained problematic as major parties failed to gain a majority and the frontrunners ran on an anti-euro platform. This raised concerns about the recently agreed-to terms.

-- The US economy seemed to lose momentum, repeating the springtime pattern for the past two years.

-- GDP growth slowed to 2.2% from 3.3% in 2011 Q4.
In New Mexico, the municipal market continued its strength over recent months.

General fund balances continued to improve.

Over our maturity sector, we have seen declines in rate levels, especially in the 3 to 5 year area.

The portfolios all reported positive balances on a mark-to-market basis. With the backup in rates, STO has seen a decrease in unrealized gains in the various STO portfolios included in this report. This trend reversed itself in May.

Investments earnings for the general fund were $1.1 million; bond proceeds funds, $845,000; LGIP, $149,000; and Severance Tax Bonding Fund, $49,000.

During April, STO maintained Average Daily Collected Balances at the fiscal agent bank of approximately $121 million. This balance earned a "soft dollar" credit against processing fees assessed by the bank.

Monthly economic summary

An atmosphere of persistent, continued low rates is failing to stimulate the economy. Given the global context and the continued slowness in the US economy, the Fed has very few tools remaining to attempt to stimulate growth.

Several policies have hopefully suggested a third massive round of quantitative easing (or QE3), but it seems that QE to date has done little to provide additional stimulus and has only served to bolster bank earnings.

Operation Twist, the latest Fed action, is set to expire at the end of June. Operation Twist was designed to add duration to the Fed's balance sheet through the purchase of longer-dated assets and the simultaneous sale of shorter assets.

At the start of Operation Twist in the fall of 2011, the Fed's holdings of Treasury and agency securities had an average maturity of 75 months. Operation Twist had set out goals of approximately 100 months for average maturity. The Fed has already surpassed the 100-months goal and is projected to have an average maturity on its balance sheet of 110 months at the end of June.

Unfortunately, the Fed's actions have done little to quell the market's larger concerns about Europe and decreased demand from China.

In last month's report, STO suggested it had three main factors that will continue to depress rates: energy prices; ongoing fiscal challenges in the US and Europe; and overall market volatility. STO has had some improvement on the energy front but the other risks remain present.
STO continues to believe rates will remain low for the foreseeable future, at least through the elections. As such, STO has allowed the investment portfolios to be slightly long to the benchmark durations.

**Investment policy compliance review**

During the month of April, the following were the ratios of primary and secondary bond purchases in the portfolios: primary bond volume, $64 million, 35%; secondary bond volume, $118 million, 65%. The primary market purchases were in commercial paper, NM Municipal bonds and IFC (World Bank).

During April, there were no transaction variances that posed compliance issues.

All trade information was entered correctly in STO’s internal systems and in the systems used by the custody bank.

**GENERAL SERVICES DEPARTMENT**
Presenter: Charles Gara, Director, Property Control Division

17. **Capitol Buildings Repair Fund (CBRF) Financial Status Report for Month Ended April 30, 2012**

Mr. Gara reported financials for the Capitol Buildings Repair Fund, with an uncommitted cash balance as of April 30 of $1,150,044, noting that most of the $14,576,877 in approved projects (uncumbered) will be directed to the renovation of the Manuel Lujan Building. He said this project would begin shortly after July 1.

18. **General Services Department, Property Control Division – Requests Approval to Adopt July-December 2012 Schedule of Repairs for Buildings in Santa Fe ($3,022,727)**

Mr. Gara reviewed the project/scope of work report on page 438 of the electronic agenda.

Responding to Dr. Clifford, Mr. Gara said preliminary design work has been completed for the Executive Office Building, which will be sited due west of the Capitol and due south of the Bataan Building. He said 2009 legislation (House Bill 360) calls for the state to work collaboratively with the City of Santa Fe on the design of the building, but they have yet to meet with the City.

Mr. Gara explained that the City’s Historic Design Review Board recently requested that they review the historic status of the casitas located on the subject site and determine if they should be changed. While City staff’s recommendation was to downgrade all of the Significant structures on the property to Contributing, and to retain the status of the Contributing structure,
the Board acted to retain the existing status of the Significant structures and upgrade the Contributing structure to Significant.

Mr. Gara said tenants in the building would include DFA and elected officials. He said the old PERA Building and Bataan Building would then be renovated, and those spaces would be backfilled with tenants from currently leased space.

Mr. Gara said Property Control will continue to try to work with the City; and if the two parties are unable to come to an agreement, the next step will be to go to court.

Responding to Mr. Gasparich and Lt. Governor Sanchez, Mr. Gara said the decision that elected officials (e.g., State Treasurer’s Office, State Land Office and Secretary of State) would move into the Executive Office Building was made before he was hired as Director of Property Control, and he did not know of any formal agreements in connection with these relocations.

Mr. Brasher moved for approval. Mr. Gasparich seconded the motion, which passed 5-0 by voice vote.

19. Property Control Division – Requests Approval of Contract with Flintco, LLC, for Renovations at Manuel Lujan Sr. Building in Santa Fe ($18,257,131)

Mr. Gara stated that the Taxation & Revenue Department would be moved out of the Manuel Lujan Building into leased space, on a temporary basis. He said the interior will be gutted and interior walls removed, where possible, and then the entire interior will be completely renovated.

Mr. Gara stated that, if the project moves ahead as anticipated, Taxation & Revenue staff would be moved on approximately September 1, 2012 to the leased space on Rodeo Road/Sawmill, and then would be moved back in approximately November 2013. If there are contractor delays past December, the contractor will pay the rent on the leased space.

Dr. Clifford asked how much of a financial contingency has been allowed for, and Mr. Gara responded that it is a substantial amount; page 445 of the electronic agenda lists four added allowance sums totaling $7 million.

Lt. Governor Sanchez asked if a study was completed reflecting that this renovation work was more cost effective than demolishing this building and putting up a new building, or locating elsewhere. He said it seemed like a very expensive project, given that everyone in the building has to be relocated, etc.

Dr. Clifford said the building was designed to house equipment rather than serve as office space, and he asked if this renovation would address that. He said he has worked in the building, and it has always been an unpleasant space.
PCD Project Manager Pam Nicosin said she did not have the necessary information on hand to respond to these questions.

Lt. Governor Sanchez observed that about $20 million will ultimately be expended, and he was concerned about whether this was a good investment for the taxpayers.

Mr. Gara said he knew that funding sources for this project go back to 2009.

Responding to questions from Lt. Governor Sanchez, Mr. Gara said Taxation & Revenue employees have been involved in the planning and relocation process from the beginning. He said only two buildings were available in Santa Fe that could house the tenants for a year.

Mr. Aragon asked for an explanation of the $96,000 in commissioning fees being paid to Engineering Economics, and Ms. Nicosin stated that Property Control has hired a third party to go in and evaluate the building as it is being built to be sure all systems are working to specification. Mr. Gara said there is no one on Property Control Division staff with the expertise to do the inspections that are involved, since the work is very technical in nature.

Mr. Aragon noted that the architect is being paid $800,000 for their work, and it would seem to him that the architect should be doing the work of Engineering Economics. He said this seems to be a new “sub-industry.”

Mr. Gara commented that, in the public and private sector, hiring a commissioning agent is very standard practice and ensures that everything the owner has designed, requested, bought and paid for is being done according to what was agreed to.

Responding to Mr. Brasher, Mr. Gara said a commissioning agent also determines who is at fault in disagreements between the contractor and architect, which is another advantage to having a commissioning agent.

Mr. Brasher moved for approval. The motion was seconded by Mr. Spencer and passed 5-0 by voice.

[See page 23 of these minutes for additional action taken on this item.]

20. Property Control Division – Requests Approval of Lease of Real Property to Santa Fe County

Mr. Gara stated that Property Control Division, along with the New Mexico Department of Corrections, is requesting approval to enter into a new lease with Santa Fe County for approximately 136 acres of land and associated wastewater treatment facility located at the Penitentiary of New Mexico in Santa Fe County. The County has leased this land from PCD since 1998, and over time has expanded the wastewater treatment facility to accept effluent from the State Department of Military Affairs, County-owned facilities and some residential areas.
Mr. Gara said this lease had a term of 24 years, and this would be for wastewater treatment only. He said the state secures water from wells on the PNM property in order to supply the penitentiary with water.

Mr. Gara said the Department of Corrections is working toward getting out of the sewage treatment business, and has facilities in Las Cruces at the Southern New Mexico Correctional Facility, and more recently at the Central New Mexico Correctional Facility in Los Lunas, and at the Western New Mexico Correctional Facility in Grants. The Department also has wastewater treatment plants at the Roswell Correctional Facility and in Springer. He said the state does not have the budget, time or staff to maintain these facilities, and leasing the 136 acres to Santa Fe County is part of the state’s effort to get out of this business.

Ms. Clarke referenced a letter from the Department of Corrections estimating the cost to the County, which could be interpreted as savings to the state for not having to run the wastewater facility. Depending on whether one escalates the benefits over time or not, the annualized operator cost is about $250,000, and the total estimated payroll costs over 24 years, without escalation, is about $5.9 million. She said the 2% yearly escalator would bring this to $7.5 million.

Mr. Clarke distributed an estimated cost of the wastewater treatment services that the state would be using, and how much the state is saving by getting half off the cost through the lease. Based on the wastewater usage of the correctional facility, the annualized usage fee at half rate is about $83,000 per year. If multiplied by 24 years, the total is about $2 million in savings. With the annual 2% escalation, the state would save $2.9 million in treatment costs.

Ms. Clarke distributed a second schedule with the heading “Santa Fe County Utilities Division, effective July 2, 2011.” She said this morning she was asking questions about where the rate of 1.75% came from; and as a result of those questions, the parties realized that the rate schedule attached to the lease as Exhibit C was incorrect, and this schedule should replace it.

Dr. Clifford asked what the estimated value is to the County of the return flow credits realized through this arrangement.

County Public Utilities Director Patricio Guerrerortiz stated that return flow credits are based on how much water is returned to the Rio Grande, which would make sense if the facility were next to the river; otherwise, there are no return flow credits.

Mr. Guerrerortiz said there is another concept, however, associated with wastewater that is brought into a facility that doesn’t belong to the County, which is the water right value of the wastewater. He said that concept needs to be taken into account as part of the capital improvements the County is willing to provide, which is $250,000 for repairs and approximately $3 million of capital improvements within the next couple of years.
Dr. Clifford asked what the estimated value of the water is to the County, and Mr. Guerrerortiz responded that the County has established a rate of $4.01 per thousand gallons for its non-potable water, delivered. He said there is no means of delivery at the current time, nor are there buyers or sellers. He stated that the Penitentiary contributes between 110,000 and 150,000 gallons per day. He stated that the treated water could be used for irrigation under very restrictive conditions because the quality is below that of effluent used on a golf course, for instance.

Dr. Clifford asked what other benefits there are for the County through this arrangement, and Mr. Guerrerortiz responded that the facility is located in what the County characterizes as a sustainable development area for development in the next 20 years, and the facility could serve as a regional wastewater treatment facility that could meet the needs of that area.

Dr. Clifford asked if this lease needs to be revisited should the County decide to expand the facility, and Mr. Guerrerortiz responded yes.

Mr. Gara said that ultimately he would see this facility being sold to Santa Fe County as an asset the state could dispose of and receive some type of return, which would involve legislative approval.

Dr. Clifford asked Mr. Gara if staff ran the financials on the future sale of the facility as part of the lease negotiations, and Mr. Gara responded that he became aware of this last summer, when he met with the County; and at that time, no sale was contemplated. He said the lease was about to expire, so they did a one-year extension of the lease to get to the point where they are today. He said the County is not prepared to proceed with a purchase agreement, and this 24-year lease will afford some additional time to allow things to move forward.

Dr. Clifford said he understands Mr. Gara to be saying that PCD does not contemplate a need for a significant change in the operations of this facility from the state’s standpoint for the foreseeable future, so PCD is okay with a long-term extension.

Mr. Gara said that was correct.

Mr. Shandler asked that approval be contingent upon Director’s receipt of the final signed version of the lease.

Mr. Spencer moved for approval, with the contingency. Mr. Gasparich seconded the motion, which passed 4-1 by voice vote, with Mr. Brasher voting against the motion.
RECONSIDERATION OF APPROVAL OF ITEM 19

Property Control Division – Requests Approval of Contract with Flintco, LLC, for Renovations at Manuel Lujan Sr. Building in Santa Fe ($3,022,727)

Mr. Gara said he had neglected to inform the Board that part of the funding for the contract comes from Severance Tax Bonds that will be issued in July, and the contract will have to be split into two parts: one for the monies available today in CBRF funds and other funds; and one that would be from the STBs. He said it was not clear, however, whether the monies are coming from the long-term bonds or the short-term note.

Ms. Clarke noted that the long-term bonds were closed this morning, and Mr. Gara said he did not know whether monies were in that issue or in the short-term note.

Ms. Clarke stated that, on a previous question that came up with one of the projects in this senior note sale, which was for UNM athletic fields, the Board had approved the athletic field replacement contingent on the closing of the bonds scheduled on the short-term note to happen on June 28. UNM didn’t understand that at the meeting, and then they needed to proceed to contract. She said the Board staff was able to determine that, because that was a sale between the Board and the State Treasurer, and because the Board had taken all action necessary to allow the sale to happen, that UNM could enter the contract as though the contingency had been met.

Ms. Clarke said that, if necessary, the Board could make the same finding here -- that even though the bonds (in the case of the short-term note) don’t close until June 28, every action that is necessary to ensure that will happen has happened. Otherwise, she said the Board could amend the motion approving the contract with Flintco in order to add the contingency.

Mr. Aragon moved to reconsider the action taken on Item 19. Mr. Brasher seconded the motion, which passed 5-0 by voice vote.

Ms. Clarke said Board legal counsel Zack Shandler has just stated that, if indeed the funding is coming from the short-term note, the Board’s action is not effective until June 28. She asked if this would create any problems, and Ms. Nicosin responded that it should not pose a problem.

Mr. Aragon moved approval of Item 19, contingent upon the closing of all 2012 Severance Tax Bonds and Notes that fund the project. Mr. Brasher seconded the motion, which passed 5-0 by voice vote.
STAFF ITEMS
Presenter: Stephanie Schardin Clarke, Director

21. Approval of Ninth Amendment to Fiscal Agent Agreement with Wells Fargo Extending Agreement through May 1, 2014

Ms. Clarke introduced Wells Fargo Senior Vice President Mark Jensen.

Ms. Clarke reported that staff has prepared a ninth amendment to the fiscal agent agreement with Wells Fargo that would extend the agreement for a fourth and final year through May 1, 2014. She said Wells Fargo is actively working with state agencies to improve the state’s banking processes to take advantage of electronic funds transfers and other efficiencies. From what has been communicated to her, she said state agencies are generally very satisfied with the service provided by Wells Fargo.

Ms. Clarke said staff and counsel would request that any approval of this amendment be contingent upon approval by the State Purchasing Agent.

Mr. Spencer moved for approval, with the contingency. Mr. Brasher seconded the motion, which passed 5-0 by voice vote.

22. Approval of Second Amendment to Custody Bank Agreement with JP Morgan Extending Agreement through June 30, 2014

Ms. Clarke reported that staff has prepared a second amendment to the custody bank agreement with JP Morgan that would extend the agreement for a fourth and final year through June 30, 2014. From what has been communicated to her, she said state investing agencies are generally satisfied with the service provided by JP Morgan, as evidenced in part by the fact that neither, SIC, PERA has taken action to select their own custody banks despite recent legislation allowing them to do so.

Ms. Clarke said staff and counsel would request that any approval of this amendment be contingent upon approval by the State Purchasing Agent.

Mr. Brasher moved for approval, with the contingency. Mr. Spencer seconded the motion, which passed 5-0 by voice vote.

23. Fiscal Agent/Custodial Bank Fees

Ms. Clarke reported that banking fees for FY 2012, year to date, are shown on page 539 of the Board’s electronic packet. She said staff estimates coming in within the $840,000 appropriation for FY12, but just barely. This was made possible by an agreement between the Board and the State Treasurer’s Office last October for the State Treasurer to increase compensating balances held at Wells Fargo in order to earn additional earnings credits.
24. **Joint Powers Agreement**

The Joint Powers Agreement report was read into the record.

**ADJOURNMENT**

Its business completed, the State Board of Finance adjourned the meeting at 12:30 p.m.

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Susana Martinez, President

7-17-12
Date

__________________________
John Casparich, Secretary

7/17/12
Date

New Mexico State Board of Finance: June 21, 2012