MINUTES OF THE
NEW MEXICO STATE BOARD OF FINANCE
REGULAR MEETING
Santa Fe, New Mexico
March 15, 2011

A Regular Meeting of the New Mexico State Board of Finance was called to order on this date at 9:20 a.m. in the Governor’s Cabinet Room, Fourth Floor, State Capitol Building, Santa Fe, New Mexico.

1. ROLL CALL

A quorum was present:

Members Present:
Governor Susana Martinez, President [present 9:20-11:00 a.m. and 2:10 to 2:25 p.m.]
Lt. Governor John Sanchez [leaving at 10:00 a.m.]
State Treasurer James Lewis
Mr. Robert J. Aragon, Public Member
Mr. John Gasparich, Public Member
Mr. Sam Spencer, Public Member
Mr. Thomas P. Tinnin, Public Member

Members Excused:
None.

Legal Counsel Present:
[Mr. Shandler could not attend as he had been called away to testify at a legal proceeding.]

Staff Present:
Mr. Richard E. May, Secretary, Dept. of Finance & Administration
Ms. Stephanie Schardin Clarke, Interim Director, State Board of Finance

Others Present:
[See sign-in sheets.]
2. **APPROVAL OF AGENDA/NEXT MEETING**  
**NEXT REGULAR MEETING: APRIL 19, 2011**

Staff requested deferral of Items 21, 24, 39 and 45.

The Agenda was reprioritized.

Upon motion by Mr. Tinnin, seconded by Mr. Aragon, the Agenda was approved 7-0 by voice vote, as amended.

3. **APPROVAL OF MINUTES: December 21, 2010 (Regular Meeting)**

Mr. Tinnin moved for approval of the December 21, 2010, Minutes, as submitted. Treasurer Lewis seconded the motion, which passed 7-0 by voice vote.

**STATE TREASURER’S OFFICE**  
Presenters: James B. Lewis, State Treasurer; Sheila Duffy, Chief Investment Officer

4. **Overview of Board’s Role with Respect to State Treasurer’s Office**

Ms. Duffy discussed the Board’s role with respect to the State Treasurer’s Office (STO), as well as a timeline for reporting to the Board.

   -- The Chief Investment Officer presents a monthly informational report to the Board on investment performance.

   -- The Chief Investment Officer presents a quarterly investment performance report to the Board, which is prepared by the investment advisor.

   -- The Board annually reviews and approves the Broker/Dealer list and STO Investment Policy.

   -- If Tax Revenue Anticipation Notes are issued, the Board normally approves them at the December and July meetings.

   -- Early in the calendar year, the STO Audit is presented to the Board as an informational item.

   -- Periodically, STO Cash Management Division and Investment Division staffs work with SBOF staff, DFA and LFC on cash flow modeling for the State.

   -- Periodically, STO participates in the RFP process for Custodial Bank and Fiscal Agent Bank contracts.
5. **Monthly Investment Reports for Month-ended December 31, 2010**

**General Fund**

- The market value of the General Fund Investment Portfolio, net of TRANs, on December 31, 2010, was $1.10 billion. This compares to $1.29 billion at the same point last year and $2.15 billion at the same point two years ago.

- The market value of the portfolio increased by $129.40 million, or 10.5%, from November 30. This was primarily due to expenditures outpacing revenues.

- During December, in the General Fund Core, there was $30 million in purchases of callable agency debentures and no sales transactions.

- There was one purchase of Straight-A securities in the GF-Liquidity portfolio with an aggregate par value of $40 million. A CD was purchased for $3 million. There were no sales transactions. Additionally, the General Fund purchased $51 million in a NM Supplemental Severance Tax Note (2010-S-C), which has matured and is not reflected in year-end holdings.

- December earnings were $1.13 million, representing a 0.54% decrease from November earnings of $1.14 million. Fiscal year to date earnings total $7.9 million, compared to $1.18 million through the same period last fiscal year.

- The General Fund outperformed its benchmark with an earned yield of 2.051%.

**TRAN Fund Investment Portfolio**

- During December, there was $26 million in security purchases. All was in CD purchases.

- December earnings were $60,502, representing a 57.26% decrease from November earnings of $141,550. Fiscal year to date earnings total $4078,705.

**Local Government Investment Pool**

- The December 31 market value of the LGIP portfolio was $782 million, compared to a market value of $861.3 million at the same period last year and $1.5 billion at the same period two years ago. Participant contributions for December totaled $61.8 million and withdrawals totaled $50.6 million.

- The month end gross yield was 0.265% at December 31, a 1.34% decrease from September month-end of 0.268%.
December purchases totaled $50 million, $20 million in Straight-A and $20 million of FHLB callables were purchases. The remaining $10 million was in Treasury Notes.

There were no sale transactions.

LGIP earnings for December increased to $177,000 from November earnings of $169,000. Fiscal year to date earnings total $1.1 million.

The 30-day net yield of the LGIP as of December 24 was 0.22%, outperforming the 30-day net S&P Rated Government Investment Pool (GIP) index of 0.14% by 8 basis points. The 30-day gross yield of the LGIP at December 24 was 0.27%, underperforming the S&P Rated GIP index of 0.29% by 2 basis points.

The administrative fee assessed for December was 5 basis points. Year-to-date fees collected total $198,664.66.

Tax-Exempt Bond Proceeds Investment Pool

The market value of the Tax-exempt BPIP as of December 31 was $608.71 million, compared to a market value of $656.52 million one year ago and $692.27 million two years ago.

During December, the market value of the fund decreased by $15.3 million or 2.5% from November month end. The decrease in fund balance was primarily due to withdrawals from the fund.

Earnings for the month totaled $557,000 or a 7.2% decrease from November earnings of $600,000.

Taxable Bond Proceeds Investment Pool

The market value of the Taxable BPIP as of December 31 was $728.03 million, compared to a market value of $792.10 million one year ago and $900.57 million two years ago.

During December the market value of the fund increased by $25.6 million or 3.6% from November month end. The increase was primarily due to a bond issuance of approximately $51 million.

December earnings totaled $652,100, an 11.46% decrease from November earnings of $737,000.


This report was distributed to the Board for review.
7. **Monthly Investment Reports for Month-ended February 28, 2011**

**General Fund**

-- The market value of the General Fund Investment Portfolio, net of TRANs, on February 28, was $1.11 billion. This compares to $1.22 billion at the same point last year and $1.70 billion at the same point two years ago.

-- The market value of the portfolio decreased by $203.09 million, or 15.4%, from January. This was primarily due to the timing of receipts and expenditures.

-- During February, in the General Fund Core, there was $95 million in purchases of U.S. Treasury securities to extend the duration of the portfolio.

-- There were no sales transactions.

-- February earnings were $1.10 million, representing a 3.06% decrease from January earnings of $1.13 million. Fiscal year to date earnings total $9.0 million, compared to $11.18 million through the same period last fiscal year.

-- The General Fund outperformed its benchmark with an earned yield of 1.828%.

**TRAN Fund Investment Portfolio**

-- During February there were $23 million in security purchases, all in commercial paper.

-- February earnings were $114,262, representing a 74.10% increase from January earnings of $65,629. Fiscal year to date earnings total $588,596.

**Local Government Investment Pool**

-- The February 28 market value of the LGIP portfolio was $695 million, compared to a market value of $864.6 million at the same period last year and $1.3 billion at the same period two years ago.

-- During the month, the portfolio balance of the fund decreased 16.3% from an $830 million balance at January month end to $695 million.

-- There were no purchase transactions. There were sales transactions in the amount of $40 million.

-- LGIP earnings for February decreased to $165,000 from January earnings of $187,000. Fiscal year to date earnings total $1.4 million.
The 30-day net yield of the LGIP as of February 21 was 0.28%, outperforming the 30-day net S&P Rated Government Investment Pool (GIP) index of 0.14% by 14 basis points. The 30-day gross yield of the LGIP at February 21 was 0.33%, underperforming the S&P Rated GIP index of 0.14% by 19 basis points.

The administrative fee assessed for December was 5 basis points. Year-to-date fees collected total $232,662.40.

**Tax-Exempt Bond Proceeds Investment Pool**

The market value of the Tax-exempt BPIP as of February 28 was $609.53 million, compared to a market value of $651.07 million one year ago and $604.32 million two years ago.

During February, the portfolio balance of the fund increased by $4.4 million, or 0.7% from January month end. The increase was related to an upcoming debt service payment.

Earnings for the month totaled $533,000, or a 1.7% decrease from January earnings of $543,000.

**Taxable Bond Proceeds Investment Pool**

The market value of the Taxable BPIP as of February 28 was $713.48 million, compared to a market value of $769.24 million one year ago and $873.30 million two years ago.

During February, the portfolio balance of the fund increased by $0.6 million or 0.1% from January month end. The increase in fund balance was due to debt service payments being deposited into the fund.

During February there were $20 million in purchases of Treasury Notes for the portfolio.

There were no sales transactions.

February earnings totaled $504,400, a 21.97% decrease from January earnings of $646,000.

Responding to a question from Secretary May about the State’s cash flows, Ms. Duffy stated that general fund balances are currently at about $1 billion and being monitored very closely. She said the overall balance dips about $400 million each month as bills are paid, and while the hope is that the balances are restored to their previous position, in 2009 that ceased to occur and there has been a gradual decline since then. Since 2010, the balance has been bumping along at $1 billion, but the dips are lower than anyone anticipated.

Ms. Duffy stated that, to properly analyze the reasons behind this trend, a cooperative analysis between DFA, LFC and STO would be necessary. As far as she has been able to
ascertain, none of the three agencies has enough information to do a complete analysis on its own.

Ms. Duffy clarified that balances are not declining at the 2009 rate and appear to have stabilized.

Ms. Duffy further explained that, with the introduction of the SHARE system, the government accounting system became the responsibility of DFA rather than STO. She said STO continues to manage the bank account, but no longer tracks and monitors all of the deposits.

Secretary May said DFA would commit to working with STO and involving STO in developing revenue estimates.

Mr. Aragon recommended that the Board adopt language at the next meeting that will ensure a working relationship among DFA, LFC and STO.

Governor Martinez recommended that benchmarks be established for what needs to be accomplished, and when.

8. Quarterly Investment Reports for Quarter-ended December 31, 2010

This report was distributed to the Board for review.

[Lt. Governor Sanchez excused himself from the proceedings.]

TRAINING SESSIONS

Presenters: Robbie Heyman and Rachel King, Sutin Thayer & Browne, Bond Counsel

9. Overview of State General Obligation and Severance Tax Bonding Programs

Mr. Heyman stated that Sutin Thayer & Browne has served as bond counsel and/or disclosure counsel to the Board of Finance since 1991. He distributed an outline and reviewed key points.

-- The State Board of Finance issues General Obligation Bonds, which are subject to the State Constitution, must be approved by the voters and cannot exceed 1% of the assessed valuation of the real property of the State. The voters approved bonding for $19 million of projects in the last election. All costs associated with the bond issuance are built into the bond size and are therefore amortized throughout the life of the bond issue.

-- When the voters approve a General Obligation Bond, they are approving a property tax levy to be used to pay the bond.
Mr. Aragon commented that bond questions have a disclaimer that voting in favor of the bond issue will not raise taxes. He said it would seem more honest to state that it will not raise the tax rate.

Mr. Heyman remarked that it would be more accurate to disclose that this would not raise the total amount of taxes someone has been paying, but in fact taxes will go down if the bond issue is not approved.

Mr. Aragon questioned whether there should be additional disclosure to address any legal concerns.

Disclosure counsel David Buchholtz commented that the discussion about not raising taxes tends to be political dialogue and not legal dialogue. Most governments have long-term plans that say there should be level mill for payment of debt service, so that as bonds are paid off, new ones come on line. He stated that a total disclosure statement in a legal context would say, “You will maintain your mill level if you issue these bonds, and if you don’t, your mill levy is likely to go down.”

-- The notice of sale (NOS) resolution approved by the Board includes the list of projects approved by the Governor, Legislature and electorate. The Board has discretion to reject a project provided the conditions around the project have changed since the time it was authorized, if new information surfaces that a project is not what it appears to be, or if the Board determines that this is not quite what the voters had in mind.

Secretary May stated that capital projects in State government are crying out for greater scrutiny and more systematic review of how money is being spent. He said DFA has established a working group to come up with a new system for evaluating and prioritizing these projects, and providing greater assurance that the taxpayers are being asked to approve projects that have been thoroughly vetted.

Mr. Heyman noted that the Legislature conducts an annual review of projects it has previously authorized to ensure that none are languishing, and today the Board will act on a resolution that reauthorizes unused bond projects that had languished and were canceled; in effect, this recycles the money and precludes the need to issue new bonds.

-- The State Board of Finance issues Severance Tax Bonds, which are backed by a fund created by the Legislature in which severance taxes collected by the State on natural resources are deposited. All costs associated with the bond issuance are paid in cash out of the Severance Tax Bonding Fund.

-- The statutory issuance test means that the Board may not issue bonds that create an annual debt service, in any future year that the existing bonds are outstanding, that exceed 50% of the previous fiscal year’s revenues in the Severance Tax Bonding Fund. This has not been a problem so far; but because severance taxes are based on oil and gas issues, which can be
unpredictable, future revenues can be somewhat of a guess. Future revenues (up to five years) are based on the consensus of LFC, DFA and Taxation & Revenue Department economists.

-- If there is enough cash in the current year left over after the 50% test has been met, short-term notes ("sponge notes") can be issued by the Board. Supplemental bonds can be issued with capacity up to 95% of the prior year's revenue.

Presenters: David Buchholtz and Jill Sweeney. Brownstein Hyatt Farber Schreck, Disclosure Counsel

10. Overview of the Board of Finance’s Disclosure Responsibilities

Board members received written materials on this presentation that included the following highlights:

-- The issuance and sale of General Obligation bonds and Severance Tax bonds, while exempt from registration under the federal securities laws, are subject to a variety of disclosure obligations, often labeled "anti-fraud" provisions, as well as potential administrative and enforcement actions.

-- There are various federal laws relating to these obligations. The Board and its members have certain disclosure responsibilities and obligations in accordance with these laws, and failure to meet them may lead to SEC enforcement or administrative action against government entities and officials who participate in the issuance and sale of securities.

-- Securities issued by state and local governments ("municipal securities") are subject to antifraud provisions contained in Section 17 of the Securities Act of 1933 and the Securities Exchange Act of 1934. These antifraud provisions prohibit any person from making an untrue statement of material fact or omitting to state any material facts in connection with the offer or sale of securities. Violations can lead to enforcement or administrative actions by the SEC, including requests for permanent injunctions, cease and desist orders, ancillary relief, and civil penalties.

-- The Board is responsible for the preparation of a disclosure document, referred to as a Preliminary Official Statement ("POS") and, in its final form, the Official Statement ("OS").

-- Disclosure counsel acts as primary drafters of the POS, but the information in the POS is obtained from State officials and employees who are responsible for this information, including representatives of the DFA, Department of Taxation and Revenue, SIC, PERA, ERB, and the Retiree Health Care Authority.

-- The SEC has taken action against government officials for issuing misleading or incomplete disclosure documents in Orange County, Miami-Dade County, San Diego, and, most recently, the State of New Jersey.
Disclosure counsel and staff aid the Board in making the required decisions. The SEC has said there are things the Board can do in order to meet its obligations under the Securities Act. These include adopting written disclosure policies and procedures, and considering whether internal controls and systems produce financial reports and disclosure documents that are accurate and complete.

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act became law. The Act is a comprehensive financial regulation law enacted in response to the conditions leading up to the worldwide economic downturn. Among its provisions, Dodd-Frank has stated that municipal financial advisors are now required to register with the SEC, and it establishes a fiduciary duty between municipal financial advisors and municipal entities, and subjects municipal advisors to additional antifraud provisions. However, in December, the SEC issued a rule where they very strongly suggested that non-elected officials of governing bodies that issue bonds may themselves be financial advisors subject to registration and additional liabilities. The market has responded heatedly against the proposed regulation.

Secretary May recommended that a future Board agenda include an item educating Board members on what they are potentially liable for and what liability protections are in place.

Mr. Buchholtz responded that he thought it an excellent idea to reopen discussions with the Attorney General’s Office on advising Board members on what protections they have.

Presenter: Stephanie Schardin Clarke, Interim Director

11. Overview of Private Activity Bonds

Board members received written materials on this presentation that included the following highlights:

-- The Federal tax code allows certain privately owned, public purpose projects to take advantage of tax-exempt financing through Private Activity Bonds (PAB).

-- Tax-exempt bonds provide a subsidy by allowing for lower interest costs on project debt financing.

-- PABs are issued to finance a variety of projects, including: mortgages for first-time homebuyers; construction/renovation of low-income apartments; student loans; “exempt facilities” such as utilities, airports, waste disposal facilities; “small issue” bonds up to $10 million for manufacturing facilities.

-- Federal code limits the aggregate principal of PAB that may be issued in each state in each calendar year. New Mexico’s “ceiling,” or “cap” for CY2011 is $277.87 million.

-- The Private Activity Bond Act provides that the Board of Finance shall administer the PAB program; allocate cap between competing requests; monitor requests for cap; and maintain...
records of the use of cap. The Board is also authorized by state to impose reasonable fees for applications, allocations and extensions.

--- The Board of Finance has traditionally appointed a PAB Subcommittee of 2-3 members. In October/November, the Subcommittee meets with entities to discuss their projected demand for PAB. In December, the Subcommittee makes recommendations to the full Board on allocation of next year’s cap and unused carryforward from the current year between major types of PAB.

--- New Mexico Mortgage Finance Authority (MFA) is expected to remain a major issuer of PAB in New Mexico. Demand for single-family bonds is expected to be about $150 million per year, and multifamily demand will be about $40 million per year.

--- Board staff expects an application for at least $150 million of cap in 2011 from the City of Deming for a biofuels facility to be constructed by Sundrop Fuels.

--- While a large share of New Mexico PAB cap was used for student loans in the past, recent federal changes will prohibit the New Mexico Educational Assistance Foundation from issuing new bonds in the future.

12. **Overview of Board of Finance Contracts**

Board members received written materials on this presentation that included the following highlights:

--- The current fiscal agent is Wells Fargo, with a contract term of 5/1/10 – 5/1/12 and an option to extend two years. The contractor provides bank accounts into which all receipts are deposited and from which all disbursements are made. The contractor’s fees, net of earnings credit, are paid from a legislative appropriation to the Board of Finance. The amount appropriated for FY 11 is $760,000. Major user agencies interacting with the fiscal agent are DFA, STO, Human Services Department, Department of Workforce Solutions, and Taxation & Revenue Department. Recent SBOF goals with respect to the fiscal agent agreement have been: modernizing State banking through use of new banking technology; accelerating posting of cash into State accounts to earn additional interest; and confirming that costly armored couriers are only used when necessary.

--- The current custody bank is JP Morgan, with a contract term of 7/1/10 – 6/30/12 and an option to extend to 6/30/14. The contractor provides custody services to the State’s four investing agencies: PERA, ERB, SIC, and STO. The contractor’s fees are paid from legislative appropriations to the SBOF, PERA, ERB, and SIC. Each agency pays its own fees, except the SBOF pays for STO’s fees. A 2010 independent review of State investment practices by EnnisKnupp recommended that each investing agency have the ability to choose its own custody bank. The SIC was given that authority by the 2010 Legislature; and ERB and PERA are seeking that authority during the 2011 regular session.
-- The current depository and transitional services contract is held by Bank of America, former fiscal agent, with a contract term of 5/1/10 – 4/30/11, and no extension. When a new fiscal agent is designated, SBOF must enter this type of contract with the previous fiscal agent. Contractor’s fees are paid from a legislative appropriation to the SBOF. Amount appropriated for FY 2011 is $760,000. The nature of the contract makes it a sole source procurement.

-- Current bond counsel is Sutin, Thayer and Browne. Contract term is 7/1/08 – 6/30/12, with no further extension. Contractor prepares legal documents related to SBOF bond issuances, coordinates review of projects prior to bond issuance, provides legal opinion as to validity and tax-exempt status of bonds, and advises SBOF staff on questions that arise with respect to specific projects. Contractor’s fees are paid from the Severance Tax Bonding Fund for Severance Tax Bonds, or from bond proceeds for General Obligation Bonds.

-- Current disclosure counsel is Brownstein Hyatt Farber Schreck. Contract term is 7/1/08 – 6/30/12, with no further extension. Contractor coordinates preparation of Official Statements for bond issuances, coordinates preparation and filing of Annual Financial Information Filing due each January, and provides legal opinions relating to disclosure. Contractor’s fees are paid from the Severance Tax Bonding Fund for Severance Tax Bonds, or from bond proceeds for General Obligation Bonds.

-- Current financial advisor is Fiscal Strategies Group, with Public Resources Advisory Group as subcontractor. Contract term is 1/1/11 – 12/31/12, with option to extend to 12/31/14. Contractor prepares timetable for each bond issuance, participates in drafting of Official Statements and resolutions, communicates with rating agencies, reviews outstanding bonds for refunding opportunities, prepares estimates of bonding capacity, prepares annual Debt Affordability Study, reviews financings appearing on SBOF agenda for approval such as University bonds, Spaceport Bonds, TRAN, etc. Contractor’s fees are paid from the Severance Tax Bonding Fund for Severance Tax Bonds, or from bond proceeds for General Obligation Bonds.

-- Current arbitrage contractor is BLX. Contract term is 7/1/08 – 6/30/12, with no further extension. When tax-exempt bonds are issued, the IRS imposes limits on the amount that may be earned on investment of bond proceeds. Any earnings in excess of the limit must be rebated to the IRS. The contractor calculates rebate payments for compliance. Contractor’s fees are paid from the Severance Tax Bonding Fund for Severance Tax Bonds, or from bond proceeds for General Obligation Bonds.

[Governor Martinez stepped away from the proceedings. Member Tinnin acted as Chair until her return.]
SEVERANCE TAX BONDS
Presenters: Robbie Heyman and Tracy Hoffman, Sutin Thayer & Browne, Bond Counsel

13. Approval of Resolution Reauthorizing Certain Severance Tax Bond Proceeds for New Projects

Mr. Heyman stated that a project relating to the Indian Water Rights Settlement, authorized by the Legislature two years ago in the amount of $10 million, was to be part of the State’s share of the settlement. For a period of time, the State was not ready to use the money because the terms were still under negotiation. Negotiations have now ended and the project is ready to move forward.

Mr. Heyman said the resolution deletes projects from old Board resolutions and moves the money to this new project. By adopting this resolution, the Board would authorize the reuse of those monies.

Secretary May noted that there are some legislative proposals to allocate $15 million toward the State’s $130 million share of the three Indian Water Rights settlements from State Severance Tax bonds. He asked if the $15 million would cover this $10 million.

Mr. Heyman responded that the $10 million is needed immediately, and the $15 million is needed in another year or so.

Ms. Hoffman added that she believes the $10 million is going directly toward the Navajo settlement, which is under very strict congressional deadlines, and they need the money right away for the design of the pipeline.

Mr. Aragon moved for approval. Mr. Gasparich seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

GENERAL OBLIGATION BONDS
Presenters: Robbie Heyman and Tracy Hoffman, Sutin Thayer & Browne, Bond Counsel; David Buchholtz and Jill Sweeney, Brownstein Hyatt Farber Schreck, Disclosure Counsel


Mr. Heyman said this resolution authorizes the publication of a Notice of Sale for the proposed General Obligation Bond Issue, with bids to be opened next month. The resolution sets forth the terms of the notice, authorizes the use of the money for the three projects approved by the voters, and sets forth some terms of the bonds that have been established.

Mr. Heyman stated that the resolution sets the maximum principal amount of the bonds at $19,972,430; however, they have been getting bids lately offering a very large premium ($1-$2 million in this case) over and above par amount, which may slightly reduce the bond size. If the
Financial Advisor determines that the bonds can be subject to optional redemption, and it is in the interest in the State, they will make it subject to optional redemption. Lately, with bond rates being so low, and the market assessing a penalty for prepayment, they have not been using the optional redemption language in these bond issues.

Ms. Sweeney reviewed the most current draft of the Preliminary Official Statement. The Board will receive another draft on or about April 1, reflecting changes made during the Legislative session. She asked Board members with comments or questions to contact her prior to that date.

Responding to Mr. Spencer, Ms. Schardin Clarke stated that final taxable values for property tax year 2010 came out in December or January. She said residential and non-residential values remained fairly flat, but oil and gas value was cut roughly in half.

Ms. Sweeney stated that, outside of disclosure requirements as part of the Preliminary Official Statement process, the Board has continuing disclosure responsibilities. Every year, 210 days after the end of the fiscal year, Disclosure Counsel submits certain of the State’s financial information, as well as the State’s audited financial information, to the Municipal Securities Rulemaking Board.

Ms. Sweeney said continuing disclosure obligations changed slightly effective December 1; while there were 11 material events that needed to be disclosed into the market, now there are 15.

Mr. Aragon moved for approval. Treasurer Lewis seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

Bonds
Presenters: David Buchholtz and Jill Sweeney, Brownstein Hyatt Farber Schreck, Disclosure Counsel

15. Fiscal Year 2010 Financial Information Filing Presentation

[Addressed under Item 14.]

Higher Education Department

Presenters: Robert Watson, Planning, Assessment and Evaluation Director; Dr. Ronald Stern, Superintendent; Richard Gorman, Project Manager; Barrett Gogue, Program Coordinator

16. New Mexico School for the Deaf – Requests Approval of Dillon Hall Renovation ($7,162,000)

Mr. Gorman stated that the New Mexico School for the Deaf (NMSD) requests approval of the renovation of Dillon Hall, the school’s primary building for teaching middle school and high
school students. The building was constructed in 1935, and this would be the first major renovation. The old classrooms will be reconfigured to meet contemporary education needs and the antiquated environmental systems will be upgraded.

Mr. Gorman said the project is consistent with NMSD's 10-year master plan, and this project is its largest component. He said the funding comes from three sources: $3,000,000 from a 2008 General Obligation Bond; $2,562,544 from a 2008 Severance Tax Bond; $1,500,000 from a Severance Tax Bond administered through the Public Schools Facilities Authority; and $100,000 from an ARRA sub grant.

Mr. Gogue stated that the NMHED Capital Projects Review Committee approved this project.

Mr. Aragon moved for approval. Mr. Spencer seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

Presenter: Michael Rickenbaker, University Architect; Barrett Gogue, HED Program Coordinator

17. New Mexico State University—Requests Approval of Alcalde Sustainable Agricultural Science Center Modular Laboratory ($41,000)

Mr. Rickenbaker requested approval to construct a 393 square foot modular laboratory building on a fixed foundation at New Mexico State University. The building will be remodeled in the factory to NMSU specifications, then delivered and installed on a permanent foundation at Alcalde Center. New utilities will be brought to the building from the existing electrical transformer, water well and septic system. NMSU reports that this project will allow research work to continue through the winter and in inclement weather, and that it is a necessary component of a teaching contract with the professor doing the research work.

Mr. Gogue stated that the NMHED Capital Projects Review Committee approved this project.

Mr. Aragon moved for approval. Mr. Gasparich seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

18. New Mexico State University—Requests Approval of Agricultural Center Addition & Remodel, Phase I ($2,400,000)

Mr. Rickenbaker requested approval to construct approximately 3,200 square feet of new facilities of the west side of the existing New Mexico Department of Agriculture (NMDA) Building for laboratories and to remodel 1,200 square feet of former lab space in the existing Agriculture Program and Resources Office. The Center will be constructed as a separate building, but will be the first phase of potential future extensions of the laboratory building. The
last remodel of the building was in the 1980s and additional State regulatory requirements have increased the workload for NMDA.

Mr. Rickenbaker stated that the funding comes from a 2008 General Obligation Bond.

Mr. Gogue stated that the NMHED Capital Projects Review Committee approved this project.

Mr. Gasparich moved for approval. Mr. Aragon seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

PROPERTY DISPOSITIONS AND ACQUISITIONS

Presenter: Arthur D. Melendres, Legal Counsel

19. Albuquerque Municipal School District—Requests Approval of Lease for Four Electronic Billboard Structures with Clear Channel Outdoor Inc. ($40,000 Annually)

Mr. Melendres stated that the Albuquerque Municipal School District is requesting approval to enter into a lease for an initial term of five years, with one option to renew for an additional five-year term with an increase of 5% or CPI, whichever is greater, with Clear Channel Outdoor, Inc. The District reports that this lease is intended to generate revenue for athletic and arts programs, and provide parents and staff with important school information. The sites of the billboards are at Cibola, Del Norte, Eldorado and Manzano high schools.

Mr. Melendres said these electronic billboards, which can be seen around Albuquerque at other locations, fully comport with the City’s outdoor sign electronic billboard requirements. The District will be entitled to use one out of every eight turns for its own messaging. He said a fence will be built around the pole to protect the sign from graffiti or vandalism.

Mr. Aragon moved for approval. Mr. Spencer seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

Presenters: Adren Nance, County Attorney

20. Socorro County—Requests Approval to Donate Real Property to the Village of Magdalena

Mr. Nance requested approval to donate a building located at 202 Spruce Street in Magdalena to the Village of Magdalena. The building, the old Socorro County Senior Center, has been unused by the County for the last two years while the Village has been seeking additional space for the community and youth programs. Both entities agree that this transfer of property would best meet constituent needs.
Treasurer Lewis moved for approval. Mr. Gasparich seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

21. DEFERRED.

22. WITHDRAWN.

Presenter: Mark Santiago, Museum Director

23. Department of Cultural Affairs—Requests Approval of Second Amendment to Lease Agreement at the Farm & Ranch Heritage Museum with Dickerson’s Catering ($4,864.58 Monthly)

Mr. Santiago stated that the Department of Cultural Affairs is requesting approval of a second amendment to its lease agreement with Dickerson’s Catering, LLC at the Farm & Ranch Heritage Museum in Las Cruces to update the premises leased for newly constructed facilities. The rent shall be $4,864.58 through December 31, 2011, after which the rental fee will be $4,000. The amendment also provides a new paragraph that allows the Museum to dispose of any materials left behind by Dickerson’s Catering after termination of the lease.

Ms. Schardin Clarke requested that approval be contingent upon Director receipt of second amendment signed by the parties and evidence of Museum Board approval of the second amendment in final form.

Treasurer Lewis recommended a contingency that approval also be subject to review by Board Legal Counsel.

Mr. Aragon moved for approval, with the contingencies. Treasurer Lewis seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

24. DEFERRED.

25. WITHDRAWN.

26. WITHDRAWN.

Presenter: Arturo Jaramillo, Legal Counsel, and John Wolfe, CFO, Los Alamos Schools

27. Los Alamos Public School District—Requests Approval of Lease with VISTA Control Systems for Real Property at 2075 and 2101 Trinity Drive ($4,270.98 per Month Plus Utilities)
28. Los Alamos Public School District—Requests Approval of Lease with Jon McDonald, DDS for Real Property at 2075 and 2101 Trinity Drive ($1,935.15 per Month Plus Utilities)

Mr. Jaramillo requested approval of two leases; if approved, they would be assumed by the Los Alamos Public Schools in connection with the purchase of an office complex to serve as the District offices for the Los Alamos Public Schools. Approximately a year ago, the Board of Finance approved the demolition of the then-central offices of the school, hence the need to relocate offices. For the last six or eight months, the Schools have leased the premises that they are now seeking to purchase from the Shannon Corporation. He stated that the administration and the School Board looked at several options, including the renovation of existing properties owned by the Schools, and none proved cost effective. He stated that this property is subject to a pending sale at a price of $2.4 million, with a market value of $3.6 million to $3.9 million.

Mr. Jaramillo said the two leases are in the complex being purchased. For some time, they have been an office for VISTA Control Systems ("the VISTA lease," Suites Q and R), and the other has been leased by a dental office ("the McDonald lease," Suite P). He said the two leases are in the mid range of market rentals, based on appraisals done of the suites. He said the VISTA lease is at $15.19 per square foot and escalates at 4% per year to $16.42 by September 2012; and the McDonald lease is at $14.69 per square foot and escalates at 3% per year to $15.12 by July 2011.

Ms. Schardin Clarke requested that any approval of the VISTA lease (Item 27) be contingent upon: 1) Closing of the real estate transaction in which the School District acquires the subject properties; 2) Director Receipt, with review of Board Counsel, of School Board Resolution approving the lease; 3) Director Receipt, with review of Board Counsel, of Lease Amendment executed by the parties; and 4) Director receipt, with review of Board Counsel, of an amendment to the Purchase Agreement between Los Alamos Public Schools and Shannon Corporation expressly stating that a check in the amount of $2,500.00 for the damage deposit referenced in Page One of the original lease with VISTA Control Systems shall be delivered by Shannon Corporation to the Los Alamos Public Schools as part of the closing of the Purchase Agreement and the Assignment of the VISTA Control Systems Lease.

Mr. Jaramillo stated that all contingencies are acceptable.

Mr. Aragon moved approval of Item 27 subject to the contingencies outlined by staff. Mr. Gasparich seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

Ms. Schardin Clarke requested that any approval of the McDonald lease (Item 28) be contingent upon: 1) Closing of the real estate transaction in which the School District acquires the subject properties; 2) Director Receipt, with review of Board Counsel, of School Board Resolution approving the lease; and 3) Director Receipt, with review of Board Counsel, of Lease Amendment executed by the parties.
Mr. Aragon moved approval of Item 28 subject to the contingencies outlined by staff. Treasurer Lewis seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

**EMERGENCY FUND BALANCES**
Presenter: Stephanie Schardin Clarke, Interim Director

29. **Emergency Balances — March 2011**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Reserve Fund</td>
<td>$ 975,207.13</td>
</tr>
<tr>
<td>Emergency Water Fund</td>
<td>$ 126,800.00</td>
</tr>
</tbody>
</table>

Ms. Schardin Clarke reported these balances.

Ms. Schardin Clarke commented that the money in the Emergency Fund has been in high demand for at least the past three years. She said there have been a number of State agencies that have seen chronic under-funding that have appeared before the Board with multiple requests; notably, the Secretary of State’s Office for election expenses, and the Administrative Office of the Courts for its Jury and Witness Fund. These requests have totaled several hundred thousand dollars each.

Ms. Schardin Clarke said the Public Defender’s Department and the Developmental Disabilities Planning Council both have budget shortfalls and may be appearing before the Board this spring.

Treasurer Lewis stated that a number of entities have received emergency loans from the Board with the expectation that the Legislature will make up the shortfall so the money can be paid back, but sometimes the legislative funding is not available or else is not enough to cover the amount owed.

Secretary May said DFA is working with a number of agencies with very tight budgets in an effort to help them cut expenses. He said the hope is to protect the Emergency Fund for true emergencies and not to cover operating deficiencies.

Ms. Schardin Clarke stated that, in evaluating each emergency request, staff looks at statute, which says there has to be an unforeseen circumstance; and it has to not be able to wait for the next Legislative session. In the latter case, she said it might be possible for the Board to approve a prorated amount to get the requesting entity through the next Legislative session. Additionally, staff tries to make sure that the Board is the funding source of the last resort, as required by statute -- there may be other funding sources or cash reserves, or a tax rate that can be easily imposed. She added that, in the course of “slicing and dicing” a request, staff is often able to cut it down considerably because various components of the request aren’t considered emergency needs.
EMERGENCY FUNDING REQUESTS
Presenter: Joseph P. Zebrowski, President

30. El Creston Mutual Domestic Water Consumers Association—Requests Conversion of Emergency Loan to Grant ($20,000)

Mr. Zebrowski, president of El Creston Mutual Domestic Water Consumers Association (MDWCA), stated that they have experienced the sudden failure of about 60 domestic water wells in the community over the past 18 months. Citizens are responding in various ways, including drilling new wells and installing water catchment systems, but there is no consistent response to bridge people through an emergency period until they can get an actual water storage distribution system in place, for which the planning and funding process has begun. He stated that, for the past six months, since they got the water hauling system up and running, they have been making deliveries to consumers who have some kind of water cistern or storage tanks at their homes. He said many residents have invested a lot of money just to get the tanks and plumbing installed; and if the El Creston MDWCA wants to continue to provide this service in conformance with Drinking Water Bureau requirements, they will have to raise rates to the point where people are going to be pushed over the top financially.

Mr. Zebrowski said that, if they can have the loan converted to a grant, they would be able to keep the rates at a more affordable level and help people weather this period until the new distribution system is in place.

Secretary May asked Mr. Zebrowski if extending the loan for another year or two and changing the terms of the original loan would enable them to pay it back, and Mr. Zebrowski responded that they could survive with that, but it is likely they would be revisiting this in one or two years with a similar issue.

Ms. Schardin Clarke stated that, based on the financials, at the end of this year it appears that the El Creston MDWCA would have $10,000 or so in the bank, but all but about $500 is unspent loan proceeds from the Board of Finance’s $20,000 loan; so while it looks on one level like they have a very healthy reserve, most of it is restricted for use for the purposes of the loan, which was to buy a water hauling truck and water storage tanks.

Mr. Zebrowski said they anticipate spending all of the loan proceeds.

Treasurer Lewis asked Mr. Zebrowski if they have sought any additional grant money from the federal government, and Mr. Zebrowski responded that they were advised that USDA, which is the primary agency for funding these kind of operations, does not provide loans or grants for water hauling services.

Treasurer Lewis asked if raising the rates along with a loan extension of 12-18 months would give them the ability to begin taking money from reserves in order to retire the debt, and Mr. Zebrowski responded that they would be able to put money toward retiring the debt but would lose any contingency reserve. For instance, they have a 1993 truck that was converted into a
water hauling truck, and if the transmission were to fail, they would have no money to replace it.

Acting Chair Tinnin commented that the Board is concerned about the MDWCA’s plight, but the State’s economic situation is forcing everyone, inside and outside of government, to be more creative in budgeting money. He said the Board would like to help the El Creston MDWCA, but he personally did not think relieving them of their responsibility to pay this debt was the answer.

Responding to Mr. Aragon, Ms. Schardin Clarke said the Board could opt to extend the term of the loan, change the terms, and/or reduce the balance.

Secretary May suggested that the Board consider holding the February 11, 2011, payment in abeyance to allow time for the MDWCA to meet with Board and DFA staffs over the next 30 days and come up with a different payment plan, with a recommendation made at the April Board meeting.

Ms. Schardin Clarke clarified for Mr. Aragon that the Board would not be violating the Anti-Donation Clause by holding a payment in abeyance because El Creston MDWCA is a public entity.

Secretary May expressed concern that converting this loan to a grant could have the effect of encouraging other entities with emergency loans from the Board to make the same request. He added that HB 2 contains a provision for converting another Board of Finance loan into a grant.

Ms. Schardin Clarke stated that, by deferring the February payment date until a week or so after the April meeting, the MDWCA would not be in default and would be able to use the time to seek other funding sources.

Mr. Aragon expressed concern that the action being discussed is inconsistent with what is stated on the Agenda and could violate the Open Meetings Act.

Secretary May asked DFA General Counsel Greg Shaffer to comment.

Mr. Shaffer responded that he believed holding the February payment in abeyance would be within the general subject of relieving certain loan terms.

Ms. Schardin Clarke noted that a motion to change the date of the first payment would be within the realm of what the Board has done in the past.

Mr. Aragon moved to deny the request to convert the loan into a grant. Treasurer Lewis seconded the motion.

Treasurer Lewis proposed an amendment that the February 11, 2011, payment be held in abeyance until after the April 2011 Board meeting, and within the next 30 days, the El Creston MDWCA will meet with Board and DFA staffs to agree on another payment plan for recommendation to the Board at the April 2011 meeting.
The amendment was accepted as friendly.

The motion, as amended, passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

**GENERAL SERVICES DEPARTMENT**

Presenters: Charles Gara, Director, Property Control Division; Ed Burckle, Cabinet Secretary; Larry Miller, Deputy Director, Property Control Division


These reports were in the Board packet for review.


Mr. Gara reported financials for the CBRF Fund, with a beginning cash balance as of January 1 of $16,792,735. After adding cash receipts from the Land Grant Permanent Fund and subtracting cash disbursements to pay vendors, and subtracting cash commitments to the Legislative Council Service and SBOF approved projects, the uncommitted cash balance at January 31 is $1,347,508. January revenues total $451,473 and FY 2011 YTD revenues total $3,161,194.

There were no emergency declarations for the month of January.

Responding to a question from Acting Chair Tinnin, Mr. Miller stated that revenues into the CBRF have trended upward over the last few years because of increased revenues to the Land Grant Permanent Fund. He added that the Fund also covers part of the debt service for the Capitol Annex project at $1 million annually.

Mr. Spencer noted a $10.8 million unencumbered balance for SBOF approved projects, which seemed like a large amount, and asked if some projects are being delayed.

Mr. Miller responded that $9+ million has been set aside over the last two years for major renovations to the Manuel Lujan Building, which was constructed in 1973. He said the Taxation & Revenue Department, which is housed there, will continue to operate while the equipment and distribution system is replaced. He stated that Phase A of the project was bid last week in the amount of $1.3 million. He stated that the total project will cost $20 million, and there is a request for another $10 million before the Legislature.
34. Property Control Division – Requests Approval to Enter into a Contract with Franken Construction Company for Construction of New State Police District 2 Headquarters in Las Vegas ($5,322,895)

Mr. Gara requested approval to enter into a contract with Franken Construction Company, of Las Vegas, for construction of a new 16,608 square foot single story building and a 2,823 square foot vehicle maintenance building, including site improvements, on an 8.3-acre state-owned site in Las Vegas. The existing State Police Building was built in 1979 and is 5,088 square feet. State Police has outgrown this facility and half of the agency staff is currently located in another rented building in town.

Mr. Aragon moved for approval. Mr. Spencer seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

35. Property Control Division – Requests Approval to Enter into a Contract with White Sands Construction for Construction of New State Police District 4 Headquarters in Las Cruces ($4,967,805)

Mr. Gara requested approval to enter into a contract with White Sands Construction of Las Cruces for the construction of a new 14,991 square foot single story building with a 3,357 square foot investigation wing and a 2,823 square foot vehicle maintenance building, including site improvements, on a 5-acre Bureau of Land Management-owned site in Las Cruces. The BLM will agree to transfer the land to the State following construction of the new facility.

Acting Chair Tinnin asked why the existing facility, which is on NMSU property, is not being rehabbed instead.

Mr. Miller responded that the BLM property is close to the confluence of I-10 and I-25, which is where they need to be, and the existing site is also not large enough to meet their expanded needs. He added that NMSU would prefer that the State Police locate elsewhere because they have long-term plans for the location.

Acting Chair Tinnin asked Property Control Division staff to inform the Board at the April meeting what NMSU plans to do with the property.

Ms. Schardin Clarke asked that any approval be contingent upon the Bureau of Land Management providing final approval for construction pending completion of an archaeological survey.

Mr. Aragon asked Mr. Gara if Davis-Bacon Act wages are applicable with this project; and if so, what does that add to the overall construction cost, and Mr. Gara said he could not immediately respond.

Acting Chair Tinnin said that it adds 20-25% to the cost of a construction project.
Mr. Aragon commented that, without that added cost, a great deal more construction could take place.

Robert Unthank, General Services Department Deputy for Operations, said he is currently on the Governor’s Small Business Task Force, and this is one of the major issues being discussed by the group.

Mr. Aragon asked the minutes to reflect that, without the Davis-Bacon Act, New Mexico taxpayers would be getting one out of every four projects for nothing.

Mr. Gasparich moved for approval, with contingency. Mr. Aragon seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

36. **Property Control Division—Notification of Contract with Longhorn Construction, Inc. of Albuquerque to Remodel the Cortez Building at New Mexico Behavioral Health Institute in Las Vegas ($388,908)**

Mr. Gara reported that the Property Control Division has entered into a contract with Longhorn Construction, Inc. to remodel the Cortez Building at the New Mexico Behavioral Health Institute in Las Vegas. The building is currently vacant due to Department of Health licensing violations for housing health patients. This remodel will fix all building code deficiencies and will include new HVAC and a new roof.

37. **General Services Department, Property Control Division—Requests Approval of First Amendment to Agreement to Purchase and Trade Real Property to and from Paseo Nuevo, Ltd. Co. (Purchaser Conveys $5,948,226.80 and Real Property Worth $1,938,855.60)**

Mr. Gara requested approval of the first amendment to an agreement to purchase 20± acres of real property from Paseo Nuevo, Ltd. Company to build a Health and Human Services Super Complex to house Human Services and the Children, Youth and Families Departments. The first amendment extends the time period through which the State may terminate the agreement from February 15, 2011, to May 15, 2011.

Mr. Gara said the purpose of the amendment is to extend the due diligence period so that the Administration can be sure it is making the best possible decision.

Treasurer Lewis moved for approval. Mr. Aragon seconded the motion, which passed 5-0 by voice vote. [Not present for the vote: Governor Martinez.]

38. **Risk Management Division—Requests Approval to Transfer Funds from the Public Liability Fund to the State Government Unemployment Compensation Reserve Fund ($4,000,000)**
[Governor Martinez re-joined the proceedings.]

GSD Secretary Ed Burckle requested approval to transfer $4 million from the Public Liability Fund to the State Unemployment Compensation Fund to cover anticipated deficits in FY 2011. In compliance with statutory requirements, the Risk Management Division Director has certified that: a) the transfer is needed to maintain financial stability and liquidity of the Unemployment Compensation Fund; b) the funds to be transferred from the Public Liability Fund are not required for the short-term financial stability and liquidity of that fund; c) it is reasonable to expect repayment of the transfer plus interest within one year; and d) the transfer from the Public Liability Fund does not exceed 30 percent of the balance of that fund.

Secretary Burckle noted that the Public Liability Fund's actuarial soundness level is $23 million, and the Fund's projected balance in FY 2011 is $53 million.

Secretary Burckle stated that New Mexico's unemployment level through January 31 was at 8.7%, which grew from 8.5% at the end of December. It is projected that the State will pay out $30 million in unemployment compensation in FY 2011, and revenues into that fund are projected at $22.1 million. With the $4 million transfer, he said they are likely to end the fiscal year with a balance of $6.7 million, below the actuarial soundness level of $8.75 million.

Mr. Gasparich asked if he understood correctly that this is to compensate former employees of the State who are now unemployed, and local public bodies, and Secretary Burckle said that was correct. Mr. Gasparich said he was not aware of any major layoffs and wondered why there was so much liability.

Secretary May said he and Secretary Burckle, along with many others, are working to understand this issue. He said GSD has a contractor that is supposed to be working on the State's behalf to challenge unemployment claims of State employees; however, there has been a lack of due diligence in the past, and the goal, with the cooperation of GSD, DFA and the Department of Workforce Solutions, is to change that.

Mr. Aragon suggested that the Board consider turning down this request. He said he would be interested to know what the end result would be. If there is a problem with that, he said the Board can hold an emergency meeting to reverse its decision.

Secretary May asked Secretary Burckle if deferring this item for 30 days, in order to have this question answered, would be problematic for the Risk Management Division.

Secretary Burckle said he would seek a legal opinion from general counsel at GSD and Workforce Solutions and provide an answer at the next meeting.

Secretary Burckle stated that the Fund is projected to have a $2.7 million balance at the end of the fiscal year without this requested transfer.
Mr. Aragon moved to table this request to the next meeting. Mr. Gasparich seconded the motion, which passed 6-0 by voice vote.

DEPARTMENT OF FINANCE AND ADMINISTRATION

39. Deferred.

STAFF ITEMS
Presenter: Stephanie Schardin Clarke, Interim Director

40. Adoption of Open Meetings Resolution 11-01

Ms. Schardin Clarke asked for approval of this year’s Open Meetings Resolution.

Mr. Aragon moved for approval. Treasurer Lewis seconded the motion, which passed 6-0 by voice vote.

41. Adoption of Interest Rate Policy 11-02

Ms. Schardin Clarke stated that staff requests adoption of this year’s Interest Rate Policy, which sets forth certain market rate requirements for State Treasurer’s investments, mostly for the CD program.

Mr. Spencer moved for approval. Mr. Gasparich seconded the motion, which passed 6-0 by voice vote.

42. Election of Secretary of the State Board of Finance

Mr. Tinnin nominated John Gasparich as Secretary of the Board. Treasurer Lewis seconded the motion.

There were no other nominations. Nominations were closed.

The motion passed 6-0 by voice vote.

43. Appointment of Board of Finance Subcommittee Members

a) Private Activity Bond Committee
Ms. Schardin Clarke stated that the Governor has recommended the appointments of Mr. Tinnin as Chairman and Mr. Aragon as Member.

b) **Banking Committee**

Ms. Schardin Clarke stated that the Governor has recommended the appointments of Treasurer Lewis as Chairman and Mr. Gasparich as Member.

c) **Committee on Reviewing State Treasurer’s Audit Process**

Ms. Schardin Clarke stated that the Governor has recommended the appointments of Lt. Governor Sanchez as Chairman and Mr. Spencer as Member.

Mr. Spencer moved approval of the Governor’s recommended appointments for Items a, b and c. Treasurer Lewis seconded the motion, which passed 6-0 by voice vote.

44. **Board of Finance Dashboard Report**

Ms. Schardin Clarke stated that this one-page report is updated quarterly for the Board’s information and is posted on the Board’s website. She said staff would welcome suggestions for changes or additions.

45. Deferred.

46. **Joint Powers Agreement**

Ms. Schardin Clarke read the Joint Powers Agreement into the record.

**ADJOURNMENT**
Its business completed, the State Board of Finance adjourned the meeting at approximately 2:25 p.m.

Susana Martinez, President

Date

John Casparich, Secretary

Date

New Mexico State Board of Finance: March 15, 2011