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  [Present 9:30 a.m. – 1:45 p.m.]
The Hon. James B. Lewis, State Treasurer
Mr. Robert J. Aragon, Public Member  [Present 9:15 a.m. – 1:00 p.m.]
Mr. Adelmo Archuleta, Public Member
Mr. Michael Brasher, Public Member, Secretary
Mr. John Kormanik, Public Member

**Members Excused:**
The Hon. John Sanchez, Lt. Governor

**Staff Present:**
Ms. Stephanie Schardin Clarke, Director, State Board of Finance
Mr. Jeff Primm, Deputy Director, State Board of Finance

**Legal Counsel Present:**
Mr. Luis Carrasco, Attorney General’s Office
Ms. Sally Malavé, Attorney General’s Office

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

2. **APPROVAL OF AGENDA**

Ms. Clarke stated that Item 14 (Property Disposition request from Central New Mexico Community College)) was withdrawn after the agenda was published.

Treasurer Lewis moved to approve the agenda, as amended. Mr. Archuleta seconded the motion and it passed 4-0 by voice vote. [Not present for the vote: Governor Martinez and Member Aragon]
3. APPROVAL OF MINUTES: November 18, 2014 (Regular Meeting)

Mr. Kormanik moved for approval of the November 18, 2014, minutes, as submitted. Mr. Archuleta seconded the motion, which passed 4-0 by voice vote. [Not present for the vote: Governor Martinez and Member Aragon]

EMERGENCY FUND BALANCES
Presenter: Stephanie Schardin Clarke, Director


- Operating Reserve Fund: $1,912,100.00
- FY14 Emergency Water Fund: $118,100.00

Ms. Clarke reported these balances.

EMERGENCY FUNDING REQUEST
Presenters: Robert Mead, Deputy Chief Public Defender for Administration; Sarah J. Peterson, Chief Financial Officer

5. Law Offices of the Public Defender – Requests Approval of Emergency Funding for Unpaid Fiscal Year 2014 Invoices ($53,771.01)

Mr. Mead stated that the Law Offices of the Public Defender (LOPD) has been chronically underfunded for decades. They are about $20 million short in funding, and this has created a situation where a lot of clients are told to plea bargain, which is a mockery of the client’s Gideon rights. He said they are covering 65,000 to 80,000 cases a year and cannot provide a legal defense in every case. He said contract attorneys receive a flat fee of $700 for a first-degree felony case, even if it results in a six-week trial.

[Member Aragon joined the proceedings.]

Mr. Mead stated that public defenders routinely run out of money in the 300 (contracts) and 400 (other costs) categories of the state budget, and money to make up the difference is transferred through budget adjustment requests (BARs) or from prior year requests, especially for May and June invoices.

Mr. Mead stated that, in July 2014, LOPD asked the Department of Finance and Administration (DFA) to approve an emergency BAR from the personal services and employee benefits category in the amount of $198,000 to the contractual services and other benefits categories, but the BAR was not approved. Instead, $198,000 was transferred from LOPD to DFA to assist with the LOPD’s portion of a union payback lawsuit. As a result, LOPD was left with $53,771.01 in unpaid invoices for contract counsel and contract litigation support. He added that at least one contractor has publicly refused to work with LOPD in the future because LOPD cannot pay his invoices.

Ms. Peterson clarified that the union payback lawsuit was in the amount of $654,650, and DFA took $313,000 from the LOPD budget, which had a surplus of $205,000. This created the budget shortfall.
Responding to Mr. Kormanik, Ms. Clarke stated that the Board received a letter from the Budget Division confirming that the LOPD does not have the funds available to meet the $53,771.01 in vendor payments that are due. She said the Budget Director had informed her that approving a BAR after the fiscal year has ended would violate statute, so essentially the Budget Division’s hands were tied.

Ms. Peterson stated that the $53,771.01 payment would close out FY 2014 for LOPD.

Ms. Clarke stated that, if the Board approves this request, staff recommends that it be contingent upon Director’s receipt of evidence of approval of the request for emergency funding from the Public Defender Commission.

Ms. Clarke stated that Mr. Carrasco had prepared a resolution for the Board’s consideration.

Mr. Kormanik moved that the $53,771.01 be approved by the Board as a grant, with staff’s contingency, with the resolution to be read by Mr. Carrasco. Treasurer Lewis seconded the motion.

Mr. Carrasco read the following resolution:

WHEREAS, the Law Offices of the Public Defender ("LOPD") has requested emergency funding to address a prior year operating budget shortfall of $53,771.01 for Fiscal Year 2014 to pay litigation services costs, contract counsel, expert witnesses, transcriptionists, and investigators who serve courts throughout the state relative to publicly-funded criminal defense matters;

RESOLVED, the State Board of Finance (the “Board”) determines, pursuant to NMSA 1978, Section 6-1-2 (1959, as amended through 2005), that an emergency exists that warrants granting to LOPD the sum of fifty-three thousand, seven hundred seventy-one dollars and one cent ($53,771.01) to meet the operating budget shortfall it realized in Fiscal Year 2014; that an extraordinary circumstance exists in that LOPD is a general-funded state agency and the Board thus considers the fact that emergency funding is disbursed from and repaid to general fund balances to justify making emergency funding available in the form of a grant; that granting the sum of fifty-three thousand, seven hundred seventy-one dollars and one cent ($53,771.01) from the funds appropriated to the Board for use in meeting emergencies to LOPD for this purpose is reasonable and appropriate; that the emergency necessitating this grant is the result of an unforeseen occurrence or circumstance severely affecting the quality of government services and requiring the immediate expenditure of money that is not within the available resources of LOPD and, if subject to appropriation, cannot reasonably await appropriation by the next regular session of the legislature, and; cannot be addressed by disaster declaration or other emergency or contingency funds.

THEREFORE, the Board approves a grant to LOPD in the amount of fifty-three thousand, seven hundred seventy-one dollars and one cent ($53,771.01) to meet the operating budget shortfall it realized in Fiscal Year 2014, from the Fiscal Year 2015 General Fund Operating Reserve upon transfer to the Emergency Fund by the Secretary of Finance and Administration to meet this emergency.

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

[Governor Martinez joined the proceedings.]
SEVERANCE TAX NOTES

Presenters: David Buchholtz, Co-Bond Counsel, Rodey, Dickason, Sloan, Akin & Robb Law Firm; Jill Sweeney, Co-Bond Counsel, Sherman & Howard

6. Approval of Amendment to Severance Tax Note Resolution, Series 2014S-C

Mr. Buchholtz stated that, at its meeting last month, the Board approved Severance Tax Note Resolution Series 2014S-C in the maximum amount of $25,167,915. Counsel has worked with staff and the various agencies over the last month to identify projects that are ready, and can now say that projects are ready in the amount of $10,705,350. He requested approval of an amendment to the resolution, identifying those projects.

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

PRIVATE ACTIVITY BONDS

Presenters: Jay J. Czar, Executive Director; Dan Foster, Housing Tax Credit Program Manager; Ed Romero, Director, Santa Fe Civic Housing Authority

7. New Mexico Mortgage Finance Authority – Presentation of Request for a 2014 Private Activity Bond Carryforward Allocation for Santa Fe Community Living Multi-family Housing Project ($11,000,000)

Mr. Czar stated that, at its November meeting, the Board approved up to $11 million of Private Activity Bond cap for the 118-unit Santa Fe Community Living project. The financial closing is scheduled on December 19, 2014. While he has absolute confidence that the Santa Fe Civic Housing Authority, the bankers, bond counsel and the MFA are ready to close, he is not entirely confident that the U.S. Department of Housing and Urban Development will provide approval by that date. In the event the project is unable to issue prior to the current allocation expiration date of December 26, 2014, MFA requests in its place a carryforward allocation in the same amount for an anticipated issuance in early 2015.

Mr. Aragon stated that he and Mr. Brasher have been extensively briefed on this item, and he has every confidence that this will be closed on December 19.

Presenters: Robert Aragon and Michael Brasher, Subcommittee Members; Jeff Primm, Deputy Director

8. Private Activity Bond Subcommittee Recommendations and Allocation of 2014 Carryforward

Mr. Primm stated that PAB Subcommittee recommendations could be found on page 148 of the electronic agenda. He noted that the request for a contingent carryforward allocation, just presented, is included in the table covering the different eventualities of whether MFA is able to issue prior to December 26 or whether that allocation falls into a carryforward scenario. The balance of the unused and unallocated cap from 2014 is recommended for single-family mortgage purposes.

Responding to Mr. Kormanik, Mr. Primm said MFA is being given about twice what they requested for single family. They have a backlog of carryforward that they can also draw from. Depending on how
interest rates respond in the future and how much demand there is for mortgages, there may be a continued trend of MFA not being able to utilize all of its carryforward. This is by no means MFA’s fault. It is really the result of the fact that there is a great amount of unused cap. It is better to have it available to MFA rather than not available. He said he would anticipate that some cap would be lost before it is fully utilized.

Mr. Brasher commented that the Board is allocating to MFA more than they are asking for. Mr. Aragon said the subcommittee requested that he contact Mr. Czar so the Board could “park” the unused portion of carryforward with MFA so that there is a possibility that it would not be lost. Mr. Czar was gracious enough to allow the Board to do that.

Mr. Aragon moved to adopt the subcommittee recommendation. Mr. Kormanik seconded the motion, which passed 6-0 by voice vote.

9. Private Activity Bond Subcommittee Recommendations and Allocation of Calendar Year 2015 Private Activity Bond Cap Percentage

Mr. Primm stated that this item deals with calendar year 2015’s allocation. As shown on page 149 of the electronic agenda, the PAB subcommittee recommendation essentially pre-budgets the cap that has been awarded to New Mexico into the various categories. He said the Board only received requests in the multi-family category, and the subcommittee recommends to budget for all of the requests in multi-family plus $14 million for other projects that may not have come to the Board’s attention yet. So, $80 million of the roughly $301 million would be allocated to multi-family category, with the balance placed in the “other” category. He said MFA has not requested any 2015 cap for single family purposes, expecting that they would be able to use carryforward from 2014.

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

10. Approval of Private Activity Bond Allocation Deposit Refunds

Mr. Primm stated that page 150 of the electronic agenda reflects the subcommittee’s recommendation for allocation deposit refunds for PAB projects. He said only one project this year was considered for allocation, which was the Santa Fe Community Living project. As part of that allocation, the project was required to pay an allocation deposit of $250 per $1 million in cap allocated. Staff received a check for $2,750. This allocation deposit can either be returned to the entity or else deposited in the General Fund. In this instance, as in years past, the subcommittee recommends that the allocation deposit be refunded in a prorated fashion based on the percentage of allocation issued by the entity prior to December 26.

Mr. Aragon moved the subcommittee recommendation. Mr. Archuleta seconded the motion, which passed 6-0 by voice vote.
11. Debt Affordability Study Presentation

Mr. Paul presented this report, which was on page 212 of the electronic agenda, with the following highlights:

-- Over the last five years, $2.3 billion of capital funding was derived from the core State bonding programs, which include General Obligation Bonds, Severance Tax Bonds and Notes, Supplemental Severance Tax Notes and Transportation Revenue Bonds.

-- New Mexico’s general obligation bond ratings are Aaa and AA+ from Moody’s and Standard & Poor’s, respectively, while S&P recently changed its outlook from stable to negative.

-- New Mexico’s strong bond ratings reflect (i) historically strong general fund reserves, (ii) solid revenue performance, even during periods of national economic weakness, and (iii) rapid debt retirement and moderate, though increasing, debt levels.

-- Critical to the State bond ratings is continued progress to improve the timeliness of financial reporting and the moving to an audited Comprehensive Annual Financial Report.

-- State law mandates short debt maturities and rapid debt amortization, both strong structural debt features that contribute to strong rating and low interest rates.

-- Debt ratios are stable, though high compared to peer states relative to both population and personal income, reflecting both the large size of the state relative to population as well as per capita income.

-- General fund reserve levels have been critical to the New Mexico bond ratings. Keeping aggregate reserves above five percent and toward 10 percent are key rating metrics for both bond rating agencies.

-- Severance taxes have tended to provide a counter-cyclical benefit to the state revenue mix.

-- The funding levels of PERA and ERB continue to constitute a significant fiscal challenge to the state, as bond raters increasingly look at unfunded pension liabilities as part of the overall state debt burden.

-- The state projects the capacity to issue $2.74 billion of bonds for capital funding over the next five years. However, $1.40 billion would be from cash flow notes that will not constitute new long-term debt.

-- General obligation bonding capacity of $936.5 million over the next decade reflects the current consensus between the Governor and the Legislature regarding the objective of keeping the aggregate general obligation mill level stable.
Longstanding state policy has allocated total long-term severance tax bonding capacity over a ten-year horizon. With $1.92 billion of long-term capacity and $2.61 billion of short-term “sponge” capacity, less than half of the Severance Tax Bonding Program comprises the issuance of long-term debt.

The projected $2.85 billion of long-term bonding capacity over the next decade is fully funded by dedicated revenue streams that do not flow into the state general fund, and accordingly do not place stress on state finances or competing uses of funds.

The projected long-term bonding does not place stress on state debt levels. For the foreseeable future, the state’s long-term bonded indebtedness as measured by key rating metrics of debt as a percentage of personal income and debt per capita, while high relative to peer states, will trend downward notwithstanding projected new issuance.

Mr. Aragon commented that the price for oil this morning was quoted at $52 a barrel, which is very dramatic, and they expect it may go below $50 by the end of the day. He asked Mr. Paul for an educated guess on what effect this might have on the fund, both long term and short term.

Mr. Paul noted that the price dropped to $16 a barrel in the late 90s, which in today's dollars would be below $30. Even by historical standards, there is room to go. He said the Board made the decision two decades ago to allocate its bonding capacity over a ten-year timeframe, so at any point in time the Board issues one-tenth of its bonding capacity and amortizes the debt over ten years. Even with the two times coverage test (statutory issuance test), there is probably four times coverage. He said this means that the state provides enormous investor protection before its bonds are threatened at all, so there is a “structural conservatism” in the way the bonding program is put together.

Mr. Aragon asked Mr. Paul at what point critical mass might be reached, and Mr. Paul responded that the price estimate that the program is based upon is currently $71 a barrel. He said the state is probably 20-30 percent below what the price estimate was as it approaches $50 a barrel, but it still would have to have twice that decline before getting into the realm of threatening the state’s ability to pay. He said this assumes that natural gas parallels oil, which it tends not to do. He said oil would have to drop to $20 a barrel before there was a problem.

Mr. Paul said he would work with staff and run some pricing scenarios for the Board to review.

Mr. Archuleta asked Mr. Paul to also provide information on best practices for Board members under these scenarios.

Ms. Clarke referred to a table in Mr. Paul’s slide presentation (Projected Bonding Capacity by Fiscal Year) reflecting that, in 2015, the Board is expecting to issue $128 million in Senior Notes and $183 million in Supplemental Notes. She said this means that the state is expected to have cash in excess of the long-term debt service of at least $300 million, which means that revenues to the bonding fund would have to go down more than $300 million in the current fiscal year, which has six months left. She said revenues received in the bonding fund come in at about a three month lag versus economic activity; so at the time oil or gas prices fall, it is another three months before the bonding fund is affected.

Responding to Mr. Aragon, Mr. Paul said the primary driver of the state’s bonding capacity is the price of oil projected ten years from now, so the state is not fully bonded to capacity until year ten. Right now, the consensus revenue forecast price is $75 a barrel, and the annual issuance amount is just under
$200 million a year. This would suggest, roughly speaking, that a dollar decline off of the $75, with a parallel decline in natural gas, would represent a 2 percent decline in gross capacity.

Mr. Paul added that, in addition to the protections suggested by Mr. Clarke, debt service is collected six months in advance, so the January 1, 2015 and July 1, 2015 payments are already in the bank. He commented that there are multiple protections built into the program.

Mr. Kormanik asked when a reduction in revenues to the Severance Tax Bonding Fund in FY 2015 would affect school funding, and Mr. Paul responded that it would affect the supplemental note capacity in the current fiscal year as soon as the revenues in this year are less than 95 percent of the prior year collections.

Mr. Kormanik asked if New Mexico is unique in terms of the problems it has had with the CAFR, or is this happening in other states. Mr. Paul responded that New Mexico is an outlier.

[Agenda was reprioritized.]

**TAX INCREMENT DEVELOPMENT DISTRICT**

Presenters: Neal King, Mayor; Mark G. Fratrick, Village Administrator; Chris Stagg, Village Councilor and Officer; Chaz Rockey, Treasurer, Taos Ski Valley, Inc., Belvedere Property Management, LLC; Peter Franklin, Modrall Sperling, Taos Ski Valley Inc. Counsel; Dennis Romero, Village Attorney

22. **Village of Taos Ski Valley**

   a. **Presentation Concerning Request for Dedication of a Portion of State Gross Receipts Tax Increment**

   Mr. Fratrick stated that, at its December meeting, the Village council passed a resolution of intent to form a TIDD. On January 6, 2015, they will pass a resolution approving formation of the TIDD; and at the end of January, a vote will be taken to ratify the formation of the TIDD.

   Mr. Fratrick stated that the purpose of the TIDD is to address an infrastructure need for the development of this project and to bring electricity, fiber optics and natural gas to the project. He said a riparian area would also be restored.

   Mr. Fratrick said discussions have been opened up with Taos County regarding a request that a portion of County gross receipts taxes be dedicated to the TIDD to help with this project. He said Taos County is one of the state’s poorest counties, and this development will bring in a lot of money from outside of the state rather than “shuffling around money from within the state.”

   Mr. Rockey stated that a $350 million investment is planned for this project over the next eight to ten years, which will entail private real estate development, condominiums, townhomes, a hotel, on-mountain development, new lifts, and infrastructure for summer programs as well. He said 520 annual jobs are expected over the course of that time through construction and expansion of the operation. Their marketing and hospitality program is geared toward making this a national destination.
Mr. Rockey said the first project, a hotel, would break ground in April 2015. This will be followed by a series of developments to reestablish the core village. With that would come new public space and river walk space, and development of townhomes in the core village.

Mr. Rockey said the development company has done the financial analysis and have been very conservative with their assumptions, and are comfortable that the TIDD, with dedications from the state, village and county, will make this scope of improvements a reality.

Mr. Kormanik asked if there have been responses from other ski areas on whether they support this project and what impacts, if any, this will have on their business.

Mr. Stag responded that they have worked very closely with “Ski New Mexico, George Brooks and the other ski areas, and they are very supportive of that... if Angel Fire, Red River, Taos do well, all the areas do well.” He said a big part of their marketing plan is to bring people into Northern New Mexico, and “that helps everybody.” He said 70 percent of the business in Taos Ski Valley originates outside of New Mexico, and they are not trying to take skiers from other areas in the state. In 1994-95, Taos Ski Valley had 360,000 skier days, and last year the number dropped to 220,000. He said their goal is to get the numbers up to where they originally were, but they will not do this by discounting tickets to draw skiers from other ski areas in New Mexico. Mr. Rockey added that they have reached out to the State Tourism Office.

Mr. Archuleta commented that he personally likes this project very much. With respect to the rule that TIDD applications must be submitted six months in advance, he said he understands this rule was established because of the initial rush of applications early in the process and staff’s need to review them properly. He stated that he also understands that the rule could be waived under the current circumstances, but wondered if any precedent would be set in doing that.

Mr. Aragon said he believes the Board can deviate from the established policy by establishing specific findings of fact.

Mr. Brasher commented that this request is different from the other TIDDs the Board has reviewed in the past because the other TIDDs were in a large metropolitan area. He said this seems to be a different set of circumstances.

Ms. Clarke said the rule talks about the Board being able to waive certain requirements of the rule when it is in the best interest of the state to do so.

Ms. Clarke stated that, at the time the rule was promulgated, there were three very large TIDD applications that came in quick succession, and all three were in or next to the largest metropolitan area of the state. There were two challenges that led the Board to decide to set boundaries for the time to be reserved: all three applications were different, because there was no rule setting a specific format, so every analysis was “reinventing the wheel,” which was very time consuming. Second, when a TIDD is in or next to a very large metropolitan area, there is complicated economic analysis to do to determine the impact of the TIDD.

Ms. Clarke stated that, moving forward to today, the Board has the benefit of a standardized application. She said the Village has in fact put together a very good application that allowed her to
generate a round of questions in a very short period of time, and the applicants responded to the questions very quickly.

Ms. Clarke said there is also the fact that this application addresses a remote area, and the economic impact to be verified is from out of state, which is of less concern to New Mexico.

b. Requests Approval of Waiver of Application Timelines, Requirement to Submit Audited Financial Statements, and Developer Ownership of Land within the Tax Increment Development District

Mr. Rockey stated that his firm’s ownership interest in Taos Ski Valley, Inc. took place in June 2014, so it has been a very fast-moving process developing their business plan and working with the Village on the scope of work, as well as identifying mechanisms that would make sense. That led to a meeting in the fall with Secretary Clifford and his team to explore alternatives and ways of approaching a finance plan. At that time, they learned about the possibility of a TIDD. At that point, they went into high gear to at least offer up a full application, but making it as easy to review as possible.

Mr. Rockey stated that, under the current timeline, the dedication would be effective on July 1, 2015, but if that goal is not met, the next effective date would be July 1, 2016. With the development that they have earmarked during that time period under their plan, between $1.5 million and $2 million of gross receipts taxes would not be dedicated to the Village to contribute toward the public improvements. In that interest, they felt it would make sense to at least submit the application with the hope that staff would have time to review it.

Mr. Rockey said their second request is for a waiver from the requirement to submit audited financial statements. They could provide audited financial statements for Taos Ski Valley, Inc., but they would not convey any idea that a $350 million investment would be forthcoming. He said the capital for these investments is coming from the owner of Taos Ski Valley, Inc. and will flow through the different holding companies for the real estate that is owned.

With respect to the third waiver request, regarding developer ownership of land within the TIDD, Mr. Fratrick said he was not actually sure that the ownership requirement would apply in this case because the Village, in its September resolution, found that there was a need to form the TIDD. Under the statute and Board of Finance rules, showing majority ownership is not a requirement. In any case, Taos Ski Valley, Inc. is by far the largest landowner of the land in the proposed TIDD, and he thought it fair to say there was widespread support for it in the Village.

Responding to Mr. Kormanik, Mr. Fratrick stated that a TIDD can exist for a maximum of 25 years after the date on which its first bonds are issued. As they expect to issue sponge bonds next fiscal year, the TIDD will expire in 2041.

Mr. Kormanik asked if they anticipate the state and the Village would be making incremental payments into the TIDD during the 25 years, and Mr. Fratrick responded yes. He said the plan of finance anticipates that all of the increment would be dedicated for the 25-year term of the bonds. He said there would be an initial series of sponge bonds, and in 2020, they would do a first series of long-term bonds followed by a second series in 2023.
Mr. Rockey added that they anticipate $12 million of public bonds to be issued through four issuances starting in 2019 from recurring gross receipts sources. The sponge bonds would come from one-time projects, with the first earmarked for the next fiscal year. He said they have done an analysis of what the TIDD could do in terms of capacity, and have also made assumptions on when the developer could be paid back. While they have set this at 25 years, if the plan “goes perfectly” that could be sooner.

Mr. Franklin said he did not believe any TIDD in New Mexico has issued any long-term bonds to date. He said he understands that the developer would be reimbursed from proceeds from long-term bonds at the time of issuance, and there would be a repayment period through the TIDD. The term of the long-term bonds has to expire no later than 25 years after the issuance of the first set of bonds, which would be sponge bonds. He said that, to the extent that there is excess capacity after payment of debt service on the long-term bonds, the excess increment would be a reimbursement source to the developer along the way. He said the state would receive its share of the increment back once all of the capital expenditures have been reimbursed through the bonding process and all debt service has been paid.

Mr. Aragon moved to approve the requested waiver of application timeline requirement as indicated in the rules and procedures. Mr. Archuleta seconded the motion.

Ms. Clarke said she had no further comments on this aside from her earlier remarks about the unique aspects of this dedication request.

With respect to a finding, Ms. Clarke said waiving the submission timeline requirement in this instance would need to be in the best interests of the state.

Mr. Archuleta suggested a second finding that this is based on assurances from staff that they have had ample time to review the application.

Ms. Clarke said staff has had ample discussion with the applicants on the draft application, and she will continue to work with them going forward.

The two suggested findings were accepted as friendly amendments to the motion.

The motion to waive the application timeline requirement, as amended, passed 6-0 by voice vote.

Mr. Aragon moved to approve the second requested waiver for submission of audited financial statements. Governor Martinez seconded the motion.

Ms. Clarke said she had a reservation about this request based on comments from the applicant that the financial statements would not reflect the $350 million investment in this project.

Ms. Malavé said she has researched what alternatives there are to audited financial statements, and they include letters of credit, third party guarantees, and a number of other tools.

Ms. Clarke said there are two parts to the rule that deal with waivers. In addition to the one previously discussed today, there is a rule about waiving submission of certain items when it is
demonstrated that something equivalent can be provided to ensure that the state’s interests are protected.

Ms. Clarke suggested that the Board not approve the waiver and instead direct staff and counsel to work with the applicant to determine a mutually agreeable supplement to the audited financial statements.

Mr. Franklin stated that they wished to withdraw their request for this waiver.

The motion and second were withdrawn.

Ms. Clarke stated that staff and counsel would work with the applicant between now and the Board’s final action to try to negotiate a reasonably acceptable supplement to the financial statements.

Ms. Clarke said staff had no concerns with respect to the third waiver request, and asked that the Board find that the waiver would be in the best interests of the state. She added that an election of all of the property owners within the TIDD will take place around January 30, and it has been represented that there is broad support for the TIDD in the district. She said the Board could make any approval of a final dedication contingent upon the election outcome.

Mr. Aragon moved approval of the third requested waiver of percentage of land ownership by the developer, including the finding that this would be in the best interest of the state. Treasurer Lewis seconded the motion, which passed 6-0 by voice vote.

Mr. Archuleta commended the applicants for taking the initiative to “go out and make a difference in your community.” He said this is a “great project, and it is great for the whole state.”

**BONDS**

Presenters: David Buchholtz, Co-Disclosure Counsel, Rodey, Dickason, Sloan, Akin & Robb; Jill Sweeney, Co-Disclosure Counsel, Sherman & Howard

12. **Update on Fiscal Year 2014 Annual Financial Information Filing**

Ms. Sweeney stated that the Annual Financial Information Filing for Fiscal Year 2014 was a snapshot of the status of the Severance Tax Bonding Program, General Fund, General Obligation Bonding Program, and the State of New Mexico. Each year, Disclosure Counsel works with the Board of Finance, DFA, ERB, PERA, SIC, Retiree Health Care Authority, State Land Office, Attorney General’s Office, Taxation & Revenue Department, State Treasurer’s Office, Public Education Department, and the Board’s Financial Advisor to prepare this document for submittal to the SEC. She said counsel has been diligently working with all of these agencies, and thanked them for their participation and communication with counsel.

Ms. Sweeney said the General Fund financial summary has been revised to reflect the December consensus revenue estimate, and counsel would continue to work with the DFA and the state’s economists in finalizing that information. She said counsel believes the disclosure is substantially in final form with a couple of exceptions: property tax information that will not be available until late December; and the issues related to the State’s audits and accounting procedures, which were discussed
at the November Board meeting. Since then, counsel has met with Secretary Clifford and State Controller Ricky Bejarano and will work with them going forward.

Ms. Sweeney asked Board members to review the document and contact Disclosure Counsel with questions and concerns.

**PROPERTY DISPOSITIONS**

Presenters: Bruce Swingle, County Manager; David Pato, County Attorney, Nance, Pato & Stout, LLC

13. **Sierra County – Requests Approval of Trade of Real Property at 1807 South Broadway in Truth or Consequences to Whitehead Partners, LLC (in exchange for real property and $421,500 cash payment)**

Mr. Swingle requested approval of the trade of real property located at 1807 South Broadway in Truth or Consequences to Whitehead Partners, LLC plus $421,500, to facilitate a land transfer to house the County Road Department and County Sheriff’s Department. The property the County will receive from Whitehead Partners was appraised at $716,500 and consists of 5.943 acres, with a 3,680 square foot office showroom and a 6,000 square foot garage and service area. The County’s property was appraised at $295,000 and is a vacant four-acre site. The County will pay Whitehead Partners $421,500, which is the difference in the appraised value of the two properties.

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

14. WITHDRAWN.

[Agenda was reprioritized.]

**HIGHER EDUCATION DEPARTMENT**

Presenters: Ron James, New Mexico Higher Education Department, Capital Projects Coordinator; Dr. Daniel H. Lopez, President; Miguel Hidalgo, Director of Capital Projects; Lonnie Marquez, Vice President for Administration and Finance

20. **New Mexico Institute of Mining and Technology – Requests Approval of Acquisition of Real Property at 818 Leroy Place in Socorro from Dealva Gerard Estate and Acceptance of Certain Special Exceptions ($165,000)**

21. **New Mexico Institute of Mining and Technology – Requests Approval of Acquisition of Real Property at 905 Bullock Avenue in Socorro from James Martin and Acceptance of Certain Special Exceptions ($165,000)**

Dr. Lopez stated that New Mexico Institute of Mining and Technology (New Mexico Tech) is requesting approval to acquire two pieces of property as part of its plan for future expansion. In 1993, when he became President of New Mexico Tech, he said enrollment was less than 1,000 students. Since then, enrollment has more than doubled. While the school has tried to stay within its existing
boundaries, the footprint has been exhausted. For the long term, he said it is important that the school acquire adjacent properties where possible.

Mr. Hidalgo said the property at 818 Leroy Place, which is located across the street from the main campus and directly east of New Mexico Tech’s administration building, would be utilized as office space or as a rental unit until the property is needed for future expansion. An appraisal report completed in March 2014 stated that the value of the property was $165,000, which is the selling price. He stated that the property is zoned R-1 and is about 2,000 square feet. The lot is about 13,000 square feet.

Mr. Hidalgo said the second property, at 905 Bullock Avenue, is catty corner to the main campus and is adjacent to the new Bureau of Geology Building. He said the residence is 900 square feet, and there is a 1,200 square foot shop on the .74 acre property. He said the acquisition cost is $165,000, which is the appraisal value.

Mr. Hidalgo stated that New Mexico Tech did not pursue acquisition of the properties. Rather, the owners approached New Mexico Tech in both cases and offered the properties for sale.

Mr. Kormanik asked what the properties would be used for in the short term.

Dr. Lopez responded that the immediate use would be to accommodate overflow for some student services, including career services and counseling. In the long term, he said New Mexico Tech plans to acquire additional property. He stated that the properties would be paid for from their reserve fund.

Mr. Archuleta asked if New Mexico Tech and its Board of Regents feel this is the best use of their funds going forward. Dr. Lopez responded yes, especially given the fact that the properties values will increase over time and given that sellers were seeking almost twice as much for similar property.

Mr. Archuleta asked Dr. Lopez, “Based on your knowledge, is there a very clear zero conflict of interest between the seller and the buyer in that the seller has no relationship or vested interest, et cetera, with anyone that is in a governing position that would direct the purchase of this property?” Dr. Lopez responded that the husband of a former professor at New Mexico Tech had approached finance staff about the property. He said he has no relationship with the former professor, who retired two years ago.

Governor Martinez asked Dr. Lopez if this would affect the school funding formula. Dr. Lopez responded that it might someday in the future, if it were to qualify as an instructional facility, but for now it would not.

Responding to Mr. Aragon, Mr. Hidalgo said both residences are in average condition. New Mexico Tech might use them as rentals for students and continue their use as residential properties. He said there is no indication that they do not meet code. So, no immediate improvements would be required. If auxiliary offices are contemplated, then significant improvements would be required to bring the residences up to code. In that case, a zone change would be required.

Mr. Aragon asked what funding source would be used for improvements and ongoing maintenance. Mr. Marquez responded that the monies would probably come from reserves.
Mr. Aragon asked how much property tax revenue would be lost from removing these properties from the tax rolls, and Mr. Marquez responded that he lived nearby and his annual property tax was $1,200. Based on that, it property tax collections would be reduced by approximately $2,400 for both properties.

Mr. Primm recommended that any approval of item #20 be contingent upon Director receipt, with review by counsel, of a revised HED form 6 containing the university president’s signature; a final title binder and form of warranty deed with matching legal descriptions; an executed addendum to purchase agreement containing SBOF staff’s required changes; and a revised letter from university counsel explaining each special exception, unrecorded easement and encroachment, and confirming no adverse impacts thereof.

Mr. Carrasco stated that, with respect to the Leroy Place property transaction, there were three special exceptions pertaining to oil, gas and other minerals on the property and rights appurtenant thereto; rights and liens of any assessing water utility district; mobile homes located on the premises, and reservations and/or exceptions contained in a patent from the United States.

Mr. Carrasco stated that the contingency asking for legal counsel’s description of those special exceptions, and a statement that it wouldn’t adversely impact the institution, are still required at this point. He explained that, although counsel did receive a letter, due to some typographical errors, it is not applicable to the particular property and interests. Once counsel receives the corrected letter, it can then represent to the Board that those special conditions have been adequately addressed.

Mr. Archuleta moved for approval, with the contingencies and three special exceptions. Mr. Aragon seconded the motion, which passed 6-0 by voice vote.

Item 21

Mr. Hidalgo stated that 905 Bullock Avenue property, as well as the 818 Leroy Place property, were both identified in New Mexico Tech’s master plan as properties that should be purchased should they become available. He said the Taxation & Revenue Department concurs with the $165,000 appraised value of the property.

Mr. Archuleta asked Dr. Lopez to disclose whether or not there is any potential conflict of interest in connection with the purchase of this property. Dr. Lopez responded that his comments with respect to the 818 Leroy Place property really apply to this property, but added that there is no connection as far as he knows.

Mr. Primm recommended that any approval be contingent upon Director receipt, with review by counsel, of a revised HED form 6 containing the university president’s signature; a final title binder and form of warranty deed with matching legal descriptions; and an executed addendum to the purchase agreement containing SBOF staff’s required changes.

Mr. Carrasco stated that the Board has received correspondence from Rodey, Dickason, Sloan, Akin & Robb, P.A., counsel for New Mexico Tech, explaining the special exceptions listed in Schedule B-Section II (Exceptions) listed in the Commitment for Title Insurance issued by WFG National Title Insurance Company. The special exceptions include: all oil, gas and other minerals in, on or under, or which may be produced, and all rights appurtenant thereto; and the rights and liens of any assessing
water or utility district, body or unit, including the Middle Rio Grande Conservancy District; that certain overhead power line running across the premises and all rights appurtenant thereto; the fences being off the property lines and all rights appurtenant thereto; and reservation and/or exceptions contained in that certain Patent from the United States of America to the City of Socorro and Candelario Garcia, filed for record in the Office of the Socorro County Clerk, New Mexico, on June 12, 1902, at 9:00 a.m. in Book 49 at pages 1-9. Counsel to New Mexico Tech represents that those special exceptions would not have a material adverse effect upon New Mexico Tech or “should not be problematic.”

Mr. Archuleta moved for approval, subject to the contingencies and the items noted by Mr. Carrasco. Mr. Aragon seconded the motion, which passed 6-0 by voice vote.

Presenters: Ron James, New Mexico Higher Education Department, Capital Projects Coordinator; Dr. Nancy Barceló, President; Domingo Sanchez, Vice President for Finance & Administration; Lisa Martinez, Contracted Capital Projects Coordinator; Ricky Serna, Vice President for Advancement

15. Northern New Mexico College – Requests Approval of Budget Increase for Power/Security/Equipment Upgrades ($2,000,000)

Mr. James stated that Northern New Mexico College (NNMC) is requesting approval of power, security and equipment upgrades funded through a $2 million appropriation from the state’s Series 2013 General Obligation Bonds. NNMC’s Española and El Rito campuses are located in areas with higher-than-average crime rates and the upgrades will create a safer campus by adding gates and fencing for emergency access, fencing around educational facilities for security purposes, replace aged and fallen fencing, replace bridge crossing planks to provide access of security vehicles, and door locks. Door locks, Phase I, in the amount of $221,266, was completed in August 2014 and approved by the Board in October 2014. Door Locks, Phase II, in the amount of $75,000, and fencing and bridges in the amount of $296,351, is scheduled for March 2015.

Mr. Aragon moved for approval. Mr. Archuleta seconded the motion, which passed 5-0 by voice vote. [Mr. Kormanik was not present for the vote.]

Presenters: Presenters: Ron James, New Mexico Higher Education Department, Capital Projects; Glen Haubold, Associate Vice President for Facilities; Matt Ochoa, Senior Assistant Director, Project Development and Engineering, Facilities and Services; Henry Espalin, Assistant Director, Project Development

16. New Mexico State University – Requests Approval of Tunnel Repairs Phase I ($753,123)

Mr. James stated that New Mexico State University (NMSU) requests approval of tunnel repairs Phase I due to the severely deteriorated condition and imminent failure of the tunnel in the amount of $753,123. The funding source is the university’s Building Renewal & Replacement Fund and is NMSU’s contribution to their request for funding through the Severance Tax Bond and is part of the Higher Education Department’s recommendation for funding in the upcoming legislative session.
Mr. Haubold said this is a walk-through tunnel and is used to distribute utilities on the campus, and in some areas is 60 years old.

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

Presenters: Colonel David West, Chief of Staff; Colonel Judy Scharmer, Chief Financial Officer; Kent Taylor, CEFP, Director of Facilities

17. New Mexico Military Institute – Requests Approval of Memorial Chapel Re-roofing ($70,000)

Mr. West stated that New Mexico Military Institute (NMMI) is requesting approval of the re-roofing of the 8,300 square foot Memorial Chapel, located on the southeast corner of the main campus. The project, to be paid for from NMMI’s Patterson Endowment, will cost $70,000. The chapel was built in 1975 with a two-roof system consisting of copper roofing on the sides of the high roof over the sanctuary and membrane roofing over the remaining low slope portions of the roof. This project will reroof and potentially insulate the membrane roofing portion of the chapel.

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

18. New Mexico Military Institute – Requests Approval of Improvements to the Baseball Field Complex ($600,000)

Mr. James stated that NMMI is requesting approval in the amount of $600,000 to make improvements to the baseball field complex. The primary safety concern is replacement of the backstop, which was built in 1995. It is deteriorating and is a safety hazard. Other aspects of the project include replacing the infield turf and turf in the bullpens and batting cages. Funding for these projects comes from NMMI 2013 revenue bonds and Severance Tax Bonds.

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

[Mr. Aragon left the meeting.]

Presenters: David Harris, Executive Vice President for Administration, Chief Financial Officer and Chief Operations Officer; Chris Vallejos, Associate Vice President, Business Planning and Services; Lisa Marbury, Executive Director, Institutional Support Services

19. University of New Mexico, Gallup Campus – Requests Approval of Utilities Infrastructure and Fire Protection ($3,000,000)

Mr. James stated that University of New Mexico (UNM), Gallup campus, requests approval of utilities infrastructure and fire protection upgrades in the amount of $3 million, which is part of the institution’s five-year plan. Portions of this project are a collaboration between UNM and the City of Gallup to improve the water system for domestic water supply and fire protection for the institution.
There is a memorandum of understanding between UNM and the City of Gallup due to county funds being used for the utility project, which will increase water pressure and alleviate the use of booster pumps.

Responding to Mr. Kormanik, Mr. Harris said funding sources are county general obligation bonds and 2012 State General Obligation Bonds. No institutional funds are involved.

Mr. Primm noted that staff had inquired whether the State General Obligation Bond portion of the funding could be used onsite for the sprinkler systems to preclude any concerns about the UNM Gallup appropriation being spent off site. UNM stated in their response that they would be using the State General Obligation Bonds for the onsite repairs. Mr. Harris added that the State General Obligation Bond funds would be dedicated to fire suppression.

Mr. Kormanik moved for approval. Mr. Archuleta seconded the motion, which passed 4-0 by voice vote. [Governor Martinez was not present during the vote.]

STATE TREASURER’S OFFICE
Presenters: Linda T. Roseborough, Chief Investment Officer; Treasurer James B. Lewis; Ron Crespin, Chief Financial Officer; Steve Vigil, Investments Accounting Bureau Chief

23. Monthly Investment Reports for Month-Ended October 31, 2014

Treasurer Lewis stated that Ms. Roseborough would be leaving STO on December 19, and thanked her for her service.

Ms. Roseborough presented these reports.

Ms. Clarke stated that, at the STIC meeting, there was some discussion relating to the net effect of a trade made during the month from the portfolio, which STO is going to follow up on. A $20 million U.S. Treasury at 1 percent yield with maturity in September 2016 was sold at a realized gain of a little over $27,000. The sale was completed to purchase a $20 million First National Santa Fe CD at 0.85 percent yield maturing in April 2017. She said she had asked about this because it was not immediately clear that this was a beneficial trade for the portfolio, but it might have been beneficial when one includes the realized gain.

Ms. Roseborough responded that Government Portfolio Advisors (Deanne Woodring) is in the process of researching this matter.

Ms. Roseborough said she had also prepared a report in response to a question from the Board about how interest earnings are distributed to the general fund and why there is a discrepancy.

Ms. Roseborough said STO has met with the DFA and STO’s analyst at LFC and has advised them on STO’s internal procedure.

Ms. Roseborough stated that, from an historical perspective, STO is compliant with GASB and all accounting methods in its financials and accounting records. The particular reference that STO is speaking to today is a transfer of earnings from STO to the general fund. She explained that, when
investments transact, the earnings are received, but STO is not integrated into the SHARE accounting system.

Responding to Governor Martinez, Treasurer Lewis explained that, when the state moved to the SHARE system in 2006, STO was not included in the transition and budget for such a transition was not approved. He said STO has recently gotten “a seat at the table” and is now working with DFA and LFC in an effort to rectify this longstanding issue.

Ms. Roseborough stated that STO transfers money to the general fund on a monthly basis. She said §6.10-2.1 NMSA states that the State Treasurer “shall identify and allocate to the general fund all earnings, including realized and unrealized gains and losses, from the investment of all accounts or funds in his custody....” She stated that there are different interpretations of “earnings,” and there are different variations of earnings, but the simplest definition is a cash basis. She said there is also fair value accounting, which is the accrual method and adjusts all earnings for realized and unrealized gains and losses, fees and expenses, and amortization and accretion. She said what has happened is that the transfers STO has been making have been in the purest form of the earnings definition, i.e., “all income received.”

Ms. Roseborough said this came about when someone looked at the STIC report and the accounting report and said the amount of earnings reported and the amount transferred to the general fund were different, and that the amount transferred to the general fund was a much larger amount. She said STO has not been making those adjustments; when STO does its accounting reports, they comply with GASB and have the adjustments in them.

Ms. Roseborough said STO asked its legal counsel to interpret “earnings,” and it is very ambiguous. She said a recommendation to the Treasurer-elect is to have the statute reviewed during the legislative session.

Ms. Roseborough said external counsel, in looking at the plain definition of “earnings” and receiving feedback from the external auditors, CliftonLarsonAllen, recommended the newer more modified definition of “earnings,” which adjusts for amortization, accretion and realized and unrealized gains and losses.

Ms. Roseborough also explained that, until 2013, investments for STO were not input into the SHARE system. At the end of every fiscal year, the auditors would make a one-time net adjustment of all STO investments into SHARE. In 2003, when Steve Vigil was brought on board, they worked with DFA and recommended an expansion of the charter of accounts for SHARE, and now they are manually entering the STO investments on a monthly basis. She said they did not adjust the procedure of the one-time transfer, however. She said their accounting records are sound, but did not adopt the methodology of cash basis going into accrual basis. She said that, in looking at 2014 and 2015, anything that has remained in the fund has been adjusted. For DFA going forward, this means the transfers to the general fund will be less than before because the deductions would not be there, and would match the fair value accounting method.

Governor Martinez asked how old the statutory language is, and Ms. Roseborough responded that it was enacted in 1989. Governor Martinez asked why the definition of “earnings” is being questioned now for the first time, and Ms. Roseborough responded that it had never come up until someone noted the discrepancy in earnings between the STIC report and the amount transferred to the general fund.
Ms. Clarke commented that this is a difficult concept for non-accountants to understand, and so she has asked STO several times for a “road map” for mapping out the flow of funds as they have occurred and as they would have occurred, as adjusted.

Ms. Roseborough stated that with respect to the 801 fund issue (bond proceeds distribution), what is being reverted back to fund 801 is amortization, accretion and realized and unrealized gains and losses. She said funds coming back will be held in the 801 fund as a reserve account and will be used for future distributions. This satisfies the statutory language referring to “all earnings from the investments of all accounts.”

Ms. Clarke clarified that she would like STO to provide a summary rollup for the FY 2014 that lays out total earnings, adjustments, etc. Ms. Roseborough said the report would be provided today.

Ms. Clarke asked if STO and its counsel have reviewed the language in the Board’s bond resolutions, which set up certain accounts and direct how they are to be managed, to ensure that the modified process being used now complies with the language in the bond resolutions.

Ms. Roseborough responded that this step has not yet occurred.

Treasurer Lewis added that a problem in state government is coming up with a specific definition of what the general fund is.

Mr. Kormanik said the bond debt service accounts should be receiving back the interest that is generated on bond project accounts, ultimately enabling the Board to use the interest on bond proceeds to retire the bonds. He asked if the problem associated with over-transferring to the general fund would affect the distribution that should have gone to the bond proceeds funds, and subsequently damage the Board’s ability to pay off the bonds.

Ms. Roseborough responded that all distributions to bond payments have been made to the bond proceeds funds. Even though the overage has gone to the general fund, it is still being invested under the general bond proceeds, so any income received from that source will be put in the reserve account.

Ms. Clarke asked whether the Board’s arbitrage rebate calculations needed to be revisited as a result of STO’s procedural changes. Ms. Roseborough responded that the data for those calculations came from STO’s QED system and was unchanged.

Treasurer Lewis thanked Ms. Clarke and staff for asking the “right questions” and for working with STO. He said communication between Board staff and STO has improved “a hundredfold” over what it had been in earlier years.
Ms. Nicosin presented the monthly report for October 2014 as well as details on selected projects.

Ms. Nicosin requested approval of this item.

Mr. Archuleta moved for approval. Treasurer Lewis seconded the motion, which passed 4-0 by voice vote.

Ms. Clarke stated that, as part of its legislative package, DFA is engaging the Legislative Council Service to draft a bill that would make certain changes to the real property disposition statutes, of which the Board’s statute 13-6-2.1 is one of the three. Most of the proposed changes are cleanup and standardizing language across the three statutes, making it more user-friendly among the school districts, state agencies and counties need approval, and also to ensuring that certain legal authorities are clear. For example, this would include making clear the Board’s jurisdiction for approval of donations of real property, and that the public bodies that need approval under these statutes are allowed to dispose of property to municipalities.

Ms. Clarke said a more substantive change is a proposed increase in the thresholds for approval that determine whether a property disposition goes to lower level approvals. At the time the $25,000 threshold was set, it was also the Procurement Code limit on small purchases. Over time, the small purchases threshold has crept up to $60,000, but the real property threshold has remained unchanged. Ms. Clarke said she is proposing that the threshold be moved up to $60,000. In 13-6-3, which requires legislative approval for state agency dispositions over $100,000, she proposes to increase that to $200,000, reflecting inflation over the years.

Ms. Clarke said the second substantive change is in 13-6-3. She said she thought it fair to say that there is an appetite in the Executive and Legislative branches to somehow strengthen the legislative approval process. There is a property disposition that occurred in the last year or so that got quite a bit of attention, which was the sale of a property on DeVargas Street by the Energy, Minerals and Natural Resources Department’s State Parks Division. Through reading press accounts, she felt there was a sense that some legislators didn’t fully understand until after the fact what they had voted for and wished they’d had more information.
Ms. Clarke said there are different ways the statute could theoretically be strengthened. Over the summer, the Capital Buildings Planning Commission (CBPC) looked at some bill drafts but didn’t endorse any, but looked at the CBPC reviewing and approving prior to the legislature. She said she would tend to agree that this would be an improvement over current law, but would also suggest that perhaps the CBPC isn’t the most apt body to be inserted into the statute. Her understanding is that most of that commission’s work is in master planning and it is mostly focused on the Capitol Complex in Santa Fe.

Ms. Clarke said she has inserted the Board in this draft as a pre-reviewer and approver prior to legislative ratification. The Board staff and counsel, and Board members probably see an average of five property dispositions a month.

Mr. Kormanik expressed concern that, because the Board meets only once a month and already has a big workload, it may not be able to give everything enough attention and continue to make decisions that it feels are in the state’s best interest. He said he feels the Board has a lot of responsibility as it is.

Ms. Clarke said that on average, there might be four or five transactions per year that will fall under the new $60,000 threshold and no longer come to the Board. She stated that Legislative Council Service Director Raul Burciaga told the CBPC that he thought the legislature had introduced about four joint resolutions per year on average over the last several years, so she thought the Board might pick up about four transactions per year by taking on that role. She said the four that the Board would shed are smaller than the four the Board would gain, however, she thought the impacts at the staff level could be absorbed.

Secretary Brasher said he thought it made sense for the Board to take on this role based on the fact that staff has the necessary expertise, and there appears to be support for this from the Board.

27. Approval of Board of Finance Meeting Schedule for 2015

Mr. Archuleta moved for approval. Treasurer Lewis seconded the motion, which passed 4-0 by voice vote.

28. Fiscal Agent/Custodial Bank Fees

Ms. Clarke stated that staff member Antonio Medina discovered that JP Morgan, which had a new contract with the Board effective July 1, 2014, had failed to update their fee schedule and have been charging the Board a lesser amount under the previous contract’s fee schedule. She said staff and the contractor are working to address this.

29. Joint Powers Agreements

Ms. Clarke read the Joint Powers Agreements into the record.
Comments to outgoing State Treasurer James Lewis

Board members and staff thanked Treasurer Lewis for his service to the Board and the State.

ADJOURNMENT

Its business completed, the State Board of Finance adjourned the meeting at 2:15 p.m.

Susana Martinez, President

Date

Michael Brasher, Secretary

Date