MINUTES OF THE
NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

Santa Fe, New Mexico

April 18, 2017

A Regular Meeting of the New Mexico State Board of Finance was called to order on this date at 9:05 a.m. in the Governor’s Cabinet Room, Fourth Floor, State Capitol Building, Santa Fe, New Mexico.

1. ROLL CALL: QUORUM PRESENT

Members Present:
Mr. Robert J. Aragon, Public Member
Mr. Adelmo Archuleta, Public Member
Mr. Michael Brasher, Public Member, Secretary
Mr. John Kormanik, Public Member

Members Excused:
The Hon. Susana Martinez, President
The Hon. John A. Sanchez, Lt. Governor
The Hon. Tim Eichenberg, State Treasurer

Staff Present:
Ms. Leila Burrows Kleats, Director, State Board of Finance
Ms. Donna Maestas, Deputy Director
Ms. Duffy Rodriguez, Secretary of Finance and Administration

Legal Counsel Present:
Ms. Sally Malavé, Attorney General’s Office

Others Present:
[See sign-in sheets.]

2. APPROVAL OF AGENDA
ANNOUNCEMENT: NEXT REGULAR MEETING – TUESDAY, MAY 16, 2017

Mr. Aragon moved for approval of the Agenda, as published. Mr. Kormanik seconded the motion, which passed 4-0 by voice vote.

CONSENT AGENDA (Items 3-4)

Submitted by Leila Burrows Kleats, Director
3. Approval of Minutes: March 21, 2017 (Regular Meeting)

Submitted by: Mike Gallagher, Lea County Manager
4. Lea County – Requests Approval of a Sale of Real Property Located at the Intersection of NM 176 and NM 18 in Eunice to Love’s Travel Stops & Country Stores, Inc. ($100,000)

Mr. Archuleta moved approval of the Consent Agenda, as published. Mr. Aragon seconded the motion, which passed 4-0 by voice vote.

Mr. Gallagher thanked the board and staff for their assistance. City of Eunice Mayor Matt White added that city gross receipts tax revenues were $205,000 this year, while the year before they were $450,000.

EMERGENCY FUND BALANCES
Presenter: Ms. Leila Burrows Kleats, Director
5. Emergency Balances – April 18, 2017
   Operating Reserve Fund $1,101,421.00
   Emergency Water Fund $ 499.56
   Emergency Hardship Fund $ 976,332.00

Ms. Kleats reported these balances.

EMERGENCY FUNDING REQUESTS
Presenter: Thomas J. Griego, Executive Director
6. Public Employee Labor Relations Board – Requests Approval of an Emergency Hardship Grant as a result of the Reductions in Fiscal Year 2017 Appropriations to Avoid Employee Furloughs (not to exceed $5,154.00)
Mr. Griego stated that the legislature appropriated approximately $3,600 less in category 200 for salaries and benefits in FY 2017 than were their actual expenditures in FY 2016. He said the Public Employee Labor Relations Board (PELRB) had already instituted some austerity measures ranging from terminating subscriptions to various professional magazines and periodicals to reducing board and staff travel, the latter of which has significantly impacted how the agency does its business. Although they had planned to make a Budget Adjustment Request from one category to another to make up for the loss of board travel, the additional 5 percent cut by the legislature made that impossible, and the only viable option left is to begin employee furloughs.

Mr. Griego requested that the board consider approving an emergency hardship grant of $3,584 to cover their shortfall in the 200 category and avoid that prospect, as the agency has only two FTEs, so the furlough could effectively shut down the office. He would have to lay himself off for six days and his associate for six days in order to make up the shortfall.

Responding to Ms. Maestas, Mr. Griego said he was comfortable requesting $3,584.

Ms. Kleats stated that staff would amend the draft resolution to reflect the $3,584 request and to change it from a loan to a grant.

Mr. Aragon moved for approval. Mr. Kormanik seconded the motion.

Mr. Kormanik commented that the board is likely to see more of these requests going forward. He said the board not only needs to look at the operational aspect (reduction in resources and furloughs) but also, more importantly, the impact of reducing resources in terms of agencies’ ability to initiate their statutory requirements and what impact there is on the public in the implementation of governmental services.

The motion passed 4-0 by voice vote.

GENERAL SERVICES DEPARTMENT
Presenter: Leila Burrows Kleats, Director

[Informational.]

STATE TREASURER’S OFFICE
Presenters: Vikki Hanges, General Fund Portfolio Manager; Sam Collins, Deputy State Treasurer

9. **Monthly Investment Reports for Month-Ended February 28, 2017**

Ms. Hanges reported that the portfolio increased by $300,000 on a mark-to-market basis in February.

Presenter: Christopher Gregory, CPA, CliftonLarsonAllen

8. **Presentation of Fiscal Year 2016 Audit**

Mr. Gregory presented this report. He said the State Treasurer’s Office received a clean opinion, and there were no disagreements with management.

**STAFF ITEMS**

Presenter: Leila Burrows Kleats, Director

10. **Consideration of Staff Recommendation and Selection of Successful Offeror for Arbitrage Services, and Authorization for Staff to Begin Contract Negotiations**

Ms. Kleats reported that staff received two responses to its request for informal quotes, one from BLX and the other from AMTEC. BLX provided services to the State Board of Finance (SBOF) in FY 1995-FY 2011 and again in FY 2017, and AMTEC in FY 2012-FY 2016.

Ms. Kleats said staff believes that the most advantageous offer to the state is that of BLX. While BLX does not offer the lowest cost, the firm provides in-house legal counsel and its team is highly experienced, educated, and credentialed. The difference in cost between these quotes is considered to be immaterial, given the immense importance of ensuring the SBOF’s bonding programs remain compliant with the IRS’s arbitrage restrictions.

Responding to Mr. Kormanik, Ms. Kleats said that, because this is a small purchase contract, the SBOF can only procure services for one year. The plan is that, next year, when the Board of Finance Division is fully staffed and not juggling other RFPs, it will go out for RFP for arbitrage services for a four-year contract with no extensions.

**Mr. Kormanik moved for approval. Mr. Archuleta seconded the motion, which passed 4-0 by voice vote.**
Presenter: Donna Maestas, Deputy Director

11. Consideration of Evaluation Committee Recommendation and Selection of Successful Offeror for Bond Counsel Services, and Authorization for Staff to Begin Contract Negotiations

Ms. Maestas reported that the SBOF issued a Request for Proposals for bond counsel services on January 23, 2017. Proposals were received on February 22, 2017, from four firms: Andrews Kurth Kenyon; Nixon Peabody; a joint proposal from Sherman & Howard with Rodey Law Firm; and Virtue & Najjar.

Ms. Maestas said the Evaluation Committee carefully reviewed and evaluated the proposals based on the criteria set out in the RFP, and assigned the following total scores:

- S&H/Rodey Law received a total score of 772 points;
- Virtue & Najjar received a total score of 665 points;
- Andrews Kurth Kenyon received a total score of 547 points; and
- Nixon Peabody received a total score of 501 points.

Ms. Maestas said the Evaluation Committee recommends selection of the joint proposal from Sherman & Howard and Rodey Law. An approval of the recommendation would initiate negotiation of a contract, which would come back to the board next month for final approval. This procurement action is subject to approval by the Contracts Review Bureau of DFA.

Ms. Maestas stated that any additional information related to these proposals is confidential. If board members have any additional questions, the Procurement Code requires they be asked only in closed session.

Responding to Mr. Kormanik, Ms. Maestas described the process followed by the three-member Evaluation Committee (Mr. Brasher, Ms. Kleats and DFA Deputy Secretary Stephanie Schardin Clarke).

Mr. Brasher commended board staff for doing an excellent job.

Mr. Aragon moved the Evaluation Committee recommendations. Mr. Archuleta seconded the motion, which passed 4-0 by voice vote.

Presenter: Leila Burrows Kleats, Director

12. Dashboard Report
Ms. Kleats presented this report.

Board members discussed concerns about the current capital outlay process.

13. Fiscal Agent/Custodial Bank Fees

Ms. Kleats said there was a slight increase in fiscal agent fees in March, which is consistent with tax season.


Ms. Kleats read the Joint Powers Agreements into the record.

ADJOURNMENT

Its business completed, the State Board of Finance adjourned the meeting at 10:15 a.m.

Susana Martinez, President

Date

Michael Brasher, Secretary

Date