NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

Santa Fe, New Mexico

April 16, 2019

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:**
The Hon. Michelle Lujan Grisham, President
The Hon. Howie Morales, Lt. Governor [leaving at 11:30 a.m.]
Mr. Joseph Badal, Public Member
Mr. Paul Cassidy, Public Member
The Hon. Tim Eichenberg, State Treasurer
Mr. Michael S. Sanchez, Public Member, Secretary
Ms. Wendy Trevisani, Public Member

**Members Excused:**
None.

**Staff Present:**
Ms. Ashley Leach, Director
Ms. Donna Maestas, Acting Director
Ms. Olivia Padilla-Jackson, Secretary of Finance and Administration

**Legal Counsel Present:**
Mr. Stephen Vigil, Attorney General’s Office

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

2. **APPROVAL OF AGENDA – ANNOUNCEMENT: NEXT REGULAR MEETING -- TUESDAY, MAY 21, 2019**

Lt. Governor Morales moved approval of the agenda, as published. Mr. Cassidy seconded the motion, which passed 7-0.
3. **APPROVAL OF MINUTES: MARCH 19, 2019 (REGULAR MEETING)**

Mr. Sanchez moved approval of the minutes of the March 19, 2019, meeting, as submitted. Mr. Cassidy seconded the motion, which passed 7-0.

**EMERGENCY FUND BALANCES**
Presenter: Ashley Leach, Director

8. **Emergency Balances – April 16, 2019**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Balance</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Reserve Fund</td>
<td>$1,941,495.00</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Emergency Water Fund</td>
<td>$104,800.00</td>
<td>$104,800.00</td>
</tr>
</tbody>
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Ms. Leach reported these balances.

**EMERGENCY FUNDING REQUESTS**

Presenters: Kristina Ortiz, Clerk Treasurer, City of Bayard; Joe Trumm, Engineer, Trumm Engineering; Chon Fierro, Mayor, City of Bayard; Sen. Gabriel Ramos

5. **The City of Bayard – Requests Approval of an Emergency Grant to Repair Damaged Wastewater Line Pipe (up to $1,300,000)**

Ms. Ortiz requested approval of emergency funding to pay for repairs to their failing influent wastewater line. The original request was for $1.3 million; however, they were able to secure $550,000 through capital outlay monies, and are now seeking the balance of $750,000 to cover costs to replace the entire line.

Ms. Ortiz stated that, during a February inspection, holes were discovered in the 24-inch cast iron pipe that is their main line. The holes begin 165 feet north of the plant entrance and run for about 171 feet. Yesterday, they noticed that the emergency patching was beginning to fail.

Mayor Fierro said the plant services Bayard and its partner entities, Fort Bayard State Hospital, Santa Clara, and Hurley.

Ms. Ortiz stated that the city imposed a rate increase of $2.50 last year for wastewater services.

Sen. Ramos added that the area residents are paying high rates for sewer and water, so financial assistance would be especially appreciated. He commented that the city has done a wonderful job of managing the monies they have been getting for the plant up until now.
Ms. Trevisani asked if burying the lines, to avoid exposure to air, would avoid future problems. Mr. Trumm responded that this would not be an attractive option, as burying the lines would change the grade and require a lift station at a cost of up to $1 million. He said the corrosion problems can be solved by using another material for the replacement pipe, and they are reviewing various options.

Responding to Mr. Cassidy, Ms. Ortiz stated that the $2.50 rate increase raised the cost per user to about $25.00. She said residents also pay for sewer maintenance, trash collection and water.

Responding to Mr. Sanchez on the frequency of inspections, Ms. Ortiz stated that three operators from the wastewater department walk the line every few months.

Mr. Cassidy asked how soon the work could begin on this project. Mr. Trumm responded that, because of the lengthiness of the procurement process, he doubted there would be any money expended until approximately October.

Ms. Ortiz stated that they have begun talking with the New Mexico Finance Authority about a loan, and will have to conduct a rate analysis with them.

Responding to Mr. Cassidy, Ms. Maestas said the Emergency Fund will receive its annual $2,000,000 appropriation on July 1, 2019.

Governor Lujan Grisham stated that this is clearly a public health issue, which is an emergency by itself, and is especially important given that the Fort Bayard State Hospital is on the system.

Governor Lujan Grisham said she expected approval to be contingent upon the city spending only the amount of money necessary for this work. In addition, she wanted to be sure that the city was prepared to move ahead on this project given the limited amount of money available in emergency funds. Ms. Ortiz responded that the city would begin to draw down the money for a portion of the engineering work as soon as the funds became available. The city has received a quote of $10,153.13 to inspect and clean the line and determine the extent of repairs needed.

Lt. Governor Morales moved for approval of an emergency grant of up to $750,000 contingent upon the completion of the cleaning and closed circuit TV inspection of the damaged influent line to determine the need for replacement or repair. Ms. Trevisani seconded the motion.

Ms. Maestas stated that emergency funds through a grant would have to be spent by June 30. She suggested that, if approved as a loan, there would be no such deadline and it could be converted to a grant at a later date.
Secretary Padilla-Jackson recommended that this be approved as a loan and converted to a grant at a future meeting of the board.

Lt. Governor Morales agreed to modify his motion to reflect a loan rather than a grant, which was seconded by Ms. Trevisani.

The motion passed 7-0.

Mr. Vigil stated that staff would prepare a resolution for signature by the Governor.

Presenters: Stephanie Schardin Clarke, Cabinet Secretary; Emily Oster, Deputy Secretary; Mike Baca, Information Officer, New Mexico Taxation and Revenue Department; Darshana Kanabar, Deputy Director

6. New Mexico Taxation and Revenue Department – Requests Approval of Emergency Loan to Support the Implementation of the New Mexico Taxation and Revenue’s Information Technology Systems (up to $1,500,000)

Secretary Schardin Clarke said the New Mexico Taxation and Revenue Department (TRD) is requesting approval of an emergency loan for implementation of tax changes enacted during the 2019 legislative session. She commented that the session was extremely productive as far as passing and enacting tax reform; however, on the back end, TRD has a mountain of implementation to put into its two main IT backbones, namely, GenTax (main tax system) and Tapestry (main MVD system).

Secretary Schardin Clarke presented slides detailing contractual services cost estimates required to implement the IT changes to both systems, totaling $27.3 million. With soft costs, the total is about $29.5 million. She contrasted this with TRD’s annual operating budget of $90 million, all of which is necessary to cover the cost of personal services, employee benefits, and other work required to maintain compliance. She reviewed a timeline with hours required to comply with the statutory effective dates for all of the legislative bills.

Secretary Schardin Clarke stated that, between now and July 1, TRD is grossly underfunded in personnel hours as well as contractual services dollars. Although TRD has identified other available funding totaling $6.3 million to help meet this emergency, a shortfall of $21 million remains. The $1.5 million requested equates to 3,000 hours of contractor development time, which will be applied to code changes necessary to meet legislative mandates; however, an estimated 19,000 hours of time will be needed to address all of these needs.

Secretary Schardin Clarke highlighted additional concerns with respect to this emergency:

--- Although the support received from the appropriating committees allowed TRD to bring down its funded vacancy rate, it is still funded at a 15 percent budgeted vacancy rate. Although TRD is working to bring its vacancy rate down from the original 30 percent to 28 percent, it can only go to about 15 percent vacancy before running out of money.

--- Funding this through vacancies is therefore not possible if TRD is to improve customer service, and TRD could fail in providing a basic government service, which is tax administration.
TRD systems could fail, resulting in erroneous returns or distributions, which would be subject to costly litigation. In addition, taxpayer returns and refund processing could be delayed.

Lt. Governor Morales observed that some of the items being included in this emergency request have been part of discussions over a period of years. Given that the $1.5 million requested will cover only 3,000 hours, he asked how the rest of the work will be funded.

Secretary Schardin Clarke responded that she was not entirely sure why, but the $6.3 million of premium tax funding wasn’t requested by the agency last fall for the upcoming legislative session. In order to make sure this kind of thing does not happen in the future, she would be advocating for a contingent appropriation every fall for HB2 going forward.

Noting that there was $1.191 million remaining in the operating reserve fund, Mr. Cassidy said the resolution would be to approve a $1 million loan from the operating reserve fund, and anything left after June 18 in the fund would also be converted to a loan to cover the remainder.

Mr. Badal commented that he has never been involved in an IT project that hasn’t gone over budget, as well as time, by 50 percent. He asked if that has been factored into the budget.

Secretary Schardin Clarke responded that the board can be assured that TRD would be extremely careful about using every dollar as wisely as possible, and staff is being coached every day on this.

Mr. Cassidy moved for approval of this emergency request in the form of a loan up to $1,000,000. Any money remaining in the operating reserve fund from the Fiscal Year 2019 appropriation as of June 18, 2019, will be awarded to the New Mexico TRD as a loan. Sen. Sanchez seconded the motion, which passed 7-0.

FINANCING APPROVALS
Presenters: Robert Westervelt, Board Chair; Dr. Jorge Garcia, Board Vice Chair; Mario Puentes, Board Member; Brandon Hill, Board Member, New Mexico Municipal Energy Acquisition Authority; Chris Toft, Principal, The Majors Group; Peter Franklin, Attorney; Daniel Allsup, Attorney, Modrall Sperling; James Losty, RBC Capital Markets
7. New Mexico Municipal Energy Acquisition Authority — Requests Approval of Interest Rate Exchange Agreement

Mr. Cassidy disclosed that he retired about a year ago from RBC, which is part of this transaction. While he has no financial interest in this matter, he will recuse himself from the vote.

Mr. Westervelt stated that the New Mexico Municipal Energy Acquisition Authority (NMMEAA) includes the cities of Las Cruces, Farmington, Gallup and Los Alamos, but only Las Cruces, Farmington and Los Alamos are gas purchasers under the agreement.

Mr. Toft reviewed the funding transaction. He said the 2019 bonds are an extension of a municipal prepaid gas transaction that NMMEAA entered into in 2009. He said the two primary
purposes are to contract for and lock in a reliable supply of gas for the participants; and to lock in an economic discount to the purchase price of the gas over its term. The 2019 transaction was originally for a 30-year term; however, because of 2013 regulatory changes, a restructuring of the bonds was necessary the following year. NMMEAA appeared before the State Board of Finance in 2014 with a similar request for approval of an interest rate swap. This transaction was a five-year bond issue scheduled to mature on August 1, 2019. NMMEAA is in the process of structuring another extension of the transaction for an expected term of five to six years. He added that, were it possible to do a longer-term deal for the full term, NMMEAA would very likely do that, but the discount is not available on longer-term bonds and comes from the difference between the yield at which NMMEAA can issue tax-exempt bonds and borrow the money that has funded the prepayment, and the taxable yield at which RBC present-values the future gas deliveries. The spread between the two yields is greatest in the four-to-six year period, which is why the 2014 bonds were structured as a five-year transaction.

Mr. Toft said NMMEAA intends to issue the 2019 bonds for a term of five to six years. The structure used in 2014 is identical to the structure contemplated for the 2019 series. He said the two common risks associated with interest rate swaps do not apply to the 2019 bonds: 1) Under this swap, NMMEAA would pay RBC a fixed rate of interest and NMMEAA would receive a floating rate of interest. The floating rate of interest received from RBC will be exactly equal to the floating rate that is payable on the bonds. As a result, there is no “basis risk.” 2) Termination risk (when the swap terminates, market conditions might be such that an issuer owes a termination payment to the swap counterparty) does not exist in this transaction. If the 2019 bonds are redeemed and the interest rate swap terminated for any reason whatsoever, the only payments required to or from RBC would be a final payment representing the accrued interest up until the termination payment. There is no mark-to-market payable on termination.

Mr. Toft said that, depending on market conditions at the time the 2019 bonds are priced, it is possible that a portion of the transaction might be issued as fixed rate bonds and a portion of floating rate bonds with this swap. It is also possible that the entire transaction would be issued as floating-rate bonds with the swap.

Mr. Cassidy asked representatives from the three gas purchasers in this agreement to comment on the benefits to them.

Mr. Westervelt responded that this arrangement has been very beneficial for all of the participants. Los Alamos has a natural gas utility, and the gas supply it receives through the NMMEAA transaction is the gas delivered to its customers. In the 2014 deal, Los Alamos was guaranteed a 29-1/2 cent discount on the market price of gas, which is significant. Over the life of the agreement for Los Alamos, they have received an economic benefit of $2,572,000 between 2009 through last month.

Mr. Hill said Farmington is the agreement’s largest purchaser. They accept 12,500 MMBtu therms per day, which is a fixed amount, which goes exclusively to internal generation assets. Life to date, the Farmington Electric Utility System has saved about $13 million, or $1.3 million annually.

Dr. Garcia said Las Cruces is the smallest participant in this deal. To date the city has saved about $1 million.
Secretary Padilla-Jackson said DFA has this transaction reviewed by its independent financial advisor. The review notes that RBC takes on a lot of the risks associated with this transaction, and a recommendation is that those risks be formally codified upon closing of any transactions with opinions from bond counsel and RBC counsel. She asked that any recommendation by the board include this contingency.

Mr. Badal moved for approval, with this contingency. Ms. Trevisani seconded the motion, which passed 6-0, with Mr. Cassidy recusing.

PRIVATE ACTIVITY BONDS
Presenters: Marcos Gonzales, Economic Development and Cultural Services Director, Bernalillo County; Thomas C. Mannschreck, President and Chief Executive Officer, Thomas Development Co.; Barbara Mannschreck, Chief Administrative Officer, Thomas Development Co.

8. Bernalillo County – Requests Approval of a Private Activity Bond Volume Capacity Allocation for the Development of Marbella Apartments ($11,000,000)

Mr. Gonzales stated that Bernalillo County is requesting approval of Private Activity Bond volume capacity allocation in the amount of $11,000,000 for the development of the Marbella Apartments through the renovation of the River Glen Apartment community, which is on Albuquerque’s Westside. These will be 100 percent affordable multifamily apartments. The work will cost about $25,000 per unit with upgrades to include a children’s playground. The total investment into the area is estimated at $13 million, with about 171 new construction jobs.

Mr. Badal asked what kind of demand there is in Bernalillo County for affordable housing. Mr. Gonzales responded there are other projects in the pipeline just to meet affordable demand, which is considerable.

Governor Lujan Grisham said that, in her experience, the need for housing for senior citizens and the disabled continues to increase, and New Mexico is lagging behind other states in investments for affordable housing for all populations.

Responding to Mr. Badal, Ms. Maestas said there is $316 million available in allocation.

Ms. Maestas stated that, per the SBOF rule, allocations made in the first half of the year must close by June 30, but closing is scheduled for July 15, 2019. She suggested that an extension be requested.

Mr. Badal moved for approval, with an extension, as noted. Mr. Cassidy seconded the motion, which passed 7-0.

PROPERTY DISPOSITIONS
Presenters: Michael Eshleman, County Attorney; Sylvia Tillbrook, Executive Assistant, Otero County

9. Otero County – Requests Approval of the Lease of Real Property Located at 301 Texas Avenue in Alamogordo to Children in Need of Services ($23,360 services in lieu of cash)
Ms. Tillbrook requested approval of a lease management agreement between Otero County and Children in Need of Services (CHINS). CHINS provides an array of child-related services for the community, including individual counseling, case management, childcare, community outreach education, court-appointed special advocacy, and many other services. The space being considered is a portion of a larger 15,029-square-foot building that was previously an elementary school. Currently, CHINS occupies 4,672 square feet of this building, but has no access to the remainder. The county received legislative capital outlay monies and has CDBG funding to work on the second and third phases of a project to renovate the rest of the space and allow CHINS to expand.

Ms. Leach requested that board approval be contingent upon Director’s receipt and counsel review of a fully executed revised lease management agreement with changes requested by staff.

Mr. Eichenberg moved for approval, with the contingency. Ms. Trevisani seconded the motion, which passed 7-0.

**DEPARTMENT OF FINANCE AND ADMINISTRATION AND THE DEPARTMENT OF INFORMATION AND TECHNOLOGY**

Presenters: Vincent Martinez, Cabinet Secretary; Bill Range, E-911 Program Manager, Department of Information and Technology; Donnie Quintana, Director, Local Government Division, Department of Finance and Administration

10. Department of Finance and Administration/Local Government Division and the Department of Information Technology – Jointly Request Approval of E-911 Program Capital Funding for Fiscal Year 2019 ($5,194,103)

Secretary Martinez requested approval of the E-911 capital equipment budget for FY 2019, and presented a high level overview of the program, equipment needs, and the requested budget. He reviewed a spreadsheet detailing all of the equipment being requested, for a total of $5,194,103.

Responding to a question from Mr. Cassidy, Secretary Padilla-Jackson said that DFA plans to continue working with DoIT while taking ownership of the E-911 program and bringing it back into the Local Government Division, which Mr. Quintana will be overseeing. In addition, insufficient staff in the past has caused some problems with the running of the program, and DFA wants to fully staff, reassess the needs, and work with the PSAPs to get their input over the next year.

Lt. Governor Morales moved for approval. Sen. Sanchez seconded the motion, which passed 7-0.

**HIGHER EDUCATION DEPARTMENT**

Presenters: Dr. Kate O’Neill, Cabinet Secretary; Thomas Schawel, Education Administrator, New Mexico Higher Education Department; Dr. Richard Wood, Interim Provost; Dr. Mark Peceny, Dean, College of Arts & Sciences; Dr. Emile Nakhleh, Director of Global and National Security Policy Institute; Nicole Dopson, Director, Financial Operations, Provost Office,
University of New Mexico

11. University of New Mexico – Requests Approval of the Professional Master of Science in Global and National Security Degree Program

Secretary O’Neill said the Higher Education Department is requesting approval of the new Professional Master of Science in Global and National Security (PMSGNS) degree program, which would be part of the existing UNM Global and National Security Policy Institute. No additional financial resources are being requested. She said the institutional review process is complete; the Council of Graduate Deans and the NM Higher Education Advisory Council have reviewed this program.

Dr. Wood stated that this program is in partnership with the three national laboratories in New Mexico. He said there is an extraordinary demand for this program out of young people and mid-career people wanting to enter into national security or global security either in the governmental or nonprofit sector.

Dr. Nakhleh made a slide presentation. He stated that this degree is in response to workforce needs, especially at the three labs in New Mexico, and is mostly online. He reviewed enrollment and graduation projections and stated that there will be no need for new facilities, additional faculty, or online program support.

Mr. Badal asked how UNM would respond if 100 or more people were to enroll in the program in the first year. Dr. Nakhleh responded that 17 faculty members across the university are developing these modules, so they would easily have strong capacity to handle twice that many.

Mr. Badal asked if the labs are contributing any funding to this program. Dr. Nakhleh responded that they received seed money from Los Alamos for three years to help fund the faculty to develop these sources. In addition, the Los Alamos National Labs and the Air Force Research Lab are willing to have some of their people team-teach courses. Also, Sandia Labs recently announced a guest lecture series that this program would support, and Sandia would fund the guest lecturer’s hotel, travel, and other expenses, with UNM providing the reception.

Lt. Governor Morales said one of his concerns is declining enrollment in the state’s universities, and asked if this was discussed in terms of growing new programs or investing in new programs.

Dr. Wood responded that it is something that UNM looks at very carefully, because part of the flow into their graduate programs comes from undergraduate enrollment. He said the level of enrollment in their graduate programs has been essentially flat in recent years, and they are very confident that they can recruit students into this program. He said the enrollment question is a difficult one, however, and they are doing a lot to build undergraduate enrollment as part of that pipeline effort. In the fall of 2018, there was a 7 percent decline, but enrollment for this fall is projected to be well ahead of last year.

Responding to Lt. Governor Morales, Dr. Nakhleh said that, once this program expands, they hope to work cooperatively and collaboratively with other universities under the rubric of this degree.
Sen. Sanchez said he feels this program is very well thought out and will attract a great deal of interest. He expressed concern, however, that UNM is not doing enough to attract the best and brightest from high schools around the state. He said he knows of many students who have gone to colleges out of state because UNM has never approached them to see what can be offered to them in terms of staying in New Mexico. He commented that UNM is failing badly at this, and asked that his concerns be conveyed to UNM.

Dr. Wood agreed to take this message back to President Stokes and the Board of Regents.

[Lt. Governor Morales left the meeting.]

Mr. Cassidy asked what projected salaries will be for graduates, and how do the economics of this program compare with other programs at UNM.

Ms. Dopson responded that they have opportunity to charge differential tuition on this program, as they do with other professional programs, so they tend to be relatively successful as far as professional graduate programs go. They have the ability to generate additional resources compared to other non-graduate programs.

Dr. Peceny added that UNM is thinking very creatively in moving towards new budget models that create incentives for opportunities like this. With the ability to charge a differential tuition, it provides an opportunity to fund new commitments necessary to make the program successful and to make sure every unit at UNM has some skin in the game and can reap some of the program’s benefits.

Dr. Peceny also noted that UNM has created an enrollment task force that is struggling with all of the things mentioned by Mr. Sanchez.

Addressing salaries, Dr. Wood said students going into the rational security sector could expect to earn six figures. Others are already at mid career in jobs at the labs, so are already making good salaries, and this offers another career path for them with salaries at a higher level. He said another aspect of the program involves students wanting to work in human rights in Latin America, and their salaries will tend to be lower whether they are based in New Mexico or elsewhere.

Mr. Badal moved for approval. Mr. Eichenberg seconded the motion, which passed 6-0.

Presenters: Dr. Kate O’Neill, Cabinet Secretary; Thomas Schawel, Education Administrator, New Mexico Higher Education Department; Dr. Richard Wood, Interim Provost; Dr. Mark Peceny, Dean, College of Arts & Sciences; Dr. Maria Lane, Professor of Geography and Environmental Studies; Dr. Luis Cifuentes, Vice President for Research and Graduate School Dean; Dr. Luis Vazquez, Associate Vice President for Research and Graduate Studies; Dr. Carol Campbell, Professor of Geography, New Mexico State University; Dr. Enrico Pontelli, Dean of Arts & Sciences, New Mexico State University

11. University of New Mexico and New Mexico State University – Requests Approval of the Joint Doctoral Program in Geography
Dr. Wood stated that this is a fully collaborative PhD proposal with New Mexico State University (NMSU). He said geography looks deeply at the question of the interaction between human communities and the natural environment, including water resources and this region's changing climate and how those shape the future, a crucial issue for New Mexico. Secondly, the program is about very high-level training in GPS, which will be crucial in government, the private sector and the nonprofit world. Thirdly, this is an "absolute first" in being a truly fully collaborative doctoral degree between UNM and NMSU.

Dr. Pontelli said there is a need for talented people to solve pressing problems, and there is no better place than New Mexico for doing this, as it is dealing with very severe issues with water management and because its cultural landscape will become this country's cultural landscape in a few years. He said both UNM and NMSU have expertise in these areas that can be brought together collaboratively, resulting in the best possible training for this program.

Dr. Lane and Dr. Campbell made a slide presentation. They noted that none of the 31 higher education institutions in New Mexico offers a PhD in geography, so this is a unique program. Both universities have the labs in place to manage this joint program, as well as field equipment for conducting many of the research projects. Faculty is in place and prepared to start this program.

Mr. Badal asked how many students are in both universities in the masters program in geography. Dr. Lane responded 125 undergraduates and 50 masters students. She said they expect the first cohort to come from existing students, and they believe there will be a steady flow from peer institutions in later years. She said they feel it is wise to start small, with five students.

Mr. Cassidy asked if the people who graduate with this degree are more likely to go into teaching as opposed to the private sector. Dr. Campbell responded that they feel it would be immoral to have a program that creates professors only, and they have oriented the program to create research leaders who will go into many domains. Some may go into the higher education sector, but they think more will go into work for agencies, private companies, Descartes Labs, etc.

Sen. Sanchez moved for approval. Mr. Cassidy seconded the motion, which passed 6-0.

STATE TREASURER'S OFFICE
Presenter: Vikki Hanges, Chief Investment Officer and General Fund Portfolio Manager

Ms. Hanges reported that STO managed $6.1 billion in assets in February, and the portfolios earned $10+ million, for a total of $70 million in earnings for the fiscal year to date.

GENERAL SERVICES DEPARTMENT
Presenter: Jimmy Rodriguez, Business Operations Bureau Chief, General Services Department, Facilities Management Division; Cabinet Secretary Ken Ortiz; Anna Silva, Acting Director, Facilities Management
Mr. Rodriguez presented this report.

15. **Facilities Management Division – Legislative Capital Projects Financial Status Report for Month-Ended March 31, 2019**

Mr. Rodriguez presented this report.

Sen. Sanchez said the Henry Perea Building in Los Lunas, which is close to the Los Lunas Correctional Facility, was originally set out to be a drug and alcohol program in two or three phases. The first phase was to locate the program in that building, and the second and third phases were to build dormitories for men, women and children. Under the previous administration, the purpose of the building became something entirely different, and it now houses CYFD and some other providers. He asked GSD to look into the original intent of this building, since the state is deficient in drug and alcohol programs as it is, and that has created severe problems.

**STAFF ITEMS**

16. **The Board may go into Executive Session Pursuant to Section 10-15-1 (H)(6) of the Open Meetings Act, for the Limited Purpose of Considering the Proposals Responsive to Bond Counsel Services RFP No. 19-341-4000-14060**

Mr. Badal moved to go into executive session pursuant to Section 10-15-1 (H)(6) of the Open Meetings Act, for the Limited Purpose of Considering the Proposals Responsive to Bond Counsel Services RFP No. 19-341-4000-14060.

Ms. Trevisani seconded the motion, which passed on the following unanimous roll call vote:

For: Governor Lujan Grisham; Mr. Badal; Mr. Eichenberg; Mr. Cassidy; Sen. Sanchez; Ms. Trevisani.

[Board was in executive session from 12:30 to 1:20 p.m.]

Governor Lujan Grisham stated that the only item discussed in executive session was the consideration of the bids responsive to bond counsel services, RFP No. 19-341-4000-14060.

17. **Final Action on Request for Proposal (RFP) No. 19-341-4000-14060 for Bond Counsel Services**

Sen. Sanchez moved to cancel the current RFP and issue a new RFP or RFPs. Mr. Eichenberg seconded the motion.
Mr. Cassidy said the purpose of this action is to split the RFP into bond counsel services and tax counsel services.

Mr. Eichenberg stated that he seconded the motion because he feels strongly that the services should be split to allow for more scrutiny. Governor Lujan Grisham said she agreed with Mr. Eichenberg.

The motion passed 6-0.

18. **Approval to Extend Bond Counsel Contract**

Mr. Cassidy moved to extend this contract to March 31, 2020. Mr. Eichenberg seconded the motion, which passed 6-0.

Presenter: David Paul, Financial Advisor, Fiscal Strategies Group

19. **Consider Approval of Issuance of General Obligation Bonds – Series 2019**

Mr. Paul presented an overview of general obligation bonds and timetable for this issuance.

Mr. Paul said the bonds are currently rated at Aa2 and AA by Moody’s and Standard & Poor’s, which is the middle point of the highest rating category. The publication of the notice of sale would be authorized at the June meeting, with the sale at or just before the July meeting.

Mr. Badal moved to authorize Mr. Paul to begin this process. Governor Lujan Grisham seconded the motion, which passed 6-0.

Presenter: Ashley Leach, Director

20. **Request for Recommendations for the State Board of Finance Appointment of State Treasurer’s Investment Committee Private Sector Member**

Ms. Leach noted that Mr. Cassidy has resigned from the State Treasurer’s Investment Committee to take a seat on this board. She asked board members to forward any recommendations to her by May 1 for the May 21 meeting, when the board will be taking action to approve a new private member. Ms. Leach said board staff would work with the State Treasurer’s Office to come up with a recommendation from the list of names that are supplied.

21. **Fiscal Agent/Custodial Bank Fees**
Ms. Leach reported that fiscal agent fees for March increased from the previous month by $17,353.74. Custodial bank fees for January were $10,145.66, an increase from the previous month of $209.34.

Presenter: Donna Maestas, Deputy Director

22. Joint Powers Agreements for Month-Ended March 31, 2019

Ms. Maestas reported that there was one joint powers agreement in March.

Secretary Padilla-Jackson thanked Ms. Maestas, who would be leaving the board to join the Property Tax Division as Director, for her service to the board for the past three years.

ADJOURNMENT: 1:55 p.m.

Mr. Cassidy moved for adjournment. Mr. Eichenberg seconded the motion, which passed 5-0.

Michelle Lujan Grisham, President

5/23/19
Date

Michael S. Sanchez, Secretary

5/23/19
Date