NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

Santa Fe, New Mexico

June 18, 2019

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:12 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. Howie Morales, Lt. Governor
Mr. Joseph Badal, Public Member
Mr. Paul Cassidy, Public Member
Mr. Michael S. Sanchez, Public Member, Secretary
Ms. Wendy Trevisani, Public Member

Members Excused:
The Hon. Michelle Lujan Grisham, President
The Hon. Tim Eichenberg, State Treasurer

Staff Present:
Ms. Ashley Leach, 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, JULY 16, 2019

Ms. Leach requested the following amendment:

4. Bernalillo County – Requests Approval for an Extension of Private Activity Bond Volume Cap Allocation for Marbella Apartments until August September 15, 2019
Ms. Leach stated that the following informational item has been removed from the agenda and would be brought back in July for action:

29. State Treasurer’s Office – Broker-Dealer List

Mr. Sanchez moved approval of the agenda, as amended. Ms. Trevisani seconded the motion, which passed 5-0.

3. APPROVAL OF MINUTES: MAY 21, 2019 (REGULAR MEETING)

Mr. Cassidy moved approval of the minutes of the May 21, 2019, meeting, as submitted. Mr. Badal seconded the motion, which passed 5-0.

CONSENT AGENDA

Submitted by: Marcos Gonzales, Economic Development and Cultural Services Director, Bernalillo County
4. Bernalillo County – Requests Approval for an Extension of Private Activity Bond Cap Allocation for Marbella Apartments until September 15, 2019

Submitted by: Deanna Miglio, Real Estate Manager, Bernalillo County
5. Bernalillo County – Requests Approval of the Sale of Real Property Known as the Right-of-way that is North of and Adjacent to 11612 Santa Monica Ave. NE in North Albuquerque Acres to Lance D. Sigmon and Nicolette M. Sigmon ($19,500)

* Contingent upon Director’s receipt and counsel review of acceptable evidence of conveyance of 1,889 square feet to the county.

Submitted by: Robert Padilla, Court Executive Officer, Bernalillo Metropolitan Court
6. Bernalillo County Metropolitan Court – Requests Approval of the Lease of Real Property Better Known as The Shops at Metro Park, Located at 801 4th Street, NW in Albuquerque to the Administrative Office of the Courts ($76,370 per year)

*Contingent upon Director’s receipt and counsel review of fully executed revised lease agreement.

Presenters: David Chavez, Executive Director; Robin Strauser, Deputy Executive Director, Cooperative Educational Services
7. Cooperative Education Services – Requests Approval of the Lease of Real Property Located at 1451 Innovation Parkway SE, Suite 100, in Albuquerque to Dynetics, Inc. ($126,594 per year)
* Contingent upon Director's receipt and counsel review of (1) fully executed revised lease agreement and (2) favorable TRD review.

8. Cooperative Education Services – Requests Approval of the Lease of Real Property Located at 1451 Innovation Parkway SE, Suite 700, in Albuquerque to Dynetics, Inc. ($53,386 per year)

*Contingent upon Director's receipt and counsel review of fully executed revised lease agreement.

Submitted by: David Rohr, Director Museum Resources, New Mexico Department of Cultural Affairs

9. Department of Cultural Affairs – Requests Approval of Amendment No. 4 to the Lease of Real Property Located off Camino Lejo in Santa Fe to Santa Fe Botanical Gardens ($14,212 annually)

Submitted by: Connie Clark, Strategic Assets Coordinator, Los Alamos Public Schools

10. Los Alamos Public Schools – Requests Approval of the Lease of Real Property on a Portion of Land within Tract A-15 on DP Road in Los Alamos to Integrated Technologies Corporation ($6,000 per year)

Submitted by: Terry Lease, Real Property Supervisor, Santa Fe County

11. Santa Fe County – Requests Approval of Amendment No. 1 to the Lease of Real Property Located at 901 W. Alameda Street, Suite 20-B to New Mexico Legal Aid, Inc. ($34,584 per year)

* Contingent upon Director's receipt and counsel review of (1) fully executed revised amendment to lease agreement and (2) resolution from governing body approving the amendment.

Presenters: Gerald Hoehne, Director, Capital Projects Division, New Mexico Higher Education Department; Dr. Shawn Powell, President; Scott Smart, Chief Financial Officer, Eastern New Mexico University, Roswell

12. Eastern New Mexico University, Roswell – Requests Approval of Automotive and Welding Technology Facility Renovation ($3,729,575)

13. Eastern New Mexico University, Roswell – Requests Approval of Campus-wide Electrical Line Replacement ($1,200,000)

14. Eastern New Mexico University, Roswell – Requests Approval for New Physical Plant Building ($3,362,790)

Presenters: Gerald Hoehne, Capital Projects Division, New Mexico Higher Education
Department; Sam Minner, President; Sylvia Baca, Facilities and Planning Director, New Mexico Highlands University

15. New Mexico Highlands University – Requests Approval for Campus-Wide Infrastructure Upgrades ($3,930,000)

16. New Mexico Highlands University – Requests Approval of the Rodgers Hall Renovation – Revised ($5,712,170)

Submitted by: Gerald Hoehne, Capital Projects Division, New Mexico Higher Education Department

17. University of New Mexico – Requests Approval of the KNME-TV Stand Alone Exterior Elevator Project ($478,334)

Presenters: Gerald Hoehne, Director, Capital Projects Division, New Mexico Higher Education Department; Craig White, Interim Senior Vice President; James Malm, Chief Executive Officer; Lisa Marbury, Executive Director; Chris Vallejos, AVP Institutional Support Services, University of New Mexico

18. University of New Mexico, Gallup – Requests Approval for a New Physical Plant and Storage Facility – Revised ($2,635,000)

Presenters: Gerald Hoehne, Director, Capital Projects Division, New Mexico Higher Education Department; Michael “Rocky” Kearney, Director, Planning Construction, University of New Mexico

19. University of New Mexico Health Science Center/Hospital – Requests Approval of UNM 2nd Floor Locker Rooms and Pre-operation Renovation ($1,579,204)

Submitted by Ashley Leach, Director

20. Emergency Balances – May 21, 2019

<table>
<thead>
<tr>
<th>Fund</th>
<th>Balance</th>
<th>Appropriation</th>
</tr>
</thead>
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<tr>
<td>Operating Reserve Fund</td>
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</tr>
<tr>
<td>Emergency Water Fund</td>
<td>$ 104,800.00</td>
<td>$ 104,800.00</td>
</tr>
</tbody>
</table>

21. Fiscal Agent/Custodial Bank Fees

22. Joint Powers Agreement for Month-Ended April 30, 2019

Mr. Sanchez moved approval of the Consent Agenda, as presented. Mr. Cassidy seconded the motion, which passed 5-0.

BONDS AND NOTES
Presenters: Parker Schenken, Co-Bond Counsel, Sherman & Howard, LLC; Luis Carrasco, Co-Bond Counsel, Rodey Law Firm; David Paul, Financial Advisor, Fiscal
23. Consideration of Amending Resolution for State of New Mexico Severance Tax Note, Series 2019S-A – Maximum Principal Amount of $59,200,000

Mr. Carrasco stated that the project list (Exhibit A to the resolution) has been finalized and is included with the resolution adopted by the board at last month’s meeting. The projects total $57,000,000.

Mr. Sanchez moved for approval. Mr. Badal seconded the motion, which passed 5-0.


Mr. Schenken reviewed the resolution, adding that the project list (Exhibit A to the resolution) could have one or more projects removed in the course of the due diligence process.

Mr. Paul said they have received bond ratings from both rating agencies confirming the Aa2 from Moody’s and AA from S&P. The rating comments were very positive about the steps the current Administration has taken to solidify reserves and to begin to establish reserve policies going forward that are stronger than they have been in prior years. They were also very positive about the work the Administration is doing to provide an analytic basis for what reserves need to be, given the State’s emphasis on oil and gas extraction industries, which tend to have significant volatility year over year. He said the downside pull is the State’s pension situation.

Mr. Paul discussed the bidding process. He added that the market is in an extraordinary situation because of trade issues and other things going on in the global economy. To a certain extent, the yield curve is inverted, which is generally a sign of a looming recession, but there is a lot of uncertainty about what it means right now because of all the variables.

Mr. Guckenberger reviewed the Board’s role with the Preliminary Official Statement (POS), which would be posted tomorrow.

Mr. Cassidy congratulated the Governor, Lt. Governor, Secretary Padilla-Jackson and everyone involved for getting reserve levels up to the 20 percent margin.

Mr. Cassidy moved for approval. Mr. Badal seconded the motion, which passed 5-0.
25. Consideration of Resolution Reauthorizing Certain Severance Tax Bond/Note Projects

Mr. Carrasco said co-bond counsel and board staff have reviewed the newly designated projects to make sure the expenditures are appropriate and the projects are ready to be funded. All of the projects, with one exception, have been deemed ready to proceed.

Mr. Cassidy moved for approval. Ms. Trevisani seconded the motion, which passed 5-0.

PROPERTY DISPOSITIONS
Presenters: Amy Griffin, Right-of-way Specialist, Sandoval County; Robert Burpo, President, First American Financial Advisors, Inc.

26. Sandoval County – Requests Approval of the Lease of Real Property Located at 453 Highway 165 in Placitas to Placitas Community Library ($71,736 per year)

Mr. Burpo stated that this is a new lease between Sandoval County and Placitas Community Library. In 2010, the County entered into a lease agreement with the Placitas Community that was approved by the Board of Finance. Because the County and library group are adding about 2,400 square feet to the existing library, the County thought it would make sense to come back to the Board with a new lease that included the addition rather than continuing to request renewals and amendments going forward.

Ms. Leach requested that approval of this item be contingent upon Director’s receipt and counsel review of (1) fully executed revised lease agreement and (2) resolution from governing body approving the lease.

Mr. Badal moved for approval, with the contingency. Ms. Trevisani seconded the motion, which passed 5-0.

CONCESSION CONTRACTS
Presenters: Christy Tafoya, Director; David L. Certain, Program Support Bureau Chief, Energy Minerals and Natural Resources Department, State Parks Division; Robert Brown, Viasat

27. Energy, Minerals and Natural Resources Department, State Parks Division – Requests Approval of the Concession Contract with Viasat, Inc. on State Park Premises (monthly concession fee of 7 percent on all net receipts, only after the concessionaire has received $5,000 in gross revenue [total across all parks] from end-user Wi-Fi purchases)
Ms. Tafoya stated that the Energy, Minerals and Natural Resources Department (EMNRD) is very excited to be launching a modernization plan for the 34 New Mexico State Parks. One of the first steps is trying to get Wi-Fi in the parks. A number of sites in the 34 parks are on a reservation system, allowing people to reserve campsites online. She said EMNRD wants to allow for on-the-spot reservations, and the Wi-Fi piece is critical to that.

Ms. Tafoya stated that EMNRD is requesting approval of a concession contract with Viasat, Inc., a nationally known company that provides services for other state parks systems, as well as Air Force One. This contract contains a concession fee of 7 percent of net receipts per month and a term of five years. The concessionaire is committed to investing up to $6 million in the State Parks system to make sure the equipment works. Viasat will also maintain the system and will provide the State Parks with free data on a separate network. She said Viasat will charge visitors fees ranging from $3 per hour up to $50 for a long-term plan.

Mr. Brown said a premium plan is not offered yet, although Viasat is exploring this in other state parks. Normally, they would offer that in a park with very good cellular service. The user would try the service out first and then buy a premium plan after that. There would be a 10-15 second commercial and then the user would have access to the network for a given period of time.

Responding to Ms. Trevisani, Mr. Brown said Viasat has done preliminary site surveys for 22 parks, and next week will begin doing installation in some of the largest parks. They are trying to complete the entire process by the end of 2019.

Mr. Badal asked if Viasat would be expanding the scope of its service beyond the parks. He commented many of these parks are in areas where residents are underserved. Mr. Brown responded that Viasat has access throughout the state and does sell services to businesses, municipalities and residential users. He said his particular focus is on parks and tribal lands.

Lt. Governor Morales asked if there are other state parks being served by Viasat. Mr. Brown responded that they have a statewide contract with Nevada for its state parks.

Lt. Governor Morales asked Ms. Tafoya if any cost savings would be realized because of the public safety benefit. Ms. Tafoya responded that they have not done specific calculations, but having more access more quickly is certainly going to be of help. She added that Wi-Fi has been established in three of the State's parks, and the systems are very expensive for the state to maintain and take care of, so having Viasat manage those systems would obviously be very helpful.
Responding to Mr. Badal, Ms. Tafoya said they will work with Viasat to identify areas where electricity is needed, and they plan to pair that with any other electrical needs they might have.

Mr. Certain stated that Viasat was the only respondent to the RFP. Ms. Tafoya said other companies did reach out to EMNRD to make inquiries.

Mr. Badal said he would be interested in hearing a presentation from Viasat and EMNRD a year after the system is installed.

Mr. Brown said the bigger park installations are scheduled from July through Labor Day weekend, and remaining installations will continue from there and into the next year.

Lt. Governor Morales noted Governor Lujan Grisham’s focus on interagency collaboration, and recommended that EMNRD notify the Tourism Department, Economic Development Department and the Office of Outdoor Recreation.

Ms. Leach stated that approval of this request is contingent upon Director’s receipt and counsel review of fully executed revised concession contract.

Mr. Cassidy moved for approval. Ms. Trevisani seconded the motion, which passed 5-0.

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

28.  **Monthly Investment Report for Month-Ended April 30, 2019**

Ms. Hanges reported that STO managed $6.6 billion in assets in April, and earnings were $11.7 million. FYTD earnings are $93.3 million. The market value of the portfolios as a group has increased by $120.6 million this fiscal year.

**GENERAL SERVICES DEPARTMENT**
Presenter: Anna Silva, Director, Facilities Management Division; Ken Ortiz, Secretary, General Services Department

30.  **Capitol Buildings Repair Fund Financial Status Report for Month-Ended May 31, 2019**

Ms. Silva presented this report.

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

New Mexico State Board of Finance: June 18, 2019
Ms. Silva presented this report.

32. **Facilities Management Division – Inventory of Buildings Report Including an Approved Checklist of Conditions**

Ms. Silva presented this report.

Mr. Cassidy asked for more information regarding a recent news article about a new executive office building that would be funded by the Capitol Buildings Repair Fund. He asked what the decision-making process was.

Secretary Ortiz responded that, during last week’s meeting of the Capitol Building Planning Commission, there was a discussion regarding the new executive office building, which was included in a master plan completed about ten years ago. The master plan recommended that the structure be built on Don Gaspar immediately north of the new parking structure. His recommendation to the commission was that the master plan be updated and that certain outstanding issues be addressed to see if the subject location, as opposed to another location, is viable. Secretary Ortiz said there are four houses adjacent to the property that have been designated as historic properties by the City of Santa Fe, raising questions about what impact the project would create. In addition, the proposed location for the office building would eliminate a gravel parking lot currently used by state employees. They would have to use the existing parking structure instead, which would be nearly full and would leave little or no parking for additional state employees after the new building goes up. He said one member of the commission suggested looking at the area by the PERA Building where the Public Regulation Commission is located. Secretary Ortiz said he also recommended that the commission look at the cost of a new building versus purchasing an existing office building in and around Santa Fe.

Secretary Ortiz said the meeting concluded with GSD, DFA and the Legislative Council Service agreeing to look into funding sources to cover the cost of the master plan update with the goal of completing it by the end of this year. After the issues he raised at the meeting are addressed and the master plan is completed, the commission would meet again to consider any new recommendations.

Responding to Mr. Cassidy, Secretary Ortiz said that the discussion at the meeting included the possibility of bonding, and that the Capitol Buildings Repair Fund would not necessarily be the funding source for the project itself.

Mr. Sanchez asked if there has been any progress since his inquiry at a past meeting about the therapeutic swimming pool at the old Los Lunas Hospital and Training School. The pool, which was used by many people in the community, was closed for routine maintenance under the previous Administration and then never reopened. He said one
of his major concerns is that governmental entities have their own ideas about what properties should be used for and do not consider what the citizens may want.

Secretary Ortiz responded that he did a walk-through of every building on the property, including the pool, with staff from the Department of Health (DOH), which is the lead tenant agency, and members of the Legislative Finance Committee. He was told that repairs to the pool would cost more than what the facility is worth, and it is scheduled for demolition. Before that happens, he asked Mr. Sanchez to tour the property with him in early July along with DOH representatives so they can explain what the issues are and respond to questions.

Mr. Sanchez asked Secretary Padilla-Jackson to look into a park project in Meadow Lake that was funded by the legislature. According to area residents, Valencia County is not meeting the intent of the legislation and is using the money for something else. The county maintains that they are meeting the intent of the legislation.

33. **Facilities Management Division – Requests Approval to Adopt July 2019-December 2019 Schedule of Repairs**

Ms. Silva requested approval of expenditures totaling $7,309,790 to cover repairs for the first half of FY2020. She stated that a fund balance of $7,621 is projected at the end of December 2019.

**Mr. Sanchez moved for approval. Mr. Badal seconded the motion, which passed 5-0.**

**COMMUNICATIONS**

Ms. Leach and the board thanked Michelle Gonzales, who would be moving on to GSD, for her two years of service to the State Board of Finance.

Interns Maria Hodge (Lt. Governor’s Office) and Gabriel Gabaldon (Attorney General’s Office) were introduced to the board.

**ADJOURNMENT: 11:00 a.m.**

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

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Michelle Lujan Grisham, President
7-18-2019
Date

Michael S. Sanchez, Secretary

7-16-2019
Date