NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

Santa Fe, New Mexico

November 19, 2019

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. Howie Morales, Lt. Governor
Mr. Joseph Badal, Public Member
Mr. Paul Cassidy, Public Member
Mr. Michael S. Sanchez, Public Member, Secretary

Members Excused:
The Hon. Michelle Lujan Grisham, President
The Hon. Tim Eichenberg, State Treasurer
Ms. Wendy Trevisani, Public Member

Staff Present:
Ms. Ashley Leach, Director
Mr. Marcos B. Trujillo, Deputy Director
Ms. Olivia Padilla-Jackson, 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, DECEMBER 17, 2019

Ms. Leach requested minor changes to three agenda items.

Mr. Cassidy moved for approval of the agenda, as amended. Mr. Badal seconded the motion, which passed 4-0.
11. New Mexico State University, Doña Ana Community College—Requests Approval of Capital Expenditures for a Roof Replacement and Parking Lot Repairs at its Workforce Development Center and the Installation of Programmable Electronic Locks at its East Mesa Campus ($1,900,000)

12. University of New Mexico Health Science Center/Hospital—Requests Approval of Capital Expenditures to Replace Emergency Generator #2 at the Main Hospital ($908,800)

13. University of New Mexico Health Science Center/Hospital—Requests Approval of Capital Expenditures to Replace the Air Handling Unit and Renovate the University Hospital Main Adult Oncology Positive Pressure Rooms ($603,500)

14. University of New Mexico—Requests Approval of Capital Expenditures for the University Libraries South Campus Repository Project ($1,140,000)

Presenter: Deanne Miglio, Real Estate Manager, Bernalillo County

15. Bernalillo County—Requests Approval of the Lease of Real Property Located at 3701 Condershire Drive SW in Albuquerque to Healing Addiction in Our Community ($60,000 per year)

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

Submitted by Ashley Leach, Director, Board of Finance

16. Emergency Fund Balances – November 19, 2019

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<thead>
<tr>
<th>Fund</th>
<th>Balance</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Reserve Fund</td>
<td>$1,200,000.00</td>
<td>$2,000,000.00</td>
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<tr>
<td>Emergency Water Fund</td>
<td>$62,449.84</td>
<td>$104,800.00</td>
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17. Fiscal Agent and Custodial Bank Fees Report

18. Joint Powers Agreements for Month-Ended October 31, 2019

Mr. Cassidy moved approval of the Consent Agenda, as presented. Mr. Badal seconded the motion, which passed 4-0.

SEVERANCE TAX BONDS AND NOTES

Presenters: Luis G. Carrasco, Dickason, Sloan, Akin & Robb, P.A., Director, Co-Bond Counsel; Jill K. Sweeney, Sherman & Howard, L.L.C, Member, Co-Bond Counsel

19. Consideration of Authorizing Resolution for State of New Mexico
Dr. Powell added that there are about 150 houses for sale in Roswell right now, which is a low market based on what he is told by real estate agents. Housing is very difficult to find for construction workers, and people who are working in Artesia and Carlsbad are living in Roswell because they can't find housing in the other two communities.

Responding to Mr. Cassidy, Mr. Major said the institution has a very healthy reserve balance, as they have been good stewards of taxpayer dollars. A facilities master plan completed this fall identified a number of capital projects and deferred maintenance that hadn't been done over the years. He said there are sufficient reserves to cover the increase for both of the projects as well as many of the items on the master plan. He said ENMU does not anticipate future bond issues or raising the mil levy to cover additional costs.

Mr. Badal asked Dr. Powell to elaborate on the program and whether ENMU is able to place the graduates in New Mexico. Dr. Powell responded that the automotive and welding programs are highly sought after. One of the auto dealers in Roswell has a terrible time recruiting mechanics to the point where he has spent $20,000 for headhunters and bonus pay to bring them into the area. They will stay for a couple of years but then leave after their term is up. As a result, there is a lot of support for ENMU's automotive program. He said they have a terrible time to get students graduated from their welding program because a company will hire them after they take one class, and then they will do the rest of the training on the job. He commented that their graduation numbers in welding are consequently very low.

Mr. Sanchez moved for approval. Mr. Cassidy seconded the motion, which passed 4-0.

21. Eastern New Mexico University Roswell—Requests Approval of Capital Expenditures to Construct a New Physical Plant Department Facility (4,676,884)

Mr. Hoehne said the State Board of Finance originally approved this project on May 8 and June 18. The original project amount, which was developed by project architects Dekker/Perich/Sabatini, was approved at $3,362,790. The revised project cost of $4,676,884 was developed in the same fashion by the CMAR. As with the previous project, the scope of the project remains unchanged and will include construction of a new physical plant department facility. The new facility will house skilled trades, custodial, HVAC, and grounds departments. The funding sources for this project remain unchanged, with an increase in ENMU Roswell Institutional Reserve funds to cover the increase in project costs.

Dr. Powell said the existing physical plant is located in Quonset huts that were built for World War II needs and will be demolished after the new building is constructed.
wall panels, and spalling across 800 linear feet of the tunnel. Portions of the tunnel are deteriorated and structurally unstable. The current request is being funded by a 2020 general fund appropriation of $3 million and BR&R funds of $357,000.

Ms. Watenpaugh stated that the utility tunnel system houses their steam or chilled water, domestic water, gas and electricity, so it is crucial that they keep their buildings up and functioning.

Responding to questions from Lt. Governor Morales, Ms. Watenpaugh said the $4 million they have expended so far on the tunnel system came from their BR&R fund that they had set aside on an annual basis. She said they will be about $3 million short if they maintain the existing schedule of repairs, however, and would be seeking a legislative appropriation in the next session. She said she believed the amount was about $1.3 million but did not have the documentation available.

Mr. Badal moved for approval. Mr. Cassidy seconded the motion, which passed 4-0.

Presenters: Gerald Hoehne, Capital Projects Director, NMHED; Paul Roth, CEO, Chancellor, UNM Health System; Kate Becker, Chief Executive Officer, UNM Hospitals

24. University of New Mexico Hospital—Presentation on the Planned New Hospital Tower

Dr. Roth stated that this will be the start of a new era for healthcare in New Mexico. He said the Health Sciences Center has been failing the state. As the only referral center for very complex and serious injuries and illnesses in New Mexico, they are unable to meet that demand and turn away about 1,000 people a year.

Dr. Becker made a presentation describing the purpose and scope of the project. [Page 830 of electronic agenda.]

Mr. Badal asked how many patients are being diverted out of state right now. Dr. Becker responded that it fluctuates year to year, but right now it is 900 to 1,000 patients that they know of, and these would be calls requesting to transfer patients to the UNM facility.

Mr. Badal asked Dr. Becker if she has some idea of how much capacity they will have built into the future with this project before having to continue to another phase. Dr. Becker said several people have asked her if it would make more sense to simply build another hospital to replace the existing one. She said she believes this project, however, is the right one to move forward because healthcare generally is moving from inpatient to outpatient services. The services that UNM Hospital provides will always require inpatient beds for trauma cases, burn cases, severe illnesses, and so forth, and she feels it will be necessary to increase inpatient capacity to at least cover those needs for the next 10-20 years. The next project she would like to do would be to increase outpatient
which was requested by the Board of Finance at its June meeting and approved by TRD, for $170,000. She said Bernalillo County plans to stay with the original selling price.

Responding to Mr. Badal, Ms. Miglio said she did not know what purpose the buyer had in mind for the property.

Mr. Cassidy commented that this is a key component of the county’s plan to reduce square footage of its buildings, which has been a long time coming. He said nothing is surprising to him about the cost, and a lot of people seem to believe it’s worth a lot more than that, although it is not.

Ms. Leach requested that approval be contingent upon Director’s receipt and counsel review of a fully executed purchase agreement.

Mr. Badal moved for approval. Mr. Cassidy seconded the motion, which passed 4-0.

PRIVATE ACTIVITY BONDS

Presenter: Marcos B. Trujillo, Deputy Director, Board of Finance
26. Private Activity Bond Cap Allocation Expiration Date

Mr. Trujillo stated that Section 6-20-2(A) 5 NMSA states that the board must annually select a date on or before December 26, the date that all unexpired PAB allocations issued for the calendar year expire, and that the board shall set the expiration date on or before its regular November meeting. He said board staff recommends setting the PAB issuance expiration date for calendar 2019 allocations on December 26, 2019.

Mr. Cassidy so moved. Mr. Sanchez seconded the motion, which passed 4-0.

Presenters: Jay Czar, Executive Director, MFA; Gina Hickman, Deputy Director of Finance, MFA
27. New Mexico Mortgage Finance Authority—Report of Projected Need for Private Activity Bond Volume Capacity

Mr. Czar presented the MFA’s list of projected needs for available Private Activity Bond Volume Cap for 2020, 2021, 2022 and 2019 carry forward. He said 2019 would be the third record year of production for the MFA, which is the result of the PAB bond cap.

1) Single Family—$75,000,000 of new PAB bond cap for 2020. MFA expects a need of $75,000,000 for new PAB bond cap for 2021 and 2022 respectively.
2) Multifamily—$100,000,000 for 2020 for all affordable multifamily rental projects around the state. Looking forward, they anticipate the need for $100,000,000 allocations for 2021 and 2022, respectively.
Ms. Leach stated that, in the past, the board sometimes has had the developers and TIDDs report directly to the members, and in other years staff has simply presented the reports provided by the TIDDs. For this meeting, she said she has developed a high level summary report of the information that was provided by the five TIDDs that receive or could receive a state increment. [This report begins on page 1,507 of board packet.]

Mr. Sanchez asked how it’s determined that the state is getting a return on its investment. Ms. Leach responded that this is her first venture into starting to track this information, and staff is also working with Taxation & Revenue to better track the disbursements they are sending out. As more information is gathered, she will be able to get a better picture of this. She added that she, Deputy Director Marcos Trujillo and DFA Economist Leo Delgado all sit on the TIDD boards that receive the state increment with the exception of one; and so they are involved in those boards and getting more information as they move forward. She said her goal is to develop a better picture of this so the board can start looking into it.

Mr. Sanchez commented that he was more than skeptical of the TIDD program.

Ms. Leach said she has initiated discussions with Taxation & Revenue, and after the legislative session is over, they will start to pull reports from the GenTax system and begin a review.

**ADJOURNMENT: 11:15 a.m.**

Mr. Cassidy moved for adjournment. Mr. Badal seconded the motion, which passed 4-0.

Michelle Lujan Grisham, President

12/31/2019

Date

Michael S. Sanchez, Secretary