A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:15 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 [leaving at 11:15 a.m.]
   The Hon. Howie Morales, Lt. Governor
   The Hon. Tim Eichenberg, State Treasurer
   Mr. Joseph Badal, Public Member
   Senator Michael S. Sanchez, Public Member, Secretary
   Ms. Wendy Trevisani, Public Member

   **Members Excused:**
   Mr. Paul Cassidy, 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:**
   Mr. Steven Vigil, Attorney General’s Office

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

2. **APPROVAL OF AGENDA -- ANNOUNCEMENT: NEXT REGULAR MEETING -- TUESDAY, SEPTEMBER 17, 2019**

   Governor Lujan Grisham asked that action item 20 (New Mexico Human Services Department and San Juan Regional Medical Center Request Approval of Emergency Operating Funds) be addressed as an informational item. She said it would be considered as an action item at another time.
Governor Lujan Grisham moved for approval of the agenda, as amended. Lt. Governor Morales seconded the motion, which passed 6-0.

3. **APPROVAL OF MINUTES: JUNE 18, 2019 (REGULAR MEETING)**

Mr. Sanchez moved approval of the minutes of the June 18, 2019, meeting, as submitted. Ms. Trevisani seconded the motion, which passed 6-0.

**CONSENT AGENDA**

Submitted by: Kate Fletcher, County Manager, Cibola County; Adren Nance, Attorney, Nance, Pato & Stout, LLC

4. **Cibola County – Requests Approval of the Lease of Real Property Located at 114 McBride Road in Grants to the Administrative Office of the Courts ($97,388.28 per year)**

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

Submitted by: Deborah Romero, Director of Administrative Services/CFO, Commission for the Deaf and Hard of Hearing

5. **Commission for Deaf and Hard of Hearing – Requests Certification of Telecommunications Relay Service Fund Revenue Collection Shortfall, as Required by House Bill 2, 2019 ($800,000)**

Submitted by: Sam Minner, Attorney, Cuddy & McCarthy

6. **Deming Public Schools – Requests Approval of the Exchange of Real Property with Property Owned by the City of Deming (no consideration)**

* Contingent upon Director’s receipt and counsel review of fully executed land exchange agreement.

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

7. **Los Alamos Public Schools – Requests Approval of the Lease of Real Property Located at 2101 Trinity Drive, Suite R, Los Alamos, to IX Vista, Inc. ($14,308 per year)**

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

Submitted by: Manuel F. Valdez, President, La Asociacion de Agua de Los Brazos MDWCA; Laura Dubin, Rural Development Specialist, Rural Community Assistance Corporation
8. La Asociacion de Agua de Los Brazos Mutual Domestic Water Consumers Association – Status Report of Long-Term Plan for Water System Sustainability as Required by the Board Resolution Passed at the December 18, 2018, Regular Meeting

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

9. University of New Mexico – Requests Approval of Capital Expenditures for the Renovation of the Advanced Materials Laboratory ($1,250,000)

10. University of New Mexico, Valencia – Requests Approval of Capital Expenditures for the Valencia Campus Photovoltaic Solar System Phase III ($880,000)

11. University of New Mexico Health Sciences Center/Hospital – Requests Approval of Capital Expenditures for the University Hospital Main Facilities Air Handling Unit 117 Replacement ($430,000)

Submitted by: Ashley Leach, Director

12. The City of Bayard – Requests Approval of an Amended Resolution for an Emergency Loan that was Approved at the Regularly Scheduled April 16, 2019, State Board of Finance Meeting of up to $750,000 to Clarify the Requirement for Submitting Invoices for Review

13. New Mexico Taxation and Revenue Department – Requests Approval of an Amended Resolution for an Emergency Loan that was Approved at the Regularly Scheduled April 16, 2019, State Board of Finance Meeting of up to $1,000,000 to Clarify the Requirement for Submitting Invoices for Review

14. Approval of Amended Minutes: May 18, 2019 (Regular Meeting)

15. Emergency Fund Balances – July 16, 2019

<table>
<thead>
<tr>
<th>Balance</th>
<th>Appropriation</th>
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</thead>
<tbody>
<tr>
<td>Operating Reserve Fund</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Emergency Water Fund</td>
<td>$ 104,800.00</td>
</tr>
</tbody>
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16. Fiscal Agent/Custodial Bank Fees

17. Joint Powers Agreement for Month-Ended June 30, 2019

Mr. Badal moved approval of the Consent Agenda, as presented. Mr. Sanchez seconded the motion, which passed 6-0.
BONDS AND NOTES
Submitted by: Ashley Leach, Director, Board of Finance; Luis Carrasco, Co-Bond Counsel, Rodey Law Firm; Jill Sweeney, Co-Bond Counsel, Sherman & Howard Law Firm; Louis Choi, Municipal Advisor, Public Resources Advisory Group

18. Presentation of Final Terms Certificate for $139,985,000 for State of New Mexico General Obligation Bonds, Series 2019

Ms. Leach stated that the voters approved 109 projects in November 2018, to be funded with general obligation bonds, for a total of $157,484,878. On July 9, 2019, the state sold the bonds in a competitive bid process. She said eight bids were received, with a true interest cost ranging from 1.45 to 1.51 percent. JP Morgan was the winning bidder, with an adjusted true interest cost of 1.45 percent, the final par amount was $139,985,000, and the premium was $17,946,666.05. Ms. Leach said the cost of issuance was $370,000, the underwriter’s discount was $75,172.50, and the additional proceeds totaled $1,615,000.55, which produced total proceeds of $157,931,666.05.

Mr. Choi commented that the overall results of this financing were “fantastic,” in part driven by global macroeconomic factors, but also by dynamics in the municipal market. He said this was the third-best of all 30 sales by the state over the last 15 years. For new money financing, it was probably the best sale in the last 50 years.

Responding to Ms. Trevisani on what proactive steps the state takes in addressing issues raised by the credit rating agencies, Secretary Padilla-Jackson commented that pension liability is a major issue that the credit rating agencies bring up every year, and the Governor’s task force is moving quickly to address that. She said she was personally very excited about seeing the results of the work of the task force.

Governor Lujan Grisham said the unfunded liability of pension funds is one issue that has to be addressed in order to boost the state’s ratings, but the rating agencies are looking for other evidence of change. She said they were impressed with the state’s presentation, and indicated that the state was on the path it needed to be on.

On the question of whether the state is more proactive in providing updates and better professional relationships with key stakeholders who have to independently evaluate how the state is doing and how transparent it is, Governor Lujan Grisham said she thought the state could do better. With respect to item 20 on today’s agenda, she felt the state had not done a very effective job in talking to independent reviewers and evaluators about strategies through DFA and other state entities to proactively provide them with updates and information. She said transparency and capacity building is crucial, and the state is working with every department to do things better.
EMERGENCY FUNDING REQUESTS

Presenters: Gilbert Cruz, President, Hanover MDWCA; State Senator Gabriel Ramos; Laura Breed, Secretary/Treasurer, MDWCA; Priscilla Lucero, Executive Director, South West New Mexico Council of Governments; William Knuttnen, CPA, Morones & Knuttnen

19. Hanover Mutual Domestic Water Consumer Association – Requests Approval of an Emergency Water Fund Grant for Improvements Made to the Water System and for Emergency Water Supply from the City of Bayard ($42,350.16)

Ms. Lucero stated that the Hanover Mutual Domestic Water Consumer Association (MDWCA) is requesting emergency funding of $42,350.16. In February 2019, one of the two wells went down; and in late May, the second well went down, forcing the MDWCA to tap into their emergency water supply from the City of Bayard. Upon opening the emergency water supply, one of the booster pumps failed, however, so there was no water available to Hanover. The MDWCA hired an electrician to complete a temporary fix, which required bringing in a generator to pump the water until the booster pump could be replaced.

Ms. Lucero said the MDWCA does not have the capacity to cover expenses associated with the water wells, which is the $42,350, and they have already depleted their reserves. She noted that the MDWCA raised residential water rates by $10 last month in order to raise additional funds.

Ms. Lucero stated that one initiative is the Grant County Regional Water Project, which includes four municipal governments and nine colonias areas, which includes some water districts. She said phase one is under construction and is 55 percent complete with a current value of $9 million. This will provide the Town of Hurley with a permanent water supply. She said there are three remaining phases, which will provide connections to North Hurley, Bayard, Village of Santa Clara, Arenas Valley, Rosedale, and back into Silver City. After the first phase is done, they will secure funding to do the design of the remaining three phases, which will cost $12 million. She said they are working with the Rural Community Assistance Corporation to investigate how to offset the cost of the regional water project, including increasing rates; however, the town of Silver City will be providing assistance to keep the rates lower for some of the economically disadvantaged communities.

Ms. Lucero stated that New Mexico Institute of Mining and Technology’s hydrology staff will be doing water well monitoring for Hanover in order to identify the source of the problem, e.g., is it a pump issue, the water table, or something else. She said water table issues are being seen in other areas of Grant County, and she is suggesting that the Colonias Infrastructure Fund Board be asked to cover the cost of a hydrology study. Although hydrology studies have been done around the Grant County Regional Water Project area, none has been done for this unincorporated community.
Mr. Knuttinen said he took over the bookkeeping for the MDWCA in November 2018. He said there is about $1,000 in the reserve fund when it should have a balance of $11,000. Last year, the balance was around $8,400, so they have obviously dipped into it to pay some expenses. The operating account has roughly $3,700, and an item of some concern is there are two loans with amounts due as of June totaling $5,400.

Ms. Lucero said there are plans to request a hardship waiver from the Water Trust Board and the Colonias Infrastructure Fund Board to cover amounts due this year, so those amounts are not being included in the emergency request from the Board of Finance.

Senator Ramos said there are more than 100 connections, and 250 residents are being affected. He thanked the Board for accommodating this request.

Responding to a question from Mr. Eichenberg, Mr. Knuttinen said Stone McGee in Silver City conducted the last audit, and he hopes to hire him to do the audits. He said he has reached out to the State Auditor’s Office but has not yet heard back.

Mr. Badal asked if this emergency loan was going to solve the problem, or was there a bigger problem. Ms. Lucero responded that this was her concern. She said the long-term solution will be the Grant County Regional Water Project, and if the hydrology work being done by NM Tech raises more questions, she will request an in-depth hydrology study for the area. She commented that she did not know what the answer was, adding that she did not feel comfortable requesting any additional emergency funding beyond what was immediately necessary to get the wells up and running.

Lt. Governor Morales said this is part of a bigger picture across the state in many small communities.

Responding to Lt. Governor Morales, Ms. Lucero said the funding she would be requesting from the Colonias Infrastructure Fund was part of the next funding cycle in 2020.

Governor Lujan Grisham commented that the amount of legislative money spent on water infrastructure in New Mexico over the years, particularly in the small unincorporated areas, would shock everyone when in fact the state could have created a statewide water plan using a fraction of that money. She said she wants to see a statewide water system with effective regional systems as part of that, and with a clear understanding of how much money will have to be invested toward that effort so the state is leveraging its resources productively, professionally and effectively while protecting the citizens in these small rural areas.
Governor Lujan Grisham said that, under different circumstances, she would be inclined not to recommend approval of this request given that no one knows if a pump is going to work and whether the water table is an issue, and because there are so many other moving parts. She expressed concern that Hanover not be saddled with an untenable situation where it cannot meet the water needs of the residents.

Governor Lujan Grisham stressed to Ms. Lucero the importance of being effective and strategic by tapping into all available federal funds toward this effort, and by being as fair as possible to the ratepayers.

Mr. Badal moved to approve the resolution with the condition that Ms. Lucero return in 90 days with a status report.

Mr. Eichenberg requested an amendment that the audit results be provided to the board when they are complete.

Governor Lujan Grisham asked Director Leach to reach out to the State Auditor to inform him of the board’s action and that it would appreciate efforts to make sure that the audit work is done timely.

The amount being requested was amended to reflect $42,350.16.

Mr. Badal restated his motion to include these amendments. The motion was seconded by Lt. Governor Morales and passed 6-0.

20. New Mexico Human Services Department and San Juan Regional Medical Center Request Approval of Emergency Operating Fund

Governor Lujan Grisham stated that, on a recent trip to Farmington, she met with the CEO of San Juan Regional Medical Center. She said she had seen information that there was a massive layoff of the staff and healthcare providers at that hospital, which did not seem to make sense given that the legislature had provided two different avenues to increase revenues and secure operations and the stability of hospitals in New Mexico. First, the state raised Medicaid rates for the most frequently billed services; and second, a provision in the tax bill included an assessment fee that could provide leverage against Medicaid reimbursements. Based on early projections, these changes would bring in an estimated $9-$11 million.

Governor Lujan Grisham said the CEO informed her that there had been so many significant changes that it might be appropriate to discuss emergency funding. For instance, if the hospital is forced to lay off its level 4 trauma surgeon, their trauma designation will go away; and, if they lose a particular healthcare administrator, they can’t keep that pediatric division or cancer center inside the hospital. In addition, she was not clear about the other issues that she feels are relevant to the Board of Finance.
about the potential instability of New Mexico’s rural hospitals and potential emergency fund requests. She said she has asked the San Juan Regional Medical Center to work with the state to identify what its issues are and what kind of emergency funding would be needed. She has also asked the New Mexico Hospital Association to provide a complete accounting of every trauma designation in the state, from level 1 to level 4, along with a report on the financial stability of every hospital. Following receipt of this information, she would either make a recommendation or else request an informational presentation to the board.

Governor Lujan Grisham commented that losing a trauma surgeon, and thus the trauma designation, constitutes an emergency and something should be done about it. This is a $100,000 to $200,000 fix, but it will not solve the other systemic issues at that hospital.

Governor Lujan Grisham said New Mexico is underrepresented with its Medicaid eligible population because, for the last eight years, although the state expanded Medicaid, it didn’t actively enroll people. Consequently, people who might qualify for Medicaid are instead using emergency room services, which is very costly. With private insurance and poverty rates up in the state, there is additional population that is now eligible, potentially as many as 30,000 state residents.

PROPERTY DISPOSITIONS
Presenters: Sylvia Tillbrook, Executive Assistant, Otero County; Michael Eshleman, County Attorney, Otero County
21. Otero County – Requests Approval of the Lease of Real Property Located at 401 Fairgrounds Road in Alamogordo to the Otero County Fair Association ($89,500 per year or services in lieu of cash)

Ms. Tillbrook stated that Otero County is requesting approval of a lease of real property in Alamogordo in Otero County to the Otero County Fair Association (OCFA) for the supervisory and management authority over Otero County Fairgrounds. The property under consideration contains 7.107± acres of land.

Mr. Eshleman said OCFA does a lot of good work; last year, they were able to get sponsorship so the fair had no admission fee and turnout was very good. He said they plan to do that again this fall. The chairman is a former county commissioner who is very active in the community.

Ms. Leach stated that this approval would be contingent on the Director’s receipt and counsel review of a fully executed revised lease management agreement.

Lt. Governor Morales moved for approval, with the contingency. Mr. Eichenberg seconded the motion, which passed 6-0.
22. **Otero County – Requests approval of the Lease of Real Property Located at White Sands Boulevard in Alamogordo to the Tularosa Basin Historical Society ($64,680 per year or services in lieu of cash)**

Ms. Tillbrook stated that Otero County is requesting approval of a lease of real property in Alamogordo to the Tularosa Basin Historical Society (TBHS) for the operation of the Tularosa Basin Museum of History. The City of Alamogordo originally owned the property but deeded it to the county in 2011. She said the TBHS is a nonprofit organized in 1964, and they have put all of their efforts into collecting and preserving the Basin’s history. She said they are doing very well, with 35 active volunteer members. Between 2016 and 2018, there were more than 20,000 visitors. She said Otero County would like to continue this relationship with them.

Ms. Leach stated that this approval would be contingent on the Director’s receipt and counsel review of a fully executed revised lease management agreement.

**Ms. Trevisani moved for approval. Mr. Eichenberg seconded the motion, which passed 6-0.**

**HIGHER EDUCATION DEPARTMENT**

Presenters: Gerald Hoehne, Director, Capital Projects Division, New Mexico Higher Education Department; Monica Torres, President, Doña Ana Community College; Kelly Brooks, Vice President of Business and Finance, Doña Ana Community College; Alton Looney, Interim AVP of Facilities, New Mexico State University; Robert Herrera, Assistant Director, Project Development and Engineering, New Mexico State University

23. **New Mexico State University, Doña Ana Community College – Requests Approval of Capital Expenditures for the Doña Ana Community College Gadsden Expansion Phase III Facility ($6,000,000)**

Mr. Hoehne stated that this is a request to expand the current Gadsden facility by 10,460 square feet. The addition will replace two portable buildings with three classrooms, two chemistry labs, one computer lab, a faculty office and a student area. There will also be improvements to the domestic water system, including a new 18” water line and booster pumps to serve the existing facility and fire suppression needs of the new facility.

Mr. Hoehne said this project would be funded with $6,000,000 in local general obligation bonds, series 2015 and series 2018, which were approved by the voters of Doña Ana County.

Dr. Torres commented that, as a community college, they feel it is critical to improve the quality of life in Doña Ana County, particularly with emphasis on developing the
workforce and participating in and contributing to economic development in the community. She said there is insufficient science lab capacity in the Gadsden School District, and this project will serve those students who are preparing for health-related fields, all of which require biology and chemistry. In addition, it will provide additional capacity for students interested in transferring to a four-year institution in a STEM-H related field. In addition, students interested in Associate of Science degrees will benefit from the addition of the science labs.

Ms. Brooks stated that they currently experience challenges with water pressure and water issues based on the infrastructure currently in place, so the improvements described are very much needed.

Mr. Badal observed that the FTE count is down by an average of 19.5 percent for the last five years. He asked why enrollment was declining to this extent.

Dr. Torres responded that, when she came on board, Doña Ana Community College (DACC) was offering dual credit programs all over the state. One of the problems she saw was that students could take any class that DACC offered, and it wasn’t very focused. About three years ago, they pulled back their dual credit offerings to try and focus on meaningful programs of study. Also, at that time, they were in the middle of substantial budget cuts, so they cut their centralized dual credit office and distributed the tasks from that office around the institution. They then saw a significant loss of dual credit enrollment in the Gadsden District. She said they have stabilized the program in the last three years, and so they are now ready to build the program back up. She said a substantial amount of the enrollment loss at Gadsden has been the dual credit program when they were trying to restructure the program.

Mr. Sanchez noted in the correspondence between board staff and DACC that the Gadsden School District does not have staff with the proper credentials to teach all of the dual credit courses required for the majority of the science courses. He asked how this would be addressed.

Dr. Torres responded that DACC works regularly with the district, and this has been an ongoing conversation for the last six years. She said the requirements to teach in high school are different from the requirements by the accreditation system to teach in college, so sometimes they do not match. Another challenge is that the Gadsden District is more rural. For example, Las Cruces Public Schools has many more teaching faculty on the high school side who are credentialed to teach dual credit classes, and this is because they are in the city near a major university, where they have ready access to graduate enrollment.

Mr. Sanchez moved for approval. Mr. Badal seconded the motion, which passed 5-0. [Governor Lujan Grisham was not present during the vote.]
Presenters: Gerald Hoehne, Director, Capital Projects Division New Mexico Higher Education Department; Michael “Rocky” Kearney, Director, Planning & Construction, University of New Mexico Hospitals; Michael Chicarelli, Chief Operating Officer, University of New Mexico Hospitals; Rico Volpato, Executive Director, Facilities Services, University of New Mexico Hospitals

24. **University of New Mexico Health Sciences Center/Hospital – Requests Approval of Capital Expenditures for the 1209 University Pharmacy Renovation/Repurpose & New Coumadin Clinic ($2,348,450)**

Mr. Hoehne stated that the University of New Mexico Health Sciences Center is requesting approval to renovate its outpatient pharmacy to house the Coumadin Clinic, which will move from its current location inside UNMH’s main hospital to 1209 University. The scope of this project is to reduce the 5,213 square foot pharmacy to a 2,600 square foot facility, improve efficiencies, and add a 305 square foot specialty pharmacy, including a 2,000 square foot Coumadin outpatient clinic and a 308 square foot pharmacy waiting area. The project will include new HVAC equipment to provide necessary temperature control for the sensitive prescription drugs. The new clinic will have six exam rooms, a director’s office, staff room, medicine room, and waiting area for 18 patients.

Mr. Volpato said these improvements are necessary to meet code requirements for a specialty pharmacy that can dispense highly complex pharmaceuticals for the treatment of HIV, cancer, and rheumatoid arthritis. He said the new location is also more convenient and will give patients more ready access for their weekly or monthly visits. At the current time, patients have to visit the main hospital and park in the parking garage, which is some distance away.

Governor Lujan Grisham commented that parking and getting access to anything at UNM, and particularly the Health Sciences Center, “is miserable” and a challenge as it tries to meet the needs of a growing chronic care and specialty patient population. She said she would encourage UNM to think about other strategies, because even if they make it easier for her to access, UNM itself is not so easy to access, even at its centralized location. She added that, for a chronic care patient, just getting in the car to get there is very difficult. She said many states have gone to different medication regimens and different home regimens, and there are a number of ways that UNM could do a much better job at serving the patient population. She said they were very slow at getting test results onto the portals, which isn’t helpful to primary care or specialty physicians, but applauded UNM’s efforts to come up with short- and long-term strategies.

Mr. Sanchez moved for approval. Mr. Eichenberg seconded the motion, which passed 6-0.
25. University of New Mexico Health Sciences Center – Requests Approval of Capital Expenditures for the Student Health & Counseling Phase I Renovation ($2,450,000)

Mr. Hoehne stated that UNM Student Health and Counseling (SHAC) is requesting approval to remodel and furnish approximately 14,900 gross square feet, including portions of the ground level and first floors. This will provide mental health counseling, health promotion/marketing, pharmacy, travel health, and allergy and immunization clinic new clinical support areas, as well as offices for five existing SHAC service units. He said the project will refresh and rebrand areas for expanding clinical services and incorporate interior design to assist with directing patients through the building. He said the project will also provide additional security by restricting access in some areas. Additional self-check-in (computer driven) centers will be established in directing patients to clinical appointments.

Mr. Hoehne said the project will be funded with $1.2 million from 2017 system revenue bonds from UNM and $1.25 million from departmental funds from self-generated revenue, including student fees.

Mr. Vallejos stated that UNM has seen the need for student mental services, and this will expand those services. In addition, many students are now traveling abroad, and this will assist with bringing immunizations up to date and mitigate any risk abroad. He said about 1,100 students are being seen for need, and they anticipate that another 400 per week will be in need of these services, particularly with respect to mental health counseling.

Governor Lujan Grisham said she recently read a report saying that behavioral health needs a personal touch for counseling services, and wanted to be sure that access to behavioral health was not minimized. She asked if there have been efforts to address the DOJ’s review and concerns about behavioral health and supportive counseling for sexual assault and its associated risks.

Mr. Vallejos responded that the DOJ is very excited and pleased with the progress the University has made over the past two years, particularly with a new centralized one-step reporting system.

Ms. Trevisani moved for approval. Mr. Badal seconded the motion, which passed 5-0. [Mr. Sanchez was not present during the vote.]
Mr. Hoehne stated that Western New Mexico University (WNMU) is requesting approval for the repair of the exterior finish of its Miller Library and Student Memorial Building on its Campus in Silver City. The building finish, which is approximately 23 years old, has failed, and there is water seeping into the building through cracks in horizontal surfaces at windows and parapets. This has resulted in water entering the interior of the building. He said this project would include cleaning the existing finish, patching and repairing, applying a new colorized textured surface, replacing sealants, and adding mow strips at the base of exterior walls. New Parapets and cornice profiles will be installed to eliminate water dams. He said the new surface is expected to extend the life of the exterior wall surface by 10 to 20 years.

Dr. Shepard said WNMU feels it is prudent to address these repairs as soon as possible, especially before winter sets in, as continued deterioration will result in mold and mildew problems and will be much more expensive to remediate.

Lt. Governor Morales moved for approval. Mr. Eichenberg seconded the motion, which passed 6-0.

STATE TREASURER’S OFFICE
Presenter: Vikki Hanges, Chief Investment Officer and General Fund Portfolio Manager
27. Monthly Investment Report for Month-Ended May 31, 2019

Ms. Hanges reported that STO managed $6.6 billion in assets in May, earnings were $12.5 million, and on an unrealized mark-to-market basis, the portfolios increased by $15.4 million, for a total of $28 million in gains.

Presenter: Charmaine Cook, State Cash Manager
28. Approval of Broker-Dealer List for Fiscal Years 2020 and 2021

Ms. Cook presented the new proposed broker-dealer list, which governs with whom the STO investment group does transactions. This list was recommended for approval by the STIC Committee and approved by the State Treasurer and is now before the board for approval.
Ms. Cook said the list would be in effect for two fiscal years, beginning in August 2019.

Ms. Cook stated that all primary broker-dealers who apply and meet the criteria are added to the list. There are 12 primary dealers and 21 secondary dealers this year.

Ms. Trevisani asked if the criteria include consideration of minority- and women-owned businesses. Ms. Cook responded that it is not part of statute or the investment policy.

Ms. Hanges commented that Federal Home Loan Bank recently contacted STO to see if they could introduce STO to some of the minority firms in their home loan program. The list they submitted had about 15 names, and there were about 10 on STO’s list already. These included women-owned firms and a Hispanic-owned firm as well as veteran-owned firms, so they do offer STO some value in terms of transactional business.

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

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

29. Capitol Buildings Repair Fund Financial Status Report for Month-Ended June 30, 2019
Ms. Silva presented this report.

30. Facilities Management Division – Legislative Capital Projects Financial Status Report for Month-Ended June 30, 2019
Ms. Silva presented this report.

STAFF ITEMS
Ms. Ashley Leach, Director

31. Discussion of Process for Reviewing State Board of Finance’s Bond Counsel RFP Scoring Template to be Finalized at the September 17, 2019, Regular Meeting
Ms. Leach said staff is in the early stages of the RFP for bond counsel. At the time the board extended the current bond counsel contract to March 2020, board members wanted to have input in the RFP development and scoring template. She said staff is therefore proposing that an ad hoc committee be appointed to meet with staff in August to work on developing the RFP and scoring template. The committee would have
up to three board members who would work with staff and bring a recommendation forward at the September meeting.

Mr. Sanchez moved to approve the creation of the ad hoc committee. Mr. Badal seconded the motion, which passed 5-0.

Ms. Leach stated that Member Cassidy has indicated an interest in sitting on the committee.

Lt. Governor Morales moved to nominate Paul Cassidy to the ad hoc committee. Mr. Sanchez seconded the motion, which passed 5-0.

Mr. Sanchez and Mr. Badal said they would like to be on the committee.

Mr. Eichenberg moved to nominate Michael Sanchez and Joseph Badal to be on the committee. Lt. Governor Morales seconded the motion, which passed 5-0.

ANNOUNCEMENTS

Ms. Leach introduced Deputy Director Marcos Trujillo to the board. She said Mr. Trujillo was previously with the Department of Transportation, where he was project finance and debt director, and previously was the bond manager at DOT, and so brings a wealth of knowledge and experience to the board.

Ms. Leach announced that board counsel Steven Vigil has accepted a position at the district court in Albuquerque.

ADJOURNMENT: 11:35 a.m.

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

Michelle Lujan Grisham, President

9/24/2019

Date

New Mexico State Board of Finance: July 16, 2019