NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

Santa Fe, New Mexico

January 22, 2020

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:13 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 [arrived 9:19 a.m.]
The Hon. Tim Eichenberg, State Treasurer
Mr. Joseph Badal, Public Member
Mr. Paul Cassidy, Public Member
Ms. Wendy Trevisani, Public Member

**Members Excused:**
The Hon. Michelle Lujan Grisham, President
Mr. Michael S. Sanchez, Public Member, Secretary

**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
Ms. Marah DeMeule, Attorney General's Office

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

2. **APPROVAL OF AGENDA**

Ms. Leach requested that Item 13 be changed from Action Item to Informational Item.

Mr. Cassidy moved approval of the agenda, as amended. Mr. Badal seconded the motion, which passed 4-0. [Lt Governor Morales was not yet present.]
3. **APPROVAL OF MINUTES: DECEMBER 17, 2019 (REGULAR MEETING)**

Ms. Trevisani moved for approval of the December 17 minutes, as submitted. Mr. Cassidy seconded the motion, which passed 4-0. [Lt. Governor Morales was not yet present.]

**CONSENT AGENDA**
Presenter: Ashley Leach, Director, Board of Finance

Submitted by: Gerald Hoehne, Capital Projects Director, NM Higher Education Department

4. **New Mexico State University Alamogordo—Requests Approval of Capital Expenditures for Exterior Building Renovations to Tays Center and the Physical Plant Department Building ($1,171,550)**

5. **New Mexico State University Alamogordo—Requests Approval of Capital Expenditures for Parking Lot Repairs and Exterior Lighting Upgrades ($825,000)**

6. **New Mexico State University Carlsbad—Requests Approval of Capital Expenditures to Replace the Roof of Its Computer Building ($750,000)**

7. **New Mexico State University Doña Ana Community College—Requests Approval of Capital Expenditures to Replace the Roof Its East Mesa Main Building ($900,000)**

8. **New Mexico State University Grants—Requests Approval of Capital Expenditures to Renovate Fidel Hall ($880,000)**

Submitted by: Allen R. Davis, County Manager, Eddy County

9. **Eddy County—Requests Approval of the Sale of Real Property Located at 401 South Main Street in Carlsbad to Karlee, LLC ($350,000)**

Submitted by Ashley Leach, Director, Board of Finance

10. **Emergency Fund Balances—January 22, 2020**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Balance</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Reserve Fund</td>
<td>$1,251,000.00</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Emergency Water Fund</td>
<td>$62,449.84</td>
<td>$104,800.00</td>
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</tbody>
</table>

11. **Fiscal Agent and Custodial Bank Fees Report**

12. **Joint Powers Agreements for Month-Ended December 31, 2019**

*New Mexico State Board of Finance: January 22, 2020*
Mr. Badal moved approval of the Consent Agenda, as presented. Ms. Trevisani seconded the motion, which passed 4-0. [Lt. Governor Morales was not yet present.]

**BOARD OF FINANCE BONDING PROGRAMS**

13. Presentation on Annual Debt Affordability Study

[Lt. Governor Morales arrived.]

Mr. Paul made this presentation. [Page 362 in electronic agenda.]

**GENERAL SERVICES DEPARTMENT**

**MONTHLY REPORTING**

Presenters: Ken Ortiz, Cabinet Secretary; Anna Silva, Facilities Management Division Director

Ms. Silva presented this report.

15. Legislative Capital Projects Financial Status Report for Month-Ended December 31, 2019

Ms. Silva presented this report.

**STATE TREASURER'S OFFICE**

Presenter: Vikki Hanges, Chief Investment Officer and General Fund Portfolio Manager
16. Monthly Investment Report for Month-Ended November 30, 2019

Ms. Hanges reported that STO managed $6.4 billion in assets during the month of November, with almost $10 million in earnings. Interest rates were higher in November, so portfolios had a negative mark-to-market of $6.8 million, but the portfolios still maintained an overall unrealized gain of about $35 million.

Mr. Hanges additionally reported that the LGIP reached $1 billion in assets yesterday, a level not seen in ten years.

**STAFF ITEMS**

Presenter: Ashley Leach, Director, Board of Finance
17. **Adoption of Open Meetings Resolution 20-01**

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

18. **Report on Bond Counsel Proposal Evaluation and Request for Approval to Enter Contract Negotiations**

Ms. Leach reported that the current bond counsel, which encompasses bond and tax counsel services, is set to expire on March 31, 2020. Therefore, on December 2, 2019, staff issued two Requests for Proposals, one for bond counsel services and the other for tax counsel services. The RFPs were issued with the guidance of the RFP subcommittee, which comprises three members, and she served as procurement manager.

Ms. Leach said three proposals for bond counsel services were received, with two of those proposals deemed responsive: Gilmore & Bell P.C.; and Sherman & Howard and Rodey, Dickason, Sloan, Akin & Robb P.A. as co-bond counsel. The evaluation committee is recommending Sherman & Howard and Rodey, Dickason, Sloan, Akin & Robb for bond counsel services, and is asking for approval for staff to enter contract negotiations with them. The contract would be for a four-year period commencing on April 1, 2020, and expiring on March 31, 2024. She stated that Sherman & Howard and Rodey received the highest score for bond counsel, at 1,144 points out of a total maximum of 1,275.

Ms. Leach said the evaluation committee noted that both firms have decades of experience providing bond counsel services under contracts similar to the contract proposed by the Board of Finance. They have also served as co-bond counsel to the board in the past as well as current bond counsel, and both firms are intimately familiar with the Severance Tax Bonding Act, its directives and limitations on bond issuances and the scope, authority, and duties of the board contained in those provisions. They provided a detailed explanation of how it will approach project reviews prior to bond sales and the bond sale process itself.

Mr. Cassidy moved approval for staff to enter contract negotiations for bond counsel. Mr. Badal seconded the motion, which passed 5-0.


Ms. Leach reported that two proposals for tax counsel services were received. One of those proposals, Gilmore & Bell, was deemed responsive. That firm received a score of 1,025 out of a total maximum of 1,275. She stated that the evaluation committee is recommending Gilmore & Bell for tax counsel services to the Board of Finance, and requesting that staff be given approval to enter into contract negotiations with Gilmore.
& Bell. The contract would be for a four-year period commencing on April 1, 2020, and expiring on March 31, 2024.

Ms. Leach noted that Gilmore & Bell has served as bond counsel for state-level entities for bond financings in excess of $6.48 billion since the beginning of 2017, and for more than 20 years has ranked in the top 10 nationally in the number of bond counsel opinions rendered on municipal bond issues. In 2017, the firm delivered the approving opinion on 445 long-term municipal issues aggregating $8.8 billion in principal amount. The firm has extensive tax and arbitrage rebate practices, with six full-time attorneys available if needed.

Mr. Eichenberg moved approval for staff to enter contract negotiations for tax counsel. Mr. Badal seconded the motion, which passed 5-0.

**ADJOURNMENT: 10:10 a.m.**

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

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Michelle Lujan Grisham, President

02/19/2020

Date

Michael S. Sanchez, Secretary

2/19/20

Date