

**NEW MEXICO STATE BOARD OF FINANCE**

**REGULAR MEETING**

**HELD VIRTUALLY**

**May 18, 2021**

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:00 a.m. via teleconference.

**1. ROLL CALL -- QUORUM PRESENT**

**Members Present:**

The Hon. Howie Morales, Lt. Governor

The Hon. Tim Eichenberg, State Treasurer [not present from 9:45 to 11:25 a.m.]

Mr. Paul Cassidy, Public Member

Mr. Michael S. Sanchez, Secretary, Public Member

Ms. Wendy Trevisani, Public Member

**Members Excused:**

The Hon. Michelle Lujan Grisham, President

Mr. Joseph Badal, Public Member

**Staff Present:**

Ms. Ashley Leach, Director

Mr. Marcos B. Trujillo, Deputy Director

Ms. Debbie Romero, Secretary, Department of Finance and Administration

**Legal Counsel Present:**

Ms. Marah deMeule, Assistant Attorney General

**2. APPROVAL OF AGENDA**

The heading on Item 29 was corrected to reflect a consideration amount of \$42,436,213.16.

Ms. Trevisani moved approval of the agenda, as amended. Mr. Eichenberg seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Eichenberg, Mr. Sanchez and Ms. Trevisani voting in favor.

**3. APPROVAL OF MINUTES: APRIL 20, 2021 (REGULAR MEETING)**

Mr. Cassidy moved approval of the minutes of the April 20, 2021, meeting, as submitted. Mr. Eichenberg seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Eichenberg, Mr. Sanchez and Ms. Trevisani voting in favor.

**CONSENT AGENDA (Items 4-15)**

Presenter: Ashley Leach, Director, Board of Finance

Submitted by: Stephen Weinkauf, Project Manager, Local Government Division

- 4. Department of Finance and Administration, Local Government Division, Requests Approval of the FY22 Operating and Capital Budgets for Public Safety Answering Points (\$12,383,866.29)**
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Submitted by: Mike Gallagher, County Manager, Lea County

- 5. Lea County—Requests Approval of the Lease of Real Property Located at 1923 Dal Paso in Hobbs to Nor-Lea Hospital District (\$151,284/year)**
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- Contingent upon director's and counsel's receipt and review of a revised and fully executed lease agreement

Submitted by: Susan Odegard-Fellows, Strategic Assets Coordinator, Los Alamos Public Schools

- 6. Los Alamos Public School District—Requests Approval of the Lease of Real Property Located at 1060 Nugget Street in Los Alamos to La Cumbres Community Services, Inc. (\$17,376/year)**
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- Contingent upon director's and counsel's receipt and review of a fully executed lease agreement

- 7. Los Alamos Public School District—Requests Approval of the Lease of Real Property Located Off North Mesa Road in Los Alamos to Digs Construction, LLC (\$18,900/year)**
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- Contingent upon director's and counsel's receipt and review of a revised and fully executed lease agreement

Submitted by: Douglas Echols, Attorney, San Juan County

- 8. San Juan County—Requests Approval of the Second Amendment to the Lease with SunRay Gaming of New Mexico, LLC for Real Property Located at 39 Road 5568 in Farmington (\$1,000,000/year and abated rent totaling \$715,939)**
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- Contingent upon director's and counsel's receipt and review of a revised and fully executed lease amendment

Submitted by: Chris M. Barela, Real Property Specialist, Santa Fe County

**9. Santa Fe County—Requests Approval of the Lease of Real Property, Located at 2052 South Galisteo Street in Santa Fe, to New Mexico Solutions (\$178,176/year, services in lieu of rent)**

- Contingent upon director's and counsel's receipt and review of a fully executed lease agreement

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

**10. New Mexico State University—Requests Approval of Capital Expenditures for the Espina Street Repave Project Phase II (\$1,045,790)**

Submitted by: Stephanie Schardin Clarke, Cabinet Secretary, Taxation and Revenue Department

**11. New Mexico Taxation and Revenue Department—Requests Approval of a Transfer from the Appropriation Contingency Fund, Pursuant to Section 5, Paragraph 26, Chapter 137 of the Laws of 2021 (\$855,800)**

- Contingent upon director's receipt of a certification from the secretary of DFA that other enacted legislation in the first session of the fifty-fifth legislature resulted in significant changes to the tax code and that no other funding is available to implement the changes.

Submitted by: Vikki Hanges, Chief Investment Officer, State Treasurer's Office

**12. State Treasurer's Office Investment Report for Month-Ended March 31, 2021**

Submitted by: Ashley Leach, Director, Board of Finance

**13. Emergency Fund Balances – May 18, 2021**

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$1,311,224.00	\$2,500,000.00
Emergency Water Fund	\$ 165,000.00	\$ 175,000.00

**14. Fiscal Agent and Custodial Bank Fees Reports**

**15. Joint Powers Agreements for Month-Ended April 30, 2021**

Mr. Cassidy moved approval of Consent Agenda, with the contingencies. Ms. Trevisani seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Eichenberg, Mr. Sanchez and Ms. Trevisani voting in favor.

**BONDING PROGRAMS**

Presenters: Marcos Trujillo, Deputy Director, State Board of Finance; David Paul, Fiscal Strategies; Louis Choi, Public Resources Advisory Group; David Buchholtz, Director, Rodey, Dickason, Sloan, Akin & Robb, P.A.; Luis Carrasco, Director, Rodey, Dickason, Sloan, Akin & Robb, P.A.; Parker Schenken, Member, Sherman & Howard, LLC; Jill Sweeney, Member, Sherman & Howard (Co-Bond Counsel)

**16. Presentation of Final Terms Certificate for State of New Mexico General Obligation Bonds, Series 2021**

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Mr. Paul reported that the bond sale was tremendously successful, with the final award going to JP Morgan with a true interest cost of slightly under 0.7 percent. This was lower than the Severance Tax bonds that the state sold a few months ago at around 0.8 percent.

Mr. Cassidy congratulated the finance team, Mr. Paul, board staff, and the attorneys for a great sale and incredible financing for the state. He noted that there were 28 bids.

Presenters: Ashley Leach, Director, State Board of Finance; Ken Guckenberger, Partner, Kutak Rock; Noelle Graney, Partner, Kutak Rock

**17. Consideration of the Preliminary Official Statement for State of New Mexico Severance Tax Bonds, Series 2021A**

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Ms. Leach said this long-term issuance of severance tax bonds would fund capital projects appropriated by the legislature, primarily in the most recent legislative session. The state will also be issuing senior and supplemental severance tax notes at the same time, the senior note to fund capital projects appropriated by the legislature, and the supplemental note to fund public school capital projects as determined by the Public School Capital Outlay Council.

Mr. Guckenberger said a June 17 sale is anticipated, so the document may be subject to revisions. He noted that page 2 of the document tells a remarkable story about the impact of the COVID-19 pandemic on the state and severance tax collections and is a testament to the resiliency of those collections and of the state itself.

**Mr. Cassidy moved for approval. Mr. Eichenberg seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Eichenberg, Mr. Sanchez and Ms. Trevisani voting in favor.**

[Mr. Eichenberg notified staff that he would be stepping away from the meeting for a period of time.]

Presenters: Ashley Leach, Director, State Board of Finance; David Buchholtz, Director, Rodey, Dickason, Sloan, Akin & Robb, P.A.; Luis Carrasco, Director, Rodey, Dickason, Sloan Akin & Robb, P.A.; Parker Schenken, Member, Sherman & Howard, LLC; Jill

Sweeney, Member, Sherman & Howard, LLC (Co-Bond Counsel); Brad Patterson, Tax Counsel, Gilmore Bell.

**18. Consideration of Authorizing and Delegating Resolution for State of New Mexico Severance Tax Bonds, Series 2021A, Maximum Principal Amount of \$450,000,000**

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Ms. Leach said this would go to fund capital projects appropriated by the legislature. All but about \$7.9 million of those projects came in the last legislative session, with the remainder having been appropriated in past sessions but which were not quite ready to be funded during previous severance tax bond sales.

Mr. Schenken highlighted some of the provisions in the resolution before the board.

Ms. Leach stated that the maximum principal amount is sized to avoid a situation where there is not enough to fund all the projects authorized. She said they are still in the midst of reviewing the 1,200 projects in the list, but she anticipated that the final amount would be closer to about \$400,000,000 or less.

Mr. Paul added that the reference to \$400 million is to the project amount. He said they would probably see somewhere on the order of 20 percent of original issue premium based on the confluence of current market yields and institutional pricing on the bonds, so it would be something closer to \$350 or \$360 million or less in terms of the par amount of the bonds.

Mr. Cassidy noted that the board adopted a revised process for reviewing the process a few months ago, and asked if it is working as expected. Ms. Leach responded that the process is doing very well. They have to do a rather elaborate filtering system with 1,200 projects, but it has allowed them to focus their tax review on those projects that may have tax concerns or tax considerations that are beyond the private use. She said it has created some significant efficiencies in the process.

Mr. Patterson agreed that the improvements have been very helpful and have made the process much more efficient and less time consuming. He said he appreciated staff's willingness to work with them.

**Mr. Cassidy moved for approval. Ms. Trevisani seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Sanchez and Ms. Trevisani voting in favor. [Not present during the vote: Mr. Eichenberg.]**

**19. Consideration of Authorizing Resolution for State of New Mexico Severance Tax Note, Series 2021S-A, Maximum Principal Amount of \$170,000,000**

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Mr. Schenken said this is a senior short-term sponge note allowing payment of the bonds out of the Severance Tax Bonding Fund prior to the fiscal year-end transfer to the permanent fund.

Mr. Schenken reviewed highlights from the resolution.

**Mr. Sanchez moved for approval. Lt. Governor Morales seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Sanchez and Ms. Trevisani voting in favor. [Not present during the vote: Mr. Eichenberg.]**

**20. Consideration of Authorizing Resolution for State of New Mexico Supplemental Severance Tax Note, Series 2021S-B, Maximum Principal Amount of \$160,000,000**

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Ms. Leach said this short-term note is to be purchased by the state using cash funds in the Severance Tax Bonding Fund to provide funding for public school capital projects as determined by the Public School Capital Outlay Council. Staff is working with PSFA staff to determine what their certified need will be.

Mr. Schenken reviewed highlights from the resolution.

Mr. Schenken said the board may recall that the Public School Capital Outlay Act and the Infrastructure Act were both declared unconstitutional in a McKinley County case discussed in a previous board meeting. Marah deMeule and her team have worked diligently to obtain a stay from that order to allow the state to continue with its ordinary financing activities, including the issuance of these notes. He said they will be watching that case, but the board should not expect any changes that would get in the way of this financing before the close.

**Mr. Cassidy moved for approval. Ms. Trevisani seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Sanchez and Ms. Trevisani voting in favor. [Not present during the vote: Mr. Eichenberg.]**

**HIGHER EDUCATION DEPARTMENT**

**FINANCING PLANS**

Presenters: Gerald Hoehne, Capital Projects Director, HED; Dr. Garnett S. Stokes, President, UNM; Dr. Douglas Ziedonis, Executive Vice President, UNM HSC; Dr. Michael Richards, Senior Vice Chancellor Clinical Affairs, UNM Hospital; Kate Becker, Chief Executive Officer, UNM Hospital; Dr. Michael Chicarelli, Chief Operating Officer, UNM Hospital; Bonnie White, CFO UNM HSC

**21. University of New Mexico Hospital—Requests Approval of a US Housing and Urban Development Insured Mortgage Loan for the Planned New Hospital Tower (Not to Exceed \$320,000,000)**

President Stokes described the three projects on today's agenda, and thanked HED for working with UNM and ultimately recommending approval.

Dr. Ziedonis said the UNMH New Hospital Tower project is a vital part of UNM's efforts to expand access to essential healthcare services to New Mexicans, and the board's support of the other two phases has helped them get ready for this third phase. The tower will be paid for and equipped with a combination of UNMH Capital Initiative funds and financing from the US Department of Housing and Urban Development.

Addressing Item 23 on the agenda, Dr. Ziedonis stated that the Interdisciplinary Substance Use and Brain Injury research facility will be world class and vital in UNMH's strategic planning. He said he is an addiction psychiatrist in neurosciences and focuses his own research in the area of addictions and co-occurring illnesses, and knows how impactful these disorders can be on individuals and their families and communities. He said the resources will help the entire campus faculty at UNM as well as institutions across the state to come together and have a facility that will help them address critical gaps in this area. In addition, it will help with recruitment and retention of outstanding faculty and help students to be mentored and engage in research in this area.

Addressing Item 21, Mr. Hoehne said UNM Hospital is requesting approval of a US Department of Housing and Urban Development insured mortgage under the Federal Housing Administration 242 program to fund a portion of the Phase III of the new hospital tower. The proposal, which is subject to final terms at closing, includes a mortgage interest rate of 4 percent, a term of 25 years, mortgage payments set to begin in August 2024, an annual debt service of \$20.268 million, and a total debt service of \$506.7 million. The expected closing date on the HUD-backed mortgage is July 2021. The mortgage is coupled with \$30 million of state appropriations and \$71.4 million in UNM Hospital cash and Capital Initiatives funding.

Ms. White said UNMH currently has debt with HUD, financing their 2004 expansion with HUD-backed financing, and certain limitations require them to continue with HUD going forward because it does not allow any debt to be subordinate to it. With the HUD backing, they will have lower interest rates than they would had they pursued financing on their own. HUD also offers other benefits as far as not requiring a debt service reserve fund of about \$20 million, and lower capitalized interest rates. This allows them to invest more cash into the project itself. UNMH will seek Ginny Mae security financing for this, which will allow them to draw down the securities as they need them, rather than having to do a full bond issue at the beginning of the project and paying interest on the debt from the start of the project.

Mr. Cassidy asked if there is a guaranteed maximum price contract on this project, and Ms. White responded that they are in the process of finalizing it and will submit it to HUD in a couple of weeks.

Mr. Cassidy asked if UNMH has resources to pay for any difference in cost should the maximum amount come in above what the board has approved. Ms. White responded that they are not expecting to expand their financing, but do have additional cash set aside on their balance sheet should that be the case.

With regard to financial feasibility, Mr. Cassidy asked, as the board reviews this under its statutory responsibilities, whether there is anything that should be disclosed, or is there anything that Ms. White could offer that the board should be aware of. Ms. White responded that she did not believe so.

Ms. Leach read out the parameters of the loan.

**Mr. Cassidy moved for approval. Mr. Sanchez seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Sanchez and Ms. Trevisani voting in favor. [Not present during the vote: Mr. Eichenberg.]**

#### **CAPITAL EXPENDITURES**

Presenters: Gerald Hoehne, Capital Projects Director, HED; Dr. Garnett S. Stokes, President, UNM; Dr. Douglas Ziedonis, Executive Vice President, UNM HSC; Dr. Michael Richards, Senior Vice Chancellor Clinical Affairs, UNM Hospital; Kate Becker, Chief Executive Officer, UNM Hospital; Dr. Michael Chicarelli, Chief Operating Officer, UNM Hospital

#### **22. University of New Mexico Hospital—Requests Approval of Capital Expenditures for Construction of Phase III of the New Hospital Tower \$401,859,331)**

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Mr. Hoehne said the Phase III New UNM Hospital Tower will be a 7-level 570,774 square foot adult acute care hospital that will contain 96 intensive care beds, 18 operating rooms, 4 catheterization laboratories, 6 interventional radiology suites, a 73-bed perioperative suite, imaging suite that includes 2 MRIs, 2 computed tomography CT scanner, 1 RAD fluoroscopy, 2 ultrasound, a complete adult emergency department to include 2 tomography scanners and 2 RAD scanners. Support spaces will include a satellite pharmacy, clinical laboratory, blood bank, occupational health, respiratory, occupational, physical therapy, and speech therapy. In addition, there is space for retail pharmacy, educational space, and food services for visitors and staff.

Mr. Hoehne said construction will begin in July 2021 and be completed in June 2024 with approximately 3 months of equipment installation and move-in time. It is anticipated that the first patient will be seen in October 2024.

Mr. Hoehne said the funding source is the HUD-backed mortgage, \$30 million from general fund state appropriation, and \$51.9 million in UNM Hospital Capital Initiative funding.



Dr. Chicarelli commented that the operating suites at UNMH were built in 1954, when surgical services were different, and the new operating suites will allow for the needed additional equipment and more people necessary to do the work. Patient care rooms will have more light, which aids healing and provides for a better mood for staff and patients.

**Mr. Sanchez moved for approval. Mr. Cassidy seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Sanchez and Ms. Trevisani voting in favor. [Not present during the vote: Mr. Eichenberg.]**

Presenters: Gerald Hoehne, Capital Projects Director, HED; Dr. Garnett S. Stokes, President, UNM; Ava Lovell, Sr. Executive Officer for Finance & Administration, UNM HSC; Ryan Reynolds, Capital Projects Group Manager, UNM HSC; Dr. Douglas Ziedonis, Executive Vice President, UNM HSC

**23. University of New Mexico Health Sciences Center—Requests Approval of Capital Expenditures for the Interdisciplinary Substance Use and Brain Injury Domenici Expansion (\$10,000,000)**

Mr. Hoehne stated that UNM Health Sciences Center is requesting approval of capital expenditures totaling \$10,000,000 for its Interdisciplinary Substance Use and Brain Injury (ISUBI) Domenici Expansion. The project will consist of a 15,700 square-foot two-story addition attached to the existing research building known as Domenici Hall, located at 1001 Stanford Drive, N.E., in Albuquerque. The addition will include space designed for the conduct of clinical studies and analysis/integration for a range of clinical and preclinical datasets that can be brought to brain injury and substance use disorders. It will also include carefully controlled clinical studies of drug exposure and customized observation suites that will simulate real-world scenarios. The sources used to fund this project include \$4,000,000 in federal grant dollars and \$6,000,000 in Health Sciences Center capital funds.

Ms. Trevisani stated that she serves on the board of St. Vincent Hospital in Santa Fe, and is acutely aware of the unmet need that will be served through ISUBI. She asked if HSC plans to coordinate with other medical institutions or substance abuse facilities to provide services throughout the state and not just in the metro area. She asked if HSC anticipates that it will draw people from outside of the state, since this is an unmet need all over the United States.

Ms. Lovell responded that they plan to do that through their clinical trial programs, where they will reach out to bring in as many people as they can from all over the state, especially from underserved areas. The people working in this project will include UNM's Community Health and College of Population Health, so bringing in community research is also part of this.

Dr. Ziedonis said he sees a lot of different ways they can partner together, and they are interested in listening to Ms. Trevisani's team on what the important research questions and clinical needs are. As they expand research, they will also be looking at what behavioral health networks and partnerships they can create.

**Ms. Trevisani moved for approval. Lt. Governor Morales seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Sanchez and Ms. Trevisani voting in favor. [Not present during the vote: Mr. Eichenberg.]**

Presenters: Gerald Hoehne, Capital Projects Director, HED; Dr. Stephen Wells, President, NMIMT; Dr. Cleve McDaniel, VP Administration & Finance, NMIMT; Alex Garcia, Director Capital Projects, NMIMT

**24. New Mexico Institute of Mining and Technology—Requests Approval of Capital Expenditures for Renovations to Brown Hall and West Hall (\$8,620,524.10)**

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Mr. Hoehne said NMIMT is requesting approval to renovate Brown Hall, a three-story 23,643 square-foot historic building. The facility is the main administrative office building for the university. The renovation will reconfigure the space to achieve and improve efficiencies such as consolidation of offices, increased space utilization, and address much-needed mold remediation in the basement, which has had that section closed off for some time. Other items include connecting the building to the chilled water loop, which will eliminate the possibility of mold returning to the building and potentially harming the occupants. A fire sprinkler system will be added throughout the building while also upgrading the electrical, mechanical, and IT systems while utilizing direct digital controls for the HVAC. All restrooms will be renovated, and the facility will be brought back to its original historic state.

Mr. Hoehne stated that this project also includes the renovation of West Hall, which is being renovated to accommodate staff that will be relocated during the Brown Hall renovation. Once that renovation is complete, West Hall will be brought back into service as a dormitory.

Mr. Hoehne said the estimated cost to complete the project is \$8,620,524. Funding sources are \$6,924,802 from the General Obligation 2019 bond sale and \$1,695,721 from NMIMT's internal construction reserve balance.

President Wells presented slides on the background of Brown Hall and problems associated with it.

President Wells said they hope to get this project off the ground as soon as possible before there are significant challenges in terms of price increases.

Dr. McDaniel added that they are aware of dramatic increases in labor costs and materials costs, such as lumber and steel, and are working with the architect to actively look for value engineering in case prices come in higher than anticipated.

**Mr. Sanchez moved for approval. Mr. Cassidy seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Sanchez and Ms. Trevisani voting in favor. [Not present during the vote: Mr. Eichenberg.]**

Presenters: Gerald Hoehne, Capital Projects Director, HED; Dr. Stephen Wells, President, NMIMT; Dr. Cleve McDaniel, VP Administration & Finance, NMIMT; Carlos Romero, Assoc. VP for Research, NMIMT; Alex Garcia, Director Capital Projects, NMIMT

**25. New Mexico Institute of Mining and Technology—Requests Approval of Capital Expenditures for the Playas Training and Research Center Fiber and Wireless Network Buildout (\$4,945,000)**

Mr. Hoehne stated that NMIMT is requesting approval of capital expenditures for the Playas Training and Research Center (PTRC) Fiber and Wireless Network. He said the New Mexico Tech Research Division is developing a new research environment at the PTRC and the requirement of that environment is to have high-speed connectivity to allow for research and training missions. He said this project will provide a range network infrastructure representative of the internet and cellular networks isolated from actual commercial and public networks; range network behavior and analysis capabilities; realistic and representative physical environments; range operation capabilities to include command and control for range events and logistics to support the use of the range in order to facilitate safe and secure test, evaluation, and training within the range complex; and system analysis and analytics for range customers and users to include development of modeling, simulation, emulation, and tactical and tradecraft tools.

Mr. Hoehne said this is the first time HED has seen a project out of the PTRC, so they are excited to know that NMIMT will be bringing forward additional projects that will be done in that part of the state. This will have an important impact on a range of agencies in that part of the state. He said the funding source for this project is via an Air Force research lab through an indefinite delivery/indefinite quantity IDIQ contract.

President Wells stated that the training center is the former town of Playas that was built by Phelps-Dodge in 1971. After the copper industry plummeted 28 years later, the smelter closed down along with the town. In 2003, NMIMT purchased Playas and began converting the town into a counter-terrorism training facility. Now, with the support of the federal government, NMIMT is building the Playas Training and Research Environment and developing a new added mission for PTRC. NMIMT will provide expertise and support for research and development of the physics and phenomenology in regard to the interface between the physical world and the cyber realm. In order to accomplish this, NMIMT needs a new fiber optic network, power distribution system,

cellular network, and radio network that it controls. These upgrades are being 100 percent funded through a contract with the Air Force Research Laboratory (AFRL). The project will install 235,775 linear feet of fiber optic cable (44.65 miles) underground.

Dr. Romero made a slide presentation.

Responding to Mr. Cassidy, Dr. Romero said support for this project comes from the Secretary of the Air Force's Administrative Assistant Concept Development Management out of their Cyber Capability Support Office. He said this environment is envisioned to be an asset for the Department of Defense and Department of the Air Force going forward. He said the Air Force is planning 50 weeks of training at this particular site with about 24,000 flights per year in this air space.

Dr. Romero said this is a seven-year IDIQ contract, and NMIMT has a request in to Congress for an additional \$30 million in funding to complete this project.

Responding to Lt. Governor Morales, Dr. Romero said they are in the process of assessing infrastructure needs for the area right now. They will need to improve water, road, and sewer systems, but want to do it in a very strategic way by leveraging funding with the goal of building a smart city. They envision this as the big economic driver in Hidalgo County, Luna County and other surrounding counties. They will need skilled network people, engineers, technicians, etc. He said they will seek outside funding first before requesting funding within the state.

Lt. Governor Morales said he hoped NMIMT would continue to advocate for incentivizing programs like this one before the legislature and its finance committees in addition to RPSP (Research and Public Service Projects) funding, and that funding from agencies like the Department of Defense not be used as a reason to cut RPSP funding.

**Mr. Cassidy moved for approval. Mr. Sanchez seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Sanchez and Ms. Trevisani voting in favor. [Not present during the vote: Mr. Eichenberg.]**

## **GRADUATE PROGRAMS**

Presenters: Thomas Schawel, Education Administrator, NMHED; Mark Chisholm, Academic Policy Director, NMHED; Stephanie Rodriguez, Cabinet Secretary, NMHED; Dr. Patricia Trujillo, Deputy Cabinet Secretary, NMHED; Steven Chavez, Associate Vice President of Academic Affairs, Dean of the College of Professional Studies, WNMU; Dr. Cindy Martinez, Associate Professor of Early Childhood Education, WNMU; Dr. Joseph Shepard, President, WNMU

- 27. Western New Mexico University—Requests Approval of the Master of Arts in Early Childhood Education, Trauma-Informed Practices Program (No Consideration)**
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Dr. Martinez made a slide presentation. She said the development of the Trauma Informed Practices Master of Arts Degree Program is a direct response to the need to prepare the early childhood workforce to engage, build relationships, and teach young children who may be at-risk or hard to reach due to diversities that were highlighted in Yazzie/Martinez v. New Mexico and in the New Mexico Early Childhood Needs Assessment.

Dr. Martinez said the program is unique to WNMU and has gained support from the graduate deans of the University of New Mexico, NMSU, ENMU, Highlands University, and Northern New Mexico Community College.

Dr. Martinez stated that this graduate degree program addresses two crucial and time-sensitive issues in New Mexico: the shortage of highly trained educators with backgrounds in trauma-informed practice; and the abundance of children who have had adverse experiences and trauma.

Mr. Cassidy commented that he understood the program would pay for itself from projected revenues.

Dr. Shepard responded that WNMU is a small university, and one of its strategies is to try to design its program so that the coursework can be used in a number of different degree plans. He said the coursework here is already being offered, so any revenues WNMU gets from the program are additional to revenues that it is receiving now.

Ms. Leach said WNMU did provide two revenue estimate scenarios as part of its submittal to staff. She said she would email it to board members, as it was apparently left off the electronic agenda.

Lt. Governor Morales said he advocates for collaboration in order to avoid duplication of programs. He said there has been quite a bit of movement on working with The Anna, Age Eight Institute, which works with ACEs (Adverse Childhood Experiences), and asked if that is something WNMU might involve itself with. Dr. Martinez responded that WNMU hadn't made that connection, but will definitely work on that as they move forward.

**Mr. Cassidy moved for approval. Mr. Sanchez seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Eichenberg, Mr. Sanchez and Ms. Trevisani voting in favor.**

Presenters: Thomas Schawel, Education Administrator, NMHED; Mark Chisholm, Academic Policy Director, NMHED; Stephanie Rodriguez, Cabinet Secretary, NMHED; Dr. Patricia Trujillo, Deputy Cabinet Secretary, NMHED; Steven Chavez, Associate Vice President of Academic Affairs, Dean of the College of Professional Studies, WNMU; Andrew Hernandez, Professor of History, WNMU

**28. Western New Mexico University—Requests Approval of the Master of Arts in History Program (No Consideration)**

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Dr. Hernandez made a slide presentation. He said the Master of Arts in History degree would be available fully online and is primarily intended to help teachers build content knowledge for History as part of their Social Studies teaching area. This will be the first M.A. in History available in a fully online format in New Mexico; would appeal greatly to students in rural, underserved areas; and will be tied to WNMU's unique identity as the state's only public liberal arts institution. He additionally noted that the demand for secondary-level teachers trained in History or Social Studies is projected to increase by 7 percent nationwide over the course of the next decade, according to the U.S. Bureau of Labor Statistics. Furthermore, the demand for teachers trained in these fields at the junior high level is forecast to increase by 17 percent.

Dr. Hernandez noted that ten WICHE schools offer graduate degrees in History and offer some form of discounted tuition to New Mexico residents. Most compellingly, Idaho State University is the only M.A. degree that is offered fully online and is marketed to K-12 teachers and non-traditional students. WNMU has a competitive advantage in tuition, as full-time in-state students can complete their degree at a cost of \$11,767, and out-of-state students can complete their degree at a cost of \$22,110. New Mexico students can complete their MA in History at Idaho State at a cost of \$34,871.

**Lt. Governor Morales moved for approval. Mr. Cassidy seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Eichenberg, Mr. Sanchez and Ms. Trevisani voting in favor.**

Presenters: Thomas Schawel, Education Administrator, NMHED; Mark Chisholm, Academic Policy Director, NMHED; Stephanie Rodriguez, Cabinet Secretary, NMHED; Dr. Patricia Trujillo, Deputy Cabinet Secretary, NMHED; Luis Cifuentes, Vice President for Research and Dean of the Graduate School, NMSU; Denise Esquibel, Associate Dean, Graduate Academic Affairs, NMSU; Phillip Post, Interim Associate Dean for Academics College of Education, NMSU; Dr. Joseph Shepard, President, WNMU

**26. New Mexico State University—Requests Approval of the Master of Science in Athletic Training Program (No Consideration)**

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Dr. Post made a slide presentation. The genesis of this program came about after the Commission of Accreditation of Athletic Training Education (CAATE) indicated it would no longer be accrediting undergraduate professional programs beginning in the fall of 2022. To continue the program at NMSU, it would have to transition to a master's program. The Master of Science in Athletic Training (MSAT) will be a two-year program requiring a minimum of 60 credit hours of coursework, housed and taught within the Department of Kinesiology. Students will complete classroom theoretical and lab coursework as well as clinical work through on- and off-campus internships. Students will take 12-14 credit hours per semester and 5-7 credit hours over the summer. Once successfully completing

the program, they will be able to sit for the national board certification exam, which is required by CAATE to be a practicing licensed athletic trainer.

Dr. Post said there are 80-90 undergraduate students at NMSU who have an interest in athletic training, so NMSU will continue to target them. Exceptional students will be given an opportunity to participate in the accelerated master's program by applying for admissions early in their junior year. This will shorten degree time and save money. NMSU will also continue to recruit students from West Texas and Eastern Arizona, where athletic training programs are not available.

Dr. Post said that, according to the Bureau of Labor Statistics, student demand will increase by 20 percent over the next ten years in terms of need. Growth is particularly prevalent in military settings, performance settings, hospitals, and rehab centers, where these students would find employment.

Dr. Post noted that UNM also offers an MSAT, which was recently approved by the Board of Finance. There are also 26 comparable programs among WICHE schools, with three in neighboring states. NMSU said the program will be the only MSAT in the surrounding area of West Texas and southern Arizona.

Dr. Post reviewed tuition/enrollment projections. In year five, with a projected number of 32 students, estimated revenues would be \$316,000. No new costs are being requested from the state.

Dr. Cifuentes discussed how this program fits within NMSU's mission.

**Mr. Cassidy moved for approval. Mr. Sanchez seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Eichenberg, Mr. Sanchez and Ms. Trevisani voting in favor.**

#### **FINANCING PLANS**

Presenter: Melissa Kemper Force, General Counsel, NMSA

#### **29. New Mexico Spaceport Authority—Requests Approval of the Issuance of Refunding Revenue Bonds, Series 2021 (Not to Exceed \$42,436,213.16)**

Ms. Force stated that New Mexico Spaceport Authority (NMSA) Executive Director Scott McLaughlin and Business Operations Manager Guillermo Blacker had to drop off this meeting in order to host a meeting with the Legislative Finance Committee.

Ms. Force said that the NMSA seeks to take advantage of favorable economic conditions to refinance its current gross receipts tax revenue bonds, Series 2009 and 2010. The New Mexico Finance Authority has agreed to purchase the refunding bonds for \$42,436,213.16 at a maximum interest rate of 6 percent, maturing in 2029. The NMSA anticipates a net present value savings of about \$8.2 million. The bonds will be secured

by 75 percent of the county regional spaceport gross receipts tax revenues received by Doña Ana and Sierra Counties.

[Note: Following presentation of this item, NMFA clarified these will not be premium bonds, as they want to allow flexibility for the Spaceport Authority to call back the bonds back at any time.]

Mr. Trujillo read out the parameters.

**Mr. Cassidy moved for approval. Mr. Sanchez seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor. [Ms. Trevisani was not present.]**

#### **PRIVATE ACTIVITY BONDS**

Presenters: Eduardo A. Duffy, Counsel, Sutin Thayer & Browne; Synthia Jaramillo, Economic Development Department Director, City of Albuquerque; Jackie Baca, President, El Encanto, Inc.

#### **30. City of Albuquerque—Requests Approval of a Private Activity Bond Volume Cap Allocation for El Encanto, Inc. Project (\$10,000,000)**

Mr. Duffy state that the City of Albuquerque, for the benefit of El Encanto, Inc. dba Bueno Foods, requests approval of a Private Activity Bond volume cap allocation of \$10,000,000 for the construction and expansion of its manufacturing facility located at 2001 4th Street, NW, in Albuquerque. The company expansion project will include the construction of an approximately 25,000 square-foot freezer and the acquisition of additional manufacturing equipment. The project is expected to create 48 construction jobs and 49 permanent jobs over the next six years. If approved, the bonds would be issued by the City of Albuquerque and would be sold in a direct placement to Wells Fargo Bank. The bonds will have a term of 20 years. Closing would occur on or about July 14, 2021.

Ms. Baca thanked the board for its consideration of this project, which would allow the company to continue to expand sales throughout the region and nation.

**Mr. Eichenberg moved for approval. Lt. Governor Morales seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Eichenberg, Mr. Sanchez and Ms. Trevisani voting in favor.**

#### **GENERAL SERVICES DEPARTMENT**

##### **MONTHLY REPORTING**

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



**31. Capitol Buildings Repair Fund Financial Status Report for Month-Ended April 30, 2021**

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**32. Legislative Capital Projects Financial Status Report for Month-Ended April 30, 2021**

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Ms. Leach stated that Secretary Ortiz and Ms. Silva were not present, as they were at a meeting of the LFC. She said the materials for these two agenda items were in the board's electronic agenda.

**STATE TREASURER'S OFFICE**

Presenter: Vikki Hanges, Chief Investment Officer, State Treasurer's Office

**33. State Treasurer's Office Investment Report for Quarter Ended March 31, 2021**

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Ms. Hanges presented this report. She stated that assets in the portfolios were about \$6.9 billion, and the portfolios earned about \$14 million for the quarter. There was an unrealized mark-to-market decline of about \$24.5 million for the quarter, as interest rates for maturities longer than one year rose abruptly as more vaccines were distributed and the stimulus package was passed for \$1.9 trillion. The anticipation for inflation and a big bounce in the economic recovery created a situation where interest rates longer than one year were actually going up.

**STAFF ITEMS**

Presenter: Ashley Leach, Director, State Board of Finance

**34. Consideration of the Request for Proposals for the Procurement of Fiscal Agent, Online Bill Presentment and Payment, and Prepaid Debit Card Services and Delegation to the Board of Finance Director for Finalization of the Request for Proposals**

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Ms. Leach said the board plans to issue three RFPs for banking and related treasury services before the next board meeting, and staff is working very closely with contractor PFM and other state agencies. A small working group is working very diligently to get the RFPs drafted, and the board has solicited comments from a selection of about eight state agencies on the scopes of work. In addition, DFA staff members and STO staff members are reviewing this along with PFM. She said the board's banking subcommittee, comprising Member Trevisani and Treasurer Eichenberg, is reviewing the RFPs in detail and providing input to her and PFM. Starting this week, she said Marah deMeule will begin her legal review of the RFPs.

Ms. Leach requested that substantive discussion about the content of the RFPs take place at the June board meeting after they have been posted. Any member comments or questions should be sent solely to her for a response, and those comments and questions would be reported on at the next meeting.

Ms. Leach stated that, given the tight timeline, she would ask the board to delegate the authority to her, as Director, to finalize the form of the RFPs, taking into consideration all of the review occurring on the state side as well as with the subcommittee. This would allow the RFPs to be issued between now and the next board meeting.

Mr. Eichenberg moved for approval. Ms. Trevisani seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Cassidy, Mr. Eichenberg, Mr. Sanchez and Ms. Trevisani voting in favor.

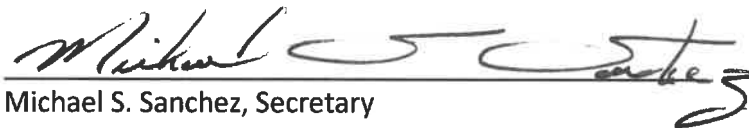
**ADJOURNMENT: 12:30 p.m.**



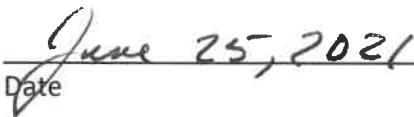
Michelle Lujan Grisham, President

June 24, 2021

Date



Michael S. Sanchez, Secretary



Date

