

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

HELD VIRTUALLY

March 15, 2022

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:03 a.m.

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, Secretary, Public Member
Ms. Wendy Trevisani, Public Member

Members Excused:

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

Staff Present:

Ms. Ashley Leach, Director
Mr. Marcos B. Trujillo, Deputy Director
Ms. Debbie Romero, Secretary, Department of Finance and Administration

Legal Counsel Present:

None.

2. APPROVAL OF AGENDA

A correction was made to the heading on agenda item #12.

Mr. Badal moved for approval of the agenda, as amended. Ms. Trevisani seconded the motion, which passed unanimously by roll call vote.

3. APPROVAL OF MINUTES: FEBRUARY 15, 2022 (REGULAR MEETING)

Mr. Cassidy moved approval of the February 15, 2022, minutes, as presented. Mr. Sanchez seconded the motion, which passed unanimously by roll call vote.

CONSENT AGENDA (Items 4-11)

Presenter: Ashley Leach, Director, Board of Finance

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

4. **New Mexico Taxation and Revenue Department—Requests Approval of a Transfer from the Appropriation Contingency Fund, Pursuant to Section 5, Paragraph 28, of House Bill HB2, from the 2022 Regular Session (\$1,352,200)**

Submitted by: Ashley Leach, Director, Board of Finance

5. **Consideration of the Second Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2020S-B**

Submitted by: Anna Silva, Facilities Management Division Director, General Services Department

6. **Capital Buildings Repair Fund Financial Status Report for Month-Ended February 28, 2022**

7. **Legislative Capital Projects Financial Status Report for Month-Ended February 28, 2022**

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

8. **State Treasurer’s Investment Report for Month-Ended January 31, 2022**

Submitted by: Ashley Leach, Director, Board of Finance

9. **Emergency Balances – March 15, 2021**

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$2,100,000.00	\$2,500,000.00
Emergency Water Fund	\$ 86,900.00	\$ 109,900.00

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

11. **Joint Powers Agreements for Month Ended February 28, 2022**

Mr. Badal moved approval of the Consent Agenda, as presented. Ms. Trevisani seconded the motion, which passed unanimously by roll call vote.

EMERGENCY FUNDING REQUEST

Presenters: Alan Berg, Vice President, Tyrone Water and Wastewater Association; Priscilla C. Lucero, Executive Director, SWNM Council of Governments; Richard

Maynes, Engineer, Stantec

12. Tyrone Water and Wastewater Association—Requests an Emergency Operating Grant to Alleviate a Water Crisis for the Incorporated Community of Tyrone (\$1,190,000)

Mr. Berg stated that, for the last two years, Tyrone has been struggling with its wastewater treatment system due to some mechanical malfunctions, environmental conditions, and other factors noted in their submittal to the Board of Finance. He said the funding being requested would provide enough to rebuild their wastewater system and provide long-term solution to a problem they have been struggling with almost daily. This includes replacing damaged pumps, pipes that have been occluded with grease, and wet wipes that plug up the grinders in the system, causing potentially gross environmental conditions. Their lift station is not even 100 feet from the creek, so the potential for thousands of gallons of sewage to overflow the basins and into the creek could cost considerable environmental damage. Mr. Berg said that, with the help of Ms. Lucero and Olga Morales at the Rural Community Assistance Corporation (RCAC), they have been working on developing plans for a viable operating system over the next 10 to 15 years.

Ms. Lucero said Tyrone reached out to her almost two years ago with this issue, and with the help of the RCAC, she has been working on ways to try to assist them. Because Tyrone's system is private, they have been ineligible to receive assistance from Silver City or Grant County. And although they were eligible for USDA funding in about 2010 to completely rebuild the system, the system has already begun to fail long before its useful life of 25 years. Now, in order to qualify for USDA funding, the entity has to be in violation and also must produce an engineer's report, which would present some unique challenges.

Ms. Lucero said that, during the pandemic, Tyrone depleted all of their reserve, which was in excess of \$400,000. The Town of Silver City does all of Tyrone's billing for their water and wastewater, but Tyrone is required to maintain the system, and its only source of revenue is from its 321 hookups.

Ms. Lucero said Tyrone was originally down one pump out of three, but then a second pump failed recently; and as they were trying to deal with that issue, leaks sprang up in the distribution lines to Silver City's wastewater system.

Ms. Lucero stated that, in discussion with RCAC, they felt the only way to assist the residents of the unincorporated community of Tyrone and alleviate a public health threat was to formalize them into the Tyrone Water and Wastewater Association (TWWA), effective on January 25, 2022, based on the Sanitary Projects Act.

Responding to Mr. Cassidy, Ms. Lucero said Tyrone has a fulltime office manager and also a certified operator under contract who is providing assistance. In addition, a credible accounting firm is transferring all of their finances to the TWWA, and a 6-month

internal budget has been submitted to the Budget Division. They are now awaiting approval on the final budget. In addition, they are developing financial procedures, and the office manager has signed up to take procurement classes.

Mr. Cassidy asked Ms. Lucero if, based on what she knows, she feels this will be a successful enterprise moving forward. Ms. Lucero responded that she feels very confident at the leadership and staff they currently have, and with her advice and knowledge, along with that of Olga Morales of the RCAC, it is their intent to make sure the system keeps operating successfully.

Mr. Cassidy asked Mr. Maynes if the technology being designed will be adequate, based on his knowledge of what didn't work with the last system. Mr. Maynes responded yes.

Responding to concerns by Ms. Trevisani that the amount being requested would be adequate to cover the necessary expenses, Ms. Lucero said the opinion of probable cost was recently updated and is reflected in the request before the board.

Lt. Governor Morales disclosed that he grew up in Tyrone, and as a State Senator worked with Ms. Lucero to secure the funding in 2010 that assisted the community.

Responding to Lt. Governor Morales, Ms. Lucero said TWWA applied for a Colonias grant; however, even if the grant were approved, the closing wouldn't take place until December 2022 or even January of next year. If the board were to approve today's request, she would go back to the Colonias board and say they would throw out the application, but she also applied on behalf of Tyrone's water needs. Now that TWWA is a political subdivision, they can apply for the funding if they need to, and she would serve as fiscal agent under those circumstances. She would continue to act in that capacity for as long as necessary.

Ms. Leach noted that a resolution has been drafted for a total of \$1,912,022, which would cover the long-term solution being proposed by the TWWA.

Ms. Leach said she wanted to recognize Ms. Lucero and the TWWA, as well as Deputy Director Marcos Trujillo, for their hard work in putting this together.

Mr. Cassidy moved for approval of the request as a grant.

Mr. Cassidy commented that this is a large request, but based on discussions with staff, they are not aware of any other emergency requests coming before June 30. While the board would be running a risk that the situation could change, this request is certainly serious enough that it justifies the motion to approve.

Mr. Badal seconded the motion, which passed unanimously by roll call vote.

EXECUTIVE SESSION: 9:38 a.m.

Mr. Sanchez moved to enter Executive Session, as permitted by Section 10-15-1(H)6 of the Open Meetings Act, concerning the content of the competitive sealed proposals solicited pursuant to the Procurement Code to discuss Agenda Item 13, Consideration of the Contract for Fiscal Agent Services; and Agenda Item 14, Consideration to Enter Contract Negotiations with the Finalist Offeror Responsive to Custody Bank Services RFP No. 22-341-16903 and Delegation of Authority to Board Staff to Finalize Contract. Ms. Trevisani seconded the motion, which passed unanimously by roll call vote.

The board came out of Executive Session at 10:02 a.m.

Lt. Governor Morales stated that the only matters discussed in Executive Session were as stated in the motion to go into Executive Session.

STAFF ITEMS

Presenter: Ashley Leach, Director, State Board of Finance

13. Consideration of the Contract for Fiscal Agent Services

Mr. Badal moved for approval of the contract with Wells Fargo for the provision of Fiscal Agent services contingent upon GSD approval. Mr. Cassidy seconded the motion, which passed unanimously by roll call vote.

14. Consideration to Enter Contract Negotiations with the Finalist Offeror Responsive to Custody Bank Services RFP No. 22-341-23-16903 and Delegation of Authority to Board Staff to Finalize Contract

Mr. Sanchez moved for approval of staff to enter contract negotiations with the finalist offeror responsive to Custody Bank Services RFP No. 22-341-23-16903, and to delegate authority to board staff to finalize the contract. Ms. Trevisani seconded the motion, which passed unanimously by roll call vote.

ADJOURNMENT: 10:05 a.m.



Michelle Lujan Grisham, President

4/22/2022

Date


Michael S. Sanchez, Secretary


Date