

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

Santa Fe, New Mexico

July 15, 2025

[Pending a quorum, staff proceeded with informational items at 9:06 a.m.]

INFORMATIONAL ITEMS

Presenter: Ashley Leach, Director, State Board of Finance

22. Audit Subcommittee Report

Ms. Leach stated that this annual report is spearheaded by staff and the Audit Subcommittee, comprising Member Cassidy and Member Lujan. Under this annual report, the audit of the State Treasurer's Office, State Investment Council, Public Employees Retirement Association and NMERB are reviewed. A memorandum distributed to Board members provides key metrics pulled from each of the four audits. Staff also solicited feedback from each of the entities on a handful of questions posted by the subcommittee members. Responses have been received from SIC and PERA at this point. Staff will email a final report to all Board members once the other responses are received.

Acting Chair Cassidy said the subcommittee has been recommending for the last four or five years that the requirement that the Board review these audits be removed from state law, given that the Board is the third or fourth level of review.

23. General Services Department Capital Buildings Repair Fund Financial Status Report for Month-ended June 30, 2025

Ms. Leach presented this report.

24. General Services Department Legislative Capital Projects Financial Status Report for Month-Ended June 30, 2025

Ms. Leach presented this report.

25. State Treasurer's Office Investment Report for Month-Ended May 31, 2025

Ms. Leach reported that, at the end of May, STO managed \$18.6 billion in assets. During the month, the office earned approximately \$63.9 million from its investment positions. On an unrealized mark-to-market basis, the portfolios decreased by \$43 million.

26. Emergency Balances – July 15, 2025

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$4,000,000.00	\$4,000,000.00
FY25-26 Special Appropriation	\$1,356,568.43	\$2,000,000.00
Emergency Water Fund	\$0.00	\$ 109,900.00

Ms. Leach presented this report.

27. Fiscal Agent and Custodial Bank Fees Report

Ms. Leach presented this report.

28. Department of Finance & Administration Approved Joint Powers Agreements for Month-Ended June 30, 2025

Ms. Leach presented this report.

QUORUM ACHIEVED: 9:45 a.m.

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:45 a.m. in the Governor’s Cabinet Room, fourth floor, State Capitol Building, Santa Fe, New Mexico. All members were present virtually.

Members Present:

The Hon. Laura M. Montoya, New Mexico State Treasurer [virtual]
Mr. Michael S. Sanchez, Secretary, Public Member [virtual, joining 9:58 a.m.]
Mr. Paul Cassidy, Public Member, Acting Chair
Mr. Joseph Lujan, Public Member
Ms. Wendy Trevisani, Public Member [virtual]

Members Excused:

The Hon. Michelle Lujan Grisham, President
The Hon. Howie Morales, Lt. Governor

Staff Present:

Ms. Ashley Leach, Director
Mr. Marcos B. Trujillo, Deputy Director
Mr. Roberto Vasquez, SBOF Administrator

Legal Counsel Present:

Mr. Zachary Shandler
Mr. Blaine Moffat

2. APPROVAL OF AGENDA

Treasurer Montoya moved approval of the agenda, as published. Member Lujan seconded the motion, which passed unanimously.

3. APPROVAL OF MINUTES: June 17, 2025, Regular Meeting

Treasurer Montoya moved approval of the June 17, 2025, meeting minutes. Member Trevisani seconded the motion, which passed unanimously.

CONSENT AGENDA (Items 4-16)

Submitted by: Joe Brown, Capital Projects Director, Higher Education Department

- 4. New Mexico Institute of Mining and Technology—Requests Approval of Capital Expenditures for Installation of the Fencing at the Playas Research and Training Center (\$1,500,000)**
- 5. New Mexico State University—Requests Approval of *Revised* Capital Expenditures for Renovation of Anderson Hall (\$3,800,000)**
- 6. University of New Mexico—Requests Approval of Capital Expenditures For Improvements to its Softball and Baseball Facilities (\$2,850,888)**
- 7. University of New Mexico, Taos—Requests Approval of Capital Expenditures for Construction of Phase I of the Taos Observatory and Outdoor Learning Space (\$2,821,266)**

Submitted by: Adán Trujillo, County Attorney, Rio Arriba County

- 8. Rio Arriba County—Requests Approval of the Donation of Real Property, Located at US Highway 64 / 84 in Chama, to La Merced de Los Pueblos de Tierra Amarilla Land Grant**
 - Contingent upon director's and counsel's receipt and review of (1) a fully executed donation agreement and (2) a fully executed quitclaim deed

Submitted by: Ashley Sisneros, Real Property Specialist, Santa Fe County

- 9. Santa Fe County—Requests Approval of Amendment No. 4 to the Lease of Real Property, Located at 4100 Lucia Lane in Santa Fe, to Santa Fe Recovery Center, Inc. (\$36,960 / year, services in lieu of rent)**
 - Contingent upon director's and counsel's receipt and review of (1) a fully executed fourth amendment and (2) a resolution of the County Commission evidencing approval of the lease.

Submitted by: Joseph Sawyer, County Attorney San Juan County

10. San Juan County—Requests Approval of the Lease of Real Property, Located At 161 Road 1130 La Plata, to Process Equipment & Service Company, Inc. (\$165,000/year)

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

Submitted by: Wayne Johnson, County Manager, Sandoval County

11. Sandoval County—Requests Approval of the Sale of Real Property, 62 Lots And a Right of Way Located in Rio Rancho Estates, to Resurrection Land Company, LLC (\$206,234)

- Contingent upon director's and counsel's receipt and review of (1) a fully executed purchase agreement and (2) a fully executed quitclaim deed

Submitted by: John Maldonado, Superintendent, Questa Independent School District

12. Questa Independent School. District—Requests Approval of the Lease of Real Property, Located at 14 Garcia Road in Costilla, to Taos County (\$4.00 / year)

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

Submitted by: Loren Hatch, Chief Counsel, Rio Rancho Public Schools

13. Rio Rancho Public Schools—Requests Approval of the Sale of Real Property, Located at 7001 Chayote Road NE in Rio Rancho, to Westway Homes, LLC (\$800,000)

- Contingent upon director's and counsel's receipt and review of (1) a fully executed purchase agreement, (2) a fully executed quitclaim deed, (3) a favorable appraisal review report from the Taxation and Revenue Department's Property Tax Division, and (4) minutes or a resolution of the Rio Rancho Public School Board evidencing approval of the Sale.

Submitted by: Carolyn Tobias, Economic Development Manager, Bernalillo County

14. Bernalillo County—Requests Approval of an Extension of its Private Activity Bond Volume Cap Allocation for the West Mesa Ridge A Project in Albuquerque (\$28,900,000)

Submitted by: Luis Carrasco, Director, Rodey, Dickason, Sloan, Akin & Robb, P.A.

15. Amending Authorizing Resolution for State of New Mexico Severance Tax Bonds, Series 2025S-A (Maximum Principal Amount of \$620,000,000)

[Member Sanchez joined the meeting.]

Submitted by: Marcos B. Trujillo, Deputy Director, State Board of Finance

16. Revision of the 2025 Private Activity Bond Allocation Percentage

Treasurer Montoya moved approval of Items 4-16, with the contingencies listed by the Director. Member Lujan seconded the motion, which passed unanimously.

BONDING PROGRAMS

Presenter: Luis Carrasco, Director, Rodey, Dickason, Sloan, Akin & Robb, P.A.

17. Resolution Reauthorizing Certain Severance Tax Bond / Note Projects

Mr. Carrasco stated that the newly identified projects have been deemed appropriate and able to expend the bond proceeds in a timely manner. This resolution amends the resolutions authorizing the previously issued bonds and notes and amends the project list to include the reauthorized projects.

Treasurer Montoya moved for approval. Member Lujan seconded the motion, which passed unanimously.

GENERAL SERVICES DEPARTMENT

Presenter: Anna Silva, Acting Cabinet Secretary, General Services Department

18. General Services Department—Requests Approval of the Contract with Enterprise Builders Corp. for Phase II Renovation of the John F. Simms Building, Located at 715 Alta Vista in Santa Fe (\$8,894,094.38)

Ms. Silva stated that GSD went out a second time for this procurement after negotiations broke down with the first procurement. The second submission resulted in a \$500,000 savings to the state.

Ms. Silva stated that phase II will renovate roughly 30,000 square feet of a total of 71,000 square foot building at about \$272 per square foot, which is very reasonable, especially in this market. Part of the renovations will expand the footprint to allow an additional 110 cubicles for a total of 178 spaces. They also added three additional lab spaces.

Ms. Leach stated that approval is contingent upon director's and counsel's receipt of the fully executed contract.

Treasurer Montoya moved for approval, with the contingency. Member Trevisani seconded the motion, which passed unanimously.

HIGHER EDUCATION

CAPITAL EXPENDITURES

Presenters: Stewart Livsie, Associate Director HSC Capital Projects, University of New Mexico Health Sciences Center; Joseph Wrobel, CPA, Chief Budget & Facilities Officer, University of New Mexico Health Sciences Center; Mr. Joe Brown, Capital Projects Director, NM Higher Education Department; Dr. Michael Richards, Executive Vice President, UNM Health Sciences

19. University of New Mexico Health Sciences Center / Hospital—Requests Approval of Capital Expenditures for Phase I Renovations of the College of Pharmacy (\$43,315,000)

Mr. Brown stated that this facility is located on the main campus and is about 103,244 square feet. This projected was included in UNM's 2023 capital outlay plans and will be funded with \$35,000,000 in 2025 state general obligation bond proceeds, \$5,000,000 from 2025 Severance Tax bond proceeds, and \$3,315,00 in institutional funds.

Dr. Richards stated that this project fits within their statewide initiative to grow the healthcare workforce for New Mexico. He noted that this is the only college of pharmacy in New Mexico, and that two-thirds of the practicing pharmacists in the state were trained at this facility.

Mr. Livsie stated that the building was constructed in 1975, so the interior architecture is not conducive to modern medical education. The scope of work includes replacement of windows, insulation upgrades, modernization of telecom and IT infrastructure, and a new high performance exterior envelope to help with energy efficiency in the building. Renovations will occur at three of the four levels of the building and will address deferred maintenance issues.

Responding to Treasurer Montoya, Mr. Livsie said the \$43 million is only for phase I. He said \$5 million of the \$25 million appropriated in 2025 is for the current phase, so \$20 million will support the second phase, which will immediately follow phase I. They anticipate that the \$20 million will cover the second phase cost and will complete the project.

Responding to Treasurer Montoya, Dr. Richards said there are 250 students in the pharmacy school and class size is expected to be about 65 in the coming year. National enrollment in pharmacy schools has declined, which is not the case in New Mexico. Pharmacy enrollment this year will be about 7 percent over the previous year.

Responding to Member Lujan, Dr. Richards said 95 percent of the students at the College of Pharmacy are from New Mexico.

Treasurer Montoya moved for approval. Member Sanchez seconded the motion, which passed unanimously.

GRADUATE PROGRAMS

Presenters: Dr. Sherry Kollman, Chancellor, New Mexico State University; Dr. Gabe Garcia, Interim Associate Dean of the College of Engineering, New Mexico State University; Dr. Mark Chisolm, Academic Affairs and Policy Director, NM Higher Education Department; Dr. Jody Weber, Administrator, Academic Affairs and Policy, NM Higher Education Department

20. New Mexico State University—Requests Approval of the Master of Engineering Management Degree Program

Dr. Kollman made a slide presentation.

Responding to Treasurer Montoya, Dr. Garcia said this degree will make it much easier for their students to get their engineering management master's degree without going elsewhere to get the systems engineering degree that would be comparable to this. NMSU is expecting a tremendous amount of interest in this, because the industry is asking that students have project management and business management while having systems engineering included in it.

Treasurer Montoya moved for approval. Member Lujan seconded the motion, which passed unanimously.

[Member Trevisani left at 10:40am]

EMERGENCY FUNDING

Presenters: Bernadine Martin, District Attorney, 11th Judicial District; Bernice Martinez, Chief Financial Officer, 11th Judicial District

21. 11th Judicial District Attorney—Requests Approval of an Emergency Operating Grant for FY26 Budget Shortfalls (\$3,800,000)

Ms. Martin stated that her office submitted a budget to the 2025 legislature for FY 2026, and on the eve of the last day of the session, \$3.8 million was pulled and reallocated to San Juan County, leaving her office with a \$208,000 budget, which covers her salary and benefits. Her office tried to work with San Juan County, the Department of Finance & Administration and the Governor's Office, to no avail. Her request today is that the Finance Committee replenish the \$3.8. million while their case was being litigated.

Ms. Martin said her office has offered an MOU twice to San Juan County asking them to pay her office's bills. With this reallocation of money, the authority of the office did not go to San Juan County. McKinley County was established in 1993, and the two counties have operated separately since then. She said the idea that San Juan County could take over McKinley County was ludicrous.

Responding to questions from Treasurer Montoya, Ms. Martin stated that she has 34 positions, eight attorney positions, and the rest are support staff, which includes investigators, legal assistants, a receptionist, staff that opens and closes cases, finance staff, and victim advocates. All of them are full time employees. There are two contract attorneys that are not included in the 34 positions, and they are paid \$150 per hour. This week, they will have 132 hearings, 81 in magistrate court and 51 in district court. Last week, they had 180 for the whole week.

Treasurer Montoya asked Ms. Martin what her office expends in the 200 category (salaries) every two weeks. Ms. Martin responded around \$80,000.

Responding to Member Lujan, Ms. Martin said that, so far, they have expended about \$800,000 for the attorneys and contract attorneys out of the \$1.1 million allocated.

Member Lujan asked Ms. Martin why she thought the legislature stripped the funding from her budget. Ms. Martin responded that she didn't know. The action was taken by Sen. George Muñoz, whom she has never met with. She said no issues were raised about her office, either verbally or in writing, prior to the action taken by the legislature.

Member Lujan asked Ms. Martin if she had thought about sitting down with San Juan County to resolve this issue rather than going through the court. Ms. Martin responded that she was told by DFA that an MOU would be an acceptable resolution so they could get their money back out of the 500 account.

Responding to Treasurer Montoya, Ms. Martin said she was invited to go before the Senate Finance Committee and House Appropriations Finance Committee during the last legislative session but was not asked to make a presentation. She was unable to attend the House committee because she was in Washington, D.C. on business. No questions were raised on her budget by members of the Senate Finance Committee.

Treasurer Montoya asked Kenneth Stalter, contract attorney for the Treasurer's Office, to clarify whether the Board is allowed to appropriate funding from the Operational Reserve Fund for this situation. Mr. Stalter read the statute and said he felt the Board had a lot of latitude as long as it stayed within its appropriations set aside for emergencies.

Responding to Treasurer Montoya, Mr. Stalter said there was a case in the New Mexico Supreme Court filed by District Attorney Martin. The Court receives responses from the Governor's Office, the legislative members, the other 11th Judicial District Attorney, and the D.A.'s Association. The Court denied the petition without any explanation, and while it was almost impossible to infer what the Supreme Court was thinking, he thought it likely the Court probably did not believe it was procedurally in the right posture and wanted some factual development from a court of record like the District Court.

Mr. Stalter stated that District Attorney Martin has filed another case in the Santa Fe District Court. His understanding it is an attempt to change the posture and correct what some of the perceived issues might have been with the Supreme Court petition.

Treasurer Montoya asked if the court has permission to give funding. Mr. Stalter responded that it raises some complicated questions on separation of power. He thought it would be very unlikely for the court to assign a specific sum to an office. This is very clearly a legislative prerogative.

Member Sanchez commented that district attorneys generally don't contract out their work except when there are conflicts within the case itself. Ms. Martin responded that the contract attorneys are in her office because there is a shortage. In a conflict situation, she tries to see if another district attorney's office can handle it. Member Sanchez said that occasionally can't happen, however, so they use the statute to get a conflict attorney. Ms. Martin concurred.

Member Sanchez asked Ms. Martin where her case is right now. Ms. Martin responded she filed a request for a declaratory judgment on July 3, and they are in the process of getting the defendants respondents served, and they will have 30 days to respond. In the meantime, her office is getting the discovery together. She said she thought it would take three or four months for a pretrial conference, and even longer for the hearing.

Addressing Ms. Martin's request, Member Sanchez commented that any time something happens in the legislature that an elected official doesn't like or doesn't get that they want in their budget process, the Board would be setting precedent for those kinds of issues to come before the Board of Finance.

Member Sanchez asked Ms. Martin if mediation has ever been discussed or attempted between DFA, herself, and District Attorney Fortner. Ms. Martin responded that there was no formal mediation effort. Member Sanchez asked what efforts have been made, and Ms. Martin responded that she talked with DFA on the phone about the MOU, and DFA said they would discuss it with Mr. Fortner. She sent the MOU to Mr. Fortner by email twice, and they had a brief discussion about plans for her office.

Member Sanchez asked Ms. Martin if she thought a settlement facilitator could facilitate something that would be workable between her and Mr. Fortner. Ms. Martin said she thought it was possible. She said she would be willing to do this as soon as tomorrow afternoon.

Member Sanchez commented that he thought this should have happened a long time ago. He said he felt the Board should not be involved in this type of issue because it would set a bad precedent. He hoped Ms. Martin, Mr. Fortner and DFA could get a settlement facilitator in the next ten days, at least. He said there are very knowledgeable facilitators out there who could readily address this.

Member Cassidy concurred with Member Sanchez's point about setting precedent.

Treasurer Montoya said the precedent she was concerned about was the idea that the legislature could transfer the budget from one agency to another because they didn't like the job the first agency was doing or for some other reason. She said Ms. Martin has a right to these emergency funds in order to pay her employees so she can do her job.

Treasurer Montoya asked staff if it would be appropriate to give Ms. Martin a loan or a grant up until the end of December. This would give her time to go before Senate Finance and House Appropriations and talk to the legislature in the meantime.

Ms. Leach responded that the concern with a loan agreement is that the funding to repay it would have to come out of the 30-day session, so it wouldn't come back for repayment until May or so, which means the Board would have a month to expend the \$3.8 million before it would revert back.

Member Cassidy said he supported the idea of a mediation process.

Treasurer Montoya stated that this didn't work for her because it would be putting one elected official at the mercy of another elected official. In addition, she thought the employees would begin looking for other work.

Treasurer Montoya suggested that the mediation process proceed, but that the Board provide about \$500,000 to cover salaries and other expenses. She said sometimes the mediation process can take a while.

Treasurer Montoya moved that the Board provide a grant of \$500,000, or whatever the amount is plus or minus \$100,000, until the next meeting with the contingency that the Division I and Division II people meet with the proper lawyers and DFA to try to resolve the issue this fiscal year.

Member Cassidy asked Treasurer Montoya to consider an amendment to reflect a requirement that distribution of any funds would be part of the mediation agreement, as suggested. [Accepted as friendly.]

Member Sanchez asked Ms. Martin if she had enough funds to carry her operations forward for at least a month. Ms. Martin responded that she would have enough for less than three paychecks, but she still would need to pay internet, phone, etc.

Deputy Director Trujillo said the original request from the DA's office was about \$3.8 million. Of that, she received \$200,000 in the 200 category, which covers personnel and employee benefits. She did not receive anything in her contractual budget, where her request was for \$155,000. He stated that \$185,400 was requested in the Other category, which is utilized for other expenses such as running the office. In conversations he had with the State

Budget Director, Ms. Martin received the \$208,000 for her salary plus \$165,000 for the 4% compensation, which is already built into the salaries for her 24 employees.

Ms. Leach said a monthly cost for operations, not including the \$208,000, would be about \$316,000 per month.

Motion died for lack of a second.

Member Sanchez moved that a mediation be scheduled between Mr. Fortner in Division 1 and Ms. Martin and that a report back to staff in terms of what happened and whether or not an agreement was reached at that point. If there are funds that are available and if it is appropriate, to allow Mr. Fortner to lend the money to the District Attorney from Gallup.

Member Sanchez stated to Ms. Martin that the Supreme Court years ago took over the office of the District Attorney with the prior District Attorney at some point in time. There is a process where the State Supreme Court or the Administrative Office of the Courts through the Supreme Court can prosecute those cases.

DFA Secretary Propst said he would respectfully suggest that DFA not be part of the mediation process because it approved House Bill 2 and its involvement would therefore be inappropriate. He said the mediation should occur directly between the two District Attorneys.

Member Sanchez restated his motion as follows: That this issue be held in abeyance until the next meeting and that between now and the next meeting, the DA's Office from Judicial District 11 seek a mediator or settlement facilitator to try to resolve the dispute and report back to staff as to whether or not a resolution has been accomplished, or whether or not they can find a mediator or settlement facilitator within 15 days from today's date to expedite this matter.

Treasurer Montoya asked Ms. Martin what the consequences would be to the community that elected her. Ms. Martin responded that it would probably result in lack of prosecution because of dismissals.

Member Sanchez reiterated his concern that this would set an unfortunate precedent.

Member Cassidy seconded the motion.

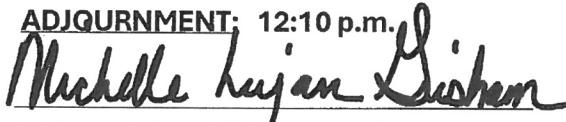
The motion passed, with Member Cassidy, Member Sanchez and Member Lujan voting in favor, and Treasurer Montoya voting against.

Member Cassidy said the issue here was the setting of a precedent.

Treasurer Montoya moved to approve \$250,000 so that they can have enough money to have the mediation and pay staff for the next two weeks.

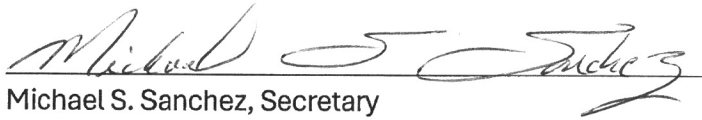
The motion died for lack of a second.

ADJOURNMENT: 12:10 p.m.


Michelle Lujan Grisham, President

8/21/25

Date


Michael S. Sanchez, Secretary

8/21/25

Date