

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

Santa Fe, New Mexico

September 16, 2025

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:09 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

The Hon. Laura M. Montoya, New Mexico State Treasurer [virtual attendance]

Mr. Paul Cassidy, Public Member

Mr. Joseph Lujan, Public Member

Ms. Wendy Trevisani, Public Member

Members Excused:

The Hon. Michelle Lujan Grisham, President

Mr. Michael S. Sanchez, Secretary, Public Member

Staff Present:

Ms. Ashley Leach, Director

Mr. Marcos B. Trujillo, Deputy Director

Mr. Roberto Vasquez, SBOF Administrator

Mr. Zachary Shandler, Board Legal Counsel

2. APPROVAL OF AGENDA

Member Lujan moved for approval of the agenda. Member Cassidy seconded the motion, which passed unanimously.

3. APPROVAL OF MINUTES: August 18, 2025, Special Meeting.

Member Cassidy moved approval of the August 18, 2025, special meeting minutes. Member Lujan seconded the motion, which passed, with Treasurer Montoya in abstention.

CONSENT AGENDA (Items 4-16)

Submitted by: Cas Tabor, Eddy County Attorney

4. Eddy County—Requests Approval of the Sale of Real Property, Located at 1930 Howard Road in Carlsbad, to Shawn Mitchell (\$192,000)

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

Submitted by Cyndy Shawver, Administrative Assistant to Superintendent, Belen Consolidated Schools

5. Belen Consolidated Schools—Requests Approval of the Sale of Real Property, Located at 630 E. Reinken Avenue in Belen, to Lucas and Candace Luna (\$1,000,000)

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

Submitted by Meagan Muñoz, Counsel, Ortiz and Zamora

6. Artesia Public Schools—Requests Approval of the Exchange of Real Properties, Located at 601 N. Roselawn Avenue and 1051 Gilchrist in Artesia, with the City of Artesia

- Contingent upon director's and counsel's receipt and review of (1) a fully executed exchange agreement, (2) a fully executed quitclaim deed conveying the district's property to the city, and (3) a fully executed quitclaim deed conveying the city's property to the district

Treasurer Montoya moved for approval of Items 4-6, with the contingencies as stated. Member Lujan seconded the motion, which passed unanimously.

HIGHER EDUCATION

Presenters: Joe Brown, Director of Capital Projects, Higher Education Department; Dr. Michael Richards, Executive Vice President, UNM Health Sciences Center; Enrico Volpato, Executive Director UNMH Facility Services, UNMH; Gregory Smith, Director UNMH Planning and Construction, UNMH; Michael Chicarelli, Chief Operating Officer, UNM Hospital

7. University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for the UNM Hospital Main 2nd Floor Operating Room Site Renovation (\$40,000,000)

Mr. Brown stated that the renovation will convert 16 existing antiquated operating rooms into 10 state-of-the-art rooms as well as provide for 25 pre / post operating beds, a patient intake / waiting room area, and staff support spaces. The existing operating room will be

demolished down to structure, and structure modifications (concrete slab reinforcement) will also be made to support programmed medical equipment. Operating procedures will be relocated to the Critical Care Tower during construction, and UNM has established space in the UNMH radiology building to accommodate other operations that would need to be relocated during construction. The project is slated to begin in September and will be completed by March 2027, with the construction start date aligning with the opening of the new Critical Care Tower in October. The project is being funded by the UNM Hospital Capitol Renovation Fund.

Mr. Volpato said they plan to take the current 16 operating rooms to the critical care tower and expand them to 18. This frees up the existing space for them to come back and update the antiquated spaces. The current operating room is both emergent and non-emergent patients. By moving the emergent surgeries to the crucial care tower, they can focus on the second set of operating rooms of non-urgent patients. They plan to reschedule those. The cases in the OR include ENT, general surgery, neurology, reconstruction surgery, plastics, and non-urgent cases for inpatients.

Responding to Lt. Governor Morales, Mr. Chicarelli said that, although they think they are okay with the appropriate number of surgeons and physicians when they open the new space, they will need qualified surgical techs, nurses, and recovery people too. They have been recruiting for the tower for the last several years, and that will never stop.

Mr. Chicarelli said the parking structure next to the critical care tower has 1,401 spaces for the building, and that was built based on their estimates at the time. While they are not exactly sure what the impact of parking will be once they open the critical care tower in October, at this point they don't think adding more spaces will be necessary.

Mr. Volpato said they are looking at expanding off-site parking that they currently shuttle staff from to accommodate growing staff numbers. They do park staff in proximity lots but may potentially have to move them out to accommodate patients coming.

Treasurer Montoya noted that there is the potential of many rural hospitals closing in the next couple of years. She asked Dr. Richards to discuss the effect of these closing and how those will be addressed.

Dr. Richards said they continue to evaluate the rollout of the potential Medicaid cuts. When they look at the potential 10-year rollout time period, there could be a significant increase in the number of people removed from Medicaid coverage who will have to go on the exchange or possibly not have any insurance at all. They believe that could be an additional 15%. They also anticipate a reduction in overall services with only Medicare coverage available and a substantial cut in services normally available through Medicaid.

Treasurer Montoya said she suspected that there would be an increased demand on emergency services needed by people coming from the rural areas of the state.

Dr. Richards said he understood funds might become available for facilities classified as rural. At this time, they have no details about what that will include. There is also a shifting in the definition of what is considered as rural.

Member Cassidy moved for approval. Member Trevisani seconded the motion, which passed unanimously.

GENERAL SERVICES DEPARTMENT

Presenters: Anna Silva, Cabinet Secretary, General Services Department;

Alexis Johnson, Legal Deputy Director, General Services Department

8. General Services Department—Requests Approval of the Acquisition of Real Property, Located at 1920 5th Street in Santa Fe, from SPONM, LLC (\$8,500,000)

Ms. Silva requested approval of the acquisition of approximately 29,269 square feet of office space from SPONM, LLC, on 2,446±acres for New Mexico Children, Youth & Families Department (CYFD). This project is four years in the making; the appropriation was received in 2022. The facility is where CYFD currently occupies the administration offices and houses 103 employees. The intention is to continue to have CYFD in the facility. The Early Childhood Education & Care Department (ECECD) will be moving out, which will give CYFD an opportunity to expand into the other offices. The purchase price is \$8.5 million, which was the amount of the appraisal as well as the amount of the appropriation.

Responding to member Cassidy, Ms. Silva said they were able to do a facilities conditions assessment and deemed the facility to be in pretty good shape.

Ms. Leach stated that approval would be contingent upon director's and counsel's receipt of (1) a fully executed purchase agreement, (2) a fully executed warranty deed, and (3) a fully executed declaration of access and parking easement.

Member Cassidy moved for approval, with the contingencies. Member Lujan seconded the motion, which passed unanimously.

PRIVATE ACTIVITY BONDS

Presenters: Marcos Gonzales, Executive Development Officer, Bernalillo County; Ryan Lehane, Dominion Development & Acquisition, LLC; Parker Schenken, Bond Counsel, Taft; Tanner Nygren, Development Associate Dominion Development & Acquisition

9. Bernalillo County—Requests a Private Activity Volume Cap Allocation for the Desert Willow Project in Albuquerque (\$26,000,000)

Mr. Lehane, representing Dominion Development & Acquisition, LLC, stated that Desert Willow Apartments is a multifamily community in Albuquerque consisting of 224 units, which

was originally built in 1999 and is nearing the end of its affordability period. Dominion is looking to use \$26 million in private activity bonds to extend its affordability period as well as do an extensive rehab. It would include getting the property up to current ADA standards as well as New Mexico multifamily housing standards and creating more energy-efficient buildings. The project itself consists of 12 buildings, two and three story. When originally built it was using the Section 42, 4% Low-Income Housing Tax Credit program. The project will provide options for low- and moderate-income households with rents expected to average about \$972 for one-bedroom units and \$1,167 for two-bedroom units.

Mr. Gonzales said Bernalillo County will be approving the private activity bond for this project and they see this as the preservation of affordable housing in the community and are committed to supporting this project.

Member Cassidy said this volume cap competes with the completion of additional multifamily units, but there is a very high need. He asked if other projects like this are likely to be brought forward. Mr. Gonzales responded that they are working with some other developers that are looking to purchase existing stock, rehab it and keep them as affordable housing. Many developers are weighing the cost of purchasing existing assets versus building new assets. The county is also seeing properties being sold that have a short amount of time on the tax credit pieces, but don't have tax exemption on them, and the county is looking to provide tax exemption for them so developers can reinvest in the projects, as well.

Responding to Treasurer Montoya, Mr. Nygren said the goal is to relocate affected tenants to a nearby hotel or temporary housing during the rehab period. Because there are multiple buildings in the project, construction will take 12 months. They will work building by building and it is expected to take 60 to 90 days to relocate a tenant until the interior of their unit is finished. They will be back in their same unit or another unit that comes online in the interim. The goal is not to relocate people to a different jurisdiction for school or daycare and to make the transition as smooth as possible.

Responding to Treasurer Montoya on the current status of private activity bond allocation, Mr. Trujillo said that, once this project is approved, about \$50 million will be left in volume cap through the end of the calendar year. They moved \$50 million from the Other category into Multifamily in order to expand the resources in that category.

Member Cassidy moved for approval. Member Trevisani seconded the motion, which passed unanimously.

STAFF ITEMS

Presenter: Ashley Leach, Director, State Board of Finance

10. Appointment of State Treasurer's Investment Council Private Sector Member

Ms. Leach stated that, prior to this meeting, staff provided resumes and bios for two members recommended for consideration. Those candidates are Paul Madrid and Erik Harrigan.

Ms. Leach stated that Paul Madrid is currently the CEO and Wealth Advisor of Madrid Wealth Management. He has a BA in Financial Management and has been investment advising for over 20 years. He is a chartered financial analyst and certified financial planner as well as an accredited investment fiduciary analyst.

Ms. Leach stated that Erik Harrigan currently is managing director at RBC Capital Markets. He has a BA in Economics with an emphasis in international finance from UNM and is a member of the New York Stock Exchange and NASD. He has over 28 years of experience in the financial services industry, including providing municipal finance services to local New Mexico communities for 25 years. He holds numerous securities licenses.

Member Lujan nominated Paul Madrid. He stated that he has known Mr. Madrid for a long time. He has a good reputation and is a hard worker willing to dedicate the necessary time to serve as a member of the State Treasurer's Investment Council.

Treasurer Montoya nominated Erik Harrigan. She said Mr. Harrigan has worked for STO for several years and knows the investment team well because he works on the technology notes and other bond items that STO handles within the office.

Member Cassidy said he knows Paul Madrid and has worked with Erik Harrigan for 20 years. He said Mr. Madrid is an investment type of person, while Mr. Harrigan is a public finance type of person. The question is who will be best in assisting the State Treasurer. Mr. Madrid has a CFA, which is an amazing achievement for somebody in the investment business. He will be able to weigh investment committee policy decisions, which is a Board of Finance responsibility. Mr. Harrigan is very familiar with the public sector, local governments and state agencies, and can help with yield control issues like investing in SLGS for the bond proceeds investment pool.

Member Cassidy commented that he was torn between the two but would probably support Mr. Madrid because he has a CFA. He said he was hopeful that a spot could be found for Mr. Harrigan where he could be helpful to the Treasurer for the reasons she mentioned. Member Cassidy added that Mr. Harrigan travels a lot, while Mr. Madrid does not, so who will be most available is another consideration.

Member Trevisani commented that both candidates were excellent. She said availability is something to be considered. She said she hoped space could be found for both candidates.

Responding to Treasurer Montoya, Ms. Leach said she saw nothing in the information provided by the candidates that would indicate either of them had a conflict of interest.

Roll was called with the following results:

Voting for Erik Harrigan: Lt. Governor Morales; Treasurer Montoya; Member Trevisani; Member Cassidy.

Voting for Paul Madrid: Member Lujan.

11. Initiation of the Procurement of Custodial Banking Services to Begin July 1, 2026

Ms. Leach stated this item is coming from staff, which is requesting approval to initiate the procurement for the custodial bank services. The current vendor is JP Morgan. The board procures these services, which are used by STO. Staff has begun reviewing and updating a request for proposal, which will be posted and released after board. A finalist will be brought before the board in early 2026, with the negotiation process to follow.

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

INFORMATIONAL ITEMS

Presenter: Vikki Hanges, Portfolio Manager, State Treasurer's Office

12. State Treasurer's Office Quarterly Investment Review for Quarter-Ended June 30, 2025

13. State Treasurer's Office Quarterly Investment Review for Months-Ended June 30, 2025, and July 31, 2025

Ms. Hanges reported that, for the fiscal year ended June 30, 2025, the portfolios earned closed to \$725 million, and close to \$1 billion with unrealized gains added in. For the quarter ended June 30, 2025, the portfolios earned close to \$250 million.

Treasurer Montoya stated that, at the end of the fiscal year, STO reported \$19.6 billion. Five years ago, it was \$5 billion.

Presenter: Ashley Leach, Director, State Board of Finance

14. Housing New Mexico Housing Trust Fund 4th Quarter FY25 Earmark Report

Ms. Leach reported that, as of the fourth quarter 2025, Housing New Mexico (HNM) has issued procurement for \$37.6 million (100%), and awarded \$36.9 million (98%), and expended \$23.9 million (64%) of its FY24 Severance Tax Bond earmark allocation. Of the FY25 Severance Tax Bond earmark allocation, HNM has issued procurement for \$34.6 million (100%), encumbered \$34.3 million (99%), and expended \$16.6 million (48%). The majority of the proceeds, about \$11 million, went towards down payment assistance and gap financing for single-family rental development (about \$9.6 million).

Ms. Leach said she has talked with board members about scheduling Housing NM to appear before the board every six months to offer more in-depth reports.

Member Cassidy commented that is hard to find what the benchmarks are and what is being achieved against those benchmarks. He asked that Housing NM include this information in their upcoming reports.

15. General Services Department Capital Buildings Repair Fund Financial Status Report for Month-ended August 31, 2025

Ms. Leach reported that, at the end of August, GSD had expended \$35.3 million out of a total of \$41 million in awards. Revenues into the fund for June totaled \$19 million and expenditures totaled \$795,156. The fund balance for FY26 to date was \$50.4 million with \$29.6 million uncommitted. GSD also reported interest earnings and miscellaneous income of around \$4 million.

Ms. Leach encouraged board members to read the summary information on the projects that GSD is undertaking right now.

Ms. Leach noted that GSD owns and manages approximately 45 percent of all state buildings and land. The CBRF comprises funds from an allocation of the Land Grant Permanent Fund (1.11%), which totaled \$21.6 million as of June 30.

16. General Services Department Legislative Capital Projects Financial Status Report for Month-Ended August 31, 2025

Ms. Leach said this report identifies all capital outlay projects overseen by GSD for which GSD received capital appropriations. For August, there was a total of \$179.3 million, or 46% expended out of \$388 million in total appropriations. GSD's report lists numerous projects completed recently.

Ms. Leach said they are in the process of wrapping up the reversions for the fiscal year.

Mr. Trujillo stated staff is estimating a reversion amount of \$1.7 million for GSD for the fiscal year. This is a lot lower than when they started the reversions in May, which were about \$10 million. GSD did a great job of pushing some of that funding out in the last quarter. In total, about \$18.7 million is expected to be reverted, or 11 percent. This is in line with previous years.

17. Emergency Balances – September 16, 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	\$109,900.00	\$ 109,900.00

Ms. Leach reported these balances.

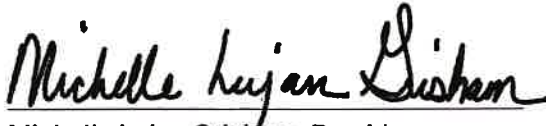
18. Fiscal Agent and Custodial Bank Fees Report

Ms. Leach reported that, in August, SBOF continued to realize negative net fees for fiscal agent and treasury services. Gross fees, prior to application of the earnings credit, totaled \$99,663, which was lower than fees reported in June and July. Billing has remained steady for custody bank services.

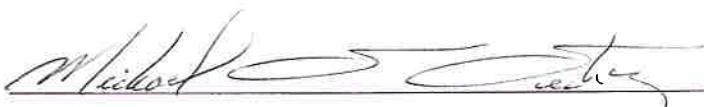
19. Department of Finance & Administration Approved Joint Powers Agreements for Months-Ended July 31 and August 31, 2025

Ms. Leach said DFA approved one JPA during July and August.

ADJOURNMENT: 10:30 a.m.


Michelle Lujan Grisham, President

10-22-25
Date


Michael S. Sanchez, Secretary