

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

VIRTUAL ATTENDANCE AVAILABLE

Santa Fe, New Mexico

October 17, 2023

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:00 a.m. in the Governor's Cabinet Room, fourth floor, State Capitol Building, Santa Fe, New Mexico. The meeting was held with a virtual option for those who could not attend in person.

1. ROLL CALL -- QUORUM PRESENT

Members Present:

The Hon. Howie Morales, Lt. Governor

The Hon. Laura M. Montoya, New Mexico State Treasurer

Mr. Paul Cassidy, Public Member

Mr. Michael S. Sanchez, Secretary, Public Member

Ms. Wendy Trevisani, Public Member [virtually; leaving at 9:30 a.m.]

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

Legal Counsel Present:

Ms. Jennifer Salazar

2. APPROVAL OF AGENDA

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

3. APPROVAL OF MINUTES: September 19, 2023 (Regular Meeting)

Member Sanchez moved for approval of the September 19, 2023, regular meeting minutes. Treasurer Montoya seconded the motion, which passed unanimously.

CONSENT AGENDA (Items 4-12)

Presenter: Ashley Leach, Director, Board of Finance

Submitted by: Denise DuBose, Paralegal, Rio Rancho Public Schools

4. Rio Rancho Public Schools—Request Approval of the Exchange of Real Property, Located at 1930 Cabezón Blvd NW in Rio Rancho, with the City of Rio Rancho

- Contingent upon director's and counsel's receipt and review of (1) a fully executed exchange agreement, (2) fully executed quitclaim deed transferring title of 1930 Cabezón Blvd., (3) a fully executed quitclaim deed transferring title of the property at 4531 Northern Blvd, and (4) Rio Rancho Public School Board meeting minutes from October 9, 2023.

Submitted by: Wayne Johnson, County Manager, Sandoval County

 5. Sandoval County—Requests Approval of an Extension of its Supplemental Private Activity Volume Cap Allocation for Sandoval Flats Affordable Housing Project

Submitted by: Mark Sanchez, Executive Director, Albuquerque Bernalillo County Water Utility Authority

6. Albuquerque Bernalillo County Water Utility Authority—Requests Approval of the Sale of Real Property, Located at Second Street and Rio Bravo Blvd in Bernalillo County, to Yes Housing Inc. (\$2,700,000)

- Contingent upon director's and counsel's receipt and review of (1) a fully executed purchase agreement, (2) a fully executed quitclaim deed, and (3) an executed resolution of the governing board evidencing approval of the sale.

Submitted by: Gerald Hoehne, Acting Deputy Secretary, HED

7. University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Replacement of Steam Plant Boiler #1 (\$1,250,000)

8. University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Renovations and Equipment Replacement within the 6th Floor Pediatric Infusion Unit (\$750,000)

9. University of New Mexico—Requests Approval of Revised Capital Expenditures for Fire Safety Improvements at Reginald Heber Fitz Hall & the Biomedical Research Facility (\$2,968,635)

10. University of New Mexico—Requests Approval of Capital Expenditures for

Renovations to the Seidler Therapy Pool at Johnson Center (\$1,400,000)

11. **University of New Mexico—Requests Approval of Capital Expenditures for Renovation of the Upper-Level Restrooms at Woodward Hall (\$805,000)**
12. **University of New Mexico—Requests Approval of Capital Expenditures for Phase I of the Center for the Arts Air Handling Units Optimization Controls (\$500,000)**

Member Cassidy moved for approval of the Consent Agenda, as presented. Member Sanchez seconded the motion, which passed unanimously.

INFORMATIONAL ITEMS

Presenter: Ashley Leach, Director, State Board of Finance

13. **Capital Buildings Repair Fund Financial Status Report for Month-Ended September 30, 2023**
14. **Legislative Capital Projects Financial Status Report for Month-Ended September 30, 2023**

Submitted by: Vikki Hanges, Chief Investment Officer, STO

15. **State Treasurer's Office Investment Report for Month-Ended August 31, 2023**

Submitted by Ashley Leach, Director, Board of Finance

16. **Emergency Balances – October 17, 2023**

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$2,290,000.00	\$4,000,000.00
Emergency Water Fund	\$ 109,900.00	\$ 109,900.00

17. **Fiscal Agent and Custodial Bank Fees Report**
18. **Joint Powers Agreements for Month-Ended September 30, 2023**

Ms. Leach stated that there were no JPAs approved in September.

19. **Board of Finance Meeting Schedule for Calendar Year 2024**

Ms. Leach stated that there are no scheduled meetings in April or August.

20. **Rule Change Update**

Ms. Leach reported that staff has been working with board counsel on redlines to three rule changes: the capital expenditures rule from HED institutions; the Tax Increment Development Districts rule; and the property sales, trades, and leases rule. Additional input is being sought from subject matter experts as part of the due diligence process. She is anticipating bringing the rules to the Board in the first part of 2024.

HIGHER EDUCATION

CAPITAL EXPENDITURES

Presenters: Gerald Hoehne, Acting Deputy Secretary, HED; Dr. Garnett Stokes, President, UNM; Teresa Costantinidis, Executive Vice President Finance and Administration, UNM; Tabia Murray Allred, Strategic Planner, Institutional Support Services, UNM; Mary Gutierrez, Chancellor of Taos Branch, UNM

21. University of New Mexico, Taos—Requests Approval of Capital Expenditures for Renovation of Fred Peralta Hall (\$3,770,000)

Mr. Hoehne stated that the scope of work includes accessibility in exterior entries, a new fire alarm and suppression system, and upgrades to the mechanical, electrical, plumbing and technology within the facility. A new roof is also part of this request. The funding sources used for this project are \$3 million from the 2022 General Obligation bond; \$750,000 from the Taos EGRT tax; and \$20,000 in institutional I&G funding.

Ms. Allred noted that a portion of the project includes design only to renovate the Arts Labs interior, which is a separate supplemental funding request submitted during the summer hearings process.

Treasurer Montoya asked how many teachers and students would be impacted by the yearlong closure.

Chancellor Gutierrez responded that they are planning to take the building offline in mid-May and reopen in January or February of 2024, so they are working hard to compress the period that the building would be down. They are securing facilities in Taos to allow continuity of instruction to ensure the programs aren't negatively impacted. About eight instructors and 100-200 students would be impacted. The facility in Taos is centrally located and the impact on students would be minimal.

Treasurer Montoya asked if students would be assisting in the remodeling. Chancellor Gutierrez responded that it would depend on the contractor determining that they wanted to employ some students. The process has been very inclusive during the redesign process, with students and faculty being consulted during that period.

Responding to Treasurer Montoya's concerns that the program continue uninterrupted during the period when the building is offline, Chancellor Gutierrez stated that UNM is

contractually obligated to the instructors, so teaching would continue uninterrupted. There are two facilities that UNM is considering to allow continuity of instruction, and UNM is in the process of negotiating a contract. The displacement is scheduled for the fall and summer semesters, and they don't typically have the full range of classes offered during the summer semester anyway. Their construction trades program is holding classes offsite, and students are engaged in building during the period of instruction at offsite facilities such as their Veterans Off-Grid, when students were helping in the construction during the summer.

Treasurer Montoya moved that approval of this request be contingent upon confirmation that continuity of the training programs currently in existence continues. Member Cassidy seconded the motion, which passed unanimously.

Responding to Lt. Governor Morales, Mr. Hoehne said HED's capital outlay request for the upcoming legislative session included a supplemental funding request to support this UNM project for Fred Peralta Hall in the amount of \$1.125 million. As they reviewed this project, they had conversations with UNM about how this would affect the phasing. As a result, their recommendation asked for general fund money to be provided as part of this, so when the capital outlay funding becomes available early next year, UNM Taos could include the funding in the project and accomplish the original items that were left out because of construction costs.

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

[Member Trevisani signed off from meeting.]

Presenters: Gerald Hoehne, Acting Deputy Secretary, HED; Joseph Worbel, Chief Budget and Facilities Officer, UNM; Yolanda Sanchez, Director and CEO, UNM Comprehensive Cancer Center; Stewart Livsie, Associate Director of Capital Projects UNM

22. University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Phase III of the Radiation Oncology and GMP Lab Expansion Core Shell Space (\$44,500,000)

Mr. Hoehne stated that the University of New Mexico Comprehensive Cancer Center (UNMCCC) is requesting approval of capital expenditures for the third phase of this expansion project. The scope of work includes the addition of three new floors totaling 47,890 gross square feet and the renovation of 2,060 square feet of existing space. The expanded space will include new areas and equipment, such as a new-shielded Theranostics Particle Therapy Infusion Suite, with five infusion chairs. The first floor will be renovation of the central utility plant and materials management facilities. These areas will undergo extensive renovation to accommodate the expanded footprint, particularly in the areas of chilled water, heating hot water and logistics systems. The second floor will be construction of shell space and tie into the existing administrative suites, which once fully funded will

come back to NMHED and Board of Finance for the buildout of that internal space. This buildout of new clinical administration space would provide for displaced personnel from the ground floor of the administrative wing. The administration wing will be renovated to provide patient access, support and waiting space for the new service lines being delivered in the above space. This project is being phased in a way that allows for the reconfiguration of existing space as the new space is being constructed. The estimated project cost is \$44.5 million. The funding sources used for this project are \$29,130,000 from UNM Health Sciences Center 2021 cigarette tax bonds, \$5 million from a 2023 general fund appropriation, and \$10.73 million in UNM Health Sciences Center cost sharing funds.

Dr. Sanchez noted that two new technologies, image-guided radiation therapy and the Theranostics suite, will only be available to New Mexicans at the UNMCCC.

Mr. Livsie said they expect construction to take about 18 months and plan to break ground in mid-November. They expect to have full occupancy of the constructed areas in May 2025.

Mr. Hoehne said HED requested \$15 million from the legislature in order to complete the buildout of the next phase.

Member Cassidy asked what the future looks like for supplemental funding. Mr. Hoehne responded that they have spoken to the LFC about the importance of supplemental funding to complete projects that already have received funding in the past but which have been impacted by cost increases.

Responding to Member Cassidy, Mr. Livsie said their contractor is Bradbury-Stamm.

Responding to Treasurer Montoya, Dr. Sanchez said there are 11,000 diagnosed cancers per year in New Mexico, and UNMCCC treats about 60 percent of those cases. They are able to treat about five patients per month with the existing infusion suite, which will increase to 20 patients in one week with the new infusion suites. They treat all patients irrespective of their ability to pay. They have about 6 percent indigent, 13 percent Medicaid, and 40+ percent Medicare. In the past two years, they have provided \$13 million and \$15 million of uncompensated care to their patients.

Responding to Treasurer Montoya, Mr. Worbel stated that cigarette tax revenue is limited in scope and decreasing, and they bonded a portion of it to pay for this project. He said they did not request tobacco fund money because those monies have been decreasing every year.

Dr. Sanchez said they did use some Tobacco Settlement Fund money for the programmatic buildout in the cancer center that included a rollout of a lung cancer screening program.

Lt. Governor Morales asked Mr. Hoehne to look into the Tobacco Settlement Fund and provide information on it to the board. He wondered why the board was not accessing those funds.

Ms. Leach said she would schedule a presentation on the Tobacco Settlement Fund.

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

REAL PROPERTY LEASES

Presenters: Ben McIntosh, Real Estate Manager, Bernalillo County; Ken Martinez, County Attorney, Bernalillo County; Enrico Gradi, Deputy County Manager for Community Services, Bernalillo County; Mike Garcia, Attorney, NM Government Law

23. Bernalillo County—Requests Approval of the Lease of Real Property, Located at 140 Tyler Court NE in Albuquerque to Albuquerque Sign Language Academy (\$660,000)

Mr. McIntosh said Bernalillo County is requesting authorization to execute a land lease agreement between Bernalillo County and the Albuquerque Sign Language Academy (ASLA) for the property located at 140 Tyler Court, Albuquerque. The property is about 4.76 acres, part of about 17.14 acres of undeveloped raw land located in an unincorporated area of Bernalillo County. ASLA is a New Mexico charter school providing services to deaf and hard of hearing students and their families. From 2009 to August 2023, ASLA leased the Bernalillo County property located at 620 Lomas, NE, Albuquerque. By approving the land lease, the county will provide ASLA the land needed to plan and build the facility that will continue to provide educational services to the county's deaf and hard of hearing residents and their families.

Responding to Treasurer Montoya regarding a conflict in the community around this transaction, Mr. Garcia said this is an administrative appeal. The Board of County Commissioners granted a conditional use permit to the County for a school. Because the property is zoned A1, the school is a conditional use and has to go through the administrative process and may be subject to conditions.

Treasurer Montoya commented that she was surprised that people in the community were objecting to a school in their area given that the zoning allows for schools. She asked if she understood correctly that the G.O. bond approved by the voters was not for any particular piece of land but was for any land within Bernalillo County. Mr. Garcia said that was correct.

Member Cassidy asked how this community was led to believe that the bond money would be spent on this site.

Mr. Gradi explained that the subject property, which was purchased around 2015, was derelict and subject to nuisance issues, and the county intervened and secured it with no specific use in mind. Because it is a large piece of property of about 18 acres, the idea was that it could have multiple uses, and there was a very rigorous and extensive community engagement process with several meetings and a facilitator. The current site plan includes community gardens and a three-acre park, which is slated for construction soon, as well as facilities to accommodate the Bernalillo County Extension Office and 4H, and 4.9 acres for the school. He said the majority of the community was very supportive of all of those different uses and while some people have had an issue with the school, there is also a lot of support for it. He stressed that there was never a time when staff indicated that all 18 acres would be dedicated for a park and nothing else.

Mr. Gradi said the G.O. bond money was used to acquire the entire site at the time. The bond money was allocated for parks and recreation uses and not for open space, which is a different fund and a different program. Under advice of bond counsel, the critical element is that if Bernalillo County were to sell or lease this property, the proceeds from the sale or lease are to be directed back into a Bernalillo County parks and recreation type of use, which is what they are planning on doing right now with this first phase of park development. This is how they moved forward with this acquisition with some space for the school.

Mr. Gradi said the school intends to open its doors to the community and also serve as a community center where people can meet in the gym and in certain rooms.

Member Cassidy said he understands that the lease has been adjusted to state that ASLA will now provide an upfront one-time payment of \$660,000 so the funds can be replaced and directed to the parks and recreation program.

Ms. Leach noted that approval of this request is contingent upon director's and counsel's receipt and review of a fully executed lease agreement.

Regarding the appeal, board legal counsel Jennifer Salazar asked Mr. Garcia what the current status is and if any stay has been issued. Mr. Garcia responded that the case is still pending and no stay has been issued. They finished the briefing in September 2022. They have just filed a motion for a status conference.

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

PRIVATE ACTIVITY BONDS

Presenters: Christina M. Stanley, Executive Director, Encino Development & Management, Inc.; Marcos Gonzales, Executive Development Office, Bernalillo County

24. Bernalillo County—Requests a 2023 Private Activity Bond Allocation to Finance

the Acquisition, Rehabilitation and Equipping of Encino Senior Gardens Apartments, Located at 412 Alvarado Drive SE in Albuquerque (\$24,000,000)

Ms. Stanley stated that this is a 165-unit senior housing community for low- to moderate-income residents. The community is a 100 percent project-based HUD section 8 complex for seniors 62 and older and will continue to be reserved for seniors after the improvements. The property, which was built in 1978, has never been renovated beyond routine maintenance. She said the residents are very happy about the project. All of the existing tenants should qualify income-wise when the project is completed.

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

Presenters: Tom C. Mannschreck, President, Thomas Development Co.; Angie Ferguson, Executive Vice President, Thomas Development Company

25. Doña Ana County—Requests a 2023 Private Activity Bond Allocation to Finance the Construction of Pedrena Apartments, Located in Las Cruces (\$16,000,000)

Ms. Ferguson stated that Pedrena Apartments will be a new multifamily affordable housing apartment project consisting of an 84-unit community designed for seniors 55 and older whose household incomes are at or below 60 percent of Area Median Income. The project will include a community area with kitchen, general meeting area, library, exercise room, fenced in pet area, walking paths, and indoor and outdoor community spaces.

Ms. Ferguson said construction will begin in January and close in late November. Substantial completion is slated for February 2025. Construction costs are expected at around \$237 per square foot.

Treasurer Montoya said there are elderly people who have children or grandchildren who may come to stay with them in order to provide assistance or emergency care. She asked if there are provisions for that. Ms. Ferguson responded that they could accommodate income-qualifying people younger than 55 as long as the property doesn't have more than 20 percent of its residents below that age. They are welcome to stay temporarily, but the entire household would have to be income-qualified. A grandchild not earning any income would be an exception. Treasurer Montoya asked how long "temporarily" would be, and Ms. Ferguson responded that she didn't believe that was defined, although the management company would certainly have more specific requirements.

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

EMERGENCY FUNDING REQUESTS

Presenters: Chita Gillis, Secretary Treasurer, Cañada de Los Alamos Domestic Water Consumers Association

26. Cañada de Los Alamos Mutual Domestic Water Association—Requests Approval of an Emergency Water Grant for the Purchase and Hauling of Drinking Water for the Community (\$60,300)

Ms. Gillis thanked the board for approving a \$92,500 emergency grant in December 2022 to continue allowing the Cañada de Los Alamos MDWCA to purchase water while a new well was being developed. At the time of the request, they anticipated the new well would be completed by December 2023, but in March they had a major setback. They had done all of the preliminary work, including site planning, hydrology reports and legal agreements, but the landowner withdrew her offer without explanation when it came time to sign the documents.

Ms. Gillis stated that, with the help of the County Clerk’s Office, they discovered they had a quitclaim deed issued to the MDWCA in 2005, which expanded the area owned around the original well and well house, and it was determined that there was now adequate room to develop the new well on the property. The hydrologist and engineer started to develop that site for the new local well. This set them back six months, and the engineer anticipates that the well will be completed by May 2024. The next step is for the approval to happen through the USDA, which anticipates approval will be done by November 20. In December, it will go out for bids for the well.

Ms. Gillis said she has calculated their water needs for the community based on the last six months of usage. As a result of a steep rise in hauling cost, they only have funding to pay for water through November 2023, which means they will require another \$10,000 per month for the water. They still have \$21,000 from their previous grant, which would cover October and November, so they need funding to cover the next six months.

Ms. Leach stated that the amount being requested was \$60,300, which would leave a balance in the Emergency Water Fund of \$49,600.

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

ADJOURNMENT: 11:33 a.m.

Michelle Lujan Grisham, President

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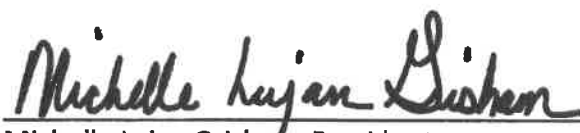
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Member Sanchez moved for approval. Member Cassidy seconded the motion, which passed unanimously.

ADJOURNMENT: 11:33 a.m.


Michelle Lujan Grisham, President

12-7-23

Date



Michael S. Sanchez, Secretary

12/8/23

Date