

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

Santa Fe, New Mexico

December 17, 2024

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

Mr. Michael S. Sanchez, Secretary, Public Member

Mr. Joseph Lujan, Public Member

Ms. Wendy Trevisani, Public Member

Members Excused:

The Hon. Michelle Lujan Grisham, President

The Hon. Howie Morales, Lt. Governor

Mr. Paul Cassidy, Public Member

Staff Present:

Ms. Ashley Leach, Director

Mr. Marcos B. Trujillo, Deputy Director

Legal Counsel Present:

Mr. Blaine Moffatt

Ms. Rebecca Guay

2. APPROVAL OF AGENDA

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

3. **APPROVAL OF MINUTES: November 19, 2024, Regular Meeting**

Member Trevisani moved approval of the minutes of the November 19, 2024, meeting. Member Lujan seconded the motion, which passed unanimously.

CONSENT AGENDA (Items 4-20)

Presenter: Ashley Leach, Director, Board of Finance

[HED Chief of Staff and Chief Financial Officer Gerald Hoehne introduced new Capital Projects Director Joe Brown. Mr. Brown will be filling the role Mr. Hoehne has held for the last six years.]

Submitted by: Gerald Hoehne, Chief of Staff and Chief Financial Officer,
Higher Education Department

4. **New Mexico Institute of Mining and Technology—Requests Approval of Capital Expenditures for Electronic Door Lock Upgrades (\$2,147,000)**
5. **Eastern New Mexico University, Roswell—Requests Approval of Capital Expenditures for Fire Suppression Sprinkler System Upgrades (\$4,472,587)**
6. **Eastern New Mexico University, Roswell—Requests Approval of Capital Expenditures for Walkway and Driveway Improvements (\$1,754,768)**
7. **University of New Mexico, Gallup—Requests Approval of Capital Expenditures for Calvin Hall HVAC Unit Replacement (\$916,814)**
8. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for University Hospital Fire Alarm Device Replacement (\$2,100,000)**
9. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Lamberton HVAC Unit Replacement (\$1,100,000)**
10. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for University Hospital Elevator Upgrades (\$1,100,000)**
11. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Sandoval Regional Medical Center Nuclear Medicine Camera Replacement (\$1,400,000)**

12. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for the Interprofessional Healthcare Simulation Center Expansion Project (\$5,750,000)**_____

13. New Mexico State University, Alamogordo—Requests Approval of Revised Capital Expenditures for Rohovec Roof and Exterior Improvements (\$4,200,000)

Submitted by: William Provance, Airport Director, Doña Ana County

14. Doña Ana County—Requests Approval of the Lease of Real Property, Located at the Doña Ana County International Jetport, with Hunt Companies (\$13,446.93/year)

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

Submitted by: Ronda Trujillo, Coordinator of Leased Facilities, Los Alamos Public Schools

15. Los Alamos Public Schools—Requests Approval of the Lease of Real Property, Located at 2101 Trinity Drive, Suite Q2, in Los Alamos, with Windgate Healing Arts, LLC (\$22,356/year)

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

Submitted by: Marcos Gonzales, Executive Development Officer, Bernalillo County Economic Development; Eric Grodahl, DBG Properties; Carol Sugerman, Consultant to DBG Properties

16. Bernalillo County—Requests Approval of a Private Activity Bond Volume Cap Allocation for the Tierra Linda Apartments Project, Located in Albuquerque at 98th and Dennis Chavez Blvd (\$47,500,000)

Submitted by: Marcos Trujillo, Deputy Director, Board of Finance

17. Private Activity Bond Allocation of 2024 Carryforward

Ms. Leach stated that \$88,700,000 is available for carryforward distribution. Staff is recommending that \$47.5 million be available for the Tierra Linda Apartments, and that \$41.23 million be available for Housing New Mexico for their single-family program.

18. Private Activity Bond 2024 Deposit Refunds

Ms. Leach reported that there were five allocations of PAB volume cap in CY 2024, and staff is recommending that the board refund all deposits received, as they met all requirements.

19. Allocation of Calendar Year 2025 Private Activity Bond Volume Cap

Ms. Leach stated that staff is recommending the following: \$200 million, or 51.4 percent, be allocated for multi-family; \$132,080 million, or 34 percent, be allocated for Single Family; and \$56.7 million, or 14.6 percent for the other category.

Submitted by: Anna Silva, Deputy Cabinet Secretary, General Services Department

20. Annual Schedule of Repairs for January 1, 2025, through June 30, 2025

Ms. Leach presented this report.

Treasurer Montoya moved for approval of Consent Agenda items 4 through 20, with the contingencies noted. Member Trevisani seconded the motion, which passed unanimously.

BONDING PROGRAMS

Presenter: Kenneth Guckenberger, Disclosure Counsel, Kutak Rock, LLC

21. Presentation and Consideration of the 2025 Annual Financial Information Filing (AFIF) Report

Mr. Guckenberger presented this report.

Responding to Member Sanchez, Ms. Leach said the most impactful changes to the report this year relate to oil and gas and pension funds. The December 2024 consensus estimate expects oil prices to moderate due to strong levels of supply and softer demand, and the forecast is that production growth will continue at a slower pace over the next few years.

Member Sanchez commented that the strength of the pension funds is going to be very important under the future economy. Mr. Guckenberger said there wasn't a lot of movement in the pension funds this year, which shows stability and is a positive sign.

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

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

22. Amending Resolution for State of New Mexico Severance Tax Note, Series 2024S-C (Maximum Principal Amount of \$350,000,000)

Mr. Carrasco stated that each project included in the resolution was evaluated for compliance with legislative authorization, conformity with the rules governing the use of

Severance Tax bond proceeds, and adherence to other constitutional, statutory, administrative, and regulatory requirements.

Mr. Carrasco stated that the final amount for the note is anticipated to be \$180,232,729. The amount includes \$152,000,000 to the Department of Transportation for two road projects authorized in the last legislative session, and an additional \$28,232,729 to the Indian Affairs Department to fund 16 projects in various tribal communities that have been either previously authorized by the legislature or authorized in SB 275 from this year's session.

Ms. Leach reported that they are proceeding with the Supplemental Severance Tax note as well and received a final certification yesterday from PSCOC for \$144,199,205.

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

PROPERTY DISPOSITIONS

Presenter: Danette Cabber, Interim Director, Estancia Valley Solid Waste Authority;
Brandon Sanchez, Sanchez Realty; Steve Caruso, Sanchez Realty

23. Estancia Valley Solid Waste Authority—Requests Approval of the Sale of Real Property, Located at 214 South 5th Street in Estancia, to ROI Ventures, LLC (\$320,000)

Ms. Cabber stated that the subject building was purchased by the Estancia Valley Solid Waste Authority's (EVSWA) past manager and approved by the past board of the EVSWA for the purpose of serving the new offices of the EVSWA. She said they have no use for this building, which has 17 offices and no parking. There are only six people on staff, and they are in a building that has served their purpose for more than 30 years. She said the

Ms. Cabber said a new appraisal was done in May 2024 in the amount of \$310,000, and a letter of intent in the amount of \$320,000 has been received. The buyer will make a downpayment of \$32,000. The EVSWA will finance the balance of \$288,000 at 8 percent annual interest with a 25-year amortization and a five-year balloon payment. She said the buyer plans to turn the building into an assisted living facility.

Mr. Sanchez said the property has been on the market for more than a year with no all-cash offers, which is why they are considering owner financing. The property was pitched at a marketing session of investors, when they came up with the idea of creating an assisted living facility there. Traditional bank financing for a new project in a small town like Estancia, and with a building that has no parking, has proven to be difficult. The resolution was to request

owner financing in the short term to get the assisted living facility operational, at which time they could seek refinancing from a bank.

Mr. Caruso added that the buyer is an out-of-state investment group. Sanchez Realty has a personal relationship with the buyer, who is very credible.

Ms. Cabber said the building has been vacant since February 2023. It was previously occupied by CYFD.

Responding to Treasurer Montoya, Ms. Cabber stated that the buyer offered to pay 8 percent interest, and the EVSWA did not make a counteroffer. She said the building is 5,000 square feet, with the remaining 1,500 square feet being the land around the building.

Treasurer Montoya asked how many people would occupy the assisted living facility. Mr. Sanchez responded that the buyer was thinking of seven senior citizens initially, which would be their breakeven point, and whatever they added after that would be their income on the property.

Treasurer Montoya asked if there would be enough parking for families to visit the people living in the facility. Ms. Cabber responded that she understands they are reaching out to the people who own the property behind the building to see about additional parking. There is parking next to the building, which is fenced off, and they would be reaching out to see if they could purchase that property.

Treasurer Montoya asked what experience the buyer has in senior adult living. Mr. Sanchez responded that they are in the process of working on an assisted living facility in Socorro, which would be their first project of this kind. This group has done several projects that aren't focused specifically on assisted living, but their plan is to pursue doing assisted living facilities in small rural towns.

Mr. Sanchez said the buyers plan to spend six months bringing the building up to code, which would include a fire suppression system, ADA compliance, and adding a shower to one of the bathrooms.

Treasurer Montoya commented that she couldn't understand how this could be done in six months, and with a \$268,000 balloon payment in five years, she could not imagine how much

they would be charging the residents. She also expressed concern that no other offers were made on this property, and that the real estate agent is both the buyer and seller.

Member Sanchez suggested deferring this item to the next meeting.

Mr. Sanchez clarified that they have received three written offers on the property, all owner financed. They received a verbal cash offer for less than half the appraised value.

Member Lujan moved to table this item to the next meeting. Treasurer Montoya seconded the motion, which passed unanimously.

INFORMATIONAL ITEMS

Presenter: Ashley Leach, Director, State Board of Finance

24. General Services Department Capital Buildings Repair Fund Financial Status Report for Month-Ended November 30, 2024

Ms. Leach presented this report.

25. General Services Department Legislative Capital Projects Financial Status Report for Month-Ended November 30, 2024

Ms. Leach presented this report.

26. General Services Department Biannual Inventory of Buildings Report

Deputy Cabinet Secretary Anna Silva stated that this report will officially expire on December 31. The data is ten years old, and it has been that long since they have gone out for RFP. For many years, they have asked for a legislative appropriation for a facility condition assessment for the remainder of the state's buildings and master planning and have been unsuccessful so far. They addressed the Santa Fe buildings when they did the master plan in 2019 and have some monies they received last year, so are doing the master planning and facility condition assessments for Albuquerque. There are roughly 850 buildings statewide, and all 32 of Santa Fe's buildings have been addressed. Albuquerque has roughly 38 buildings.

27. State Treasurer's Office Investment Report for Month-Ended October 31, 2024

Ms. Leach reported that, at the end of October, STO managed \$17.2 billion in assets. During that month, STO earned approximately \$59.3 million from its investment positions.

28. Emergency Balances – November 19, 2024

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$3,231,356.57	\$4,000,000.00
Emergency Water Fund	\$0.00	\$ 109,900.00

Ms. Leach reported these balances.

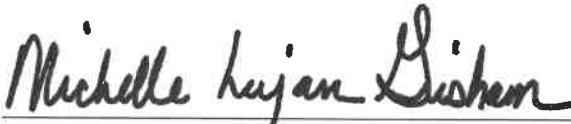
29. Fiscal Agent and Custodial Bank Fees Report

Ms. Leach presented this report.

30. Department of Finance & Administration Approved Joint Powers Agreements for Month-Ended November 30, 2024

Ms. Leach presented this report.

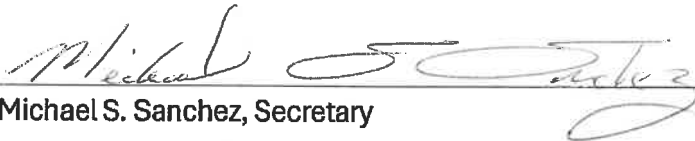
ADJOURNMENT: 10:12 a.m.



Michelle Lujan Grisham, President

1-17-25

Date



Michael S. Sanchez, Secretary

Jan. 17, 2025

Date