

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

VIRTUAL ATTENDANCE AVAILABLE

Santa Fe, New Mexico

June 18, 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. Howie Morales, Lt. Governor [virtual, signing off at 10:30 a.m.]

The Hon. Laura M. Montoya, New Mexico State Treasurer [virtual, signing off at 10:30 a.m.]

Mr. Joseph Badal, Public Member [virtual, signing off at 10:30 a.m.]

Mr. Paul Cassidy, Public Member, Acting Chair

Ms. Wendy Trevisani, Public Member [virtual]

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

Legal Counsel Present:

Mr. Blaine Moffatt

2. APPROVAL OF AGENDA

Items 26-31 and Item 35 were moved to the bottom of the agenda.

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

3. APPROVAL OF MINUTES: May 21, 2024 (Regular Meeting)

Member Badal moved approval of the May 21, 2024, minutes, as presented. Treasurer Montoya seconded the motion, which passed unanimously.

CONSENT AGENDA (Items 4-25)

Presenter: Ashley Leach, Director, Board of Finance

Submitted by: Gerald Hoehne, Capital Projects Director and Interim Director of Institutional Finance Division, Higher Education Department

4. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Revised Capital Expenditures for Phase III of the Main Chiller Plant Replacement Project (\$5,537,535)**

5. **University of New Mexico—Requests Approval of Capital Expenditures for the Center for Collaboration Art & Technology Utility Extension (\$2,280,000)**

6. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Oncology-Chimeric Antigen Receptor T Cells (\$450,000)**

7. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Renovation to Install a New SPEC-CT Scanner (\$500,000)**

8. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for the Sandoval Regional Medical Center TriCore Lab Renovation (\$527,781)**

9. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Renovations to its Sleep Disorders Clinic (\$800,000)**

10. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Renovations to its Dermatology Clinic (\$1,700,000)**

Submitted by: Ben Shelton, General Counsel, Energy, Minerals and Natural Resources Department

11. **Energy, Minerals, and Natural Resources Department—Requests Approval of the Corrected First Amendment to the Concession Contract with Rock Canyon Service Center for the Service Center at Elephant Butte Lake State Park (percent concession fee, no change in fee)**

 - Contingent upon director’s and counsel’s receipt and review of a fully executed contract amendment.
12. **Energy, Minerals, and Natural Resources Department—Requests Approval of the Corrected Second Amendment to the Concession Contract with Lago Rico Inc. for the Marina and Store at Elephant Butte Lake State Park (7 percent concession fee, no change in fee)**

 - Contingent upon director’s and counsel’s receipt and review of a fully executed contract amendment.

Submitted by: Olivia Padilla-Jackson, Vice President, Finance & Operations, Central New Mexico Community College

13. Central New Mexico Community College—Requests Approval of an Amendment to the Lease of Real Property, Located at 5600 Eagle Rock Rd in Albuquerque, to the New Mexico Department of Finance and Administration (\$18,572/year)

- Contingent upon director’s and counsel’s receipt and review of (1) a fully executed lease agreement amendment and (2) evidence of approval by CNM Governing Board.

Submitted by: Elizabeth Newlin Taylor, Attorney, San Juan Water Commission

14. San Juan Water Commission—Requests Approval of the Reservation and Lease of Water Rights under State Engineer Permit No SP-4498 to CSJ Midstream, LLC (\$600/acre foot of water and 10% reservation fee)

- Contingent upon director’s and counsel’s receipt and review of (1) a fully executed reservation and water use lease agreement and (2) evidence of the Commission’s approval of the revised agreement.

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

15. Doña Ana County—Requests Approval of the Lease of Real Property (Lot T-21), Located at Doña Ana County International Jetport in Santa Teresa, to Doña Ana Hangers, LLC (\$4,400/year)

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

16. Doña Ana County—Requests Approval of the Lease of Real Property (Lot T-22), Located at Doña Ana County International Jetport in Santa Teresa, to Doña Ana Hangers, LLC (\$3,850/year)

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

17. Doña Ana County—Requests Approval of the Lease of Real Property (Lot T-23), Located at Doña Ana County International Jetport in Santa Teresa, to Doña Ana Hangers, LLC (\$3,410/year)

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

18. Doña Ana County—Requests Approval of the Lease of Real Property (Lot T-25), Located at Doña Ana County International Jetport in Santa Teresa, to Doña Ana Hangers, LLC (\$1,320/year)

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

19. Doña Ana County—Requests Approval of the Lease of Real Property (Lot T-26), Located at Doña Ana County International Jetport in Santa Teresa, to Doña Ana Hangers, LLC (\$1,320/year)

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

Submitted by: Wilfred Noble, Project Manager, McKinley County

20. McKinley County—Requests Approval of the Lease of Real Property, Located at 725 Hospital Drive in Gallup, with Red Rock Dialysis, LLC (\$288,980/year)

- Contingent upon director’s and counsel’s receipt and review of (1) a fully executed lease agreement and (2) evidence of the County Commission’s approval of the lease agreement.

21. McKinley County—Requests Approval of the Lease of Real Property, Located at 2111 College Drive in Gallup, with Gallup Community Health Inc. (\$276,970/year)

- Contingent upon director’s and counsel’s receipt and review of (1) a fully executed lease agreement and (2) evidence of the County Commission’s approval of the lease agreement.

22. McKinley County—Requests Approval of the Lease of Real Property, Located at 2105 Hasler Valley Road in Gallup with Santa Fe Recovery Center Inc. (\$310,392/year)

- Contingent upon director’s and counsel’s receipt and review of (1) a fully executed lease agreement and (2) evidence of the County Commission’s approval of the lease agreement.

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

23. Rio Arriba County—Requests Approval of the Donation of Real Property, Located at 3343 NM 96 in Coyote to the Juan Bautista Valdez 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: Isidoro Hernandez, Executive Director/CEO, Mortgage Finance Authority

24. New Mexico Mortgage Finance Authority—Requests Approval of an Extension of a Portion of its 2024 Single-Family Private Activity Bond Volume Cap Allocation (\$82,267,032.68)

25. New Mexico Mortgage Finance Authority—Requests Approval of an Extension of its 2024 Private Activity Bond Volume Cap Allocation for the Peachtree Canyon Apartment Project (\$20,000,000)

Lt. Governor Morales moved approval of the Consent Agenda, with the contingencies. Treasurer Montoya seconded the motion, which passed unanimously.

BONDING PROGRAMS

Presenter: Luis Carrasco, Bond Counsel, Rodey Law

32. Consideration of Amending Resolution for State of New Mexico Severance Tax Note, Series 2024S-A (\$830,000,000 maximum principal amount)

Mr. Carrasco stated that this amending resolution consists of the A1 and A2 note and adopts the final project list, with \$290,117,000 to fund legislatively appropriated projects earmarked for water projects, tribal infrastructure, colonias, and the New Mexico Housing Trust Fund, which are funded from the Series A1 proceeds. Series A2, in an amount to be determined but not to exceed \$500,000,000, is to fund the deposits to the Capital Development and Reserve Fund as directed by the legislature, currently estimated to be \$474,640,615.

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

33. Consideration of Amending Resolution for State of New Mexico Severance Tax Note, Series 2021S-A

Mr. Carrasco stated that this amending resolution reflects a change in project funding, as certified by the Colonias Infrastructure Board, which identified a project that would not move forward, and it is recertifying funds for a new purpose.

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

34. Resolution Reauthorizing Certain Severance Tax Bond/Note Projects

Mr. Carrasco said this resolution puts into practice the legislation that was passed in 2024, reauthorizing the use and extending the time in some instances for expenditures of Severance Tax Bond proceeds for projects that have been previously authorized but for which the scope or purpose has changed.

Treasurer Montoya asked if there is a process to make sure people are expending the money so that there is no arbitrage issue in the future. Mr. Carrasco responded that the majority of the projects dealt with in this resolution are taxable proceeds, so arbitrage is not an issue. For the tax-exempt bonds, there certainly is a process. Ms. Leach added that staff has a process for tracking the proceeds every month from the sale to either reversion or reauthorization. They are implementing a new system that will further enhance the ability to do that and send out automatic alerts and notifications to oversight agencies when expenditures aren't being spent down as potentially expected.

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

GENERAL SERVICES DEPARTMENT

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

BI-ANNUAL REPORTING & APPROVALS

36. Inventory of Buildings Report, Including an Approved Checklist of Conditions

Ms. Silva presented this report.

37. Schedule of Repairs for July 1, 2024, through December 31, 2024

Ms. Silva stated that, based on revenue projections over the last three years, GSD is projecting an average of \$1,096,050 per month for the next six months. The list of projects being requested for approval includes parking lot improvements at the PERA Building, roofing for the Bataan Building, and interior work for damage to the Red Room at the Bataan Building,

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

CONTRACTS

38. General Services Department—Requests Approval of an Amendment to the Contract with Bradbury Stamm Construction Inc. for the Construction of the Forensics Laboratory at 2068 Galisteo Street in Santa Fe (\$26,137,006.38)

Ms. Silva stated that GSD is requesting approval of a change order to the contract with Bradbury Stamm for construction of the Forensic Laboratory Building in Santa Fe in the amount of \$317,747.48. There were two unforeseen situations with this project. The first was an unanticipated water expansion charge from the City of Santa Fe that had to be paid, and the second was that the fire panel had to be upgraded before the Fire Marshal would give approval, and there was a wait of several months for the materials required.

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

HIGHER EDUCATION

CAPITAL EXPENDITURES

Presenters: Roxanne Gonzales, Acting President, NMHU; Sylvia Baca, Director of Facilities & Planning, NMHU; Tomas Sanchez, Architect, Baker A + D; Clay Simmons, Construction Manager, NorthStar NM

39. New Mexico Highlands University—Requests Approval of Capital Expenditures for Demolition, Abatement, and Construction of a New Facilities Building (\$7,500,000)

Ms. Baca stated that NMHU received \$4.3 million for this project last year through a general obligation bond along with an additional \$3 million from the legislature. They hope to be able to hire a general contractor for the project within the next month.

Treasurer Montoya moved for approval. Member Trevisani seconded the motion, which passed unanimously. [Member Badal was not present during the vote.]

GRADUATE PROGRAMS

Presenters: Dr. Ranjit Koodali, Dean of Graduate School & Assoc. Provost for International Affairs, NMSU; Enrico Pontelli, Dean of Arts & Sciences, NMSU; Joey Lakey, Associate Dean, Arts & Sciences, NMSU; Michaela Buenemann, Dept. Head of Geography & Environmental Studies, NMSU; Beth Apodaca, Director of Instructional Design, Digital Learning, NMSU; Dr. Jody Webber, NMSU

40. New Mexico State University—Requests Approval of the Master of Science in Geographic Information Science and Technology Program

Ms. Buenemann made a slide presentation.

Ms. Buenemann noted that there are only three WICHE institutions that offer an online program in Geographic Information Science and Technology, one in North Dakota and two in Arizona, which are substantially more costly than the program being offered by NMSU. The program will meet demand for geospatial professionals in New Mexico through geospatial workforce development in the state, as demand far exceeds supply.

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

Presenters: Dr. Ranjit Koodali, Dean of Graduate School & Assoc. Provost for International Affairs, NMSU; Donald Conner, Associate Dean/Director of Academic Programs, NMSU; Efren Delgado, Department Head, Family & Consumer Services, NMSU; John Flores, Professor of Food Science & Technology, NMSU

41. New Mexico State University—Requests Approval of the Doctor of Philosophy in Food Science Program

Dr. Koodali made a slide presentation.

Dr. Koodali noted that value-added agriculture is one of nine targeted industries that the State of New Mexico has identified to grow into the future, and NMSU's PhD program in Food Science will support this effort to help expand the agriculture industry into the food processing sector. It will also contribute to the state's economic development by supporting the growing food processing industry (agricultural, chile, pecan, wine, meat, dairy, and other), and support value-added agriculture, which is a source of income and employment in the state's rural communities.

Dr. Koodali stated that New Mexico and the surrounding region do not offer a PhD program in Food Science, and there is a strong need for this program in the state. The closest WICHE member universities are in Oregon, California, Idaho and Washington.

Treasurer Montoya asked how this program is to be funded. Dr. Koodali responded that the course will be taught by existing faculty. Funding is expected from grants and an increasing number of students from the undergraduate and master's level. Dr. Conner added that the facilities are already in place, and they are working to raise overall revenue through increased enrollment in the university, college, and department.

Lt. Governor Morales stated that he would like to see future collaboration with state government in the areas of economic development and tourism.

Ms. Trevisani added that, aside from the agricultural connection, she would be interested in what possibilities there are with the CPG (consumer packaged goods) industry and the possibility of expanding to the national level.

Dr. Conner responded that there is a need in New Mexico to take raw materials and turn them into final products. Right now, they are shipping the goods out of state for processing and packaging. This will bring more companies into the state along with jobs and revenue, while encouraging entrepreneurship.

Member Cassidy moved for approval. Lt. Governor Morales seconded the motion, which passed unanimously.

EMERGENCY FUNDING REQUESTS

Presenter: Priscilla Lucero, Southwest New Mexico Council of Governments; Ed Stevens, Mayor of Hurley

42. Town of Hurley—Requests Approval of an Emergency Operating Grant for Water Line Relocation (\$414,700)

Ms. Lucero stated that the Town of Hurley is requesting this emergency loan in order to relocate the waterline for the expansion of Highway 180, which extends from Bayard to the Luna County line. The Town of Hurley was approached by the New Mexico Department of Transportation regarding the need to realign the highway from two lanes to four lanes. NMDOT requested that the Town of Hurley pay for the waterline relocation using Town funds to get the project going, since the first phase of the project has already been bid out and the waterlines belong to the town.

Ms. Lucero said Hurley’s water supply is currently being supplied by the Freeport-McMoRan mining company, and they have been working diligently towards doing their own water system not only as a primary water source but also working with all of the local governments and mutual domestics in Grant County as part of a regional water project. As a result of that, it has been extremely difficult for the town to come up with the funds to cover the cost of the waterline relocation. The Town was able to commit \$90,000, but the amount needed is \$414,700.

Mayor Stevens said the Town was originally unaware of the need to do a line relocation for the widening of Highway 180 and that it was expected to pay for it. The projected amount was originally \$90,000, but the bid came back at \$414,700, which the Town is incapable of funding.

In reviewing the draft resolution, Ms. Leach said the Board of Finance would be providing \$352,779.61 for this, which is the amount remaining in the emergency fund for the remainder of the fiscal year.

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

STAFF ITEMS

Presenter: Ashley Leach, Director, Board of Finance

43. Approval of Contract for Professional Services for Rule Making with Delegation to Staff to Finalize Contract and Submit to the Contracts Review Bureau for Approval

Ms. Leach requested approval to enter a professional services contract of up to \$60,000 with the Rodey Law Firm to assist the board and staff with promulgation and new rule related to the Metropolitan Redevelopment Code. Work may also include rule changes governing dedications of a portion of the state's Gross Receipts Tax Increment to Tax Increment Development Districts. Staff will work with Rodey to establish the rule, with a target date of early 2025.

Treasurer Montoya moved for approval. Lt. Governor Morales seconded the motion, which passed unanimously.

44. Approval to Initiate the Repeal and Replacement of 2.70.4 NMAC and 1.5.23 NMAC

Ms. Leach said this was discussed at length during the May meeting. Board approval is needed to allow staff and legal counsel to initiate the repeal and replacement process.

Member Cassidy moved approval to initiate rulemaking on the repeal and replacement of 2.70.4 NMAC and 1.5.23 NMAC as proposed and provided by the Rules Committee and have staff complete all publishing notice requirements set out in the State Rules Act and the New Mexico Register at a future date. Lt. Governor Morales seconded the motion, which passed unanimously.

Presenters: Parker Schenken, Counsel, Sherman Howard; William Vietti, Counsel, Sherman Howard

45. Approval of the Post-Issuance Compliance Policy

Mr. Schenken stated that the Board of Finance has had this policy in place since 2012. At the request of Ms. Leach and staff, they were asked to reorganize, clean up and update the policy. During the process, they engaged with the State Treasurer's Office, and worked very hard to coordinate the language to make it clearer on who was doing what and to make it a much more workable document going forward.

Lt. Governor Morales moved for approval. Treasurer Montoya seconded the motion, which passed unanimously.

[This concluded all action items on the agenda.]

[Signing off: Lt. Governor Morales, Treasurer Montoya and Member Badal]

INFORMATIONAL ITEMS

Presenter: Ashley Leach, Director, State Board of Finance

Ms. Leach presented the following reports:

26. Capital Buildings Repair Fund Financial Status Report for Month-Ended May 31, 2024

27. Legislative Capital Projects Financial Status Report for Month-Ended May 31, 2024

28. State Treasurer's Office Investment Report for Month-Ended April 30, 2024

29. Emergency Balances – June 18, 2024

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$352,779.61	\$4,000,000.00
Emergency Water Fund	\$ 0.00	\$ 109,900.00

30. Fiscal Agent and Custodial Bank Fees Report

31. Joint Powers Agreements for Month-Ended May 31, 2024

PRESENTATIONS

Presenter: David Paul, Fiscal Strategies Group Inc.

35. Presentation of the Annual Debt Affordability Study

Mr. Paul made this presentation.

ADJOURNMENT: 11:03 a.m.



Michelle Lujan Grisham, President

7-18-24

Date



Michael S. Sanchez, Secretary

July 18, 2024

Date