

NEW MEXICO STATE BOARD OF FINANCE

SPECIAL MEETING

VIRTUAL ATTENDANCE AVAILABLE

Santa Fe, New Mexico

June 28, 2023

A special meeting of the New Mexico State Board of Finance was called to order on this date at 11:03 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 Montoya, New Mexico State Treasurer
Mr. Joseph Badal, Public Member
Mr. Michael S. Sanchez, Secretary, Public Member
Ms. Wendy Trevisani, Public Member

Members Excused:

The Hon. Michelle Lujan Grisham, President
Mr. Paul Cassidy, Public Member

Staff Present:

Ms. Ashley Leach, Director
Mr. Marcos B. Trujillo, Deputy Director

Legal Counsel Present:

Ms. Jennifer Salazar

2. APPROVAL OF AGENDA

Member Badal moved approval of the agenda, as published. Member Sanchez seconded, and the motion passed unanimously.

EMERGENCY FUNDING REQUEST

Presenters: Tisha Green, County Manager, Hidalgo County; Priscilla Lucero, Executive Director, Southwest New Mexico Council of Governments; Deborah Carpenter, NM Environment Department; Raymond De La Vega, Project Manager,

Stantec; Jeff Gephart, Superintendent, Animas Public Schools

3. Hidalgo County—Requests an Emergency Operating Grant for the Design, Engineering, and Construction of New Animas School District Wastewater System (\$329,113.75)

Ms. Lucero stated that, in 2019, NMED notified the Animas Public School District that its wastewater permit had been approved and that it had a year to alleviate the problem. She said Deborah Carpenter of NMED has been providing guidance on developing a plan of action, and the first meeting between NMED and Hidalgo County was in May. During the meeting, various possible funding sources were discussed.

Ms. Lucero said this problem has been ongoing, and the criticality in serving children and staff is an important factor. Another factor is that the lagoon is unlined, causing raw sewage to seep into the ground and contaminate the groundwater. Because this has resulted in high nitrate levels, the school is currently blending the water to make it potable. Her concern is that this situation will continue unless something is done.

Ms. Lucero stated that they will need to line the lagoon and add a lift station and distribution line, and will also have to move a septic tank. She said one consideration is having Hidalgo County spearhead this project, which will allow them to ask the Colonias Infrastructure Board for construction money early next year. This would accelerate the timeline for getting this issue addressed.

Member Badal asked if the community or county was being fined for noncompliance. Ms. Carpenter responded that NMED would prefer to see compliance rather than punitive damages, and that money be put into the project. She said a punitive approach doesn't do any good.

Member Badal asked Ms. Lucero if he understood correctly that the monies being requested are for design and engineering but not for construction. Ms. Lucero responded that the plan is to apply the requested funds to the design and engineering, with any monies left over applied toward the construction, with remaining construction money coming from the Colonias Infrastructure Fund.

Member Badal asked Ms. Lucero how certain she was that construction money would be approved. Ms. Lucero responded that she has been on the Colonias Infrastructure Fund board since 2012. The board tries to ensure geographic distribution of funds, and there has been very little money channeled into Hidalgo County because there have been few applicants. In addition, based on the board's ranking and rating process, NMED's non-compliance piece will automatically move this project to the top. She said they would apply in February 2024-early March and the Colonias awards would be issued in late May.

Responding to Member Badal, Mr. De La Vega said they believe they can push the project "pretty hard" and would hope to get it completed within four months.

Ms. Green added that Hidalgo County also intends on adding this to its Infrastructure Capital Improvement Plan and would seek funding from the legislature or else pull from their reserves to ensure that this project happens.

Responding to Treasurer Montoya, Ms. Lucero said that 195 people are impacted by this project. No funding was requested from the legislature because she did not learn about this project until May, which was too late.

Ms. Carpenter pointed out that nitrate exposure in very young children has significant health impacts.

Member Badal expressed concern that this was a Catch-22 situation because, while the board can approve the funds to get the project designed, they can't go out for construction funds until they know what that will cost, and then there is the possibility that the construction funds won't be approved. He said he could understand what Ms. Green and Ms. Lucero had said, but that was no guarantee the funds would be approved.

Ms. Lucero responded that she could assure the board that, in her 36 years of working with these communities, she has a pretty good handle on the funding mechanisms and how they work to ensure that this project will get done. If the Colonias board doesn't give approval, they can go back to the legislature or seek Community Development Block Grant funds. She said she feels pretty confident that this project will be included in the application round for the Colonias funding, and as a board member who sits on the Colonias review team, she will be able to articulate the need for this project.

Member Badal asked if the timing would be acceptable to NMED if they had to go to the next legislative session. Ms. Carpenter responded yes. Adding to Ms. Lucero's comments, she said they are trying to look at funding sources that do not saddle the school district with loan debt. She said she is pretty confident that Colonias funding will be approved, but if all else fails, the school district would qualify for a loan from the Construction Programs Bureau, which has monies from the Safe Water Drinking Act and the Drinking Water Act. Those loans are down to .01 percent, but it is still a loan.

Ms. Green said the county does have infrastructure dollars from its infrastructure GRT, and their governing board is willing to do whatever it takes to assist Animas with this issue. She said she did discuss with the governing board using the infrastructure dollars for the design portion of this project so that it would basically be shovel-ready once construction money was available, and she does have that commitment from the governing board. She added that, if these dollars were awarded for the design portion, she didn't think the governing board would have an issue coming up with some type of construction money if it wasn't secured from the Colonias Infrastructure Fund or legislature.

Treasurer Montoya moved to approve emergency funding in the amount of \$329,113.75 to Hidalgo County for an emergency operating grant for the design, engineering, and construction of a new Animas School District wastewater system. Member Sanchez seconded the motion, which passed unanimously.

PRIVATE ACTIVITY BONDS

Presenters: Christi Wheelock, Tax Credit Program Analyst, MFA; Viktoria Gonsior, Financial Analyst, MFA; Jeff Payne, Chief Lending Officer, MFA

4. New Mexico Mortgage Finance Authority—Requests Approval of an Extension of a Private Activity Bond Volume Cap Allocation for the JG NM SAF 2023, LLLP through November 1, 2023 (not to exceed \$60,500,000)

Ms. Wheelock stated that this extension is necessary due to HUD's delay in providing the Housing Assistance Payment contract, which is required to price and sell the bonds. Since the HUD HAP contracts need to be issued before the bonds can be priced, MFA is requesting an extension of the volume cap allocation to provide more time for HUD to complete the process.

Deputy Director Marcos Trujillo stated that the volume cap awarded for this project last month will expire on July 1. MFA is requesting that the expiration date of the volume cap allocation be extended by 120 days.

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

5. New Mexico Mortgage Finance Authority—Requests Approval of Extension of Private Activity Bond Volume Cap Allocation for the JLG NM ABQ 2023, LLLP through November 1, 2023 (not to exceed \$37,500,000)

Ms. Wheelock stated that this is a request for an extension of the volume cap allocation date for this project through November 1, 2023, to accommodate HUD's delay in providing the Housing Assistance Payment contract, which is required to price and sell the bonds.

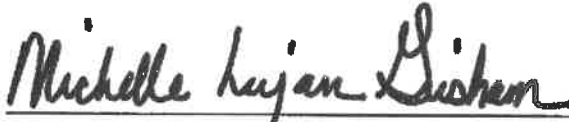
Treasurer Montoya moved for approval. Member Badal seconded the motion, which passed unanimously.

Other discussion

Member Sanchez expressed his condolences on the recent passing of Sen. Carroll Leavell from Hobbs.

Treasurer Montoya suggested that the Board of Finance, Governor's Office, and DFA get together and think of ways to showcase for the citizens of New Mexico how their tax money is being utilized in a very positive way to benefit the schools and all other areas of the state.

ADJOURNMENT: 11:50 a.m.



Michelle Lujan Grisham, President

8/28/23

Date



Michael S. Sanchez, Secretary

August 28th, 2023

Date

