

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

VIRTUAL ATTENDANCE AVAILABLE

Santa Fe, New Mexico

September 17, 2024

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:13 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 [virtually]

Mr. Paul Cassidy, Public Member

Mr. Michael S. Sanchez, Secretary, Public Member [joining virtually at 9:35 a.m.]

Ms. Wendy Trevisani, Public Member [attending virtually]

Mr. Joseph Lujan, Public Member

Members Excused:

The Hon. Michelle Lujan Grisham, President

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

Ms. Leach stated that the amount listed in Item 27 has been updated to \$366,500.

Member Cassidy moved approval of the agenda, as amended. Member Trevisani seconded the motion, which passed unanimously.

3. **APPROVAL OF MINUTES: July 16, 2024, Regular Meeting**

Member Cassidy moved approval of the minutes of the July 16, 2024, meeting. Lt. Governor Morales seconded the motion, which passed unanimously.

CONSENT AGENDA (Items 4-13)

Presenter: Ashley Leach, Director, Board of Finance

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 the Communication Tower and Shelter Project for the Playas Training and Research Center (\$3,171,281.52)**

5. **University of New Mexico—Requests Approval of *Revised* Capital Expenditures for Replacement of the La Posada Dining Hall Dishwasher (\$1,050,000)**

6. **University of New Mexico—Requests Approval of the Acquisition of Real Property, Located at 4419-4429 E. Lohman Avenue in Las Cruces (\$1,031,701.04)**

Submitted by: David Gatterman, Executive Engineer, Southern Sandoval County
Arroyo Flood Control Authority

7. **Southern Sandoval County Arroyo Flood Control Authority—Requests Approval of the Sale of Real Property, Located at Unit 17 off Sonora Road In Rio Rancho, to David Herrera (\$41,000)**

- Contingent upon director's and counsel's receipt and review of (1) a fully executed sales agreement, (2) a revised and fully executed quitclaim deed, and (3) a resolution from the governing body approving the sale.

Submitted by: Michael Baker, Chief Operations Officer, Rio Rancho Public Schools

8. **Rio Rancho Public Schools—Requests Approval of the Sale of Real Property, Located at 2100 Lionel Street in Rio Rancho, to Westside Cumberland Presbyterian Church, Inc. (\$150,000)**

- Contingent upon director's and counsel's receipt and review of (1) a fully executed sales agreement, (2) a fully executed quitclaim deed, (3) evidence the Rio Rancho School Board delegated authority to execute the sale subject to State Board of Finance approval, and (4) an amended appraisal indicating the State Board of Finance as an intended user.

Submitted by: Mark S. Sanchez, Executive Director, Albuquerque Bernalillo

County Water Utility Authority

9. Albuquerque Bernalillo County Water Utility Authority—Requests Approval of the Sale of Real Property, Located at 2nd and Rio Bravo in Albuquerque, To YES Housing Inc. (\$5,230,000)

- Contingent upon director's and counsel's receipt and review of (1) a fully executed sales agreement, (2) a fully executed quitclaim deed, and (3) evidence of approval of the governing body's resolution approving the sale.

Submitted by: Aubrey E. Tucker, Superintendent, Socorro Consolidated Schools

10. Socorro Consolidated Schools—Requests Approval of the Donation of Real Property, Located at 511 El Camino Real Street in Socorro, to the City of Socorro

- Contingent upon director's and counsel's receipt and review of (1) a fully executed donation agreement, (2) a fully executed quitclaim deed, and (3) evidence of approval of the governing body's resolution approving the sale.

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

11. Los Alamos Public Schools—Requests Approval of the Lease of Real Property, Located at 288 DP Road in Los Alamos, to Parker Construction, LLC (\$60,800/year)

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

Submitted by: Lissa Lowe, Court Executive Officer, Bernalillo County Metropolitan Court

12. Bernalillo County Metropolitan Court—Requests Approval of an Amendment to the Lease of Real Property, Located at 801 4th Street, Suite H, at the Shops @ Metro Park in Albuquerque, with Café con Fe, LLC

- Contingent upon staff's receipt and review of a fully executed lease amendment.

Submitted by: Matthew O'Reilly, Director of Real Estate, New Mexico Department of Cultural Affairs

13. New Mexico Department of Cultural Affairs—Requests Approval of the Lease of Museum Shops, Located at the Museum of International Folk Art, Museum of Indian Arts and Culture, New Mexico History Museum, New Mexico Museum of Art (Plaza), and New Mexico Museum of Art (Vladem Contemporary) in Santa Fe, to the Museum of New Mexico Foundation (Services in Lieu of Rent)

- Contingent upon staff's receipt and review of a fully executed lease agreement.

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

INFORMATIONAL ITEMS

Presenter: Ashley Leach, Director, State Board of Finance

14. Capital Buildings Repair Fund Financial Status Report for Month-Ended August 31, 2024

Ms. Leach presented this report.

15. General Services Department Legislative Capital Projects Financial Status Report for Month-Ended August 31, 2024

Ms. Leach presented this report.

16. State Treasurer's Office Investment Reports for Months-Ended July 30 and August 31, 2024

Treasurer Montoya introduced Deputy Treasurer Janice Barela.

17. Housing New Mexico (Mortgage Finance Authority) Housing Trust Fund 4th Quarter FY 2024 Earmark Report

Ms. Leach presented this report.

18. Emergency Balances – September 17, 2024

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

Ms. Leach reported these balances.

19. Fiscal Agent and Custodial Bank Fees Report

Ms. Leach presented this report.

20. Department of Finance & Administration Approved Joint Powers Agreements for Months-Ended July 30 and August 31, 2024

Ms. Leach reported that no Joint Powers Agreements were approved during this period.

21. Staff Update on 2.70.4 NMAC and 1.5.23 NMAC Rule Making

Ms. Leach said a public hearing originally scheduled for September 4 has been rescheduled for November 1, and the comment period has been extended. In preparing for the hearings, staff realized they had neglected to notify the Legislative Council Service.

22. Contingencies Update from July 16, 2024, Meeting

[Member Sanchez joined the meeting virtually.]

Ms. Leach presented an update on the contingencies requested by the board at the July 16 meeting in reference to the Children's Psychiatric Center Campus Upgrades at UNM. She noted that staff received information from UNM very timely following the meeting.

Treasurer Montoya asked staff to investigate whether the 26 percent of graduates who stay in New Mexico is a standard in the nation. She commented that it would be wonderful if there were things that could be done to keep doctors and other medical professionals in New Mexico.

Member Cassidy said he was impressed by the statistics but was also concerned with the number of doctors who are leaving the state. He said several things need to be addressed, such as the Tort Claims Act.

STATE TREASURER'S OFFICE

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

23. State Treasurer's Office Quarterly Investment Report for Quarter-Ended June 30, 2024

Ms. Hanges reported that STO managed \$17 billion in assets at the end of June. Fiscal year to date earnings were about \$670 million.

BONDING PROGRAMS

Presenters: Ashley Leach, Director, Board of Finance; Luis Carrasco, Bond Counsel, Rodey Law Firm; David Buchholtz, Bond Counsel, Rodey Law Firm

24. Consideration of Delegation of Authority to Board of Finance Staff for Review and Approval of Certain Severance Tax Bond Proceed Recertifications

Ms. Leach stated that staff is requesting this delegation for three earmarked programs (Water Trust Board, Colonias Infrastructure Board, and Tribal Infrastructure Board). When the Board of Finance sells notes, it receives a Certification of Need from the earmarked programs stating the projects that will be funded with the proceeds. Given the nature of the earmarked programs, these three boards can make some changes to those awards after the bonds are sold. When they do that, the Board of Finance has typically passed a resolution that memorializes those changes.

Ms. Leach noted that, recently, as staff has done with the Public School Capital Outlay Council and Housing Trust Fund, it has received a delegation of authority from the board to approve those changes at an administrative level. She said the board is in a position at staff level to review those changes and make sure they align with the original Certification of Need as well as the change and track that. This is the last step for staff to request that delegation and get the money out the door as soon as possible.

Mr. Carrasco added that there is a reporting requirement for staff to come back to the board annually and advise the board of the recertification changes that have been approved.

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

HIGHER EDUCATION

CAPITAL EXPENDITURES

Presenters: Gerald Hoehne, Chief of Staff and Chief Financial Officer, Higher Education Department; David West, Chief of Staff, New Mexico Military Institute; Deana Curnutt, Chief Financial Officer, New Mexico Military Institute; Kent Taylor, Director of Facilities, New Mexico Military Institute; Brigadier General Voris McBurnette, Superintendent and President, NMMI

25. New Mexico Military Institute—Requests Approval of Capital Expenditures For an Addition to Bates Dining Hall (\$7,000,000)

Mr. Hoehne stated that the proposed project includes adding 1,000 square feet of dining space to the north side of the hall, which will allow cadets to dine with their respective squadrons and allow NMMI to host the entire Corps of Cadets at the same time. The project will include installation of two additional HVAC units, a new HVAC control for the building, LED lighting, and an upgrade of the audio-visual system. This project was included in the 2021 NMMI annual capital outlay plan and will be funded with \$4,000,000 from a Higher Education 2023 General Obligation Bond appropriation and \$3,000,000 from NMMI's internal funding.

Responding to Member Cassidy, Superintendent McBurnette said enrollment is just under 800 students. Total bed capacity for on-campus living is about 1,000, a number they expect to reach in a couple of years because of several different initiatives on the table. In the last year, they have raised the percentage of New Mexico students from 35 percent to 47 percent and NMMI's international population is 21 percent. The school has initiatives with Brazil, and he has recently met with UAE representatives. He said they are also focused on increasing the number of female students.

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

EMERGENCY FUNDING REQUESTS

Presenter: Wesley Hooper, City Manager, City of Jal

26. City of Jal—Requests Approval of an Emergency Operating Grant for Construction of an Emergency Medical Services Facility (\$500,000)

Mr. Hooper stated that the City of Jal is requesting this grant to construct an emergency medical services facility. He said the population of Jal has increased by over 150 percent over the last three to five years, mainly because of the oilfield nearby. Jal has two four-way stops on State Road 128, and it can take 45 minutes to get through the two intersections. Traffic, which includes heavy equipment, is backed up three and a half miles.

Mr. Hooper said calls for emergency medical services have increased significantly, but they would not need to hire additional staff for the new emergency medical facility. He said they have \$3,220,000 secured, and have looked at other funding sources, but are hoping to expedite the project because they have the current amount locked in with the contractor for a couple more months. He said the Governor's Office has stated that the remaining \$1,000,000 would be secured if the requested \$500,000 in emergency funding were approved by the Board of Finance.

Ms. Leach stated that a resolution is in the board packets as a grant. Mr. Hooper has provided a schedule of the City of Jal's outstanding debt payments, which she calculated to be about \$566,000 a year.

Mr. Hooper said they have about \$70 million in projects right now, which includes a \$26 million upgrade to their wastewater treatment plant to accommodate the increase in population, as well as a new transmission line from their wellfield.

Ms. Leach said the contractor for the EMS facility project is willing to hold the bid until November, which is \$4,500,000.

Mr. Hooper said the Governor's Office indicated that the \$1,000,000 in funding would become available during the legislative session. Lt. Governor Morales noted that monies approved through the capital outlay bill would not become available until after July.

Ms. Leach commented that this would be a challenge to navigate from a timing perspective because the board does not know when the funding would be secured.

Mr. Hooper said the Governor's Office told him that, once the \$500,000 is approved, they need to start construction right away and that the funding from the Governor's Office would be available "pretty soon." He added that they already have a notice to proceed.

Member Cassidy asked if the City of Jal has cash available to fund this in the interim. Mr. Hooper responded that they would be able to cash-flow this if there were a gap of three or four months.

Member Cassidy wondered if the legislative appropriation that the Governor can control could be used to reimburse the City of Jal for funds that they have dedicated to other cash flow needs.

Ms. Leach said the timeline is important, because if the project hasn't proceeded, the board may not be able to hold onto the grant and would have to bring it back at the end of the fiscal year. The critical question is whether the city can cash-flow the project so that they can get it started. If so, in addition to releasing the funding only as invoices come in, the board could make the release of funding contingent upon evidence that other funding has been secured to begin the project. There could also be a time contingency, so if that doesn't occur by the legislative session, the board could have the grant expire and ask the City of Jal to come back.

Lt. Governor Morales recommended tabling this request to the October meeting to allow time for Mr. Hooper to respond to questions posed by the board.

Member Cassidy moved to table this to the October meeting pending additional information. Member Lujan seconded the motion, which passed unanimously.

Presenters: Priscilla Lucero, Director, Southwest New Mexico Council of Governments; Phillip Skinner, Mayor, Village of Columbus; Patricia Bolliger, Senior Principal, Stantec

27. Village of Columbus—Requests Approval of an Emergency Operating Grant for Wastewater System Improvements to Two Wastewater Treatment Plants (\$366,500)

Mr. Skinner stated that, during his time as mayor from 2014 to 2018, the Village was able to build its cash from almost nothing to \$1 million and reduce its audit findings from about 30 to 4. He lost the next election but ran again and won, and when he came into office this year, there was almost no cash and about 30 audit findings. He said the Village is now climbing out of a hole, but he feels it has a very bright future in growing commerce and trade with Mexico as one of the two commercial ports of entry in the state.

Mr. Skinner said the Village is requesting this emergency loan to purchase some aerator pumps and bring its wastewater plant back into compliance.

Ms. Lucero stated that the Village owns two wastewater lagoons, one that services the port of entry and so is critical infrastructure. In 2014, the port of entry was constructed with a \$16.5 million allocation, and now there are 262,000 pedestrians annually. In addition,

there are 300 federal employees working in the Industrial Park, which services the port of entry.

Ms. Lucero said it was important to note that the Village was moving forward in enhancing housing and economic opportunities for the area as it continues to grow, which is also a benefit to the county and the state. In addition, the Village acquired a USDA grant and loan to construct the wastewater plant, which is a 40-year loan. She said the Village has taken advantage of other funding programs that require that they incur debt, and at this point they are maxed out.

Ms. Bolliger stated that the wastewater aerators are aged and no longer operating at their intended capacity, and the Village is out of compliance with their discharge permit. She said 11 aerators are needed at the two facilities. Additional improvements are needed, but those should be planned out.

Member Cassidy asked when construction would begin, and at what point would the system be back in compliance. Ms. Bolliger responded that there are lead times with equipment these days which are hard to foresee, but they see a construction time of six months or less.

Member Cassidy asked if the plant is expandable to meet future additional demands. Mr. Skinner responded that the Border Authority is seeking some funding for the Village to add another pond at the port of entry. Ms. Lucero added that the USDA loan for construction of the plant anticipated the need for future capacity and included a percentage increase.

Responding to Lt. Governor Morales, Ms. Lucero said this project is in the top five in the Infrastructure Capital Improvement Plan. There was a request for water/wastewater funding from the legislature in the last session, but the \$200,000 appropriation they received was used for water because the need was more urgent.

Lt. Governor Morales noted language in the resolution stating that “the Village has not explored additional legislative funds because NMED for the protection of their groundwater resources.”

Ms. Leach said this was an incomplete sentence and proposed that it be replaced with the following language: “The Village cannot await legislative funds due to the urgency to protect the groundwater resources and the risk of incurring additional costs to remove water and sludge.”

Member Cassidy moved for approval, including the updated language in the resolution. Member Sanchez seconded the motion, which passed unanimously.

[Lt. Governor Morales left the meeting.]

PRIVATE ACTIVITY BONDS

Presenters: Gregory Shaffer, County Manager, Santa Fe County; Leandro Cordova, Deputy County Manager, Santa Fe County; Campbell Ebersoldt, Associate, Lincoln Avenue Communities; Ben Taylor, Vice President & Project Partner, Lincoln Avenue Communities; Peter Franklin, County Bond Counsel, Modrall Law; Jeff Young, County Attorney, Santa Fe County

28. Santa Fe County—Requests Approval of a Private Activity Bond Volume Cap Allocation for the Cresta Ranch Apartments Project, Located at 4585 Highway 14 in Santa Fe (\$60,000,000)

Mr. Cordova said this PAB volume cap allocation would finance the construction of a new multifamily affordable housing apartment complex, known as Cresta Ranch, which will be located at 4585 Highway 14 on the south end of Santa Fe, just north of Santa Fe Brewery. The Cresta Ranch apartments is a 240-unit complex to be developed on 10.97 acres and will provide affordable units averaging 60 percent of Area Median Income. The complex will be split evenly between two-bedroom and three-bedroom units within ten three-story walk-up buildings housing 24 units each. Roughly 39 percent of the site will be open space. He said the applicant has 3,313 units currently under construction across ten states in 18 projects.

Mr. Shaffer said Santa Fe County wants to see high density growth happen where there is infrastructure to support it, and this development is a key example of that. It is sited next to major transportation infrastructure and is near the Rail Runner station as well. It will be served by area trails to allow residents to walk or use their bikes to go to town. It will be served by public water and public wastewater and will be very close to a 24-hour manned fire station.

Mr. Shaffer said the County needs about 17,000 units of housing stock to address the affordable housing crisis within the county and municipalities and needs multifamily development to accomplish that.

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

ADJOURNMENT: 10:56 a.m.

Michelle Lujan Grisham, President

Date

PRIVATE ACTIVITY BONDS

Presenters: Gregory Shaffer, County Manager, Santa Fe County; Leandro Cordova, Deputy County Manager, Santa Fe County; Campbell Ebersoldt, Associate, Lincoln Avenue Communities; Ben Taylor, Vice President & Project Partner, Lincoln Avenue Communities; Peter Franklin, County Bond Counsel, Modrall Law; Jeff Young, County Attorney, Santa Fe County

28. Santa Fe County—Requests Approval of a Private Activity Bond Volume Cap Allocation for the Cresta Ranch Apartments Project, Located at 4585 Highway 14 in Santa Fe (\$60,000,000)

Mr. Cordova said this PAB volume cap allocation would finance the construction of a new multifamily affordable housing apartment complex, known as Cresta Ranch, which will be located at 4585 Highway 14 on the south end of Santa Fe, just north of Santa Fe Brewery. The Cresta Ranch apartments is a 240-unit complex to be developed on 10.97 acres and will provide affordable units averaging 60 percent of Area Median Income. The complex will be split evenly between two-bedroom and three-bedroom units within ten three-story walk-up buildings housing 24 units each. Roughly 39 percent of the site will be open space. He said the applicant has 3,313 units currently under construction across ten states in 18 projects.

Mr. Shaffer said Santa Fe County wants to see high density growth happen where there is infrastructure to support it, and this development is a key example of that. It is sited next to major transportation infrastructure and is near the Rail Runner station as well. It will be served by area trails to allow residents to walk or use their bikes to go to town. It will be served by public water and public wastewater and will be very close to a 24-hour manned fire station.

Mr. Shaffer said the County needs about 17,000 units of housing stock to address the affordable housing crisis within the county and municipalities and needs multifamily development to accomplish that.

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

ADJOURNMENT: 10:56 a.m.


Michelle Lujan Grisham, President

10-28-24
Date



Michael S. Sanchez, Secretary



Date