

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

Santa Fe, New Mexico

October 18, 2022

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. Tim Eichenberg, State Treasurer
Mr. Joseph Badal, Public Member [attending virtually]
Mr. Paul Cassidy, Public Member
Mr. Michael S. Sanchez, Secretary, Public Member [attending virtually]

Members Excused:

The Hon. Michelle Lujan Grisham, President
The Hon. Howie Morales, Lt. Governor
Ms. Wendy Trevisani, Public Member

Staff Present:

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

Legal Counsel Present:

Ms. Sally Malavé
Ms. Jennifer Salazar

2. APPROVAL OF AGENDA

Ms. Leach stated that Item 22 had been deferred to a future date.

Mr. Badal moved approval of the agenda, as amended. Mr. Eichenberg seconded the motion, which passed unanimously.

3. APPROVAL OF MINUTES: September 20, 2022 (Regular Meeting)

Mr. Cassidy moved for approval of the minutes of the September 20, 2022, meeting. Mr. Badal seconded the motion, which passed unanimously.

CONSENT AGENDA (Items 4-20)

Presenter: Ashley Leach, Director, Board of Finance

Submitted by: Jvanna L. Hanks II, Deputy Superintendent, Gallup-McKinley County Schools

4. Gallup-McKinley County Schools—Requests Approval of the Exchange of Real Property with McKinley County

- Contingent upon director's and counsel's receipt and review of (1) a revised and fully executed donation agreement, (2) fully executed quitclaim deeds, and (3) evidence that GMCS notified the charter schools within the district of the properties and the charter schools were not interested for their own purposes in the properties to be conveyed to McKinley County.

Submitted by: Chris Brice, County Manager, Luna County

5. Luna County—Requests Approval of the Sale of Real Property, Located at 300 South Diamond Avenue In Deming, to Presbyterian Medical Services_ (\$455,000)

- Contingent upon director's and counsel's receipt and review of (1) a revised and fully executed sale agreement and (2) a fully executed quitclaim deed.

Submitted by: Gerald Hoehne, Director, Higher Education Department

6. University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Phase I of the University Hospital Central Utility Building Chiller Plant Upgrade (\$1,750,000)

7. University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for the University Hospital Kitchen Hood Exhaust Upgrade and Improvements (\$1,350,000)

8. University of New Mexico Health Sciences Center/Hospital—Requests Approval of Revised Capital Expenditures for the Renovation and Expansion of the Ophthalmology Clinic (\$6,950,000)

9. University of New Mexico—Requests Approval of Revised Capital Expenditures for the Continued Development of the New Mexico Mutual Champions Training Center (\$5,630,760)

10. University of New Mexico—Requests Approval of Capital Expenditures for the Replacement of Field Lighting at University Stadium (\$2,000,000)

11. **University of New Mexico—Requests Approval of Capital Expenditures for ADA Facility Improvements at the Albuquerque Campus (\$2,964,424)**

Submitted by Anna Silva, Director, Facilities Management Division

12. **Capital Buildings Repair Fund Financial Status Report for Month-Ended September 30, 2022**

13. **Legislative Capital Projects Financial Status Report for Month-Ended September 30, 2022**

Submitted by Vikki Hanges, Chief Investment Officer, State Treasurer’s Office

14. **State Treasurer’s Office Investment Report for Month-Ended August 31, 2022**

Submitted by Ashley Leach, Director, Board of Finance

15. **Consideration of the Fourth Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2019S-D**

16. **Consideration of the Fourth Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2021S-B**

17. **Consideration of the Fourth Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2021S-D**

Submitted by: Ashley Leach, Director, Board of Finance

18. **Emergency Balances – October 18, 2022**

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$2,182,250	\$2,500,000.00
Emergency Water Fund	\$ 73,900.00	\$ 109,900.00

19. **Fiscal Agent and Custodial Bank Fees Reports**

20. **Joint Powers Agreements for Month-Ended September 30, 2022**

Mr. Cassidy moved approval of the Consent Agenda, items number 4 through 20, as presented. Mr. Badal seconded the motion, which passed unanimously.

BONDING PROGRAMS

Presenters: Ashley Leach, Director, State Board of Finance; David Buchholtz, Director, Rodey, Dickason, Sloan, Akin & Robb, P.A. Luis Carrasco, Director, Rodey, Dickason, Sloan, Akin & Robb, P.A.; Parker Schenken, Member, Sherman & Howard, LLC; Jill

Sweeney, Member, Sherman & Howard (Co-Bond Counsel); David Paul, President, Fiscal Strategies Group

21. Presentation of the Final Terms Certificate for New Mexico Severance Tax Bonds, Series 2022B

Mr. Carrasco stated that the final amount of this issue is \$293,310,000, which does not exceed the aggregate principal amount authorized of \$370,000,000. The bonds will mature on July 1 of each year with a final maturity on July 1, 2032, which is not later than July 1, 2033, as required by the resolution. The true interest cost of the bonds was 3.410045 percent, below the 5 percent parameter authorized in the resolution, with Jeffries submitting the lowest bid.

Mr. Cassidy asked Mr. Paul to comment on the bidding climate and how he viewed the sale in light of the need to split the total authorization into two sales.

Mr. Paul responded that the sale was very successful. There were 9 bidders, and this is the first bid that Jeffries had won. Morgan Stanley was the cover bidder and JP Morgan was the number 3 bidder. The bid to cover was just under 3 basis points, which is a wider spread, which indicates the aggressiveness that Jeffries showed. By any measure, this has been a very tough year in the fixed income markets, and the state was well served by splitting the issues and sustaining the strong bidding climate.

HIGHER EDUCATION DEPARTMENT

CAPITAL EXPENDITURES

Presenters: Gerald Hoehne, Director, NMHED; Dr. Garnett Stokes, President, UNM; Teresa Costantinidis, Senior Vice President, Finance & Administration, UNM; Mike Pulley, UNM Chief Public Relations Officer; Nathan Bush, Associate Director of Public Relations, UNM; Kelly Ward, Executive Director, Lobo Development Corp.; Kim Murphy, Consultant; Chancellor Mary Gutierrez; Lisa Marbury, Vice President Institutional Support Services, UNM

23. University of New Mexico, Taos—Requests Approval of Capital Expenditures for Phase I of Klauer Campus Infrastructure Improvements (\$4,218,750)

President Stokes stated that the requested improvements are important for safety and accessibility across the campus and would reduce maintenance burdens.

Mr. Hoehne stated that this project consists of addressing vehicular circulation, pedestrian traffic flow and accessibility issues from parking lots to campus building, and inconsistent and inadequate lighting levels around the campus. The project was included in the 2020 and 2021 UNM Taos annual capital outlay plans, and will be funded with \$1,500,000 from the 2019 general fund capital appropriation, \$1,875,000 from 2021

Severance Tax Bond proceeds, \$468,750 from Taos County Education Gross Receipts Tax revenues, and \$375,000 from the 2021 UNM Taos I&G funds.

Chancellor Gutierrez described the need for these improvements.

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

PRESENTATIONS

Presenter: Dr. Garnett Stokes, President, University of New Mexico

24. Presentation from South Campus Tax Increment Development District

President Stokes stated that the TIDD was formed by the city last October, and they hope to return to the board in December for approval of this very important project. She said this would enable the development of underutilized infill land owned by UNM and the City of Albuquerque to stimulate statewide economic opportunities and to provide much-needed public improvements.

Ms. Costantinidis made a slide presentation.

Albuquerque city council member Pat Davis expressed his support for this project.

Responding to questions raised by Mr. Badal, Mr. Murphy said the development of this property, which will have substantial public investment and private investment, will be on the order of \$620 million over a 25-year period, and that investment will generate additional tax revenue, and the TIDD will peel off a portion of that for public improvements and public infrastructure.

Mr. Badal asked what would prevent the public ownership entity from leasing spaces in the development at below market rates, thereby harming private sector property owners in a competitive market. Ms. Costantinidis responded that UNM is not permitted to provide a discounted lease to a private entity because it would violate the anti-donation clause.

Mr. Eichenberg asked where the property taxes would come from this TIDD when UNM pays no property taxes. Mr. Murphy responded that the large part of the property tax will come from the private sector investment from the vertical improvements, or buildings, and they have factored the exemption of the land in the financial model. He said the property tax isn't a big component of the revenue stream, comprising about \$28 million out of \$336 million.

Ms. Costantinidis said they are considering a small piece land sale of the southernmost part on Gibson, which would result in a property tax too.

Mr. Ward said he and Mr. Murphy believe that they will have about 40 of the 66 acres that is infill under contract for either long-term lease or sale within the next six months. They have all of that under letters of intent and are working on final negotiations of agreements.

Mr. Eichenberg said he received an email from Justin Snyder with several questions, which he would share with Ms. Leach for dissemination to board members.

Mr. Cassidy asked that the following items be addressed at the December board meeting:

-- Whether these revenues are being cannibalized from another part of the city so that the city, state, or others actually give up revenue streams because they are being moved to the TIDD boundaries;

-- Whether this project is reflected in the most recent master plan.

-- The developers interested in this project come from a CBRE survey conducted between 2011 and 2014, and if there is a more recent survey.

-- The types of development expected in this TIDD.

-- The increments of GRT mentioned are outdated and prior to the new law. The GRT increments and TRT administrative fee should be checked.

-- Confirmation that the legislation approves the allocation of the incremental GRT that would go to the TIDD.

-- Highlight the allocation between the city, county, state and TIDD, as they have different percentages and how those were arrived at or negotiated.

Ms. Leach stated that staff intends to brief the board on this item in November and December. Staff, which includes herself, Marcos Trujillo, DFA Chief Economist Leonardo Delgado and LFC representatives, has started the review of the application along with counsel. The TIDD has responded to an initial set of question, and staff anticipates additional questions, including from HED and the Economic Development Department. The review will include board member questions and public member questions, as well.

Mr. Badal said he looked forward to an educational session about this project. It would be very helpful to truly understand the commitment of funds, where the funds are coming from, and whether or not they are being diverted from some other use.

STAFF ITEMS

Presenter: Ashley Leach, Director, Board of Finance

25. Report on Finalist Offerors for Financial Advisory Services and Approval to Enter Contract Negotiations

Ms. Leach stated that, because this is an open procurement, staff is limited in what it can mention in open session. The agenda includes an executive session should board members want to discuss this in more detail.

Ms. Leach stated that staff is requesting approval from the board to enter contract negotiations with the finalist offeror in response to the Financial Advisory Services RFP that was issued on August 31. The RFP closed on September 26, and an evaluation committee has reviewed responsive offeror proposals and has scored those in accordance with the Procurement Code. She said she provided a document late yesterday to board members with the details of the evaluation and review.

There were no questions.

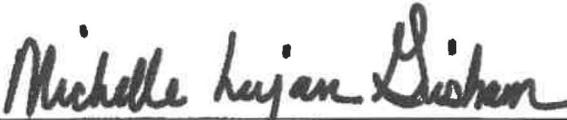
Mr. Cassidy moved for approval. Mr. Sanchez seconded the motion, which passed unanimously.

EXECUTIVE SESSION

The Board may enter executive session pursuant to 10-15-1(H)(6) to discuss competitive sealed proposals in response to RFP #23 341 4000 0005 for Financial Advisory Services

The Board did not enter executive session because no further discussion was necessary related to RFP #23 341 4000 0005.

ADJOURNMENT: 10:25 a.m.



Michelle Lujan Grisham, President

11/22/2022

Date

Michael S. Sanchez
Michael S. Sanchez, Secretary

November 30, 2022
Date