

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

HELD VIRTUALLY

Santa Fe, New Mexico

July 19, 2022

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:00 a.m.

1. ROLL CALL -- QUORUM PRESENT

Members Present:

The Hon. Howie Morales, Lt. Governor
The Hon. Tim Eichenberg, State Treasurer
Mr. Joseph Badal, Public Member
Mr. Paul Cassidy, Public Member
Mr. Michael S. Sanchez, Secretary, Public Member

Members Excused:

The Hon. Michelle Lujan Grisham, President
Ms. Wendy Trevisani, Public Member

Staff Present:

Ms. Ashley Leach, Director
Mr. Marcos B. Trujillo, Deputy Director
Ms. Debbie Romero, Secretary, Department of Finance and Administration

Legal Counsel Present:

Ms. Sally Malavé

2. APPROVAL OF AGENDA

Ms. Leach stated that Items 23 and 24 were deferred to a future meeting.

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

CONSENT AGENDA (Items 3-18)

Presenter: Ashley Leach, Director, Board of Finance

3. **APPROVAL OF MINUTES: JUNE 21, 2022 (REGULAR MEETING)**

4. **APPROVAL OF MINUTES: JUNE 27, 2022 (SPECIAL MEETING)**

Submitted by: R. Daniel Castille, Attorney, Cuddy & McCarthy LLC

5. **Farmington Municipal Schools—Requests Approval of the Sale of Real Property, Located at 3101 Southside River Road in Farmington to James and Tami Duke (\$590,000)**

- Contingent upon director's receipt and counsel review of a fully executed quitclaim deed

Submitted by: Gerald Hoehne, Capital Projects Director, Higher Education Department

6. **New Mexico Institute of Mining and Technology—Requests Approval of Capital Expenditures for Campus-wide Roof Repairs (\$2,204,049)**

7. **New Mexico Institute of Mining and Technology—Requests Approval of Capital Expenditures Campus-wide Infrastructure Upgrades (\$3,269,000)**

8. **Eastern New Mexico University, Ruidoso—Requests Approval of the Acquisition of Real Property, Located at 721 Mechem Drive in Ruidoso (\$1,200,000)**

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

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

9. **State Treasurer's Office Investment Report for Month-Ended May 31, 2022**

Submitted by: Ashley Leach, Director, Board of Finance

10. **Revised First Amendment to the Contract with Conduent State & Local Solutions for Prepaid Debit Cards**

11. **Third Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2018S-B**

12. **Third Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2019S-D**

13. **Fourth Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2020S-B**

14. **Third Amending Resolution for State of New Mexico Supplemental**

Severance Tax Note Series 2021S-B

15. First Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2021S-D

16. Emergency Balances – July 19, 2022

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

17. Fiscal Agent and Custodial Bank Fees Reports

18. Joint Powers Agreements for Month Ended June 30, 2022

Mr. Badal moved approval of the Consent Agenda, as presented. Mr. Cassidy seconded the motion, which passed unanimously.

SPECIAL PRESENTATION

Presenters: Martica Casias, Executive Director; Brad Mathews, Chief Financial Officer; and Iris Romero, Deputy Financial Officer, New Mexico Public Schools Facility Authority

19. New Mexico Public School Facility Authority Presentation on Process Improvements, Reconciliation Initiatives, and General Updates

Ms. Casias and Mr. Mathews made a slide presentation.

Mr. Cassidy said he is aware that PSFA has been looking into the issue of teacher housing for the past year, and said that Ventana Fund is a nonprofit CDFI that received seed capital from the New Mexico Mortgage Finance Authority with a goal of delivering low- and moderate-income housing. He said they are interested in getting private housing built for teachers in Cimarron and recently attended the meeting there.

Responding to a question from Acting Chair Sanchez, Ms. Romero said that, in working with Nicholas Gonzales, they found multiple re-certifications that their council approved but never went to the Board of Finance. They also found projects that had been certified multiple times while other projects weren't certified at all, and there were re-certifications on the reconciliation worksheets that didn't add up because some projects already certified were missing. In addition, their finance department no longer worked directly with their field department in order to keep track of what the status was on different projects so they could know what stage each project was in.

Secretary Romero stated that this happened with the previous director and the previous finance person. DFA recognized there were issues with the accounting going on

at the agency, which is when Ms. Leach was asked to step in, and when DFA started working directly with PSFA and brought this to the attention of the committee, which recognized the need for changes. Now there are new finance people and a new director on board, and DFA is very happy with the progress they are making.

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

20. Presentation of Final Terms Certificate for New Mexico Severance Tax Bonds, Series 2022A

Ms. Leach reported that the par amount sold was \$260,900,000 with a true interest cost of 2.778878 percent and a final maturity of July 1, 2032. The bonds were sold to Morgan Stanley as part of a public competitive sale, and the premium generated was a little over \$31 million with a \$235,000 underwriting discount.

Mr. Badal asked if there are any banking houses in New Mexico that are trading in the state's bonds. Mr. Trujillo responded that, on the retail side, there are still a lot of local New Mexico banks acquiring and purchasing bonds, and that he could provide a list after consulting with the New Mexico Finance Authority (NMFA) Mr. Badal commented that he was asking this question was because, when he was chairman of the New Mexico Mortgage Finance Authority, they used Goldman Sachs as their primary underwriter but required some portion of the issue to be allocated to local banking houses so that New Mexico residents interested in investing in New Mexico bonds had access to those bonds. He suggested there might be a way to go ahead and provide easier access to those bonds through New Mexico investment banking houses. He asked Mr. Cassidy if he could comment on this.

Mr. Cassidy responded that demand for New Mexico municipal bonds by local investors has dramatically dropped with the decline in interest rates; however, with recent raises in interest rates, the question is how access could be maximized to bonds for the investing public in New Mexico. A lot of the local issuers are going through the NMFA, which rolls it up into one credit, which is AAA rated, and they do negotiated bond sales as opposed to what the Board of Finance does, which is a competitive bond sale. When NMFA does a negotiated sale, they have a syndicate of six local firms that are typically involved along with selling groups like Fidelity Investments. Mr. Cassidy said he would speculate that very few bonds are making their way to New Mexico investors' hands these days.

Mr. Buchholtz commented that entities like the New Mexico Mortgage Finance Authority and local governments have financial advisors with an expertise and loyalty to

the government they serve, and they are pretty good at negotiating sales and bringing together banks that aren't headquartered in New Mexico but have a presence with investment bankers in New Mexico. These financial advisors, such as RBC Capital Markets, Baird & Company, and Stifel and Company, can bring those entities into negotiated transactions where there can be discussions about distribution to local people.

21. Authorizing and Delegating Resolution for State of New Mexico Severance Tax Bonds, Series 2022B, with a Maximum Principal Amount of \$370,000,000

Ms. Leach said this is anticipated to sell and close in September to fund capital projects previously authorized by the legislature. The planned sale had been broken into two, with Series 2022A bonds sold in June. About \$366 million is in authorized but unissued capital projects, and she would anticipate a final sale from \$300 to \$340 million.

Mr. Carrasco reviewed the resolution, which includes a maturity extending no longer than July 1, 2033, and with a maximum true interest cost of no more than 5 percent.

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

EMERGENCY FUNDING REQUEST

Presenter: Mike Wolf, Board Member, Enchanted Forest MDWCA

22. Enchanted Forest MDWCA—Requests Approval of an Emergency Water Grant for the Purchase of Drinking Water (\$36,000)

Mr. Wolf stated that Alto is a rural community in Lincoln County. In declaring an emergency for their water, they are seeking a grant of \$36,000 to help them put water into the homes of the 288 residents. Since March, they have been dependent upon one well because of the drought, having lost the use of a second well at that time, but because the well can only produce about two gallons per minute, they have been relying on trucked-in water from Alamogordo. To date, they have trucked in 447,000 gallons of water. Nonetheless, they have had several days of no water in their homes, and the situation has become unbearable. He said the MDWCA was previously a private co-op established in 1973, but became a MDWCA in June in order to request state funding for this emergency and to begin addressing long-term repairs.

Ms. Leach stated that the Enchanted Forest MDWCA estimates they are spending about \$12,000 monthly to purchase water from various sources. She said she is aware that the water association is having a lot of discussion with Lincoln County, the Village of Ruidoso, and several legislators and other elected officials to figure out the best approach in identifying more long-term funding. Because those conversations are still in the early stages, staff felt it appropriate to recommend stopgap funding to assist with the water purchase for several months as those conversations continue and hopefully come

to a funding fruition. She said she would strongly encourage the MDWCA to continue those conversations, particularly with Lincoln County. She noted that the water association is on the Lincoln County Commission August agenda to potentially receive some ARPA funding. She said staff has worked with the water association to put them in contact with the New Mexico Environment Department, which will be an excellent resource for them in looking at a long-term option.

Ms. Leach said the resolution in the board packet states that the funding will be released upon receipt of invoices for water with the MDWCA.

Mr. Cassidy moved for approval. Mr. Eichenberg seconded the motion.

Mr. Cassidy commented to Mr. Wolf that he will be interested in learning how the MDWCA will manage this. He said there is a trend of local legislatures not helping water districts such as this one when it gets to the legislature, and it falls back to the Board of Finance to fund it, and the legislature doesn't fund the Board of Finance to that degree of need in the state.

The motion passed unanimously.

23. Bernalillo County—Requests Approval of a Private Activity Bond Volume Cap Allocation for La Serena Apartments Project, Located at 441 Coors Blvd in Albuquerque (\$9,000,000) Deferred.

24. Bernalillo County—Requests Approval of a Private Activity Bond Volume Cap Allocation for San Roque Apartments Project, Located at 547 Coors Blvd in Albuquerque (\$6,600,000) Deferred.

HIGHER EDUCATION DEPARTMENT

Presenters: Gerald Hoehne, Director, NMHED; Dr. Patrice Caldwell, Chancellor, ENMU; Tony Major, System Controller, ENMU; Matt McKim, Architect, DPS Design; Keri Stevenson, Associate Architect, DPS Design

25. Eastern New Mexico University—Requests Approval of Capital Expenditures for the Renovation of the Roosevelt Science Center (\$22,424,746)

Mr. Hoehne stated that this project is for the complete renovation of the 42,830-square-foot Roosevelt Science Center at ENMU's main campus in Portales. The renovation includes the replacement of all mechanical, electrical, HVAC and plumbing infrastructure systems. The project is being funded from multiple sources, including \$8 million from the 2018 GO bond; \$7 million from the 2020 GO bond, as well as another \$300,000 that was received on the 2020 GO bond; \$600,000 in Severance Tax bond proceeds; and \$6.5 million of ENMU reserves.

Dr. Caldwell presented slides.

Mr. Major said they have gone through many iterations of possible renovations, and their plan is now within budget. They feel confident that they can complete this project with the budget they have in place.

Mr. Cassidy asked Mr. Major if there are additional cash reserves available in the event bids come in higher than anticipated. Mr. Major responded that HED has been very helpful in putting a mechanism in place where they can ask for additional funds for potential cost overruns.

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

Presenters: Gerald Hoehne, Director, NMHED; Lisa Marbury, Vice President Institutional Support Services, UNM; Dan Garcia, Vice President for Enrollment Management; Raymond McClain, McClain + Yu Architecture & Design

26. University of New Mexico—Requests Approval of Capital Expenditures for the Renovation of its Existing Naval Science Reserve Officer Training Corps Building and Development of the Lobo Welcome Center (\$6,800,000)

Mr. Hoehne said this project is for the reconfiguration and repurposing of Building 151 of the UNM Main Campus from its current use of housing the Naval Sciences ROTC program into a new Lobo Welcome Center. All of the documentation that was submitted on this project outlines the detail of the changes that will be happening with the project. The funding source used for this project is the 2018 General Obligation Bond.

Ms. Marbury said the Lobo Welcome Center will be dedicated to presenting a positive image to support enrollment growth for the university by providing an exciting and welcoming environment for prospective students and their families to interact with the space, staff, presentations, self-directed activities, and other services. The aim is to influence prospective students' decision to attend the university.

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

27. University of New Mexico—Requests Approval of Revised Capital Expenditures for the Repurposing of 1635 Mesa Vista Road and Development of the UNM Reserve Officer Training Corps Facility (\$11,417,379)

Mr. Hoehne stated that this is a request for revised capital expenditures for this project, which is tied in with the project addressed in Item 26 on this agenda, which the board just approved. UNM originally presented this project to the board on June 15, 2021, with an estimated cost of \$9.5 million. This revised request does not change the original scope of the facility renovation, but it does incorporate the addition of a bid

alternate for the addition of a track and training field to the site as well as cost increases associated with the actual renovation of the facility. The revised project cost is now \$11,417,379. The funding sources used for this project are the same sources that were originally brought forward, which is a state appropriation of \$2 million; two general fund appropriations in the amount of \$357,000 each; a Severance Tax Bond appropriation of \$350,000 was added on this particular revision; as well additional funding from UNM's institutional bonds in the amount of \$2+ million; \$2.4 million on the 2017 Institutional bond; as well as institutional funds, which bring the project total up to the amount noted.

Ms. Marbury said the legislature provided UNM with an additional \$650,000 to make these adjustments and add these items back into the project for the ROTC program. The project is doing very well, and should finish on time.

Responding to Acting Chair Sanchez, Mr. Hoehne said the funding for the track came out of 2022 Severance Tax Bond funding.

Secretary Romero commented that, in looking at all of the funding sources, she is really concerned when she sees there is a 2018 GO bond with a large balance that hasn't been expended. She said she wasn't sure if this applied to this particular project or to the previous one on the agenda. She plans to ask HED to look at any of the other appropriations that are out there where there are these large balances, especially when GO bonds are involved. She pointed out to the board that the state is paying interest on these things, and it shouldn't be selling bonds for projects – Severance Tax bonds as well as GO bonds -- that aren't ready to proceed.

Ms. Marbury thanked Secretary Romero for her comments. She clarified that this was for the Lobo Welcome Center, and they had to shift the GO bonds from that project from the ROTC projects. She said they are ready to break ground and anticipate that the bonds will be fully spent down by June 2023.

Acting Chair Sanchez thanked Secretary Romero for bringing this up. He commented that legislators need to keep in touch with the entities that they give the money to so that the projects are done in a reasonable period of time. He added that it would be great if all projects were dirt-ready when the money is allocated, but that is impossible for some entities.

Mr. Hoehne said he wanted to stress that, for the project that was approved for ENMU as well as for this particular project, both did have circumstances which extended their ability to draw down those funds, and HED did work very closely with those institutions in order to ensure that the funding was going to be drawn down. HED also worked closely with Ms. Leach and the State Board of Finance as they were making determinations on the allowability of some of the funding.

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

Presenters: Gerald Hoehne, Director, NMHED; Dr. Garnett Stokes, President, UNM; Ava J. Lovell, Senior Executive Officer of Finance & Administration, UNMH

28. University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Simulation Laboratory Renovations and Simulation Activity Enhancement (\$2,645,100)

Mr. Hoehne said this project addresses the remodeling and equipping of multiple spaces at UNM’s Health Sciences Center’s main campus as well as the Rio Rancho campuses to help support both the College of Nursing and the EMS Academy. Funding comes from \$1.9 million in 2021 Severance Tax Bonds and \$745,000 in UNM HSC capital funds.

Ms. Lovell said she was responsible for starting this project before it was approved. She said there were errors and turnover during the pandemic. They have written a letter to Secretary Romero and HED explaining how they will prevent this from happening again.

Mr. Hoehne said this project has been submitted to the State Board of Finance for review and approval, understanding that the project has been completed. He said HED has worked closely with UNM to inform them about the statutory requirements for approvals, and has also sent out documentation and correspondence as a reminder to all HED institutions of the statutory requirements for project approvals prior to any expenditure.

Mr. Hoehne explained that HED understood the importance of the project and so it has requested the board’s review and approval, but with the understanding that no other project that the agency is responsible for or that HED reviews through its process will receive approval should any expenditures be made prior to meeting the statutory requirements.

Secretary Romero stated that DFA and HED don’t have the ability to approve projects that are contrary to statute, and so sending the letter out reminding HED institutions that they have to follow all of the requirements should ensure that this doesn’t happen again. She said she hopes this will be one of the last that DFA sees.

Ms. Malavé said she believe the board was not authorized to approve this project at this point in time, because the statute that requires approval for major remodeling and renovations explicitly states that “no expenditure shall be made without the prior approval of the State Board of Finance.”

Mr. Badal asked what the implication would be for not taking any action. Ms. Malavé responded that the monies they're trying to tap into wouldn't be available to them.

Secretary Romero noted that there have been similar situations in the past, but DFA and the Board of Finance hadn't taken the position that the project in question shouldn't be approved. She said she could not comment further without talking with DFA's legal counsel.

Mr. Badal asked Ms. Malavé if approving this would set a precedent that would potentially create problems for the board in the future. Ms. Malavé responded that someone could come before the board in a similar situation and point to this particular instance as an example of the board being able to give retroactive approval.

Mr. Cassidy asked Mr. Hoehne if he is aware of the board previously approving a project in this situation. Mr. Hoehne recalled that, about five years ago, there were two projects for the same institution that hadn't come forward for approval about five years ago, which HED discovered upon visiting the campus. Those projects were brought forward to HED and the Board of Finance, and were approved.

Secretary Romero said she remembered those projects, and the Higher Education Commission at that time let the institution in question know that this was problematic.

Secretary Romero commented that, if the board doesn't act and these funds aren't available, the institution can always go back to the legislature and request the funding at that time. Until that time, the institution would have to cover the costs that had been incurred.

Acting Chair Sanchez concurred with Mr. Badal and Ms. Malavé that approving this could establish an unfortunate precedent. He recommended that this item be deferred to the September agenda pending a legal opinion.

Mr. Eichenberg said he would be interested in hearing from Secretary Romero and DFA's legal counsel as well. He commented that it certainly raises a red flag for him when the Board of Finance's legal counsel doesn't think it is appropriate for the board to act on this, and agreed this should be deferred.

Mr. Cassidy said he has the highest regard for Ms. Lovell, and added that it is a shame that this oversight happened, but respected Ms. Malavé's advice to the board. He asked Ms. Lovell if there is a path forward for UNM should it be required to withdraw this request.

Ms. Lovell clarified that UNM has spent about half of the money, so she would need to go back and talk to the EVP and the Board of Regents about whether or not to continue.

She said they have completed the Rio Rancho part of this project, which was the expansion of the College of Nursing.

Mr. Cassidy moved to defer this to the September agenda so Ms. Lovell can look into whether there is an alternative way to fund this very important project, and that additional legal opinion be sought. Mr. Badal seconded the motion.

Mr. Badal asked Ms. Leach if this project could be taken out of the board's hands if UNM could find private funding to complete this project. Ms. Leach responded that it would not. Board approval would still be required because of the amount of these expenditures regardless of the funding source, as well as the enrollment levels at UNM.

Mr. Badal noted that the board had a request last month from Highlands University about funding for a nursing program. He had made the point that, because UNM was doing a lot of offsite virtual training, there might be a way to have Highlands use some of the programs and virtual facilities at UNM to support their program, thereby reducing their expenses. He commented that it is a shame that this is happening, because this simulation program fits right into what he was suggesting. It would not only benefit UNM, but every other institution of higher learning in the state that has any kind of nursing program, health sciences center, and the like.

Acting Chair Sanchez expressed concern that the board could hear more than one legal opinion and would find itself in the same predicament as it is now. He also spoke to the nursing shortage not just in New Mexico but also across the country.

Mr. Cassidy said he felt the board should hear additional detail about how much of the construction has been completed and what hasn't been done, and where that leaves UNM contractually.

The motion and second were withdrawn.

Ms. Lovell responded that this project was expanding everything they could expand in simulated training without doing any construction or adding any square footage. The work is primarily ordering new equipment along with painting, patching, and changing the floors in the rooms when needed. The Rio Rancho building was about half of the project.

Ms. Leach said it would be appropriate for UNM to return with a revised request reflecting the expenditures left to be incurred.

Acting Chair Sanchez moved to defer this item to the September agenda. Mr. Badal seconded the motion, which passed unanimously.

Presenters: Gerald Hoehne, Director, NMHED; Dr. Joseph Shepard, WNMU; Kevin

Matthews, AVP Facilities and Operations, WNMU; Joseph Holguin, Capital Projects Director, WNMU; Sam Sterling, Architect, Sam Sterling Architecture

29. Western New Mexico University—Requests Approval of Revised Capital Expenditures for Phase II of the Deming Learning Center (\$8,342,159)

Mr. Hoehne stated that this project was brought before the board on November 16, 2021, with estimated costs of \$6,642,159. WNMU originally designed the center at 14,000 square feet, including a completed 4,000-square-foot nurses education suite. WNMU has now redesigned the center to be 8,697 square feet, with the nursing program located in the facility but not in a separate suite. The increase in budget of \$1.7 million is due to increases in construction costs. The project is funded from the original appropriation amounts of \$667,000 in a 2019 general fund appropriation, \$2,475,000 in 2020 Severance Tax Bond proceeds, and \$3,500,000 in 2021 Severance Tax Bond proceeds. The increase in cost is funded in the amount of \$1.7 million in 2022 Severance Tax Bond proceeds.

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

30. Western New Mexico University—Requests Approval of Revised Capital Expenditures for Athletic Facilities Renovations (\$5,000,000)

Mr. Hoehne said this request involves the renovations and updates to the Western softball field and Fox Complex. The softball field renovation includes installation of artificial turf, new bleachers, new dugouts, field lighting, ADA upgrades to restrooms and other improvements, and parking lot improvements. The Fox Complex renovations will include interior wall removal and replacement in the weight room, installation of sports flooring, new windows, and purchasing and installing new weight room equipment.

Mr. Hoehne said Item 31 on this agenda, requesting approval of the issuance of system revenue bonds, is the source of funding for this project.

Dr. Shepard provided additional information on these renovations.

Responding to Acting Chairman Sanchez, Mr. Matthews said three firms submit RFPs for this project.

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

INSTITUTIONAL BONDS

Presenters: Gerald Hoehne, Director, NMHED; Dr. Joseph Shepard, WNMU; Kelley Riddle, Vice President of Business Affairs, WNMU; Erik Harrigan, Managing Director, RBC Capital Markets, LLC

31. Western New Mexico University—Requests Approval of the Issuance of System Revenue Bonds, Series 2022 (not to exceed \$5,600,000)

Ms. Leach read out the parameters of the resolution.

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

GENERAL SERVICES DEPARTMENT

Presenters: Duffy Rodriguez, Deputy Cabinet Secretary, General Services Department; Anna Silva, Facilities Management Division Director, General Services Department; Kathy Kunkel, Governor's Office

CONTRACTS

32. General Services Department—Requests Approval of the Construction Contract with Bradbury Stamm for Development of the New Veterans Home Campus in Truth or Consequences (\$50,481,075)

Ms. Silva provided some background. The current facility in T or C was built in 1937 and has had very few modifications in the last 85 years. A facility condition assessment was conducted in May 2021 and it was determined that the facility was in very poor condition; and that although the facility was structurally sound, the rooms were of insufficient size and the layout required two or four occupants per room. Heating and cooling were also inadequate. As a result of the report, it was determined that a new facility needed to be constructed, but none like no other. The new facility will consist of six 10,000 square foot homes, each with its own patio, common kitchen, and laundry, and will accommodate 12 individual rooms with private bath. This facility will be the first of its kind because it will be in a completely net zero neighborhood, with a pathway to each home, driveway access, common areas, and outdoor gatherings.

Ms. Silva stated that, with board approval today, Bradbury Stamm will be issued a notice to proceed on July 25 and construction will take 495 days. Substantial completion is scheduled in December 2023.

Mr. Badal asked why each living unit costs \$700,000. Ms. Silva responded that each 10,000 square foot home has its own infrastructure with individual kitchen and track lift system and is designed in a very high energy efficient building envelope to achieve the net zero certification. Each home has its own health code compliance requirements as well as a spa tub, and there are also special systems for each home as well as a water softening system and booster pumps. She said there are also licensure requirements for each home. If one were to look at the 60,000 square feet versus the 93,000 square foot cost comparison along with and a brand-new 60,000 or 93,000 square foot facility, this is

actually less expensive. A cost benefit analysis was completed with architectural research consultants, and it was determined that the entire facility would cost well over \$60 million.

Mr. Badal said he was glad New Mexico contractors were being used for this project.

Responding to Acting Chair Sanchez, Ms. Kunkel said married couples can be accommodated in these homes.

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

REPORTING

33. Capital Buildings Repair Fund Financial Status Report for Month-Ended June 30, 2022

Ms. Silva presented this report.

34. Legislative Capital Projects Financial Status Report for Month-Ended June 30, 2022

Ms. Silva presented this report.

STAFF ITEMS

Presenter: Ashley Leach, Director Board of Finance

35. Request for Approval to Procure Financial Advisor Services for December 2022 through December 2026

Ms. Leach said staff is requesting approval to begin the process to procure financial advisor services for December 2022 through December 2026. The current contract with Fiscal Strategies concludes on December 19, and staff anticipates issuing an RFP in August.

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

36. Report on Staff Review of Emergency Funding Process and Policy

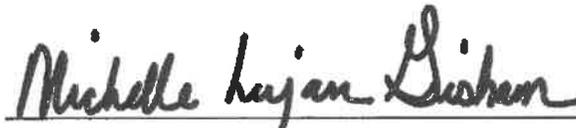
Ms. Leach reported that she and Deputy Director Trujillo have begun the process of evaluating the board's emergency funding process and policy in light of the recent increase in demand for emergency funds. In addition, they have noted some challenges in reviewing these requests coming from local entities, and it is really an appropriate

time to potentially hash out the process and the information that staff requires to appropriately and sufficiently review these requests before they come to the board.

Ms. Leach commented that they aren't experts in much of what comes to the board, particularly in water and wastewater, and have met with the Environment Department to discuss a previous process they had in place where these requests would be vetted through them as well, and they would be involved in the start on water and wastewater projects, even providing a declaration of emergency for projects that come before the board. She said they have the staff and the expertise to evaluate these situations, and in the past would send people out to these local communities to assess the emergency and provide a recommendation on how to proceed. She said tapping this expertise would be critical as they move forward. They also have some opportunity to improve their processes for other emergency funding requests, bringing in other experts to weigh in on budgetary concerns and other matters.

Ms. Leach said they anticipate bringing something in September or October to the board, either in the form of a presentation about new practices for staff or potential policy updates. In the interim, they may tap the Rule Change Subcommittee to review any ideas or recommendations they might have before going before the board.

ADJOURNMENT: 12:05 p.m.



Michelle Lujan Grisham, President

October 4, 2022

Date



Michael S. Sanchez, Secretary

October 4, 2022

Date

