

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

HELD VIRTUALLY

Santa Fe, New Mexico

January 18, 2023

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

1. ROLL CALL -- QUORUM PRESENT

Members Present:

The Hon. Howie Morales, Lt. Governor [left at 9:30 a.m.]
The Hon. Laura Montoya, State Treasurer-elect
Mr. Joseph Badal, Public Member
Mr. Paul Cassidy, Public Member
Mr. Michael S. Sanchez, Secretary, Public Member
Ms. Wendy Trevisani, 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:

Ms. Jennifer Salazar

2. APPROVAL OF AGENDA

The names of the presenters for Item 18 were corrected.

Member Badal moved for approval of the agenda, as published. Member Trevisani seconded the motion, which passed unanimously.

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

Member Cassidy moved for approval of the minutes of the November 15, 2022, minutes, as presented. Member Sanchez seconded the motion, which passed with Treasurer-elect Montoya abstaining.

CONSENT AGENDA (Items 4-15)

Presenter: Ashley Leach, Director, Board of Finance

Submitted by: Cyndi Shawver, Administrative Assistant to the Superintendent, Belen Consolidated Schools

4. Belen Consolidated Schools—Requests Approval of the Sale of Real Property, Located at 2747 NM Highway 47 in Valencia County, to Mid-West New Mexico Community Action Program (\$310,000)

- Contingent upon director's and counsel's receipt and review of (1) a revised and fully executed purchase agreement, (2) a fully executed quitclaim deed, and (3) a revised and fully executed resolution

Submitted by: Gerald Hoehne, Director, Higher Education Department

5. Eastern New Mexico University, Roswell—Requests Approval of Capital Expenditures for Campuswide Sewer Line and Infrastructure Improvements (\$3,643,364.88)

Submitted by: Ashley Leach, Director, State Board of Finance

6. Consideration of Fifth Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2021S-B

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

8. Open Meetings Act Resolution 23-01

9. Interest Rate Policy 23-02

10. Selection of Board of Finance Secretary

11. Selection of Board of Finance Subcommittees and Members

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

12. State Treasurer's Office Investment Report for Month-Ended November 30, 2022

Submitted by Ashley Leach, Director, Board of Finance

13. Emergency Balances – January 18, 2023

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$2,163,650.00	\$2,500,000.00
Emergency Water Fund	\$0.00	\$ 109,900.00

14. Fiscal Agent and Custodial Bank Fees Report for Month-Ended December 31, 2022

15. Joint Powers Agreements for Month-Ended December 31, 2022

Member Trevisani moved approval of the Consent Agenda, as presented. Treasurer-elect Montoya seconded the motion, which passed unanimously.

PRIVATE ACTIVITY BONDS

Presenter: Marcos B. Trujillo, Deputy Director, Board of Finance

16. Approval of Corrected Calculation of Available 2022 Private Activity Bond Carryforward

Mr. Trujillo stated that, following the presentation of this item at last month’s meeting, staff discovered that there was a corrected amount for the intended allocation that was approved by the board. When the calculation was done in December, the entire amount didn’t factor in an amount of allocation that had previously been awarded to the New Mexico Mortgage Finance Authority for their single-family program. The MFA did not utilize that allocation in volume cap during the year, and it should have been part of the remaining amount that was reallocated back to them for the carryforward process. The corrected amount is \$199,215,00 rather than the reported \$102,615,000, a difference of \$96,600,000 that will go to their single-family program utilization of carryforward over the next three years.

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

PROPERTY DISPOSITIONS

Presenters: Gerald Hoehne, Director, Higher Education Department; Chancellor Dan Arvizu, NMSU; Scott Eschenbrenner, Special Assistant to the President, NMSU; Scott Field, General Counsel, NMSU

17. New Mexico State University—Requests Approval of the Acquisition of Real Property Located at 3021 Highway 518 in Mora (\$650,000 and \$50,000 for surveys and assessments)

Mr. Hoehne stated that New Mexico State University (NMSU) is requesting approval to purchase 121.03 acres in Mora for \$700,000. This acquisition is extremely important, as NMSU has a research center on this site that they have been leasing since 1974. This site is the John T. Harrington Forestry Research Center, also known as the Mora Research

Center, which contains long-term field research projects and nursery greenhouse programs that are the sole providers for all seedlings for reforestation efforts in the Southwestern U.S. As people know, the forest fires that have hit Northern New Mexico this year have been devastating, and this research center was also slightly impacted by those fires. The importance of this center relies on the ability to promote healthy forests by providing a range of benefits that include recreation, hunting, cultural importance, timber products, carbon storage, and water resources. The reforestation center also provides seedlings to the entire Southwest. With this acquisition, NMSU would continue to be able to operate this research center under the ownership of the university and continue the work that they are currently doing there.

Mr. Eschenbrenner commented that the family has been on this property since 1955, and had the foresight to provide this land to NMSU at below market rate for many years. NMSU has only six years left on the lease and over the years has made substantial improvements to this property. This is an opportunity for NMSU to acquire the real estate and to further enhance it for future use.

Chancellor Arvizu said the money being used to purchase this property comes from a private donor and will allow NMSU to continue to be part of a reforestation program, which is getting some traction. NMSU has a relationship with Highlands University, University of New Mexico, and the State Forestry Department, and they are collectively working on all things that relate to forestry.

Treasurer-elect Montoya moved for approval, with the contingencies as described by Ms. Leach. Member Cassidy seconded the motion.

Ms. Leach requested that approval of this item be contingent upon director's and counsel's receipt and review of (1) closing documents evidencing outstanding items from staff have been addressed and (2) a revised and fully executed warranty deed.

Ms. Leach said staff has a couple of items they were hoping NMSU could amend in its purchase agreement, but NMSU would like to have those changes evidenced in the closing documents. She and Counsel Jennifer Salazar have spoken with NMSU, and she believes they will be able to accept those closing documents that evidence that any final concerns will be taken care of. For example, the purchase agreement that has been executed has a different legal description of the property, and that will be corrected in the closing document process.

Ms. Salazar said there were some changes she thinks can be met with the closing documents along with the legal description that needs to be updated. They also have the correct identity of the seller, which is an LLC versus the person listed in the purchase agreement, whom she believes is the manager of the LLC. She said the only thing she wanted NMSU to speak to was the closing date. In the first amendment, the closing date was supposed to be December 20, 2022, which has passed.

Mr. Field commented that this process has taken about 18 months, and there have been several extensions and a lot of delays and issues that have been encountered in the process. The sellers are justifiably frustrated with the entire process; and there was an attempt in the second amendment to correct some of the outstanding concerns, including the closing date. The sellers initially declined to sign it, however, feeling this had gone far enough, and it took diplomatic efforts by Chancellor Arvizu to bring everyone back to the table to get this deal closed. With respect to the closing date, that will be evidenced with the actual closing. The plan is to have this close as soon as approval is received from the board, after which they will work to have NMSU close, and then have the managers of the LLC close very soon thereafter. Their hope is to have the closing by the end of the week; otherwise, it will require additional diplomacy from Chancellor Arvizu and others to keep this deal alive.

The motion passed unanimously.

[Lt. Governor Morales excused himself from the proceedings.]

Presenter: Mark Sanchez, Executive Director, Albuquerque Bernalillo County Water Utility Authority; Chris Baca, President and CEO, YES Housing

18. Albuquerque Bernalillo County Water Utility Authority—Requests Approval of the Sale of Real Property, Located at the Southwest Corner of 2nd Street and Rio Bravo Boulevard in Bernalillo County, to YES Housing (\$6,320,000)

Mr. Sanchez said this is a proposed sale of 97 acres of agricultural land, which was declared surplus in May 2022 by the Albuquerque Bernalillo County Water Utility Authority (ABCWUA) with the requirement that it be developed with some affordable housing. The land was appraised October 26, 2022, at \$6.32 million. ABCWUA has negotiated a tentative sale with YES Housing, a nonprofit housing developer. The proposed sale is land only and does not include the transfer of water rights.

Mr. Baca said YES Housing has a long track record of development throughout New Mexico and has been in existence for 33 years. They have done a number of mixed-use projects in Albuquerque. The subject area tends to be more industrial, although there are neighborhoods (Mountain View and Kinney Brick) that are impacted by heavy industrial users. He believes the motivation of the ABCWUA in seeking an organization with affordable housing development experience was to include light retail and commercial use along with the affordable housing component. He said four lending institutions are potentially interested in this project.

Regarding the October closing timeline, YES is trying to allow enough time to align its master plan with two projects that are taking place concurrently in this area. State work is taking place on Rio Bravo east to the river to the intersection and further, and

Bernalillo County is revamping Second Street to the intersection in order to make it more pedestrian friendly.

Responding to Member Cassidy, Mr. Baca stated that, because of the corridor, the property lends itself to commercial-retail, which it sadly lacks, including grocery stores. The area also needs single-family development, which would be most amenable to the east side of the river and the west side of the property. Light industrial (such as warehousing) would also be appropriate as a buffer between the housing and water treatment facility. They would like to retain some of the agricultural nature of the property by building an agricultural food hub where product could be washed, packaged, and marketed. The mixed-use nature of the overall property would include single family, multifamily, commercial-retail, agricultural, and light industrial.

Ms. Leach said the contingencies on approval of this item are: (1) a revised and fully executed purchase agreement; (2) a fully executed quitclaim deed; (3) a revised and fully executed resolution and (4) a favorable review of the appraisal from the Taxation & Revenue Department.

Member Cassidy moved for approval with the contingencies listed by Director Leach. Treasurer-elect Montoya seconded the motion, which passed unanimously.

EMERGENCY FUNDING REQUEST

Presenters: NM Secretary of State Maggie Toulouse-Oliver; Deputy Secretary of State Sharon Pino; Elections Director Mandy Vigil; Chief Financial Officer Justin O’Shea

19. Office of the Secretary of State—Requests Approval of an Emergency Operating Grant to Reimburse Counties for 2022 General Election Costs (\$1,400,000)

Ms. Toulouse-Oliver stated that the legislature did not provide enough funding to meet the initial request from the Secretary of State’s Office (SOS) to cover the estimated cost of the 2022 General Election. Her office worked very closely with the LFC and DFA in seeking a favorable recommendation this year to cover their anticipated shortfall; and although the DFA recommended approval of the full amount requested, the LFC did not. At this time, the SOS owes about \$1.4 million to seven counties in reimbursement for past elections.

Responding to Member Badal, Ms. Toulouse-Oliver stated that, in her six years as Secretary of State, the legislature has never granted the full amount requested to cover election costs. She knew this to be the case with past administrations, as well.

Member Badal questioned why this was happening, especially given that the state was flush with funds last year. Ms. Toulouse-Oliver responded that she did not know. She will be meeting with the new House Appropriations and Finance Committee chair this week to try see where they can bridge the gap going forward.

Member Badal suggested that it might be helpful if Ms. Leach were to testify during this legislative session about what the board has to go through every year even though the legislature has the ability to solve the problem right up front.

Ms. Leach noted that DFA Deputy Secretary Martinez has been working with the SOS, and she and her staff are very aware of this situation. Following today's meeting, she will talk to her about what else might be done to help move this forward.

Ms. Leach stated that the board packet includes a draft resolution for the \$1.4 million to be a grant. The board typically provides it as a grant because the board's emergency funds come from the general fund, as does the Secretary of State's budget. That said, the board could provide this as a loan and then, if the SOS is able to receive supplemental funding this session for some or all of this cost, they could reimburse the Board of Finance Emergency Fund with that. She added that the timing is a bit tight, however. If the board were reimbursed out of a supplemental appropriation, it would receive those monies in April or May, giving it one to two months with this year's fiscal balance in the Emergency Fund left.

Member Cassidy commented that he understood the need, but continued to be concerned about the level of the Emergency Fund balance.

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

GENERAL SERVICES DEPARTMENT

Presenter: Anna Silva, Facilities Management Division Director, General Services Department

20. Capitol Buildings Repair Fund Financial Status Report for Month-Ended December 31, 2022

Ms. Silva presented this report.

Responding to Member Badal, Ms. Silva said some agencies do not have sufficient budget to cover the cost of annual maintenance for a facility. Because of the wear and tear that happens over time, it ends up becoming a capital project and the Facility Management Division's (FMD) problem, and it ultimately has to replace the entire system.

Member Badal said there appears to be a systemic problem that needs to be corrected, since preventative maintenance on an annual basis is obviously much less costly than having to replace an entire system. He asked what is being done to ensure that those agencies are getting enough funding to do annual preventative maintenance.

Ms. Silva responded that the FMD is asking the legislature for four building inspectors to look at ADA compliance and to inspect facilities to make sure that the agencies housed in those facilities are keeping up with preventative maintenance. Right now, the only way FMD can ensure that agencies are doing some sort of maintenance is through the maintenance agreements that are required annually, but some agencies do not have the budget for it.

21. Legislative Capital Projects Financial Status Report for Month-Ended December 31, 2022

Ms. Silva presented this report.

ADJOURNMENT: 10:20 a.m.



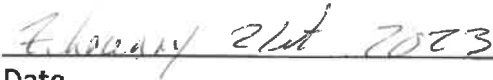
Michelle Lujan Grisham, President

February 21, 2023

Date



Michael S. Sanchez, Secretary



Date