

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

VIRTUAL ATTENDANCE AVAILABLE

Santa Fe, New Mexico

July 18, 2023

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:07 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:

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
The Hon. Howie Morales, Lt. Governor
The Hon. Laura M. Montoya, New Mexico State Treasurer

Staff Present:

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

Legal Counsel Present:

Ms. Jennifer Salazar

2. APPROVAL OF AGENDA

Member Cassidy moved approval of the agenda, as published. Member Trevisani seconded, and the motion passed unanimously.

3. APPROVAL OF MINUTES: June 20, 2023 (Regular Meeting)

Member Badal moved for approval of the June 20, 2023, meeting. Member Trevisani seconded the motion, which passed unanimously.

4. **APPROVAL OF MINUTES: June 28, 2023 (Special Meeting)**

Member Badal moved for approval of the June 28, 2023, special meeting. Member Cassidy seconded the motion, which passed unanimously.

CONSENT AGENDA (Items 5-18)

Presenter: Ashley Leach, Director, Board of Finance

Submitted by: Gerald Hoehne, Director of Capital Projects & Interim Director of Institutional Finance Divisions, Higher Education Department

5. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Revised Capital Expenditures for the Main Chiller Plant Replacement Project (\$4,537,535)**
6. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Revised Capital Expenditures for the Main Kitchen Hood Exhaust Upgrade (\$1,900,000)**
7. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for its Outpatient Surgery & Imaging Services (OSIS) MRI Replacement (\$600,000)**
8. **University of New Mexico—Requests Approval of Capital Expenditures for Mesa Del Sol Interdisciplinary Film and Digital Media HVAC Upgrades (\$2,800,000)**
9. **University of New Mexico—Requests Approval of Capital Expenditures for its Student Health & Counseling (SHAC) Controls and HX Project (\$800,000)**
10. **University of New Mexico—Requests Approval of Capital Expenditures for the Domenici Hall Chiller Replacement (\$700,000)**
11. **Western New Mexico University—Requests Approval of Revised Capital Expenditures for Athletics Facilities Renovations (\$5,774,250)**

Submitted by: Danny Monette, County Manager, Valencia County

12. **Valencia County—Requests Approval of the Donation of Real Property, Located at 1835 NMSR 314 in Los Lunas, to the Village of Los Lunas**

- 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)

minutes from the County Commission meeting evidencing that the donation is subject to Board of Finance approval.

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

13. Los Alamos Public Schools—Requests Approval of the Lease of Real Property, Located at 3400 Arizona Avenue in Los Alamos, to Sun State Towers IV, LLC (\$17,400/year)

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

Submitted by: Ashley Leach, Director, Board of Finance

14. Seventh Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2019S-D

15. Fifth Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2020S-B

16. Eighth Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2021S-B

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

18. First Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2022S-D

Member Cassidy moved for approval of the Consent Agenda, as presented. Member Trevisani seconded the motion, which passed unanimously.

INFORMATIONAL ITEMS

Submitted by: Anna Silva, Director of Facilities Management, GSD

19. Capital Buildings Repair Fund Financial Status Report for Month-Ended June 30, 2023

20. Legislative Capital Projects Financial Status Report for Month-Ended June 30, 2023

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

21. State Treasurer’s Office Investment Report for Month-Ended May 31, 2023

Submitted by Ashley Leach, Director, Board of Finance

22. Emergency Balances – July 18, 2023

	<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

23. Fiscal Agent and Custodial Bank Fees Report for Month-Ended June 30, 2023

Ms. Leach said staff has finally concluded the reconciliation of the fees being charged by Wells Fargo. Some fees were omitted from the contract entered into last summer, and the board approved an amendment that dropped the fees in starting in May 2023. Staff had to go back and identify all fees that had been charged that were not in the contract and reconcile a credit amount that would come back to the state. She said this was not only for the Board of Finance, but also for the invoices that each of the agencies pays under the fiscal agent contract. The total amount charged to the Board of Finance up to June 30 was \$1.2 million; however, \$862 million of that was related to two rounds of tax rebates sent out by TRD. The board received special appropriations from the legislature for that from TRD and DFA to cover those charges, leaving a net charge of \$368.6 million that the board is responsible for. Of the credits reconciled, the board has \$109,000 coming back to it, for a net charge for the entire year of about \$158,000.

24. Joint Powers Agreements for Month-Ended June 30, 2023

HIGHER EDUCATION

CAPITAL EXPENDITURES

Presenters: Gerald Hoehne, Director, HED; Patricia Beecher, Superintendent, NMSBVI; Margie Macias, Director of Institutional Support Services, NMSBVI; NMHED Secretary Stephanie M. Rodriguez; Ray Vigil, Vigil & Associates Architectural Group

25. New Mexico School for the Blind and Visually Impaired—Requests Approval of Capital Expenditures for Construction of a New Superintendent’s Residence (\$3,239,446)

Mr. Hoehne stated that the scope of work for this project includes demolition of the existing residence, which has been vacant since 2017 due to life, health and safety concerns, and construction of a new residence. The existing residence has a cast-iron plumbing sewer that is 72+ years old along with compromised roofing systems. The current residence is not ADA accessible, with no bedrooms and a shower on the first floor. The new residence will consist of 3,947 square feet and will be ADA accessible with three bedrooms, a formal dining area, two family bathrooms, one guest restroom, a living area, and a two-car garage. NMSBVI is using multiple sources of funding for the project, including \$698,500

in a 2019 general fund appropriation, \$1.5 million in NMSBVI operating general funds, \$895,105 in 2023 supplemental funding from the Department of Finance and Administration, and \$145,841 in 2021 Building Renewal and Repair funds.

Superintendent Beecher stated that this project was put on the back burner during the pandemic in order to prioritize construction of a student dormitory. She said the Board of Regents requires the superintendent to live on campus because there is a large residential program on campus and feels that it is very important for the superintendent to be enmeshed in all of the activities that take place before, during, and after school programming because it allows the superintendent to be part of the extended core curriculum.

Member Badal commented that he was surprised at the cost of the project, and asked for details on the bidding process, how many contractors the school talked to that actually bid the job, and where the winning contractor is located.

Ms. Macias responded that this project was included with a lot of other projects in one bid package and was put out in the spring of 2021. When the proposals came in, the cost was very alarming, and they were shocked and could not proceed with most of the projects because of funding. They really needed to proceed with the Garrett Dormitory, however, because of life, health and safety concerns. That dormitory and the Sacramento Dormitory have underground plumbing facilities and in order to get to them and do repairs, they would have to go through a confined space, and some tunnels were so small that the technicians would almost have to crawl backwards to get out. She described how the school was able to secure funding for the Garrett and Sacramento dorms as well as the residential cottage. The Garrett dorm is now in the completion process, and they are ready to move forward with the residential cottage and superintendent's residence.

Mr. Vigil responded that there were about five contracting firms available in 2021 when bids were solicited, but only two were responsive, a local contractor in Alamogordo and a large contractor in Albuquerque. The finalist that was chosen submitted a bid that was exceedingly high at a time when several markets were also being impacted. They spent about six months working with the PSCOC and the Public School Facilities Authority and did some value engineering, and were successful in recommending a contractor after reprioritizing some items. Rates are increasing at 7-11 percent annually because of inflationary pressure.

Responding to Member Badal, Mr. Vigil described problems being encountered statewide because contractors are being very selective in choosing projects because demand is exceeding supply. The bids that came in initially in 2021 were impacted by the supply chain issues around COVID. He said they plan to bid both of these projects to one contractor. The hope is to get some value from this through discounts for materials.

Responding to Member Cassidy, Mr. Vigil said that this is not a high-end custom home, although it is brick, which is a signature of the buildings on campus. Were this a regular home being constructed in Alamogordo, the cost would be less because this is the general builder's market where they are not dealing with government rules and regulations that come along with capital construction projects that drive up costs. He added that labor shortages and inflation are affecting construction costs around the country.

Member Badal commented to Mr. Hoehne that he was very concerned about construction projects that have affected the state and entities within the state, and the prospect that a project that costs \$600 per square foot today might be \$400 a square foot in the near future. While that is not a problem in the public sector because there are no worries about debt service and so forth, it doesn't change the fact that the state is paying much more now than before, and that costs could drop significantly in three or four years.

Member Badal said he understands there are health and safety issues with these projects, which puts some pressure on the state, but he would encourage NMHED to do what it can to postpone projects into a period of time when perhaps supply chain issues are corrected and inflation isn't what it is today.

Mr. Hoehne responded that this has put NMHED in an interesting situation because historically NMHED has worked to get appropriated funds out the door as quickly as possible rather than see them roll over year after year. One of the strategies NMHED has looked at, and some institutions have done this, is the waiting game with the hope that it would eventually save on high costs driven by the pandemic. Instead, the delays have had a negative impact because costs have gone up and are at the point where they are out of control. This has put NMHED in an interesting situation because more money is available from the state right now to expend on projects, but costs are really out of control.

Responding to Acting Chair Sanchez, Ms. Leach said the rule for the board is that if the cost increases more than 10 percent of the original approval, it comes back to the board.

Responding to a question on what the school would do should bids come in higher than budgeted, Superintendent Beecher stated that they first would look internally to see if they had money to fund the overage and then work with NMHED if they did not have enough funds for the overage internally.

Member Cassidy moved for approval. Member Trevisani seconded the motion, which passed, with Member Badal abstaining.

- 26. New Mexico School for the Blind and Visually Impaired—Requests Approval of Capital Expenditures for Construction of a New Residential Cottage (\$4,682,864)**

Mr. Hoehne said the New Mexico School for the Blind and Visually Impaired (NMSBVI) is requesting approval of capital expenditures totaling \$4,682,864 to construct new residential cottages for students at the school's Alamogordo campus. The cottage facility will total 5,631 square feet and include a common kitchen and dining area and eight single bedroom units. The facility will be supplied with new domestic water piping from a source at White Sands Boulevard. Site electrical will tie into existing Public Service Company of NM infrastructure as well the same for NM Gas Company. A monitored sprinkler fire-suppression system will be installed throughout. New construction will consist of over excavation to build the pad for concrete replacement. The facility will consist of a single-story slab on grade, and the structure will have wood frame walls with pre-engineered wood trusses.

Mr. Hoehne said NMSBVI is using \$682,864 in proceeds from a 2018 Severance Tax Bond (original funding) and \$4 million in 2023 General Obligation Bond proceeds.

Superintendent Beecher said this project includes demolition of the Sacramento Dorm, and locates the new cottage over in the residential section of the campus so that all of the residential buildings will be in the same area for safety and convenience. The purpose of the cottage is to teach older students living skills and to practice independent living in an apartment type of setting.

Responding to Acting Chair Sanchez, Superintendent Beecher said they anticipate 50 students in total with 24 residential students. About half of the student body is residential. NMSBVI draws students from all over New Mexico, including Farmington, Las Vegas, Santa Fe, and Las Cruces.

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

Presenters: Gerald Hoehne, Director, HED; Dr. Garnett Stokes, President, UNM; Teresa Costantinidis, Senior VP of Finance & Administration, UNM; Lisa Marbury, Associate VP of Institutional Support Services, UNM; Kate Becker, CEO, UNM Hospitals

27. University of New Mexico—Requests Approval of Revised Capital Expenditures for the Renovation of Building 151, the Existing Naval Sciences ROTC Facility (\$9,800,000)

President Stokes stated that the board's approval of this project and the two that follow on today's agenda would contribute to UNM's ongoing efforts to improve its campus community and learning environment.

Mr. Hoehne the University of New Mexico (UNM) is requesting approval of *revised* capital expenditures totaling \$9,800,000 for the renovation and repurposing of the existing UNM Reserve Officer Training Corps (ROTC) building that will be the home of a new UNM Lobo Welcome Center.

Mr. Hoehne stated that the increase in expenditures of \$3 million covers both new elements and increases in the cost of labor and materials. The revised costs include additional landscape and hardscape improvements; installation of specialized AV, IT, security cameras, access control, exhibits, branding elements, and other signage; inclusion of a new courtyard entrance for the lower level of the building; and mechanical, electrical, lighting, and furnishings for the lower level. The costs also cover asbestos abatement, materials testing, exhibits, and a wheelchair lift, all of which were not originally estimated for the project. UNM states the increase is due to labor and material costs, as well as hidden conditions discovered as the project began.

Mr. Hoehne said this project was included in UNM's 2018 capital outlay plan. UNM is using \$6.8 million in 2019 General Obligation Bond proceeds for the project (covering the original request) and \$3 million in proceeds from UNM's Series 2023 system revenue bonds (approved by the board in February 2023).

Ms. Marbury commented that, like other institutions, UNM is experiencing cost overruns and inflationary pressures on projects. The original budget of \$6.8 million has been expended, and now UNM is applying the \$3 million from their institutional bonds to finish the project.

Member Cassidy noted that this project would cost about \$736 per square foot. While the board understands the importance of these projects, he thought this was ridiculous, just as the board thought prices of \$430-\$450 per square foot for state building projects two years ago was ridiculous. Clearly a lot of work has been done and a lot of work is yet to come, and it is a high priority project for UNM. He said he would support this given its importance to UNM but would request that people start thinking further about how this can continue going forward.

Speaking to the time limits for expenditures, Mr. Hoehne said the bond language requires NMHED and other institutions to encumber 5% within six months from the sale of the bond and 85% within the next three years. In addition, the encumbrances must be tied to contracts.

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

REAL PROPERTY ACQUISITIONS

Presenters: Gerald Hoehne, Director, HED; Dr. Garnett Stokes, President, UNM; Teresa Costantinidis, Senior VP of Finance & Administration, UNM; Lisa Marbury, Associate VP of Institutional Support Services, UNM; Thomas M. Neile, Director of Real Estate, UNM; Kate Becker, CEO, UNM Hospitals; Mike Chicarelli, COO, UNM Hospital

28. University of New Mexico—Requests Approval of the Acquisition of Real

Property at 98th and Gibson in Albuquerque (\$1,465,371)

Mr. Hoehne stated that UNM was requesting approval to purchase the southwestern corner of 98th street and Gibson Boulevard SW in Albuquerque for \$1,465,371. The real property is 5.6729 acres of vacant land that UNM will use to develop an 18,000-square-foot primary care clinic. UNM stated this location was selected to provide primary care services to a rapidly expanding residential area that is underserved with healthcare options. The new primary care clinic will include a laboratory, pharmacy, physical therapy unit, behavioral health unit, and conference rooms that may be used by the community for neighborhood meetings. UNM is targeting a completion date of the new primary care clinic in 2025. An appraisal completed on December 29, 2022, established fair market value to be \$1,560,000 for the vacant property. However, UNM negotiated a contract price of \$1,465,371, or \$5.39 per square foot. The targeted date for completion is September 2025. The source of funds for this purchase are from the UNM Hospital Initiative Fund.

Mr. Hoehne said that, during the hearing when this project was heard, there were lengthy conversations with UNM regarding the assessments that were done in order to ascertain the value of this purchase and local primary care needs in the South Valley.

Mr. Neile said this site acquisition process was started over a decade ago with UNM locating community primary care clinics in underserved areas. This is the fourth clinic site they have acquired.

Mr. Neile said the cost for building a healthcare clinic is estimated at \$625 per square foot and increases by \$150 per square foot for equipment. They carry an escalation factor of 11 percent.

Member Trevisani asked how many patients they anticipate serving and whether or not the medical professionals will be new hires. She said Santa Fe has difficulty attracting and retaining physicians and medical professionals, and there are longer lead times getting in to see physicians, especially in primary care. She asked if they expect spillover from other parts of Albuquerque given the long lead times people face elsewhere.

Mr. Chicarelli responded that they are modeling the clinic after the one they have on North 4th Street, which has about 32,000 encounters a year. Given the size of the planned clinic, they would expect a similar number with the new clinic. They would add physicians, nurses, medical professionals and others to the clinic.

From the perspective of supply and demand and what they are seeing at the 4th Street location, Member Trevisani asked if they would expect to be able to add what they need given the supply of professionals. Mr. Chicarelli responded that there is a strong need for ambulatory care, and they believe that adding this clinic would help with that issue. They plan on adding clinics incrementally over a period of time to address that need.

Member Badal commented that this is a rapidly growing area and there is no question that UNM Hospital will have a built-in clientele at this new location.

Responding to Member Cassidy, Mr. Chicarelli said that, from the polling they did for this project, they learned that people have to travel 30-40 minutes to access healthcare, and this location would essentially bring care to their neighborhood. He said they partnered with Bernalillo County in choosing this location.

Acting Chair Sanchez recalled promises made when he was in the legislature by UNM Hospital that it would look at the area of El Cerro and El Cerro Mission in Valencia County to locate a clinic there, as the residents have to travel 15-20 miles to get medical help. The area is still underserved and very poor.

Acting Chair Sanchez also stated that he would like to see UNM Hospital admit more individuals into their programs to address the chronic shortage of physicians, physician assistants, and nurses.

Ms. Leach stated that approval of this request is contingent upon director's and counsel's receipt and review of (1) a fully executed warranty deed and (2) an updated title commitment.

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

GRADUATE PROGRAMS

Presenters: Stephanie Rodriguez, Cabinet Secretary, HED; Mark Chisholm, Academic and Policy Director; Dr. Chris Arndt, M.D., Professor and Chair, Department of Anesthesiology and Critical Care Medicine, UNM; Dr. Sally Fortner, M.D., Professor, Department of Anesthesiology and Critical Care Medicine, UNM; Cassie Langhals, CAA, Certified Anesthesiologist Assistant, Department of Anesthesiology and Critical Care Medicine, UNM; Jack Srouji, Administrator, Department of Anesthesiology and Critical Care Medicine, UNM; Todd Hynson, HSC Registrar & Student Services Officer, UNM; Dr. Jesse Aleman, Interim Dean of Graduate Studies, UNM

29. University of New Mexico—Requests Approval of the Master of Science Program in Anesthesiology

Dr. Arndt made a slide presentation. This proposed UNM Master of Science in Anesthesia degree will be a 28-month didactic and clinical curriculum that prepares students for certification as anesthesiologist assistants (CAA). CAAs have been licensed by the New Mexico Medical Board since 2001 and work under the supervision and direction of Physician Anesthesiologists. The curriculum for this program is a seven-semester, 116 credit hour sequence of didactic sessions by clinical rotations, with 800 classroom hours, 2,200 clinical hours, and simulation training. Students will have the opportunity to learn how to provide

anesthesia care to patients of all ages and degrees of illness for a complete range of surgical procedures.

Citing the healthcare crisis in New Mexico, Member Cassidy asked what other healthcare programs UNM is looking at from a long-term perspective in terms of trainings. Dr. Arndt responded that they have over 30 residents in training in two fellowship programs. With the changes occurring with the new hospital and the licensing of Sandoval Regional Medical Center, they are hopeful they can grow the size of the residency program by 10-15 percent over the next few years. He said UNM can also offer an extra year of training for the CAAs after they graduate. He said it is “all hands on deck” in terms of doing everything possible to grow the profession.

Secretary Rodriguez noted that they are seeing over 1,500 graduates in nursing every year, and they also have 181 medical residencies each year, which has increased by over 50 residents under this administration.

Member Trevisani noted a 40+ percent retention rate in New Mexico under measurements of success and asked if there are incentives in place to keep people in New Mexico. Dr. Arndt responded that incentive packages that offer an incentive to join a department is very common. UNM is also looking at potential scholarship offers for students.

Dr. Fortner added that, while UNM doesn't have data for this particular profession, the data for MDs points to higher retention rates for students or their spouses who have graduated from high school in New Mexico, and where they did their training also matters. UNM hopes to recruit a lot of students from New Mexico and from communities where they can work and might want to return to, such as Farmington, Las Cruces and Santa Fe.

Dr. Aleman added that the shadowing model is another strategy to increase the retention rate.

Member Badal asked if UNM feels it may see nurses come out of the UNM nursing program and move over to this Master's program given the amount of compensation involved. Dr. Arndt responded that he would not be surprised if there was some interest in this.

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

REAL PROPERTY LEASES

Presenters: Scott Kaseman, Real Property Supervisor, Santa Fe County; Chris M. Barela, Real Property Specialist, Santa Fe County

30. Santa Fe County—Requests Approval of the Lease of Real Property,

Located at 2600 Galisteo Road in Santa Fe, to Paul Thompson & Associates, Inc. (\$35,175/year)

Mr. Kaseman stated that Santa Fe County is requesting approval of a lease of real property located at 2600 Galisteo Road in Santa Fe to Paul Thompson & Associates. This is the site of the county's old Public Works Building. The real property consists of two office buildings, a 1,392-square-foot facility, and a 5,334-square-foot warehouse. Paul Thompson & Associates is leasing the property for the operation and maintenance of a local transportation service business known as Santa Fe Valet. Based on an appraisal conducted on June 6, 2023, the annual rent was determined to be \$35,175.

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

31. Santa Fe County—Requests Approval of the Sublease of Real Property, Located at 5686 Agua Fria Street in Santa Fe, to Youth Shelters and Family Services (\$176,892.50/year, services in lieu of rent)

Mr. Kaseman stated that Santa Fe County is requesting approval of a sublease of real property located at 5686 A & B Agua Fria Street in Santa Fe to Youth Shelters and Family Services (YSFS). The real property consists of a 4,280-square-foot office building, a 5,945-square-foot office building, and a parking area. The county received a Community Development Block Grant in 2003 to construct four new shelters to provide clinical services to indigent and at-risk youth, which it has been doing since 2008. The appraised annual rent was determined to be \$176,892.50. A portion of the rent is paid with in-kind services for the clinical services it provides to the community.

Ms. Leach stated that approval of this request is contingent upon approval by the New Mexico State Land Office to sublease the property.

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

PRIVATE ACTIVITY BONDS

Presenters: Marcos Trujillo, Deputy Director, SBOF; Luis Carrasco, Director, Rodey Dickason, Sloan, Akin & Robb, P.A.; Tom Mannschreck, President, Thomas Development Company; Angie Ferguson, Director of Operations, Thomas Development Company; Marcos Gonzales, Bernalillo County Economic Development Laura Chavez, President/CEO Supportive Housing Coalition; Christi Wheelock, NM Mortgage Finance Authority

32. Bernalillo County—Requests Approval of the Reassignment of Private Activity Bond Volume Cap Carryforward from San Roque to La Serena

Mr. Trujillo clarified that this is a re-designation and not a reassignment of Private Activity Bond Volume Cap.

Mr. Carrasco stated that the resolution would re-designate some of the carryforward volume cap allocations the board has made in previous years from one residential rental housing project to another residential rental housing project in Bernalillo County. The San Roque multifamily apartment project in Northwest Albuquerque was previously allocated Private Activity Bond volume cap carryforward of \$34,500,000, of which, \$8,661,209 remains due to cost reductions. The carryforward allocation of \$8,661,209 for the San Roque project would be re-designated to the adjacent La Serena affordable multifamily apartment project, which needs additional allocation. Both projects have had a common plan of financing since they were first presented to the board for their initial application of volume cap. Mr. Carrasco said counsel was asked to look into whether anything would prevent the board from allowing this re-designation. As the board may be aware, a reassignment is not allowed under the federal tax code relating to volume cap application, which means taking it from one category of project to another. This is not the case here, as both allocations are for residential rental housing projects. Counsel also looked at the board's rule concerning the applications for volume cap and feels it would be a reasonable interpretation to say that, since these projects have both come to the board before and they are both being financed in a common plan of financing, it could make this re-designation within the board's authority. From a policy perspective, he said this is likely a better alternative than requiring a request for a supplemental allocation from the 2023 volume cap, as there is a real need for affordable housing throughout the state, and this would preserve the current volume cap allocation to be used for additional affordable housing projects in the state.

Mr. Mannschreck and Ms. Chavez thanked the board and Mr. Carrasco for facilitating this re-designation of volume cap.

Mr. Gonzales thanked the board on behalf of the Bernalillo County Commission.

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

ADJOURNMENT: 11:40 a.m.

Member Cassidy moved to adjourn. Member Badal seconded the motion, which passed unanimously.

Michelle Lujan Grisham, President

Date

Michael S. Sanchez, Secretary

Date

DRAFT