

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

HELD VIRTUALLY

December 21, 2021

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

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. Marah deMeule, Attorney General's Office

2. APPROVAL OF AGENDA

Treasurer Eichenberg asked that Item 29 be moved up to follow Item 20.

Mr. Eichenberg moved approval of the agenda, as amended. Mr. Badal seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Badal, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor.

3. APPROVAL OF MINUTES: NOVEMBER 16, 2021 (REGULAR MEETING)

Mr. Sanchez moved approval of the November 16, 2021, meeting minutes. Mr. Cassidy seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Badal, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor.

CONSENT AGENDA (Items 4-20)

Presenter: Ashley Leach, Director, Board of Finance

Submitted by: Stephen A. Weinkauf, E-911 Bureau Chief, Local Government Division

4. **Department of Finance & Administration, Local Government Division Requests Approval for an Increase to its Fiscal Year 2022 Capital Budget (\$3,273,114)**

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

5. **New Mexico State University, Carlsbad—Requests Approval of Capital Expenditures for Site Drainage, Parking, and Infrastructure Improvements (\$3,106,545)**

6. **University of New Mexico—Requests Approval of Capital Expenditures for Fire Safety Improvements (\$2,500,000)**

7. **University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for Renovation and Expansion of the Ophthalmology Clinic at 1600 University Boulevard (\$5,750,000)**

Submitted by: Deanna Miglio, Real Estate Manager, Bernalillo County

8. **Bernalillo County—Requests Approval of the Lease of Real Property, Located at 1700 Centro Familiar SW in Albuquerque, to Youth Development, Inc. (\$6,000/year, services in lieu of cash rent)**

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

Submitted by: Martica Casias, Interim Director, Public School Facilities Authority

9. **Public School Capital Outlay Council—Requests Approval of the Sale of Portable Classrooms to Roots and Wings Community School (\$200)**

Submitted by: Ashley Leach, Director, Board of Finance

10. **Consideration of First Amending Resolution for State of New Mexico Supplemental Severance Tax Note Series 2021S-B**

Submitted by: Marcos B. Trujillo, Deputy Director, Board of Finance

11. **Private Activity Bond Allocation of 2021 Carryforward**

- 12. Private Activity Bond Cap Allocation 2021 Expiration Date
- 13. Private Activity Bonds 2021 Deposit Refunds
- 14. Allocation of Calendar Year 2022 Private Activity Bond Cap

Submitted by: Ashley Leach, Director, Board of Finance

- 15. Updated FY22 through FY26 Bonding Capacity Sources & Uses
- 16. FY21 Tax Increment Development District Reporting

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

- 17. State Treasurer’s Office Investment Report for Month-Ended October 31, 2021
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Submitted by: Ashley Leach, Director, Board of Finance

- 18. Emergency Balances – December 18, 2021

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$2,400,000.00	\$2,500,000.00
Emergency Water Fund	\$ 86,900.00	\$ 109,900.00

- 19. Fiscal Agent and Custodial Bank Fees Reports
 - 20. Joint Powers Agreements for Month Ended November 30, 2021
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Mr. Cassidy moved for approval of the Consent Agenda, with the contingency. Mr. Eichenberg seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Badal, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor.

BONDING PROGRAMS

Presenters: Ashley Leach, Director, 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 LLC; David Paul, Fiscal Strategies Group

- 21. Consideration of Amending Authorizing Resolution for the State of New Mexico Senior Severance Tax Note Series 2021S-C, with a Maximum Principal Amount of \$31,201,009
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Ms. Leach said this amending authorizing resolution appends the final project list to identify the specific capital projects previously approved by the legislature that are now ready to be funded.

Mr. Schenken stated that the board approved the authorizing resolution last month in the maximum principal amount of \$31,201,009. After project review by board staff, bond counsel, and board counsel, and because a lot of projects were not ready to go from the recipients, the final amount of the note is now \$17,206,273.

Mr. Badal moved for approval. Mr. Cassidy seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Badal, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor.

Presenters: Ashley Leach, Director, Board of Finance; Ken Guckenberger, Partner, Kutak Rock LLP; Noelle Graney, Partner, Kutak Rock LLP

22. Presentation and Consideration of the 2022 Annual Financial Information Filing (AFIF) Report

Ms. Leach stated that this is the annual disclosure report that must be filed with the board in accordance with SEC requirements. It is a joint effort with the Board of Finance, disclosure counsel, and several other state agencies that provide critical information to this report. The report will be filed in January, so board members are asked to review the report in the interim at their convenience and provide any comments or questions.

Mr. Guckenberger stated that they will be filing the report on January 19 or 20, and asked board members to submit any comments or questions between now and January 15.

Ms. Graney said some of the agencies that contributed to this report were the Public Education Department; Attorney General's Office; Taxation & Revenue Department; PERA; Educational Retirement Board; New Mexico Retiree Health Care Authority; the State Investment Council; the Treasurer's Office; and the State Land Office, as well as co-bond counsel. She said the working group has reviewed this twice and will have at least one more round of review and corrections before the signoff in mid January.

Mr. Cassidy noted that the New Mexico Retiree Health Care Authority section now includes Annual Required Contributions, a calculation that he had not seen before in the disclosure report and which he found very helpful.

Mr. Cassidy moved for approval. Mr. Sanchez seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Badal, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor.

STATE TREASURER'S OFFICE

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

29. State Treasurer's Investment Performance Benchmarks

Ms. Hanges said the State Treasurer’s Office is recommending no change in the performance benchmarks: General Fund Liquidity will remain at the 1-month Treasury Bill; the Local Government Investment Pool will remain at the S&P Government Investment Pool Index; the General Fund Core will remain at the US Treasury Index of 0-5 Years; the Bond Proceeds Tax Exempt Pool will remain at the US Treasury Index of 0-2 years; and the Bond Proceeds Taxable Pool will remain at the US Treasury Index of 0-3 years.

Ms. Hanges noted that, in the cases of the ICE Benchmarks, all are US Treasuries. In addition to Treasuries, STO also invests in agencies, corporates and bank deposits in their portfolios; however, they don’t have a suitable index that really matches the type of investing that STO does in those portfolios. She said they choose the Treasury indices because it allows STO to see how the riskless treasury market has performed, look at their portfolios and see how they have performed, and can easily discern it was their agencies or corporates that created a differential in the performance between Treasuries and other sectors. She commented that it is difficult to find a benchmark in corporates because STO’s investments are 0 to 5 years, and almost all of the corporate benchmarks start at 1 year, so they eliminate the 0-1 year part of the yield curve where STO has a fair number of investments in corporates and agencies. STO thinks these riskless benchmarks really give them a reference point for their duration for their portfolios as well as allow them to discern the riskless return versus their portfolios. This helped STO last year because corporate and agency spreads were getting closer and compressed to Treasuries, so STO was able to outperform. This year, they expect that may be going in the opposite direction, and they have quite a backup in equity investments over the last couple of weeks, and that affects corporate spreads, as well as any additional supply that comes into the market. She said they will keep that in mind as they represent their performance and discuss that in the coming weeks.

Mr. Badal moved for approval. Mr. Eichenberg seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Badal, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor.

EMERGENCY FUNDING REQUEST

Presenters: Richard Cordova, Mayor, Village of Eagle Nest; Mary Berglund, Administrator, Village of Eagle Nest

23. Village of Eagle Nest—Requests Approval of an Emergency Operating Grant for its Emergency Ambulance Service (\$300,000)

Mr. Cordova stated that Eagle Nest is currently in a crisis mode because it is without an ambulance service. They had to suspend their license because of retirements and a lack of funding. They have tried for two or three years to correct this situation, but the problem is a lack of volunteers, a situation made worse because of the pandemic. He said 85 percent of the people in Eagle Nest population are seniors, and without this service, they cannot be protected within the service area.

Mr. Cassidy asked Mr. Cordova if he feels Eagle Nest will be able to find people to do this, and what would they be paid. Mr. Cordova responded that they do have a couple of potential employees who are willing to come to work for them. He recalled that the salaries would be at \$50,000 and \$35,000. These individuals do not want to work as volunteers, so if they can fund this for three years and give time for Eagle Nest to build on their funding, this would work for them.

Responding to Mr. Cassidy, Mr. Cordova said the \$133,000 a year in the budget does not assume any carry forward. In past years, capital expenditures have been under \$20,000 and at times under \$10,000, and they have received funds for ambulance services through grants and donations.

Mr. Cordova clarified that the .3625 percent GRT was approved by the governing body and went into effect on January 1. They anticipate a maximum of \$40,000 per year from the proceeds "if things go right."

Ms. Leach stated that approval is contingent upon director's and counsel's receipt of a fully executed resolution of the Village counsel approving the emergency funding request. She said the Village will be meeting this evening, and staff at Eagle Nest has indicated that they are confident the resolution will be approved.

Lt. Governor Morales asked if the board has approved long-term requests like this before. Ms. Leach responded that there have been times in the past where the board has approved a portion of the funding or tiered funding, and it has also approved funding for multiple years as well as one year at a time. She said the board has approved full funding with reporting requirements, as well. She said there are many options, and the board has a lot of discretion in making such determinations.

Lt. Governor Morales asked Mr. Cordova what strategies will be implemented to ensure a ready workforce and one that remains with the Village. Mr. Cordova responded that training starts in January, and they have five or six people who have signed up for the training to cover the hours that the director and EMT on staff cannot cover. This includes driver training. He added that many fundraisers are being held to help with the cost of the ambulance, but it will not be enough, which is why Eagle Nest is asking for help from the board.

Lt. Governor Morales said it would be helpful to see semiannual or annual updates to track the Village's progress.

Mr. Cordova stated that Eagle Nest has had ambulance service since he was 16, and it was started after his sister, 13, was accidentally shot. There was no ambulance service at the time, and she passed away as a result. He said he personally would hate to see it gone forever.

Lt. Governor Morales thanked Mr. Cordova for sharing this story. He said he hoped some of the strategies that Eagle Nest is able to implement will become best practices that can be implemented in other counties.

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

Ms. Leach clarified that the Village has requested a grant, but because the expenditures will extend beyond this fiscal year, the board will have to approve a loan. However, in these situations where this occurs, it's a financial accounting situation, and Eagle Nest can come back and request that it be converted to a grant. She commented that the board has had to do this in the past.

Ms. Leach said Ms. deMeule has drafted the resolution as a loan, with the repayment to occur at the end of the three years. Before that time, the Village would come back and request that this be converted to a grant.

Mr. Cassidy requested that Ms. Leach look into having Eagle Nest update the budget sheet an additional two years during the expenditure period, and then monitor it periodically.

Mr. Cassidy said he was concerned not only about Eagle Nest, but about other communities, in terms of how to address a lack of funding for EMS services around the state, which is an issue the Administration and legislature will be dealing with in the upcoming session.

Mr. Badal suggested that, in addition to some kind of regular update, he would like to get an update after a month or two on any success that Eagle Nest has in hiring people. He said he would prefer this to waiting six months. Ms. Leach responded that staff would include this provision in the resolution. She added that monies from the loan would be released as the need is certified by the local entity, and staff would work with the Village and what would be appropriate.

The motion passed unanimously, with Lt. Governor Morales, Mr. Badal, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor.

GENERAL FUND TRANSFER

Presenters: Deborah K. Romero, Cabinet Secretary, Department of Finance & Administration; Mark Melhoff, Financial Control Division Deputy Director, Department of Finance & Administration

- 24. Department of Finance & Administration, Financial Control Division—
Requests Approval to Transfer Funds from the Operating Reserve to the
Appropriation Account of the General Fund to Cover Fiscal Year 2021
Obligations**
-

Secretary Romero stated that the legislature typically authorizes DFA to transfer funds if they see they will be short of funds. The funds are used to cover the obligations, and language is always included in HB2 that authorizes DFA to make the transfer, but it requires Board of Finance approval.

Mr. Melhoff made a presentation on the results of the FY21 Audit. He noted that this is the fourth year in a row that the audit has been released unmodified and with no findings.

Mr. Melhoff stated that, for FY21, appropriations exceeded revenues by \$103.2 million. To close and balance FY21, and based up on audited financial statements, DFA is requesting board approval to transfer \$103,160,749 from the general operating reserve to the appropriations account for FY21.

Mr. Cassidy moved for approval. Mr. Sanchez seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Badal, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor.

GENERAL SERVICES DEPARTMENT

Presenters: Duffy Rodriguez, Deputy Cabinet Secretary, General Services Department; Anna Silva, Facilities Management Division Director, General Services Department

BIANNUAL REQUESTS & REPORTS

25. Schedule of Repairs for January 1 through June 30, 2022

Ms. Silva presented the schedule of repairs for January 1 through June 30, 2022, and requested approval.

Mr. Sanchez so moved. Mr. Badal seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Badal, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor.

26. Report of the Inventory of Buildings, Including Approved Checklist of Conditions

Ms. Silva presented this report.

Mr. Sanchez asked Ms. Silva if she could provide a brief update on the old Los Lunas Hospital & Training School. Ms. Silva responded that FMD is in the process of developing a master plan for the Los Lunas campus, which includes the training facility. Part of the master plan involves meeting with the Department of Corrections, the Department of

Health, the Village of Los Lunas, and other stakeholders. She said there are no specific plans for the facility right now.

Mr. Sanchez stated that there had been some discussion in the past about the possibility of renovating the swimming facility for people with disabilities. He asked if there was any progress with that. Ms. Silva responded that they met with a representative Mr. Sanchez had previously identified, whose name she could not recall right now, but he was going to get some quotes in order to determine what it would cost to renovate the facility. She said she would reach out to him and see if he has been successful in getting some quotes, and would contact Mr. Sanchez to update him.

MONTHLY REPORTING

27. Capitol Buildings Repair Fund Financial Status Report for Month-Ended November 30, 2021

Ms. Silva presented this report.

28. Legislative Capital Projects Financial Status Report for Month-Ended November 30, 2021

Ms. Silva presented this report.

EXECUTIVE SESSION: 10:10 – 10:35 a.m.

Mr. Badal moved to enter executive session to discuss agenda item 30: Consideration of the Contract for Prepaid Debit Card Services. This item concerns the contents of competitive sealed proposals solicited pursuant to the Procurement Code in accordance with NMSA 1978 §10-15-1(H)(6) of the Open Meetings Act.

Mr. Sanchez seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Badal, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor.

The board entered open session at 10:35 a.m. Lt. Governor Morales stated that the only matter discussed in executive session was the contents of competitive sealed proposals solicited pursuant to the Procurement Code in accordance with NMSA 1978 §10-15-1(H)(6) of the Open Meetings Act.

STAFF ITEMS

Presenter: Ashley Leach, Director, Board of Finance

30. Consideration of the Contract for Prepaid Debit Card Services

Mr. Cassidy moved approval of a services contract for prepaid debit card services with Conduent State & Local Solutions, Inc. and subject to GSD final approval. Mr.

Badal seconded the motion, which passed unanimously, with Lt. Governor Morales, Mr. Badal, Mr. Cassidy, Mr. Eichenberg and Mr. Sanchez voting in favor.

Comments from the board and staff

Ms. Leach thanked the board members and Secretary Romero for everything they do, and staff appreciates the support and engagement of the board members. She thanked Deputy Director Marcos Trujillo and Board Administrator Ramila Baral for their hard work.

Board members wished everyone happy holidays and thanked Ms. Leach and her staff for their dedication.

ADJOURNMENT: 10:48 a.m.



Michelle Lujan Grisham, President

January 26, 2022

Date



Michael S. Sanchez, Secretary

January 28, 2022

Date