

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

VIRTUAL ATTENDANCE AVAILABLE

Santa Fe, New Mexico

March 19, 2024

NOTE: No quorum was present at the scheduled meeting time. Director Leach presented Informational items 8-15 from 9:02 a.m. until 9:07 a.m., at which time a recess was called pending a quorum and call to order.

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:27 a.m. in the Governor's Cabinet Room, fourth floor, State Capitol Building, Santa Fe, New Mexico. The meeting was held with a virtual option for those who could not attend in person.

1. ROLL CALL -- QUORUM PRESENT

Members Present:

The Hon. Howie Morales, Lt. Governor

The Hon. Laura M. Montoya, New Mexico State Treasurer [virtual attendance]

Mr. Paul Cassidy, Public Member

Mr. Michael S. Sanchez, Secretary, Public Member

Ms. Wendy Trevisani, Public Member [joining at 9:30 a.m. – virtual attendance]

Members Excused:

The Hon. Michelle Lujan Grisham, President

Mr. Joseph Badal, Public Member

Staff Present:

Ms. Ashley Leach, Director

Mr. Marcos B. Trujillo, Deputy Director

Legal Counsel Present:

Mr. Blaine Moffat

2. APPROVAL OF AGENDA

Member Cassidy moved approval of the agenda, as amended. Member Sanchez seconded the motion, which passed unanimously.

3. **APPROVAL OF MINUTES: February 20, 2024 (Regular Meeting)**

Member Sanchez moved approval of the February 20, 2024, minutes, as presented. Member Cassidy seconded the motion, which passed unanimously.

CONSENT AGENDA (Items 4-7)

Presenter: Ashley Leach, Director, Board of Finance

Submitted by: Jeremy G. Maestas, County Manager, Rio Arriba County

4. **Rio Arriba County—Requests Approval of the Donation of Real Property, Located at 32 NM 531 Tierra Amarilla, to La Merced de Los Pueblos de Tierra Amarilla Land Grant**

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

Submitted by: David Chavez, Executive Director, Cooperative Educational Services

5. **Cooperative Educational Services—Requests Approval of the Lease of Real Property, Located at 1451 Innovation Parkway SE, Suite 300, in Albuquerque, with Excelligent LC (\$60,225/year)**

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

Submitted by: Charlene Webb, County Manager, Grant County

6. **Grant County—Requests Approval of the Sale of Real Property, Located at 1311 32nd Street in Silver City, to Brett and Greta Kasten (\$41,000)**

- 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) evidence the Grant County Commission approved the sale subject to State Board of Finance approval.

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

7. **New Mexico State University, Grants—Requests Approval of Revised Capital Expenditures for Martinez Hall Exterior Improvements (\$3,787,500)**

Treasurer Montoya moved approval of Items 4-7 subject to the contingencies noted. Member Cassidy seconded the motion, which passed unanimously.

[Member Trevisani joined the meeting virtually at this time.]

INFORMATIONAL ITEMS (8-15)

Presenter: Ashley Leach, Director, State Board of Finance

8. **Capital Buildings Repair Fund Financial Status Report for Month-Ended February 29, 2024**

9. **Legislative Capital Projects Financial Status Report for Month-Ended February 29, 2024**

10. **State Treasurer’s Office Investment Report for Month-Ended January 31, 2024**

11. **Emergency Balances – March 19, 2024**

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$1,896,692.61	\$4,000,000.00
Emergency Water Fund	\$ 49,600.00	\$ 109,900.00

Ms. Leach reported these balances.

12. **Fiscal Agent and Custodial Bank Fees Report**

13. **Joint Powers Agreements for Month-Ended February 29, 2024**

Ms. Leach stated that no JPAs were approved during this time period.

14. **New Mexico Mortgage Finance Authority Housing Trust Fund 2nd Quarter FY24 Earmark Report**

Ms. Leach stated that the Mortgage Finance Authority has reported that, of the \$37.5 million, they have encumbered \$34.13 million, or 91 percent of the earmarked amount. They have awarded \$17.8 million, or 53 percent, in three of the five categories certified in June 2023. They have expended \$768,390, or 2 percent. Increases are shown in all of the numbers from the first quarter reported by MFA.

15. **Update from the Office of the State Auditor on its Emergency Operating Grant and Server Installation**

Ms. Leach reported that, in November 2023, the board provided \$15,307.39 to OSA for an emergency that existed around their servers. OSA has reported that all equipment purchases have been made, and all equipment has been received. They plan to begin the installation of the equipment and migration during the last week of March or the first week of April.

BONDING PROGRAMS

Presenter: Ashley Leach, Board of Finance

16. **Consideration of Delegation of Authority to Board of Finance Staff for Review**

and Approval of Certain Severance Tax Bond Proceed Recertifications

Ms. Leach stated that staff are requesting that the board delegate approval to approve the recertifications submitted by the Mortgage Finance Authority for the Housing Trust Fund earmark. In September 2023, the board granted staff delegatory approval to approve recertifications from the Public School Capital Outlay Council. Staff had done quite a bit of work with them to clean up some of their financial reporting to ensure that those frequent recertifications were expedited through administrative approval. The Mortgage Finance Authority has submitted a recertification request to staff, which have reviewed it, but given that they are coming to the board quarterly and providing detailed reports on the expenditure of those funds, staff felt comfortable along with bond counsel in seeking this delegation of approval to approve those recertifications as they come forward. Staff will likely approve those recertifications in the quarterly reporting so that the board is always aware of any movement of money between categories that are brought forth by the Mortgage Finance Authority.

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

EMERGENCY FUNDING REQUESTS

Presenters: Alice Liu-McCoy, Executive Director, NMDDC; Joseph Turk, Legal Director/ Office of Guardianship, NMDDC

17. New Mexico Developmental Disabilities Council—Requests Approval of an Emergency Operating Grant to Address a Fiscal Year 2024 Projected Budget Shortfall for its Office of Guardianship (\$165,576)

Ms. Liu-McCoy stated that the New Mexico Developmental Disabilities council (DDC) is requesting an emergency grant of \$165,576 for the Office of Guardianship (OOG) to get them through the end of this fiscal year. The OOG has seen an increase in applications for its services and professional guardianship cases and is drawing down on its budget much faster than originally projected. The legal teams being assigned guardianship cases have been appointing guardians more quickly than previously, reducing their time to as little as six months. The current shortfall was unanticipated because cases were at lower levels in September 2022 when they submitted their FY24 budget request. As a result, the shortfall was not identified until September 2023, at which time DDC stopped assigning cases from its waitlist. DDC plans to utilize \$9,000 in vacancy savings to shore up the shortfall in contractual commitments. Although it requested a special appropriation of \$850,000 during the 2024 legislative session, they received only \$200,000. This will be applied to the shortfall, but it is not enough to cover the current deficit. Without the necessary funds, they will be unable to pay professional guardians for May and June 2024. This is their biggest line item, and at the current time the OOG is serving 1,043 protected people across the state.

Ms. Leach stated that board counsel has drafted a resolution to memorialize the approval. It requires invoices to be submitted, and funds will be released as those come in.

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

Presenters: Mayor Pro Tem Ronita Wood, Village of Bosque Farms; Erica DeSmet, Councilor, Village of Bosque Farms

18. Village of Bosque Farms—Requests an Emergency Grant for Repairs to its Water Storage Tank (\$200,000)

Mayor Pro Tem Wood said the Village of Bosque Farms is requesting \$200,000 in emergency funding for the repair of tank #1, located at 1020 Arena Road in Bosque Farms. In July 2023, Well #1, which is a water storage tank for the Village, went down after a crack in the exit pipe drained all of the water from the tank. At the time of inspection, it was discovered that, on top of the cracked tank, other costly repairs were also needed, such as lining.

Ms. Wood also reported that, in the process of getting quotes for the tank repair, the Village unfortunately suffered a sewage spill in January this year at the waste treatment facility. At the time, the Pueblo of Isleta stepped in to help, but it was discovered that the issue of well #1 being down presented a severe fire hazard for the Village because they were working off only the second well, which is located on Highway 47. Should there be a fire, she stated that the fire department would drain the tank in about six hours and leave the residents without water or sewer service.

Treasurer Montoya asked if \$200,000 was enough given the severity of this issue.

Ms. Wood responded that they were given the impression that \$200,000 was all that was available, which would cover the repair of the tank liner. After that, the Village would have either request more emergency funding or else get the Village to repair the cracked pipe and restart the pump, which would cost \$60,000 and \$25,000 respectively.

Treasurer Montoya asked if it would be appropriate to increase the amount being requested based on the need.

Ms. Leach responded that staff worked with board counsel in drafting a resolution with the amounts highlighted in yellow. They anticipated that the Village would address these items at the meeting as it was unclear how far the \$200,000 would go. Councilor DeSmet had indicated that the \$200,000 would be the bare minimum to get the lining repaired and get the tank operational but wouldn't be enough to cover the other repairs. If the board chooses to provide additional funding it can do so, and there is sufficient funding to approve a larger request.

Treasurer Montoya commented that doing partial fixes in this case would not be productive and would cost more later.

Ms. Wood agreed and said they would appreciate additional funding to complete the repairs to tank #1.

Responding to Treasurer Montoya, Ms. Wood said the well in question services Bosque Farms Elementary School and Peralta Elementary School and includes part of the Town of Peralta and part of the Pueblo of Isleta.

Treasurer Montoya noted that fire season is approaching, and there have been fires in the past in Bosque Farms and neighboring communities. Her concern is that failure to provide the Village with the full amount of funding needed now could mean they would be coming back to the board to request additional funding toward the end of the fiscal year. At that time, there may not be sufficient emergency funding available.

Member Cassidy asked if a maintenance plan is in place to deal with issues like this going forward. Ms. Wood responded that the utilities department has a daily maintenance plan in place, but the crack was not discovered because it was so far into the ground. She said they would keep the current maintenance plan in place but going forward it would include more thorough inspections to include looking further down into the ground.

Member Cassidy asked Ms. Wood if water rates are reviewed regularly to meet maintenance needs. Ms. Wood responded that they increase the water rate every year by 2 percent but may have to revisit the rates to get additional funding for the sewer system.

Responding to Member Sanchez, Ms. Leach said it wasn't possible to determine from the quotes provided by the Village what the full amount should be to cover all the necessary repairs. If the Village has that information today, the board could do a grant in an "up to" amount, but if the Village needs to go and evaluate some of those costs, the board could probably provide some amount of funding contingent upon having the Village return later with additional information.

Ms. Wood clarified for Member Sanchez that the Village has memorandums of understanding in place with the Pueblo of Isleta, the Town of Peralta, and Valencia County Emergency Services, and vice versa.

Responding to Lt. Governor Morales, Ms. Wood said they have a "want list" and a "need list." It would be in the Village's best interest to fix everything up front, but in order to get the tank up and running, it would cost about \$300,000, while \$700,000 would include replacement of the exit pipe, repairing it from the inside and resealing and rewelding it, the liner, the inspection, cleaning, and disinfection, the pump startup, a new generator to keep the well running, and a revamping of the communication system between the two wells.

Ms. Leach recommended that the board consider a funding request today, and staff can incorporate in the resolution any additional follow up reporting and analysis that the board would like to see from the Village to evidence additional funding need if less than the full want is provided today. If the full want is provided today, the board can have the Village come forward later to report on any additional needs or funding that they will need to seek through other sources.

Responding to Lt. Governor Morales, Ms. Leach said she feels the emergency fund balance is very healthy right now, although there will be two more meetings this fiscal year. She suggested the board could provide a certain amount today and communicate with the Village as the end of the fiscal year approaches to reevaluate the balance at that time.

Ms. Wood stated that \$700,000 to \$900,000 would put the tank up and running at adequate capacity.

Lt. Governor Morales said he would support a motion approving funding up to \$500,000 and that communication take place between the Village and Director Leach to assess whether additional funding is needed.

Member Sanchez said he was not entirely comfortable with the \$500,000 given that \$700,000 would solve the problem.

Member Cassidy concurred with Member Sanchez.

Treasurer Montoya moved to approve funding of \$500,000 up to and including \$700,000 with all the appropriate documentation. Member Sanchez seconded the motion, which passed unanimously.

Lt. Governor Morales asked for a progress report from the Village toward the end of the fiscal year or at the beginning of the next fiscal year.

PRIVATE ACTIVITY BONDS

Presenters: Isidoro Hernandez, Executive Director, MFA; Christi Wheelock, Tax Credit Program Analyst, MFA; Thomas Andrews, CEO, Thomas Development Group, LLC; Jonathan Andrews, Vice President, Thomas Development Group, LLC; Steve Likes, Bond Counsel, Kutak Rock; Justin Carmona, Development Loan Manager, MFA; Jacobo Martinez, Assistant Director, Housing Development, MFA

19. New Mexico Mortgage Finance Authority—Requests Approval of a Private Activity Bond Volume Cap Allocation for Peachtree Canyon Apartments, Located at North Jordana Road in Las Cruces (\$20,000,000)

Ms. Wheelock stated that the New Mexico Mortgage Finance Authority (MFA), for the benefit of the New Mexico Housing and Community Development Corporation and Thomas Development Company, is requesting approval of a Private Activity Bond volume cap

allocation of \$20,000,00 to finance the construction of a new multifamily affordable housing apartment project in Las Cruces known as the Peachtree Canyon Apartments. This will be a 144-unit multifamily apartment project in the northeastern portion of Las Cruces. The project will have 100 percent rent-restricted units for households below 60 percent AMI and will give preference to active and retired military. The construction will include six three-story buildings with 72 one-story, 54 two-story, and 18 three-bedroom units, and a clubhouse. The project is slated to close in June 2024 and construction will begin immediately thereafter.

Ms. Wheelock said the project is proposed to be financed with both Private Activity Volume Cap Tax Exempt Bonds issued by MFA and Low Income Housing Tax Credits. The bonds will be purchased by Specialty Finance Group, Cedar Rapids Bank & Trust, in a series of bonds with terms of 5.95 percent interest with a 40-year amortization. Financing will include grants from the City of Las Cruces totaling \$6 million, a \$1.5 million grant from Doña Ana County, and MFA gap funding of \$5,550,000. Total cost of the project is \$39,400,000.

Thomas Andrews and Jonathan Andrews made a presentation.

Member Cassidy commented on the shortage of affordable rental units and housing for members of the military in Las Cruces and asked what the plan is to address this problem in the future. Thomas Andrews responded that this does present a challenge because they are restricted by federal income limits that are set by each county. In the Doña Ana/Las Cruces area they are providing one-bedroom units that can serve incomes up to a little over \$27,000, which is close to what an entry-level service member makes. They are looking at Phase II, which could have an option of serving up to 80 percent of area income. He added that it is a challenge statewide to serve entry level service members.

Lt. Governor Morales noted the price of \$231 per square foot, and said he was surprised it wasn't higher. Mr. Hernandez responded that before COVID they were seeing under \$200 per square foot, so this is an increase. Some other developments are approaching \$300 per square foot, so this is a very good price.

Member Cassidy moved for approval. Member Sanchez seconded the motion, which passed unanimously. [Treasurer Montoya was not present for the vote.]

REAL PROPERTY DISPOSITIONS

Presenter: Benjamin McIntosh, Real Estate Manager, Bernalillo County

20. Bernalillo County—Requests Approval of the Donation of Real Property, known as the Route 66 Visitor Center, to the City of Albuquerque

Mr. McIntosh stated that this is a request to execute a donation agreement for the Route 66 Visitor Center to the City of Albuquerque. The subject building is about 21,667 square feet and sits on 8.73 acres. The funding of the center was a joint effort of the City of

Albuquerque and Bernalillo County. The project was funded with \$3,802,364 in general fund and Severance Tax Bond proceeds, \$2,285,308 in County G.O. Bond proceeds, and \$5,600,000 from the City through a combination of gross receipts tax revenue, city G.O. Bond proceeds, and Metropolitan Redevelopment Act funds.

Ms. Leach stated that approval of this request is contingent upon director's and counsel's receipt and review of (1) a fully executed donation agreement and (2) a fully executed quitclaim deed.

Responding to Member Cassidy, Mr. McIntosh said the County Commission unanimously approved this donation.

Member Sanchez moved for approval. Member Trevisani seconded the motion, which passed unanimously. [Treasurer Montoya was not present for the vote.]

Presenters: Scott Kaseman, Real Property Supervisor, Santa Fe County Public Works Department; Chris Barela, Real Property Specialist, Santa Fe County

21. Santa Fe County—Requests Approval of the Sale of Real Property, Located at 901 West Alameda in Santa Fe, with Southwest Care Center (\$3,200,000)

Mr. Barela stated that Santa Fe County is requesting approval of the sale of the Casa Solana Building to the Southwest Care Center. The property is on 1.399 acres, including a 60,940 square foot two-story multi-tenant property that was originally constructed as a neighborhood shopping center and is currently used for office space. By selling to Southwest Care Center, it would enable Southwest Care to enhance and expand their medical and health services throughout the community. The property has been appraised by a certified appraiser on February 21, 2024.

Ms. Leach stated that approval would be contingent upon director's and counsel's receipt and review of (1) a fully executed purchase agreement and (2) a fully executed quitclaim deed.

Member Cassidy moved for approval. Member Sanchez seconded the motion, which passed unanimously. [Treasurer Montoya was not present for the vote.]

PRESENTATIONS

Presenter: Sandee Stallings, Chief Operating Officer, BLX Group

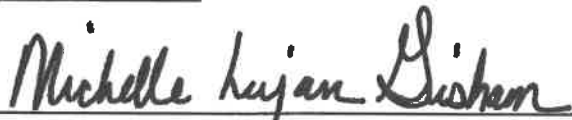
22. Overview of Arbitrage and Relevance of Arbitrage Rebate

Ms. Stallings made a slide presentation.

Ms. Leach noted that board staff and Marcos Trujillo have been leading the work with Ms. Stallings and the State Treasurer's Office and have connected them on the SLGS option

directly. They are in conversation on how the Treasurer's Office would like to approach that potential option in the investment portfolios. Staff brought this to the board because it will be making arbitrage payments in April, which is the first time since 2014 that the state has had to do that.

ADJOURNMENT: 11:12 a.m.



Michelle Lujan Grisham, President

5-22-24

Date



Michael S. Sanchez, Secretary

5/22/24

Date