

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

VIRTUAL ATTENDANCE AVAILABLE

Santa Fe, New Mexico

May 21, 2024

A regular meeting of the New Mexico State Board of Finance was called to order on this date at 9:00 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 [attending virtually]
The Hon. Laura M. Montoya, New Mexico State Treasurer
Mr. Joseph Badal, Public Member
Mr. Paul Cassidy, Public Member, Acting Chair
Ms. Wendy Trevisani, Public Member [attending virtually]

Members Excused:

The Hon. Michelle Lujan Grisham, President
Mr. Michael S. Sanchez, Secretary, Public Member

Staff Present:

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

Legal Counsel Present:

Mr. Blaine Moffat

2. APPROVAL OF AGENDA

Acting Chair Cassidy stated that Action Item 28 (Authorizing Resolution for New Mexico Severance Tax Note, Series 2024S-A, \$830,000,000 maximum principal amount) should reflect in the record two different bond issuances: Series 2024S-A1 (\$330,000,000 maximum principal amount) and 2024S-A2 (\$500,000,000 maximum principal)

Treasurer Montoya moved approval of the agenda, as amended. Member Badal seconded the motion, which passed unanimously.

3. APPROVAL OF MINUTES: March 19, 2024 (Regular Meeting)

Member Badal moved approval of the March 19, 2024, minutes, as presented. Treasurer Montoya seconded the motion, which passed unanimously.

CONSENT AGENDA (Items 4-18)

Presenter: Ashley Leach, Director, Board of Finance

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

4. **Eastern New Mexico University—Requests Approval of Capital Expenditures For Nursing Program Instructional Space Expansion at Roswell Campus (\$3,000,000)**
5. **Northern New Mexico College—Requests Approval of Capital Expenditures For Española Campus Drainage and Infrastructure Improvements (\$2,178,750.75)**
6. **New Mexico Institute of Mining and Technology—Requests Approval of Capital Expenditures for the South Hall Roof Repair (\$431,458.84)**
7. **New Mexico State University—Requests Approval of Capital Expenditures for the Aggie Memorial Stadium Video Scoreboard Replacement (\$2,000,000)**
8. **University of New Mexico—Requests Approval of Capital Expenditures for Valencia Campus Learning Resource Center & Workforce Training Center Roof and Solar Installation (\$1,795,000)**
9. **University of New Mexico—Requests Approval of *Revised* Capital Expenditures for Los Alamos Campus Infrastructure Renovations (\$3,930,833)**
10. **University of New Mexico—Requests Approval of Capital Expenditures for the Reserve Officer Training Corps Track and Training Field (\$1,505,000)**
11. **University of New Mexico—Requests Approval of Capital Expenditures for Redondo Village Apartments Window Replacement (\$1,499,855)**
12. **University of New Mexico—Requests Approval of Capital Expenditures for Upgrades to Tie Feeders (\$2,000,000)**

Submitted by: Anna Silva, Deputy Cabinet Secretary, General Services Department

13. General Services Department—Requests Approval of an Amendment to the Contract with Yearout Energy Services for the TIWA Building, Located at 401 Broadway Blvd NE in Albuquerque (\$22,560,941) _____

- Contingent upon director’s and counsel’s receipt and review of a fully executed contract amendment

Submitted by: Pamela Heltner, County Manager, Otero County

14. Otero County—Requests Approval of the Lease of Real Property, Located at 1004 N. White Sands Blvd in Alamogordo, to the Tularosa Basin Historical Society (\$72,765/year, services in lieu of rent) _____

- Contingent upon director’s and counsel’s receipt and review of (1) a revised and fully executed lease agreement and (2) an updated appraisal indicating Board of Finance as an intended user

Submitted by: Benjamin McIntosh, Real Estate Manager, Bernalillo County

15. Bernalillo County—Requests Approval of the Lease of Real Property, Located at 9800 4th Street NW in Albuquerque, to Youth Development Inc. (\$5,000/year, services in lieu of rent) _____

- Contingent upon director’s and counsel’s receipt and review of (1) a fully executed lease agreement and (2) a fully executed OHS Lease Rider agreement with the United States Department of Health and Human Services Administration for Children and Families

16. Bernalillo County—Requests Approval of the Sale of Real Property, Located at 2900 Arenal Road SW in Albuquerque, to Four Adjoining Property Owners (\$135,900, combined purchase total) _____

- Contingent upon director’s and counsel’s receipt and review of (1) a fully executed purchase agreement and (2) fully executed quitclaim deeds for all four adjoining parcels

Submitted by: Stephanie LeMaster, Master Planner, State Armory Board

17. State Armory Board—Requests Approval of the Donation of Real Property Located at County Road 110 in Ranchos de Taos, to UNM Taos Career and Technical Education Center _____

- 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: Karin Byrum, Finance Director, Elephant Butte Irrigation District

18. Elephant Butte Irrigation District—Requests Approval of the Sale of Real Property, Located Just North of Fischer Road in the North Valley Area near Las Cruces, to Bueno Suerte Ventures, LLC (\$68,282.07)

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

Treasurer Montoya moved for approval of the Consent Agenda. Member Badal seconded the motion, which passed unanimously.

INFORMATIONAL ITEMS (Items 19-26)

Presenter: Ashley Leach, Director, State Board of Finance

19. Capital Buildings Repair Fund Financial Status Report for Month-Ended April 30, 2024

20. Legislative Capital Projects Financial Status Report for Month-Ended April 30, 2024

21. State Treasurer’s Office Investment Report for Months-Ended February 28 and March 31, 2024

22. Emergency Balances – May 21, 2024

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$1,080,716.61	\$4,000,000.00
Emergency Water Fund	\$ 0.00	\$ 109,900.00

Responding to Member Badal, Ms. Ashley said the board has approved every emergency request that has come forward this fiscal year, and every request that staff has received has been brought forward to the board for consideration, although a couple of inquiries didn’t come to fruition. She said the emergencies she is aware of that may come forward in June are not for emergency water funds, although if they were, the board could tap the operating reserve fund.

Member Badal asked if the board should request a larger appropriation on the water side going forward. Ms. Leach responded that there has been an increase in emergency requests coming before the board, particularly with respect to large dollar requests from state agencies, which eats up a large portion of the fund. When the Rule and Policies Subcommittee meets in a few weeks, she plans to bring up the idea of potentially turning this into a non-reverting fund.

Member Badal asked how municipalities and other entities find out that this money is available when a need arises. Ms. Leach responded that the information is available on the SBOF website, but mostly it is through word of mouth from a lot of the board’s collaborating partners, including the Governor’s Office, the Legislative Finance Committee and legislative staff, Mortgage Finance Authority, New Mexico Finance Authority, and others. She said a lot of requests are channeled through legislators.

Lt. Governor Morales commented that, given the increase in emergency water requests, he hoped the board could take a proactive approach in drilling down into why this is occurring. In rural communities, where there are acequia associations and mutual domestic water associations run by volunteers, audit compliance issues have had an impact, as has turnover. In terms of outreach, he would like to see what the board can do in to increase opportunities to help these small communities through seeking legislation and working with DFA, the Municipal League, counties, etc. to educate people on what the funding options are so that they do not find themselves facing these emergency situations because they have antiquated water systems.

Member Cassidy added that HB153, which was signed by the Governor in the last session, provided a \$500,000 appropriation for planning purposes and capital outlay for smaller communities.

Ms. Leach also noted that additional funding was provided for emergencies under DFA's Local Government Division. She would like to reach out to them and discuss partnering with them to get the word out.

- 23. Fiscal Agent and Custodial Bank Fees Report**
- 24. Joint Powers Agreements for Months-Ended March 31 and April 30, 2024**
- 25. New Mexico Finance Authority Housing Trust Fund 3rd Quarter FY24 Earmark Report**
- 26. Report of the Board of Finance Audit Subcommittee**

Ms. Leach reported that STO, SIC, PERA and NMERB submitted their audits on time and received unmodified opinions.

STATE TREASURER'S OFFICE

Presenter: Vikki Hanges, Portfolio Manager, State Treasurer's Office

- 27. Quarterly Investment Report for Quarter-Ended March 31, 2024**

Ms. Hanges reported that, for the first quarter 2024, STO portfolios earned \$160 million in income. For the fiscal year to date, the portfolios earned \$494 million in income.

Treasurer Montoya said the LGIP has the highest balances in its history, so is helping a lot more counties and cities. This is a very good way for smaller communities to diversify their portfolio and earn a better return rate. In terms of the recently adopted interest rate policy, she is noticing that the counties or cities are not negotiating a better rate with the banks than the 2

percent they are now earning, which raises the question of whether they are meeting their fiduciary responsibilities. The U.S. Treasury rate was 4.829 percent yesterday.

BONDING PROGRAMS

Presenter: Luis Carrasco, Bond Counsel, Rodey Law; David Buchholtz, Rodey Law; Martha Carpenter, Rodey Law

28. Authorizing Resolution for State of New Mexico Severance Tax Notes, Series 2024S-A1 (\$330,000,000 maximum principal amount) and 2024S-A2 (\$500,000,000 maximum principal amount) [as corrected]

Mr. Carrasco said the combined maximum principal amount for these notes is \$830,000,000. The issuance would fund up to \$9.4 million in capital projects previously authorized by the legislature but not yet included in past bond/note sales; \$124.6 million for water projects, certified by the Water Trust Board; \$62.3 million for colonias projects, certified by the Colonias Infrastructure Board; \$62.3 million for tribal projects, certified by the Tribal Infrastructure Board; \$34.6 million for the Housing Trust Fund, certified by the Mortgage Finance Authority; and up to \$500 million for the newly established Capital Development and Reserve Fund. The interest on both subseries (SA-1 and SA-2) is not excludable on income for federal tax purposes; therefore, projects which may not be suitable for tax exempt funding can be funded through those notes, but also projects that are suitable for tax exempt funding can also be funded from these sources.

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

29. Authorizing Resolution for State of New Mexico Supplemental Severance Tax Note, Series 2024S-B (\$450,000,000 maximum principal amount) _____

Mr. Carrasco stated that this resolution authorizes the issuance of a maximum of \$450,000,000 in the Series 2024S-B Supplemental Severance Tax Note. The issuance would fund projects certified by the Public School Capital Outlay Council.

Ms. Leach said she anticipates that the Public School Capital Outlay Council will certify the entire amount of the note.

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

E-911

Presenter: Stephen Weinkauff, E-911 Bureau Chief, Department of Finance and Administration

30. Department of Finance and Administration—Requests Approval of the

FY25 Operating and Capital Budgets for Public Safety Answering Points (\$11,972,091)

Mr. Weinkauff stated that this year's operating budget request is for \$8,887,572, and their capital budget request is \$3,084,519, for a statewide total of \$11,972,091. What is unique about this request is they have included a projection of about two months of recurring costs for the Emergency Services IP Network and Next Generation Core Services associated with the transition to a Next Generation 911 system. Effective July 2023 for FY 2024, they executed a contract with Motorola for NM911 Implementation and Transition to Next Gen. They anticipate a first go-live date of May 2025, when they start to see some PSAPS cut over online and they start seeing recurring costs associated with that contract, and then there will be a period of dual-provisioning with the Next Gen 911 systems. Total system acceptance and disconnection of the state's legacy E-911 network is projected to occur in mid-FY26.

Responding to Acting Chair Cassidy, Mr. Weinkauff said they are fully staffed with five employees: a GIS analyst, three program coordinators, and a financial analyst.

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

CONCESSION CONTRACTS

Presenters: Benjamin Shelton, General Counsel, Energy, Minerals & Natural Resources Department

31. Energy, Minerals, and Natural Resources Department—Requests Approval of the First Amendment to the Concession Contract with Rock Canyon Service Center for the Service Center at Elephant Butte Lake State Park (7 percent concession fee, no change in fee)

Mr. Shelton presented this request for approval of the first amendment to the concession contract with Rock Canyon Service Center, which provides personal watercraft and marine-related maintenance and repair services at Elephant Butte State Park.

Mr. Shelton stated that the amendment reflects the purchase of the service center by NM Marina Management under 19.5.5 NMAC, which lays out the required documents to be provided to the State Parks Division (SPD) for approval of the sale of the concession and assets. NM Marina Management has provided proof of financing, insurance, and a list of the assets that are subject to the sale. While additional documentation is yet to be provided, SPD is amending the contract to allow for a probationary period until July 1, 2025, so that NM Marina Management can provide all remaining required documents without halting operation of the marina and store. The amendment would extend the term to 2040 to align the contract term with SPD's lease with the U.S. Bureau of Reclamation and require NM Marina Management to provide a detailed business plan.

Responding to Member Trevisani, Mr. Shelton said they are currently transitioning out of the wet/warm El Niño cycle, so the water level is okay and better than it was a few years ago when reservoirs and lakes across the Southwest were reaching critical levels. He said visitation continues to be extremely robust.

Member Badal said he understands the concessionaire owns all the equipment, including winches, cables, etc., and asked if there is any requirement by EMNRD/SPD that the equipment be maintained in a workable condition. He asked what if the concessionaire were to allow the facilities to fall into disrepair and then walk away from the concession.

Mr. Shelton responded that he was not aware of any specific provision that would provide a remedy.

Member Badal said the state should have some kind of mechanism or right to inspect the condition of the facilities on a periodic basis.

Ms. Leach said she would work with Mr. Shelton, EMNRD and SPD to get a more thorough response to Member Badal's concerns.

Acting Chair Cassidy requested that Sections 11 (Maintenance and Repair) and 12 (Annual Review and Evaluation) be reviewed prior to final execution. While both sections come close to addressing Member Badal's concern, he didn't know if it covered all of them.

Board Counsel Blaine Moffat noted that Section 19.5.10 NMAC has concession activities with a lot of rules that spells out all the required contractual terms. If there need to be additions, those could be added.

Ms. Leach stated that approval is contingent upon director's and counsel's receipt and review of a fully executed contract amendment.

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

32. Energy, Minerals, and Natural Resources Department—Requests Approval of the Second Amendment to the Concession Contract with Lago Rico Inc. for the Marina and Store at Elephant Butte Lake State Park (7 percent concession fee, no change in fee)

Mr. Shelton presented this request for approval of the second amendment to the concession contract with Lago Rico, Inc. for a full-service marina and store at Elephant Butte Lake State Park. Lago Rico intends to sell its business and fixed assets to NM Marina Management, LLC.

Mr. Shelton said the amendment reflects the purchase of the marina and store by NM Marina Management under 19.5.5 NMAC, which lays out the required documents to be provided to the State Parks Division (SPD) for approval of the sale of the concession and assets. NM Marina Management has provided proof of financing, insurance, and a list of the assets that are subject to the sale. While additional documentation is yet to be provided, SPD is amending the contract to allow for a probationary period until July 1, 2025, so that NM Marina Management can provide all remaining required documents without halting operation of the marina and store. The amendment would extend the term to 2040 to align the contract term with SPD's lease with the U.S. Bureau of Reclamation and require NM Marina Management to provide a detailed business plan.

Ms. Leach stated that approval is contingent upon director's and counsel's receipt and review of a fully executed contract amendment.

Member Badal moved for approval. Lt. Governor Morales seconded the motion, which passed unanimously.

EMERGENCY FUNDING REQUESTS

Presenters: Kelly McClellan, Community Services Director, City of Portales; Javier Machuca, Account Consultant, City of Portales; Laura Lovelady, Planning and Zoning Administrator; Michael Miller, Mayor, City of Portales

33. City of Portales—Requests Approval of an Emergency Operating Grant for Construction of a New Animal Shelter (\$350,000)

Ms. McClellan said that, prior to 2022, the City of Portales had an arrangement with Roosevelt County in which the city rented out one of the county's buildings for use as an animal shelter, with services provided in lieu of rent. The agreement abruptly ended in 2022 and the city since then has been housing the animal shelter in temporary facilities that are smaller than the previous shelter and can only hold 10 dogs and 6 cats, so the city can no longer accept surrendered animals and is operating as an impound facility for strays. As a result, the rescue center was overwhelmed and closed. There are now packs of dogs and tons of stray cats, and since August there have been 16 dog bite reports and 60 reports of aggressive animals.

Ms. McClellan said the City of Portales wants to build a shelter so it can go back to full services and deal with the packs of dogs and large population of feral cats. She said the Department of Health is concerned that there is bird flu in the population. She said the city has tried a variety of ways to get a building, including through building donations, RFPs to privatize the services, entering partnerships with other entities in the city, and legislative appropriation requests. Today, they are requesting an emergency operating grant in the amount of \$350,000 to design and construct a shelter.

Treasurer Montoya asked why the agreement with Roosevelt County ended. Ms. McClellan said the city and county were in negotiation for other services, EMS and Dispatch as one, and

they were very contentious. The city learned through a public meeting that the county was going to be moving people into that building, giving the city two weeks to vacate the space and move the animals. The arrangement for the use of that space was intended to be short-term, but two years later the city is still searching for a permanent shelter.

Treasurer Montoya asked if the city is committed to finding more employees to take care of the need. Ms. McClellan responded that the city is aware that part of this request will require more employees, and she did not hear any objection to that when she presented this request to them. Currently, there are two full time employees. Two part time employees were added two months ago.

Treasurer Montoya asked if \$350,000 would cover the cost of not just the shelter, but more employees. Ms. McClellan responded that they are 100 percent open to hiring more staff if necessary to deal with the additional animals.

Treasurer Montoya asked if the county has a building that could be used to accommodate the shelter. Ms. McClellan responded that the county did not offer any building to the city during the last round of negotiations, although all the city could offer at the time was to euthanize dangerous animals for the Sheriff's Department. If the county were to offer a building in the future, the city would be open to negotiations.

Member Badal asked if they have done any crowd funding. Ms. McClellan responded that they held a community yard sale that raised about \$3,000, and they reached out to other enterprises in the city to see if they would be willing to donate services or buildings but had no luck. Member Badal said he would encourage the city to use social media to try and raise some money, since similar entities have had great success with this.

Responding to Member Trevisani, Ms. McClellan said Portales is surrounded by dairies, where there is bird flu and feral cats, and DOH contacted the city to express concern that those cats may have cross-contaminated the city's huge feral cat population. DOH advised the shelter to stock up with PPE when handling any sick or dead cats. Any animals that are acting sick are to be sent off to be tested. The public has been alerted about this concern.

Responding to Acting Chair Cassidy, Ms. McClellan said they arrived at the \$350,000 figure based on blueprints for a small to medium sized shelter they obtained from a construction company about a year ago. The city has two or three locations that are up against utilities where they would like to locate the shelter.

Treasurer Montoya recommended that some criteria be developed on what would constitute an emergency request for an animal shelter from the board in the future.

Ms. Leach referred to a resolution in the board packet addressing this request.

Responding to Member Badal, Ms. Leach said staff was initially leaning towards a grant rather than a loan because the city does not have the financial resources other than a legislative appropriation in the next session. If they were to receive the appropriation they could pay the board back, but it would be coming out of the general fund to go back into the general fund.

Treasurer Montoya asked Mayor Miller if the city is committed to funding the staffing for the new shelter. Mayor Miller responded that they are very committed to this.

Member Badal commented that this is a public safety and public health issue.

Member Badal moved to approve this request for a grant. Treasurer Montoya seconded the motion based on Member Badal’s comments that this is health and safety issue. The motion passed unanimously.

Presenters: Dianna Luce, Fifth Judicial District Attorney, Diana Switzer, Chief Financial Officer, Fifth Judicial District; Filemon Gonzalez, Chief Financial Officer, Administrative Office of the District Attorneys

34. Fifth Judicial District Attorney—Requests Approval of an Emergency Operating Grant for a FY24 Budget Shortfall (\$377,936.92) _____

Ms. Luce said this emergency funding request for \$377,936.92 is the result of a budget shortfall caused by an error in calculations on the spreadsheet they use for the state budget. This was discovered when district attorneys statewide experienced a ransomware attack, and they were locked out of everything. When they manually started over with the spreadsheet for the FY24 budget, they discovered an error in a formula in the Total Obligations column cell in the Exempt Perm Position salary line that created a shortfall. They immediately halted all non-essential expenditures, including planned travel, training, overtime, and temporary pay increases.

Ms. Switzer added that she has been working with other CFOs, who have been very helpful, in trying to figure out how to prevent this from ever happening again. She has asked for additional help and training to make sure she can run her own checks to make sure the formulas are correct.

Mr. Gonzalez commented that, in going all the way back and verifying the numbers, they discovered that the document in question was easily corruptible and that has been addressed with a new set of internal controls. They have a plan to ensure that this does not happen again.

Responding to Treasurer Montoya, Ms. Luce said the 10 percent extra pay going to employees who were also covering vacant positions was no longer being paid. She confirmed that the requested funding does not cover the 10 percent additional pay. Treasurer Montoya said they should get at least 5 percent.

Member Badal asked if he understood that they adjusted the budget after seeing economies in some line items. Ms. Luce said that was correct. The budget shortfall in total was originally \$800,000. She submitted a BAR on May 7 and they were able to do a transfer from the Other category and their Contractual category that made the needed amount much less.

Acting Chair Cassidy asked if they cut the salary back by 5 percent. Ms. Switzer responded they had started a 10 percent temporary increase for a six month period last December, after they did the BAR, thinking they had more money. They immediately stopped the 10 percent temporary increase and went back to their regular salary.

Ms. Leach reviewed the resolution in the board packet, which rounded out the request to \$377,937.00.

Member Badal asked if they will be able to fund salaries, fill vacancies, and pay witness fees. Ms. Luce responded that they have determined what expert witness fees they will pay for this year and what positions they will hold vacant until June 30. Staff will be paid their regular salaries.

Treasurer Montoya moved for approval of this emergency grant. Lt. Governor Morales seconded the motion, which passed unanimously.

[Lt. Governor Morales signed off from the proceedings.]

STAFF ITEMS

Presenter: Ashley Leach, Director, Board of Finance

35. Third Amendment to the Contract with Wells Fargo for Fiscal Agent and Treasury Services

Ms. Leach said this amendment replaces the existing fee schedule with a schedule that includes pricing for new services for state agencies, a few pricing corrections identified through an annual reconciliation of the contract and invoicing for existing services, and a few pricing changes that occurred as the result of Well Fargo's annual pricing event.

Responding to Member Badal, Ms. Leach said they had five responses, two of which were non-responsive.

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

36. Finalist Award and Approval of Contract for Disclosure Counsel Services with Delegation to Staff to Finalize Contract and Submit to the Contracts Review Bureau for Approval

Ms. Leach stated that this is an active procurement, and at this meeting she will ask the board for approval of the finalist. All board members were briefed following receipt of confidentiality agreements. She served as procurement officer for this, and an evaluation committee comprising three evaluators was convened to review proposals, and the committee is recommending the contract be awarded to Kutak Rock. Should the board approve this item, it would be approving the finalist recommendation and the contract. The evaluation committee report and contract has been shared with board members following receipt of the confidentiality agreements. The contract does not deviate from the draft included in the RFP. It also delegates to staff to make any final non-material changes to the contract.

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

37. Consideration of Publication of Notice of Proposed Repeal and Replacement of NMAC 2.70.4 and NMAC 1.5.23 as Proposed by Staff and the Rules Subcommittee

Ms. Leach said staff have prepared redlines of the existing NMAC 2.70.4 (Higher Education Capital Expenditures) and NMAC 1.5.23 (Real Property Leases, Acquisitions, and Dispositions). Staff and board counsel have finalized draft redlines and received feedback from some key stakeholders. They will be meeting with the Rule Subcommittee in the next few weeks to get their final input on the redlines. Today's action is to provide counsel and staff approval to publish notice in the New Mexico register to begin the minimum 30-day public comment period, with a public hearing anticipated in June or July. Following the public comment period and public hearing, staff will consider any changes to the rules and seek the board's approval to repeal and replace the rules.

Ms. Leach summarized the proposed changes.

Responding to Member Badal, Ms. Leach said she applied the CPI as inflator after researching any construction cost indexes. She commented that this is tough because dollar thresholds can quickly become obsolete, and so it is in the best interest of the board moving forward to do a more regular review of the rules.

Member Badal said the CPI versus actual construction costs over the last few years is apples and oranges. He would like to think that the board would see construction prices at least slow down.

Ms. Leach said the Rules Subcommittee will take place in the next two to three weeks, and before that she would like to reach out to the chief economist at DFA to see if he is aware of any indices that he could tap into that are a bit more specific to construction costs and do a comparison with that and CPI.

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

38. Discussion of Rule Making Procedures

Ms. Leach stated that, unless the board would like to have the public hearing take place during a regular board meeting, a hearing officer will have to be designated for the public hearing. Board counsel said it would be beneficial to have that be a board member with a second board member as backup.

Treasurer Montoya suggested asking Member Sanchez first, followed by Lt. Governor Morales. She said she would serve as hearing officer if neither was available.

ADJOURNMENT: 11:35 a.m.


Michelle Lujan Grisham, President

6-25-24
Date


Michael S. Sanchez, Secretary

June 25, 2024
Date