

NEW MEXICO STATE BOARD OF FINANCE

REGULAR MEETING

HELD VIRTUALLY VIA MICROSOFT TEAMS

Santa Fe, New Mexico

February 18, 2025

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. All members were present virtually.

1. ROLL CALL -- QUORUM PRESENT

Members Present:

The Hon. Laura M. Montoya, New Mexico State Treasurer
Mr. Michael S. Sanchez, Secretary, Public Member
Mr. Paul Cassidy, Public Member
Mr. Joseph Lujan, Public Member
Ms. Wendy Trevisani, Public Member

Members Excused:

The Hon. Michelle Lujan Grisham, President
The Hon. Howie Morales, Lt. Governor

Staff Present:

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

Legal Counsel Present:

Mr. Blaine Moffatt
Ms. Rebecca Guay

2. APPROVAL OF AGENDA

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

3. APPROVAL OF MINUTES: January 16, 2025, Regular Meeting

Treasurer Montoya moved approval of the minutes of the January 16, 2025, meeting. Member Lujan seconded the motion, which passed unanimously.

CONSENT AGENDA (Items 4-8)

Presenter: Ashley Leach, Director, Board of Finance

Submitted by: Joe Brown, Capital Projects Director, Higher Education Department

4. University of New Mexico—Requests Approval of the Acquisition of Real Property, known as Newport Building I, II, and III, Located at 2600 and 2650 Yale SE and 2350 Alamo SE in Albuquerque (\$4,900,000)

- Contingent upon director’s and counsel’s receipt of a fully executed general warranty deed.

5. University of New Mexico Health Sciences Center/Hospital—Requests Approval of Capital Expenditures for its Radiology Center Remodel (\$7,000,000)

Submitted by: Ben McIntosh, Real Estate Manager, Bernalillo County; Mona Romero, Real Property Agent, Bernalillo County

6. Bernalillo County—Requests Approval of the Sale of Real Property, Located at 1500 and 1510 Menaul Boulevard NW in Albuquerque, to the Indian Pueblo Cultural Center (\$2,425,000)

- Contingent upon director’s and counsel’s receipt and review of a favorable review by the New Mexico Taxation and Revenue Department’s Property Tax Division.

Submitted by: Julie Lovato, Contract Specialist, Energy, Minerals and Natural Resources Department; Gabriel Wade, Deputy General Counsel, Energy, Minerals and Natural Resources Department

7. Energy, Minerals, and Natural Resources Department—Requests Approval of the Third Amendment to the Concession Contract with Outsource Ventures, LLC, at Ute Lake State Park

Submitted by: Megan Mannila, Budget & Financial Service Manager, NM Educational Retirement Board; Renada Peery-Galon, ASD Director, CFO, NM Educational Retirement Board; David Archuleta, Executive Director, NM Educational Retirement Board

8. New Mexico Educational Retirement Board (NMERB)—Requests Approval of an Amendment to the Contract with Enterprise Builders Corporation for the Construction of NMERB Headquarters, Located at 5211 Las Soleras Drive in Santa Fe (\$12,531,732.45)

- Contingent upon director's and counsel's receipt and review of a fully executed change order #1.

Member Cassidy moved for approval, with the contingencies. Treasurer Montoya seconded the motion, which passed unanimously.

HIGHER EDUCATION

CAPITAL EXPENDITURES

Presenters: Teresa Costantinidis, Sr. Vice President of Finance & Administration, UNM; Tabia Murray Allred, Executive Director, Institutional Support Services, UNM; Joe Brown, Capital Projects Director, Higher Education Department; Joseph Silva, UNM Chief of Police

9. University of New Mexico—Requests Approval of Capital Expenditures for Construction of the UNM Police Department Headquarters (\$16,360,000)

Mr. Brown stated that this project will construct 16,142 square feet for a new Police Department Headquarters, a two-story building at the southeast corner of University Boulevard and Mesa Vista Road. The program areas will include public and secure areas, divided by a ballistic-rated partition; a lobby with restrooms and a community meeting room; administrative support areas; a 24/7 Police Dispatch center with enhanced screen viewing; fitness center; secure areas with detainee intake, holding cells, evidence processing and storage, and interview rooms with A/V capabilities; office spaces for sworn officers, command staff, Police Chief and Deputy Chief, and campus security with associated briefing/conference rooms; and secure parking. An emergency power generator will be relocated to the new facility.

Mr. Brown stated that the project is being funded by \$9 million in 2023 UNM institutional bonds; \$3.36 million in I&G core funding; \$1 million in capital improvement funds; and \$3 million in interest pool for the Flex. Repo funds, for a total cost of \$13,360.

Ms. Costantinidis stated that the UNM Police Department is currently located in Hokona Hall, a former dormitory, where the location does not meet the requirements of a modern campus police service and hampers UNM PD's ability to deliver essential safety, security,

policing, and outreach services effectively. The 12,000 square foot space at Hokona Hall will be reconverted to dormitory rooms. She said the improved space quality and organization will enhance safety and operational efficiency for the UNM Police Department team and campus community and will improve response time due to direct access to University Boulevard and its proximity to Lomas, Las Lomas, Redondo, and Central Avenue.

Ms. Allred noted that, as the existing space occupied by the UNM PD will be returned to student housing, there is no direct offset of square footage with this new facility. UNM is conscious that this represents a new square footage for the university, and they have recently removed an older building near the heart of the central campus of 23,000 square feet. Once returned to a residence, the 12,000 square feet in Hokona Hall will no longer be I&G eligible and will be maintained and supported by student housing fees, allowing for near-neutral impact on campus operations and maintenance budgets.

Responding to Member Cassidy, Chief Silva said the holding cells are for very short-term use. After the paperwork is processed, those being held are taken to either the prison transport center or Metropolitan Detention Center.

Responding to Treasurer Montoya on what role the UNM Police Department plays in protecting students and their privacy, especially those in the migrant community.

Chief Silva responded that UNM has set up an ad hoc committee that covers a cross section of concerns across campus. The UNM Police Department's number one priority is protecting students, faculty and staff on campus, and they have protocols in place in the event they have to deal with federal authorities. Although such an occurrence is high unlikely, they will work with the office of legal counsel in making sure they are providing those protections.

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

PRIVATE ACTIVITY BONDS

Presenter: Dan Foster, Housing Development Director, Albuquerque Housing Authority; Jacobo Martinez, MFA; Linda Bridge, Executive Director, Albuquerque Housing Authority; Daniel Werwath, Director, Office of Housing, Governor's Office

10. Albuquerque Housing Authority—Requests a Private Activity Bond Volume Cap Allocation for the Casitas del Camino Apartments Project in Albuquerque (\$16,500,000)

Mr. Foster said the requested bond issuance will allow for the rehabilitation of 42 existing units of low-income housing, built in 1970, and the construction of an additional 46 new units of low-income housing. The project is located at 112-232 60th Street, NW, Albuquerque. He said 100 percent of the units will be low income, 67 of which will have rental subsidy, and 21 will be rent-restricted through the low-Income Housing Tax Credit

program. They will also be adding a new community building with a leasing office, laundry center, and community center. They are setting aside 25 percent of the units on a preferential basis for households with families with children. The existing units are about 50 percent vacant, so they will be doing the rehabilitation portion in phases and will turn the vacant units over to a contractor, have them remodeled, and move the existing households into the newly remodeled units. No tenants will have to be relocated offsite. If there is a household with a disability that cannot be accommodated with the remodel, they will be temporarily located offsite at the Housing Authority's cost while their existing unit is remodeled.

Member Cassidy asked how many units the Housing Authority currently has, given the very low- and moderate-income housing needs for the community, and how this fits in with the long-term strategy.

Mr. Foster responded that they have 1,050 low-income housing units right now, which is a mix of tax credit properties, usually with a rental subsidy attached to them. They still have about 650 units that are public housing; however, they are not able to do any refinance or liens on public housing properties, which constrains their ability to address major capital needs with the properties. Over the last five or six years, they have been converting out of the public housing program and to tax credit projects with Section 8 contracts for the rental subsidies. That is probably a pattern they will follow for quite a few units, since those are the only tools they have to address the housing needs. In addition, they have over 3,000 households on the public housing waitlist, and they have administered about 4,000 housing choice vouchers. They have given up the waitlist because it was exceeding 10,000 people, so now they just do lotteries instead.

Responding to Treasurer Montoya, Ms. Bridge said they take applications for their Section 8 housing voucher program once a year and then randomly pull from those applications to create a waitlist. In a month's timespan, they received 6,000 applications and will probably only have the funding availability to issue 100 vouchers this year. She said the process is fully transparent. When they open for applications once a year, they provide notice in the newspapers and on their website and collect information from people who want to be notified when they open the waitlist. They also do robocalls and advertise on social media. She said their software vendor does the lottery and creates the waitlist to avoid any potential fraud.

Responding to Member Sanchez, Ms. Bridge said they have not drawn any names from the waitlist because currently they are at 113 percent budget utilization, so there are no vouchers available right now. She clarified that they would create a waitlist specifically for this project, so the first people to be served are the current tenants. A new waitlist will be

created specific for this project when construction is wrapping up, and they will pull additional names for it.

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

Responding to Treasurer Montoya, Mr. Werwath said the Governor’s Office is working on legislation on both the Senate and House side that would create the State Office of Housing Planning & Production. The idea is to work more on the systems level with housing and work on how to fix some of the underlying problems that are driving housing costs and housing development costs, while getting more out of the state investments in housing by needing less subsidy and helping more people without subsidy. The intent is also to create better regulatory frameworks, since land use and zoning is one of the big obstacles that is driving affordability issues. They also want to tackle housing data and develop a better system for tracking outcomes and understanding if what they are doing is working. He said they also want to build a housing dashboard to share at the community level to improve communication.

Mr. Werwath commented that they are short tens of thousands of units in New Mexico; for instance, Albuquerque needs 55,000 housing units in the next 15 years, and yet the number of permits has been doing down over the last two years. New uncertainty at the federal level is also a problem.

STATE TREASURER’S OFFICE

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

11. State Treasurer’s Office Quarterly Investment Report for Quarter-Ended December 31, 2024

Ms. Hanges reported that STO managed over \$17 billion in assets at the end of the quarter, earned approximately \$177 million in earnings, with \$88 million in unrealized gains for the fiscal year. She also noted that the LGIP is now over \$2.1 billion in assets, which is a huge milestone.

INFORMATIONAL ITEMS

Presenter: Ashley Leach, Director, State Board of Finance

12. General Services Department Capital Buildings Repair Fund Financial Status Report for Month-Ended December 31, 2024

Ms. Leach presented this report.

13. General Services Department Legislative Capital Projects Financial Status Report for Month-Ended January 31, 2025

Ms. Leach presented this report.

14. State Treasurer’s Office Investment Report for Month-Ended December 31, 2024

Ms. Leach reported that, at the end of December, STO managed \$17.1 billion in assets and earned approximately \$58.8 million from its investment positions, and on an unrealized mark-to-market basis the portfolios decreased by \$17.9 million.

15. Emergency Balances – November 19, 2024

	<u>Balance</u>	<u>Appropriation</u>
Operating Reserve Fund	\$2,621,056.57	\$4,000,000.00
Emergency Water Fund	\$0.00	\$ 109,900.00

Ms. Leach reported these balances.

16. Fiscal Agent and Custodial Bank Fees Report

Ms. Leach presented this report.

17. Department of Finance & Administration Approved Joint Powers Agreements for Month-Ended January 31, 2025

Ms. Leach presented this report.

18. Housing New Mexico Housing Trust Fund 2nd Quarter FY25 Earmark Report

Ms. Leach reported that, as of Q2 2025, Housing New Mexico has issued procurement for \$37,530,000.00 (100%) and expended 55%. For FY 2025, Housing New Mexico has issued procurement for \$34,620,000.00 (100%), of which it has awarded 97% and expended 23%. The activity has occurred for FY 2025 solely in down payment assistance and gap financing for single family rental development.

Addressing Jacobo Martinez of the Mortgage Finance Authority, Member Cassidy suggested that a dashboard of reporting be created so the board can see what is specifically being accomplished in terms of goals set out for use of the money, e.g., number of units, number of people served, etc.

19. State Board of Finance Legislative Update

Ms. Leach highlighted pending legislation that the board staff is following.

Ms. Leach said SB 274 is a bill that the Board of Finance staff are putting forward for consideration by the legislature. This bill would amend §13-6-1 – 3 NMSA 1978, which

govern real and tangible personal property dispositions. The board gets a lot of real property dispositions under §13-6-2.1 specifically. Staff are proposing to increase the thresholds for which local entities, community colleges, school districts, and counties have to come to the board for approval of property dispositions, leases, trades, sales, and donations. Staff proposes the following increases in thresholds. Right now, any lease or sale of \$25,000 needs to come to the Board of Finance. Any lease or sale of real property or tangible personal property above \$5,000 must go through approval at various agencies. That includes PED, HED, and the Department of Finance and Administration. Staff is proposing that the \$5,000 threshold increase to \$30,000 in this bill, and that the Board of Finance threshold of \$25,000 be increased to \$150,000. The state agencies that sell or lease property over \$100,000 or for a lease term of 25 years or more must go to the legislature. Staff is proposing that the \$100,000 threshold be increased to \$550,000.

Ms. Leach said these thresholds haven't been increased in decades, so they are proposing to raise the thresholds to reflect current prices and current dollars while still maintaining that oversight of the state as appropriate.

Ms. Leach said there are several bills related to the land grant-Merced and acequia infrastructure. This would establish a 1.1 percent earmark from Severance Tax Notes to fund land grant-Mercedes and acequias. They have provided an FIR on that that would come out of Severance Tax Note proceeds should that earmark be approved.

Ms. Leach said they are also watching and have responded to House Joint Resolution 11, which repeals and replaces the Anti-Donation Clause of the Constitution to allow non-profits to receive direct appropriations if they provide a public purpose, and Senate Bill 290 (Vibrant Communities Act) is the enabling legislation for that. Changing or allowing what are considered private entities by the IRS to receive direct appropriations, we need to be conscious of that when we issue bonds for such projects. Bond counsel and tax counsel have weighed in on both of those.

Ms. Leach said they are watching House Bill 47 and Senate Bill 192, which implements proposed changes to the Veterans Property Tax exemptions that were passed by the voters in November. Both bills serve as enabling legislation for that. Staff has prepared an FIR in response to that.

Ms. Leach stated that House Bill 145 authorizes the Department of Transportation to issue transportation bonds. Staff is watching this because it would be another bonding program that would fund transportation projects throughout the state. Deputy Director Trujillo has provided some guidance to the Governor's Office from his time at DOT managing their bonding programs.

Ms. Leach said Senate Bill 266 was tabled yesterday. This would have the Board of Finance reviewing and approving contracts for higher education institution administrators. House Bill 351, which has not moved at all, would provide the Board of Finance \$200 million

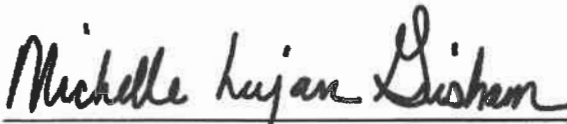
for emergency loans to Chavez County communities for flooding. Staff believes that this emergency funding should go to DFA Local Government Division because they have already implemented almost identical emergency response loan programs.

Ms. Leach stated that they are watching several bills that would provide temporary COLAs to PERA retirees of 2 percent.

Regarding the items involving bond capacity, Treasurer Montoya asked if payments would be anticipated on July 1 and December 31. She expressed concern about STO's heavy workload at those times during the year and wondered if the dates could be changed.

Ms. Leach responded that the timeline for debt service payments on Severance Tax Bonds would have to stay in place, so there would have to be two separate dates to make debt service payments. She said this would be a concern, and asked that it be taken under consideration.

ADJOURNMENT: 10:40 a.m.



Michelle Lujan Grisham, President

3/21/25

Date



Michael S. Sanchez, Secretary

March 21, 2025

Date

