

**MINUTES  
of the  
FIRST MEETING  
of the  
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**May 23, 2016  
Room 322, State Capitol  
Santa Fe**

The first meeting of the New Mexico Finance Authority (NMFA) Oversight Committee was called to order by Senator Joseph Cervantes, chair, on May 23, 2016 at 9:49 a.m. in Room 322 of the State Capitol in Santa Fe.

**Present**

Sen. Joseph Cervantes, Chair  
Rep. Jane E. Powdrell-Culbert, Vice Chair  
Sen. Lee S. Cotter  
Rep. Candy Spence Ezzell  
Rep. Dona G. Irwin  
Rep. Idalia Lechuga-Tena  
Rep. Andy Nunez  
Sen. Michael Padilla  
Sen. Nancy Rodriguez  
Rep. Patricia Roybal Caballero

**Advisory Members**

Rep. Kelly K. Fajardo  
Rep. Roberto "Bobby" J. Gonzales\*  
Sen. John Pinto  
Rep. Debbie A. Rodella  
Rep. Tomás E. Salazar  
Rep. Sheryl Williams Stapleton

**Absent**

Rep. David E. Adkins  
Rep. Sharon Clahchischilliage  
Rep. Bealquin Bill Gomez  
Sen. Ron Griggs  
Rep. Patricia A. Lundstrom  
Sen. Richard C. Martinez  
Rep. Patricio Ruiloba  
Sen. John C. Ryan  
Sen. William P. Soules  
Rep. Monica Youngblood

Rep. Alonzo Baldonado  
Sen. Sue Wilson Beffort  
Sen. Jacob R. Candelaria  
Rep. George Dodge, Jr.  
Rep. Brian Egolf  
Sen. Stuart Ingle  
Rep. Sarah Maestas Barnes  
Sen. Bill B. O'Neill  
Sen. Mary Kay Papen  
Sen. William H. Payne  
Sen. Clemente Sanchez  
Rep. Don L. Tripp

\* Appointed voting member by Speaker Tripp.

## **Staff**

Lisa Sullivan, Staff Attorney, Legislative Council Service (LCS)

Jeff Eaton, Research and Fiscal Policy Analyst, LCS

Diego Jimenez, Research Assistant, LCS

## **Guests**

The guest list is in the meeting file.

## **Handouts**

Handouts and other written testimony are in the meeting file.

## **Monday, May 23**

### **NMFA Board Report**

During introductions, Robert P. Coalter, chief executive officer of the NMFA, introduced NMFA staff members in attendance:

- Marquita D. Russel, chief of programs;
- Zach Dillenback, chief lending officer;
- Dan Opperman, general counsel;
- Leslie Medina, director of loan operations;
- Angela Quintana, senior program administrator;
- Zachary Thomas, senior water resources administrator; and
- Charlotte Larragoite, senior administrative assistant.

Mr. Coalter indicated that the NMFA is in the process of interviewing applicants for the vacant position of compliance officer, which he hopes would be filled by mid-June.

Mr. Coalter and Ms. Russel presented to the committee a NMFA board report that included:

- April loan and grant funding activity;
- recent bond issuances;
- the five largest projects for each quarter during the period beginning January 2015 and ending March 2016;
- a table describing NMFA loan programs and the funding sources for each loan program;
- an audit findings status matrix; and
- listings of NMFA board and staff members.

Additional details from this presentation may be found online at [https://www.nmlegis.gov/Committee/Interim\\_Committee?CommitteeCode=NMFA](https://www.nmlegis.gov/Committee/Interim_Committee?CommitteeCode=NMFA).

During the question and answer session, members discussed the following topics with Mr. Coalter and Ms. Russel:

- loans that the NMFA made from the Behavioral Health Capital Fund (with \$1.5 million left in available funds), the Child Care Facility Revolving Loan Fund (which finances the expansion, equipment acquisition, construction or remodeling of existing, licensed child care facilities, including home-based ones) and the Public Project Revolving Fund (which recently financed the Santa Fe Public School District's retrofit of school buildings with solar energy equipment);
- the availability of NMFA financing for public-private partnerships to install fiber-optic cables or equivalent technology infrastructure in trenches dug for gas or electrical lines in order to create 10,000 jobs for telecommuters and stimulate significant job growth in Rio Arriba County;
- Statewide Economic Development Finance Act programs administered by the NMFA (including a program to make available new markets tax credits loan funds);
- distinguishing "financing" from "funding";
- completion of audit recommendations; and
- the absence of Water Trust Board (WTB) members at the meeting, despite the invitation to attend the committee meeting and the importance of legislative oversight with respect to Water Trust Fund projects.

### **2016 Session Legislation Summary**

Mr. Coalter presented a handout on NMFA-related legislation that was introduced during the last legislative session. Mr. Coalter stated that two of the committee-endorsed bills, House Bill 12 and House Bill 19, were signed by the governor. Additional NMFA-related legislation, House Bills 33, 134 and 167 and Senate Bill 106, also were signed by the governor. Identical committee-endorsed bills related to the delegation of limited authority during the sale of public securities, Senate Bill 89 and House Bill 317, did not pass during the last session, which was 30 days long.

### **Water Trust Board Report**

Prior to the NMFA's presentation, handouts that may be viewed online at [https://www.nmlegis.gov/Committee/Interim\\_Committee?CommitteeCode=NMFA](https://www.nmlegis.gov/Committee/Interim_Committee?CommitteeCode=NMFA) were distributed, and a committee member commented that the WTB had worked hard to vet and develop a list of prioritized projects over the last year; yet, in the end, many of the prioritized projects did not receive funding due to diversion of \$6.75 million to the Office of the State Engineer, the Energy, Minerals and Natural Resources Department, the Department of Environment and the Homeland Security and Emergency Management Department.

Ms. Russel presented the WTB report and a summary of the 2016 WTB awards, totaling \$13.4 million (\$1.9 million in loans and \$11.5 million in grants). Ms. Russel explained that the prioritization of projects was based on:

- public health;
- public safety;
- regionalization;
- project readiness; and
- local funding matches.

Ms. Russel informed the committee that funding for the program has diminished in recent years as the revenue for the program derives from severance tax bonding capacity, which has been negatively affected by falling oil and gas prices. In January 2016, the WTB recommended, and the committee approved, a list recommending 42 projects totaling approximately \$42 million in need, despite the availability of only approximately \$22 million in the Severance Tax Permanent Fund.

A committee member commented that a few awardees appear to have unspent funds, and the member asked what the time limit was on expending the awarded funds. Ms. Russel replied that the WTB established a three-year time limit for expenditure of funds. Ms. Russel indicated that there are a few projects that have unspent balances and are beyond the three-year deadline. In response to a query about which projects are taking the longest time to complete, Ms. Russel said that, prior to the WTB policy, the Navajo-Gallup Water Supply Project, the City of Alamogordo Desalination Plant and a project at Eastern New Mexico University stood out in her mind as the longest-standing projects.

### **Proposed Work Plan and Meeting Schedule**

Ms. Sullivan presented the proposed work plan for the committee. The committee discussed various meeting days, locations and topics. The three out-of-town meeting locations will be in Taos (July 11-12), Deming (August 15-16) and Anthony/Las Cruces (September 20-21). Meeting topics, in addition to the statutorily required oversight function of the committee of the various NMFA funds and programs, will include funding through the NMFA for public-private partnership projects. A motion to approve the committee-modified work plan was introduced and seconded and was approved unanimously by the committee.

### **Adjournment**

The chair thanked committee members and staff, and the meeting was adjourned at 12:05 p.m.