

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

**September 19-20, 2006
Mid-Region Council of Governments
Albuquerque**

The fifth meeting of the New Mexico Finance Authority Oversight Committee for the 2006 interim was called to order by Senator Mary Kay Papan, chair, on Tuesday, September 19, 2006, at 8:43 a.m. at the Mid-Region Council of Governments Building in Albuquerque.

Present

Sen. Mary Kay Papan, Chair
Rep. Daniel P. Silva, Vice Chair
Sen. Joseph J. Carraro
Rep. Daniel R. Foley
Sen. Clinton D. Harden, Jr. (September 20)
Rep. Dona G. Irwin
Rep. Jane E. Powdrell-Culbert
Sen. Lidio G. Rainaldi
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Rep. Joe M Stell
Rep. Don L. Tripp
Rep. Richard D. Vigil

Advisory Members

Rep. Ernest H. Chavez
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan
Sen. Leonard Lee Rawson (September 19)
Rep. Edward C. Sandoval
Sen. James G. Taylor
Rep. Luciano "Lucky" Varela

Absent

Rep. Patricia A. Lundstrom
Sen. Shannon Robinson
Sen. H. Diane Snyder

Sen. Vernon D. Asbill
Rep. Hector H. Balderas
Rep. Jose A. Campos
Sen. Pete Campos
Sen. Kent L. Cravens
Sen. Joseph A. Fidel
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Sen. Richard C. Martinez
Sen. Steven P. Neville
Rep. Sheryl Williams Stapleton

(Attendance dates are noted for members not present for both days of the meeting.)

Staff

Cleo Griffith
Doris Faust
Lindsey Bilovesky

Guests

The guest list is in the meeting file.

Copies of all handouts are in the meeting file.

Tuesday, September 19**Welcome and Introductions**

Representative Silva welcomed guests in attendance and introduced officials from the surrounding communities. Bruce Perlman, chief administrative officer for the City of Albuquerque, welcomed the committee on behalf of Mayor Martin Chavez. Donnie Leonard, chair of the Mid-Region Council of Governments (MR-COG), explained what MR-COG does and identified the cities, counties, villages and pueblos included in the MR-COG. Lawrence Rael, executive director of MR-COG, described some of the new projects the MR-COG is undertaking, such as a transportation dispatch system.

Overview of Local Capital Projects and Capital Needs

Thaddeus Lucero, manager of Bernalillo County, explained that Bernalillo County's main problem is the county jail, which takes up almost one-third of the county's operating budget. He noted that an increase in the gross receipts tax would allow the county to address the problems faced by the county in operating the jail, including the increase in new inmates and overcrowding.

Bruce Perlman, chief administrative officer for the City of Albuquerque, listed projects in Albuquerque that the New Mexico Finance Authority (NMFA) has helped fund. This list includes the Isotopes Stadium, solid waste vehicles and a convention center. Mr. Perlman plans to ask the NMFA to help fund a new events center, a commercial/residential community and a streetcar project as well.

Mark Heinrich, Albuquerque city councilor, also welcomed committee members to Albuquerque. Committee members asked questions of the panel and clarified issues.

Jack Thomas, Sandoval County commissioner, stated that the county is burdened with too many houses, cars and prisons, with too much trash and not enough water. He described several capital projects that would benefit Sandoval County and create jobs, such as alternative roadways; a new transportation center; a facility to turn green waste and sludge into usable byproducts; and a desalinization plant to make brackish water drinkable. He also noted that the state should be required to share in the costs of prisoner care.

Debbie Hays, county manager for Sandoval County, explained the county's broadband project. The county funded \$2 million, and the state funded \$1 million of the project.

Kevin Jackson, Mayor of Rio Rancho, and Larry Naranjo of Rio Rancho welcomed the committee.

Rio Rancho City Manager Jim Palenick reported that Rio Rancho is growing so quickly that increasing public services fast enough has been a challenge. Currently, Rio Rancho is working on a city center downtown, a high school, a multipurpose center, a new city hall, new streets, additional water and sewer services, a University of New Mexico satellite campus and Lion's Gate Studios. Discussion ensued regarding Rio Rancho's legislative priorities, the need for regionalization and Rio Rancho's level of bonding and efforts to be self-supporting.

Bob Ayre, Torrance County manager, addressed some problems his county faces, noting that medical attention for prisoners is very costly. The county's revenue is less than half of the prison's operating budget. Mr. Ayre also anticipates asking the NMFA for assistance in funding the completion of the county's new fire station. Delays in construction have caused an \$81,000 shortfall in the budget for this project. The county also needs approximately \$300,000 for a new animal shelter.

Francisco Apodaca, manager for Valencia County, said his county is growing very rapidly and that building infrastructure to meet the added population is a problem. Roads and schools and a new judicial complex are under construction. The county will be asking the residents in the next general election to approve a mill levy to build a hospital.

John Pate, architect for the City of Tijeras, addressed the committee on behalf of Mayor Gloria Chavez. He emphasized the need to connect to a water system. He also spoke about building a veterans' memorial, improving a historic church and building an arroyo crossing.

Committee members asked questions of the panel and clarified issues.

Art Mondragon, director of community development for Los Lunas, described the city's legislative priorities, including immediate funding and agency coordination to fast track intersection improvements along SR 6, continued support of the signal synchronization project, support of the intermodal transportation center and long-term support of a new interchange and corridor connection to NM 47.

Tour of Rail Runner Operation and Bueno Foods Processing Plant, Review of Current Status of Rail Runner Project

Mr. Rael described the current status of the Rail Runner project and the projected phase two of the project. The committee boarded the Rail Runner, riding from the Albuquerque station to Bernalillo and back. The committee toured the Bueno Foods processing plant and heard from the New Mexico Chili Association on the status of the chili industry.

Overview of Local Capital Projects and Capital Needs, Continued

Patricia Chavez, mayor of the town of Bernalillo, explained Bernalillo's legislative priorities, including arsenic abatement, municipal water system improvements, a westside public safety building, a multimodal transportation center, water rights acquisitions and a veterans' memorial. Steve Jerge, Bernalillo town administrator, stood for questions with Mayor Chavez. Discussion ensued regarding the additional challenges faced by Bernalillo due to the fact that a

number of congressional districts converge in Bernalillo.

Flood Control Issues

Tim Eikenberg, chair of the Albuquerque Metropolitan Arroyo Flood Control Authority (AMAFCA), explained AMAFCA's function, purpose and goals.

John Kelly, executive engineer for AMAFCA, provided a brief history of AMAFCA, noting that AMAFCA started out in 1963 to be the local sponsor for the Army Corps of Engineers. Initially, AMAFCA built the north and south diversion channels, which it continues to maintain and operate. It has continued by building and maintaining 48 miles of improved channels, 60 miles of natural arroyos, 12 miles of underground conduit, 34 flood control dams and 16 miles of dam embankment. Mr. Kelly described challenges that AMAFCA faces, such as aesthetics, multiple-use considerations, Environmental Protection Agency storm water quality regulations, funding for facility operation and management and funding for new construction. He also explained the current district taxes and assessed valuation.

Mr. Eikenberg indicated that AMAFCA will propose legislation in the upcoming session to increase its maximum debt authority. He emphasized that by stretching AMAFCA's current bonds from five to seven years and maintaining debt service on the mill levy, AMAFCA can ask for this authority. He also noted that AMAFCA's credit rating is the highest in the state of any government agency.

Tax Increment Financing (TIF) and Mesa del Sol

Tom Horan, lobbyist for Mesa del Sol, introduced the chief executive officer of Mesa del Sol, Mike Daly. Mr. Daly described TIF as a tool to create infrastructure, allowing New Mexico to compete with other states to bring major companies to this state. The Mesa del Sol project has already brought 3,500 jobs to the state. Mr. Daly gave the committee an update about the development, noting that \$35 million in private funds have already been invested in Mesa del Sol, that University Boulevard has been completed and that its first tenant, Advent Solar, is due to move in soon. Mr. Daly emphasized how instrumental TIF will be to create development at Mesa del Sol. Examples cited include Albuquerque Studios, where Mesa del Sol sold the property for \$3 million but incurred costs of \$8 million to build roads to the property.

Discussion ensued regarding environmental issues and a concrete plant near the Mesa del Sol project. Committee members also expressed concern regarding having University Boulevard go through an existing African American community.

Land, Wildlife and Clean Energy Act Proposal

Reese Fullerton, deputy secretary of energy, minerals and natural resources, explained and advocated for the Land, Wildlife and Clean Energy Act that was introduced in the 2006 session. The bill would create a permanent source of funding for land, wildlife and clean energy projects by requiring that a portion of the oil and gas conservation tax be set aside for the fund. Projects would be selected by a board that would be attached administratively to the Energy, Minerals and Natural Resources Department.

Mark Valenzuela, director of intergovernmental relations for the NMFA, analyzed the legislation and explained the bonding process, noting that a projected \$100 million in bonds

could be issued based on the funding stream.

The committee expressed concern that the proposed legislation does not allow for legislative input or oversight; that the executive branch would have complete control over which projects are funded; and that the lack of legislative oversight would take the appropriation function away from the legislature. The committee also noted that the bill could allow extreme environmentalists too much power and that legislation is already in place that allows groups like the World Wildlife Fund and the Sierra Club to buy land and serve the functions designated in House Bill 188.

NMFA Updates and Issues

William Sisneros, chief executive officer for the NMFA, explained the Smart Money Initiative, which was signed into law in 2003. The New Mexico Economic Development Department (NMEDD) and the NMFA would partner to further New Mexico's economic development. More than 150 smart partner banks invest loan funds into projects selected by the NMEDD. Currently, geographic dispersion, industry diversity and over 700 jobs have been created with the Smart Money Initiative. Over \$4 million has been committed for the program. Mr. Sisneros asked for an additional \$30 million from the state for the Economic Development Revolving Fund.

The committee recessed at 5:33 p.m.

Wednesday, September 20

The committee reconvened at 8:55 a.m. at the Mid-Region Council of Governments in Albuquerque.

Call to Order

Senator Papen welcomed the committee back and outlined the agenda and itinerary for the facilities to be toured.

Tour of Local Projects Funded Through the NMFA

Committee members and staff boarded the bus and toured Mesa del Sol, the Coors/I-40 interchange, the San Juan-Chama Project Water Plant and the University of New Mexico Hospital. The bus returned to the MR-COG.

Adjournment

There being no further business, Senator Papen adjourned the meeting at 1:10 p.m.