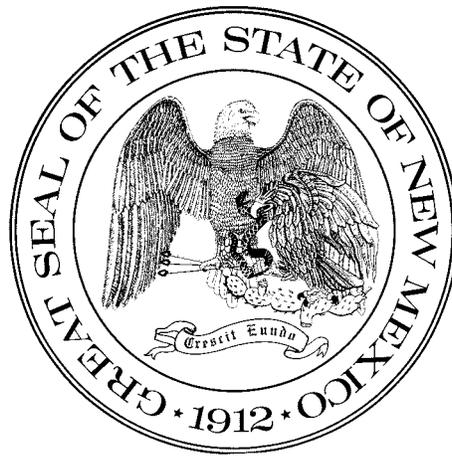


**NEW MEXICO
FINANCE AUTHORITY
OVERSIGHT COMMITTEE**

FINAL REPORT



**REPORT TO THE
FORTY-EIGHTH LEGISLATURE
SECOND SESSION**

New Mexico Legislative Council Service
Santa Fe, New Mexico
January 2008

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**2007 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

Members

Rep. Daniel P. Silva, Chair
Sen. Mary Kay Papen, Vice Chair
Rep. Janice E. Arnold-Jones
Rep. Elias Barela
Rep. Richard J. Berry
Sen. Joseph J. Carraro
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Patricia A. Lundstrom

Rep. Jane E. Powdrell-Culbert
Sen. Lidio G. Rainaldi
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Don L. Tripp
Sen. David Ulibarri
Rep. Richard D. Vigil

Advisory Members

Sen. Ben D. Altamirano
Sen. Vernon D. Asbill
Rep. Jose A. Campos
Sen. Pete Campos
Rep. Ernest H. Chavez
Sen. Kent L. Cravens
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Candy Spence Ezzell
Rep. Daniel R. Foley
Sen. Mary Jane M. Garcia
Rep. Thomas A. Garcia
Rep. Roberto "Bobby" J. Gonzales

Sen. Stuart Ingle
Rep. Ben Lujan
Sen. Richard C. Martinez
Rep. W. Ken Martinez
Sen. Steven P. Neville
Sen. Leonard Lee Rawson
Rep. Edward C. Sandoval
Rep. Sheryl Williams Stapleton
Rep. James R. J. Strickler
Sen. James G. Taylor
Rep. Thomas C. Taylor
Rep. Luciano "Lucky" Varela

Proposed Work Plan

The New Mexico finance authority (NMFA) oversight committee was created with the enactment of New Mexico Finance Authority Act, Sections 6-21-1 through 6-21-31 NMSA 1978, to oversee the operations of the finance authority. In addition, the legislature assigned oversight of the border authority and implementation of the Border Development Act, Sections 58-27-1 through 58-27-26 NMSA 1978, to the committee.

The committee is statutorily required to monitor and oversee the operations of the two authorities; monitor and oversee state and local government capital planning and financing and take testimony from state and local officials on state and local capital needs; provide advice and assistance to the authorities and cooperate with state and local governments on planning and setting priorities for and financing of state, local, border and port-of-entry capital projects; review and approve rules proposed by the authorities; and report its recommendations and legislation to the governor and legislature on or before December 15 of each year.

To carry out these tasks and statutory duties during the 2007 legislative interim, the NMFA oversight committee shall:

- (1) monitor and oversee the operations of the NMFA and the border authority;
- (2) review and vote on any rules proposed by the authorities, specifically considering proposed rules for the local transportation infrastructure fund and what role the legislature should have in approval of projects funded through that fund;
- (3) evaluate the NMFA's stated goals and assess whether the goals are appropriate and whether the NMFA goals coincide with legislative goals set out in statute;
- (4) receive progress reports on capital projects funded through the NMFA to ensure that projects are proceeding in a timely manner;
- (5) review and evaluate projects that have been funded or are intended to be funded through the NMFA, with particular emphasis on examining the obstacles, such as confidentiality laws, that seem to preclude the legislature from performing its oversight function in an informed manner related to the projects for which the NMFA proposes to provide funding assistance;
- (6) review and assess infrastructure needs in the border region and take testimony on the border economy and border security, including use of the New Mexico national guard;
- (7) analyze the effectiveness of NMFA budgets, personnel and programs;
- (8) take testimony regarding water infrastructure needs and regionalization of water projects, and make recommendations on loans or grants from the water project fund for interstate water projects that benefit New Mexico;
- (9) take testimony on GRIP 1 and 2 financing, project development and bonding;
- (10) investigate the availability of federal funding and programs for local government infrastructure needs and how to maximize this federal funding; and
- (11) recommend necessary changes in law or policy to the legislature.

MEETING SCHEDULE

<u>Date</u>	<u>Location</u>
June 6	Santa Fe
July 12-13	Ruidoso
August 2-3	Gallup
September 12-13	Las Cruces
October 9-10	Santa Fe
November 1-2	Santa Fe
December 11	Santa Fe

Summary of the New Mexico Finance Authority Oversight Committee's Interim Work

The committee carried out its statutory duties to monitor and oversee the operation of the New Mexico finance authority (NMFA) and its financing programs, including the public project revolving loan fund, the economic development revolving fund, the local transportation infrastructure fund, the water project fund, the water and wastewater project grant fund, the new markets tax credit program and tax increment financing. The committee also examined the organizational structure and operations budget of the NMFA. The committee convened on seven occasions in diverse areas of the state to take testimony from state and local officials on state and local capital needs that had been funded through the NMFA, or that would potentially be funded through the NMFA.

The committee received updates on water and wastewater issues, the financing of water systems, the status of the spaceport and state bonding capacity. The committee heard extensive testimony regarding GRIP projects and transportation issues, including a report from the House Memorial 35 transportation task force.

The committee also carried out its statutory duties to monitor and oversee the operation of the border authority, hearing testimony regarding the border authority budget, economic development of the border region and border security issues.

The committee carried out its statutory duty to oversee the newly created New Mexico renewable energy transmission authority, taking testimony from the secretary of energy, minerals and natural resources on the mission of that authority, as well as status updates on the creation of the new board of directors for the authority.

Legislation Endorsed by the New Mexico Finance Authority Oversight Committee

The committee endorsed the following bills at its final meeting:

- * an authorization bill for the public project revolving fund, identifying projects to be funded;

- * an authorization bill for the economic development revolving fund, identifying projects to be funded;

- * an appropriation of \$2 million for drinking water system financing; and

- * an appropriation of \$1 million to the local government planning fund.

Revised: June 1, 2007

**TENTATIVE AGENDA
for the
FIRST MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**June 6, 2007
Room 322, State Capitol
Santa Fe**

Wednesday, June 6

- 10:00 a.m. **Call to Order**
— Representative Daniel P. Silva, Chair
— Senator Mary Kay Papen, Vice Chair
- 10:15 a.m. **Legislation Overview from Recent Session**
— Mark Valenzuela, Director, Intergovernmental Relations, New Mexico Finance
 Authority (NMFA)
- 11:00 a.m. **Recess**
—Attorney General Briefing on Gift Act - Room 307
- 12:00 noon **Lunch**
- 1:30 p.m. **Review and Approval of Local Transportation Infrastructure Fund Rules**
— NMFA Staff
- 2:00 p.m. **Overview and Status of GRIP I and GRIP II Programs, Project Selection and
 Financing**
— Rhonda Faught, Secretary, Department of Transportation
— Mark Valenzuela, Director, Intergovernmental Relations, NMFA
- 3:30 p.m. **Review and Discussion of Work Plan, Meeting Dates and Locations
 for 2007 Interim**
— Representative Daniel P. Silva, Chair
— Senator Mary Kay Papen, Vice Chair
- 4:00 p.m. **Adjournment**

Revised: July 10, 2007

**TENTATIVE AGENDA
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**July 12-13, 2007
Ruidoso Convention Center
111 Sierra Blanca Drive
Ruidoso**

Thursday, July 12

- 9:30 a.m. **Call to Order and Welcome**
—Lonnie Ray Nunley, Mayor, Village of Ruidoso
- 9:45 a.m. **Review and Update of Local Capital Projects That Are Funded or Potentially Funded Through the New Mexico Finance Authority (NMFA)**
—Representatives from Local Governments
- 10:45 a.m. **Update on Ruidoso Area Water and Wastewater Systems**
—John P. Waters, City Manager, Ruidoso Downs
—Dan Higgins, Manager/Treasurer, Village of Ruidoso
- 11:30 a.m. **Legislation Overview of 2007 Session**
—Mark Valenzuela, Director, Intergovernmental Relations, NMFA
- 12:00 noon **Lunch**
- 1:30 p.m. **Smart Money Initiative Report**
—Kelly O'Donnell, Deputy Secretary, Economic Development Department
—William C. Sisneros, Chief Executive Officer, NMFA
- 2:00 p.m. **Overview of NMFA Management Platform and Review of Revenue Stream**
—William C. Sisneros, Chief Executive Officer, NMFA
- 3:15 p.m. **Overview of the Water Project Fund and Water Trust Board Activity**
—Ron Curry, Secretary of Environment
—Water Trust Board Members
- 4:15 p.m. **Update on NMFA Budget**
—John Duff, Chief Operating Officer, NMFA
- 4:45 p.m. **Approval of Minutes and Committee Business**

5:00 p.m. **Recess**

Friday, July 13

9:00 a.m. **GRIP I Investment Report**
—Scott Stovall, Chief Investment Officer, NMFA

10:00 a.m. **GRIP II Project List and Project Selection Criteria**
—Rhonda Faught, Secretary of Transportation

11:00 a.m. **GRIP II Highway Maintenance Project Planning and Allocation of GRIP II Funds Dedicated to GRIP I Projects**
—Rhonda Faught, Secretary of Transportation

12:00 noon **Adjourn**

Revised: August 1, 2007

**TENTATIVE AGENDA
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**August 2-3, 2007
University of New Mexico, Gallup
Gurley Hall
Rooms 205-207
200 College Road
Gallup**

Thursday, August 2

- 9:00 a.m. **Call to Order and Welcome**
—Dr. Beth Miller, Executive Director, UNM-Gallup
- 9:15 a.m. **Review and Update of Local Capital Projects That Are Funded or Potentially Funded Through the New Mexico Finance Authority (NMFA)**
—Representatives from Local Governments
- 10:15 a.m. **Legislation Overview of 2007 Session**
—Mark Valenzuela, Director, Intergovernmental Relations, NMFA
- 11:00 a.m. **Local Water Project Financing and the Navajo-Gallup Water Project**
—Lance Allgood, Executive Director, Gallup Joint Utilities
—John Leeper, Navajo Nation Department of Water Resources
- 12:00 noon **Lunch**
- 1:30 p.m. **Water Trust Board Project Funding and Water Quality Standards**
—Ron Curry, Secretary of Environment
- 3:30 p.m. **Expenditures of the Governmental Gross Receipts Tax Distribution for the Youth Conservation Corps**
—Wendy Kent, Director, Youth Conservation Corps
—Larry Winn, Executive Director, Connections, Inc.
- 4:45 p.m. **Other Committee Business**
- 5:00 p.m. **Recess**

Friday, August 3

- 8:00 a.m. **Status Update on Water and Wastewater Project Grant Fund**
—Jeremy Turner, Chief Financial Advisor, NMFA
—Anthony Duran, Financial Advisor, NMFA
- 8:30 a.m. **Local Area Public Project Revolving Fund Projects**
—Mark Valenzuela, Director, Intergovernmental Relations, NMFA
- 9:00 a.m. **Report on the New Mexico Renewable Energy Transmission Authority**
—Joanna Prukop, Secretary of Energy, Minerals and Natural Resources
- 11:00 a.m. **Adjourn**

Revised: August 31, 2007

**TENTATIVE AGENDA
for the
FOURTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**September 12-13, 2007
NMSU Pan Am Center, Barbara Hubbard Room
Las Cruces**

Wednesday, September 12

- 9:00 a.m. **Call to Order and Welcome**
—Dr. Mike V. Martin, President, NMSU
- 9:15 a.m. **Review and Update of Local Capital Projects That Are Funded or Potentially Funded Through the New Mexico Finance Authority (NMFA)**
—William Mattiace, Mayor of Las Cruces
—Michael Cadena, Mayor of Mesilla
—Ruben Segura, Mayor of Sunland Park
—Oscar Butler, Dona Ana County Commissioner
- 10:30 a.m. **Spaceport Authority Update**
—Kelly O'Donnell, Deputy Secretary, Economic Development Department (EDD)
- 12:00 noon **Lunch**
- 1:30 p.m. **Statewide Economic Development Finance Act (SmartMoney) Legislative Authorization and Confidentiality Issues**
—Kelly O'Donnell, Deputy Secretary, EDD
—William C. Sisneros, Chief Executive Officer, NMFA
- 3:00 p.m. **Update on Tax Increment Financing Districts**
—Norton Francis, Chief Economist, Legislative Finance Committee
—Mark Valenzuela, Director, Intergovernmental Relations, NMFA
- 4:00 p.m. **Water Grant Fund: Application Process, Funding and Use of the Fund**
—NMFA Staff
- 4:45 p.m. **Approval of Minutes and Committee Business**
- 5:00 p.m. **Recess**

Thursday, September 13

- 9:00 a.m. **Border Authority Activities Update and Budget**
—Jaime Campos, Executive Director, New Mexico Border Authority
- 11:00 a.m. **Railrunner Operation and Expansion Schedule**
—Lawrence Rael, Executive Director, Mid-Region Council of Governments
- 12:00 noon **Adjourn**

Revised: October 4, 2007

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**October 9-10, 2007
Room 307, State Capitol
Santa Fe**

Tuesday, October 9

- 10:00 a.m. **Call to Order and Welcome**
- 10:15 a.m. **Funding Charter Schools through the New Mexico Finance Authority (NMFA)**
—Paul Cassidy, RBC Capital
—Anna Lamberson, Budget Officer, Albuquerque
—Arthur D. Melendres, Modrall, Sperling, Roehl, Harris & Sisk, P.A.
—Lawrence Rael, Executive Director, Mid-Region Council of Governments
- 12:00 noon **Lunch**
- 1:30 p.m. **State Bonding Analysis**
—Norton Francis, Chief Economist, Legislative Finance Committee
—Olivia Padilla-Jackson, Director, State Board of Finance
—Mark Valenzuela, Director, Intergovernmental Relations, NMFA
- 2:30 p.m. **Expenditures of the Governmental Gross Receipts Tax Distribution for State Parks**
—David Simon, Director, State Parks Division, Energy, Minerals and Natural Resources Department (EMNRD)
- 4:00 p.m. **Update on GRIP II and Local Transportation Infrastructure Fund**
—Mark Valenzuela, Director, Intergovernmental Relations, NMFA
—Rhonda Faught, Secretary of Transportation
- 4:45 p.m. **Approval of Minutes and Committee Business**
- 5:00 p.m. **Recess**

Wednesday, October 10

- 9:00 a.m. **Albuquerque Bernalillo County Water Utility Authority (ABCWUA) Update**
—Mark Sanchez, Executive Director, ABCWUA
- 9:30 a.m. **House Memorial 35 Technical Transportation Committee Report Findings**
—Rhonda Faught, Secretary of Transportation
- 10:30 a.m. **Model Wind Farm Facility Tax Credits and Financing; Renewable Energy
Transmission Authority (RETA) Update**
—Joanna Prukop, Secretary, EMNRD
—Ned Farquhar, Chair, RETA
- 11:30 a.m. **NMFA Outreach to Smaller Communities; Small Community Needs**
—William F. Fulginiti, Executive Director, New Mexico Municipal League
—Joy Esparsen, Director of Intergovernmental Affairs, New Mexico Association
of Counties
- 12:30 p.m. **Adjourn**

Revised: October 29, 2007

**TENTATIVE AGENDA
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**November 1-2, 2007
Room 307, State Capitol
Santa Fe**

Thursday, November 1

- 10:00 a.m. **Call to Order**
- 10:05 a.m. **Update on GRIP II and the Local Transportation Infrastructure Fund**
— Mark Valenzuela, Director, Intergovernmental Relations, NMFA
- 11:05 a.m. **New Mexico Finance Authority (NMFA) Outreach to Smaller Communities
and Small Community Needs**
— William F. Fulginiti, Executive Director, New Mexico Municipal League
— Paul Gutierrez, Executive Director, New Mexico Association of Counties
- 12:15 p.m. **Lunch**
- 1:45 p.m. **Border Authority Legislative Proposal Drafts**
— Alvin R. Garcia, Assistant Attorney General
— Jaime Campos, Executive Director, New Mexico Border Authority
- 2:45 p.m. **NMFA Participation in New Markets Tax Credit Program, Review of
Related Federal Law and Proposed Use of Credits**
— Mark Valenzuela, Director, Intergovernmental Relations, NMFA
- 3:45 p.m. **Committee Business**
- 4:00 p.m. **Recess**

Friday, November 2

- 9:00 a.m. **NMFA Legislative Proposal Drafts**
— William Sisneros, CEO, NMFA
— Mark Valenzuela, Director, Intergovernmental Relations, NMFA
- 11:00 a.m. **SunCal Tax Increment Financing District Proposal**

- Will Steadman, President, SunCal New Mexico
- Vanessa Alarid, Government Affairs Manager, SunCal New Mexico
- Luisa Casa, Vice President of Economic Development, SunCal New Mexico

12:00 noon **Adjourn**

Revised: December 11, 2007

**TENTATIVE AGENDA
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**December 18, 2007
Room 307, State Capitol
Santa Fe**

Tuesday, December 18

- 9:00 a.m. **Call to Order**
—Representative Daniel P. Silva, Chair
- 9:05 a.m. **Federal Funding Outlook and Highway Trust Fund Projections**
—Rhonda Faught, Secretary of Transportation
- 9:45 a.m. **Future GRIP Bond Issuance Concerns and Department of Transportation
Finance Plan**
—Rhonda Faught, Secretary of Transportation
—Johnny Cope, Chair, State Transportation Commission
—George Williford, Financial Advisor, First Southwest
—Mark Valenzuela, Director, Intergovernmental Relations, New Mexico Finance
Authority (NMFA)
- 11:00 a.m. **NMFA Proposed Legislation Drafts**
—William Sisneros, CEO, NMFA
—Mark Valenzuela, Director, Intergovernmental Relations, NMFA
- 11:45 a.m. **Approval of Minutes and Committee Business**
- 12:00 noon **Adjourn**

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

**June 6, 2007
State Capitol, Room 322
Santa Fe**

The organizational meeting of the NMFA Oversight Committee for the 2007 interim was called to order by Representative Daniel P. Silva, chair, on Wednesday, June 6, 2007, at 10:17 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Rep. Daniel P. Silva, Chair
Sen. Mary Kay Papan, Vice Chair
Rep. Janice E. Arnold-Jones
Rep. Elias Barela
Rep. Richard J. Berry
Sen. Joseph J. Carraro
Sen. Clinton D. Harden, Jr.
Rep. Patricia A. Lundstrom
Rep. Jane E. Powdrell-Culbert
Sen. Lidio G. Rainaldi
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Don L. Tripp
Rep. Richard D. Vigil

Advisory Members

Sen. Ben D. Altamirano
Sen. Vernon D. Asbill
Rep. Jose A. Campos
Sen. Kent L. Cravens
Rep. Anna M. Crook
Rep. Candy Spence Ezzell
Rep. Daniel R. Foley
Sen. Mary Jane M. Garcia
Rep. Thomas A. Garcia
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan
Sen. Richard C. Martinez
Rep. W. Ken Martinez
Sen. Leonard Lee Rawson
Rep. Edward C. Sandoval
Rep. James R. J. Strickler

Absent

Rep. Dona G. Irwin
Sen. Shannon Robinson

Sen. Pete Campos
Rep. Ernest H. Chavez
Sen. Dianna J. Duran
Sen. Stuart Ingle
Sen. Steven P. Neville
Rep. Sheryl Williams Stapleton
Sen. James G. Taylor

Rep. Thomas C. Taylor
Rep. Luciano "Lucky" Varela

Staff

Doris Faust
Cleo Griffith
Zach Taylor

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Wednesday, June 6

Call to Order

Representative Silva extended his welcome to all new and prior committee members and requested Bill Sisneros and Mark Valenzuela to alter their presentation to provide an overview of the NMFA and explain how the entity fits with the legislature.

Bill Sisneros, executive director of the NMFA, remarked that the NMFA is thriving in its fourteenth year of existence. Mr. Sisneros explained that the NMFA was originally conceived as a bond bank with the purpose of offering small entities and municipalities better bond rates than they could acquire themselves. He explained that this is possible because the bonds of smaller entities are pooled together and taken to market together, thereby allowing for the pricing to be more effective, with a reduction in issuance costs. Mr. Sisneros reported that the exceptional bond rankings achieved by the NMFA are indicative of its success.

Mr. Sisneros explained that bonding programs function akin to loans, in which entities seeking bonds pledge an available income stream to pay off the note. He commented that the governmental gross receipts tax (GGRT) is an additional revenue stream on the bonds that increases the marketability of the bonds. The structure created by the NMFA is unique to New Mexico and is being examined as a possible model for other states.

Mr. Sisneros introduced Mark Valenzuela as the special project director of the NMFA and the legislative liaison between the two entities. Steve Flance is the chair of the NMFA Board of Directors. As such, Mr. Flance scrutinizes programs and policies undertaken by the NMFA. Mr. Sisneros reported that the board of directors is diverse, with extensive experience. The board ensures that projects for which funding is sought are financially viable.

On general questioning from the committee, Mr. Sisneros stated that:

- the NMFA is a quasi-public agency that specializes in financial structuring of projects. The NMFA has financial advisors to work with communities and entities to ensure that they do not become over-leveraged; and
- the board members, including the chair, are appointed by the governor. The NMFA is not subject to the Personnel Act, but is compliant anyway.

Representative Varela commented that he would like more interaction between the committee and the NMFA, in light of the fact that all approved projects must have the blessing of the legislature. Representative Silva asked the NMFA to provide a review of all ongoing projects that have been approved by the legislature at the next meeting.

Mr. Valenzuela explained that the GGRT is a five percent excise tax on governmental gross receipts. The GGRT generates \$25 million a year and is used as a pledge for bonds. Mr. Valenzuela reported that 75 percent of the GGRT is distributed to the public project revolving fund, 24 percent of the money goes to the Energy, Minerals and Natural Resources Department and one percent is allocated to the Cultural Affairs Department for improvements to all state museums and monuments.

On continued questioning from the committee, Mr. Sisneros and Mr. Valenzuela stated that:

- when an entity has pledged all its bonding sources, the NMFA has grant programs in line to help the communities or it has the option of refinancing the existing debt. The NMFA is not the only option that entities and municipalities have;
- the GGRT is an umbrella/insurance for all projects, not a revenue stream for repayment of the bonds; and
- the NMFA sees three to five percent growth on its funds annually.

Mr. Sisneros provided insight into the NMFA Smart Money Program that is designed to help small municipalities and entities get increased attention and cooperation from banks. The NMFA collaborates with lenders to share risks in financing business ventures. The NMFA is limited to covering 49 percent of the debt, not to exceed \$5 million.

In regard to questioning on Smart Money from the committee, Mr. Sisneros reported that:

- as a result of transacting business with banks, the NMFA is held to a certain level of confidentiality by banking regulations;
- Smart Money helps finance public improvement projects by encouraging private lenders to invest in private entities around the state;
- the NMFA is currently working on a plan to address legislative concerns regarding confidentiality issues and the Smart Money Program; and
- there is a difference between Smart Money funds and those of the Public Project Revolving Fund.

There was discussion of the reasons the Smart Money Program authorization bill did not pass. Several legislators expressed concerns regarding the support of a tilapia project that was included in the bill.

Recess

Representative Silva recessed the meeting until 1:30 p.m. so committee members could attend the attorney general's presentation on the Gift Act.

The meeting was called back to order by Senator Papen at 2:15 p.m.

Mr. Sisneros opened with a recap of the proposed Aqua Culture Project that was to be undertaken in Hidalgo County, which he reported was much larger than the perceived "tilapia"

legislation. He added that the presence of the project on the bill would not guarantee a loan for that project, since the project would be subjected to the NMFA approval process.

Senator Papen identified a possible need for an executive committee composed of the voting members of the oversight committee that would have access to proprietary information and increase the transparency of the projects coming before the legislature. Senator Papen also proposed that the oversight committee meet an additional time in December or early January to examine a list of projects to be considered during the next session.

Representative Silva announced that the committee would move on to the afternoon agenda and move the "Legislation Overview from Recent Session" to a future meeting of the committee. Representative Silva asked Mr. Valenzuela to begin the review of the Local Transportation Infrastructure Fund (LTIF) rules.

Review and Approval of LTIF Rules

Mr. Valenzuela stated that there is a need to approve the rules, as the legislature is required to approve and review the rules under which the NMFA will operate. Mr. Valenzuela reported that LTIF was made possible by GRIP financing as a portion of the fee taken by the NMFA is invested in New Mexico road projects. The legislature has already approved \$20 million to cover the grant portion of LTIF. Mr. Valenzuela stressed that without approval of the rules, LTIF projects cannot go forward. He stated that if every eligible municipality came forward to draw on the fund, there would be a demand of \$38 million. With only \$20 million available, there must be a way to determine how the money gets allocated.

Marquita Russel of the NMFA, in response to questioning from the committee, added that:

- money provided from the LTIF may be used to pay the hard costs of a project, including the engineering, planning, etc.;
- the money can be used as a match for federal funds; and
- LTIF funding is very broad in what it allows. LTIF can fund an entire project by loan or provide a grant for up to 25 percent of a project. Grants do not require findings of hardship on the municipality and have lesser requirements than loans provided under LTIF.

Several members of the committee voiced concerns regarding the amount of oversight the legislature actually has and the intent with which LTIF rules were promulgated. Senator Papen moved to approve the rules and Representative Vigil seconded the motion. After extensive discussion, the rules were approved with 10 votes in favor, one against and one abstention.

Overview and Status of GRIP I and GRIP II Programs, Project Selection and Financing

Rhonda Faught, secretary of transportation, addressed the committee regarding the status of the GRIP I project. Secretary Faught stated that 53 projects were undertaken in GRIP I, with awards of \$642 million. Of the \$642 million, \$561 million has been paid out toward completing the 53 projects. For fiscal year 2007, 22 projects are being planned with expenditures around \$314 million. Secretary Faught added that every project in GRIP is in the process of being completed. Of the projects, 92 percent of the contracts have been awarded to New Mexico contractors. Secretary Faught reported that this is a good figure because the state is not allowed under federal law to give an in-state preference.

On general questioning from the committee, Secretary Faught reported that:

- federal funding for roadway projects has decreased this year due to increased spending on the war in Iraq and Hurricane Katrina clean-up in New Orleans;
- the NMFA always has money coming in from the federal government, although some of the money is considered to be in suspense;
- 18 of the 53 projects authorized by GRIP I are completed;
- the NMFA is currently studying funding issues arising from the rapid increase of construction costs;
- the Rail Runner should be fully operational to Santa Fe by late fall 2008; and
- a project list for GRIP II will be made available soon.

Review and Discussion of Work Plan, Meeting Dates and Locations for 2007 Interim

Representative Silva thanked the presenters from the NMFA and moved the agenda to discussion of the work plan and future meeting sites of the NMFA Oversight Committee. Representative Lundstrom asked to have discussion over House Memorial 35 added to the October meeting. Representative Saavedra motioned to have the July meeting in Taos if Ruidoso is unavailable. There was also discussion of moving the August meeting to Taos. The committee voted to leave the July meeting in Ruidoso, dependent on availability, and to leave the August meeting in Albuquerque and adopted the proposed work plan as amended.

Adjournment

The organizational meeting of the NMFA Oversight Committee was adjourned by Representative Silva at 4:15 p.m. with thanks to the members of the committee.

**MINUTES
of the
SECOND MEETING
of the
NEW MEXICO FINANCE AUTHORITY (NMFA) OVERSIGHT COMMITTEE**

**July 12-13, 2007
Ruidoso Convention Center, Room 4
Ruidoso**

The second meeting of the NMFA Oversight Committee for the 2007 interim was called to order by Representative Daniel P. Silva, chair, on Thursday, July 12, 2007, at 9:45 a.m. in Room 4 of the Ruidoso Convention Center in Ruidoso, New Mexico.

Present

Rep. Daniel P. Silva, Chair
Sen. Mary Kay Papen, Vice Chair
Rep. Janice E. Arnold-Jones
Rep. Elias Barela
Sen. Joseph J. Carraro

Absent

Rep. Richard J. Berry
Rep. Patricia A. Lundstrom
Sen. Lidio G. Rainaldi
Sen. Nancy Rodriguez
Rep. Richard D. Vigil

Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Jane E. Powdrell-Culbert
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Don L. Tripp
Sen. David Ulibarri (July 13, 2007)

Advisory Members

Rep. Jose A. Campos
Rep. Ernest H. Chavez
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Candy Spence Ezzell
Rep. Daniel R. Foley
Rep. Thomas A. Garcia
Sen. Mary Jane M. Garcia (July 13, 2007)
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan
Sen. Leonard Lee Rawson (July 12, 2007)
Rep. Edward C. Sandoval

Sen. Ben D. Altamirano
Sen. Vernon D. Asbill
Sen. Pete Campos
Sen. Kent L. Cravens
Sen. Stuart Ingle
Rep. W. Ken Martinez
Sen. Richard C. Martinez
Sen. Steven P. Neville
Rep. Sheryl Williams Stapleton
Rep. James R. J. Strickler
Rep. Thomas C. Taylor
Sen. James G. Taylor
Rep. Luciano "Lucky" Varela

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

Staff

Doris Faust
Jonelle Maison
Zach Taylor

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Thursday, July 12**Call to Order and Welcome**

Representative Silva called the meeting to order and introduced Mayor Lonnie Ray Nunley of Ruidoso. Mayor Nunley thanked the committee for coming to the City of Ruidoso and for the service it provides to New Mexico. Mayor Nunley reported that, like many other small towns, Ruidoso is facing development and growth problems, but recently passed a bond issue to develop a water treatment plant. Mayor Nunley introduced Representative W.C. "Dub" Williams, who provided a brief recap of his history in the area and thanked the committee for coming to Ruidoso.

Review and Update of Local Capital Projects That Are Funded or Potentially Funded Through the NMFA

Representative Silva invited members of local governments to discuss local projects in which the NMFA played a role. Mayor Don Carroll of Alamogordo applauded the NMFA and Water Trust Board for their hard work. Mayor Carroll named several projects in which the NMFA has played a role in funding, including: a fire station, a new ladder truck, an infrastructure improvement project and a water trust grant for a water rights acquisition/desalination project. On questioning from the committee, Mayor Carroll stated that the desalination project is currently awaiting the results of an environmental impact study and that the project calls for the use of a reverse osmosis system, which the mayor described as proven technology.

Mayor Ray Cordova of Tularosa thanked the legislature for the service it provides to the state and its citizens. Mayor Cordova commented that Tularosa lacks adequate recreational activities for children, and that although the NMFA has financed a little league field, the city is looking to add a recreation center. He also stated that there is a great need for a water sedimentation pond to meet the city's growing water needs, as the city lacks adequate storage capacity.

Sue Garrett, the mayor pro tem of Ruidoso Downs, introduced City Manager John Waters to speak about Ruidoso Downs' capital priorities. Mr. Waters described Ruidoso Downs' new

growth and development, which creates increased need for infrastructure projects to accommodate the growth. Mr. Waters commented on the fire safety needs of the city, as well as the need to develop a water treatment plant in compliance with a federal mandate for water standards in the Rio Ruidoso. On general questioning from the committee, Mr. Waters and Ms. Garrett stated that:

- Ruidoso Downs has approximately 2,800 permanent residents, a number that more than doubles in the summer;
- Ruidoso Downs needs an aerial ladder fire truck because of an increase of large buildings being erected in the city;
- the city receives no direct revenue from taxation of the racetrack;
- if the city is fined as a result of the Forest Guardians litigation, there is no source at the moment to satisfy the fine;
- the ISO rating for fire safety has been downgraded to a 6, although parts of the city are still an 8; and
- property values in Ruidoso Downs are generally lower than other communities in the area.

Otero County Commissioner Michael Nivison reported that the Water Trust Board has funded a reverse osmosis and membrane system to address some of the community's water issues. He noted that the poor condition of the forest is an ongoing and severe problem, making water acquisition difficult as there is too much vegetation on the forest floor. Last year alone, poor forest health, fire and erosion caused the county to lose one million years of soil. Mr. Nivison reported that water "reuse" is the only positive facet of Cloudcroft's water situation. On questioning from the committee, Mr. Nivison stated that:

- Cloudcroft is very dependent on water storage and currently stores one million gallons;
- local forests are in poor condition, generally having over 60 trees per acre;
- a ratio of greater than 40 to 50 trees per acre causes fires to spread into the canopy and hinders fire suppression efforts; and
- water is taken from the sewage plant and reused in drinking water, with a return rate of about 82%. The water quality is significantly higher than what comes out of the spring.

Dan Higgins, city manager of Ruidoso, and Deputy City Manager Bill Morse spoke on behalf of Ruidoso, reporting that the city is experiencing tremendous growth. They reported that Ruidoso has a very good relationship with Ruidoso Downs, and described the Joint Utilization Board, an entity formed as an extension of the two municipalities and composed of members of both city governments and the county commission. It was also reported to the committee that no legislation has been introduced to annex Alto, although several developers have requested such action. Ruidoso has only a fourth of one percent of bonding capacity left for future projects.

Update on Ruidoso Area Water and Wastewater Systems

Mr. Higgins and Mr. Waters spoke on the status of the Ruidoso area water and wastewater systems. Mr. Waters reported that Ruidoso is facing some stringent water regulation requirements and that Ruidoso is the first municipality to face such heightened restrictions for its wastewater treatment plant. Mr. Waters reported that the requirements for phosphorous and nitrogen levels are the most stringent in the nation and that it may be impossible to meet the new standards. On general questioning from the committee, Mr. Waters stated that:

- the new wastewater standards are more restrictive than the drinking water standards;
- a settlement of the Forest Guardians lawsuit calls for Ruidoso to build a plant to meet the requirements within 36 months, or the community would begin facing hefty fines;
- the City of Ruidoso must put used water back into the river, therefore mandating that the city follow the Clean Water Act; and
- there have been no reported cases of fish kills or illness as a result of the pollutants entering the river.

Senator Snyder commented that all decisions regarding water and wastewater requirements should be based on sound science and that the Department of Environment should set standards based on scientific findings. Representative Foley recommended that leadership in Washington should be pushed more on the issue, noting that New Mexico should not be the nation's guinea pig.

Overview of NMFA Management Platform and Review of Revenue Stream

William Sisneros, chief executive officer of the NMFA, reported that the NMFA's bond ratings have increased significantly since the NMFA's inception. Last year alone, Standard and Poor's raised the NMFA bond rating by three notches. Mr. Sisneros also reported that the NMFA handles approximately 10% of all bond issuance in New Mexico, and that the NMFA is issuing bonds more frequently to better manage market fluctuations. Mr. Sisneros described the process of bond issuance and how the NMFA fixes rates for clients, locking them in for a period of 90 days. Although the NMFA pre-funds bonds for its clients, the NMFA has policies in place to minimize the risk of financial loss to the state.

Mr. Sisneros described the NMFA management platform, and informed the committee that the NMFA has developed a "two deep" policy, preventing excessive build-up of strength in a single individual and providing for continuity in leadership and direction.

He also reported that the NMFA has debt management policies in place with several different financial tools in place to advance those policies. On general questioning from the committee, Mr. Sisneros stated that:

- New Mexico is the only state that imposes a governmental gross receipts tax that can be pledged as additional security for bonds;
- the NMFA is careful not to over-leverage small communities;
- the NMFA is very conservative in its approach to investments;

- the NMFA attempts to account for possible cost overruns into bond amount calculations;
- the NMFA will generally finance projects up to 20 years, with nothing exceeding 30 years; and
- increases in technological reliance have opened up the NMFA to increased risks, as the NMFA recently had a virus spread through its database.

In response to a committee concern that the NMFA cost of bond issuance appears to be higher than that of other entities, Mr. Sisneros noted a decrease in Department of Transportation (DOT) bond costs after the NMFA began its issuance. Representative Arnold-Jones noted that the committee should review NMFA bond sale practices, and also requested that the NMFA's rules, policies and procedures be put on the NMFA web site.

Mr. Sisneros made numerous points regarding the SmartMoney program, including that:

- SmartMoney has created a public/private partnership that relies on banks to do the "heavy lifting" and carry the primary financial burden of making the loans;
- the SmartMoney program has a ceiling of \$5 million; and
- the blend of private and public financing through SmartMoney creates a lower interest rate and induces greater participation from smaller banks.

Governmental Gross Receipts Tax (GGRT) and Cigarette Tax Revenue Streams

NMFA intern Akohleng M. Akwo reported on the revenue stream provided by the GGRT. The GGRT is a tax levied on public entities' receipts from personal property, utility service and recreation admission sales. Certain classes of activities are nontaxable, including health facilities and school districts. There are also classes of governmental transactions that are nontaxable. The GGRT is assessed on 5% of the gross receipts of liable entities. Eighty-two percent of the GGRT is derived from local water utilities, sewage services and solid waste management, 11% through admissions to recreational and entertainment activities, and 7% from sales of tangible property. The NMFA receives the largest portion of the GGRT, which is pledged to the Public Project Revolving Fund.

NMFA intern Richard Garcia provided an overview of the state cigarette tax and its function as a revenue stream for the NMFA. The state imposed an excise tax on cigarette purchases in 1943. Of the revenue generated by the tax, 2.02% is allocated to the NMFA. This number was reduced to current levels following legislative action increasing the tax imposed to \$.70 per pack. The tax is used to fund NMFA operations, with funds first going to debt service. The remainder provides funds for health care programs that lack direct sources of financing. The 2008 fiscal year appropriation received from the cigarette tax amounted to \$1,159,366. On general questioning from the committee, Mr. Akwo and Mr. Garcia noted that it is uncertain how cigarette sales on reservations, which are not taxed, impact the state tax imposed on cigarettes.

Update on NMFA Budget

John Duff, NMFA chief operating officer, provided an overview and update of the NMFA budget for the upcoming fiscal year. The NMFA has increased its operating efficiency, and has a significantly higher "assets managed per employee" rate than commercial banks. The NMFA is a growing organization, whose budget has increased by \$200,000 from last year. The overall increase was generally composed of increases in staff salaries and creation of an in-house legal department.

Committee Business

The minutes of the June 6 meeting were amended to reflect the attendance at that meeting of Representative Thomas A. Garcia, and were approved as amended. The committee recessed at 5:00 p.m.

Friday, July 13

The committee reconvened at 8:15 a.m.

Overview of the Water Project Fund and Water Trust Board Activity

Ron Curry, secretary of environment, was unable to attend the meeting. Robert Apodaca, director of the Local Government Division of the Department of Finance and Administration, provided the presentation on behalf of the Water Trust Board, along with Mr. Sisneros. Mr. Apodaca provided an overview of House Joint Memorial 86, which mandates the following criteria for financing water projects: a financial plan, a fully allocated rate structure, an asset management and maintenance plan, adequate governance structure, regional collaboration, planning for operations, state engineer regulations and Department of Environment compliance. He further stated that the NMFA works well in collaboration with the Department of Environment and Department of Finance and Administration. Mr. Apodaca reported that several state entities are involved in making the Water Trust Board and its projects work, including the Drinking Water Bureau and the State Engineer's Office. He also stated that the board has a policy of seeking projects that can be fully funded and actively avoids "piecemeal" appropriations. The projects selected place priority on increasing water quality, projects that meet state strategic health priorities, projects that increase water supply to all New Mexicans and the repair of leaky systems.

Mr. Sisneros described the process of Water Project Fund project approval as originating within the communities themselves. The legislature then approves a project authorization list, which is in turn handed over to the Water Trust Board for vetting. The primary concern for the board is execution, specifically addressing how to deal with costs and how to allocate the money. This process can lead to a phasing of projects, which creates a separate body of issues. Several categories of projects are considered; however, money in the Water Project Fund cannot be used for wastewater projects, and cannot be spent on projects that do not meet legislative approval.

SmartMoney Initiative Report

Kelly O'Donnell, deputy secretary of economic development, reported that the SmartMoney initiative did not fare well in the last legislative session. The legislature's distrust of the program was evidenced by its failure to pass the SmartMoney authorization bill.

Deputy Secretary O'Donnell stated that the Statewide Economic Development Finance Act's SmartMoney program has all the components of an effective economic development program, but is underutilized. The SmartMoney program creates a healthy partnership between the NMFA and the Economic Development Department in that the Economic Development Department's goal is to bring new businesses to the state, and the NMFA's careful vetting of projects tempers the process.

Deputy Secretary O'Donnell emphasized the need for confidentiality for businesses during the SmartMoney application and funding process, as disclosure of business plans may have adverse implications for an entity seeking financing through the program. She also stated that the requirement for legislative approval of projects in the Statewide Economic Development Finance Act creates problems, since projects can only receive approval on an annual basis. This slows down the funding process, making it less attractive to potential applicant businesses. Deputy Secretary O'Donnell further stated that the tilapia farm discussed in 2007 was not a SmartMoney initiative, as the loan guarantee requested exceeded SmartMoney parameters.

GRIP I Investment Report

Scott Stoval, chief investment officer of the NMFA, reported on current GRIP investments. The NMFA issued two bond series for GRIP I in 2004 and 2006. The 2004 bonds were issued as a combination of new and refunding money, totaling \$1.14 billion. The total amount of proceeds that went to DOT projects was \$737 million. Series 2006 bonds totaled \$460.5 million. The bonds sold in 2006 were issued as a combination of taxable and tax-exempt bonds.

GRIP II Project List and Project Selection Guide

Secretary of Transportation Rhonda Faught first gave the committee the status of federal funding for the upcoming fiscal year. The Federal Accounting Department has alerted the DOT that the Highway Trust Fund is going to be short of funds, creating a \$16.5 billion deficit nationally. This deficit could mean a loss of \$100 million to New Mexico alone.

On a more positive note, Secretary Faught reported that New Mexico has been identified as the fourth most efficient state in usage of funds for highway construction projects. Road funding is also good for the economy, in that 90% of road construction and maintenance jobs in New Mexico are going to New Mexico contractors. Every project in GRIP I is in the process of being completed, and 11 are completely finished.

Secretary Faught provided an overview of GRIP II, reporting that the department has received 95 applications for funds thus far. The projects are being reviewed for project readiness and availability of the required match. The total project value for the 2007 calendar year is \$94.7

million. A GRIP II project list and GRIP II highway maintenance project list were provided to the committee and discussed in detail.

Adjournment

The meeting adjourned at 12:05 p.m.

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

**August 2-3, 2007
UNM Gallup, Gurley Hall, Room 205
Gallup**

The third meeting of the New Mexico Finance Authority (NMFA) Oversight Committee for the 2007 interim was called to order by Senator Mary Kay Papen, chair, on Thursday, August 2, 2007, at 9:10 a.m. in Room 205 of Gurley Hall on the campus of UNM Gallup in Gallup, New Mexico.

Present

Sen. Mary Kay Papen, Vice Chair
Rep. Janice E. Arnold-Jones
Rep. Richard J. Berry
Rep. Patricia A. Lundstrom
Rep. Jane E. Powdrell-Culbert
Sen. Lidio G. Rainaldi
Sen. Nancy Rodriguez (Aug. 3)
Rep. Henry Kiki Saavedra
Sen. David Ulibarri (Aug. 2)

Advisory Members

Rep. Ernest H. Chavez
Rep. Anna M. Crook
Sen. Dianna J. Duran (Aug. 2)
Rep. Daniel R. Foley (Aug. 2)
Rep. Thomas A. Garcia
Rep. Roberto "Bobby" J. Gonzales
Sen. Richard C. Martinez
Rep. Edward C. Sandoval
Sen. James G. Taylor (Aug. 2)
Rep. Thomas C. Taylor

Absent

Rep. Daniel P. Silva, Chair
Rep. Elias Barela
Sen. Joseph J. Carraro
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Sen. H. Diane Snyder
Rep. Don L. Tripp
Rep. Richard D. Vigil

Sen. Ben D. Altamirano
Sen. Vernon D. Asbill
Rep. Jose A. Campos
Sen. Pete Campos
Sen. Kent L. Cravens
Rep. Candy Spence Ezzell
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Rep. Ben Lujan
Rep. W. Ken Martinez
Sen. Steven P. Neville
Sen. Leonard Lee Rawson
Rep. Sheryl Williams Stapleton
Rep. James R.J. Strickler
Rep. Luciano "Lucky" Varela

Rep. John Pena was in attendance.

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

Staff

Doris Faust
Cleo Griffith
Zach Taylor

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Thursday, August 2**Call to Order and Welcome**

Dr. Beth Miller, executive director of UNM Gallup, thanked the committee for visiting UNM Gallup. She reported that the university is preparing to celebrate its fortieth anniversary, making it the oldest and largest branch of UNM. Dr. Miller described several programs administered by the university that focus on building the basic skills vital to success in the university and in the community.

UNM Gallup is a comprehensive community college in which approximately half of the courses relate to general education. The university also offers nursing and human services programs, which are thriving. UNM Gallup reports a high percentage of registration by Native American students. Dr. Miller noted that the university is in need of student housing.

Local support of the university is strong, evidenced by the 100% passage rate of community bond initiatives. Representative Lundstrom expressed concern that 90% of the tax base is in the City of Gallup and that city residents may be paying more than their fair share.

Review and Update of Local Capital Projects That Are Funded or Potentially Funded Through the NMFA

Joe Murrietta, mayor of Grants, stated that Grants has three projects currently underway that are funded by the NMFA and that Grants is looking to do further financing through the NMFA. The city needs repair of local sidewalks and roads, renovation of an older building to provide a new library facility and replacement of water and sewer lines. Grants also has approximately 400 derelict and unused buildings that are in need of demolition. The committee discussed how the NMFA can assist small communities such as Grants and noted that the NMFA should prioritize efforts in that regard.

Stan Henderson, Gallup Public Works director, along with Fire Chief Raymond Soto, reported on the new fire station to be constructed on the west side of Gallup. The new station will resemble an existing station in Gallup and will house several bedrooms, stalls for trucks, a conference room, a kitchen and a dining room. The cost of the project is \$1.58 million.

Mr. Henderson also told the committee that rapid growth and development in the area is creating a need for additional train track overpasses. With over 100 trains passing through the city a day, overpasses are needed to decrease vehicular traffic congestion.

Legislation Overview of 2007 Session

Mark Valenzuela, NMFA director of intergovernmental relations, began by noting that the NMFA brings all NMFA-proposed legislation to the committee and does not itself seek introduction of any bill not endorsed by the committee. Mr. Valenzuela then reviewed the bills that were introduced in the 2007 legislative session that impacted the NMFA. The committee discussed the project authorization bills, including bills for the Public Project Revolving Fund and the Water Project Fund. The committee also discussed the NMFA's efforts to educate local government officials on funding options available through the NMFA and the NMFA's work with the New Mexico Municipal League to reach out to the smaller communities.

Mr. Valenzuela reported that the NMFA is hosting the Twelfth Annual New Mexico Infrastructure Finance Conference this year, which will be held at the Sandia Resort on October 23-25. Representative Lundstrom requested that leadership from the NMFA Oversight Committee be part of the conference panel.

The committee discussed funding for county hospitals and related constitutional anti-donation clause issues, with Mr. Valenzuela suggesting further presentation of anti-donation issues at a future meeting.

Local Water Project Financing and the Navajo-Gallup Water Project

John Leeper of the Navajo Nation Water Resources Department described the Navajo-Gallup Water Supply Project, a \$700 million project, involving approximately 130 miles of pipeline, designed to serve a very large area. A number of system components are already in place, including a weir and fish bypass. A portion of the water would come from the Navajo Reservoir. Since the region does have sustainable ground water, the project will also fuel certain areas with ground water, and the Navajo Nation will double its ground water use with this project. Most of the Navajo nation is out of the service area, but any participation by the tribe would require a limited waiver of sovereign immunity.

The project has wide local support, but California, Colorado, Arizona and other non-Navajo entities have expressed opposition. The other states play a role in determining how water is apportioned because of existing rates for depletion.

The committee expressed concern that New Mexico might be putting money into a project that may not be completed if the federal government does not follow through on funding promises. Mr. Leeper reported that the Gallup piece and the Cutter piece of the project are independent and will function regardless of federal money. After providing a brief history of water adjudication in the region, Mr. Leeper noted that, once water is delivered to a regional system, it is a secure delivery in that it cannot be taken away from a municipality.

Paul Cassidy provided information on Gallup's options for financing its share of the water supply project. Mr. Cassidy reported that Gallup is to provide \$25 million to \$30 million to the project. Mr. Cassidy told the committee about Gallup's solid debt rating and relatively low current debt. He presented the three options being considered for the finance of Gallup's portion, with the most favorable centering on the creation of a regional water authority, similar to the one created in Bernalillo/Albuquerque. On questioning from the committee, Mr. Cassidy added that:

- * all plans would require a metering system to monitor water usage along the line;
- * Gallup's cost is based on the portion of water that Gallup is slated to receive; and
- * there are several potential funding sources for Gallup, including assistance from the federal and state governments and bond issuance.

Water Trust Board Project Funding and Water Quality Standards

Secretary of Environment Ron Curry provided an overview of the Department of Environment's (NMED) involvement in Ruidoso's wastewater treatment issues. Secretary Curry reported that the problem goes back to the 1990s and that the department has been working with local officials since 2003 in efforts to resolve the environmental problems faced by the community. He stated that the Rio Ruidoso is polluted by nuisance algae that results from excessive phosphorous in the water. Since the imposition of strict water quality requirements, the city has struggled to come up with a viable plan and to acquire funding for an upgrade of the wastewater treatment plant. Secretary Curry added that the state NMED helped facilitate an agreement between the city and the federal Environmental Protection Agency (EPA) and that enforcement action against Ruidoso, if any, would come from the EPA.

Marcy Leavitt of the Surface Water Quality Bureau, NMED, commented on the status of the river. She reported that the primary source of the nuisance algae is the wastewater treatment facility. The primary pollutants found in the river are nitrogen and phosphorous. Illegal dumping of septage is also a problem. Ms. Leavitt stated that there have been complaints about the aesthetics of the river, as well as the unpleasant smell emanating from the river. She added that the problem exists primarily in the spring and summer months.

Deputy Secretary Cindy Padilla stated that water sampling of the river and other local water sources has been done in response to citizen concerns. She added that the department has hosted a series of town hall meetings to listen to community concerns. Ms. Padilla also stated that the river has been the site of illegal dumping, but legal actions have resulted in a stoppage of the dumping. The department has worked closely with Ruidoso and Ruidoso Downs, assisting those communities in negotiations with the EPA and helping to reduce a potential \$3.2 million fine levied by the EPA to \$28,000.

On general questioning from the committee, the panel added the following statements.

- * Water standards in New Mexico are stringent, but were adopted "in the light of day", after allowing opportunity for comment by any interested person.

- * The wastewater standard imposed is for where water comes out of the pipe as it exits the wastewater treatment facility.
- * Ruidoso Downs is a lower-income area, but, because it is 50% of the problem, it needs to be 50% of the solution.
- * The agreement emerging from the Forest Guardians' litigation does not set the nitrogen and phosphorous standards.
- * New Mexico does not have the most stringent wastewater standards in the nation; most states have the same nutrient standards.

The committee requested the department to take a leadership role in coming up with funding sources to allow Ruidoso and Ruidoso Downs to resolve their wastewater problem, now that an agreement is in place. Secretary Curry agreed that the department would take a proactive stance on this issue.

Expenditures of the Governmental Gross Receipts Tax Distribution for the Youth Conservation Corp (YCC)

Larry Winn, Carl Lohman and Wendy Kent provided the committee with information regarding the successes of the local YCC, which is funded with a percentage of the governmental gross receipts tax. Mr. Winn, director of Connections, Incorporated, explained that private entities play a role in administering a YCC program when, as is the case in Gallup, the city does not have a full-time program. Private entities come on as management entities, and the YCC pays the management costs and youth wages. Mr. Lohman informed the committee of the competitive process for funding that requires a community to have a plan and willing partners to create a YCC project. Mr. Lohman stated that the YCC develops trails, cleans nature spaces and provides safe routes to school trails and other community service projects. Members of the YCC told the committee of their various experiences with the YCC. On questioning from the committee, the panel reported that the YCC advertises its programs within schools and on public media, offering 31 programs to young people all over the state.

The panel also reported that the YCC has a standing policy to fund urban and rural communities equally. Ms. Kent anticipates funding shortages in the near future, and the committee discussed how to get additional funding to the YCC.

The committee recessed at 5:00 p.m.

Friday, August 3

The committee reconvened at 8:10 a.m.

Status Update on Water and Wastewater Project Grant Fund

NMFA intern Akohleng M. Akwo provided a brief history of the Water and Wastewater Project Grant Fund, which was created in 1999. The legislative session in 2000 authorized the NMFA to make emergency grants from the Water and Wastewater Project Grant Fund to projects that could not wait until legislative authorization was obtained. In 2001, the legislature increased

the amount of money available in the fund to \$40.9 million. The available funds have since run out. Mr. Akwo reported that only seven projects are still under construction but are nearing completion. Project applications were required to meet readiness criteria before closure of a grant could occur. The NMFA anticipates closing out the Water and Wastewater Project Grant Fund, because there is no money remaining in fund.

The committee expressed concern over a lack of emergency funds available for immediate use by small communities throughout the state and expressed an interest in the creation of a fund that would be unavailable for all uses other than emergencies. Mr. Valenzuela offered to research and recommend possible solutions to the committee.

Local Area Public Project Revolving Fund (PPRF) Projects

NMFA intern Richard Garcia described local projects funded through the PPRF in the local area. The largest of the local projects receiving funding was the McKinley County School District construction of teacherages. The loan was guaranteed with teachers' rent payments, and the agreement specified that the district was required to pledge all funds generated through use of the facilities, as well as federal impact aid revenues. Mr. Garcia noted that PPRF projects under \$1 million do not require legislative approval.

Report on the New Mexico Renewable Energy Transmission Authority (NMRETA)

Joanna Prukop, secretary of energy, minerals and natural resources, reported that the creation of the NMRETA is a huge new undertaking for the state. NMRETA is the nation's first state-level authority whose primary focus is developing renewable energy sources. The concept appears to be catching on, and since the 2007 enactment of House Bill 188, Colorado has modeled its renewable energy legislation on NMRETA. Secretary Prukop has already met with representatives of other states to explore common goals and how the states can work together.

New Mexico is ranked twelfth in the nation in potential wind generation capacity and possesses world-class solar energy potential. Many sites are available for outstanding wind and solar energy production. Energy transmission infrastructure is needed to develop this potential, and no significant transmission construction has occurred in the past 20 years.

Secretary Prukop stated that the legislation creating NMRETA calls for the creation of an eight-member board, but the appointments have not yet been made. The NMRETA Act requires board members with experience and skill in renewable energy, and a list of potential members is being developed.

NMRETA is an economic development tool but may end up in a facilitating role because the act allows private entities to build transmission facilities. Projects affecting state retail rates or reliability must be approved by the Public Regulation Commission. Wind power is currently priced competitively with power generated by natural gas, and New Mexico has several potential markets for renewable energy, including Phoenix, Tucson and California. On questioning from the committee, Secretary Prukop added that:

- * wind energy must be firmed or backed by other energy sources, such as coal or natural gas;
- * by attracting private investors and corporations, landowners may see direct financial benefit, but the state benefits by the revenue generated, as well as by any reduction in energy costs;
- * the biggest problem facing the western energy grid is reliability, as demand can outpace supply, causing blackouts; and
- * construction of wind farm projects is currently very expensive, as global demand for steel is extremely high, causing higher materials pricing.

The committee discussed concerns about NMRETA, including a possible negative return of investment analysis, the possible transmission of nuclear-generated energy and the possibility of benefits under NMRETA going to investors rather than to New Mexico and its smaller communities.

Other Business

Be Sargent, a Gallup artist, told the committee about a local group, Gallup Solar, which has 40 members and is dedicated to bringing a 40-megawatt solar energy project to the Gallup area. The group has had discussions with local landowners and with PNM.

Adjourn

The meeting was adjourned at 11:10 a.m. by Senator Papen, with thanks to the committee and all presenters.

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

**October 9-10, 2007
Room 307, State Capitol
Santa Fe**

The fifth meeting of the New Mexico Finance Authority (NMFA) Oversight Committee was called to order by Representative Daniel P. Silva, chair, at 10:20 a.m. on Tuesday, October 9, 2007, in Room 307 of the State Capitol in Santa Fe.

Present

Rep. Daniel P. Silva, Chair
Sen. Mary Kay Papen, Vice Chair (10/9)
Rep. Janice E. Arnold-Jones
Rep. Elias Barela
Rep. Richard J. Berry
Sen. Joseph J. Carraro
Rep. Dona G. Irwin
Rep. Patricia A. Lundstrom
Rep. Jane E. Powdrell-Culbert
Sen. Nancy Rodriguez (10/10)
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Don L. Tripp (10/9)

Absent

Sen. Clinton D. Harden, Jr.
Sen. Lidio G. Rainaldi
Sen. David Ulibarri
Rep. Richard D. Vigil

Advisory Members

Sen. Ben D. Altamirano
Rep. Jose A. Campos (10/9)
Rep. Ernest H. Chavez
Sen. Dianna J. Duran (10/9)
Rep. Candy Spence Ezzell
Rep. Daniel R. Foley (10/9)
Sen. Mary Jane M. Garcia (10/9)
Rep. Thomas A. Garcia
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan
Sen. Richard C. Martinez
Sen. Leonard Lee Rawson (10/10)
Rep. Edward C. Sandoval
Rep. Sheryl Williams Stapleton (10/9)
Rep. James R.J. Strickler
Rep. Thomas C. Taylor (10/9)
Sen. Vernon D. Asbill

Sen. Pete Campos
Sen. Kent L. Cravens
Rep. Anna M. Crook
Sen. Stuart Ingle
Rep. W. Ken Martinez
Sen. Steven P. Neville
Sen. James G. Taylor
Rep. Luciano "Lucky" Varela

(Attendance dates are noted for members not present for the entire meeting.)

Guests

The guest list is in the original meeting file.

Staff

Cleo Griffith

Doris Faust

Tuesday, October 9

Funding Charter Schools through the NMFA

Paul Cassidy of RBC Capital began the presentation by noting that many different groups have been trying to figure out how to implement House Bill 843 from the 2007 session.

House Bill 843 provides the framework for school districts to acquire public school facilities through lease-purchase agreements and authorizes additional property taxes to be used to pay for these agreements. This bill implements the provisions of Constitutional Amendment 2 approved by voters in the November 2006 general election. Charter schools are in desperate need of funding, are oversubscribed and are in need of new mechanisms to fund facilities.

Mr. Cassidy introduced Anna Lamberson, who described what a charter school is and how charter schools operate. Ms. Lamberson stated that charter schools have limited access to capital funding, and do not receive a proportionate share of local property taxes. Most charter schools are currently in inadequate facilities, and are leasing their facilities because they lack the capital to purchase or construct facilities.

Current state law requires that all charter schools be in public facilities by 2010. Many charter schools are concerned that they may be unable to comply with this law in light of the limitations on their ability to finance projects.

A number of charter schools may be interested in obtaining tax-exempt financing through the NMFA, but questions remain as to whether the NMFA can issue debt to benefit charter school facilities. Lawrence Rael, who is on the board of a charter school, noted that there are a number of practical issues to deal with. There is a waiting list of 200 children at his school, and better facilities are needed. Mr. Rael stated that there is no mechanism in place to get the property tax money from parents of those children in charter schools to the charter schools.

Mark Valenzuela of the NMFA noted that the NMFA would like to work with charter schools. However, before the NMFA can consider issuing a loan to a charter school, the NMFA needs to be certain that the charter school is deemed a proper entity for public funding and that the charter school has an adequate revenue stream.

Arthur D. Melendres of Modrall, Sperling, Roehl, Harris & Sisk stated that under current law, a charter school would own the building, but if the school defaults, building ownership

would transfer to the local school district. Charter schools want tax-exempt financing, but need the legislature's authorization to go to the NMFA for funding.

On questioning regarding the success rate of charter schools, Mr. Cassidy reported that charter schools have a 98% graduation rate, which is markedly better than the average graduation rate in New Mexico public schools.

The committee expressed concerns about charter schools, including:

- * constitutional anti-donation clause issues;
- * charter school principal and staff salaries;
- * funding for charter schools as compared to traditional public school funding; and
- * whether charter schools can realistically be in public buildings by 2010.

State Bonding Analysis

Norton Francis, chief economist for the Legislative Finance Committee, discussed New Mexico's long-term outstanding debt, and provided a comparison of where New Mexico stands in relation to other states on this issue. Mr. Francis reported that overall, New Mexico is in the middle of the pack, with generally more state debt but less local debt than other states. Mr. Francis' handout is in the meeting file, and includes numerous charts that detail the comparisons and debt levels.

Mr. Francis raised a few issues regarding outstanding long-term debt, including:

- * capital outlay has been financed with general fund or short-term severance tax notes;
- * the balance between leasing and purchasing at a time when the cost to issue debt is low;
- * the use of debt for operations and maintenance, rather than just for building and infrastructure;
- * changes in tax law that have impacts on debt servicing ability, such as road fund and GRIP bonds that are dependent on the gasoline excise tax;
- * municipal use of gross receipts tax revenues for debt service; and
- * health-related bond issues dependent on cigarette tax revenue.

Olivia Padilla-Jackson, director of the State Board of Finance, prefaced her remarks by noting that her presentation covers state bonding programs, but does not cover education bonding. Ms. Padilla-Jackson reported that the outstanding debt of core bonding programs totals \$2.8 billion in outstanding state debt, \$2.7 billion in outstanding municipal debt and \$.5 billion in outstanding county debt. In fiscal year 2007, state bonding programs represented 68% of funding for state-supported capital projects.

Ms. Padilla-Jackson provided historical information, projected debt service profiles, balances and policy issues on New Mexico's general obligation bond program, severance tax bonding program and transportation bonding program. In reviewing the combined state debt burden, it was noted that New Mexico's aggregate state debt is relatively high compared to peer states when reviewing net debt as a percent of personal income and net debt per capita.

New Mexico continues to make a substantial investment in basic capital infrastructure, particularly in the areas of transportation, educational facilities and water supply. The core state bonding programs project the issuance of \$4.99 billion of new money bonds over the next 10 years. Each of the bonding programs is funded by dedicated revenue streams. None of the programs utilize funds that would otherwise flow into the general fund, and each program provides strong legal protections.

Mr. Valenzuela discussed the Public Project Revolving Fund (PPRF), noting that because the PPRF is a revolving fund, fund capacity is a function of the payments coming in. The fund's first bond issuance was in 1995, and as of September 2007, the PPRF has made 638 loans totaling more than \$1.229 billion.

New Markets Tax Credit Update

William Sisneros of the NMFA briefly updated the committee on the new markets tax credit, announcing that New Mexico has just been awarded \$110 million in new markets tax credits by the federal government. The federal program awards tax credits of 39% are taken over a period of seven years. The NMFA is setting up the program to administer the credits, which is intended to get private capital into rural areas. The committee congratulated the NMFA on the successful application.

Expenditures of the Governmental Gross Receipts Tax Distribution for State Parks

David Simon, director of the State Parks Division of the Energy, Minerals and Natural Resources Department, began his presentation by thanking the legislature for the ongoing support it has given to state parks. New Mexico's 34 state parks have approximately four million visitors annually and are an important resource. Next year will mark the seventy-fifth anniversary of the New Mexico state parks.

The state parks currently receive about 14% of the governmental gross receipts tax (GGRT), which equals approximately \$3.6 million per year. The NMFA issues bonds for the state parks, which are backed by the GGRT. Debt service on those bonds is currently approximately \$2.3 million annually.

The GGRT has funded major capital improvements in all areas of the state. The state parks system has a huge infrastructure investment that must be protected and maintained. However, the State Parks Division is fully bonded, and cannot issue more bonds until 2012. Total unfunded capital project needs in the state parks exceed \$121 million. Just completing the top one or two project priorities will cost an estimated \$34 million.

The committee discussed a number of state parks projects and programs, including:

- * the Rio Grande trail system and the status of efforts to make it contiguous;
- * reconnecting kids with nature;
- * Gila National Forest area trails; and
- * park security.

Wednesday, October 10

The committee reconvened at 9:15 a.m.

Albuquerque Bernalillo County Water Utility Authority Update

Mark Sanchez, executive director of the Albuquerque Bernalillo County Water Utility Authority (ABCWUA), reported that the ABCWUA has 172,000 customers, delivers approximately 100 million gallons of water and has 93 wells in use. In 2007, users on average consumed less water than they did in 1997.

The ABCWUA currently has \$648 million in outstanding debt issued either through public offerings or through the NMFA. Approximately \$561 million has a senior pledge on net revenues and \$208 million of senior lien debt is in the form of loans through the NMFA. Eighty-seven million dollars has a subordinate pledge on net revenues and 76.8% of that debt is in the form of loans through the NMFA.

Mr. Sanchez reported that the ABCWUA does not forecast a water rate increase until 2012, and also noted that the ABCWUA is the single largest payor of the GGRT.

The committee discussed:

- * the ABCWUA's conservation measures;
- * revenue derived from fines and the effectiveness of fines to promote water conservation;
- * teaching water conservation to children beginning at an early age; and
- * water system leakage.

House Memorial 35 Technical Transportation Committee Report Findings

Secretary of Transportation Rhonda Faught, Representative Lundstrom, Senator Snyder and Chris Wornum with Cambridge Systems reported the findings of the House Memorial 35 Technical Transportation Committee.

House Memorial 35 called for a task force to identify and analyze the future outlook of transportation in New Mexico, to review the state's current transportation needs, to review alternative modes of transportation and to identify options in funding strategies for a sustainable transportation system. The committee met a number of times during the interim.

The task force determined that New Mexico's transportation system is currently in "fair" shape, but state and local transportation needs over the next 20 years will far exceed available revenue. Among the funding concerns is a funding gap for GRIP I of \$495 million and a funding gap for GRIP II of \$80.5 million that need to be addressed.

The task force evaluated New Mexico's gasoline tax compared to that close up other states, as well as gas prices compared to other states. New Mexico's gasoline tax, at \$.17 per gallon, has not been changed since 1995. The task force concluded that:

- * historically, there is no real relationship between the amount of gasoline tax assessed by a state and the ultimate price of gasoline paid at the pump by consumers;
- * transportation needs far outweigh available funding;
- * current levels of funding will not sustain New Mexico's transportation needs into the future; and
- * options to increase transportation funding are needed.

Short-term funding options include dedicating all motor vehicle excise tax to transportation; dedicating gross receipts tax on Department of Transportation contractors to transportation; improving compliance of the weight distance tax and trip tax; allowing a local dedicated gross receipts tax; indexing the special fuels tax; indexing the gasoline tax; indexing vehicle registration and transaction fees; and indexing the weight distance tax and trip tax.

Model Wind Farm Facility Tax Credits and Financing

Joanna Prukop, secretary of energy, minerals and natural resources, provided an update on the status of the newly formed Renewable Energy Transmission Authority along with the names and contact information for the Renewable Energy Transmission Authority board members. The board is scheduled to meet today and will be discussing the structure of the authority, staffing needs and reviewing draft bylaws.

Secretary Prukop discussed the New Mexico renewable energy production tax credit and the economic impacts associated with wind power development. The tax credit was adopted in 2002 as an incentive to stimulate large scale renewable energy development in New Mexico. The production tax credit equates to a total of 700 megawatts of incentivized wind power development. Currently, there are approximately 500 megawatts of wind power on line in the state.

The economic impacts of 700 megawatts of wind power development include:

- * total capital costs of \$900 million;
- * 583 direct construction jobs created;
- * 62 direct permanent jobs created;
- * \$127 million in state revenue generated; and
- * \$41 million of royalty payments to land owners.

Adjournment

There being no further business, the committee adjourned at 12:20 p.m.

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

**November 1-2, 2007
Room 307, State Capitol
Santa Fe**

The sixth meeting of the New Mexico Finance Authority (NMFA) Oversight Committee was called to order by Senator Mary Kay Papen, vice chair, at 10:20 a.m. on Thursday, November 1, 2007, in Room 307 of the State Capitol in Santa Fe.

Present

Rep. Daniel P. Silva, Chair (11/2)
Sen. Mary Kay Papen, Vice Chair
Rep. Janice E. Arnold-Jones
Rep. Elias Barela
Rep. Richard J. Berry
Sen. Joseph J. Carraro (11/2)
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Patricia A. Lundstrom (11/2)
Rep. Jane E. Powdrell-Culbert
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Rep. Don L. Tripp (11/1)
Rep. Richard D. Vigil

Absent

Sen. Lidio G. Rainaldi
Sen. H. Diane Snyder
Sen. David Ulibarri

Advisory Members

Rep. Jose A. Campos
Rep. Ernest H. Chavez
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Candy Spence Ezzell
Rep. Daniel R. Foley (11/1)
Rep. Thomas A. Garcia
Rep. Ben Lujan
Sen. Richard C. Martinez (11/1)
Rep. Edward C. Sandoval
Rep. Sheryl Williams Stapleton
Rep. James R.J. Strickler
Rep. Thomas C. Taylor (11/2)
Rep. Luciano "Lucky" Varela

Sen. Ben D. Altamirano
Sen. Vernon D. Asbill
Sen. Pete Campos
Sen. Kent L. Cravens
Sen. Mary Jane M. Garcia
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Rep. W. Ken Martinez
Sen. Steven P. Neville
Sen. Leonard Lee Rawson
Sen. James G. Taylor

Also in attendance:

Sen. Rod Adair (11/2)

(Attendance dates are noted for members not present for the entire meeting.)

Guests

The guest list is in the original meeting file.

Staff

Cleo Griffith

Doris Faust

Aldis Philipbar

Thursday, November 1

Update on Grip II and the Local Transportation Infrastructure Fund

Mark Valenzuela, director, intergovernmental relations, NMFA, began by discussing 2005 House Bill 979, which created the Local Transportation Infrastructure Fund (LTIF). Mr. Valenzuela said that with passage of the GRIP II bill last session, the LTIF has basically become a grant program, but that the LTIF cannot meet the projected demand for funds. If all 116 GRIP II projects come forward for LTIF funding, the demand would be approximately \$130 million; but there is only \$20 million in bonding capacity from the fund. One solution would be to cap project grants at \$500,000 in order to ensure access to funding for more communities.

The LTIF statute requires that the Department of Transportation (DOT) provide the NMFA with a list of proposed projects. GRIP II requires that local governments put up matching funds for each transportation project. Mr. Valenzuela noted that a project will not be certified until it can prove that it has a local match, although in-kind contributions may qualify for the local match. Mr. Valenzuela then presented the committee with the GRIP II project list, which included the location, cost of each project, the representation of the state share of money and the local match. The first 73 GRIP II projects have already been approved, using the first \$50 million in funds.

The committee discussed:

- * various specific projects;
- * how the GRIP II approved list was generated;
- * whether the NMFA can invest funds without paying arbitrage fees;
- * whether the funding process is sufficiently transparent;
- * how the in-kind contributions work;
- * what local communities need to show for their in-kind contributions; and
- * the second round of GRIP II projects.

NMFA Outreach to Smaller Communities and Small-Community Needs

William F. Fulginiti, executive director of the New Mexico Municipal League (NMML), began by stating that most small communities do not have the revenue base to handle large projects. He said the NMFA put together a program to help these communities participate at the state level. Disadvantaged funding goes toward the first \$200,000 of bond issuance cost on loans for projects and allows municipalities to qualify for a lower interest rate. Interest rates are based on the local median household income relative to the state median household income. The NMFA would like to do more, but in the absence of grant funding, the towns have to have the capacity to repay a loan. The Water and Wastewater Project Grant Fund for wastewater treatment facilities was very beneficial for these smaller communities, because many of them do not have the tax base to repay loans.

Mr. Fulginiti went on to say that the NMFA is in direct contact with 500 community leaders each year and had a record attendance of over 900 people at its meeting in Las Cruces. He said that NMFA assistance in planning programs is a direct result of county requests.

Paul Gutierrez, executive director of the New Mexico Association of Counties, said that the NMFA has attended annual meetings of the NMML to lend its expertise. Currently, 24 counties participate in disadvantaged funding. He said that smaller counties are interested in continued technical assistance, while larger counties are interested in continuing infrastructure, housing and energy-efficiency programs.

In response to questions from the committee, the panel stated that areas receiving disadvantaged funding are not always the most obvious. For example, Angel Fire receives disadvantaged funding because, even though there are expensive homes owned by people who live out-of-state, the average Angel Fire resident is under the poverty level. The panel stated that it is beneficial to New Mexico to have people from out of state owning homes here because they pay property taxes while using fewer services. The panel also said that both the public and private sectors are having problems when it comes to environmental and construction issues. They also said that the NMFA has not issued any industrial revenue bonds (IRBs) because there has not been a demand for that form of financing. However, the demand for IRBs may increase with the advent of more tax increment financing districts.

The committee recessed for lunch at 12:30 p.m.

Border Authority Legislative Proposal Drafts

It was reported to the committee that the Border Authority has decided not to pursue draft legislation this year.

NMFA Participation in New Markets Tax Credit Program, Review of Related Federal Law and Proposed Use of Credits

Mr. Valenzuela provided a brief history of the federal new markets tax credit program, which was designed to encourage equity investors to invest in businesses in low-income areas. The goals of the program include creating additional, more flexible sources of private capital for businesses and commercial real estate projects in rural and underserved areas, increasing the total volume of financing and providing more flexible loan structures. The credits are designed to

attract investment capital from corporate or individual taxpayers to low-income communities, and target lending that coordinates and leverages financial and tax incentives. Project eligibility includes areas available for the development of commercial, industrial and retail real estate; projects (including community facilities) in low-income census tracts; for-sale housing; and loans or investments in low-income census tracts.

Marquita D. Russel, chief of programs for the NMFA, said that there is a lack of access to capital in low-income communities. The Smart Money Program works well in conjunction with the new markets tax credits and will help these communities gain access to capital. The Smart Money Program requires the fewest resources, shares risk with the bank, provides interest rate buy-downs for businesses and utilizes relationships and lending expertise of local banks.

In response to questions from the committee, Ms. Russel stated that the NMFA's relationship in the Smart Money Program is with the bank, allowing the NMFA to focus on helping businesses through the bank. She said that investors must keep their investment money in the business for seven years, but the investors get tax credits over those seven years. The NMFA gets 3% of every transaction to cover the cost of monitoring the transaction.

The committee discussed:

- * how the term "rural area" is defined and what parts of New Mexico will qualify for tax credits;
- * possible consequences if a business that obtained tax credits fails;
- * what the NMFA will do with its fees; and
- * timing for issuance of the tax credits.

The committee recessed for the day at 3:00 p.m.

Friday, November 2

NMFA Legislative Proposal Drafts

William Sisneros, CEO of the NMFA, and Mr. Valenzuela discussed four items of proposed legislation for which the NMFA will seek committee endorsement, including appropriations for the Drinking Water State Revolving Fund (DWSRF) and the Local Government Planning Fund and a bill authorizing the NMFA to make loans for private projects from the Economic Development Revolving Fund and the Public Project Revolving Fund (PPRF). The committee will vote on the actual bill drafts at its December meeting.

After reviewing a proposed draft of a \$1 million appropriation bill for the Local Government Planning Fund, the committee members expressed concern that the money could be used for economic development, in addition to its historic use for planning for water and wastewater systems. In response to questions from the committee, the panel stated that criteria for emergency status involves an initiative from the New Mexico Department of Environment (NMED) and that there are alternatives in case of an emergency situation. Not more than \$50,000 can go to any one project. Language regarding this stipulation is included in the rules, but not in

the language of the bill. It was requested that it be added. If the project costs more than \$50,000, alternative funding would have to be sought.

The DWSRF bill seeks an appropriation of \$2 million in state funds to match a federal grant program. The bill requires a state match of 20%. The federal government will provide the NMFA with \$8 million to \$8.5 million if the state provides \$2 million. The current asset value of the fund is \$100 million, \$70 million of which has already been closed out to fund projects. The remaining \$30 million is obligated, so once the \$2 million in state funds has been approved, the NMFA will begin getting the \$10 million out into the community. Money is available to anyone who applies, whether urban or rural. There are approximately 30 projects under way with the \$70 million.

The panel then discussed the PPRF project authorization bill. In order to be on the project authorization list, an entity seeking funding must establish that it is a qualified entity, that the project is a qualified project and that the borrower has a revenue stream to pay off the loan. Previously, the NMFA charged a standard flat fee of 1.7% to entities seeking funding, but now the NMFA uses a sliding scale that includes programs for disadvantaged areas based on median household income (MHI). If an area's MHI is between 75% to 90% of the state MHI, it qualifies for an interest rate of 3%. If the area is under 90% of the state MHI, then it qualifies for 0% interest. The panel said that the NMFA is seeking projects on Navajo land. The majority of entities using the PPRF are small communities and volunteer fire districts. However, school districts are becoming a growing component.

Traci Davis, senior program administrator, and Ms. Russel then discussed the Statewide Economic Development Finance Act, and the Smart Money Loan Participation Program, which was created by that act. Ms. Russel noted that this program seeks to create "the kind of jobs you want your children to have". Under the Smart Money Program, the NMFA may participate in up to 49% of a bank-originated loan. The NMFA's share generally will not exceed \$2 million. This allows for more flexibility in structuring below-market interest rates and a shared risk with the bank. Currently, there is a total of \$81 million in Smart Money projects. The proposed bill will not seek additional appropriation, but will list proposed projects for legislative authorization.

SunCal Tax Increment Financing District Proposal

Will Steadman, president of SunCal New Mexico, said that SunCal is involved in master-planned communities throughout the west. SunCal's priorities lie in economic development, education, creating a sustainable environment and having an inclusive community-planning process. Mr. Steadman said that SunCal chose New Mexico for its next large project because it believes New Mexico is positioned to be the next boom state. The overall land holdings of the company in New Mexico include 55,000 acres located near the Petroglyph National Monument and the first phase of development will cover approximately 4,000 acres.

Luisa Casa, Sun Cal's vice president of economic development, said that tax increment development districts (TIDDs) allow for well-planned industrial and business parks and housing communities, alleviate pressure on infrastructure growth and are competitive on a regional and national scale. TIDDs create a balance between jobs and homes.

Vanessa Alarid, Sun Cal's governmental affairs manager, added that TIDDs drive economic development and job growth in the region. They are formed by a public process and governed by a TIDD board. They also fund the construction of infrastructure. TIDDs finance bond sales, bond sale proceeds fund public infrastructure and the bond is repaid from tax increment revenue generated in the TIDD. Increased tax revenues are funneled back into the TIDD to stimulate more development.

SunCal is proposing nine separate TIDDs for the property. The fiscal impact study indicates that 50% of the county property tax, 25% of the county gross receipts tax and 70% of the state gross receipts tax could be diverted to the TIDDs. The TIDD statute allows a maximum of 75% of the gross receipts tax and property tax to be diverted, but a fiscal impact report must show that there is not a negative impact on the government entities from the tax diversion.

In response to questions from the committee, the panel stated that there are two businesses already located in the upper Petroglyphs area of SunCal's property. SunCal is not sure how much of the purchased area will be developed, but it has approval for a portion of the project to utilize the existing water rights and water treatment facility. SunCal officials said that they do look at the environmental impact and that they are currently in discussions with Albuquerque Public Schools on school-related issues.

The committee discussed:

- * water issues related to growth on the west side of Albuquerque;
- * the current revenue stream;
- * management of the TIDD bonds;
- * maintenance of infrastructure developed with TIDD financing; and
- * a comparison of the Mesa del Sol TIDD plan with the SunCal TIDD plan.

Adjournment

There being no further business, the committee adjourned at 1:00 p.m.

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

**December 18, 2007
Room 307, State Capitol
Santa Fe**

The seventh meeting of the New Mexico Finance Authority (NMFA) Oversight Committee was called to order at approximately 9:20 a.m. by Representative Daniel P. Silva, chair, on Tuesday, December 18, 2007, in Room 307 of the State Capitol in Santa Fe.

Present

Rep. Daniel P. Silva, Chair
Sen. Mary Kay Papan, Vice Chair
Rep. Richard J. Berry
Sen. Clinton D. Harden, Jr.
Rep. Patricia A. Lundstrom
Rep. Jane E. Powdrell-Culbert
Sen. Lidio G. Rainaldi
Rep. Henry Kiki Saavedra
Rep. Don L. Tripp
Sen. David Ulibarri

Absent

Rep. Janice E. Arnold-Jones
Rep. Elias Barela
Sen. Joseph J. Carraro
Rep. Dona G. Irwin
Sen. Nancy Rodriguez
Sen. H. Diane Snyder
Rep. Richard D. Vigil

Advisory Members

Rep. Jose A. Campos
Rep. Ernest H. Chavez
Rep. Anna M. Crook
Rep. Candy Spence Ezzell
Rep. Daniel R. Foley
Sen. Mary Jane M. Garcia
Rep. Thomas A. Garcia
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan
Sen. Richard C. Martinez
Rep. W. Ken Martinez
Rep. Edward C. Sandoval
Rep. Sheryl Williams Stapleton
Rep. James G. Taylor
Rep. Luciano "Lucky" Varela

Sen. Ben D. Altamirano
Sen. Vernon D. Asbill
Sen. Pete Campos
Sen. Kent L. Cravens
Sen. Dianna J. Duran
Sen. Stuart Ingle
Sen. Steven P. Neville
Sen. Leonard Lee Rawson
Sen. James G. Taylor
Rep. Thomas C. Taylor

Also Present

Rep. Ray Begaye

Staff

Doris Faust
Cleo Griffith
Aldis Philipbar

Guests

The guest list is in the original meeting file.

Tuesday, December 18

Federal Funding Outlook and Highway Trust Fund Projections

Rhonda Faught, secretary of transportation, began by updating the committee on Governor Richardson's Investment Partnership (GRIP), a \$1.6 billion statewide transportation expansion and infrastructure project. GRIP was enacted by the state legislature during the 2003 special session. Secretary Faught highlighted the Department of Transportation's (DOT) accomplishments under GRIP during 2007. These accomplishments included: 58 highway projects valued at \$687 million awarded to construction contractors, 92 percent of which went to New Mexico contractors; 3,600 new construction jobs; and completion of Phase 1 of the Rail Runner Commuter Train. Secretary Faught also discussed the \$494 million funding shortfall on the remaining GRIP 1 projects. She said that this shortfall in funding is attributable to the 34 percent construction inflation experienced since the inception of the GRIP plan.

Secretary Faught reported that the federal Highway Trust Fund will be in a deficit in 2009, with more funds expended than will be put into the fund. Fiscal year 2009 for the Highway Trust Fund begins in October 2008, at which point there will be a large hole in funding unless some action is taken by the federal government. All 50 states are in the same condition with regard to the federal funding. Secretary Faught noted that it will require a lot of political will to raise the gas tax and that, at a minimum, a 10-cent per gallon increase would be needed to restore funding levels.

Johnny Cope, chair of the State Transportation Commission, discussed bond and debt service issues related to GRIP. He said that the State Transportation Commission discussed opening a \$200 million line of credit with the NMFA instead of selling bonds. He said that the commission is sensitive to the debt limit and asked the NMFA how it could bail out the plan if federal funding ceased. He said that the commission is concerned with moving forward while keeping the safety of the state in mind. Mr. Cope encouraged the legislature to find a new revenue source to finish the GRIP projects.

In response to questions from the committee, Secretary Faught said that regardless of how a bond is structured, the debt is the first thing to get paid. Right now, the DOT has an annual debt service payment of \$160 million. She also discussed the gas tax, stating that it has little to do with the price of gasoline. She said that New Mexico has the seventh-lowest gas tax, but the third-highest gas price. In response to questions about the funding shortfall, Secretary Faught said that many of the GRIP projects were increased in scope on the Senate floor, but no additional funding was provided. The committee requested information on the projects that were changed. In response to questions about funding for the Rail Runner, Secretary Faught said that the Rail

Runner had the least cost increase of the GRIP projects and that the difference was made up with investment interest and bond premiums. She said that over \$40 million in investment earnings go toward the Rail Runner. She also added that there would not have been a GRIP program at all if it were not for the commuter train. There was discussion among the committee about privatizing roads and paying for maintenance with toll earnings instead of taxes. The federal government has said that it will not provide funding for more roads. Mr. Cope said that state money for road maintenance is different than state money for the Rail Runner. He also said that the DOT does not need the entire \$490 million by next year to complete the GRIP projects. He said that the projects will be completed over several years. Mr. Cope also stated that semi trucks are harder on roads than cars and that the state should enforce the weight distance tax on out-of-state trucking companies. He said that there is potentially \$19 million to be made off of those taxes. In response to a question, Secretary Faught said that there are no new contracts being let under GRIP because the DOT does not award contracts unless the money for the project is in the bank. She also said that the DOT received \$14 million over two years in its last appropriation for road maintenance, which was divided equally among the districts.

Future GRIP Bond Issuance Concerns and the DOT Finance Plan

Mark Valenzuela, director, intergovernmental relations, NMFA, praised Secretary Faught and Mr. Cope, saying that they are doing an excellent job at looking forward. He said that the GRIP finance plan, as originally conceived, is coming together as planned.

George Williford, financial advisor, First Southwest, said that the fundamental funding plan for GRIP has not changed. He said that the original plan was that bonds would be issued over a six- to seven-year time frame and that the legislation provides that bonds cannot exceed 20 years. He said that the debt service is at \$162 million annually until 2010. He said that new bonds cannot be issued until then, so they are looking at alternative funding, such as commercial funding or a line of credit. Mr. Valenzuela added that the NMFA general counsel is looking at the legislation to see if the NMFA has the authority to issue a line of credit under GRIP. He said that the DOT has the ability to get a line of credit under GRIP.

In response to questions, Mr. Valenzuela said that if the original GRIP plan is adhered to, the bonds will be paid off by 2030. In response to a question about market fluctuations, Mr. Williford said that all of the bonds are at fixed rates, and he does not see anything that would fundamentally affect the funding plan. Mr. Valenzuela added that market fluctuations do affect investments.

NMFA Proposed Legislation

Mr. Valenzuela and Marquita Russell presented four bills that the NMFA proposed for committee endorsement. The bills were unanimously endorsed as follows:

- * an appropriation of \$2 million to the Drinking Water State Revolving Loan Fund, to be sponsored by Senator Snyder;
- * an appropriation of \$1 million to the Local Government Planning Fund was endorsed with the stipulation that it be amended to limit all project funding to \$50,000. The bill will be sponsored by Senator Papan;

* a project list bill that authorizes the NMFA to fund projects from the Public Project Revolving Fund was endorsed after discussion. The committee expressed concern as to whether the project titles should be more specific to make it clear exactly what the community intends on doing with the funding. Ms. Griffith explained that the language was more specific in earlier bills, but became broader over the years to allow communities that do not have specific projects in December to be included. She said that the committee needs to think about what it wants to do about the statute that requires the NMFA to get authorization for these projects, and that may be a topic to be discussed during the next interim. Mr. Valenzuela said that the list opens up a dialogue between the NMFA and New Mexico communities about their capital outlay needs. He said that he will provide the committee members with a list of currently approved projects. The bill will be sponsored by Representative Varela; and

* a project list bill that authorizes the NMFA to make loans in the form of loan participations for private projects from the Economic Development Revolving Fund was also endorsed after discussion. The projects listed in the bill are not done deals, just opportunities for consideration. Fred Mondragon, secretary of economic development, spoke in favor of the bill, noting that the loan participation program is an important tool for the Economic Development Department. The bill will be sponsored by Representative Silva.

Minutes

Upon a motion made and seconded, the committee approved without objection the minutes from the September 2007, October 2007 and November 2007 meetings of the NMFA Oversight Committee.

Adjournment

There being no further business, the committee adjourned at 1:40 p.m.

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SENATE BILL

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR DRINKING WATER SYSTEM FINANCING;
DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Two million dollars (\$2,000,000) is appropriated from the general fund to the drinking water state revolving loan fund for expenditure in fiscal year 2008 and subsequent fiscal years to provide state matching funds for federal Safe Drinking Water Act of 1974 projects and to carry out the purposes of the Drinking Water State Revolving Loan Fund Act. Any unexpended or unencumbered balance at the end of a fiscal year shall not revert to the general fund.

Section 2. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.

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SENATE BILL

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO THE LOCAL GOVERNMENT PLANNING FUND;
DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--One million dollars (\$1,000,000) is appropriated from the general fund to the local government planning fund administered by the New Mexico finance authority for expenditure in fiscal year 2008 and subsequent fiscal years to fund plans for water or wastewater system development, long-term water management or water conservation strategies or economic development, not to exceed fifty thousand dollars (\$50,000) for any project. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

Section 2. EMERGENCY.--It is necessary for the public

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HOUSE BILL

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO FINANCE; AUTHORIZING THE NEW MEXICO FINANCE
AUTHORITY TO MAKE LOANS FOR PUBLIC PROJECTS FROM THE PUBLIC
PROJECT REVOLVING FUND; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. AUTHORIZATION OF PROJECTS.--Pursuant to the
provisions of Section 6-21-6 NMSA 1978, the legislature
authorizes the New Mexico finance authority to make loans from
the public project revolving fund to the following qualified
entities for the following public projects on terms and
conditions established by the authority:

1. to the city of Artesia in Eddy county for
equipment, building, infrastructure, refinancing, water,
wastewater, water rights, solid waste, road and land projects;

2. to the Pueblo of Acoma in Cibola county for

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1 equipment, road, water, wastewater and refinancing projects;

2 3. to the Agua Fria mutual domestic water consumers
3 association in Santa Fe county for equipment, building, water,
4 wastewater and infrastructure projects;

5 4. to the Alamogordo public school district in
6 Otero county for equipment, building, infrastructure,
7 refinancing and teacherage projects;

8 5. to the Albuquerque public school district in
9 Bernalillo county for equipment, building, infrastructure,
10 refinancing and teacherage projects;

11 6. to the Albuquerque-Bernalillo county water
12 utility authority in Bernalillo county for water, wastewater,
13 infrastructure, building, equipment and refinancing projects;

14 7. to the Animas public school district in Hidalgo
15 county for equipment, building, infrastructure, refinancing and
16 teacherage projects;

17 8. to the Animas volunteer fire department in
18 Hidalgo county for equipment, building and infrastructure
19 projects;

20 9. to the Arroyo de Agua water association in Rio
21 Arriba county for equipment, building and infrastructure
22 projects;

23 10. to the Artesia public school district in Eddy
24 and Chaves counties for equipment, building, infrastructure,
25 refinancing and teacherage projects;

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1 11. to the Bernalillo county metropolitan court for
2 building, equipment, infrastructure and refinancing projects;

3 12. to the Bernalillo public school district in
4 Sandoval county for equipment, building, infrastructure,
5 refinancing and teacherage projects;

6 13. to the city of Bloomfield in San Juan county
7 for land acquisition;

8 14. to the Bluewater water and sanitation district
9 in Cibola county for water, wastewater and infrastructure
10 projects;

11 15. to the Capitan municipal school district in
12 Lincoln county for equipment, building, infrastructure,
13 refinancing and teacherage projects;

14 16. to the village of Capitan in Lincoln county for
15 equipment, water and wastewater projects;

16 17. to the Carlsbad municipal school district in
17 Eddy county for equipment, building, infrastructure,
18 refinancing and teacherage projects;

19 18. to the city of Carlsbad in Eddy county for
20 equipment, building, infrastructure, road, land, refinancing,
21 water and wastewater projects;

22 19. to the Clayton public school district in Union
23 county for equipment, building, infrastructure, refinancing and
24 teacherage projects;

25 20. to the Cloudcroft municipal school district in

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1 Otero county for equipment, building, infrastructure,
2 refinancing and teacherage projects;

3 21. to the Clovis municipal school district in
4 Curry county for equipment, building, infrastructure,
5 refinancing and teacherage projects;

6 22. to Colfax county for equipment and refinancing
7 projects;

8 23. to the village of Columbus in Luna county for
9 road, land, water, refinancing, equipment, building, wastewater
10 and infrastructure projects;

11 24. to the Cuba soil and water conservation
12 district in Sandoval county for equipment, building, water and
13 infrastructure projects;

14 25. to the Des Moines municipal school district in
15 Union county for equipment, building, infrastructure,
16 refinancing and teacherage projects;

17 26. to the town of Dexter in Chaves county for
18 building, equipment, water, infrastructure and refinancing
19 projects;

20 27. to the East Rio Arriba soil and water
21 conservation district in Rio Arriba county for equipment,
22 building, water and infrastructure projects;

23 28. to the El Rito mutual domestic water consumers
24 association in Rio Arriba county for water, wastewater,
25 building, equipment and infrastructure projects;

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1 29. to the El Valle de los Ranchos water and
2 sanitation district in Taos county for water, wastewater,
3 building, equipment and infrastructure projects;

4 30. to the city of Elephant Butte in Sierra county
5 for building, water, water rights, wastewater, equipment and
6 refinancing projects;

7 31. to the Espanola public school district in Rio
8 Arriba and Santa Fe counties for equipment, building,
9 infrastructure, refinancing and teacherage projects;

10 32. to the town of Estancia in Torrance county for
11 equipment, building, water, wastewater, refinancing and
12 infrastructure projects;

13 33. to the Gadsden independent school district in
14 Dona Ana county for equipment, building, infrastructure,
15 refinancing and teacherage projects;

16 34. to the Greater Chimayo mutual domestic water
17 consumers association in Rio Arriba and Santa Fe counties for
18 water, wastewater, building, equipment and infrastructure
19 projects;

20 35. to the town of Hagerman in Chaves county for
21 equipment, building, refinancing, water and infrastructure
22 projects;

23 36. to the Hidden Valley mutual domestic water
24 consumers association in Sandoval county for water, wastewater,
25 building, equipment and infrastructure projects;

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1 37. to Quay county for building, equipment,
2 infrastructure and refinancing projects;

3 38. to Lea county for building, equipment,
4 infrastructure and refinancing projects;

5 39. to Grant county for building, equipment,
6 infrastructure and refinancing projects;

7 40. to the city of Hobbs in Lea county for
8 equipment, building, infrastructure, water, wastewater and
9 refinancing projects;

10 41. to the Hondo Valley public school district in
11 Lincoln county for equipment, building, infrastructure,
12 refinancing and teacherage projects;

13 42. to the Pueblo of Isleta in Bernalillo, Torrance
14 and Valencia counties for equipment, building, infrastructure,
15 water, wastewater and refinancing projects;

16 43. to the Pueblo of Jemez in Sandoval county for
17 equipment, building, infrastructure, water, wastewater and
18 refinancing projects;

19 44. to the Pueblo of Laguna in Cibola county for
20 equipment, building, water, wastewater, infrastructure and
21 refinancing projects;

22 45. to the Lake Arthur municipal school district in
23 Chaves county for equipment, building, infrastructure,
24 refinancing and teacherage projects;

25 46. to the Las Cruces public school district in

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1 Dona Ana county for equipment, building, infrastructure,
2 refinancing and teacherage projects;

3 47. to the Las Vegas city public school district in
4 San Miguel county for equipment, building, infrastructure,
5 refinancing and teacherage projects;

6 48. to the Lincoln solid waste authority in Lincoln
7 county for equipment, building, water, wastewater,
8 infrastructure and refinancing projects;

9 49. to the Los Alamos public school district in Los
10 Alamos county for equipment, building, infrastructure,
11 refinancing and teacherage projects;

12 50. to the Los Lunas public school district in
13 Valencia county for equipment, building, infrastructure,
14 refinancing and teacherage projects;

15 51. to the Magdalena municipal school district in
16 Socorro county for equipment, building, infrastructure,
17 refinancing and teacherage projects;

18 52. to the governing board of Mesalands community
19 college in Quay county for building, equipment, infrastructure
20 and refinancing projects;

21 53. to the Mesquite mutual domestic water consumers
22 and mutual sewage works association in Dona Ana county for
23 water, wastewater, infrastructure, building, equipment and
24 refinancing projects;

25 54. to Mora county for equipment, building,

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1 infrastructure, water, wastewater and refinancing projects;

2 55. to the Mora independent school district in Mora
3 county for equipment, building, infrastructure, refinancing and
4 teacherage projects;

5 56. to the governing board of New Mexico junior
6 college in Lea county for equipment, building, infrastructure
7 and refinancing projects;

8 57. to New Mexico state university for equipment,
9 building, infrastructure and refinancing projects;

10 58. to the northwest New Mexico regional solid
11 waste authority in McKinley county for equipment, building,
12 refinancing and infrastructure projects;

13 59. to the Pecos independent school district in San
14 Miguel county for equipment, building, infrastructure,
15 refinancing and teacherage projects;

16 60. to the Pueblo of Picuris in Taos county for
17 equipment, building, infrastructure and refinancing projects;

18 61. to the Pojoaque Valley public school district
19 in Santa Fe county for equipment, building, infrastructure,
20 refinancing and teacherage projects; and

21 62. to the Raton public school district in Colfax
22 county for equipment, building, infrastructure, refinancing and
23 teacherage projects.

24 Section 2. VOIDING OF AUTHORIZATION.--If a qualified
25 entity listed in Section 1 of this act has not certified to the

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1 New Mexico finance authority by the end of fiscal year 2010 its
2 desire to continue to pursue a loan from the public project
3 revolving fund for a public project listed in that section, the
4 legislative authorization granted to the New Mexico finance
5 authority by Section 1 of this act to make a loan from the
6 public project revolving fund to that qualified entity for that
7 public project is void.

8 Section 3. EMERGENCY.--It is necessary for the public
9 peace, health and safety that this act take effect immediately.

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HOUSE BILL

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO FINANCE; AUTHORIZING THE NEW MEXICO FINANCE
AUTHORITY TO MAKE LOANS FOR PRIVATE PROJECTS FROM THE ECONOMIC
DEVELOPMENT REVOLVING FUND; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. AUTHORIZATION OF PROJECTS.--Pursuant to the
provisions of Sections 6-25-6 and 6-25-13 NMSA 1978, the
legislature authorizes the New Mexico finance authority to
provide financing assistance in the form of loan participations
with private lenders for up to forty-nine percent of total
individual project financing, not to exceed five million
dollars (\$5,000,000) per project, from the economic development
revolving fund to eligible entities for the following standard
projects, subject to detailed analysis, final approval and
specific terms and conditions established by the authority:

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- 1 1. a plant-based biofuel processor and distributor
- 2 in Bernalillo county;
- 3 2. a sanitation service project in Bernalillo
- 4 county;
- 5 3. a biomass and renewable energy project in Chaves
- 6 or Eddy county;
- 7 4. an agricultural processing project in Curry
- 8 county;
- 9 5. a biomass project in Dona Ana county;
- 10 6. an apparel manufacturing project in Dona Ana
- 11 county;
- 12 7. an electronic manufacturing project in Dona Ana
- 13 county;
- 14 8. a downtown revitalization project in Grant
- 15 county;
- 16 9. a distribution warehouse facility in Lea county;
- 17 10. a value-added agriculture project in Lea
- 18 county;
- 19 11. a wind farm construction company in Lea county;
- 20 12. a value-added agriculture manufacturing project
- 21 in Luna county;
- 22 13. a gasification project in McKinley county;
- 23 14. a hospitality and tourism facility that
- 24 involves value-added agriculture in Otero county;
- 25 15. an alternative energy production project in

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- 1 Otero county;
- 2 16. a particle accelerator systems manufacturing
3 facility in Rio Arriba county;
- 4 17. a downtown revitalization project in Roosevelt
5 county;
- 6 18. an energy production facility in Roosevelt
7 county;
- 8 19. a renewable energy project in Roosevelt, Chaves
9 and Dona Ana counties;
- 10 20. a specialty chemical company in San Juan
11 county;
- 12 21. an aircraft components maintenance and repair
13 services provider in Sandoval county;
- 14 22. a recreational manufacturing and sales facility
15 in Santa Fe county;
- 16 23. a subsea enclosure manufacturer in Santa Fe
17 county;
- 18 24. a value-added agriculture manufacturing project
19 in Santa Fe county;
- 20 25. a transportation manufacturing project in Union
21 county;
- 22 26. a value-added agriculture project in Sandoval,
23 Cibola and Bernalillo counties;
- 24 27. a wood products manufacturer in San Miguel
25 county;

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