

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

**June 19, 2006
State Capitol, Room 322
Santa Fe**

The second meeting of the New Mexico Finance Authority (NMFA) Oversight Committee for the 2006 interim was called to order by Senator Mary Kay Papen on June 19, 2006 at 10:10 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Mary Kay Papen, Chair
Rep. Daniel P. Silva, Vice Chair
Sen. Joseph J. Carraro
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Patricia A. Lundstrom
Sen. Lidio G. Rainaldi
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Joe M Stell
Rep. Don L. Tripp
Rep. Richard D. Vigil

Advisory Members

Rep. Hector H. Balderas
Rep. Ernest H. Chavez
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan
Sen. Richard C. Martinez
Rep. Edward C. Sandoval
Rep. Sheryl Williams Stapleton
Sen. James G. Taylor
Rep. Luciano "Lucky" Varela

Absent

Rep. Daniel R. Foley
Rep. Jane E. Powdrell-Culbert
Sen. Shannon Robinson

Sen. Vernon D. Asbill
Rep. Jose A. Campos
Sen. Pete Campos
Sen. Kent L. Cravens
Sen. Joseph A. Fidel
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Sen. Steven P. Neville
Sen. Leonard Lee Rawson

Staff

Cleo Griffith
Renee Gregorio
Liz Holmes

Guests

The guest list is in the meeting file.

Copies of all handouts are in the meeting file.

Monday, June 19**Approval of Minutes**

Representative Stell moved to approve the minutes of April 19, 2006 meeting, with a correction in the third paragraph on page 3 changing "GRIP2" to "GRIP". The motion was seconded and passed unanimously.

Review and Discussion of Local Transportation Infrastructure Fund Rules

William Sisneros, chief executive officer of the NMFA, recalled that the proposed rules for the Local Transportation Infrastructure Fund had been presented at the April 19 meeting of the committee, and concerns had been raised about the lack of legislative input or approval in the selection of projects to be funded. He said the NMFA staff was withdrawing the request for a vote of approval on these rules today and this morning's presentation would be for purposes of explanation and committee discussion only.

In response to a question about the outlook for additional GRIP bonds, Mr. Sisneros said the bond market is very volatile. Representative Varela requested that this committee receive monthly updates on GRIP finances. He said it would be appropriate to have the Department of Transportation present at the meetings of this committee. Committee members noted there had been discussion during the last session of a one-time supplemental appropriation for the increased costs of GRIP projects but no appropriation had been made. Representative Lujan said the Department of Transportation should appear before this committee to explain the status of GRIP projects and what needs to be done.

In discussion of the proposed Local Transportation Infrastructure Fund rules, committee members again expressed concern about the lack of legislative oversight or approval of the projects to receive funding and questioned the requirements for project eligibility. Marquita Russel, chief of programs for the NMFA, explained that the statute that created the fund was very specific about the process to be followed in using the fund and the NMFA had very little discretion to vary from the statutory framework in developing the rules.

Some committee members said they had understood that these funds were intended for projects that were ineligible for federal or STIP funding, and would go to smaller communities, and it is important that there be local input in developing these projects. It was noted that the

Department of Transportation must use the MOP and ROP process to compile the project list, and this is a locally driven process. Mr. Sisneros said the NMFA hopes to work more closely with RPOs, MPOs and COGs to understand how they develop projects. He said the NMFA is aware that small communities may not have the expertise to develop infrastructure plans, and intends to launch a program this year to help smaller communities with planning and financing strategies.

There was discussion of possible NMFA financing assistance to help communities reach the matching fund requirement.

In reply to questions, Mr. Sisneros said the NMFA has been putting aside one-half of the administrative fee it receives from the GRIP bonds since July 1, 2005, as provided in the statute. There is about \$1 million in the Local Transportation Infrastructure Fund at this time. However, bonds will be issued against anticipated future fees as well, so the NMFA anticipates an amount of \$10 million. He noted that the rules must be adopted before the NMFA can move forward on using the fund, so there are no plans at this time to issue bonds. He said the NMFA wants to see if the committee's concerns can be met by changes in the proposed rules, or if statutory changes will be needed. In reply to questions, Mr. Sisneros said the Department of Transportation had not submitted a list of projects.

Senator Rodriguez noted that the committee had received letters from several COGs commenting on the proposed rules and these letters had good suggestions about possible changes to the rules. She urged Mr. Sisneros to consider these suggestions.

Senator Taylor commented that he thinks the committee needs to be careful in approving additional NMFA activities, because in the last several years there has been significant expansion of NMFA responsibilities. He is concerned that NMFA may be being stretched too thin and may find it hard to focus on its main mission. He noted that the definition of projects eligible for financing by the NMFA has been expanded greatly in recent years, and now it will be getting into road projects, which are often controversial and highly political. Mr. Sisneros agreed that the expansion of NMFA in recent years creates the danger of losing sight of the main NMFA mission, but he noted that the additional responsibilities have been the result of legislation.

Representative Silva suggested that at future meetings the NMFA staff review the various programs in which it participates.

The meeting recessed at 12:40 p.m. for lunch and resumed at 1:45 p.m.

Representative Stell commented that in regard to the morning's discussion about the Local Transportation Infrastructure Fund, he thinks a relatively simple solution would be to amend the statute to provide for legislative input in the funding decisions, similar to the procedures for the Water Trust Fund.

Senator Papen suggested that a subcommittee be formed to work with NMFA on addressing the committee's concerns about the fund. She said she would appoint Representatives Lundstrom, Silva and Stell and Senators Harden and Snyder to the subcommittee. Representative Lundstrom moved to approve the appointment of the subcommittee, with the provision that the NMFA staff first investigate how many of the concerns can be addressed by changes to the rules, and then the subcommittee can decide what additional action is needed. The motion was seconded by Representative Silva and passed unanimously.

Discussion of Work Plan for 2006 Interim, Meeting Dates and Locations

The committee reviewed the proposed work plan for the 2006 interim. It was agreed that Item 7 would be amended to include information on the utilization of the New Mexico National Guard in the border region; Item 11 would be amended to emphasize that available federal funding be utilized; and a new item would be added requesting NMFA staff to investigate use of the federal Indian Reservation Road Fund as a revenue stream for bonding road projects. The amended work plan was adopted by unanimous consent.

The committee approved the following meeting schedule and locations by unanimous consent: July 10-11, Farmington and Dulce; August 28-29, Ruidoso; September 19-20, Albuquerque area; October 16-18, Las Cruces/Deming/border region; November 27-28, Santa Fe; and January 15, one-half day meeting in Santa Fe.

Overview of Border Authority

Jaime Campos, executive director of the Border Authority, distributed the January 2006 New Mexico Border Authority Activities Update to the committee and briefly summarized its contents. He said he had not prepared a formal presentation, but was present to answer questions from the committee.

Mr. Campos summarized the progress of the Verde Group development near Santa Teresa and the rail spur from Juarez to Santa Teresa. He said development of the rail line has required the participation of Texas and Chihuahua in planning and this has slowed things down. He assured the committee that New Mexico is doing what it can to complete this project.

In reply to questions about the presence of New Mexico National Guard members on the border, Mr. Campos said the guard will have no enforcement responsibilities. It will be used for technical backup only.

In reply to questions, Mr. Campos discussed the federal government policy on treatment of undocumented immigrants, and the differing treatment of those from Mexico and those from other countries. Several committee members commented on the causes and ramifications of the illegal immigration situation.

The meeting adjourned at 3:00 p.m.