

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

**September 10-11, 2015
Central Valley Electric Cooperative, Inc.
Artesia**

The fourth meeting of the New Mexico Finance Authority (NMFA) Oversight Committee was called to order by Representative Jane E. Powdrell-Culbert, chair, on September 10, 2015 at 10:02 a.m. in the community room of the Central Valley Electric Cooperative, Inc., in Artesia.

Present

Rep. Jane E. Powdrell-Culbert, Chair
Sen. Joseph Cervantes, Vice Chair
Rep. David E. Adkins
Rep. Sharon Clahchischilliage
Sen. Lee S. Cotter
Rep. Candy Spence Ezzell (9/10)
Rep. Bealquin Bill Gomez
Sen. Ron Griggs
Rep. Dona G. Irwin
Sen. Richard C. Martinez
Rep. Andy Nunez
Sen. Michael Padilla
Sen. Nancy Rodriguez
Rep. Patricia Roybal Caballero (9/11)

Advisory Members

Rep. Alonzo Baldonado (9/10)
Sen. Jacob R. Candelaria (9/10)
Rep. Debbie A. Rodella
Rep. Tomás E. Salazar

Absent

Rep. Patricia A. Lundstrom
Rep. Stephanie Maez
Rep. Patricio Ruiloba
Sen. John C. Ryan
Sen. William P. Soules
Rep. Monica Youngblood

Sen. Sue Wilson Beffort
Rep. George Dodge, Jr.
Rep. Brian Egolf
Rep. Kelly K. Fajardo
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Rep. Sarah Maestas Barnes
Sen. Bill B. O'Neill
Sen. Mary Kay Papen
Sen. William H. Payne
Sen. John Pinto
Sen. Clemente Sanchez
Rep. Sheryl Williams Stapleton
Rep. Don L. Tripp

Guest Legislators

Sen. Carroll H. Leavell (9/10)

Sen. Cisco McSorley (9/10)

Rep. Dennis J. Roch (9/11)

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

Staff

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

Jeff Eaton, Research and Fiscal Policy Analyst, LCS

Tessa Ryan, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Thursday, September 10

Welcome

Michael Bunt, economic development director, Artesia Chamber of Commerce, and Jose Aguilar, Artesia city councilor, welcomed the committee to Artesia and highlighted the city's recent economic and population growth. Staff of the Central Valley Electric Cooperative, Inc., including Chuck Pinson, general manager, and Mike Anderson, assistant manager, also greeted the committee. Mr. Pinson noted that the building where the meeting took place is heated and cooled with high-efficiency geothermal energy and that the cooperative operates a robust college scholarship program.

NMFA Board Report

Robert P. Coalter, chief executive officer (CEO), NMFA, relayed the regrets of the board chair, John E. McDermott, for not attending the meeting and presenting on recent NMFA board-related activity. Mr. Coalter then reported that activity as follows.

Loan, grant and other activity. In August, four loans closed, including three from the Public Project Revolving Fund (PPRF) and one from the Drinking Water State Revolving Loan Fund. One loan exceeded \$1 million: that to the Jicarilla Apache Nation in the amount of \$62.7 million. In addition, two Local Government Planning Fund grants were made, an internal audit annual plan was approved and the NMFA drew closer to implementing a bond banking and loan management system. The portion of the NMFA's annual operating budget spent in August, at nearly 12%, is within target range. The numbers of water trust, drinking water and colonias loans have increased from this time last year in part because of NMFA efforts to streamline

processes and put available loan money to use. Lastly, the NMFA is on target to submit its audit to the state auditor before the deadline.

Questions and Discussion

On questioning, Mr. Coalter, Zach Dillenback, chief lending officer, NMFA, who was in the audience, and committee members addressed the following topics.

Lending to sovereign entities. Mr. Dillenback explained some distinctions in the NMFA's treatment of tribal clients. Like with other borrowing entities, PPRF loans to tribes are secured with liens on revenue streams. Unlike with other borrowers, tribes give a limited waiver of immunity and agree that the state has jurisdiction to adjudicate any loan default.

Small-community and disadvantaged lending. Mr. Coalter said that: 1) the NMFA sometimes coordinates with the United States Department of Agriculture to improve small entities' ability to navigate the complex federal water project funding system; 2) the NMFA has helped many small communities to navigate the process of securing project funding from the NMFA; 3) few of those communities have missed out on funding because of an inability to navigate the process; and 4) the NMFA will ask the committee to consider endorsing a measure to increase the gross amount of disadvantaged funding available.

City of Alamogordo Capital Projects Funded Through the NMFA

Mr. Dillenback gave an overview as follows of City of Alamogordo projects financed through the NMFA, which date to 1999. Since 2011, those projects have amounted to over \$27.5 million. They include: 1) a 2011 refinance of 1998 bonds that afforded financial savings and wastewater treatment plant improvements; 2) a 2012 refunding of 2012 bonds that afforded financial savings and various capital improvements; and 3) a 2013 loan for a mobile desalinization facility.

Questions and Discussion

On questioning, the presenters and committee members addressed the following topic.

Desalinization project. Senator Griggs, speaking in his capacity as former mayor of Alamogordo, offered some background and thoughts on the desalinization project. The plan includes piping brackish water to a treatment facility. The city began the project in 1995. It has had to overcome many legal hurdles since then to carry it out. The city chose the NMFA to finance the project, paid for by utility ratepayers, because the NMFA offered the lowest rates. The treatment plant can serve as a model for other communities in the state.

Economic Development Revolving Fund (EDRF) and Business Needs

John Brooks, director of commercial lending, NMFA, delivered a presentation as follows on the EDRF program and legislative authorization of loans made with money from that fund.

EDRF program. The EDRF program, enabled by the Statewide Economic Development Finance Act, allows the NMFA to partner with banks by participating in, or buying a portion of, business loans. This arrangement lets banks take more risk and improves businesses' access to capital. The NMFA lends EDRF money only for projects that the Economic Development Department (EDD) authorizes. These projects enjoy certain protections from public inspection.

Legislative authorization. Changes in 2005 to the enabling law required that the legislature authorize any project funded through the program. Later, the requirement was temporarily suspended for standard projects. Prior to the suspension, either the project funding rate was low or projects were altogether not funded because of delays caused by the authorization requirement or because of the authorization bill's failure to pass. Meanwhile, the program developed a reputation among banks as being too inefficient to participate in. To address the program's low-utilization rate, the legislature temporarily suspended the legislative authorization requirement in 2011 and 2013. In that time, the NMFA used nearly \$10 million to help fund 18 projects, and the program's reputation improved.

The NMFA would like the committee to consider extending the suspension beyond 2016. Without the prior legislative authorization requirement: 1) the loans made through the program tend to be of a higher caliber; 2) the money dedicated to the program is used more effectively; 3) the loan wait time is much lower; 4) the state is better poised for recruiting businesses and helping them expand; and 5) banks are more inclined to participate in the program. Meanwhile, businesses and banks are concerned that the legislative authorization requirement: 1) potentially exposes a business's confidential proprietary information, thereby compromising its competitive advantage; 2) potentially provides an avenue for outside banks to undercut a participating bank; 3) unnecessarily delays the time from application to loan issuance; and 4) is out of sync with the regular pace of business activity.

Questions and Discussion

On questioning, Mr. Brooks, Mr. Coalter and committee members addressed the following topics.

Fund capitalization. Mr. Brooks reported that the fund initially consisted of state and federal appropriations. During the years of lean state revenues, some of the state contribution reverted to help with solvency. Since then, the fund has received no appropriation. Loan repayments and earned interest constitute the capital available for lending.

Loan terms. Mr. Brooks indicated that banks wishing to utilize the program bring to the NMFA financing packages that outline the requested loan amount. While the interest rate is based on rates established by the United States Department of the Treasury, they are marked up slightly to offset risk.

Program recruitment. Mr. Brooks said that the EDD recruits businesses to take advantage of the program. Banks also drive which businesses seek loan participation. The

NMFA, therefore, is limited in influencing what kinds of businesses participate. When the NMFA learns of a business that wishes to take advantage of the program's benefits, it refers the business to one or more banks. Sometimes the EDD arranges meetings to discuss a particular project. Generally, the department, the NMFA and the bank participate in those meetings.

Legislative authorization. Mr. Brooks explained that the NMFA requests only that the legislative project authorization requirement, not the reporting requirement, be suspended. Other states in the region with similar programs have neither a reporting nor a legislative authorization requirement; however, their programs are implemented at the local level, and local reporting and authorization requirements vary. Some committee members expressed the view that the legislature should retain some oversight of the program.

Mr. Brooks reported that the NMFA did not pursue the projects legislatively authorized in the years between 2008 and 2011 because it determined that they were of bad credit quality or because the borrowers sought financing elsewhere due to delays.

A member pointed out that a business benefits from banks competing to offer it a lower rate. Mr. Coalter explained that, in this program's context, the NMFA's client is not the business, but rather the bank.

Minutes

On a motion made and seconded, the minutes of the committee's August meeting were approved without objection.

City of Ruidoso Capital Projects Funded Through the NMFA

Tom Battin, mayor, Village of Ruidoso, Debi Lee, village manager, Village of Ruidoso, and Mr. Dillenback discussed as follows Ruidoso projects funded through the NMFA.

Ms. Lee reported that, since 2009, four projects have been funded, including a drinking water loan that closed in 2014. The project features new water meters and equipment for remotely accessing information tracked by the meters. That accessibility is particularly useful to the many part-time residents who are able to check their usage remotely and, thus, be alerted to any freeze-caused leaks. Crews are now working on meter installation. Other NMFA-financed projects include: 1) a 2011 airport refunding, which was used exclusively for financial savings; 2) renovations to the civic center in 2009, which was an economic development initiative in partnership with the adjacent lodge; and 3) the 2009 purchase of two pumper fire trucks and one aerial fire truck, which helped to prevent the Little Bear Fire from spreading to the upper canyon and the village center.

Mr. Dillenback said that the NMFA has worked for a long time with the village and that the village consistently has been astute at choosing wisely among its financing options. Ms. Lee reported that the village's bond rating has improved since about six years ago. Mayor Battin expressed his gratitude for the NMFA in its role of improving the village's financial stability.

Questions and Discussion

On questioning, the presenters and committee members addressed the following topic.

Firefighting and infrastructure. Ms. Lee and Mayor Battin attested that, as evidenced during the Little Bear Fire, the village is adequately prepared for wildfires. They added that the U.S. Forest Service and the town of Mescalero can help the village fight fires. The presenters agreed with a committee member who commented that forest thinning is a good tool in fire prevention. Some committee members commended the village on the quality of its airport and convention center.

Public School Facilities Funding

Robert Gorrell, executive director, Public School Facilities Authority (PSFA), and Mr. Dillenback presented on public school facility financing through the NMFA.

Public school-NMFA financing. Mr. Dillenback described the process for school district funding through the NMFA and characterized the relationship between the PSFA and the NMFA as mutually beneficial. A substantial proportion of outstanding PPRF loans are to school districts, which enjoy relatively high credit ratings because of the state's ability to guarantee school districts' bonds. Many school districts have undertaken a variety of projects with money from the Public School Capital Outlay Council (PSCOC) and loans from the NMFA. Some school districts that have reached their bonding capacity seek from the NMFA bond anticipation notes, which promote timeliness in project implementation. The practice of securing bond anticipation notes lapsed when the PSCOC was providing advances on its distributions to districts, but that practice has ceased. Mr. Dillenback highlighted reports, prepared by the PSFA for the NMFA, with information on the facility considered for financing and recommendations.

Mr. Gorrell summarized the process for public school facility funding. Schools are measured for educational adequacy, and districts apply for project funding. The PSCOC makes awards based on eligibility and measures of wealth in the district. The question of bond issue is posed to voters, and once approved, bonds may be sold. The PSFA and the NMFA collaborate when a district seeks funding through the NMFA.

Energy efficiency bonds. Mr. Dillenback also discussed energy efficiency and renewable energy bonds, whose sale provides a method for schools to retrofit their facilities with energy efficiency components and reap savings on energy use. In the program, the Energy, Minerals and Natural Resources Department evaluates a district's plan for energy savings, and it reviews outcomes after implementation. Mr. Gorrell remarked that the overall effectiveness of the energy bond program for school districts is uncertain.

Questions and Discussion

On questioning, the presenters and committee members addressed the following topics.

Information request. A member requested, and Mr. Dillenback agreed to provide, more information on projects of the Mesa Vista Consolidated, Chama Valley Independent and Española Public school districts.

Teacher housing. A member asked about funding for improvements to teacher housing facilities that are in poor condition. The member remarked that repairing structures promptly would improve cost-effectiveness. Mr. Gorrell confirmed that teacher housing projects are eligible for PSCOC funding but said that the PSCOC has not made awards for that purpose because it has identified higher priorities. In lieu of PSCOC funding, he noted, NMFA loans could be secured for the purpose.

Future reduced funding. Mr. Gorrell said that, with the implementation of legislation from the past regular session that will phase in reductions to severance tax bonding capacity, the PSCOC will have less money available for awards. As a result, it is less likely that school facilities will be maintained in their current condition. Two strategies for addressing the anticipated shortfall are: 1) improving maintenance on existing facilities; and 2) reducing the aggregate square footage of public school facilities (as calculated per student).

City of Clovis Capital Projects Funded Through the NMFA

Larry G. Fry, city manager, City of Clovis, summarized projects in Clovis pursued through the NMFA, which date to 1998 and amount to over \$18.5 million. These projects are: 1) a 1998 Water Project Fund solid waste project; 2) a 2011 PPRF refunding; 3) a 2012 Water Project Fund treatment plant filtration equipment purchase; and 4) a 2014 PPRF loan for infrastructure to treat effluent and promote efficient water use. Most recently, the city received Water Project Fund money for infrastructure for water conservation, treatment and reuse.

Questions and Discussion

On questioning, Mr. Fry and committee members addressed the following topic.

Eastern New Mexico Water Utility Authority (ENMWUA) project. Mr. Fry commented that, with a new full-time director, the ENMWUA project is progressing more quickly. He added that the project has been delayed because of difficulties in securing funding, especially from the federal government, and because of the need to acquire easements on the properties, particularly on railroad property, through which the planned pipeline will run.

Regional Report from the Department of Transportation (DOT)

Timothy Parker, engineer, District 2, DOT, and Marcos B. Trujillo, policy director, DOT, reported as follows on the region's transportation challenges and opportunities. Following their presentation, Senator Leavell spoke about a letter from him to the secretary of transportation. The letter addresses the need for specific road improvements in the southeast corner of the state.

District 2 characteristics. District 2 features more four-lane non-interstate miles of roadway than any other district in New Mexico. U.S. Route 285, a non-interstate highway that

receives no interstate money, runs through the district. Of the 332 staff members for the district, 185 hold maintenance positions and 76 hold construction positions. The district contracts for some of its construction work. In spite of the district's rural character, its roads have a relatively high average daily traffic rate. Much of that traffic consists of heavy trucks associated with oil and gas production. U.S. Route 285 from Artesia to Roswell is the most trafficked roadway in the district.

District 2 maintenance and construction. The district's maintenance crews do a variety of repair, prevention and clean-up activities. At times, the maintenance crews help law enforcement personnel in their work by controlling traffic and cleaning up roadways. The maintenance crews commonly have to address flooding and mud slides. The district's active-construction project cost is approximately \$109 million. District 2 and other districts' projects and related information, including project-funding sources, are listed on the DOT's web site under "Statewide Transportation Improvement Program".

U.S. Route 82. A project referred to as a top priority in the state is the approximately 63-mile stretch of U.S. Route 82 from Artesia to Lovington. Heavy work trucks constitute 84% of the vehicles that travel the stretch, which is marked by a high crash incidence. The crashes are largely due to the roadway's traffic characteristics and condition. The over-\$105 million project, for which about half of the funding has been identified, will be implemented in phases. The DOT is seeking funding for the second half.

Letter about roadway improvements. Senator Leavell described the road problems and a proposed solution addressed in his letter to Secretary of Transportation Tom Church. The recent oil discovery in the Delaware Basin has sharply increased the amount of heavy traffic on U.S. Route 285 from the Texas state line to Loving and on certain stretches of state highways 128 and 18. Those roads were not built to accommodate the weight — much of it from trucks carrying water to and from well heads — that they are withstanding, and so the roads have deteriorated. Aside from inconveniencing those drivers, the road conditions have caused many accidents and deaths. Senator Leavell said that he will introduce legislation to fund those and other roads' improvement with money from the motor vehicle excise tax currently earmarked for the general fund.

Questions and Discussion

On questioning, the presenters, committee members and Mr. Coalter addressed the following topics.

Maintenance budget. Mr. Parker described the district's approaches to, and budget shortfalls for, needed maintenance. He said that a substantial part of the maintenance budget is used for lawsuits and settlements. Several members remarked on the inadequacy of transportation funding, the safety issues associated with deteriorating roads and the need to find new funding sources for road improvement.

Relationship between the NMFA and the DOT. Mr. Coalter said that the NMFA issues the DOT's bonds and performs other work for the DOT. The NMFA charges the DOT an amount equivalent to the cost of paying NMFA staff for the work. Mr. Trujillo added that the legislature established the NMFA-DOT relationship in 2004 and that the agencies have worked to reduce the DOT's costs.

City of Las Cruces and City of Carlsbad Capital Projects Funded Through the NMFA

Mark Winson, assistant city manager and chief administrative officer, City of Las Cruces, presented on capital projects in Las Cruces that are funded by the NMFA. Luis R. Camero, director of utilities, City of Carlsbad, presented on NMFA-funded projects in Carlsbad.

Las Cruces projects. Mr. Winson remarked on the variety of recent city projects. Most recently, the city took out a PPRF loan for almost \$2.8 million to buy solid waste trucks, each at a cost of about \$250,000, to replace the existing fleet. In 2014, the city borrowed from the PPRF for solid waste capital improvements. The money funded a new community collection center, administrative office improvements and technology upgrades at a landfill. Before that, the city closed on a PPRF loan for a refunding of then-outstanding bonds, which created savings for the city's capital projects fund. Mr. Winson closed by noting that the NMFA serves an important role in financing the city's smaller projects.

Carlsbad projects. Mr. Camero gave an overview of Carlsbad's NMFA-financed projects, which include a 2015 PPRF loan for solid waste trucks and equipment, a 2013 drinking water loan for the Double Eagle water system and an American Recovery and Reinvestment Act of 2009 drinking water loan to replace a water line. Mr. Camero noted also that: 1) the city secured good financing terms for the large-scale Double Eagle water system project; and 2) the city is awaiting approval on its application for a PPRF loan to build a new recreation complex.

Questions and Discussion

On questioning, Mr. Dillenback and committee members addressed the following topic.

Interest rates on PPRF loans. Mr. Dillenback explained that the amount of interest a borrower pays on a PPRF loan depends on changes in the bond market, the loan terms and the borrower's eligibility for disadvantaged funding.

The committee recessed at 3:02 p.m.

Friday, September 11

The committee reconvened at 9:32 a.m., with Representative Powdrell-Culbert chairing the meeting. Before hearing presentations, the committee paused for a moment of silence to remember the events of September 11, 2001.

Report on Colonias Infrastructure Projects

Doug Moore, chair, Colonias Infrastructure Board, Oscar Vasquez Butler, vice chair of the board, and Angela Quintana, senior program administrator, NMFA, reported on the colonias infrastructure program.

Ms. Quintana gave background on the program as follows. The legislature established the Colonias Infrastructure Board and program in 2011 to address the needs for basic infrastructure in colonias. The program's enabling law uses population, geographic distance from the U.S.-Mexico border (150 miles or less) and other characteristics to define "colonia". Under that definition, there are 171 colonias. The board consists of 12 members, some voting and others advisory. Some members serve by virtue of their office. Others are appointed. Since the program's inception, state loans and grants in the amount of nearly \$60 million have been awarded — and nearly \$40 million in federal funding leveraged — for 148 water, solid waste, flood-control, road and pre-development housing projects. Recent and proposed program changes include: 1) added NMFA staff, which will provide more outreach to communities, project oversight, faster closing, faster reimbursement and more board support; 2) potential policy shifts to better address project readiness and timely use of funding and to clarify program requirements; 3) adjustments in the application cycle to better align with other funding programs; and 4) revised application requirements to comply with the executive order on capital spending and to incorporate project presentations.

Mr. Vasquez Butler expressed gratitude toward the sponsors who carried the colonias program bill and underscored the program's importance for redressing communities' inadequate water, road and drainage infrastructure. He added that the program reduces poverty, creates jobs and uses money wisely by leveraging federal funds.

Questions and Discussion

On questioning, the presenters and committee members addressed the following topics.

Information requests. Members requested a list of all communities that fit the definition of "colonia", a list of those that have received funding through the program and a project status update.

Rural poverty. Several members deplored the state's rampant poverty and stressed the importance of recognizing and eradicating substandard living conditions. A member asserted that: 1) the state government's initial inaction toward unscrupulous developers created the conditions common to colonias, so the state, therefore, should fix the problem; and 2) the deplorable conditions hinder the state's ability to attract companies to locate in the state. A committee member suggested that the committee visit one or more colonias during a future meeting.

Geographic restriction. Some committee members argued in favor of removing the geographic restriction to make the program more equitable, i.e., expanding program eligibility to

communities that possess the characteristics of a colonia but that fall outside the geographic qualification. Another committee member suggested that expanding an already underfunded program would dilute the funds available for each recipient. Committee members also: 1) proposed tracking needs as they are met and, as they diminish, removing the geographic restriction; 2) acknowledged the unfairness of the restriction and encouraged ongoing discussions about how to address it; 3) argued that the restriction provides for more efficient use of state money, given that federal money can be leveraged for communities within the 150-mile parameter; 4) proposed increasing the amount of money available for the program, by reducing, for example, the share of severance tax bonds available for capital outlay; 5) argued that removing the restriction would dilute the already insufficient amount of money available for communities in need; and 5) highlighted the tension between not wanting to support the program's geographic inequity and wanting to support correlative funding for tribal projects. Mr. Moore responded by: 1) saying that he would convey to the board the committee's concerns about possible unfairness created by the program's geographic stricture; 2) acknowledging that poverty exists statewide and that the scale of need exceeds the program's capacity to respond to that need; and 3) supporting the idea that the program be expanded to award more money.

Colonias Infrastructure Board. On the subject of the program board, committee members: 1) expressed praise for the board's competence and balanced composition; 2) recommended that the board actively seek out worthy projects rather than only consider those brought forward by better-equipped applicants; and 3) recommended that the board more broadly publicize program successes. Mr. Moore commented that: 1) the board tries to refrain from acting with political bias and from moving too slowly; 2) he would like the program to be a model of success in the fight against poverty, but regulatory hurdles and communities' low staffing levels sometimes interfere with that goal; 3) the board is considering hiring an auditor to conduct audits for participating communities; 4) the program has produced positive results in its mere four years of implementation; and 5) the board strives to improve the program, and it compassionately reviews all applications. Mr. Vasquez Butler added that the board emphasizes addressing critical needs first. He acknowledged that needs are statewide. He said that the project in Ruidoso Downs, whose funding's propriety some questioned, addressed a legitimate need.

Technical assistance; project fulfillment. Ms. Quintana indicated that communities can access technical help with their applications and projects from NMFA staff, who conduct training, as well as councils of governments, the DOT, the Department of Finance and Administration (DFA), the Office of the State Engineer, the Department of Environment and the Office of the State Auditor. For the program, the NMFA dedicates three administrators and one staff person who reviews expenditures; meanwhile, other NMFA staff assist in specific professional areas. Mr. Coalter told the committee that the NMFA is trying to create synergy among all water programs. Ms. Quintana said that money not used for projects because of regulatory compliance or timeliness issues is reallocated.

Nor-Lea General Hospital and Cigarette Tax Revenue Funding for Cancer Treatment Centers

Mr. Dillenback and David Shaw, CEO, Nor-Lea General Hospital, discussed as follows NMFA-financed projects in the Nor-Lea Hospital District.

Funding history. Mr. Dillenback stated that the district has undertaken projects funded through grant agreements with the DFA and through a PPRF loan repaid with revenue from the rural county cancer treatment cigarette tax. He indicated that cigarette tax revenue levels are difficult to predict, and while it is assumed that revenues from the source will continually decrease, they have in some years defied that expectation.

Nor-Lea Cancer Center. Mr. Shaw talked about the cancer center's history and current status. About a decade ago, policymakers recognized a high prevalence of cancer in the region and the struggle of area cancer patients who had to travel over 100 miles for treatment at the nearest facility. The Nor-Lea Cancer Center was established in 2006 in partnership with a cancer center in Lubbock, Texas. It was expanded in 2009 and again in 2014. Since 2006, the number of procedures conducted at the center has increased dramatically. Further growth is expected. Whereas the original center had four treatment chairs and one exam room, it now has 10 treatment chairs, eight exam rooms and two private beds. Approximately half of the center's patients are from Lea County, and many travel from Texas to Lovington to take advantage of the center's services. Mr. Shaw spoke highly of the center, which has a team of volunteers. No one is turned away from receiving services. The staff, through their dedication, has established a foundation to help offset the costs of medications, accommodations and transportation for patients who cannot afford them.

Questions and Discussion

On questioning, the presenters and committee members addressed the following topics.

Nor-Lea Cancer Center. A committee member praised the facility and its services. Several members commented on the importance of the cigarette tax for making such facilities possible.

Cigarette tax revenue; smoking trends. A member expressed support for policies that earmark revenue generated from an activity like smoking for a use that addresses the problems created by the behavior. Mr. Dillenback said that changes in 2010 to the tax structure and the advent of electronic and vapor cigarettes have made it difficult to track trends in cigarette use. Also, he surmised that rises in cigarette use can be attributed to the difficulty some smokers have in quitting. Mr. Coalter remarked that the NMFA exercises caution when projecting revenues, like that from the cigarette tax, that tend to fluctuate. He noted that the Taxation and Revenue Department is an appropriate source for data on cigarette tax revenues.

Border Authority (BA) Update, Regional Activity Report and Budget

William Mattiace, executive director, BA, and David Espinoza, budget analyst, BA, updated the committee on recent border-related activity and presented the fiscal year (FY) 2017 BA budget request as follows.

Recent border-related activity. Mr. Mattiace discussed developments in the border region, which include increased rail traffic, establishment of the Foxconn electronics manufacturing plant and construction of commercial traffic lanes. He named some of the area projects that have been completed recently and said that the feasibility of creating a rail line between Mexico and the U.S. continues to be explored. He noted that the authority will request a special appropriation to continue and finish the study.

FY 2017 budget. Mr. Espinoza reviewed the authority's FY 2015 to FY 2016 budgets and the authority's FY 2017 budget request. Vacancy savings were achieved in FY 2015. The increase in the FY 2017 budget request is due to an increase in insurance and telecommunications costs.

Questions and Discussion

On questioning, the presenters and committee members addressed the following topics.

Anapra port of entry. A committee member expressed support for stimulating the Sunland Park economy by improving its infrastructure and building its commercial base. Mr. Mattiace indicated that key decision-makers have evinced a lack of support for establishing the Anapra port of entry, a passenger-vehicle and pedestrian crossing, in Sunland Park. A member advised Mr. Mattiace to share that information with local officials, many of whom harbor hope that the port's establishment will be realized. The member added that, with this awareness, private grant money dedicated to the project could be freed up for another use.

BA scale and capacity. A member commented on the authority's relatively small size and unutilized bonding capacity, saying that the state has for a long time missed the opportunity to maximize the authority's potential to more fully help develop the border region. Mr. Mattiace responded that the rail crossing being studied would present a good opportunity for the authority to issue bonds, which could be repaid with revenue from rail crossing fees.

Adjournment

There being no further business before the committee, the fourth meeting of the NMFA Oversight Committee adjourned at 11:34 a.m.