

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

December 1, 2009
Room 307, State Capitol
Santa Fe

The seventh meeting of the New Mexico Finance Authority (NMFA) Oversight Committee was called to order by Representative Patricia A. Lundstrom, chair, at 9:08 a.m. on Tuesday, December 1, 2009, in Room 307 of the State Capitol.

Present

Rep. Patricia A. Lundstrom, Chair
Sen. Mary Kay Papan, Vice Chair
Rep. Elias Barela
Sen. Sue Wilson Beffort
Rep. Anna M. Crook
Rep. Brian F. Egolf, Jr.
Sen. Stephen H. Fischmann
Sen. Clinton D. Harden, Jr.
Sen. George K. Munoz
Rep. Jane E. Powdrell-Culbert
Rep. Benjamin H. Rodefer
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Rep. James R. J. Strickler
Sen. David Ulibarri
Rep. Richard D. Vigil
Rep. James P. White

Advisory Members

Rep. Janice E. Arnold-Jones
Rep. Jose A. Campos
Rep. Ernest H. Chavez
Rep. Candy Spence Ezzell
Rep. Thomas A. Garcia
Sen. Mary Jane M. Garcia
Sen. Timothy M. Keller
Rep. Ben Lujan
Rep. W. Ken Martinez
Sen. Richard C. Martinez
Rep. Andy Nunez
Rep. Edward C. Sandoval
Rep. Luciano "Lucky" Varela

Absent

Sen. Kent L. Cravens
Sen. Tim Eichenberg
Rep. Dona G. Irwin

Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Sen. Stuart Ingle
Sen. John M. Sapien
Rep. Sheryl Williams Stapleton
Rep. Thomas C. Taylor

Guest Legislator
Rep. Dennis J. Roch

Staff
Doris Faust
Renée Gregorio
Tom Pollard

Tuesday, December 1

The committee meeting began with an overview of proposed legislation of the NMFA, presented by Matthew Jaramillo, governmental affairs, and Ray Romero, general counsel, both of the NMFA, supported by William Sisneros, executive director, and Marquita Russell, chief of programs.

The first bill draft described by Mr. Jaramillo amends requirements for securities purchased by the NMFA. He described this change as eliminating frivolous litigation, explaining that the requirements contained in Subsection B of Section 6-21-10 NMSA 1978 are unusual in financial law. He added that the striking of language in this subsection is not to eliminate litigation as a whole. He stressed that marketing and purchasing bonds take time and that this sort of unnecessary litigation postpones bond issuance.

Mr. Romero stated that this subsection of law is actually superfluous and that a requirement already exists under the New Mexico Finance Authority Act that gives a 30-day period in which validity and readiness to proceed can be checked. He added that in order to be ready to proceed, bond counsel must certify that there is no litigation pending.

Representative Rodefer expressed concern about the definition of "frivolous" as well as the statute of limitations existing in a short time frame. The NMFA responded that it has to address the challenge to the validity of a security and that 30 or 40 days is plenty of time. In addition, Senator Harden, who described himself as closely involved in this issue, indicated that this is a needed fix. He brought up an example in Angel Fire, where objection was filed after the project had already gone through a public hearing. He stressed that this could happen anywhere and it prohibits the NMFA from issuing bonds.

The second bill presented by the NMFA staff was the authorization bill for "SMART" money projects, which authorizes the NMFA to make loans from the Economic Development Revolving Fund for up to 49 percent of the project funding. This bill includes authorization for 29 varied companies, including hospitality, renewable energy and manufacturing firms.

In response to questions from the committee regarding the application process for an entity to be included in this authorization bill, the NMFA indicated that the bill can certainly be amended to include more or other companies, but that it is complete as is at this point. Committee members also questioned how many loans had been made to date and how much money is in the fund. Ms. Russell indicated that there is a staff as well as a bank analysis of projects contained in this bill and that the NMFA has closed four loans to date. She added that during the recent special session, the governor vetoed \$5 million that was to be allocated to the

fund and that the fund currently is at about \$2 million. She said that the project contracted in Alamogordo is well underway to creating 200 jobs there and the project in Raton has also created jobs.

Representative White questioned whether the banks feel this is competition with them. The NMFA indicated that the banks do not consider it to be competition; rather, banks are the primary contact for the borrower, already have a borrowing relationship with the entity and do not lose the client to a larger bank through this arrangement.

Representative Arnold-Jones stated that the banks are telling her a different story and questioned whether the NMFA needs to look at narrowing the scope of the loans. She added that, in her estimation, there is a significant perception of competition. The NMFA remarked that banks respond very individually, depending on where the banks are located. In Farmington, the NMFA is seen as competition, but in other parts of the state, it is seen differently, depending on the bank's deposit level as compared to the amount of the loan. Representative Arnold-Jones suggested using qualifying language, stating that these are higher risk loans. Ms. Russell indicated that the NMFA has repeat borrowers; these banks do not see the NMFA as competition. She agreed with Senator Harden's statement that this is a form of enhanced economic development for areas that need the help.

Committee members questioned the vetoing of language during the special session that essentially took away the appropriation for \$5 million that would have been added to this fund. Senator Harden questioned what the veto message was, but Mr. Jaramillo said he did not have an answer. Representative Lundstrom asked staff to check on this. (In doing so, staff reports that in the veto message, although not specific to this particular project, the governor stated that "it would be imprudent to provide continued severance tax bond funding to capital projects that have made little or no progress using their original general fund appropriations..." and that "there is no reason to believe that providing new severance tax bond appropriations with extended expiration dates will result in immediate progress given the history of these particular projects". The veto message then goes on to delineate criteria that could have caused a project to be vetoed. These include projects for which there were no third-party agreements, projects that were inadequately funded, projects that are not ready to proceed and projects that have constitutional concerns.)

In response to committee members' questions on how long projects are on the list, as well as how much money the list of projects represents, the NMFA responded that, although there is not a time line, projects die off naturally on their own and typically have a three-year life. The NMFA added that this list represents about \$25 million of projects and that \$2 million is currently available to lend for these projects.

Representatives Crook and Saavedra expressed concern over the broadness of the language in this bill, with Representative Crook citing Subsection 28, which reads: "two manufacturing projects in New Mexico". The NMFA indicated that the language is broad because it is not often known exactly where a project will be located or the exact nature of the project in the beginning stages. The NMFA assured the committee that the criteria always centers around job creation and financial feasibility. As lenders, the NMFA looks at underlying

collateral. All projects are vetted first by staff, next presented to an internal staff committee, then to a board committee and finally to the full board. Mr. Sisneros stated that any needed explanations about project specifics could be given to the committee when the final bill is presented.

Speaker Lujan noted the downtown revitalization projects that are included in this bill, asking what the difference is between these and the Santa Fe Railyard project that he wanted included in this authorization list. Representative Lundstrom said that legislators add projects to these authorization bills and asked what the preference of the committee is. The committee agreed that Subsection 28 be changed to two specific projects and that the Santa Fe revitalization project for the Railyard be added.

Two motions were made and seconded on endorsement of each of these bills, and the committee approved both bills without dissent.

Next, Mr. Jaramillo presented the Public Project Revolving Fund (PPRF) authorization bill. He highlighted language that was added to this bill in 2006 that states that loans of less than \$1 million do not require legislative authorization and therefore would not be included in this bill. He also added that entities authorized in this bill would have until the end of fiscal year 2013 to certify their desire to continue to pursue a loan with the NMFA or the authorization for that entity is void.

Representative Nunez, who will be solicited for his proofreading help during the upcoming legislative session, noted an error in Subsection 11, stating that Deming is in Luna county, not Dona Ana. Good job, representative!

Mr. Jaramillo clarified that this bill only authorizes projects to be eligible for application; it does not assure funding. Senator Fischmann admitted that he is confused by the purpose of this bill, questioning if there are other ways to address the authorization of projects. Mr. Sisneros said that there is historical precedent with this program. He added that the PPRF program is a child of the legislature whose concept was to identify eligible projects that could be funded throughout the coming year. He said that the efficiency of this process could be questioned, but once these projects are identified, the NMFA goes through fiscal analysis. Mr. Sisneros encouraged legislators to be more involved in projects in their areas. He suggested that because the legislature is the authorizing body, perhaps legislators should sign off on a project first. He suggested that since the oversight committee is such an active one, it should consider making this process more efficient and making legislators more involved on a project-by-project basis, which would also connect legislators to projects more readily.

Speaker Lujan indicated that historically in the capital outlay request process, local governments make requests, but there is often not enough money to address those needs. The NMFA was formed to help address capital needs by finding a revenue stream to address that need. Speaker Lujan added that whenever a request is made by a local entity to anyone, the entity should notify its local legislators. He added that this could be accomplished by regulation or rule through the NMFA.

Mr. Sisneros replied that this might be effective, suggesting that the NMFA could set up an application procedure that is signed off on by the legislator in that area, which would allow legislators to advocate for the entity. Senator Papen asked what would be wrong with asking the entity to notify legislators about the project. Mr. Sisneros echoed that it is difficult when these projects come before the full legislature. The individual legislator may not know about a project in the legislator's district, and more communication is definitely needed.

Senator Ulibarri remarked on this being a good tool for local governments. In the committee's discussion that ensued on the broadness of the language, the NMFA spoke to the fine line between specifics and flexibility and a desire not to hinder smaller communities from being able to apply. The language is broad so that the NMFA can welcome a range of applications.

In response to Representative Lundstrom's question about the completeness of this list, Mr. Sisneros said that there will always be additions at session time. Mr. Jaramillo added that these are projects that do not have legislative authorization yet.

Representative Saavedra began a discussion that then gathered momentum regarding quality control on the work done on projects. Mr. Sisneros remarked that the issue is how the NMFA controls the contract and added that the NMFA does not have a contract compliance officer who would ensure that communities have done what they said they would do and review the quality of the work. Local governments are relied upon for this. Representative Powdrell-Culbert spoke about flooding in her district that was dealt with, but certain inspections had to be done. She stressed that these entities are in place, and the municipality knows who is participating in construction projects. She added that the NMFA is not going in and funding the entire project but functions as a bank, not an inspecting entity.

Mr. Sisneros agreed that this is exactly how the NMFA has operated, saying that the issue is that the NMFA finances the project and relies on local governments to do the rest.

Speaker Lujan elucidated the process whereby local governments make project requests and the NMFA has certain requirements in place before it will consider the project. He added that because these are just loans, and not state money, it is the responsibility of the receiving entity to ensure quality. He also said that the legislature has to respect local elected officials in this.

Representative Egolf questioned Subsection 43, which is an authorization for the Santa Fe Indian School. The NMFA indicated that this request came to it three years ago, and it is a request to construct buildings, in particular a gymnasium. Representative Egolf expressed consternation at the broadness of the language if it is really only for building construction, also indicating unresolved issues with the demolition and the possibility of exposure to asbestos and the lack of information coming from the school regarding these issues.

In response to a question from Senator Papen about Subsections 8 and 9, which are for refinancing projects, Representative Lundstrom suggested adding clarifying language in these subsections, to which the committee agreed.

In response to concern from Senator Garcia regarding giving authorization for a charter school to receive funding in Section 2 of the bill, discussion ensued with the result being that Section 2 be deleted from the bill because the NMFA rule change that allows this funding is not yet fully approved.

Mr. Sisneros noted that capital outlay is really going to struggle in this state and, given that fact, the NMFA will become even more important. He added that this has motivated the NMFA's thinking about efficiency with the process because more entities will be talking with the NMFA, as it will be engaged in more debt capacity analysis in the coming years.

On a motion made and seconded, the committee voted unanimously to endorse this bill, as amended.

Mr. Jaramillo presented the final NMFA bill, which appropriates money from the PPRF to the Drinking Water State Revolving Loan Fund to provide the state match for federal Safe Drinking Water Act projects and carries out the purposes of the Drinking Water State Revolving Loan Fund Act. He stated that the NMFA wants to increase the appropriation amount from the stated \$2 million to \$2.6 million, which is the amount needed to match the \$13.573 million that came from federal sources for water infrastructure projects. John D'Antonio, state engineer, spoke about the uniform funding application (UFA) process now in place in which several entities, including the United States Department of Agriculture, the Department of Environment and the NMFA, discuss water projects to be funded throughout the year and look at putting funding together for projects. Representative Arnold-Jones asked that a written process be put in place that includes definitive criteria for project selection, and Mr. D'Antonio responded that he would check with his colleagues who work with the UFA to make this happen.

In response to a question from Speaker Lujan about what would happen if this appropriation does not go through, Mr. D'Antonio said that if the state match does not exist, \$13 million would be left on the table.

Committee members made a motion, which was seconded, and voted unanimously to endorse this bill with the amended money amount.

Geno Zamora, general counsel, Department of Environment, presented the committee with the Space Flight Informed Consent Act, in which he noted a change made in Section 5, Subsection A that requires a warning statement and release of liability be signed by participants in the flight at least seven days prior to the flight.

The primary questions brought forth by the committee regarding the spaceport bill encompassed the findings section of the bill as well as liability. Senator Garcia expressed discomfort at having the findings section in statute, adding that to qualify as legislative findings, a long process would have to be in place to determine their validity. Ms. Faust responded that findings were included to address case law from the supreme court. Representative Martinez stated that he believes that the judiciary committee would strike findings in any case.

Discussion ensued around liability and what the bill is trying to achieve in this regard.

Mr. Zamora clarified that there are currently 300 people on the waiting list for space flights, that seats are assigned well in advance of seven days and that the bill addresses circumstances where a person who makes the decision not to take a risk or has conflict can back out within those seven days.

Senator Keller asked who is responsible for liability at the spaceport. Mr. Zamora indicated that this question is broad; the facility itself is a state facility, and the employees are state employees, much like an airport. It is a public facility used by private entities that are responsible for their own activity. In response to a question regarding why this needs to be in statute, Mr. Zamora replied that clarity is essential in a process that protects passengers and that these laws provide a framework for liability. He added that Virginia, Florida and Texas have passed similar informed consent laws and that New Mexico is competing with these states and needs to stay abreast.

Senator Fischmann asked if there is a difference between liabilities of governmental entities at the spaceport as compared to operations at an airport. Mr. Zamora replied that both are covered by the Tort Claims Act and that as a general rule, entities are immune from all liability except as waived in Tort Claims Act. This applies from the state level down to the municipal level. In further discussion, Representative Martinez indicated that this bill limits liability only for space flight participants and that otherwise common law liability is in place, noting that this is a fairly limited piece of legislation in which participants and families waive any right to immunity.

Representative Egolf expressed discomfort with the language around the evidence of "gross negligence or wanton disregard" and questioned what is being waived and what is not in the bill. He stated that a lot has been taken for granted as the result of cases determining negligence and that if New Mexico and other states exempt this industry from all this, the state may not get the level of safety it wants. Therefore, he added that he could not support the bill.

Senator Beffort recommended that committee members review the statutes of Virginia, Florida and Texas to ensure that New Mexico does not get so restrictive that no one will want to come here to use its spaceport.

On a motion made and seconded, the committee unanimously endorsed the spaceport bill.

Ms. Faust presented legislation relating to uniform reporting of the NMFA, the Border Authority, the Spaceport Authority and the New Mexico Renewable Energy Transmission Authority (RETA). Discussion ensued between Mr. Sisneros and committee members around language in the bill that allows for the oversight committee to have not only review of but also approval of policies. Mr. Sisneros indicated that bankers want to know about the NMFA's policies before they buy its product, and that if this bill is passed, the NMFA could have a problem with selling bonds. Representative Lundstrom clarified that she could understand this if the committee had to first approve lending policies, but added that the changes are not concerned with internal decisions about how lending is done. She questioned how legislative approval of procurement could possibly affect bonding.

Senator Rodriguez advocated for the committee's involvement with policy that affects internal project reviews and final recommendations. Mr. Sisneros stressed that he would be happy to provide the committee with the policies, which amount to about eight inches high of text. To Senator Rodriguez' concern about how projects make it into the final authorization bills, Mr. Sisneros agreed that more transparency is needed and said that the NMFA is talking about having legislators sign off on projects in their districts. He added that this needs to be a requirement so that each legislator knows what projects are in his or her district. Mr. Romero reminded the committee that by statute the committee must approve rules and regulations, not policies, but that the NMFA could certainly bring them to the committee members to review.

Ms. Faust gave a brief historical perspective on the setup of the NMFA statute, indicating it was set up so that the oversight committee had approval of the rules. Mr. Pollard affirmed Mr. Sisneros' statements, saying that he is right in terms of lending policies, that rating agencies need to know the security behind loans and that borrowers need to know if they qualify. He added that the NMFA always had policies and program requirements so that those applying would have an idea of how to proceed. He said that if there is an idea that self-serving or arbitrary decisions are being made, rating agencies will have a problem.

After much discussion, committee members agreed to amend the bill so that the oversight committee would review written policies on all programs and funds administered by the authority, hiring by the authority and investment of funds. The oversight committee would both review and approve a strategic budget as well as procurement.

On a motion, which was seconded, the committee voted to endorse the bill, as amended. The roll call vote was seven in the affirmative, six in the negative.

Ms. Russell presented revisions to the rules and regulations governing the economic development bond program, based on suggestions received at the November NMFA Oversight Committee meeting. In answer to Senator Keller's question about whether there were any suggestions not included, Ms. Russell said she did not believe she skipped over anything. Senator Keller suggested adding another metric to the "economic development goal", which would be return on investment. (Please refer to the NMFA handout on the approval of these revised rules and regulations for details as to the revisions made.) On a motion made and seconded, the committee voted unanimously to approve these rules.

Secretary Gary Giron, Department of Transportation (DOT), presented a report on House Memorial 5 from this year's regular session, which is a continuation of House Memorial 35 from the 2007 session that examined various State Road Fund (SRF) revenues and their performance over time, as well as the growth potential of SRF revenues. House Memorial 5 mandated that a technical committee be set up to develop data and information on the future outlook of transportation in New Mexico and funding strategies to aid in addressing sustainable transportation systems for the state.

Bill Mueller, chief economist, DOT, presented comparisons between the growth and source of revenues of the SRF and the general fund. He pointed out fundamentals of the SRF and how it is distinct from the general fund in that the user supports the SRF's revenue growth.

In graphs showing the long-term trend between the two funds, Mr. Mueller indicated that the general fund has retreated about 20 percent in recent years, whereas the SRF has declined about 12 percent over a three-year period. In addition, he said, the general fund has grown at a six percent rate, whereas the SRF has grown at a three percent rate. He pointed out that, although the difference is small, over time it is a substantial one. He added that the general fund is growing at the rate of the economy's growth, whereas the SRF's growth is consistent with employment growth, highway and street construction, and the consumer price index.

Mr. Mueller spoke about how transportation investment drives economic growth through direct impact, business competitiveness and economics. He pointed out \$10.5 billion worth of needs over the next 20 years, with graphs showing existing road funds at \$6.1 billion and the additional needs at \$4.4 billion for that time frame. He added that annual need is at \$520 million, with \$300 million of that amount available from existing sources.

In a breakdown of sources for the SRF, Mr. Mueller showed current revenue coming from the gasoline tax, special fuels tax, vehicle registration and weight distance tax. He also presented an annual funding proposal to increase revenue, which includes legislation to raise registration per vehicle, improving technology for increased compliance in the weight distance tax and increasing enforcement.

Discussion ensued regarding the relationship between the general fund's recurring revenue and the SRF revenue. Representative Barela stated that the revenue-generating taxes, such as the weight distance and special fuels taxes, would affect a small group, whereas vehicle registration and gas taxes are more widespread. Mr. Mueller clarified that New Mexico's vehicle registration fee is significantly lower than other states.

In response to legislative concern over more taxes being applied, Mr. Mueller said that the DOT is not necessarily advocating for these measures; they are the outcome of the work in response to House Memorial 5. He stressed that the DOT is losing traction because of the sources of revenue.

Representative Rodefer stated that the DOT was being specious in saying it is losing traction because there is not a direct correlation between the general fund and the SRF. He added that he is not disputing that New Mexico's roads are underfunded, but he is not sure these charts get to the state's true needs.

The minutes for the last NMFA Oversight Committee meeting on November 2-3 were approved without opposition.

Jana Amacher, NMFA, supported by Ms. Russell and Mr. D'Antonio, gave an update on the Water Project Fund. Please see the handout for details of the fund, including the Water Trust Board's responsibilities for prioritizing recommended projects and adopting rules and regulations that govern the fund. Ms. Amacher spoke about the other two funds supported by the Water Trust Board — the Water Trust Fund and the Acequia Project Fund. She indicated that the Water Trust Board supports the adjudication process, for which 10 percent of the funds in the Water Project Fund are appropriated to the state engineer for this purpose. She also detailed the

projects that the Water Trust Board funds by statute and told the committee that the application process is a year-long cycle. In response to a question from Representative Saavedra regarding potential Bernalillo County applications for water projects, Ms. Russell said that it is the policy of the Water Trust Board to move projects quickly. She added that if an entity presents a project for funding for which planning and design is not completed, then that phase is funded first. If a project is properly developed, it has more of a chance of getting funding for construction, she said. The progress of a project is individual, based on the nature of the project and how ready an applicant is to oversee the project, she reiterated.

Presenting on the state's national laboratories' partnership with the small business tax credit program were Mariann Johnston, economic development, Los Alamos National Laboratory (LANL); Jackie Kerby Moore, technology and economic development, Sandia National Laboratories; and Jim Manatt, Providence Technologies, Inc. Ms. Moore reported that 1,400 small businesses have been assisted since the inception of the laboratory partnership program. The Laboratory Partnership with Small Business Tax Credit Act's purpose was to bring the technology and expertise of the national laboratories to small businesses in the state to promote economic development. As part of this, \$2.4 million per lab per year can be used to solve small business problems; \$10,000 per business per year to help companies located in Bernalillo County; and \$20,000 per business per year to help companies in rural areas of the state. Ms. Johnston reviewed several successful projects, as detailed in the annual report for the New Mexico small business assistance program. Projects she discussed included an energy matter conversion company and how LANL was able to assist the company in its quest for using a fusion power system for power generation, as well as a project using a reverse osmosis system to desalinate water produced from oil and gas production operations.

Mr. Manatt discussed a business model of ARCO's that would allow for a substantial number of jobs and infrastructure development in New Mexico. He said that private equity is currently being raised for about \$50 million. He thanked the legislature for such a visionary program, adding that there is a reef in southeastern New Mexico and west Texas that can be identified that has six million barrels of oil that the industry cannot recover for technical reasons. In identifying these reasons, there is a potential revenue of \$75 billion available to the state. He pointed out the primary target for technological development being in this southeast corner of the state. He added that there are technical reasons for not being able to access this oil and delineated their method, which uses mathematical data to accurately predict where the pods are and images the location of the bypassed oil. He said that his company has taken the technology from concept to reality to detect bypassed oil and that it has reached a point of demonstrated technological feasibility.

In response to a question on how the consortium decides how much an entity receives, Mr. Manatt replied that the decision is based on labor hours and the rate of the staff person at the national lab and that the statement of work is agreed upon by a lab staff person and the small business itself. He added that what is being provided to the small business is a tool to help it develop. The company is then responsible to be successful, to obtain the rest of the needed funding through investment and to make a profit.

Senator Keller lauded the model, stating that for decades the state has been trying to use

technology transfers for economic development. He said that this program works, it is a great conduit and, in fact, the state ought to expand it and raise the limits so companies can get more than \$20,000.

In the final presentation of the day, Jeremy Turner, executive director; Joan Munsell, administrative manager; and Angela Gonzales-Rodarte, project coordinator; all from the RETA, spoke on Senate Memorial 44, sponsored by Senator Keller. Mr. Turner described the actions required by the memorial to be a good first step for renewable energy development. Passed during the 2009 regular session, the memorial requested the RETA to identify corridors for transmission lines and renewable energy zones in the state. Mr. Turner spoke of the existence of wind, geothermal and solar resources in New Mexico, but the lack of available transmission to take advantage of these resources.

In response to Senate Memorial 44, the RETA held several public meetings and compiled common themes from the responses received. Mr. Turner described what the memorial asks the RETA to accomplish, which includes developing maps for existing and potential transmission lines and corridors; identifying regions of low or minimal land development restrictions; seeking public input; and convening a working group to collaborate and make recommendations.

Mr. Turner reported that New Mexico has 20 to 25 times the amount of renewable energy it could be utilizing. Such energy could be exported to contribute to the economic development of the state, he added. He also stated that although New Mexico is not number one in the country for capacity, it is only because the state has not yet built transmission lines; if it does, it could be number one in the country.

Mr. Turner indicated that the Public Regulation Commission is part of the working group, but it also needs to go through its own public process as a parallel to the RETA's work. In the work to make it possible for New Mexico to compete as an energy exporter, the RETA asks the utility companies about regulatory issues. He said that the state's renewable resources will be realized with transmission and export to other states.

In response to a question about where the ports of entry need to be, Mr. Turner replied that the primary exporter location is the Four Corners region, which has a very limited capacity at present. He added that Sun Zia is also a major corridor.

For further details on the RETA's work, please refer to the RETA report, which is extensive in its explanation of the work resulting from the initiating influence of Senate Memorial 44. In addition to developing a map to identify existing generation and transmission lines and renewable energy resource zones in New Mexico, the report delineates other issues the RETA is researching, including prioritizing regions with low or minimal land development conflicts by coordinating with state and federal agencies to build lines in these areas; identifying and prioritizing viable options for potential transmission corridors to accommodate renewable energy exporting from the state; soliciting electric utilities and transmission companies to identify needed infrastructure to deliver energy production from these areas; identifying barriers to developing this infrastructure; finding opportunities to integrate utility infrastructure planning into federal, state and local planning initiatives in an effort to streamline the process of

permitting and developing projects; proposing changes to the Federal Energy Regulatory Commission's pre-filing process to be more in line with other federal and state permitting processes; and making recommendations on steps that the state and federal governments could take to streamline the way in which renewable energy transmission infrastructure happens in New Mexico.

Representative Campos praised the good staff and product of the RETA's work and said that the window of opportunity is small and nearby states are pushing hard to get transmission lines to California. He added that with wind, solar and biomass projects, the issue is transmission, and if New Mexico does not have transmission, it will lose this opportunity. As a state, New Mexico has some of the best renewable energy opportunities, and timing is critical, he added. He said that New Mexico has the advantage over Wyoming, Idaho and Colorado, but it has to take it.

Senator Papen asked about the actual financing to do this work. Mr. Turner said that the line that starts in Wyoming and terminates here costs \$7.2 billion, for which the New Mexico portion is just over \$1 billion. In Clovis, the New Mexico portion is also over \$1 billion. The Tres Amigos project comes in at \$1.2 to 1.5 billion, for which phase 1 is just over \$1 billion. He added that wind and solar development would cost in the \$3 to 5 billion range. He stated that any jobs created by these opportunities would be short-term construction jobs, but that if the state creates the opportunity to export power, it will have gross receipts tax impact and that there is a long-term goal to attract manufacturing firms that create jobs for citizens.

There being no further business, the committee adjourned at 4:40 p.m.

(Because these are minutes for the final NMFA Oversight Committee meeting, they have not been approved by the committee.)