

**Board of Director's Meeting
January 14, 2022
Virtual Meeting
Minutes**

1. Call to Order

The quarterly meeting of the Board of Directors of the Southeastern New Mexico Economic Development District/COG was called to order virtually by Board Vice President, Mike Gallagher at 10:00 a.m.

2. Pledge of Allegiance

3. Roll Call and Introduction of Guests

The following Member Governments were represented by Directors or Alternates:

MEMBER GOVERNMENTS-PRESENT

Lea County—Mike Gallagher, County Manager
Lincoln County—Elaine Allen, Commissioner
Otero County—Pamela Heltner
Alamogordo—Susan Payne, Mayor
Artesia—Summer Valverde, Clerk
Capitan—Ron Lowrance, Mayor
Corona—Sam Seely, Mayor
Cloudcroft—William Denny, Mayor
Dexter—Ron Chambers, Councilor
Eunice—Billy Hobbs, Mayor
Hagerman—Tony Garcia, Mayor
Hobbs—Todd Randall, City Engineer
Hope—Rudy Sales, Public Works Director
Jal—Matt White, City Manager
Lake Arthur—Debra Sallee, Town Clerk/Treasurer
Roswell—Jeanine Corn Best, Councilor
Ruidoso—Tim Coughlin, Councilor
Ruidoso Downs—Selena Chaves
Tatum—Marilyn Burns, Mayor
Tularosa—Patrick Garcia, Trustee

NON-GOVERNMENT MEMBERS-PRESENT

Chaves County—Jon Hitchcock
Lea County—Robbie Roberts
Lincoln County—Coda Omness
Otero County—Sid Gordon

MEMBER GOVERNMENTS-NOT PRESENT

Chaves County—Dara Dana, Commissioner
Eddy County—Fred Beard, Commissioner
Carlsbad—Lisa Anaya-Flores, Councilor
Carrizozo—Cynthia Jonson, Trustee
Loving—Pete Estrada, Mayor
Lovington—David Trujillo, Mayor
Mescalero Apache Tribe—Gabe Aguilar, President
Tatum—Amy Gutierrez, Mayor

NON-GOVERNMENT MEMBERS-NOT PRESENT

Eddy County—John Waters

A quorum was present with 20 of the 26 Member Governments represented. Four Non-Government Members were also present.

GUESTS AND VISITORS PRESENT

Barbara Garcia, Cloudcroft
Lisa Dunlap, Roswell Daily Record
Rebekah Bryant, Tularosa
Kevin Maevers, Community Development Director
Beth Elias-WIA
Gavin Lujan, NMDOT
Jeremy Lovato, NMDOT
Allie Giron, Ruidoso Downs
Yulia Trujillo, NMDOT—Permit Coordinator
A.J. Forte, NMML

SNMEDD/COG STAFF PRESENT

Dora Batista, Executive Director
Mary Ann Burr, SERPTO Program Manager
Pansy Moffitt, Office/Finance Administrator
Paul Pappas, Project Coordinator
Kristina Casaus, Administrative Assistant
Hubert Quintana, Consultant
Debi Lee, EDA CARES ACT Consultant

4. Approve Virtual Meeting Agenda for January 14, 2022:

Motion by Matt White, seconded by Sam Seely to approve the agenda as presented. All voted aye, motion carried.

5. Approve Minutes of October 8, 2021:

Motion by Matt White, second by Robbie Roberts to approve minutes. All voted aye, motion carried.

6. Guest Speakers: Jeremy Lovato, NMDOT; Broadband Partnerships; A.J. Forte, Executive Director New Mexico Municipal League

A lot of mayors are talking about bringing the roads, infrastructure, and broadband into the largest areas in NM. Of course, those are the ones that Mr. Lovato is paying a lot of attention to. Shortly after he started with NMDOT, he started looking at the broadband infrastructure. As a result, NMDOT has started providing permits to service providers throughout the state to support this need.

It became clear that NMDOT can play a larger role in broadband build out in expansions, especially in rural areas around New Mexico. They met service providers around the state and initiated a full operation where we have a team, updating rules, trying to meet with the service providers in the state.

There is a charge for NMDOT's right away access. They are really trying to meet with some collaborative service providers to bring those costs down. Meetings with the COG's and the economic development departments around the state are being scheduled in an effort to really start to bridge the gap between broadband and the infrastructure planning.

The NMDOT really wants to be proactive and introduce, and hopefully incentivize, some broadband discussions with all the infrastructure planners around the area. At this point there has been a good response. They are also trying to reach out to the municipalities, counties, and the COG's, to inform everyone about the projects planned from a construction standpoint and really identify if it makes sense to start to lay down some fiber conduit during construction. NMDOT has already started doing this in several of their projects. Right now we're getting ready for widening project in one of the more difficult areas in the state and plan to put additional conduit in there.

We are partnering with the Indian Tribal Education Network to run fiber all the way down to Albuquerque making this infrastructure available for the service providers so they can tap on to it and essentially, go into the communities on that along that route. I'm just happy to be introduced to you all and we hope we get some kind of cadence going so we can continue these conversations.

NMDOT is hoping to pass a few new FHWA (Federal Highway Administration) requirements, where they can allocate a broadband coordinator to work with everyone around the state to make sure that when NMDOT is doing construction that they are also doing broadband along the same route.

The question is how can NMDOT work with everyone and all the service providers as well so that they can get the infrastructure in the ground quickly, efficiently, and hopefully cost effectively?

Mr. Lovato has been appointed by Secretary Sandoval to serve on the New Mexico Connect Council that came as a result of the last legislative session under House Bill 10. Matt Schmitt is the Broadband Director for the state of New Mexico that will participate in the New Mexico Connect Council. Gavin Lujan will be the Network and Server Administration Bureau Chief

Mr. Lujan prepared a brief presentation to highlight some of the collaboration in broadband opportunities with Southeastern Mexico Economic Development District. Broadband is a high priority for the state and the country.

A couple of years ago, they were approached by some large companies, Facebook being one of them, to use their right-of-way in order to run their fiber optic cable to their new data center in Los Lunas. Right-of-ways are a tremendous valuable asset and we have started to strategically approach this and discussing how they can best leverage that asset not only for NMDOT, but for the state as a whole.

Mr. Lujan presented a slide highlighting the existing highways that could essentially become digital superhighways that support Facebook, Google, Microsoft, and also to our residents or constituents in New Mexico. They have met with other neighboring states, Colorado, Arizona and Utah to see what they have done to facilitate broadband for their state. One of the things that came out of the STIG, (Security Technical Implementation Guide) was the idea that New Mexico is already doing projects within these corridors. The idea is why not open it up for any other interested parties to go ahead and possibly move in and install their infrastructure at the same time leveraging the fact that the ground is already open.

This being the whole goal with the intent to meet with everyone to see where the needs are and what the projects look like and also to co-ordinate activities so that we can all get the best benefit and the most value.

The goal is to build this network.

NMDOT is a state agency and there are six district offices throughout the state along with 82 patrol sites. Also, throughout there are State, Project Offices and we have ICS, which is our digital signage we have with sensors, and video cameras. There are Ports of Entry and rest areas so there is a large network. The problem is finding the adequate service as more and more things move to the cloud and go online, we're needing more bandwidth. So, we are feeling those growing pains ourselves, where our needs are exceeding the service availability at those locations. So, the thought is, while we're doing this we should go ahead and improve our own bandwidth and take our own steering wheel and drive this for our own needs. In the process while we are doing this, we can also accommodate the needs of other state agencies, local governments, and counties.

As Mr. Lujan mentioned NMDOT has assets throughout the state and it's a large network monthly bill for telecommunications that is pretty high just for NMDOT itself. Hopefully, they can find ways to collaborate and share some of the costs.

A lot of the telecom companies apply to use state rights-of-way to go into the ground and install fiber optics. One of the reasons they are being monitored is so that they can get a better view of what's going on in the state as far as telecommunications.

A.J. Forte, Executive Director—NMML

Mr. Forte is responsible for the overall operation of the NM Municipal League, including oversight of Legislative Policy Development, Strategy, and Finance Management.

Infrastructure is their focus. He feels that there is too much at stake not to completely focus on what we can do, to co-ordinate with the Executive and Legislature, to identify and highlight all of your projects.

They have taken every dataset they could possibly get including everyone's current ICIP, and all of the state engineer data for big water projects and big dam projects. They work with DOT to get their complete listing of municipal airports. All of this information is now on one spreadsheet, so it's water, wastewater, broadband and roads. Every special project has been identified, over \$10 million and is now available for the Executive and Legislative Branches to see it. The infrastructure summit is putting visuals together so that members of the Legislature and the Executive can actually see the projects. They can see what the road projects look like, bridges and senior centers.

There is so much money in recovery funds, infrastructure funds, almost \$2 billion and also in general fund for capital outlay. There's plenty of money, it's just coordinating what's a municipal project, a local government project, a regional project, or statewide project.

The infrastructure summit is intended to identify what buckets of money for what projects, and most importantly how are the projects are ranked. Obviously, shovel ready is most important.

The Municipal League will utilize their lists to keep everyone up to date. They are able to do this in part because of the Tax and Rev settlement. The NMML funded the initial lawsuit against Tax & Rev and the fees that were recovered will be used to hire grant writers for our small communities who don't have the in-house expertise, or the bandwidth to look at all of these grants. They will be put on contract for the municipality's benefit. The idea is that they would identify all the grants, the templates, and then our local governments would ultimately have to do the tracking once they're submitted.

So, we're looking for any ideas on how we can efficiently partner with everyone to help on that grant writing. Any ideas should be sent to Mr. Forte.

That's separate from the legislative priorities.

The number one priority for the NMML is to address a tax policy change that happened in House Bill 6, 2 years ago, destination sourcing. It went live July 1, 2020.

Unfortunately, we've identified some unintended consequences. The major unintended consequence in House Bill 6 for local governments is there was a change where the 1.225 local distribution goes. We've all heard of the state rate at 5.125, within that state rate of 5.125, there's a local distribution for .225. What happened under House Bill 6 is if you have a business located in Albuquerque and they're doing work internally or county, the state rate is charged, the county increments are charged and our local distribution now goes to the state general fund.

That is a major tax policy shift that was never discussed in committee. It wasn't in the FIR and it was never contemplated that cities would have to give up their local distribution to get Internet sales or to get destination sourcing. We looked at that as a technical fix. Regardless of the general fund impact, there is money that has been taken from local governments that needs to be returned.

The goal is to run a cleanup bill to get the 1.225 local distribution back within local governments. This is a major tax policy change that can't be done as an unintended consequence of destination source, so we technically worked on that bill. The final component of it is a reporting code.

We want the state legislature to have the most transparent information possible, so, when we got internet GRT; the way the bill was written, the internet GRT is dumped into your GRT bucket.

So, in your Tax & Rev RP 500 report every month, you don't get a separate carve out for internet GRT. The problem with that is you don't know where your money is coming from, nor do we know how much we've made or lost or destination source.

From a transparency perspective we want to separate reporting codes so we actually see internet GRT from local GRT so we know where our money is coming from. This way local governments can decide where to put their economic development dollars and for budgeting purposes we need to know where that revenue is coming from.

If you can't see it, I can't see it, nor can the members of the legislature to make informed tax policy decisions, we want everyone to have as much information as possible. That's probably our number one priority in this session.

The second priority is another tax policy bill that is also a public safety bill. When the public is charged with a tax or fee, it needs to go where we're told it's to go. For example, there is a Law Enforcement Protection Fund of 10% tax on certain insurance products. It generates about \$22 million a year. Only about \$10 million goes into the Law Enforcement Protection Fund formula for distribution, which is for equipment and training for police officers. The current distribution today is \$600 per officer and it's a tiered structure of \$25,000 up to \$45,000 per department. We want to put that entire transfer that goes into the general fund and does not flow through the distribution into equipment and training. Ultimately what the bill would do would allow, all of our departments to put this back in local control. You all get to decide on equipment and training and where you spend these dollars. But it would take the current distribution from \$600 to \$1,500 per officer. Every department would get \$95,000. There is also a \$2 million carve out for state police and local deployments; there's a partnership with all law enforcements. All law enforcements should benefit from the Law Enforcement Protection Fund. If we take back the \$12 million transfer a year that goes from the general fund back into the distribution so that it funds, the Law Enforcement Fund not the General Fund. The current projection is \$1.6 billion dollars of new money.

This again is a tax policy bill and we want to make sure the money goes to where we are told it goes.

In another component of that Bill, we need to increase the death benefit. Currently, if we lose an officer in the line of duty the family only get \$250,000. So when we look at loss of income for the average salary while they're working, and then through retirement, at age 78, the loss of income to that family is \$3.8 million dollars. The cost of raising a kid from zero to 18 is roughly \$240,000.

There was an officer lost in the line of duty this last year with 4 kids, \$250,000 is not enough. So that's also part of this bill, bumping it up to one million dollars seems like a lot but not compared to the loss of income and the cost of raising kids.

It would put New Mexico number one in the country as far as the death benefit. Currently Texas is number one at \$500,000.

We've run a Bill several times, two years ago, House Bill, 220 signed by Senator Gonzales and Representative Villalobos. It was a major tax policy change and we needed it. Mr. Forte does not know if the DOT remembers this Bill, but it is the motor vehicle excise tax that brings in about \$120 million a year and it goes to the general fund. The same issue applies in that the motor vehicle excise should go to the roads, So, our Bill, House Bill 220, would have taken only a third of that amount or about \$40 million and had a 60/40 split between the State Government's Road Fund and Local Government Projects. Obviously, the state cost of road mileage is much more than local. That's a bill that we're going to continue to pursue. There's just not enough money in the long term for all the road projects that we need. That is one Bill that we are going to pursue probably not in the 30 day session but in the 60 day session and we're going to make sure we co-ordinate with the Executive to see if that's something that will be supported.

Another policy change that we've advocated for late last year was the Fire Protection Fund and we did the same thing. The Fire Protection Fund generates about \$90 million a year. Prior to last year, \$22 million was transferred to the general fund, with the help of Senator Byrd. All of that money, on a recurring basis now goes into the Fire Grant Council. So every year going forward, they will be able to purchase most of their needs without having to issue bonds because that \$22 million is recurring. We put it where it should go right back in local control.

7. Review and Accept Financial Report and Budget Adjustments:

A copy of the budget was sent out with the Board Packet.

Dora Batista explained that the total income received is at 53% right now and we're halfway through the year, so we're about where we need to be. She said that they are at 55% of our Federal EDA Cares Act money and this grant will end in June 2022.

Dora stated that they are at 50% of our EDA regular money. Grants are at 32%, but grants did not come in evenly in the quarter.

Dora reported that they are in the process of closing out about eight of the grants and we're going to see that income soon. Our member dues are almost at 100%, we're lacking one entity and hopefully we'll get that in this quarter.

She stated that our state appropriations at is at 50% which is at 53% of our income and we are not over on any line item. She explained that they will pay the audit bill when we our audit is released but otherwise, we seem to be doing good.

A motion was made to approve the financials. Moved by Jon Hitchcock and seconded by Billy Hobbs to approve the financial report. All voted aye, motion carried.

8. Report on 2020-2021 Audit Exit Interview, November 29, 2021.

On November the 29th of 2021, Mr. Garcia, SNMEDD Treasurer attended the Audit Exit Interview with Axiom Certified Public Accountant.

The virtual meeting was held at the SNMEDD COG office. Also attended was Dora Batista, Executive Director, Pansy Moffitt, Finance Administrator, Jaime Rumbaoa, Axiom Senior Partner, Yasmeen Jalil, Axiom Senior Accountant.

This audit was for fiscal year ending June 30th, 2021. The auditors went over the financial statements

Required, supplementary information and the compliance section. Overall the audit went smoothly and there were no prior or current year findings.

The report was an unmodified opinion, an unmodified opinion implies that the auditor is satisfied with the financial statements audited meaning that the requirements demanded by the regulations were prepared accordingly to accounting principles, criteria, and standards.

9. Report from Nominating Committee:

The nominating committee is presenting the following slate of officers for the 2022 year for the COG.

President:	Mike Gallagher, Lea County
Vice President:	Pamela Heltner, Otero County
Treasurer:	Tony Garcia, Chaves County
Secretary:	Dora Batista, COG Director remains

Mike Gallagher currently serves as the vice president. Artesia Mayor, Raye Miller was actually slated for his second year, but he's not running for re-election. So it's natural that the Vice President to take that position.

Matt White made a motion to except the nominating committees recommendations. Sam Seely seconded the motion. All vote aye, motion carried.

10. Election of New Officers as presented for 2022 Calendar Year: Moved by Matt White and seconded by Sam Seely to accept the nominations as presented. All voted aye, motion carried.

11. Appointment of new members to the Executive Committee: The Executive Committee consists of a member from each County. The elected President, Vice-President, and Treasurer represent their County and two others are selected from the Counties not otherwise represented. Recommended by the Executive Committee is:

Chaves County—Tony Garcia
Eddy County—Rudy Sales
Lea County—Mike Gallagher
Lincoln County—Sam Seely
Otero County—Pamela Heltner

Moved by Billy Hobbs, seconded by Sidney Gordon to accept the Executive Committee nominations. All aye, motion carried.

12. Approve Re-Appointment of Private Sector Members:

Chaves County—Jon Hitchcock
Eddy County—John Waters
Lea County—Robbie Roberts
Lincoln County—Coda Omness
Otero County—Sidney Gordon

Motion by Matt White, seconded by Tony Garcia to approve the re-appointment of the Private Sector Members.

13. Staff Reports:

Dora Batista—District Activity Report:

Wednesday, January 12, 2022 CDBG Allocations were held for 2021.

There was \$12,236,605 available for funding and there was only \$10,506,781 million in requests. There are usually more requests than money available. As a result, all projects were funded, and the balance will go to planning and economic development projects.

We had four projects from our district, all four were funded. Congratulations Town of Carrizozo, Eddy County, Town of Lake Arthur, and the City of Hobbs. This resulted in a little over about \$2.3 million dollars in construction to our district.

At this time the new 2022 schedule has not been released. They are trying to get back on track, so that would mean that in February you need to have your projects closed. This will start the cycle over again. If anyone needs any help or has questions, please contact Dora Batista or Paul Pappas at the office to schedule your public hearings.

Dora anticipates that with the eight projects being closed out, will result in us having quite a few applications this year.

Dora reported that Donnie Quintana, DFA Director, said that he was going to work with the CDC Council, to see if they can raise the \$750,000 ceiling to \$1,000,000 to support full project costs.

If an entity wants to apply for CDBG, Dora will help them find a way to qualify. She is not certain that the million dollar limit will be done by the end of this season, but Mr. Quintana is going to try to make it happen.

Another possibility is the Colonias money for those that qualify. There is \$38,000,000 available and she encourages those that do qualify to apply. They're going to put a cap on projects of \$5.7 million.

So, if there you have a \$2 million or a \$3 million project, it's very likely that it could get funded with a good application. To do that, there's a process called Notice of Intent to apply. It's a simple two-page application, or just a notice that we let Colonias know that you want to apply. So, they can have an idea of how much interest there is.

If there is an interest get with Dora. The Notice of Intent to apply is due next week. The applications are due by March 3, 2022. They are submitted electronically and the SNMEDD is happy to help you write those applications.

Congratulations to the City of Carlsbad who was recently awarded EDA funds in the amount of \$2 million.

The District continues to perform the work as outlined in our EDA Cares Act Fund.

Debi Lee has worked so hard on this, and based on what Dora has seen, she thinks we're going to have the best plan in the state for our region.

Hubert Quintana will be present during most of the Legislative Session so if you have any questions concerning Capital Outlay, give him a call.

A Tourism packet was included in the board packet, this is the final recommendation that the Tourism Department is giving to the Governor and Legislators.

If 5 or 6 projects were turned in on the earlier report that was sent out from the Tourism Department, but

maybe the final report only shows 2 or 3 it was based on the upcoming fiscal year. This is the first time that tourism has done this.

It seems that they're putting all their recommendations behind to promote tourism within the State, so that could be a very good thing for us.

Beth Elias—Executive Director Workforce Development

Ms. Elias updated the COG Board on activities within the Board Region.

Currently the Workforce Board serves about 26% of the individuals in New Mexico that are receiving services under the workforce programs. That's pretty significant since they receive about 15% of the funding.

There are some new initiatives that are coming up. They will be receiving approximately \$500,000 from New Mexico Department of Workforce Solutions, this comes from other Boards who have not been able to spend their money.

Between that and a United States Department of Labor, a grant for services to individuals that have been Dislocated will be available. There will be an influx of funds of about \$1.3 million that will be targeting training and employment services for the employers within the region.

There will be a magazine mailed out next week to potential trainees to recruit for short-term training in order to help get them better prepared.

One complaint of the employers statewide is that they have not been able to get people qualified in the Workforce. It has even been a challenge to get people to apply.

One of the things that Workforce is trying to do is work with the community colleges is to put together short-term trainings that are going to provide skills for all of the occupations that are currently vacant. More transferable skills that would get people back to work quicker. This will also be more cost-efficient per person.

Notices of these trainings will be mailed out, and Workforce Solutions would also like to distribute some of those in the local chambers and economic development offices. These notices will be available to be passed out within local areas.

There is an opening in the private sector for a business representative from the Lea County area. At this time the Lea County area is underrepresented on the Workforce Board. If anyone knows of someone that would be interested to represent the employer interests within that area, please let Beth Elias know.

She is very interested in hearing from all of the members of the COGS and the economic development people on what type of information you would like to see coming from the Boards that would be of benefit.

One other thing Ms. Elias mentioned that has been discussed over the course of the past 18 months to two years is that the State Workforce Board and the New Mexico Department of Workforce Solutions has had a restructuring committee looking at the possibility of distributing and restructuring the boards, and taking New Mexico from four boards to two. This is apparently on hold at this point in time. It has not been determined for how long and there has not been anything official that has come out, and no forward movement. If it does go through the way it's being proposed, it will have a severely negative impact on rural New Mexico. It will drastically reduce the funds in the underserved communities.

Mary Ann Burr—SERTPO:

Ms. Burr provided, as reported at previous meetings, all planning grants are closing (and closing packets have been submitted), except for the Town of Dexter. Project managers are doing their reviews.

The public transit prioritization meeting was held during the month of November. Three applications were submitted for the TAP and RTP Programs in October. Those award announcements are anticipated in March.

SERTPO plans to meet January 27, 2022. There will be a training on statewide pricing agreements. Functional classification requests, approximately 7 or 8 roads from Curry County, are anticipated.

Continued discussion is expected on changes to the TPF application cycle and possible consolidation of the SERTPO committees, which would require a change to the bylaws.

Paul Pappas—Project Coordinator:

The majority of work that Mr. Pappas does is to work on the CDBG information. As stated by Ms. Batista, the allocation awards were last Wednesday, January 12, 2022, and all the submitted applicants this year were fully funded. We assisted the City of Hobbs in their application. The other applications we assisted with and submitted were Eddy County and the Town of Carrizozo.

Currently, Mr. Pappas had continued to attend the Construction Progress meetings with the Senior Center project in the City of Carlsbad and the Senior Center Project in the Village of Cloudcroft. The Carlsbad project is nearing completion and construction has started with the Senior Center expansion in Cloudcroft, which will hopefully wrap up in late March.

Some of the other projects Paul has been assisting in is with the Department of Tourism and we have identified Tourism Projects in our five counties. Hopefully the capital outlay money will be available for those projects.

Mr. Pappas continues to participate with Debi Lee, Dora Batista, Hubert Quintana, Mary Ann Burr, and Doctor Michael Patrick with the Southeastern New Mexico Economic Development Recovery team. A virtual meeting was held on January 13, 2022.

Some of the other day-to-day activities include processing pay requests, handling the multitude of CDBG paperwork, and responding to various tasks.

Hubert Quintana—Consultant Report:

The Development District received word from EDA that we've been approved for the Planning Partnership Program for another three years beginning January 1, 2022.

The District is in good shape in terms of getting funding from EDA on a 60/40 cost share. We are using some of our administrative money from the grants and other administered money to come up with the needed 40% match dollars for that program.

We are still in the running with our LEACO Jal Broadband Project. There is another Investment Review Committee meeting to be held in a couple weeks. Hopefully, after that meeting the project will be funded. It is a \$4.6 million dollar project to provide broadband service from Hobbs to Monument down to Eunice and over to Jal. It will be owned LEACO and the City of Jal has come up with some of the match money. Jal Medical Clinic has come up with the rest of the match money that is required, and that's an 80/20 match.

The District applied for a Capital Outlay Project, and Chaves County has agreed to be our fiscal agent. The District is looking to expand the Conference Room to the east so we will be able to have more room for larger meetings and better communications

There will possibly be some legislation that will enable the COGs to add another staff person so we are looking to use one of our storage rooms for another office. The New Mexico Rural Economic Opportunities Task Force was a big proponent of adding staff to the COGs. They are the ones that suggested that we get more money to do the expansion and be able to hire an extra person.

It was also discussed that we try to get some kind of a fund set up, emergency fund, or a matching fund for those communities that cannot apply for money because they do not have a match. The legislators are saying that there is more money available that is not being applied for. It has been pointed out that a lot of times it is difficult to come up with a match. There is a possibility that several million dollars is going to be put into a fund that communities can go to when they need to come up with their match.

Hubert reported that there are some Colonias communities that can't come up with their match. Part of the match was put into the loan part of the fund. Instead of having a 10% loan a community may have a 20% loan that has to be paid back over time because they did not have their required match to make it a good project.

We had a really good turnout for all five of the Capital Outlay hearings. The hearings were held in the SNMEDD office virtually. We also opened them up to the legislators and anyone who wanted to attend in person.

At every one of the hearings we had almost all of our legislators attend either in person or virtually. They had some good questions /answers and made some great suggestions on how we are going to change some of the projects to make them more viable.

The deadline for submitting Capital Outlay was January 13, 2022, at 3:00 P.M.

Hubert stated that there were projects anywhere from \$14 million to \$20 million. The legislators have their books with all their project information in it.

Work has been started on the list, House Bill, 2 Junior. The word is out, there is going to be House Bill 2 Junior funding. Several members of the House said there will be approximately \$350 to \$375 thousand dollars for each member of the House. There hasn't been anything said on the Senate side. It is estimated that with that kind of money for the House, the Senate will probably get about double that; approximately \$1.2 to \$4 million for each Senator.

There is still some time to get in on the House Bill 2 Junior if you have a request, but they need to be submitted quickly because there will be a fast turnaround. Mr. Quintana explained the way that it normally works is that the legislators are told at noon one day that there's going to be House Bill 2 Junior money and their lists have to be completed and submitted to the Appropriations and Finance Committee by noon, the following day.

House Bill 2 Junior covers operations, and it doesn't cover capital outlay of any kind. It will cover police cars or trucks for the Police Department, ambulances, and fire trucks. It's about the only time that one can get some operation money and it can be used pretty much any way that you want to use it.

Some people use it to fund 4-H, the operation recreation centers, or some other activities in the community.

Debi Lee—EDA CARES ACT Update:

A copy of Ms. Lee's report was included in the Board Packet.

Debi Lee reported that a lot of progress has been made toward economic recovery. The good news is New Mexico and southeast, New Mexico shows signs of recovery.

Ms. Lee continues to look each month at the gross receipts tax distributions by entity for all industries. She stated that she also looks at other revenue sources including quarterly economic summaries. Ms. Lee showed a graph that represents the current gross receipts tax distributions for the five industries: agriculture, mining, retail, transportation and arts and entertainment. These five industries drive the economic activity in southeast NM and are bringing in a lot of money. Retail has moved ahead of energy due to the pandemic. For a long time the energy industry carried Southeast New Mexico and the state of New Mexico, now retail has jumped up and is ahead of the oil and gas industry. Construction is second, it's not one of the five, but it is the second primary industry that report gross receipts tax.

Southeastern Mexico is recovering financially, and the graph below just gives you an indication of this recovery by entity. She stated that overall, New Mexico is showing a 5.5% increase from the fourth quarter. Retail is the largest contributor, and it reported a 17% increase year over year increase, which is the end of the quarter. The MTGR is the total municipal gross receipts tax, which is the state share and your local share. For example, in Eddy County Gross Receipts Tax collection, the municipal distribution and was up 17% for that quarter, which was \$1.9 million dollars. Then the county actually had an increase of \$1.4 million, or 28%.

Ms. Lee provided information on unemployment rates in New Mexico reporting 6.2% unemployment rate for November, which is down from 6.5. In July 2020 Lea County was as high as 19.4%, and they have dropped down to 7%, Lincoln County is down to 4.7, Chaves County is down to 5.4%. A list is provided in her report.

She reported that there was an increase in local government jobs with a total number of jobs up by 500 or 1% excluding education jobs. This economic summary shows tremendous strong signs of recovery in our counties and cities in southeast New Mexico.

Ms. Lee reported on the Economic Recovery team met yesterday, January 13 and discussed recovery efforts and challenges in their communities. They discussed what they were doing to recover and what success they've had since the pandemic.

Ms. Lee reported that five focus group sessions were scheduled including the economic recovery team members. We combined Eddy and Lea County because of COVID and a conflict with Dr. Patrick's schedule but had a great turn virtually. We focused on five industries that drive economic activity: energy, transportation, tourism, defense, and agriculture. The focus groups discussed at least two of the industries. Lea and Eddy County discussed energy and transportation; Lincoln County discussed arts, recreation and tourism. Otero County discussed defense and security, because having an Air Force Base, and they also discussed agribusiness; and Chaves County has several industries and discussed agribusiness, arts, entertainment, and tourism. These five industries represent 55,063 jobs or 64.8% of the total revenue 65.3 % of all the establishments.

She reminded the group that we had commissioned Purdue University to do an industry cluster analysis and it produced these five industries which align with the gross receipts tax analysis. Purdue then did a Shift Share Analysis, which broke those industries down into more detail.

The industry clusters and Shift Share Analysis were presented in the focus group meetings, where they discussed opportunities, challenges, solutions, and priorities. On November 22nd everyone was invited to meet in person and develop SMART goals; however, only a small group met and began this effort.

The idea is as we recover we look at how to become sustainable, how we can become resilient, and at what's going to generate jobs. There are potential opportunities clearly demonstrated in the shift share analysis. Through the ERT, we will draft a plan where execution could generate more activity with regards to economic benefit to the communities.

Ms. Lee asks everyone to review the summary report and if they don't want to look at all the details, if they would just look at the industry opportunities and priorities in their county focus group. Let her know if you have any comments or suggestions. The report also lists challenges, solutions, and strategies.

Ms. Lee reported that she has started drafting a plan and will be working with Dr. Michael Patrick and SNMEDD staff to have a draft ready in time to present at the next Board Meeting. She will present it to the Economic Recovery Team before presenting it to the Board. Ultimately the Recovery Resilience Plan needs to be completed and approved by this board by June and submitted to EDA.

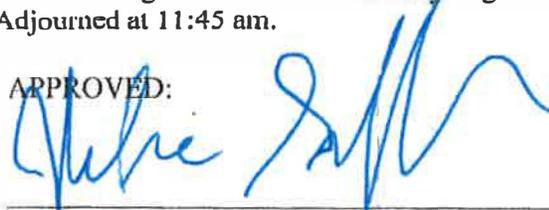
Comments or Announcements:

Ms. Batista reminded everyone that the application dates for the Colonias and CDBG grants are approaching fast and if anyone has any questions or needs assistance to contact her because there is a lot of money is out there.

Mr. Gallagher commented on the spectacular job that the City of Jal has done trying to get their city designated as a Colonias. He commended Matt White, Jal City Manager and Mayor Stephen Aldridge on doing a great job. Mr. White stated that The City of Jal applied to USDA for about \$14.5 million for a new wastewater plant. They were told it was going to be about a 40% grant to 60% loan and they actually suggested that we look at the Colonias funding to help. Upon doing this they discovered that the City of Jal actually fell within the Colonias criteria which is to be within 150 miles from the Mexico border. The city then went to the federal government and to the state and applied for that. They were approved but was asked that the city bring the county. As a result, the City of Jal we went to the County Commission yesterday and they approve it. So, now that the city is designated as an actual Colonias and that is going make a big difference on the wastewater fund, because now it goes to a 75% grant, 25% loan. A Notice of Intent has already been submitted for the waterlines. Ms. Batista reminded the City of Jal that they will need a designation from Lea County to go on the application.

Adjourned at 11:45 am.

APPROVED:

 4/27/2022

Mike Gallagher, President

Date

ATTESTED BY:



Dora Batista, Secretary

4-27-22

Date