

Board of Director's Meeting
July 14, 2023
Quarterly 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 by Board Secretary, Dora Batista at 10:00 a.m. in the absence of the Board President and Vice-President.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL AND INTRODUCTION OF GUESTS

The following Member Governments were represented by Directors or Alternates:

MEMBER GOVERNMENTS-PRESENT

Chaves County—Dara Dana, Commissioner
Eddy County—Jason Burns, Public Works Director
Lea County—Matt White, Jal City Manager
Lincoln County—Kevin Kennedy
Artesia—Hayley Klein
Capitan—Al Cavazos, Clerk/Treasurer
Carrizozo—Ray Dean, Mayor
Cloudcroft—Grover Sterling, Trustee
Dexter—Ron Chambers, Councilor
Hagerman—Tony Garcia, Mayor (via telephone)
Hope—Rudy Sales, Public Works Director
Jal—Wesley Hooper, Interim City Manager
Lovington—David Miranda, Interim City Manager
Roswell—Tim Jennings, Mayor
Ruidoso—Gary Jackson, Councilor

NON-GOVERNMENT REPRESENTATIVES-PRESENT

Chaves County—Jon Hitchcock
Lincoln County—Coda Omness

MEMBER GOVERNMENTS-NOT PRESENT

Otero County—Pam Heltner, County Manager
Lea County—Mike Gallagher, County Manager
Alamogordo—Susan Payne, Mayor
Carlsbad—Lisa Anaya Flores, Councilor
Corona—Sam Seely, Mayor
Eunice—Billy Hobbs, Mayor
Hobbs—Todd Randall, City Engineer
Lake Arthur—Ysidro Salazar, Mayor
Loving—Rick Fuentes, Mayor
Ruidoso Downs—Joey Jarvis, Public Works Director
Tatum—Amy Gutierrez, Mayor
Tularosa—Patrick Garcia, Trustee

NON-GOVERNMENT REPRESENTATIVES-NOT PRESENT

Eddy County—John Waters
Lea County—Robbie Roberts
Otero County—Sid Gordon

A quorum was present with 15 of the 26 Member Governments represented. Two non-government Representatives were also present.

GUESTS AND VISITORS PRESENT
Carolyn Arias, Office Manager SBDC
Mark Valenzuela, Bosque Advisors, LLC
Mason Valenzuela, Bosque Advisors, LLC

SNMEDD/COG STAFF PRESENT
Dora Batista, Executive Director
Mary Ann Burr, SERPTO Program Manager
Paul Pappas, Project Coordinator
Kristina Casaus, Administrative Assistant
Pansy Moffitt, Office/Finance Administrator
Debi Lee, Consultant

4. **Program: Mark Valenzuela, Bosque Advisors LLC**

Debi Lee introduced Mr. Valenzuela, managing principal of Bosque Advisors who has spent 25 years working in public finance. Mark has been the Director for the NM Finance Authority, an investment banking underwriter, municipal financial advisor and worked as a Principal Analyst for the Legislative Finance Committee. His expertise is multifaceted with exposure to drafting public finance statutes in NM to structuring bond issuances for every type of government entity as well as underwriting bonds for NM and Texas issuers. During his career, he has worked on transactions as small as \$1 million and transactions greater than \$1 billion dollars. Mark brings a high level of financial expertise and experience and is here to talk about Financial Wellness-Assessing a Balance Sheet for Opportunities.

Mr. Valenzuela thanked Dora and the SNMEDD Board for the opportunity to discuss how to raise capital and how to borrow money for infrastructure projects. Mr. Valenzuela explained that the Bosque team manages each transaction from issuing bonds for loans, to reviewing and analyzing financing documents for compliance with state and federal securities laws. He stated that they perform due diligence to ensure the structure and terms of each transaction align with governing body expectations and work with bond attorneys to prepare required documents. Mark introduced his son Mason who is a member of the Bosque Team. Mr. Valenzuela gave a power point presentation and explained how the government borrows money by issuing bonds through a public or private sale. He explained that the key points center on legal authority to borrow, revenue availability and legality, Federal and State securities and tax laws and the cost of capital as well as the length of the financing. He explained that the business of local governments is to assess financial policies. The 3 key points of governance and financial management are: (1) Tax and Revenue Policy consisting of tax fairness, tax capacity and use, tax consistency or reliability, and tax impacts and payor mix; (2) Budget Policy which includes annual operations for General Fund, annual operations for enterprises, long-range forecasting and cash reserves; and Capital Program and Budgeting including Capital Improvement Plans, capital funding, ie debt financing, grant funding, and cash funding. The Debt Management Policy includes the types of debt which includes General Obligation Bonds, Tax-Backed Bonds (GRT, Gas Tax, etc.); Net System Revenue Bonds such as utilities, hospitals, or enterprises; and last Special District Financing, misc. The limitations on debt are constitutional guardrails and state statutes-legal authority. Debt affordability are estimated capital costs, bonding capacity, cash balances and impacts on community. The last key point is Financial Transparency and Disclosure. Mark stated that capital improvement planning should match the needs in the Capital Improvement Plan which can include bond financing (General Obligation and GRT Bonds, ESCO Contracts, and PPAs); Government Programs (USDA, NMED, NMFA-loan with grant component); and Public Private Partnerships (TIDDs, PIDs).

He advised communities to evaluate State and Federal Loan/Grant options before making financing decisions. Under the General Obligation Bond Financings, the public schools are granted the most authority of governmental entities in New Mexico and that the Bonding Capacity Constitutional Limit is based on assessed values with district boundaries with public schools at 6% of assessed value, cities are at 4%, counties are at 4%, community colleges are at 3%, and special hospital districts are 3%. These bonds must be approved on a ballot placed in a general election. Local governments can request voters authorize an amount up to the available bonding capacity.

There are 4 types of Mill Levies. The Annual Capital Improvements (Pay as You Go) under Senate Bill 9, section 22-25-1 Public School Capital Improvements Act is a 2-mill levy with a match from PED, voter approval providing for a maximum 6-year life, and maintenance of school buildings and several other uses. House Bill 33, section 22-26-1 Public School Buildings Act requires voter approval for a maximum 6-year life. This levy is similar to Senate Bill 9, but it can also be used for debt for lease-purchases. The other mill levy is the Long-term Debt, General Obligation Bond (financed with interest due). The Debt Service Levy is after voter approval of a specific amount of bonds, then the entity may sell bonds. This is based on the bond structure and a mill levy is imposed on property taxpayers to service the debt. The constraints are a 20-year bond repayment and affordability for residents. The last is an Ed Tech Levy that does not require voter approval. Bonds cannot be sold with a repayment structure longer than 5 years. The Entity must have available net bonding capacity.

Mark explained that there are two types of Property Tax Mill Levies. The first one is the Annual Operating Levy which is for cities and counties. The counties may impose up to 11.85 mills and cities 7.65 mills. They must have governing body approval and are not required to get voter approval. The annual budget process and resolution are included as part of the budget package to DFA. The restrictions are that revenue may not be used to make debt payments on general obligation bonds and the yield control applies to operating mill which can reduce the impact on residential property taxpayers. The second one is the Long-term Debt-General Obligation Bond. Debt Levy is after the voter approval of a specific amount of bonds. The municipality may then sell bonds. A mill levy is imposed on property taxpayers based on bond structure with the constraints being a 20-year bond repayment. This bond can be used for infrastructure, such as roads, water/wastewater, and buildings. It can be used to support a local match on larger infrastructure projects. The long lead time requires planning and community engagement. Counties can also set up special hospital districts that have the authority to impose property tax for operations and debt.

Local governments have a broad authority for revenue bonds that are payable from a specific stream or streams of revenue other than property taxes. This includes GRT or other taxes, enterprise system revenues and project-based revenues. There is a maximum 30-year term of financing. The bonding capacity is dependent on the amount of revenue available. Credit rating is important especially if the rating is strong. The bond covenants require the issuer to maintain a specific Debt Service coverage Ratio throughout the life of the bonds. Depending on the credit rating, reserve funds may be required. Credit enhancement can help to optimize financing.

In New Mexico, you can have a Tax Increment Development Districts and he explained that a Public Private Partnership is a unique structure. This allows for the use of future projected revenues from the development that will occur to pay for the infrastructure upfront. Also unique to New Mexico is that the city can petition to capture a portion of the state's GRT to support the development. This is an economic development tool to encourage commercial development. Tax Increment Development Districts can be a part of a larger development project of master planned communities and can be combined with public improvement districts to address housing. Lastly, Mark stated that several cities use bond-cycle programs to provide a consistent source of funding for capital improvements projects throughout the city. Ruidoso is one community that uses this program to support needed

infrastructure improvements to improve streets, water and sewer line improvements and other core infrastructure. This is a strategic decision to offset the impact on user fees. Mr. Valenzuela asked if there were any questions and said he is available to talk with any communities about their specific needs. Mark thanked Dora Batista and the SNMEDD Board for the opportunity to inform southeast communities.

5. ACTION ITEMS:

a. **Approve Meeting Agenda for July 14, 2023.**

Motion made by Ray Dean to approve the agenda and seconded by Matt White. Motion carried.

b. **Approve Minutes of April 14, 2023.**

Motion made by Al Cavazos to approve minutes and seconded by Jon Hitchcock. Motion carried.

c. **Review and Accept Financial Report.**

The financial report was presented by Dora Batista. She stated that a few lines items report over their limit, but overall, the budget was in good standing. She explained that SNMEDD was awarded funding from DFA for grant writing support in the amount \$125,000 but has only received \$6,085. She explained that she has billed \$80,000 but has not received reimbursement at the time of the report resulting in the negative expense listed but it will be reconciled on the next report. She also explained that we may have to revert \$30,000 back to the State because of a mix up we had when submitting a request to reimburse an expense to the City of Jal for Stantec. DFA said it this expense would not be eligible for reimbursement because SNMEDD did not contract directly with Stantec because the City of Jal is who contracted with Stantec. This expense was then paid by the City of Jal. Overall, SNMEDD is in excellent financial condition as reported in this financial report.

Motion made by Gary Jackson to accept the financial report and seconded by Matt White. Motion carried.

d. **Review and approve the 2023-2024 SNMEDD Operating Budget.**

Dora explained that SNMEDD has been awarded a \$200,000 Grants Management grant to assist with grant writing. She also stated that she had included a 5% raise for the staff and was requesting approval. Matt White recommended that staff receive a 6% increase given the increased cost of living. It was a consensus to increase the salaries from 5% salary increase to 6% and the line-item title Unbudgeted Revenue be changed to Emergency Fund.

Motion made by Matt White to accept the 2023-2024 Operating Budget with the proposed changes discussed. Kevin Kennedy seconded the motion. Motion carried.

e. **Review and Adopt SNMEDD & SERPTO Annual Capital Asset Inventory-Resolution 23-01.**

The annual asset inventory is mandated by the State Auditor and a resolution must be adopted by the SNMEDD Board annually. Dora stated that there were no additions to the inventory.

Motion made by Kevin Kennedy to adopt the Asset Inventory. Jon Hitchcock seconded the motion. Motion carried.

f. **Review and Approve 2023-2024 NM Grant-in-Aid application.**

The Grant-in-Aid is the New Mexico State appropriation to the District and is received each year. The amount of the grant this year will remain the same as in the previous years. The state allocates \$99,000 for the District.

Motion was made by Al Cavazos to approve the Grant-in-Aid Application and seconded by Gary Jackson. Motion carried.

g. Approve Consultant Contracts.

Dora explained that we have three consultants that now support the District. Hubert Quintana, Debi Lee and Vickie Thomas. Hubert Quintana's contract is a 2-year contract renewable next year. Debi Lee's contract has been renewed annually but this contract will be for a two-year term. Debi helps with grant writing, technical services and a variety of tasks that has been very beneficial. She will continue to work with Dr. Patrick on economic activities building community resilience. Vickie Thomas is new to the District and this is her first contract. Both professional service contracts presented today for consideration are under \$60,000 and will be paid for by grants that the District has received. Vickie Thomas will be a grant writer for the District through the \$200,000 EPA grant and will also assist with our numerous legislative grants that we manage as the fiscal agent.

Motion was made by Matt White to approve the two contracts as presented for Debi Lee and Vickie Thomas. Seconded by Jon Hitchcock. Motion carried.

h. Approve and Adopt Purchasing Policy.

Dora stated that the District's Purchasing Policy was last updated September 1, 2006. Debi Lee has drafted a new updated Policy in compliance with state law and she, Debi Lee, and Pansy Moffitt went through the new policy page by page. The proposed Policy consists of current and latest procurement rules and regulations. The new additions are marked on the left side of the page to show the changes. Matt White asked if the section for Sole Source was in compliance with State law and Debi Lee stated yes, that it mirrored that section of the State Procurement Code.

Motion was made by Matt White to approve the Purchasing Policy. Seconded by Gary Jackson. Motion carried.

6. PROGRAM AND ACTIVITY REPORTS;

Dora Batista—SNMEDD District Activity and Program Updates

Dora stated that her report was included in the Board Packet and that she was excited to report that we are starting a new pilot program. We have been in partnership with Dr. Michael Patrick of New Mexico State University and he suggested that we consider a small community pilot program that provides technical assistance to help build capacity and grow smaller communities. She stated that she, Debi Lee and Dr. Patrick drafted a plan that outlines the purpose and activities for a community under 15,000 in population. She is excited to see what works and what doesn't work and so they can possibly do a community in each county thereafter. The concept is to select a community that wants to improve their economic conditions and needs help building capacity. The first activity of the pilot program would be conducting an assessment with leaders from the community and to identify what is needed to accomplish their goals. SNMEDD would provide technical services and bring in resources including training, technical assistance, review of their ICIP to see where they need help with funding. She stated that Dr. Patrick has expertise in assisting with small business development centers, business classes and he would provide technical assistance and training to help the businesses, main street organizations and the community. This will be a concentrated effort tailored to help the selected community. Dora stated that out of 21 of our communities, there are 17 that are under 15,000 in population. She reported that there will be a virtual workshop on July 25, 2023, from 10:00 am to 12:00 pm to explain the program and that an invite has been sent to all communities under 15,000 population. Dora stressed that it will be essential to have support from the community's elected leadership, staff along with community members. The next step, after the workshop, is for interested communities to submit a letter of interest signed by the mayor supported by a Level of Interest Questionnaire. This information is due on August 18. Dora stated that the letter and questionnaire will be reviewed and evaluated for selection to participate in the SNMEDD C&ED Pilot Program. All communities that submit will be informed of the community selected.

Dora also reported that funding from the Capacity Grant allowed the District to fund several reports prepared by Purdue University including updating the Cluster Drill-down Analysis. With grant funding, we commissioned a regional workforce analysis and a detailed workforce analysis on each of the five industries listed in the Cluster Analysis. She stated that Purdue is also conducting a housing analysis with a focus on identifying ways to get some of the people and industries that have moved to Texas back New Mexico. The housing analysis will also help with recruiting new business activities.

Dora reported that with the EDA Disaster Recovery funding, we are writing four economic development disaster recovery grants: one for Lincoln County and three for the Village of Ruidoso.

Dora said that USDA will be holding a workshop on Monday, July 17 and 18, 2023 to teach agriculture producers how to write applications on loan financing.

Mary Ann Burr—SERTPO

Ms. Burr reported that SERTPO met and rated Transportation Project Fund (TPF) applications during its May 8th meeting, held at the Roswell Convention Center. The prioritized list was then submitted to NMDOT District 2, who in turn, will send their recommendations to Santa Fe NMDOT. The State Transportation Commission will approve TPF applications in August at a special meeting (TBD). The State Transportation Commission will also be meeting next Thursday, July 20, 2023, at the Inn of the Mountain Gods. The agenda will be posted online next week.

The next SERTPO meeting will be held in Carlsbad at the Pecos River Convention Center on September 7, 2023. Members have had discussions on rotating the meetings. Planned presentations in September include NMDOT speaking to ADA/Title VI compliance, timed before a deadline of September 18, 2023. NMDOT Transit & Rail will also be presenting the southeast region portion of their public transit plan.

NMDOT Tribal/Local Public Agency (T/LPA) training is being held in the region. Training is for a certification that is required by January 2024 [federally funded projects]. The Roswell training is being held on September 26th - 27th at the NMDOT Training Academy. The Hobbs training is being held on September 20th – 21st at the Lea County Event Center.

Ms. Burr provided a brief update to the planning grants:

- Hope – Planner activity (Arc) is underway on the Village's Comp Plan.
- Hagerman – Kaleidoscope is working on the Town's Asset Management Plan.
- Ruidoso Downs – The City is currently advertising its Request for Proposals (RFP) for an Asset Management Plan.
- Lake Arthur – The Town is awaiting its grant agreement for an Asset Management planning grant.
- Tularosa – SNMEDD is preparing an application for a Comprehensive Plan.

Paul Pappas—Project Coordinator

Paul reported that three of the older CDBG Projects were finalized and closed out this quarter, April 1, 2023 to June 30, 2023. The construction on the Town of Dexter's Water Line Project has been completed and the paperwork and the final billing is being submitted.

He reported that the Eddy County Wastewater/Sewer Project has been awarded and the construction is ready to start in two weeks. This Project will add sewer lines to some areas that

are still using septic tanks. The construction is expected to take approximately 5 months to complete. We are in hopes of being able to close it out by the first of the year.

The Town of Lake Arthur's Water System Improvement Project was recently awarded, and we expect construction to begin within the next 30 days. This will replace waterlines in various parts of the town and will also add fire hydrants.

Otero County's CHINNs Building Renovation Project was recently rebid. The original bid came in over budget a decision was made to rebid the project using different roofing materials and having separate bid lots. The County is currently in the process of making an award. Once it is officially awarded, construction should begin in the next 30 days.

Engineering and design for the Town of Carrizozo Streets and Drainage/Waterline Project has been completed. We are anticipating that they will be able to go out to bid in the next 60 days, pending the release of funds that we are hoping to receive in the next 30 days.

Grant agreements for the seven 2022 CDBG Projects have been finalized. The next step is to get the release of funds for each of the projects. The Chaves County Health Building design is almost completed, and it is expected that the project will go out to bid in the next few weeks.

Paul reported that a biologist has been hired to inspect some of the project sites for the burrowing owls which is a result of the environmental assessment. At this time, the Chaves County and the Hagerman site have been inspected and no burrowing owls were located on either site.

The 2023 application process has begun. We are working on four new CDBG project applications. These include the City of Carlsbad, Village of Loving, City of Lovington, and Lincoln County. Public hearings are being held, and we are in the process of setting up additional hearings. The applications are due September 20, 2023. The survey methodology for each project has been turned in.

Hubert Quintana—Consultant

Hubert was absent, but his report was included in the Board Packet. He reviewed the SNMEDD Job Creation and Growth Opportunities report produced by Purdue University for the Economic Impact Recovery and Resiliency Plan. It was a follow-up on a previous report provided by Purdue University in conjunction with New Mexico State University. A housing plan is being developed and will be ready to be reviewed soon.

Hubert continues to collaborate with individual Legislators, communities, non-for-profit organizations, schools State agencies and departments on various issues/language arising from or with 2022 House Bill 2 Junior funding Bill (SB 48).

He attended the SNMEDD Board Meeting, the Colonias Infrastructure Projects Review Meetings and the Colonias Infrastructure Board Meetings in Cloudcroft and Silver City. The Colonias Board has recommended that six of our communities get partial or full funding in this year's funding cycle. The City of Jal got the largest funding award of all the communities in our District. Hubert has been appointed as Chairman of the Colonias Board nominating committee.

Debi Lee—Consultant

Debi Lee reported that Southeast New Mexico has been experiencing growth and increased economic activity as the oil and gas industry and the Permian Basin continues to bring in new revenues for their southeast communities and the State of New Mexico. Economic analyses are reporting that all counties in NM have seen an increase in the number of physical business

establishments with the largest increases coming from accommodations and food service establishments, followed by professional services and information-related establishments. Using gross receipts tax information as an economic indicator, graphs in her report demonstrate communities are recovering from the COVID-19 pandemic and some are seeing steady economic growth.

Debi Lee also reported on the UNM Bureau of Business & Economic Research reports and said that there is a strong upward trend for NM with March reporting the second largest amount of Matched Taxable Gross Receipts (MTGR). The increase is due to the oil and gas industry. She also said there was a decrease in three industries with the largest decline coming from the health care industry. Retail continues to be the largest industry contributing 21% of the total MGRT, followed by Mining/Oil & Gas and then Construction. MTGR is the best tax data to show underlying economic activity and this data collection process matches a tax payment with reported receipts for each taxpayer by industry.

Debi Lee informed the Board that her report provides details from the quarterly Economic Summaries by County where overall, the retail industry continues to be the driver in southeast NM for gross receipts tax revenue followed by Oil & Gas. Eddy County reported an all-time high in Q3 FY23. From Q2 FY23 to Q3 FY23 MTGR increased by \$166M or 6%. The largest increase came from the oil and gas industry, which posted a YOY increase of \$230M or 26%. The other Counties: Otero, Lincoln and Lea County all reported a decline in Q3 but overall YOY, they are reporting that economic growth is occurring. It will be important to continue to monitor and track industries for economic sustainability and growth. She stated that unemployment in our region is 2.4 to 3.5 compared to the State, which is 3.5, and National unemployment is 3.7. Overall, the southeast region has improved significantly.

Debi Lee stated she continues to provide technical services to communities requesting assistance including writing grant applications for Transportation Program Funding, Capacity Building Grant, and the Matching Grants for Federally funded projects. We anticipate hearing awards announced for these grant applications very soon.

Colonias Funding is made available to local governments, including counties, cities, and mutual domestic water consumers associations. Debi Lee worked with Dora to submit seven grant applications for our District. The Colonias Infrastructure Fund annually receives 4.5% of senior Severance Tax Bonds (STB) and the estimated amount for the 2023 cycle was \$67,500,000. All seven projects submitted were funded in our five-county region for a total of \$27,901,787 worth of infrastructure improvements.

- ✓ Village of Cloudcroft \$2,608,123
 - Mountaintop Subdivision Water and Sewer--Design and Construction
- ✓ Timberon Water and Sanitation District \$681,818
 - Wastewater System Improvements—design and Construction
- ✓ Malaga Mutual Water Consumers Association and Sanitary Wastewater Association \$1,582,368
 - Water System Improvements—Design and Construction
- ✓ Village of Tularosa \$2,500,388
 - Water System Improvements—Design and Construction
- ✓ Lincoln County—Ruidoso Downs \$1,500,000
 - Palo Verde Slope Subdivision Roadways—Design and Construction
- ✓ City of Jal \$10,120,000
 - New wastewater plant—plant construction

Debi Lee and Dora Batista have been asked by the City of Lovington to help in the search for a new City Manager. This included updating the job description, preparation of ads for publication, pre-interview questions, interview questions, and technical support for the process of selecting a new city manager.

Ms. Lee is in the process of updating the SNMEDD Personnel Policy – At the direction of the Executive Director Dora Batista, the personnel policy is being revised and updated to reflect the district’s practices and compliance more accurately with state and federal laws. A draft policy will be provided to the Board of Directors for their consideration and approval at the next meeting.

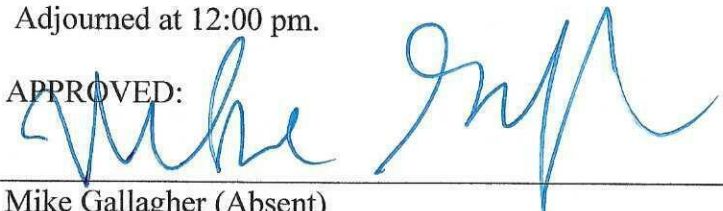
Debi Lee reported that the recurring concern voiced in each of the focus groups when drafting the Regional Recovery Resilience Plan was the lack of workforce and/or trained individuals to fill the open positions. This concern is still being voiced by many in our region and efforts are being made to address it. To support these efforts, Purdue University has been commissioned to provide an up-to-date detailed analysis of the workforce and labor market for our region and to include individual infographics for each of the five counties. The report will be based on supply and demand factors with specific sections: top industries, occupations, job postings analysis, hard to fill jobs, gap analysis, CIP (classification of instructional programs) analysis, compatibility of occupations, and automation. This regional report will be an infographic comprised of major industry and occupation trends, median earnings, jobs postings, and more. This report was just received in June 2023 and available for review and discussion. This report along with the Job Creation and Income Growth Opportunities report and updated Cluster Drill-down Analysis will be presented to the Economic Development professionals and community leaders in scheduled meetings over the next six months.

12. ANNOUNCEMENTS AND INFORMATION SHARING: There were no announcements.

13. ADJOURN:

Adjourned at 12:00 pm.

APPROVED:



Mike Gallagher (Absent)

10/13/2023

Date

ATTESTED BY:


Dora Batista, Secretary

10-13-23

Date