

**NEW MEXICO STATE TRANSPORTATION COMMISSION
MEETING**

**UNM Gallup
Student Services & Technology Building
705 Gurley Avenue, Room 200
Gallup, New Mexico 87301
August 20, 2015**

The New Mexico State Transportation Commission (STC or Commission) held a regular meeting on August 20, 2015, at the UNM Gallup Student Services and Technology Building, Gallup, New Mexico. Chairman Schmeits called the meeting to order at 8:30 a.m. Commissioner Gibson led meeting attendees in the Pledge of Allegiance and Mr. Herman Yellowhorse, a local Navajo leader, gave an invocation.

Approval of the Agenda

Chairman Schmeits asked for a motion to approve the agenda; Commissioner White made a motion to so approve; Commissioner Sepich seconded; motion carried unanimously.

Approval of the Minutes

Chairman Schmeits asked for a motion to approve the minutes of the regular meeting of July 16, 2015; Commissioner Sepich made a motion to so approve; Commissioner Gibson seconded; motion carried unanimously.

Elected Officials and Delegations:

Jackie McKinney, Mayor, City of Gallup
Fran Palochak, City Councilor, City of Gallup

State Transportation Commissioners Present:

Kenneth White, Secretary, District One
David Sepich, Commissioner, District Two
Keith Mortensen, Commissioner, District Three
Ron Schmeits, Chairman, District Four
Butch Mathews, Vice-Chairman, District Five (Absent with Notice)
Jackson Gibson, Commissioner, District Six

NMDOT Staff Present:

Tom Church, Cabinet Secretary
Anthony Lujan, Deputy Secretary
Loren Hatch, Deputy Secretary
NMDOT Staff

Welcoming Remarks

The Honorable Jackie McKinney, Mayor, City of Gallup, welcomed the STC and NMDOT staff to Gallup. He thanked NMDOT staff for their work and commended Commissioner Jackson Gibson for his work as the District Six Commissioner. He concluded with a discussion of past and future projects in the Gallup area.

Secretary Church presented Commissioner Gibson with a proclamation recognizing his service during his seven year term as a Transportation Commissioner. The proclamation was proposed by Commissioner Gibson's fellow Transportation Commissioners, District Six Patrol employees and Secretary Church.

District Six Presentation

Larry Maynard, P.E., District Six Engineer, NMDOT, gave a presentation regarding District Six activities during which he discussed the District's completed, current and future projects. He also recognized Jeremiah Herrera, Project Manager, Gallup Project Office 2,

NMDOT, as the 2014 Statewide Employee of the Year. Mr. Herrera was also congratulated by Mayor McKinney.

Presentations by Elected Officials and Delegations

Roger Holden, President, Retro 66, gave a presentation entitled “Sixty Six on 66.” He discussed Retro 66, its focus on economic development, and, in particular, possible ways to increase commerce, attract more visitors, and revive the historic and nostalgic treasures of Old Route 66. He also mentioned that Retro 66 has the support of the New Mexico congressional delegation. Mr. Holden subsequently presented a short video on the project. He concluded his presentation by extending an invitation to all communities to help celebrate “Sixty Six on 66” at a statewide event in the summer of 2019 in Moriarty, New Mexico.

Jeff Irving, Road Superintendent, McKinley County, and Jeff Bond, Superintendent, Gallup McKinley School District, gave a presentation entitled “McKinley County School Bus Route Bridges.” The McKinley County Road Department currently maintains 48 bridges. Given the current load ratings of those bridges, 46 are unable to support fully loaded fire trucks, and 45 are unable to support school busses. Mr. Irving reported on the major tasks, issues, and progress regarding the bridge load ratings. Mr. Bond provided a brief overview of school bus routes.

Martin Romine, Finance Director, Zuni Public Schools; Hayes Lewis, Superintendent, Zuni Public Schools; and Thomas Graves, Support Services, Zuni Public Schools, gave a presentation entitled “Shiwi Elementary School Access and State Highway 53.” They discussed the particulars of a proposed Zuni Elementary School traffic impact study, including the purpose of the study, site location and study area, development description, principal findings, and

recommendations. They explained that Zuni Public School District is planning to replace the existing elementary school with a new facility that will have the capacity for 700 students. The traffic study will (1) determine the impacts of the proposed development on the existing street network; and (2) recommend any mitigation measures that may be necessary to support the additional traffic generated by the proposed development.

Public Comment

The following public comments were made at the STC meeting:

Jay Chee, President, Iyanbito Land Use Committee, thanked NMDOT for the reconstruction of the Exit 36 interchange on I-40, approximately 10 miles east of Gallup. He also thanked Commissioner Gibson, District Engineer Maynard and District 6 staff for the project.

Britnie Burds, Marketing Director, City of Grants, commented on “Sixty Six on 66” and expressed her support for the project.

Workshop Agenda

Finance Committee

Monthly Financial Report

Bridgette Long, Accounting Services Deputy Director, NMDOT, presented the NMDOT operating budget financial summary for the month ending July 31, 2015. She reported the total FY16 State Road Fund budget is \$1.07 billion. FHWA revenues, which are based on reimbursements, are at \$3 million, and are tracking ahead of last year. Revenues have increased

by \$2.71 million; however, FHWA revenues are delayed because most being earned now are for FY15 and are related to expenditures in July 2015, during period thirteen. Total Operating Costs are \$3.24 million, which is higher than the \$2.51 million amount for last year.

New Mexico Finance Authority (NMFA) Monthly Report

Mark Lovato, Investment Manager, NMFA, provided an update regarding NMDOT portfolio funds under NMFA management. As of July 31, 2015, the balance in the portfolio was \$104.4 million, a net increase of \$13.3 million from June. The change is attributed to debt service payments of \$211,493, no draws for the month, plus total earnings of \$4,582, and \$13.5 million debt service set asides payments. There is 85% in the project account, of which \$8.4 million is in the 2010A and \$80 million in 2014A Highway Infrastructure Fund (HIF), 13% in debt service, and 2% in the arbitrage rebate account. On July 31, 2015, the balance in the taxable line of credit at Bank of America was \$50 million for collateral needs, and the balance in the taxable line of credit at Wells Fargo was \$50 million for the BNSF Escrow account. As of August 7, 2015, the amount to exit the swaps was \$106.7 million. Mr. Lovato also provided a breakdown regarding NMDOT/NMFA outstanding debt service.

NMDOT Quarterly Debt Report

Peter Shellenberger, Managing Director, Public Financial Management (PFM), presented an updated debt management report, which included detailed information regarding recent municipal market conditions, NMDOT's current debt portfolio, and current financing considerations.

FY17 Appropriation Request and 2016 Strategic Plan

Michael Friel, Budget Director, NMDOT, and Tamara Haas, P.E., Asset Management and Planning Division Director, NMDOT, reported regarding NMDOT's FY17 appropriation request and 2016 Strategic Plan. The STC was provided a preview of the FY17 appropriation request in July 2015. NMDOT has since updated the request to include changes in revenue, fixed costs, salary projections, and the Strategic Plan.

Mrs. Haas outlined NMDOT's Strategic Plan for 2016-2019. The mission of the plan is to provide a safe and efficient transportation system for the traveling public, while promoting economic development and preserving the environment of New Mexico. She discussed plan objectives, performance indicators, targets, and program area.

Amendment to \$50 Million BNSF Taxable Line of Credit to Extend the Termination Date from June 30, 2016 to June 30, 2019

Loren Hatch, Deputy Secretary, NMDOT, presented the proposed amendment to the \$50 million BNSF taxable line of credit to extend the termination date from June 30, 2016 to June 30, 2019. He explained that NMDOT is required to post a \$50 million taxable line of credit to maintain NMDOT's obligations contained in the Joint Use Agreement between NMDOT and BNSF Railway Company. The line of credit is a negotiated substitute for a cash deposit in the same amount, which was previously held in escrow. In 2013, NMDOT and NMFA successfully negotiated the current line of credit with Wells Fargo Bank and BNSF, thereby allowing NMDOT to realize substantial savings each year the line of credit is in place. This amendment will extend the expiration date of the line of credit from June 30, 2016 to June 30, 2019.

Budget Adjustment Request (BAR) for Transportation and Highway Operations

Equipment

Anthony Lujan, Deputy Secretary, NMDOT, presented a BAR in the amount of \$10 million to establish budget for the six Districts and operations support divisions for heavy construction equipment needs. The funds to support the BAR will derive from available balance in the State Road Fund.

Policy Committee

Proposed Amendments to Commission Policy No. 43 – Annual Financial Audit by External Auditor (CP 43)

David Stevens, Assistant General Counsel, NMDOT, discussed the proposed update of CP 43. CP 43 is the policy that sets forth the Commission's guidelines for NMDOT's annual financial audit by an external auditor.

Proposed Amendments to Commission Policy No. 47 - Archaeological Costs (CP 47)

David Stevens, Assistant General Counsel, NMDOT, discussed the proposed update of CP 47. CP 47 currently provides that it is the policy of the Commission that construction project archaeological costs exceeding five percent of the "allotted or contracted amount" shall be submitted to the Commission for review. The subject amendment proposes striking the term "allotted or contracted amount" and substituting in its stead "total bid amount".

Regular Meeting Agenda

Staff Briefings

Secretary Report

Tom Church, Cabinet Secretary, NMDOT, gave a brief update to the STC. In particular, he discussed NMDOT's Capital Outlay Program. He explained that in the 2015 Special Legislative Session, NMDOT received a Capital Outlay appropriation in the amount of \$45 million. With the help of FHWA partner, J. Don Martinez and NMDOT staff, NMDOT was able to turn the \$45 million into an approximately \$150 million program by using federal funds and redistribution funds.

Secretary Church also thanked everyone who helped with the Paseo Del Norte/I-25 reconstruction project, which is now a finalist on the American Association of State Highway and Transportation Officials' (AASHTO) 2015 list of America's top 10 transportation projects.

FHWA Report

J. Don Martinez, Division Director, FHWA, provided a brief update regarding federal highway funding. He informed the STC that although Congress passed a continuing resolution, when it returns after its break, it will have to act on a long term bill or pass yet another continuing resolution. Based on the current political climate, it is hard to predict the outcome.

Action Items

Approval of Proposed Update of Commission Policy No. 84 - Snow Removal Priorities (CP 84)

David Stevens, Assistant General Counsel, NMDOT, requested the STC's approval of the proposed update of CP 84.

Chairman Schmeits asked for a motion to approve the proposed update of CP 84; Commissioner White made a motion to so approve; Commissioner Gibson seconded; motion carried unanimously.

Approval of the FY17 Appropriation Request and 2016 Strategic Plan

Michael Friel, Budget Director, NMDOT, and Tamara Haas, P.E., Asset Management and Planning Division Director, NMDOT, requested the STC's approval of NMDOT's FY17 appropriation request and 2016 Strategic Plan.

Chairman Schmeits asked for a motion to approve NMDOT's FY17 appropriation request and 2016 Strategic Plan; Commissioner Gibson made a motion to so approve; Commissioner Sepich seconded; motion carried unanimously.

Approval of Amendment to \$50 million BNSF Taxable Line of Credit to Extend the Termination Date from June 30, 2016 to June 30, 2019

Loren Hatch, Deputy Secretary, NMDOT, requested the STC's approval of the amendment to the \$50 million BNSF taxable line of credit to extend the termination date from June 30, 2016 to June, 30, 2019.

Chairman Schmeits asked for a motion to approve the amendment to the \$50 million BNSF taxable line of credit to extend the termination date from June 30, 2016 to June 30, 2019; Commissioner Sepich made a motion to so approve; Commissioner White seconded; motion carried unanimously.

Approval of Budget Adjustment Request (BAR) for Transportation and Highway Operations Equipment

Anthony Lujan, Deputy Secretary, NMDOT, requested the STC's approval of the BAR in the amount of \$10 million to establish budget for the six Districts and operations support divisions for heavy construction equipment needs.

Chairman Schmeits asked for a motion to approve the BAR in the amount of \$10 million for transportation and highway operations equipment; Commissioner Gibson made a motion to so approve; Commissioner White seconded; motion carried unanimously.

Commissioner Comments

Commissioner White expressed his appreciation to the City of Gallup for its hospitality.

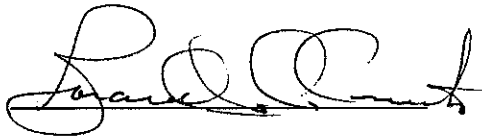
Commissioner Sepich thanked everyone involved in the meeting, including Greater Gallup Economic Development, the City of Gallup, and McKinley County. He stated that he looks forward to future meetings.

Commissioner Mortensen expressed his gratitude to the City of Gallup for hosting the meeting.

Commissioner Gibson expressed his appreciation to everyone who attended the meeting and thanked NMDOT staff. He stated that receiving the Proclamation was very special to him.

Chairman Schmeits thanked the City of Gallup and McKinley County for the great hospitality and expressed his appreciation to NMDOT staff.

Chairman Schmeits asked for a motion to adjourn the regular meeting at 12:30 p.m.; Commissioner Gibson made a motion to so adjourn; Commissioner Mortensen seconded; motion carried unanimously.



Chairman

Ronald Schmeits

Secretary

Kenneth R. White

