NEW MEXICO STATE TRANSPORTATION COMMISSION
MEETING

City of Rio Rancho
City Hall Council Chambers
3200 Civic Center Circle NE
Rio Rancho, New Mexico 87144
March 15, 2018

The New Mexico State Transportation Commission (STC or Commission) held a regular meeting on March 15, 2018, at the City of Rio Rancho, City Hall Council Chambers, Río Rancho, New Mexico. Chairman Schmeits called the meeting to order at 8:34 a.m. Commissioner Mathews led meeting attendees in the Pledge of Allegiance.

Approval of the STC Meeting Agenda

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

Approval of the STC Minutes

Chairman Schmeits asked for a motion to approve the minutes of the STC regular meeting of January 17, 2018; Commissioner Mathews made a motion to so approve; Commissioner Sepich seconded; motion carried unanimously.
Elected Officials and Delegations:

The Honorable Gregg Hull, Mayor, City of Rio Rancho  
Don Chapman, Commissioner, District Three, Sandoval County

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  
Billy Moore, Commissioner, District Six

NMDOT Staff Present:

Tom Church, Cabinet Secretary  
Anthony Lujan, Deputy Secretary  
Kenneth B. Baca, Chief Deputy General Counsel  
NMDOT Staff

Welcoming Remarks

The Commissioners and NMDOT Executive Staff introduced themselves and welcomed all meeting attendees. Chairman Schmeits welcomed Mayor Gregg Hull and invited him to speak. Mayor Hull stated that he looks forward to working with the STC over the next four years. He thanked the Commissioners for holding their meeting in Rio Rancho and welcomed all meeting attendees.

Presentations by Delegations

Paseo Del Volcan Update

Don Chapman, Commissioner, Sandoval County Commission, District Three, gave a brief update regarding the Paseo Del Volcan project. He discussed collaborative road projects,
stakeholders and partners, economic opportunities, transportation access, central location for distribution, opportunities to build large scale distribution and industrial facilities, and economic development to date.

Mayor Hull explained how beneficial the project is to the area.

"Best of New Mexico" Paving Awards

Brian Jones, Executive Director, Asphalt Pavement Association of New Mexico, presented the "Best of New Mexico" Paving Awards. There are five winners this year: District One project innovation reconstruction on NM 159; District Two rural new construction on US 54, Mountain States, contractor; District Four rural highway resurfacing on NM 518 and pavement rehabilitation, Fisher Sand and Gravel, contractor; District Five urban highway resurfacing on NM 50, Braser Asphalt, contractor; and District Six rural highway new construction on US 491, Fisher Sand and Gravel, contractor.

Request for Approval to Designate the 7.1 Mile Constructed Portion of NM 347/Paseo Del Volcan as the "Pete V. Domenici Memorial Highway" and Related STC Resolution No. 2018-04 (MAR)

Kenneth Murphy, P.E., District Three Engineer, NMDOT, introduced Gregg Hull, Mayor, City of Rio Rancho; Nancy Domenici, widow of late Senator Pete Domenici; and Pete Domenici Jr., the late Senator's son, and invited them to present to the STC a request to designate the 7.1 mile constructed portion of NM 347/Paseo Del Volcan as the "Pete V. Domenici Memorial Highway."

Mayor Hull recounted that in 2017, to honor Senator Domenici for his service to the State of New Mexico and to recognize his support for the construction of NM 347/ Paseo Del Volcar,
the City of Rio Rancho and Sandoval County respectively approved and adopted official resolutions requesting the STC to consider designating NM 347/ Paseo Del Volcan as the “Pete V. Domenici Memorial Highway.” The resolutions were subsequently submitted to the STC and NMDOT together with a letter supporting the requested designation. Mayor Hull also introduced former Rio Rancho Mayor, Jim Owens, who is currently City Councilor for Rio Rancho District One, and invited him to address the STC regarding the proposed designation.

Pete Domenici, Jr. read proposed STC Resolution No. 2018-04 (MAR) aloud to the STC and requested approval of the proposed designation.

The STC Commissioners also commented regarding their support for the proposed designation.

Chairman Schmeits asked for a motion to approve the proposed designation of the 7.1 mile constructed portion of NM 347/ Paseo Del Volcan as the “Pete V. Domenici Memorial Highway” and to adopt related STC Resolution No. 2018-04 (MAR); Commissioner Mathews made a motion to so approve the proposed designation and to adopt the related Resolution; Commissioner Mortensen seconded; motion carried unanimously.

District Three Presentation and Employee Recognition

Kenneth Murphy, P.E., District Three Engineer, NMDOT, gave a presentation regarding District Three activities, during which he discussed the District’s various projects and maintenance accomplishments. He also reported on the District’s Employee Recognition Program, acknowledged the recent award winners and introduced other District staff members in attendance at the meeting.
2017 NMDOT Best Statewide Patrol Award Presentation

Anthony Lujan, Deputy Secretary, NMDOT, recognized the Belen Patrol as the 2017 NMDOT Best Statewide Patrol award winner. The Belen Patrol consists of eight full time employees and covers approximately 634 highway lane miles. Each year, a statewide committee evaluates all 82 NMDOT maintenance patrols. The evaluation and selection process is conducted by three teams.

Staff Briefings

Secretary Report

Tom Church, Cabinet Secretary, NMDOT, reported regarding the 2018 Legislative Session. NMDOT’s budget request was approved with very minor changes. All revenue programs were fully funded, and a 9-10% vacancy rate was set for NMDOT for the next fiscal year. NMDOT received additional amounts as follows: $44 million for work on projects throughout the state, $20 million for the Local Government Road Fund, and $4 million for rest area maintenance. Overall, NMDOT did very well.

Deputy Secretary Lujan discussed the $44 million appropriation that NMDOT received for projects. He explained that the money is not earmarked for any specific project or projects. As initially drafted, House Bill 2, the General Appropriation Act of 2018 (HB 2), provided that the $44 million amount was to be divided among the six transportation districts, with each district receiving approximately $7.3 million, and that such funds must be spent by June 30, 2019. When Governor Martinez signed HB 2, she line item vetoed the language regarding the six districts on the basis that it was restrictive, thus allowing NMDOT to use the funds as needed. Accordingly, NMDOT is currently working with the Federal Highway Administration (FHWA)
to qualify the $44 million appropriation as outlay for federal match moneys in effort to convert
the funding into a $70 million program.

**Briefing Regarding NMDOT Transportation Asset Management Plan - Performance**

**Measures and Targets**

Tamara Haas, P.E., Asset Management, NMDOT, briefed the STC regarding NMDOT’s Transportation Asset Management Plan performance measures and targets. She explained that the Moving Ahead for Progress in the 21st Century Act (MAP-21) amended 23 U.S.C. 119 to require state departments of transportation (DOTs) to develop risk-based transportation asset management plans (TAMPs). In October 2016, the FHWA adopted a final asset management rule that outlined the requirements of MAP-21. The rule requires that “not later than April 30, 2018, the State DOT shall submit to FHWA a State-approved initial asset management plan meeting the requirements in 23 CFR 515.11.” Ms. Haas subsequently discussed transportation asset management objectives and provided an overview of NMDOT’s TAMP and how its implementation will allow NMDOT to (1) manage assets better over the long term; (2) locate and understand gaps in performance; (3) prioritize gaps and asset needs; (4) streamline business processes; and (5) meet MAP-21 and Fixing America’s Surface Transportation (FAST) Act transportation asset management and TAMP requirements. She also outlined specific performance measures and targets and other elements contained in the TAMP.

J. Don Martinez, Division Administrator, FHWA, commented regarding Mrs. Haas’s presentation. He stated the FAST Act and MAP-21 require an asset management plan to be established and targets to be set. Because there is not enough money for all of New Mexico’s transportation needs, it is necessary to look at transportation as a system, prioritize how to spend
money, try to keep what is good, and try to fund what is bad. From an asset management standpoint, funds cannot be distributed by district, but instead according to transportation needs and the priorities of the system, i.e., first, the National Highway System (NHS), which includes bridges, then everything else after that. Targets must be set and then met. Every MPO and RPO in the state must contribute to meeting those targets. Prequalification has helped NMDOT. It has allowed money to be used efficiently and the number of change orders and claims to be reduced. NMDOT is closing projects in a timely manner, remaining balances are being put back into projects and the number of inactive projects reduced. The efficiencies created will help NMDOT to meet targets.

**Finance Reports**

**Monthly Financial Report**

Michael Friel, Accounting Services Director/Chief Financial Officer, NMDOT, presented the NMDOT operating budget and financial report as of February 28, 2018. The current adjusted budget for Project Design and Construction (P562) is $835.7 million, $364.2 million in encumbrances, and $203.8 million in expenses; Highway Operations (P563), $233.7 million, $24.5 million in encumbrances, and $127.9 million in expenses; Business Operations (P564), $42.1 million, $3.2 million in encumbrances, and $24.4 million in expenses; Modal (P565), $64.3 million, $28.4 million in encumbrances, and $17.4 million in expenses. NMDOT is in good financial standing at this time. Current program vacancy rates are as follows: Project Design and Construction, 28.7%; Highway Operations, 14.7%; Business Operations, 16.5%; and Modal, 8.20%.
Secretary Church informed the STC that the March 15, 2018 STC meeting will be Mr. Friel’s last, as he is retiring. Secretary Church and the Commissioners thanked Mr. Friel for his outstanding service. Mr. Friel subsequently introduced Kristen Dorland as NMDOT’s new Chief Financial Officer and mentioned that together with Mallory Martinez, NMDOT Budget Director, there will still be a great team supporting NMDOT.

**New Mexico Finance Authority (NMFA) Monthly Report**

Mark Lovato, Investment Manager, NMFA, provided an update regarding NMDOT’s investment portfolio funds under NMFA management. As of February 28, 2018, the market value of the portfolio was $101 million, a net increase of $12.8 million from the previous month. The change is attributed to variable rate debt service payments of $564,779, plus interest earnings of $76,836, and a debt service set aside of $13.3 million. There is 23% in the project account, all of which is in the 2014A Highway Infrastructure Fund (HIF) account, 77% in the debt service accounts, and less than 1% in the arbitrage rebate account. On February 28, 2018, the balance in the taxable line of credit at RBC 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 March 5, 2018, the total to exit or unwind the SWAPs was $66.1 million. Mr. Lovato also discussed NMDOT’s upcoming June 15, 2018 bond payment date, upon which a debt service payment in the amount of $113 million will be due. The current amount outstanding on all NMDOT bonds is $1.176 billion.
Request for Approval of NMDOT Variable Rate Bond Restructuring Authorizing Resolution

Marcos Trujillo, Project Finance Director, NMDOT, and Peter Shellenberger, Managing Director, Public Financial Management (PFM), presented proposed STC Resolution No. 2018-05 (MAR) authorizing and approving the issuance by NMFA of one or more series of State Transportation Revenue Refunding Bonds for the purpose of refunding Transportation Revenue Bonds previously issued by NMFA and the STC and paying termination payments associated therewith, subject to satisfying specific parameters. During the January 17, 2018 STC meeting, a discussion occurred regarding the recent tax reform bill passed by the United States Congress and its prospective impact on NMDOT’s SWAP portfolio. As a result of the bill, NMDOT is presently exploring the possibility of restructuring approximately $420 million of variable rate debt that is associated with (1) the Rail Runner commuter rail project, and (2) the financial “cliff” issue NMDOT has been faced with since 2004.

Mr. Shellenberger provided a market update and discussed debt portfolio considerations, including current interest rates, benchmark tax-exempt interest rates, municipal market supply and demand, and NMDOT’s current debt and annual debt service. He also discussed NMDOT’s current Variable Rate Demand Bond (VRDB) and swap portfolio, the effect of recent tax reform bill passed by Congress, refunding NMDOT’s VRDBs and terminating the swaps, cash flow savings, and extending NMDOT’s debt service repayment to 2030 in effort to address the “cliff”.

Mr. Trujillo read aloud and subsequently requested the STC’s approval of proposed STC Resolution No. 2018-05 (MAR).
Chairman Schmeits asked for a motion to approve proposed STC Resolution No. 2018-05 (MAR) authorizing the VRDB restructuring transaction; Commissioner Moore made a motion to so approve proposed STC Resolution No. 2018-08 (MAR); Commissioner Mathews seconded; motion carried unanimously.

Request for Approval of FY18 Budget Adjustment Request (BAR) Nos. 10 and 11

Anthony Lujen, Deputy Secretary, NMDOT, and Mallery Martinez, Budget Director, NMDOT, presented and requested approval for FY18 BAR Nos. 10 and 11. FY18 BAR No. 10 - P563 - Highway Operations, is needed to increase the budget authority (Category 400) in the amount of $6.6 million for the six districts for heavy equipment essential to chip seal operations and highway maintenance activities. FY18 BAR No. 11 - P565 - Modal, is required to establish the budget authority (Category 300) in the amount of $500,000 for the Ports of Entry Division to continue to hire temporary “contract” staff through June 30, 2018, in order to assist with permit processing (weight distance, trip and oversize-overweight permits) at the 12 ports of entry.

Chairman Schmeits asked for a motion to approve FY18 BAR Nos. 10 and 11; Commissioner Moore made a motion to approve FY18 BAR Nos. 10 and 11; Commissioner White seconded; motion carried unanimously.

Infrastructure Reports

Request for Approval to Open Rulemaking Action to Repeal and Replace 18.20.9 NMAC, Designation of Highway Routes for Transport of Radioactive Materials

Elizabeth Travis, Deputy General Counsel, NMDOT, presented and requested approval to open rulemaking action to repeal and replace 18.20.9 NMAC, Designation of Highway Routes
for Transport of Radioactive Materials. She explained that the STC holds exclusive authority to designate highway routes within New Mexico for the transport of controlled quantities of radioactive materials to the Waste Isolation Pilot Plant (WIPP) site near Carlsbad. The Department of Energy, Carlsbad Field Office (DOE-CBFO), requested the STC to consider permanently designating the Hobbs negotiated alternate route for use as the Southern WIPP route, to replace the existing Southern route. In order to replace the Southern WIPP route, it is necessary to amend §8.20.9 NMAC to reflect changes to the designated routes approved for transport of radioactive waste to the WIPP facility.

The STC requested that the public hearings on the rulemaking action be held near the WIPP route in Hobbs and in Santa Fe.

Chairman Schneits asked for a motion to approve the request to open rulemaking action to repeal and replace 18.20.9 NMAC, Designation of Highway Routes for Transport of Radioactive Materials; Commissioner White made a motion to so approve the request; Commissioner Mathews seconded; motion carried unanimously.

Policy Reports

Request for Approval of Proposed Amendments to Commission Policy No. 22, Statewide Transportation Improvement Program (CP 22), Commission Policy No. 63, Metropolitan Planning Organizations (CP 63), and Commission Policy No. 68, Regional Planning Organizations (CP 68)

Stephen Thies, Assistant General Counsel, NMDOT, presented and requested approval of proposed amendments to CP 22. CP 22 is the STC's policy that specifies that it is the
Commission's responsibility to determine all policy matters pertaining to the expenditure of State and Federal transportation funds for the construction and maintenance of State highways and bridges, intermodal facilities, State rail projects, public transportation projects, and airport capital outlay projects through the review of the proposed Statewide Transportation Improvement Program (STIP). CP 22 has been amended to clarify certain provisions of the policy based upon input from a team of NMDOT subject matter experts.

Mr. Thies also presented and requested approval of proposed amendments to CP 63, which, in its existing form, is the STC's policy that provides that plans and programs funded with state and/or federal monies and included in the Metropolitan Planning Organizations' (MPO) Transportation Improvement Programs are to be coordinated between the Commission and MPOs with participation by NMDOT. CP 63 has been amended to include a definition for MPOs and to clarify certain provisions of the policy.

Lastly, Mr. Thies presented and requested approval of proposed amendments to CP 68, which, in its existing form, is the policy that provides that "Regional Planning Organizations" are to provide Regional Transportation Improvement Program recommendations to be considered for inclusion in the Statewide Transportation Improvement Program. The title of CP 68 has been changed from "Regional Planning Organizations" to "Regional Transportation Planning Organizations" (RTPOs). CP 68 has also been amended to include a definition for RTPOs and to refine certain other language in the policy.

Chairman Schneits asked for a motion to approve the proposed amendments to CPs 22, 63, and 68; Commissioner Mathews made a motion to so approve the proposed amendments; Commissioner Moore seconded; motion carried unanimously.
Adjournment

Chairman Schmeits asked for a motion to adjourn the regular meeting at 12:05 p.m.; Commissioner Mathews made a motion to so adjourn; Commissioner Mortensen seconded; motion carried unanimously.

[Signatures]

Chairman
Ronald Schmeits

Secretary
Kenneth R. White

March 15, 2018