

**New Mexico Finance Authority
207 Shelby St.
Santa Fe, NM 87501
(505) 984-1454**

**Minutes of Board Meeting
January 23, 2014
Mabry Hall**

Present:

John McDermott, Chair
William Fulginiti, Secretary
Katherine Ulibarri, Treasurer
Tom Clifford
Blake Curtis (*telephonically*)
Brett Woods
Vince Lithgow
Antoinette Vigil
Jerry Jones (*telephonically*)
Terry White

McDermott Advisory Services, LLC
Executive Director, NMML
V/P for Finance/Operations, Central NMCC
Secretary, Dept. of Finance & Administration
CEO, Curtis & Curtis Seed
Designee, NM Energy & Minerals Dept.
Designee, NM Environment Dept.
Designee, Economic Development Dept.
CEO, Stolar Research
CEO, Sunwest Trust, Inc.

Absent:

Steve Kopelman

Executive Director, NMAC

Finance Authority Staff:

Adam Johnson
Celina Sandoval
Connie Marquez-Valencia
David Mahooty
Donna Trujillo
Gloria Castillo
John Brooks
Leslie Medina
Mark Lovato
Michael Zavelle
Robert Brannon
Theresa Garcia

Bryan Otero
Charles Parker
Dan Opperman
Donna Maestas
E.J. Peinado
Jana Amacher
Jolene Meadows
Mark Dalton
Marquita Russel
Robert Coalter
Sanjiv Doreswamy
Zach Dillenback

Guests:

Bill Green
Brad Patterson
Charles Casey
Christine Choi
Craig Dussinger

Reserve Schools
Ballard Spahr
Casey Financials
Public Financial Management
BofA ML

Frank Lauterbur
Helen Atkeson
Jackson Gibson
John Moore
Karen Nichols
Ken Guckenberger
Kenneth White
Kim Nakahara
Loren Hatch
Mark Ellis
Martin Lopez
Marcos Trujillo
Paul Cassidy
Pete Rahn
Richard Hughes
Robbie Heyman
Susan Ellis
Susan Rodriguez
Suzanne Bruckner
Tracy Hofmann

BofA ML
Hogan Lovells LLP
NMSTC
Wells Fargo Bank
LRG PWWA
Kutak Rock, LLP
NMSTC
BofA ML
NMDOT
Jefferies LLC
LRG PWWA
NMDOT
RBC Capital Markets
NMSTC
Rothstein Law firm on behalf of Santa Ana Pueblo
Sutin, Thayer & Browne
Bank of Albuquerque
DFA – LGD
Sutin, Thayer & Browne
Sutin, Thayer & Browne

1. Call to Order and Roll Call.

The meeting was called to order at 9:00 a.m. Roll was called and a quorum established.

2. Approval of Agenda.

Ms. Antoinette Vigil moved, seconded by Mr. William Fulginiti, to approve the agenda. The motion was unanimously approved.

3. Approval of December 20, 2013 Board Minutes. A redlined copy of the minutes was distributed for the Board's approval with the following changes:

Item #8 - the request for Pojoaque Valley School District was approved for \$4 million and not \$400 million.

Item #17 – the first three paragraphs were removed as they were inadvertently inserted from the previous item.

Item #23 – The industry concentration limitations in the private lending portfolios *was not approved*. Chair McDermott noted that Member Curtis had recommended an analysis of the industry concentration limits and noted that the content would be used as guidelines. The members prefer to see requests for Economic Development Projects as soon as possible to help make informed decisions.

Ms. Antoinette Vigil moved, seconded by Ms. Katherine Ulibarri, to approve the December 20, 2013 minutes as amended. The motion was unanimously approved.

4. Report from Chief Executive Officer.

Chair McDermott welcomed Mr. Robert P. Coalter to NMFA.

Mr. Robert P. Coalter, CEO, reported on the following:

- ◆ Mr. Coalter acknowledged the NMFA Board and staff for welcoming him and also acknowledged the dedication of the staff. He said he looks forward to working with the citizens of New Mexico. Mr. Coalter encouraged all to contact him if he can be of assistance or if an issue needs his attention.
- ◆ Mr. Coalter noted that Item #14, Santa Ana Pueblo, will be presented as an informational item. Staff would like to obtain input from the Board prior to presenting the item for approval.

5. Report from Finance & Loan Committee. Mr. William Fulginiti reported on the January 15, 2014 Finance & Loan Committee meeting. The Committee reviewed and recommends approval of the projects that follow.

Items 6 thru 9 have been placed on the Consent Agenda. These projects were reviewed by the Finance & Loan Committee, and subject to Board's approval, are to be approved with one motion. The projects were discussed at depth at the Finance & Loan Committee meeting. If any Board member has a question on a specific project or wishes to remove the item from the Consent Agenda, please address the Chair.

6. Consideration for Approval of Village of Logan (Quay County) – Equipment Project (Ambulance Truck) – 3090-PP. The Village of Logan has applied for PPRF loan financing for \$75,567 to purchase an ambulance truck.

The loan will be used to purchase a 2014 4500 Dodge ambulance chassis for the Village's EMS department replacing two aging ambulances. The Village requests a contingent intercept on the 1st increment of their Municipal GRT, as the Village will utilize annual State EMS grant funds to repay the loan. Per statute, the State EMS grant proceeds cannot be pledged. The Village receives approximately \$8,300 in annual State EMS grant funds. Based on the County's MHI, \$75,000 of the project request qualifies for a 0% disadvantaged rate.

The 1st increment of the Municipal GRT results in a 3-year average of \$36,970. Staff utilized the conservative year of the Municipal GRT (FY 2012 at \$32,957) to determine debt service coverage. There is no other outstanding debt pledged to the Village's Municipal GRT.

The Village is current with its Audits and financial reporting with the FY 2013 Audit under review. The FY 2012 Audit received an unqualified opinion and contained one audit finding relating to compensated absences.

7. **Consideration for Approval of Rio Arriba County – North Central Solid Waste Authority – Infrastructure Plan / Preliminary Engineering Report – 3097-PG.** Rio Arriba County has applied to the Local Government Planning Fund to finance an Infrastructure Plan/PER study for the North Central Solid Waste Authority (NCSWA).

The study will assist the NCSWA with examining options for continued operations and improving services to its citizens. Options will include potential restructuring of the NCSWA for operational efficiency. The County serves as fiscal agent for the NCSWA. Based on the County's MHI, the project qualifies for 25% or \$12,500 of the requested \$50,000 grant amount.

8. **Consideration for Approval of Lower Rio Grande Public Works Water Authority (Doña Ana County) – Water Feasibility Plan / Technical Report-Identified on the ICIP - Project – 3093-PG.** Lower Rio Grande Public Water Works Authority (LRGPWWA) has applied for a Local Government Planning Grant to finance an appraisal and feasibility plan.

Lower Rio Grande PWWA will use the plan to identify the viability of purchasing a private system known as Valle del Rio. The scope of the technical report will include: assessment of condition and value of the Valle del Rio including associated water rights and regulatory and sanitary compliance; outline the process to purchase the Valle del Rio including researching ownership records, liens and any other issues related to PRC's jurisdiction over the private system.

In July 2013, the NMFA approved project #3013-PG, a broader scope variation of this project in the form of a Preliminary Engineering Report (PER). After review of the scope with the Construction Programs Bureau, it was determined that the structure of a PER does not provide adequate appraisal and feasibility analysis, which should take place before engineering and construction considerations. Staff requests approval of a narrower report, focused on system appraisal and purchase feasibility providing guidance and serving as support addenda for the PER. Project #3093-PG will replace Project #3013-PG.

9. **Consideration for Approval of City of Belen (Valencia County) – Economic Development Feasibility Study – 3098-PG.** The City of Belen has applied to the Local Government Planning Fund to finance an Economic Development Feasibility Study.

The Study will determine the scope of work and financing options for a Sustainable Community-Farm Program for Ecological Living. The Program will include the construction of a Technology Park, Business Incubator, Training Center and Renewable Energy Efficiency Farm Facility that will showcase and demonstrate an array of new technologies to locally produce healthy fresh food, clean water, and renewable energy from the conversion of community, farm and forestry wastes. This Program will serve as a precedent-setting model for small urban and rural communities and dairy farms in the State of New Mexico, and will create local economic development and new jobs.

Mr. William Fulginiti moved, seconded by Mr. Brett Woods, for approval of Village of Logan Project #3090-PP, Rio Arriba County – North Central Solid Waste Authority Project #3097-

PG, Lower Rio Grande Public Works Water Authority Project #3093-PG and City of Belen Project #3098-PG. The motion was unanimously approved.

- 10. Consideration for Approval of Reserve Independent School District (Catron County) - School Improvements - 3089-PP.** Reserve Independent School District has applied for a PPRF loan to finance the costs associated with various school improvements.

In November 2013, the District received voter approval to construct, remodel, make additions to and furnish school buildings, purchase or improve school grounds, or any combination of these purposes within the District. The District will issue General Obligation Bonds in the amount of \$2,400,000, which the NMFA will purchase with the PPRF loan fund.

The District will obtain a match waiver for the Public School Capital Outlay Council award of \$8,800,000. The District qualifies as a disadvantaged entity with its Median Household Income (MHI) of \$21,406, which is 47.6% of the State's MHI. Therefore \$200,000 of the loan amount received a 0% interest rate.

The NMFA processing fee is capitalized into the first 10 years of the loan, in the amount of 0.1629% added to the market rate. The NMFA maintenance fee of 0.10% was applied to life of the loan. The above interest rate also includes a 0.75% credit margin. The District is up-to-date with its audits and financial reporting.

Mr. William Fulginiti moved, seconded by Ms. Katherine Ulibarri, for approval of Reserve Independent School District Project #3089. The motion was unanimously approved.

- 11. Consideration for Approval of City of Clovis (Curry County) – Infrastructure Project (Solid Waste Landfill Cell) – 3095-PP.** The City of Clovis has applied for a PPRF loan to fund the construction of a solid waste landfill cell.

The City operates a regional landfill and is currently on its fourth landfill cell. Three prior cells have been filled and the fourth is approximately six months from being filled. The City will use loan proceeds to construct a new landfill cell that will be located at a new site. The City accepts solid waste from entities in Curry, Quay, Roosevelt, and even from West Texas.

The City will use its State Shared GRT (SSGRT) as the pledge for this request. The SSGRT over the last three years has increased by 5%. Staff used a conservative approach by averaging the three years of GRT collection in order to determine coverage.

NMFA PPRF Policy, section 3.2(E) reads in part that - in lieu of a bond-funded debt service reserve fund, the NMFA may allow an applicant that has secured at least an 'A/A2' rating from one of the three nationally recognized municipal bond rating agencies to structure into its loan a 'Springing Reserve' which provides for the borrower to build a Reasonably Required Debt Service Reserve Fund over a maximum of two years if the coverage on its loan falls below 2x coverage. The City's GRT was rated A1 by Moody's in September of 2012. The City is requesting a springing reserve that would be funded over a two-year period if the minimum

coverage on the loan drops below 2.0 x coverage. Upon a drop in coverage below the required amount, monthly deposits would be made from available revenues until such time as the debt service reserve has been fully funded. The City is current with its Audits and financial reporting.

Chair McDermott noted that at the last meeting Secretary Clifford wanted reassurance that due diligence on environmental issues were assessed when approving the loan. Chair McDermott asked if these issues were taken into consideration. Mr. E. J. Peinado stated that there were no outstanding administrative orders at this time.

Mr. William Fulginiti moved, seconded by Ms. Antoinette Vigil, for approval of City of Clovis Project #3095-PP. The motion was approved unanimously with Mr. Blake Curtis abstaining because he resides in the area.

12. Consideration for Approval of Las Vegas City School District (San Miguel County) - School Improvements – 3094-PP. The Las Vegas City School District (the District) has applied for a \$2,800,000 PPRF loan to finance the costs associated with various school improvements.

The bonds are being issued for, but not limited to, the following projects:

- 1) *HVAC-MMS building and cafeteria projects;*
- 2) *Playground equipment for elementary schools;*
- 3) *Camera upgrade to network to include PA and Door Monitoring;*
- 4) *Additional cameras for specific schools within the District; and*
- 5) *Air Conditioning for specific schools within the District.*

In February 2013, the District received voter approval in the amount of \$6M to erect, remodel, make additions to and furnish school buildings, purchase or improve school grounds, or any combination of these purposes within the District. When voters approve General Obligation debt, such approval is valid for a period of 4 years. The District will issue its General Obligation Bonds which the NMFA will purchase with its PPRF loan fund. This is the third time that the District has come to the Finance Authority for funding. The NMFA processing fee has been included in the interest rate at an additional .227% above the market rate. This will yield a fee of \$21,192 (NPV of \$21,000) over the first 10 years of the loan.

The District has submitted its FY 2012 Audit and it is currently under review by the State Auditor. The 2013 audit is underway. The District provided staff with a letter regarding the late audit and its plan to bring the audit current. The District is up-to-date with its reporting to the Public Education Department. The District qualifies for a PPRF disadvantaged interest rate of 0% which has been applied to \$200,000 of this request. Per the PPRF Loan Management Policy, "To maximize the benefit provided by this "Disadvantaged Entity" interest rate benefit, the NMFA may limit these reduced interest rates to loans of \$2 million or less." Staff requests that a consideration be made for this loan request to allow the District to take advantage of the 0% interest rate.

Mr. William Fulginiti moved, seconded by Ms. Katherine Ulibarri, for approval of City of Las Vegas Project #3094-PP.

Mr. Lithgow inquired about the FY 11 Audit and asked if there were any material findings in Capital Projects or Procurement. Mr. E.J. Peinado noted the three material findings:

1. Reconciliation - The District was unable to reconcile their bank statements to the General Ledger.
2. Deficiencies in Internal Control - The District did not have sufficient written policies.
3. Cash Management – The District failed to request cash reimbursement in a timely manner, therefore having to cover shortfalls with operational funds.

There was further discussion regarding the 2012 and 2013 Audits. Chair McDermott asked if the issues from 2011 were resolved in the 2012 Audit. Ms. Donna Trujillo responded that the 2012 Audit has not yet been released; however, the District has stated that the findings in 2012 will be due to reports being submitted late. Mr. Brett Woods also expressed concerns regarding the audit. Mr. Terry White asked about potential ramifications of tabling action until receipt of the audits.

Mr. Paul Cassidy, RBC Capital Markets, advisor to the District, noted that the project has already been delayed over a year and the improvements are critical. He respectfully requested proceeding with the project.

Roll call vote was taken on the motion for approval. Mr. William Fulginiti, Mr. Blake Curtis, and Ms. Katherine Ulibarri voted in the affirmative, with Chair McDermott, Mr. Vince Lithgow, Ms. Antoinette Vigil, Mr. Brett Woods, Mr. Terry White and Mr. Jerry Jones voting against. The motion failed.

Mr. William Fulginiti asked if there is anything that would affect the repayment of this loan. Mr. Cassidy said the repayment source is fine, adding the District would rather not go to the public market given the situation with the audits.

Mr. Terry White moved, seconded by Ms. Antoinette Vigil, to table approval of Las Vegas City School District Project #3094-PP until receipt of the 2012 audit. The motion was unanimously approved.

13. Consideration for Approval of City of Raton (Colfax County) – Change of Scope Amendment - 2890-PP. The City of Raton is requesting a project scope change for PPRF loan #2890-PP.

In May 2013, the City of Raton (City) closed on a PPRF loan for \$1,036,400. The loan proceeds were to be used to purchase solid waste equipment; to construct a new transfer station and to close an existing landfill. The request is secured with the City's Net System Revenue of the Solid Waste Utility and carries an 11-year term with 4.07 x coverage.

The original project was delayed due to changes in key personnel of the City's management team and with the loss of matching funds from the New Mexico Game and Fish Department. Consequently, the

City requests a project scope change to accomplish other needed projects within the City to include Construction of Transfer Station; 2 Solid Waste Transfer Trailers; Street Sweeper; Roll-Off Containers; Sanitation Truck; Stationary Compactor and Containers; and Construction of a Waste Disposal Convenience Center;

Mr. Brett Woods inquired about the project being scaled back due to loss of matching funds from the Game & Fish Department. Mr. E.J. Peinado stated that the grant funds from Game & Fish were merely to purchase the lids for the Solid Waste containers to prevent the animals from getting into the waste material. The City will use cash on hand for the portion of the project in closing the landfill.

In response to questions from Mr. Brett Woods regarding the funds to pay for the project, Mr. E.J. Peinado explained that the City will use unencumbered funds from their budget to move forward with the closing of the landfill.

Mr. William Fulginiti moved, seconded by Mr. Vince Lithgow, for approval of City of Raton Project #2890-PP. The motion was unanimously approved.

- 14. Discussion of Santa Ana Pueblo (Sandoval County) – Wastewater Treatment Plant & Refunding (Informational Item Only).** Mr. Zach Dillenback explained that this is an informational item to apprise the Board on an upcoming request from the Pueblo of Santa Ana (the Pueblo) to refund its Series 2004 Subordinate Loan, Series 2006 Enterprise Revenue Bonds, and issue \$18,500,000 in new money for the expansion of its wastewater treatment facility.

The Pueblo, located in Sandoval County, owns four federally chartered corporations to provide sources of revenue for the Pueblo. As outlined in Section 17 of the Indian Reorganization Act of 1934, a federally chartered corporation is a type of business formation that requires an act of Congress. Unlike a traditional corporation, the Pueblo's corporations serve the needs of all current and future tribal members by providing funding for government, infrastructure, housing, healthcare, education and other social programs. The Pueblo created separate enterprise corporations to manage and segregate lines of business and revenues related to each specific enterprise. Each enterprise corporation is audited on an annual basis. Mr. Dillenback outlined the nature of the corporations.

In 1998, the Pueblo issued enterprise revenue debt to fund the construction of the resort and Twin Warriors Golf Course. The debt has been restructured at various points in order to achieve the best possible financial structure residing in its current form of the BIA Guaranteed Series 2004 Subordinate Loan and the Series 2006 Enterprise Revenue Bonds ("the Bonds"). The Bonds have a primary pledge of enterprise revenues and a secondary pledge of the Pueblo's Gross Receipts Tax, Lodger's Tax, and Possessory Tax.

The Bonds are governed by an Indenture that prohibits additional debt from being issued. The Pueblo is seeking to refund the Bonds through the PPRF in order to achieve economic savings and get out from underneath the current Indenture so that it may issue additional debt to fund a new Wastewater Treatment Plant.

The Pueblo is seeking to extend the maturity of Series 2006 Bonds so that it matches the maturity of the Series 2004 Bonds. In doing so, the Resort and Golf Course debt will be amortized 27 years from its initial issuance (maturity 05/2024). The Bond's refunding will be done on a taxable basis. The Wastewater Treatment Plant portion is eligible for tax-exempt interest rates and will carry a 21 year amortization (maturity 05/2034).

The Pueblo will pledge the following revenue sources for security of the PPRF bonds:

- Gross Receipts Tax
- Lodgers Tax
- Cigarette Tax
- Gas Tax
- Possessory Interest Tax

Total annual value of the pledged revenues is approximated at \$6.8 million. Estimated coverage is in excess of 1.80x (1.50x minimum coverage required).

The following considerations have been discussed with the Pueblo and will be addressed by the time of formal approval and/or closing:

- The Pueblo has agreed to a limited waiver of sovereign immunity for NMFA (the Pueblo has already agreed to a limited waiver of sovereign immunity on its existing debt).
- Given the nature of the pledged revenue, the Pueblo has agreed it will provide monthly reports on the performance of the pledged revenues to NMFA. This will allow NMFA to monitor the revenue to ensure that revenue covenants are being maintained.
- The Pueblo has agreed to monthly repayments to NMFA.
- The NMFA will hold a senior position.
- The Pueblo's Bond Counsel will be required to provide an opinion that there is not any cross-promotion of gaming amongst the Pueblo and its enterprise corporations.

Mr. Richard Hughes, General Counsel for Santa Ana Pueblo addressed questions from the Board. He stated that the four enterprises are completely separate from one another. Their finances are kept separately and each enterprise is managed by its own Board. The corporations maintain relationships with independent consultants who advise the Board in management, planning and development of the enterprises. Mr. Hughes noted that the loan will not be secured by assets of the corporation, with repayment to be made from tax revenues that the Pueblo receives in annual fees from utilities.

Chair McDermott and Mr. Brett Woods noted that they would like to ensure thorough review of the financials. Secretary Clifford also stated that he would like for staff to assure that the statutory obligations are satisfied and that there will be no funding for gaming operations.

Mr. Coalter thanked the Board for the conversation and noted that it was helpful to the staff. The item will be presented for approval at a future meeting.

15. Consideration for Approval of NMDOT/STC 2014A Bond Issue POS by the Finance

Authority. Staff requests review of the draft Preliminary Official Statement (POS) and also requests that the POS in substantially the form before the Board be approved so that it can be used in the marketing and sale of the Series 2014A Bonds. Such approval is contained in the Authorizing Resolution, the approval of which is also requested.

At its December 20, 2013, Board meeting, the Board adopted an authorizing resolution that among other things, directed Finance authority staff and its consultants to prepare for the issuance of the above referenced Series 2014A Bonds.

Finance Authority staff, the New Mexico Department of Transportation (NMDOT) and their consultants and counsel have commenced preliminary preparations for the issuance of the Finance Authority's State Transportation Revenue Bonds (State Transportation Commission-Subordinate Lien), Series 2014A. The Series 2014A Bonds will be issued in an amount not to exceed \$80 million. Proceeds from the sale of the Series 2014A Bonds will be used for the purpose of financing certain Highway Infrastructure Fund designated road projects to be constructed by NMDOT.

Ballard Spahr LLP, Disclosure Counsel to the Finance Authority in connection with the Series 2014A Bonds, prepared the draft POS with the assistance of key Finance Authority staff, NMDOT staff, counsel, and consultants. Once reviewed by the Board, this draft will be adopted by the STC, then finalized and posted for distribution through www.munios.com prior to the sale of the Series 2014A Bonds.

Much of the information in the POS has been provided or reviewed by Finance Authority staff, NMDOT staff, counsel, and consultants. The Board, its staff, and issuer's counsel have taken actions to enhance the level of responsibility of the Board's advisors and consultants for the contents of official statements. These actions include retention of disclosure counsel for each bond issue that has primary responsibility for drafting the Finance Authority's official statements, elimination of disclaimers of responsibility by Finance Authority underwriters and advisors for the contents of official statements, obtaining certificates from state agencies and advisors that provide information to the Finance Authority for inclusion in official statements as to the accuracy of the information provided, review of official statements by staff and issuer's counsel and review by staff of information provided to advisors for use in official statements. Nevertheless, the POS is a Finance Authority Board document and the Board has responsibility for its accuracy.

Mr. Michael Zavelle introduced Mr. Tom Church, Cabinet Secretary, Designate, NMDOT, and Mr. Pete Rahn, Chair, State Transportation Commission ("STC"), who reported that the focus of the NMDOT is to work on the current financial debt with their goal being to reduce debt and manage with the current assets. NMDOT has focused on maximizing funds available from all revenue sources to be used on roads rather than for other uses in order to improve the road system. Mr. Church noted that going through NMFA is the most cost efficient way for NMDOT to issue bonds. NMDOT is hoping to have the bonds issued in February so they can move forward with critical

Highway Infrastructure Fund road projects to improve road safety and provide better transportation infrastructure for economic development in New Mexico.

Secretary Clifford inquired about the Debt Service Obligation and noted that it would be better to take care of the future debt before bonding new projects. Secretary Clifford suggested that NMDOT approach the Legislature about changing the proposed use of legislatively earmarked revenues for the designated projects.

Chair McDermott summarized the issue as NMDOT being faced with two problems: 1) deteriorating general road infrastructure; and 2) a large balloon payment for the Rail Runner project. He continued that possible approaches for consideration for the reserved funds would be to repackage for bond issuing which has wide reaching potential for achieving economic growth, or change legislative obligation limiting use of funds. There is also a need to reach out for possible economic benefits from the State to help funding for the next decade, which is a more conservative approach to help the future financial debt.

Mr. Dan Opperman, General Counsel; Ms. Helen Atkeson, Hogan Lovells LLP; Mr. Paul Cassidy, RBC Capital Markets; Mr. John Moore, Wells Fargo Bank; Mr. Marcos Trujillo, NMDOT; Ms. Christine Choy, NMDOT; Mr. Loren Hatch, NMDOT; Mr. Ken Guckenberger, Kutak Rock LLP; Mr. Robbie Heyman, Sutin, Thayer & Browne; and Mr. Michael Zavelle, Chief Financial Strategist recommended approval of the resolution.

Mr. William Fulginiti moved, seconded by Mr. Vince Lithgow, for approval of NMDOT/STC 2014A Bond Issue POS by the Finance Authority. The motion was unanimously approved.

Mr. Dan Opperman thanked all the members of the NMDOT, outside counsel and the financial advisors for their hard work and time.

Mr. William Fulginiti and Chair McDermott expressed appreciation for NMDOT and STC for attending the meeting. Mr. Pete Rahn also expressed his appreciation on behalf of the STC and NMDOT for the support that the NMFA Board has provided.

16. Background Material Regarding the Relationship between the Finance Authority and NMDOT/STC (Informational Item Only). Mr. Michael Zavelle presented a chronology of NMFA-NMDOT/STC partnership materials which included:

1. Summary & Chronology of Key Transactions & Events
2. GRIP Legislation Creating Partnership
3. April 15, 2004 Memorandum of Understanding
4. July 27, 2006 Amendment No. 1 to MOU
5. November 2010 Amended & Restated MOU
6. Effective July 1, 2012 Amended & Restated MOU
7. Eighteenth Series Indenture of Trust (draft)
8. Rating Agency Presentation for 2014A Series Bonds (draft)
9. NMDOT/STC Outstanding Bonds Debt Service Schedules

10. Graphs: Swap Take Out Opportunities & 20 Year MMD
11. NMDOT Bond Program Update to Oversight by NMDOT
12. HIF Capacity Analysis Summary by PFM
13. HIF Capacity Analysis Detail by PFM
14. NMDOT/STC Analysis of Bond Options for \$80M Issue
15. NMDOT Pledged Revenue Analysis
16. Pledged Revenue to Debt Service Coverages January 2014
17. NMFA Investment Report to STC as of November 2013
18. NMFA Publicly Distributed Bond Issuance & Underwriter Policy
19. Report to incoming STC on GRIP Program Status April 2011

- 17. Consideration for Approval of Resolutions Designating Trustees for the Employee's Retirement Plan, Adopting 2013 Restatement of the Retirement Plan, Approving the 2014 Executive Plan and the Chief Executive Officer's Participation in such Plan.** Mr. Dan Opperman and Mr. Bryan Otero briefly reviewed the resolutions presented for the Board's consideration.

Mr. Terry White moved, seconded by Mr. Brett Woods, for approval of resolutions designating trustees, restating the retirement plan, and approving the 2014 executive plan and the CEO's participation in such plan. The motion was unanimously approved.

- 18. Update on Activities – Economic Development Committee.**

Report from the Chairperson of the Economic Development Committee. *Committee members are: Jerry Jones, Chair; Terry White, Vice-Chair; Blake Curtis; and Secretary Jon Barela or his designee.*

Mr. Jerry Jones reported on the January 15, 2014 Economic Development Committee meeting. There were no new loans to consider.

Ms. Marquita Russell briefly reviewed the Private Lending Portfolio. She noted that NMFA has processed 50 loans in New Market Tax Credits, Collateral Support, Smart Money and other Direct Loans. Currently there are 23 projects in the Direct Loan Portfolio. All loans are current, with the exception of Pathways, Inc. who has been delinquent for five months. Ms. Russell is working on the collection and will present a report to the Board next month. The 13 New Market Tax Credit projects are all current. There is no new information for Smart Money.

- 19. Update on Activities – Audit Committee.**

Report from the Chairperson of the Audit Committee. *Committee members are: Secretary Tom Clifford or designee Ricky Bejarano, Chair; Secretary David Martin; Mr. Steve Kopelman; and Ms. Katherine Ulibarri.*

Secretary Clifford reported on the January 22, 2014 Audit Committee meeting. The Committee did not have a quorum and no actions were taken at the meeting. The Committee discussed the RFP for

an internal auditor, financial software, a manual for accounting practices, financial reporting for the Water Trust Board and a presentation on the Financial Statements.

20. Audit and Investigation Findings, Recommendations and Actions (Informational Item Only).
Mr. Robert Coalter and Ms. Donna Trujillo briefly reviewed the dashboard.

Ms. Donna Trujillo gave a brief report on the dashboard of the Audit and Investigations Findings. The following items have been reviewed and discussed: Board Governance, Internal and External Audit, State Compliance, Accounting Practices, Staffing, and Loan Servicing.

Mr. Robert Coalter reported that NMFA will be looking for a new software package that will be beneficial to the Accounting Department.

21. Update on Activities – Investment Committee.

Report from the Chairperson of the Investment Committee. *Committee members are: Mr. Terry White, Chair; Mr. Blake Curtis; and Secretary David Martin.*

Mr. Terry White presented the Investment Committee report. The Investment Committee met on January 15, 2014, with only Mr. Terry White in attendance.

◆ Investment Report:

- Total invested funds at the end of December were \$441 million, of which \$347 million is NMFA funds and \$94 million is DOT GRIP funds. This, compared to the total fund invested at this time last year, is \$509 million. Weighted Average yield in all fund invested at the Finance Authority at month's end was .58% compared to .55% this time last year.

◆ NMFA Portfolio Performance:

- The NMFA portfolio was .24% at the end of December and was higher than the 3 month constant maturity treasury yield of .07%, and the 6 month was at .10%, and the 1 year at .13%. The weight average duration in the portfolio was 277 days.
- Currently there is 29% of the portfolio in Money Market Mutual funds, and 71% in Fixed Income Securities (25% US Agencies and 46% US Treasuries).
- Total net income on NMFA invested Funds for FY 2014 so far was \$348,006 over the last 6 months.

22. Acceptance of the Investment Report for the period ending December 30, 2013.

Mr. William Fulginiti moved, seconded by Ms. Antoinette Vigil, to accept the Investment Report through December 30, 2013.

23. Update on Activities – Contracts Committee

Report from the Chairperson of the Contracts Committee. *Committee members are: Secretary Ryan Flynn, Chair; Secretary Jon Barela; Mr. Steve Kopelman; and Mr. Jerry Jones.*

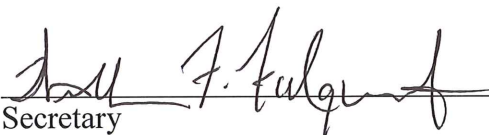
Mr. Dan Opperman presented the Contracts Committee report. Although a quorum was not present, the members present discussed the Retirement Plan and were briefed on the RFP for an internal Auditor.


24. Next Board Meeting

Thursday, February 27, 2014 – 9:00 a.m.
Mabry Hall – Education Building
300 Don Gaspar
Santa Fe, NM

25. Adjournment

The meeting adjourned at 11:45 a.m.


Secretary


Date