

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

Minutes of Board Meeting
December 18, 2014
State Capitol – Room 311

Present:

John McDermott, Chair
William Fulginiti, Vice Chair
Katherine Ulibarri, Treasurer
Brett Woods
Michael Vonderheide
Tom Clifford
Steve Kopelman
Blake Curtis (*telephonically*)
Antoinette Vigil (*telephonically*)

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

Absent:

Jerry Jones
Terry White

CEO, Stolar Research Corporations
CEO, Sunwest Trust, Inc.

Finance Authority Staff:

Adam Johnson
Bryan Otero
Connie Marquez-Valencia
David Mahooty
Dora Cde Baca
John Brooks
Leslie Medina
Michael Zavelle
Robert Coalter
Zach Dillenback

Angela Quintana
Carmela Manzari
Dan Opperman
Donna Maestas
Gloria Castillo
Jolene Meadows
Marquita Russel
Mona Killian
Theresa Garcia

Guests:

Art Schaap
Brad Patterson
Chip Pierce
Charles Krause
Cindy Mitchell
Dale Lehman
Erik Harrigan
George Williford

Tucumcari Mountain Cheese Factory
Ballard Spahr
Western Financial Group
Tucumcari Mountain Cheese Factory
Bank of Albuquerque
Piper Jaffray
RBC Capital Markets
First Southwest

Ira "Beron" Briscoe
Jill Sweeney
Linda Kehoe
Mark Roper
Neville Muggleton
Oscar Rodriguez
Richard Virtue
Rita Jennings
Susen Ellis
Suzanne Bruckner
Tracy Hofmann
Theresa Garcia
Trish Johnnston

Don Juan Construction, LLC
Sherman & Howard
LFC
NMED
Tucumcari Mountain Cheese Factory
City of Santa Fe
Virtue, Najjar & Brown
Sutin, Thayer & Browne
Bank of Albuquerque
Sutin, Thayer & Browne
Sutin, Thayer & Browne
City of Santa Fe
Bank of Albuquerque

1. Call to Order and Roll Call.

Chair John McDermott called the meeting to order at 9:03 a.m. A roll call vote established a quorum.

2. Approval of Agenda.

Ms. Katherine Ulibarri moved, seconded by Mr. Steve Kopelman, for approval of the agenda. The motion passed 8 – 0.

3. Approval of November 20, November 26, and December 11, 2014 Board Minutes.

Mr. William Fulginiti moved, seconded by Mr. Steve Kopelman, for approval of the November 20, November 26, and December 11, 2014 minutes. The motion passed 8 - 0.

Secretary Tom Clifford noted that the San Miguel County project does not appear on the agenda although the December minutes indicated the Board would revisit the project. He then asked for an update on the project. Mr. Zach Dillenback reminded the Board that the issue was regarding the intercept and whether it will impede the bond holders with the 2007 Series. Mr. Dillenback explained that staff is working with counsel in drafting an ACH Agreement so there is a shared position with the bond holders. He informed the Board that prior to bringing it to the Board with a full summary there are still a few items that need clarification.

4. Report from Chief Executive Officer.

◆ Mr. Robert Coalter gave an update on the Systems Review Timeline with Kemtah. Kemtah has completed the first task, which included preparation of the Procedures, Required Reports, and the Policies. Kemtah is in the process of preparing the Data Flow Diagrams and the necessary requirements staff has identified. Mr. Coalter explained that NMFA will reevaluate the current software to see if it will function with the proposed changes.

Chair John McDermott asked if the project schedule, with budget costs, will be presented to the Board prior to the beginning of the new fiscal year so there is a better understanding of the expenses. Mr. Coalter noted that his goal is to have the breakdown available as soon as possible and is working with Kemtah to reduce the timeline.

Chair McDermott requested that the Board receive a formal timeline indicating receipt and review of the RFP's. He said he would like to enter FY16 with a clear understanding of the expenses.

5. **Report from Finance & Loan Committee.** *Committee members are William Fulginiti, Chair; Secretary Tom Clifford; Mr. Jerry Jones; Ms. Katherine Ulibarri; and Mr. Steve Kopelman.* Secretary Tom Clifford reported on the December 10, 2014 Finance & Loan Committee meeting. The Committee reviewed agenda items 6 – 12.

6. **Consideration for Approval of City of Santa Fe (Santa Fe County) – Convention Center Refunding – 3269-PP.** The City of Santa Fe has applied for a PPRF loan for \$37,375,000 to refund the Series 2006 Convention Center loan.

Mr. Oscar Rodriguez, Assistant Finance Director, Mr. George Williford, Financial Advisor, and Ms. Theresa Garcia attended on behalf of the City of Santa Fe.

The refunding is to take advantage of the low interest rate environment and capture net present value (NPV) savings of approximately \$3.4 million equating to NPV savings of 9.3% versus the NMFA refunding policy requirement of 3.0%. The proceeds will advance refund the Convention Center loan executed through NMFA Loan #1819-PP. The original loan closed on 3/28/2006 in the par amount of \$42,220,000 and an average coupon of 4.968%. The transaction will have an un-refunded portion consisting of the 6/15/2015, 12/15/2015, and 6/15/2016 semi-annual payments totaling \$2,206,250 as these payment are still within the 10-year call period.

Pledged revenues will continue from the four and a half percent increments of the Lodger's Tax (2.5%) and Convention Center Fees (2.0%). The 7% increment available to the City consists of 5% from Lodger's Tax and 2% from Convention Center Fees. The last three years indicate an increasing trend; however, as a conservative measure, staff utilized the 5-year average of the pledged revenues for calculating debt service to include reduced revenues from FY 2010. The drop in FY 2010 is attributable to the downturn in the economy.

The City is current with its audits and financial reporting. The City indicated the FY 2014 audit is complete and at the Office of the State Auditor for review. The 2013 Audit yielded an unmodified opinion with 12 findings, none of which were material weaknesses.

A waiver of the Debt Service Reserve Fund (DSRF) requirement is required. There was no written policy requiring a Debt Service Reserve Fund (DSRF) at the time the original loan closed; the original loan closed with bond insurance instead of a DSRF. Current NMFA policy requires a DSRF, unless the underlying pledged security is rated. Staff considered the current strong ratings on the City's GRT revenue and expects that the pledged revenue for this loan would yield similar ratings. The refunding contains no money and there is no other indebtedness associated with the pledged revenues.

LGD Reporting Status: "Budget and Audits are current. Quarterly Report is not current." Budget Comments: "Budgetary Compliance (Other Matter) has been a repeated and modified audit finding since 2006." Good Governance Comments: "New Finance Director has been announced." Overall Comments: "None."

Chair McDermott asked if a non-rated repayment stream triggers the Debt Service Reserve Fund. Mr. David Mahooty replied that if the pledge revenues are rated, the DSRF can be waived. He noted that the existing funds have been expended and the refunding has no new funds involved.

Secretary Tom Clifford asked Mr. Rodriguez how the City is dealing with the audit findings and how they are managing the debt with the overall budget. Mr. Rodriguez noted that he understands changes need to happen and the City will get to that point. In the past, the monthly reports that were provided were standard reports. Management has asked for a more detailed report that reflects the budget performance and the financial position. The City is aiming to review the debt limits and debt issues and will make it a part of budget process in the coming years.

Secretary Clifford asked if Moody's reviews the outstanding debt when they prepare the City of Santa Fe's rating. Mr. George Williford said that there is regular rating interaction with S&P and Fitch. Secretary Clifford asked about the coverage projection on the original loan. Mr. Williford noted that it was about 1.5 xs.

Mr. William Fulginiti moved, seconded by Mr. Steve Kopelman, for approval of City of Santa Fe Project 3269-PP. The motion passed 8 – 0.

- 7. Consideration for Approval of City of Rio Rancho (Sandoval County) – Water Rights Acquisition – 3267-PP.** The City of Rio Rancho (“the City”) has applied for PPRF financing for \$4,292,192 to finance the costs associated with purchasing water rights.

Mr. Erik Harrigan, Financial Advisor, RBC Capital Markets, attended on behalf of the City.

To meet State Engineer requirements associated with water permits issued to the City, the City must acquire sufficient water rights to offset depletions caused by pumping. Under current requirements, the City is required to purchase 728 acre- feet of water rights every 5 years for a 55-year period. To assist with the cost of the water rights acquisition, the City approved and implemented a water rights acquisition fee beginning in FY 2010. This fee now collects a minimum of \$6 per month on all water utility accounts. The City Council approved the most recent increase in 2012 with implementation on July 1, 2013. The City has entered into a purchase agreement to purchase an additional 300.47 acre feet at a cost of \$4.2 million. The water rights purchase will go toward satisfying the City's 2023 to 2027 water rights acquisition obligation.

The Water Rights Purchase Agreement includes a covenant by the seller that it has clear title to the water rights and the authority to transfer them, and is contingent on obtaining financing and State Engineer's approval of the transfer.

The water rights acquisition fee has increased in the last three years. Staff used the average to determine the 1.54xs coverage which includes the existing parity obligations the City has on two outstanding loans with NMFA for water rights purchases. The City's Financial Advisor and NMFA are concurrently pursuing a surety in lieu of the DSR. Procuring a surety policy prior to closing enables closing the loan with a surety policy which conforms to NMFA requirements rather than

DSR. The surety in lieu of DSR is consistent with current NMFA PPRF Loan Management Policies.

The City's 2013 audit is unmodified with one finding. The single finding, classified as a "deficiency," is related to under reimbursement of per diem. NMFA staff believes the finding poses no risk to the proposed financing. The City is current with its audits and financial reporting.

Chair John McDermott asked what the security is for NMFA on this type of loan. Mr. Adam Johnson replied that there is no difference from other portfolio loans. The residents and the commercial users of the utility pay the fees. There is no interest in the water rights. Chair McDermott asked how many of these loan types are in the portfolio. Mr. Zach Dillenback noted that the City is the only borrower in the PPRF portfolio implementing a specific water right surcharge.

There was brief discussion as to why the loan originated in the PPRF Loan section and not in the Water programs. Ms. Marquita Russel explained that water rights are neither eligible under the Drinking Water State Revolving Fund nor under the Water Trust Board unless they are included in land purchase.

Mr. Brett Woods asked what other options the City has if NMFA does not approve the loan. Mr. Erik Harrigan replied that the City would have to pursue the public markets increasing borrowing costs by paying a higher rate on the bonds.

Chair McDermott asked who the agreement is with to accommodate the amount of water needed. Mr. William Fulginiti noted that the municipalities have access to a 40-year plan, protected by state statute, to project their water needs. The City will include the acquisition in the 40-year plan upon completion of the transaction.

Secretary Clifford asked about the provisions in the Surety Contract. Mr. Michael Zavelle explained that if the City is unable to make the payment, NMFA will default to the insurance which will pay one year of Debt Service.

Mr. William Fulginiti moved, seconded by Ms. Katherine Ulibarri, for approval of City of Rio Rancho Project 3267-PP. The motion passed 8 - 0.

- 8. Consideration for Approval of City of Carlsbad (Eddy County) – Equipment Project – 3265-PP.** The City of Carlsbad (“the City”) has applied for a PPRF loan for \$1,165,267 to finance the costs associated with purchasing new solid waste equipment replacing existing trucks that have exceeded their useful life.

The City will pledge the Net System Revenues of its Solid Waste Fund. The City recently paid off NMFA loan #1721-PP that had pledged the Net System Revenues of the Solid Waste Fund in 2014. The revenue available for debt increased in 2013 and 2014 over the 2012 baseline. Given the fluctuation, staff used the most conservative of the three years to establish coverage.

The City's 2013 audit was unmodified with 3 findings - 1 material weakness and 2 other matters. The single material weakness was the late submission of the 2013 audit. Staff does not consider the finding to be a risk to this proposed financing.

The County is current with its audits. DFA provided the following comments, " Audit Opinion, Unmodified; Procurement Related Audit Findings, None; Capital Asset Related Audit Findings, None; Additional Audit Findings Listed as Significant Deficiencies or Material Weaknesses, None."

Chair John McDermott inquired about the audit findings. Ms. Carmela Manzari noted that there was one material weakness and two other matters. The material weakness was the late submission of the 2013 audit.

Mr. William Fulginiti moved, seconded by Mr. Steve Kopelman, for approval of City of Carlsbad Project 3265-PP. The motion moved 8 – 0.

9. **Consideration for Approval of Village of Chama (Rio Arriba County) – Building Project – 3266-PP.** The Village of Chama has applied for PPRF financing for \$332,494 to finance a building project expanding the Fire Station to accommodate a 2,800 square foot training facility.

Currently when scheduling training sessions, the Fire Department must move the fire engines out of the facility and rearrange the engine bay as classroom space amid equipment and engine fumes. Also, scheduling training is difficult because the fire engines require housing during the winter months to prevent equipment freezing.

The Village will pledge its State Fire Protection Funds as repayment for this loan. NMFA intercepts State Fire Protection Funds, as approved by the State Fire Marshal, from the New Mexico Treasurer's Office approximately one year in advance of the scheduled annual payment. The Village has an ISO 7 rating receiving an annual base distribution of \$67,129 with one main station. Based on the annual distribution, debt service coverage is calculated at 2.74xs. The maximum interest rate reflects the 0.10% annual administrative fee and 0.75% interest rate cap for approval purposes.

The 2013 audit yielded an unmodified opinion with 7 findings with no material weaknesses. The Village's 2014 audit is currently under review at the Office of the State Auditor. The Village corrected all prior findings with the exception of the 2013-3 Reconciliation of Utility Deposits. The Village has hired a new Treasurer and anticipates no late submission of audit reports, timely deposits of public money, and timely reconciliation of outstanding checks. The Village Treasurer also updated the accounting software to tie in with the audited financial trial balance.

Regarding the modified and repeated audit finding relating to utility deposits, the Treasurer discovered that the billing system was outdated. The Village converted the utility billing software to QuikWater in April 2014. The Village is still in the process of verifying the meter deposits to those in QuickBooks and the Village anticipates the issue will be resolved before the end of FY 2015.

DFA - LGD: LGD Reporting Status: "Budget, Audit, and Quarterly Reports are current." Budget Comments: "None." Good Governance Comments: "Ok." Overall Comments: "None."

In response to Chair McDermott's question regarding the 2014 audit, Mr. David Mahooty said he does not know if the State Auditor has released the audit; however, the Village of Chama indicated that the findings have been clear.

Secretary Tom Clifford asked if staff addressed the ISO rating. Mr. Mahooty explained that NMFA has not obtained the information. There was further discussion regarding the ISO ratings and how it impacts the state funding for the project and the cost of the homeowner's insurance in the area.

Secretary Tom Clifford moved, seconded by Mr. William Fulginiti, for approval of Village of Chama Project 3266-PP. The motion passed 8 - 0.

- 10. Consideration for Approval of Tyrone MDWCA (Grant County) – Refunding & Water Project - 3264-PP.** The Tyrone MDWCA has applied for PPRF financing for \$15,949 to finance the costs associated with re-wiring the well pump and booster pump, and refunding its 2014 First New Mexico Bank of Silver City loan.

The loan includes two segments, a refunding portion, and a new money component. The Association will refund an existing bank loan currently at an eight percent interest rate totaling approximately \$10,508. The new money portion of this loan totals \$5,441. The Association received Colonias grant funds in 2013 and 2014 to replace the existing 1.25 inch polybutylene water lines with 6 inch ductile iron pipe, replace isolation valves and fire hydrants on Camino Tolteca. This new project in conjunction with the Colonias awards will complete the upgrades to the water system.

The Association will pledge its Net System Revenues of the water system as the security and repayment of this loan. Staff used the 2013 revenues to determine debt service coverage, as the Association increased water rates in 2013.

The Association is current with its financial reporting. The Association, certified as a Tier Two entity by the State Auditor's Office, is not required to submit audit reports. At closing, NMFA's trustee holds the proceeds for the project but utilizes the requisition process to lessen the risk of misusing funds. NMFA will pay invoices to the vendor/contractor directly, if requested by the Association, or NMFA will reimburse the Association for paid invoices.

Secretary Tom Clifford asked if there was a loan component to the Colonias award. In response, Ms. Donna Maestas explained that the funds were all grants.

Mr. William Fulginiti moved, seconded by Ms. Katherine Ulibarri, for approval of Tyrone MDWCA Project 3264-PP. The motion passed 8 - 0.

Mr. Steve Kopelman departed the meeting at 10:00 a.m.; Mr. Blake Curtis joined the meeting at this time (telephonically).

- 11. Consideration for Approval of Albuquerque Bernalillo County Water Utility Authority (ABCWUA) (Bernalillo County) – Time Extension Request - 0206-WTB.** Staff recommends

NMFA Board concurrence with Water Trust Board approval of a three-month time extension for WTB project #0206 until February 23, 2015 to expend the WTB funds.

On November 23, 2011, the NMFA closed a WTB grant/loan agreement with the ABCWUA for water storage, conveyance and delivery project in an amount not to exceed \$1,600,000. The current balance is \$917,776.25. An overrun of rock excavation and additional material for road construction delayed the project from the original completion date. The ABCWUA has requested a three-month extension to allow completion of the project as well as final review and reimbursement requests.

Secretary Tom Clifford moved, seconded by Mr. Brett Woods, for approval of Albuquerque Bernalillo County Water Utility Authority Project 0206-WTB. The motion passed 8- 0.

- 12. Consideration for Approval of Lower Rio Grande Public Water Works Authority (the Authority) – (Doña Ana County) Time Extension Request - 0223-WTB.** Staff recommends NMFA Board concurrence with the Water Trust Board approval of a nine month extension for WTB #0223 allowing the Authority until September 20, 2015 to expend the WTB funds

On January 20, 2012, the NMFA closed a WTB grant/loan agreement with the Authority for water storage, conveyance and delivery project in an amount not to exceed \$4,371,630. The current balance is \$2,231,109.03. The project delay was due to weather, mobilization and the combining of various phases into one project.

Secretary Tom Clifford noted that there was extensive discussion at the Water Trust Board meeting and explained that many factors delayed the project. The Finance & Loan Committee believes it is a good project and recommended moving the project forward.

Mr. William Fulginiti moved, seconded by Secretary Tom Clifford, for approval of Lower Rio Grande Public Water Works Authority Project 0223-WTB. The motion passed 8 - 0.

- 13. Consideration for Approval of a Resolution Designating Trustees for the 2014 Executive Retirement Plan and Adopting the Restatement of the 2014 Executive Retirement Plan.**

Mr. Bryan Otero explained that in order to comply with the internal revenue code, all contributions, and income of the Plan must be in trust for the benefit of the Plan's participants. The Plan requires entering into a separate Trust Agreement; however rather than entering into a separate agreement, NMFA recommended amending the Plan by inserting the trust provision to act as the retirement plan and the trust.

Chair John McDermott asked if the purpose was to establish the trustees. Mr. Otero noted that it also inserts the trust provision which saves cost and time in creating a separate document.

Secretary Tom Clifford asked if the effective date of January 1, 2014 is correct. Mr. Otero noted that the date was the creation date of the Executive Plan and NMFA is making the Plan retroactive to January 1, 2014. Secretary Clifford inquired about the employees covered by the Plan. Mr. Otero explained that the Plan is an executive retirement plan which allows participants to join; however, the Plan is subject to approval of the Board and is for executives and highly compensated employees.

Currently the only participant is the CEO. Chair McDermott noted that the Board approved the Plan when the CEO was hired in January 2014.

Ms. Katherine Ulibarri moved, seconded by Mr. Brett Woods, for approval of the resolution designating trustees for the 2014 Executive Retirement Plan and adopting the Restatement of the 2014 Executive Retirement Plan. The motion passed 8 – 0.

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.*

14. **Update on Activities.** Ms. Marquita Russel reported on the Economic Development Committee meeting of December 10, 2014. The Committee reviewed the Private Lending Portfolio and the Pipeline of Activities. Additionally, staff reported that its internal Private Lending Committee had a split recommendation for a loan request which would purchase equipment and renovate a building. The Committee reviewed and recommended the three projects that follow.

Chair John McDermott inquired about the status of the New Markets Tax Credit (NMTC) Application. Ms. Marquita Russel explained that NMFA submitted the NMTC application in September. The allocations will be distributed in spring 2015 which is the time that NMFA will be informed if new funds have been granted.

15. **Consideration for Preliminary Approval of Tucumcari Mountain Cheese Factory (Quay County) – 0538-NMTC.** Staff recommends approval of the New Markets Tax Credit financing for Tucumcari Mountain Cheese Factory for \$4,654,000 to build and equip a 14,334 square foot expansion to its existing facility in Tucumcari.

Mr. Charles Krause, Mr. Art Schaap, Mr. Neville Muggleton of Tucumcari Mountain Cheese Factory (TMCF) and Mr. Mark Roper, Economic Development Department attended on behalf of the Tucumcari Mountain Cheese Factory.

Interest-only loans in the amount of \$4,514,380 to Tucumcari Mountain Cheese Factory Inc. at a blended interest rate now estimated at 4.16% and a minimum coverage of 1.76xs. The total estimated loan to value for this project is 86%. The loans, made by Finance New Mexico-Investor Series XVI, LLC with capital provided from qualified equity investment made by the FNM Investment Fund XVI, LLC, is expected to be 100% owned by Wells Fargo Community Investment Holdings, LLC (“WFCIH”) with an expected \$3,256,857 loan from Wells Fargo Bank, NA with an interest rate now estimated at 5.00%.

The expansion and new equipment will increase production of cheese manufacturing at TMCF. Rather than producing the cheese by hand, the new equipment will make production faster, easier, cleaner, and safer resulting in a more consistent product while growing and adding new jobs to this market.

Chair John McDermott inquired about the Debt to Equity conversion at the end of the period. Ms. Marquita Russel explained that at the end of the compliance period there is an agreement between the borrower and the investment fund to purchase the interest in Finance New Mexico and is a cancellation of debt. Not meeting the milestones will require TMCF to pay a larger exit fee.

Chair McDermott inquired about the increase in revenues since 2012. Mr. John Brooks explained that there was an increase in sales and private label sales. Mr. Charles Krause noted that the new process in making cheese also contributed to the increase in sales. With the purchase of new equipment and the expansion, they will be able to triple their production moving the Tucumcari Mountain Cheese Factory to the next level.

Secretary Tom Clifford asked how the water quality litigation will affect TMCF. Mr. Art Schaap explained that it will not affect TMCF. The Environment Department and the dairy farms are working together to get the details in line.

Mr. William Fulginiti moved, seconded by Mr. Brett Woods, for preliminary approval of Tucumcari Mountain Cheese Factory Project 0538-NMTC. The motion passed 7-0 with Mr. Blake Curtis abstaining.

16. **Consideration for Approval of a Collateral Support Participation with Wells Fargo Bank for Ambience Hospitality, LLC - (Bernalillo County) – 3270-CSP.** Staff recommends approval of the requested \$450,000 participation with Wells Fargo, N.A., to allow Ambience Hospitality to purchase a 62-room Holiday Inn Express using the proceeds from the Collateral Support Participation.

Ambience Hospitality, LLC requests \$3,950,000 to purchase a property located on Alameda Boulevard, in Albuquerque, NM. The projected cash flow from the business will be the primary repayment source for this loan secured by the First Priority Interest of the property located at 5401 Alameda Blvd, NE, Albuquerque, NM, as well as the senior lien on FF&E's. The loan will not exceed \$3,950,000 under a 10-year call with a 20-year amortization.

With the Finance Authority's participation, the new owners will be able to purchase the existing hotel, pay a \$50,000 franchise fee, implement a product improvement plan, and utilize a working capital fund to transition the purchase of this property.

Ms. Marquita Russel noted that the Economic Development Committee discussed the purchase of an existing hotel and the useful life of the assets. The Committee further discussed the product improvement plan program which requires maintaining for 10 years and coincides with the loan. Ms. Russel noted that sufficient cash flow is available to maintain the property as required under the franchise.

Mr. William Fulginiti moved, seconded by Ms. Katherine Ulibarri, for approval of Collateral Support Participation with Wells Fargo Bank for Ambience Hospitality, LLC Project 3270-CSP. The motion passed 7 – 0 with Mr. Blake Curtis abstaining.

17. **Consideration for Approval of a Collateral Support Participation with Bank of Albuquerque for Don Juan's Construction, LLC – (Santa Fe County) – Refinance a Building – 3271-CSP.** Staff recommends approval of a 9.71% subordinated participation in an amount not to exceed \$922,000 for refinancing a 9,400 square foot building.

Mr. Ira “Beron” Briscoe, Owner, Don Juan Auto Body, and Ms. Trish Johnston, Bank of Albuquerque attended on behalf of Don Juan’s Construction LLC.

Staff recommends approval of Collateral Support Participation financing with Bank of Albuquerque for a 9.71% subordinated participation in a \$922,000 loan it expects to make to Ira “Beron” Briscoe, Don Juan’s Construction, LLC, and Mesa Quemado, LLC dba Don Juan’s Auto Body. Cash flow from the businesses will be the primary repayment source and is projected to cover debt by 1.74xs. The loan will be secured by a first lien Deed of Trust on the building located at 2855 Rufina Street in Santa Fe.

The Bank of Albuquerque will originate the loan. Bank of Albuquerque will carry 90.3% of the note at Bank of Albuquerque’s COF rate + 1.80% now estimated at 4.13% interest with principal and interest due monthly. The loan is based on a 20 year amortization with no call provisions, with Bank of Albuquerque’s rate adjusting every 7-year.

The New Mexico Finance Authority will carry 9.7% of the note at 4.69% (twenty-year treasury rate + 2.0%) fixed, with interest and principal payment due monthly. The structure of this loan will have a 20-year amortization with no call provisions. NMFA will hold a subordinated interest in the collateral. To mitigate carrying the note for a long period, the Finance Authority will be allowed to have prepayments on the Finance Authority’s portion to reduce the outstanding amount.

This loan will also refinance an existing loan of \$740,000 on the property. An appraisal performed by Browning Commercial Appraisal on October 31, 2104 currently values the land and structure at \$950,000 increasing to \$1,110,000 upon addition of the solar equipment resulting in combined loan to value of 83%.

Mr. William Fulginiti moved, seconded by Mr. Brett Woods, for approval of a Collateral Support Participation with Bank of Albuquerque for Don Juan’s Construction, LLC Project 3271-CSP. The motion passed 8 – 0.

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.*

18. **Update on Activities.** Mr. Andrew Jacobson presented the December 8, 2014 Audit Committee Meeting report. The Committee met with REDW to discuss the external audit conference for FY2014. There were no Audit Findings, with the auditors issuing a clean audit opinion. The Committee also reviewed and discussed the November 2014 Financial Statements, the Audit Charter was tabled to allow time for review, and the Task List and Calendar for the Committee.

Chair John McDermott commended NMFA staff for attaining an audit with no findings. He continued that for an organization with complex financing, this is a tremendous accomplishment reflecting the professionalism of the NMFA staff.

19. **Consideration for Acceptance of the Financial Reporting for the period ending November 30, 2014.** Mr. Robert Brannon, Interim CFO, presented an overview of the financial report.

Chair John McDermott commended NMFA staff for raising the number of loans as well as the average amount per project. He thanked staff for their hard work and addressing the issues in the portfolio. Mr. Robert Coalter also thanked NMFA staff for educating him in the processes.

Mr. William Fulginiti moved, seconded by Mr. Brett Woods, to accept the Financial Report for the period ending November 30, 2014. The motion passed 8 - 0.

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.*

20. **Update on Activities.** Mr. Dan Opperman reported on the Contracts Committee meeting of December 10, 2014. He noted that the Committee reviewed and discussed the request to issue an RFP for Arbitrage Rebate Compliance for the PPRF program, and the amendment to the Kentah Professional Services Agreement to increase the “not to exceed” amount.

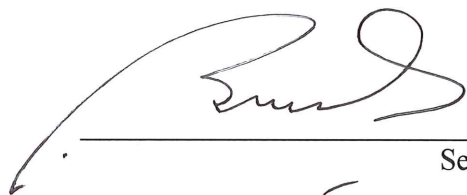
Other Items

21. **Next Board Meeting**

Thursday, January 22, 2015 – 9:00 a.m.
Apodaca Hall – Old PERA Building
Santa Fe, NM

22. **Adjournment**

The meeting adjourned at 11:04 p.m.



Secretary
1-22-15

Date