

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

**Minutes of Board Meeting
July 21, 2016
Room 307 – State Capitol
Santa Fe, New Mexico**

Present:

John McDermott, Chair	McDermott Advisory Services, LLC
William Fulginiti, Vice Chair	Executive Director, NMML
Katherine Ulibarri, Treasurer	V/P for Finance/Operations, Central NMCC
Ryan Flynn	Secretary, NM Environment Dept.
Stephanie Schardin Clarke	Secretary Designee, Dept. of Finance & Administration
Tony Delfin	Secretary Designee, NM Energy & Minerals
Juan Torres	Secretary Designee, Economic Development Dept.
Steve Kopelman	Executive Director, NMAC
Blake Curtis	CEO, Curtis & Curtis, Inc.

Finance Authority Staff:

Bryan Otero	Carmela Manzari
Connie Marquez-Valencia	Dora Cde Baca
Eric Westlake	Frank Ibarra
Floyd Trujillo	Heather Boone
Joanne Johnson	John Brooks
Leslie Medina	Mark Chaiken
Mark Lovato	Marquita Russel
Michael Zavelle	Robert Coalter
Zach Dillenback	

Guests:

Eduardo Duffy	Sutin, Thayer & Browne
Leo Valdez	HSE
Linda Kehoe	LFC
Paul Cassidy	RBC Capital Markets
Susen Ellis	Bank of Albuquerque
Suzanne Bruckner	Sutin, Thayer & Browne

1. Call to Order and Roll Call.

Chair John McDermott called the meeting to order at 9:07 a.m. A roll call vote established a quorum.

2. Approval of Agenda.

Member Fulginiti moved, seconded by Member Flynn, for approval of the agenda. The motion passed 9 – 0.

3. Approval of the June 23, 2016 Board Minutes.

Member Flynn moved, seconded by Member Ulibarri, for approval of the June 23, 2016 minutes. The motion passed 9 – 0.

4. Report from Chief Executive Officer. Mr. Robert Coalter reported on the following:

- ◆ Introduced Ms. Heather Boone, Chief Regulatory Compliance Officer.
- ◆ Mr. Floyd Trujillo presented the 18th biweekly report. Main activity this period was on the PPRF module; updates for the PPRF in the Configuration Workbook continue; POD continues to recommend that TechPG provide weekly status reports instead of monthly, and the functionality for clients/borrowers/projects, funding sources and bonds and loan and financial processes is complete. PPRF set to go live at the end of August.

5. Appointment of Nominating Committee for Election of Officers.

Chair McDermott appointed current officers to serve as the Nominating Committee for election of officers with the recommendation presented at the next Board meeting.

6. Report from the Finance & Loan Committee. *(Committee members are William Fulginiti, Chair; Secretary Duffy Rodriguez (Ms. Stephanie Schardin Clarke, designee for Secretary Rodriguez), Ms. Katherine Ulibarri, and Mr. Steve Kopelman.)*

Member Ulibarri presented the Committee Report. The Committee brings the items forward without a recommendation, as a quorum was not present. Mr. Zach Dillenback read consent agenda items 7-14 into the record, as follows:

7. Consideration and Recommendation for Approval of Mora County – Equipment Project - 3579-PP. Mora County (“County”) applied for Public Project Revolving Loan Fund (“PPRF”) financing for \$75,054 to purchase and equip two new 4x4 pick-up trucks for the Sheriff’s Department.

The County will pledge its State Law Enforcement Protection Funds’ annual distribution of \$20,600 as the revenue source for this loan. The County has a median household income (“MHI”) of \$24,425 which is approximately 54% of the State’s MHI.

The County is current with its audits and financial reporting. The FY2015 audit received an unmodified opinion with no material weaknesses and one repeated significant deficiency for failure to reconcile cash in the accounting system. The County is working with the software provider to correct entries and balance each bank account, and did submit a corrective action plan. Because of the low loan amount, the loan will be equity funded rather than being included in a bond issuance.

- 8. Consideration and Recommendation for Approval of Town of Mesilla (Doña Ana County) – Fire Equipment – 3582-PP.** The Town of Mesilla (“Town”) applied for Public Project Revolving Loan Fund (“PPRF”) financing for \$79,842 to purchase and equip two pick-up trucks for the Fire Department.

The Town pledged State Fire Protection funds as security to the loan. The Town holds an ISO rating of 5 with a minimum annual Fire Protection Distribution of \$84,279, and has no other debt associated with the pledged revenue.

The Town received an unmodified opinion on its 2015 audit with two repeated material weaknesses, i.e., continued weaknesses in the Town's cash controls, and various material adjustments the Auditor made including recorded NMFA cash balances. The Town submitted a corrective action plan. Taking into consideration the Town's responses and plan to resolve the findings, and that this loan is interceptable and will not be pledged to PPRF bonds, no other requirements are needed per the PPRF audit policy.

- 9. Consideration and Recommendation for Approval of City of Alamogordo (Otero County) - Revised Approval for PPRF Refunding Loans - 3492-PP & 3493-PP.** The City of Alamogordo (“City”) applied for Public Project Revolving Loan Fund (“PPRF”) financing for \$5,150,000 and \$2,770,000 to revise the associated loan amounts.

The approved loan amounts for the City’s State Share GRT and Municipal GRT refunding loans, 3492-PP & 3493-PP respectively, were lower than the amount needed to pay off the existing PPRF loans. NMFA staff executive summaries miscalculated the amount of funds needed for escrow by a small margin. The table below reflects the differences between the new loan levels, the amount approved in May, and the debt service schedules with sufficient escrow amount.

Issue	Approved Amount	Final Amount	Final Rate	Maturity	Approved Coverage	Final Coverage
SSGRT Refunding (3492-PP)	\$5,138,387	\$5,150,000	1.465%	2028	2.86xs	2.94xs
MGRT Refunding (3493-PP)	\$2,756,772	\$2,770,000	1.444%	2028	2.00xs	2.51xs

All other terms of the refunding loans remain as approved by the Board in May with both refunding loans scheduled to close August 19.

Member Kopelman moved seconded by Member Ulibarri, for approval of Consent Agenda Items 7 – 9. The motion passed 9 – 0.

10. Consideration and Recommendation for Approval of City of Anthony (Doña Ana County) – Economic Development Feasibility Study – 3577-PG. The City of Anthony (“City”) applied for Local Government Planning Fund (“LGPF”) funding for \$50,000 for an Economic Development Feasibility Study. The City will use the Study to compliment the City’s LEDA Ordinance with the principal goal of researching and identifying targets and tools to promote business growth within the City.

The City has a median household income (“MHI”) that is 45.22% of the State MHI average, which qualifies the City for 75% of its requested grant funds or up to \$37,500. The Median Earnings Income of the City is 78.38% of the State median average qualifying the City for an additional 25% or \$12,500 for a total grant award up to \$50,000.

11. Consideration and Recommendation for Approval of North Star MDWCA, Inc. (San Juan County) – Asset Management Plan – 3566-PG. The North Star MDWCA (“Association”) applied for Local Government Planning Fund (“LGPF”) funding for \$50,000 for a Preliminary Engineering Report (“PER”) to address water distribution system improvements.

Considered a disadvantaged entity with a median household income (“MHI”) of \$43,391 or 96.49% of the State’s MHI, the Association qualifies for 25% or \$12,500 of the report cost as grant funds. The local burden ratio is 2.51xs the State’s water rate burden qualifying the Association for an additional 75% or \$37,500 as grant funds for a combined 100% grant award up to \$50,000.

12. Consideration and Recommendation for Approval of North Star MDWCA, Inc. (San Juan County) – Asset Management Plan – 3575-PG. The North Star MDWCA (“Association”) applied for Local Government Planning Fund (“LGPF”) funding for \$50,000 for an Asset Management Plan (“AMP”). The Association will use the proceeds to develop an AMP which meets the needs of the A.M. Kan Work Manual criteria to assist the Association with management and sustainability of the water system.

As a disadvantaged entity with a median household income (“MHI”) of \$43,391 or 96.49% of the State’s MHI, the Association qualifies for 25% or \$12,500 of the report cost as grant funds. The local burden ratio is 2.51xs the State’s water rate burden qualifying the Association for an additional 75% or \$37,500 as grant funds for a combined 100% grant award up to \$50,000.

13. Consideration and Recommendation for Approval of Village of Milan (Cibola County) – Scope Change Amendment – 3444-PG. The Village of Milan (“Village”) applied for Local Government Planning Fund (“LGPF”) scope change to recently awarded planning grant 3444-PG.

The initial funding was to update an existing PER focusing only on designing and connecting the Berryhill Subdivision to the Village’s wastewater system. However, based on several external factors, the Village elected to refocus direction to include a village-wide wastewater system necessitating the scope change to include master planning and a PER for a wastewater treatment in Milan. Upon completion, the Village could potentially disconnect service from their current provider, the City of

Grants, who drastically increased the cost of pumping and treating sewage from the Village to their system.

- 14. Consideration and Recommendation for Approval of Village of Ruidoso (Lincoln County) – Time Extension Request – 3118-PG.** The Village of Ruidoso (“Village”) applied to the Local Government Planning Fund (“LGPF”) for a time extension through August 31, 2016 for a planning grant request for a Water Master Plan in order to complete the final closing.

On March 27, 2014, the Village received approval for a planning grant to complete a Water Master Plan; however, the Village experienced significant delays due to internal staff changes and conflicts with the engineer involved in the planning document. These issues have all been resolved; NMED approved the plan, with everything in place to complete the closing.

Member Ulibarri moved, seconded by Member Clarke, for approval of Consent Agenda items 10 – 14. The motion passed 9 – 0.

- 15. Consideration and Recommendation for Approval of Hatch Valley Public Schools (Doña Ana County) – School Improvements – 3578-PP.** The Hatch Valley Public Schools (“District”) applied for Public Project Revolving Loan Fund (“PPRF”) financing for \$825,000 for infrastructure improvements within the District.

The District will issue General Obligation Bonds in the amount of \$825,000, which the NMFA will purchase through the PPRF. As a disadvantaged entity, \$500,000 of the loan amount received 0% disadvantaged funding with the NMFA processing fee capitalized into the first ten years of the loan in the amount of 0.13553%. The interest rate includes a 0.75% credit margin with the NMFA maintenance fee of 0.100% applied to the life of the loan.

The District is current with its audits and financial reporting. The FY 2015 report received an unmodified opinion with three findings, one material weakness, and one significant deficiency. The District provided a letter of explanation describing how the material weakness has been resolved.

The GO Bond purchase risk is significantly reduced by 22-18-13 NMSA 1978, which contains a Statutory guarantee that the Department of Finance and Administration (DFA) will make payments on behalf of a school district should the district default. At closing NMFA’s trustee holds the proceeds for the project. If requested by the District, NMFA will pay invoices to the vendor/contractor directly or will reimburse the District for paid invoices.

Member Ulibarri moved, seconded by Member Clarke, for approval of Hatch Valley Public Schools Project 3578-PP. The motion passed 9 – 0.

- 16. Consideration and Recommendation for Approval of Northwest New Mexico Regional Solid Waste Authority (McKinley County/Cibola County) – Landfill Cell Expansion – 3576-PP.** The Northwest New Mexico Regional Solid Waste Authority (“Authority”), a Joint Powers Agreement

("JPA") entity, applied for Public Project Revolving Loan Fund ("PPRF") financing for \$498,600 for construction of two new solid waste landfill cells at the Red Rock Landfill.

The Authority, through a JPA, provides all regional solid waste services for Cibola County, McKinley County, City of Gallup, City of Grants, and the Village of Milan. The Environmental Services Gross Receipts Tax ("ESGRT") and revenues generated from tipping fees fund operations. The ESGRT from the Authority and aforementioned entities will secure the loan; the Authority also pledged its Net System Revenues.

Staff completed a five-year analysis of the ESGRT using a three-year average to determine coverage based only on this source. Staff also completed a five-year analysis of the net system revenue to ascertain the consistency and growth but did not assign a coverage value to this source. As a disadvantaged entity, the Authority received a 0.10% interest rate on the entire loan amount. There is a debt service reserve account applied to this loan.

The Authority is current with its audit and financial reporting. The FY 2015 Audit received an unmodified opinion with three findings none deemed material weaknesses or significant deficiencies. No further action is required.

At closing, NMFA's trustee holds the proceeds for the project funds. If requested by the Authority, NMFA will pay invoices to the vendor directly or will reimburse the Authority for paid invoices. NMFA intercepts the ESGRT directly from the New Mexico Taxation and Revenue Department.

Member Ulibarri noted that the Finance/Loan Committee sought, and the Board received, clarification on a sunset provision on the ESGRT.

Member Ulibarri moved, seconded by Member Clarke, for approval of Northwest New Mexico Regional Solid Waste Authority Project 3576-PP. The motion passed 9 – 0.

- 17. Consideration and Recommendation for Approval of City of Jal (Lea County) – Baseball/Softball Complex – 3581-PP.** The City of Jal ("City") applied for Public Project Revolving Loan Fund ("PPRF") financing for \$448,180 to construct a baseball/softball complex.

The school district will build the structures and fields on their land. Initial design and construction costs for this project are \$1,485,000. In addition to the City's contribution, the Jal Public School District ("School District"), Lea County and a legislative appropriation will contribute \$800,000, \$100,000, and \$185,000 respectively.

The City, County, and Schools will utilize the new complex with the School District retaining primary ownership of the sports complex property. Through a Memorandum of Understanding between the School District and the City, the municipality will maintain the complex during the summer and the School District during the remainder of the year.

The City is pledging the 1st and 3rd increments of the Municipal Local Option GRT. Staff completed

a five-year analysis of the GRT and used a three-year average to determine coverage with a debt service reserve account applied to this loan.

The City is current with its audit and financial reporting. The FY 2015 Audit received a modified opinion with six findings two deemed material weaknesses and no prior year significant deficiencies. Per the Audit Policy, the City provided a letter on the status of corrective actions for the findings deemed material weaknesses. Since the City received a modified opinion on its financial statements presentation, Policy requires further analysis and review of the findings deemed material weaknesses and their effect towards the six following conditions to determine a positive or negative recommendation. Staff recommends acceptance of the application based on the review of the criteria.

- 1) The Applicant's ability to resolve all material weaknesses or repeated significant deficiencies present as demonstrated by repeating and/or resolved findings over the last three audited years. - The City resolved 7 of 9 prior year audit findings. Three resolved findings were material weaknesses and three were significant deficiencies.
- 2) Current management's responses and plan to resolve all material weaknesses or repeated significant deficiencies present - The City provided modified responses of corrective action over the course of the respective fiscal years. Most findings related to SAS 112 and/or COSO have been resolved. The latest response from the City focuses on correcting the finding regarding capital assets. This material weakness was the trigger for the City receiving a modified opinion.
- 3) Relevancy of all Material Weaknesses or repeated Significant Deficiencies present on the Applicant's ability to repay the loan - A five year review of the pledged revenue source shows stable and realized growth in the Municipal Gross Receipts Tax. The material weaknesses have no direct bearing on the pledged revenue source or the City's ability to repay the loan.
- 4) Relevancy of all Material Weaknesses or repeated Significant Deficiencies on Applicant's ability to manage, complete, and maintain the Public Project - The repeated material weaknesses have pertinence on the City's ability to manage the project; however, systematic reductions in the number of findings over the past five years demonstrates responsibility for oversight and ownership of financial affairs.
- 5) Ability to intercept the loan's pledged revenue stream - The Municipal Local Option Gross Receipts Tax secures the new loan, and with the tax intercepted during the repayment process to mitigate risk.
- 6) A letter from the Department of Finance and Administration on the Applicant's compliance with applicable laws and regulations, asset management and/or interaction/experience with current management - The City has been working with DFA; DFA's letter is available.

Member Ulibarri commented that some years back the City had over 100 findings and are now down to 6 or 7. Member Fulginiti noted the City recently hired a City Manager who has moved the City forward. Discussion ensued on having a representative present to respond to Board questions and implications of tabling until representative from Jal would attend.

Member Curtis moved, seconded by Member Torres, to table City of Jal Project 3581-PP to the August Board meeting. The motion passed 9 – 0.

Report from the Chairperson of the Economic Development Committee. *Committee members are Mr. Juan Torres, Chair (Secretary Designee for Secretary John Barela) and Mr. Blake Curtis.*

18. Update on Activities. Mr. Juan Torres reported on the Economic Development Committee meeting of July 13, 2016. In addition to reviewing the Private Lending Portfolio Report and the pipeline report, the Committee reviewed an information item regarding a non-material change in a NMTC project resulting from a principal's change in marital status. The Committee also considered items 19 and 20 which follow on today's agenda.

19. Consideration for Final Approval of McCurdy QALICB, LLC and Accompanying Resolution (Santa Fe County) - New Markets Tax Credit Loan - 3537-NMTC. Staff recommends final approval of NMTC financing for \$8,500,000 to McCurdy QALICB, LLC.

Interest-only loan in the amount of \$8,245,000 made to McCurdy QALICB, LLC ("MCQ") at a blended interest rate now estimated at 5.2% and historic average coverage of 1.20xs. The loans will be made by Finance New Mexico-Investor Series XVIII with capital provided from qualified equity investments (QEIs) made by the FNM Investment Fund XVIII which is 100% owned by US Bancorp Community Development Corporation, LLC ("USBCDC"). The leverage loan made from McCurdy Master Tenant, LLC, and an affiliate of Charter School Development Corporation ("CSDC"), will use the proceeds from the source loan of \$5,866,835 from Clearinghouse CDFI. Charter School Development Corporation will make a junior direct loan now estimated at \$550,000 with an interest rate now estimated at 5% to McCurdy QALICB; LLC to fund any additional costs related to this project and will be subordinate to the Finance New Mexico loans.

Ms. Marquita Russel and Mr. John Brooks presented a Final Approval of a New Markets Tax Credit loan for the McCurdy project, which consists of acquiring and renovating portions of an existing school campus, and constructing a new building for use by McCurdy Charter School. This project received Preliminary Approval from the NMFA Board in April under the name CSDCPC McCurdy, LLC. The Preliminary Approval was subject to approval of certain documents in their substantially final form. These documents are complete and are consistent with the forms approved by the Attorney General for this program. There have been some minor modifications to the structure to provide more flexibility to the parties, such as the anticipated leverage lender now acting as source lender and having a new affiliate of borrower act as leverage lender. Additionally, following the Preliminary Approval, the final appraisal came back with an estimated value lower than expected changing the estimated loan to value from 86% to 95%, still within policy limits for the New Markets Tax Credit program. All other business deal points remain unchanged.

Chair McDermott noted that in this case, and in the case with Tucumcari Cheese, it appears this structure will continue where in effect a shell becomes the leverage lender supported by a source lender. Ms. Marquita Russel explained the flow of funds with the core business remaining unchanged.

Chair McDermott commented on the importance of the Board understanding that staff is working on ensuring that adjustments in loan and lease documents reflect flexibility in the manner in which the transaction is originally set up. However, at the same time looking through a credit that has a real balance sheet to ensure an underlining credit in the loan.

Discussion ensued on any downward revision on student members or reimbursement for student rates and job creation. At the Chair's request, Ms. Russel reviewed the NMTC review process.

Mr. Eduardo Duffy, Sutin, Thayer, Browne, reviewed the authorizing resolution.

Member Torres moved seconded by Member Fulginiti, for final approval of McCurdy QALICB, LLC Authorizing Resolution Project 3537-NMTC. The motion passed 9 – 0.

- 20. Consideration for Approval of a Request for a 30-Day Extension of New Markets Tax Credit Financing Commitment to La Clinica de Familia Title Holding Corporation.** Staff recommends approval of a 30-day extension to finalize an NMTC document with La Clinica de Familia Title Holding Corporation.

Ms. Marquita Russel and Mr. John Brooks presented a recommendation to extend for 30 days the time allowed applicants to finalize a New Markets Tax Credit transaction. La Clinica de Familia received in March an amended Preliminary Approval to increase the project size by \$1 million to \$6.25 million. Pursuant to NMFA's policies, La Clinica had up to 90 days to execute a term sheet and make the deposit for legal fees for the transaction. Since that time, it was determined that the City of Las Cruces needed to increase the amount it would subordinate under its LED agreement and name Finance New Mexico under the subordination agreement which did not allow sufficient time to complete the loan documentation within the 60 days. La Clinica de Familia needs addition to complete the documentation for the project now expected to close at the end of August.

Member Curtis moved, seconded by Member Torres, for approval of a 30-Day extension of NMTC Financing to La Clinica de Familia Title Holding Corporation. The motion passed 9 – 0.

Report from the Chairperson of the Audit Committee. *Committee members are Chair Stephanie Schardin Clarke (Secretary Designee for Secretary Duffy Rodriguez), Mr. Tony Delfin (Secretary Designee for Secretary David Martin), Mr. Steve Kopelman, and Ms. Katherine Ulibarri.*

- 21. Update on Activities.** Member Clarke reported on the Audit Committee meeting of July 18, 2016. The agenda included an update from RSM on the status of the internal audit; review the report on the organizational audit, and the upcoming audit on accounts payable, accounts receivable, and payroll internal controls. The Committee reviewed and recommended approval of the June financials which are still subject to adjustments resulting from accruals at the end of fiscal year.
- 22. Consideration and Acceptance of the Financial Report for period ending June 30, 2016.** Ms. Joanne Johnson provided a summary of the Financial Report for the period ending June 30, 2016.

Member Fulginiti moved, seconded by Member Clarke, for acceptance of the Financial Report for period ending June 30, 2016. The motion passed 9 – 0.

Report from the Chairperson of the Investment Committee. *Committee members are Mr. Blake Curtis and Secretary David Martin (Mr. Tony Delfin, Secretary Designee for Secretary David Martin).*

23. Update on Activities. Mr. Mark Lovato reported on the Investment Committee meeting of July 19, 2016. He reviewed the Investment Report for the period ending June 30, 2016.

Report Summary

◆ Total Invested Funds Report:

- Total invested funds as of June 30, 2016 were \$518.9 million of which \$460.8 million is NMFA funds and \$58.1 million is NMDOT funds. This compared to total fund invested at this time last year of \$481.9 million. Weighted Average yield in all funds invested at the Authority at month end was .61% compared to .36% this time last year.

◆ NMFA Portfolio Performance:

- There are three groups of funds: the longest fund: Debt Service Reserve with \$58 million has a weighted average yield of 1.09% and a duration of 1.649 compared to the benchmark (0-5 year Treasury) yield of .66% and duration of 2.239. The next group (Operating and Common Debt Service Reserve Funds) with \$247.3 million has a weighted average yield of .66% and duration of .787 compared to the benchmark (0-1 year Treasury) Yield of .41% and duration of .507. The next group is made up of mainly debt service and program funds with \$154.9 million has a weighted average yield of .49% and duration of .397 compared to benchmark (0-3 month T-Bill) yield of .23% and duration of .169.
- The overall NMFA portfolio yield was .65% compared to the weighted average yield of the benchmarks at .38% as of June 30, 2016. The weighted average duration in the portfolio was .754 vs. the weighted average duration of the benchmarks at .611.
- Currently there is 28% of the portfolio in Money Market Mutual funds, and 72% in Fixed Income Securities (US Treasuries).
- (page 3) Total net income on NMFA invested Funds for the month of June was \$248,774 compared to \$132,723 in June last year
- Total net income on all NMFA invested funds for FY 2016 was \$2,510,079 compared to \$1,392,099 this time last year.

24. Consideration and Acceptance of the Investment Report for the period ending June 30, 2016.

Mr. Mark Lovato and Ms. Deanne Woodring, Financial Advisor, Government Portfolio Advisors, discussed the Benchmark Analysis of Investment Funds presented to the Investment Committee. The Committee approved changes to the benchmark strategy moving the program funds from 0 – 3 months T-Bill to 0 – one year Notes, and the operating funds from 0 – 1 year to 0 – 3 year Notes to better match the current investment strategy. Discussion ensued on the different types of structure available, the quality of the portfolio and conservative versus aggressive approach. Chair McDermott commented on the impressive improvement but was not sure how to look at incredibly low returns on a very high account. He suggested looking at similar entities and how well their portfolios are doing for a comparison. Ms. Woodring said that is a possibility; however, that should be with the

understanding that not all entities are similar and have very different cash flow needs and investment strategies therefore comparing may be difficult. Mr. Coalter noted that NMFA truly has a better picture of the cash flow. Chair McDermott suggested presenting this report on a semi-annual basis.

Member Torres moved, seconded by Member Fulginiti, to accept the Investment Report for the period ending June 30, 2016. The motion passed 9- 0.

Report from the Chairperson of the Contracts Committee. *Committee members are Secretary Ryan Flynn, Chair (Mr. Michael Vonderheide, Secretary Designee for Secretary Ryan Flynn); Mr. Juan Torres (Secretary Designee for Secretary John Barela); and Mr. Steve Kopelman.*

25. Update on Activities. Member Flynn reported on the Contracts Committee meeting of July 18, 2016. Staff presented the Recommendation for PPRF and Standalone Bond Underwriter Pool for Fiscal Year 2017. The NMFA issued an RFP on May 13, 2016 with the approval of the Contracts Committee to select an underwriter pool consisting of six underwriters and one alternative co-manager to manage negotiated PPRF and Standalone bond issues for FY 2017. The Committee unanimously approved the Evaluation Committee's recommendations for submittal to the full Board.

26. Consideration for Approval of PPRF and Standalone Bond Underwriter Pool for Fiscal Year 2017. Mr. Michael Zavelle briefly reviewed the selection process for an underwriter pool consisting of six underwriters and one alternative co-manager to manage negotiated PPRF and Standalone bond issues for fiscal year 2017. He described the selection process, scoring methodology and recommendation that the following managers and alternative co-manager be included in the Pool in the following order:

- #1 Bank of America Merrill Lynch
- #2 Morgan Stanley
- #3 RBC Capital Markets
- #4 Wells Fargo Securities
- #5 Hutchinson Shockey Erley
- #6 JP Morgan, and
Piper Jaffray as Alternative Co-Manager.

Member Flynn moved, seconded by Member Fulginiti, for approval of the PPRF and Standalone Bond Underwriter Pool for FY 2017. The motion passed 9 – 0.

27. NMFA FY 2017 Operating Budget. Chair McDermott noted that staff continues to work on the budget providing additional information to the Finance and Loan Committee. In order to provide additional time to address those items, Chair McDermott requested a motion to defer approval of the 2017 Operating Budget until August and authorize the Finance Authority to continue its operations in accordance with the 2016 Operating Budget levels until Board approval of the 2017 Operating Budget.

Member Fulginiti moved, seconded by Member Ulibarri, to defer approval of the 2017 Operating Budget until August and authorize the Finance Authority to continue its operations

in accordance with the 2016 Operating Budget levels until Board approval of the 2017 Operating Budget. The motion passed 9 – 0.

28. Recognition of Dr. Tom Clifford – Years of Service on NMFA Board.

Chair McDermott commended Dr. Clifford on his years of service on the NMFA Board as Secretary of the Department of Finance and Administration. Dr. Clifford received a plaque commemorating his six years of service.

29. Next Board Meeting

Thursday, August 25, 2016 – 9:00 a.m.
State Capitol, Room 322
Santa Fe, NM

30. Adjournment

The meeting adjourned at 11:15 a.m.

T.D.M.

Secretary

9-22-16

Date