

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

**Minutes of Board Meeting  
May 24, 2018  
State Capitol – Room 309  
Santa Fe, New Mexico**

**Present:**

John McDermott, Chair	McDermott Advisory Services, LLC
William Fulginiti	Executive Director, NMML
Katherine Ulibarri, Treasurer	V/P for Finance/Operations, Central NMCC
Ken McQueen	Secretary, NM Energy & Minerals
Butch Tongate	Secretary, NM Environment Dept.
A.J. Forte	Secretary Designee, Dept. of Finance & Administration
Juan Torres	Secretary Designee, Economic Development Dept.
Santiago Chavez	Designee, Executive Director, NMAC
Blake Curtis	CEO, Curtis & Curtis, Inc.

**Finance Authority Staff:**

Angela Quintana	Carmela Manzari
Connie Marquez	Dan Opperman
Floyd Trujillo	Frank Ibarra
John Brooks	Heather Boone
Joe Durr	Leslie Medina
Marquita Russel	Michael Vonderheide
Michael Zavelle	Oscar Rodriguez
Robert Coalter	Susan Rodriguez
Todd Johansen	Zach Dillenback

**Guests:**

Anne Browne	Sutin Thayer & Browne
Ben Spencer	Titan Development
Clint Elkins	George K. Baum & Co.
David Buchholtz	Rodey Law Firm
Elizabeth Rogers	EAWSO
Evan Kist	RBC
Harold Trujillo	EMNRD
Jerry Kyle, Jr.	Orrick, Herrington & Sutcliffe LLP
Jonas Armstrong	LFC
Karen Torres	NMED

Kurt Browning  
Leandro Cordova  
Luis Carrasco  
Marcos Trujillo  
Mark Chaiken  
Matt Lammers  
Peter Shellenberger  
Susen Ellis  
Suzanne Bruckner  
Tom Church

Titan Development  
Taos County  
Rodey Law Firm  
New Mexico Department of Transportation  
Virtue & Najjar  
Titan Development  
PFM Asset Management  
BOKF  
Sutin Thayer & Browne  
New Mexico Department of Transportation

1. **Call to Order and Roll Call.** Chair John McDermott called the meeting to order at 9:00 a.m. A roll call established a quorum.

2. **Approval of Agenda.**

**Member Fulginiti moved, seconded by Member McQueen, to approve the agenda. The motion passed 9 - 0.**

3. **Approval of the April 26, 2018 Board Minutes and April 25, 2018 Strategic Planning Board Retreat Minutes.**

**Member Fulginiti moved, seconded by Member Curtis, for approval of the April 26, 2018 Board Minutes and April 25, 2018 Strategic Planning Board Retreat Minutes. The motion passed 9 – 0.**

4. **Report from Chief Executive Officer.**

- ◆ EnAble Update: Mr. Coalter reported the project is in validation not testing. Staff is addressing problems, one by one, and correcting each of the problems along with submitting change order requests as necessary. Mr. Coalter said the system works but has some issues. Mr. Floyd Trujillo noted staff is also evaluating the EUA process. The table top exercise did bring out issues that need addressing.

Chair McDermott reported that Mr. Coalter gave a detailed report to the Executive Committee on the EnAble Project advising that staff will not meet commitment date by end of fiscal year. Staff will provide a revised schedule to Executive Committee and Audit Committee prior to the next meeting. Chair McDermott noted the importance of absolutely meeting the next commitment.

- ◆ The Oversight Committee has scheduled the first interim meeting on June 15 in Santa Fe. Staff is hopeful to present the Strategic Plan to the Committee at the August 15 meeting. Mr. Coalter plans to create a task force to address legislative changes including removing legislative authorization for PPRF projects.

**Disclosure Committee Report** (*Mr. William Fulginiti, Ms. Kathy Ulibarri, Mr. Juan Torres, Mr. Steve Kopelman, and Mr. Santiago Chavez*)

5. **Update on Activities.** Member Fulginiti reported on the Disclosure Committee meeting of May 16. The Committee reviewed and recommended approval of the resolution on the agenda today at item #7.
6. **Results of PPRF 2018B, 2018C-1, and 2018C-2.** Mr. Michael Zavelle submitted the bond sale results.

NMFA sold \$19,400,000 of PPRF 2018C1 subordinate lien tax-exempt bonds and \$13,175,000 of PPRF 2018 C2 subordinate lien taxable bonds on May 8 and \$22,530,000 of PPRF 2018B senior lien tax-exempt bonds on May 9 2018, both by negotiated sale.

The 2018C subordinate lien bond senior manager was RBC Capital Markets with JP Morgan and Piper Jaffray as the co-managers. The 2018B senior lien bond senior manager was GK Baum with Fidelity and Wells Fargo as the co-managers. The sales utilized delegation authority with Board Treasurer Katherine Ulibarri and Board Vice-Chair William Fulginiti along with CEO Robert Coalter signing the bond purchase agreements on behalf of the Board. The sale and final agreement on structuring closed in a timely manner finalizing investor commitments soon after the sale a benefit in attracting investors.

The bond sales 1) refinanced the 2019 to 2028 maturities of the 2008B senior bonds and the 2019 to 2023 maturities of the 2013C1 subordinate lien bonds; 2) reimbursed the PPRF for 16 loans; and, 3) funded \$20 million of State Building Bonds for a CYFD building. The NMFA also redeemed the remaining maturities of the 2008B, the 2008C, the 2013C1, and the 2013C2 bonds.

The PPRF 2018B bonds mature in 2031 with an average life of 5.8 years and an effective interest rate of about 2.5%. The PPRF 2018C1 bonds mature in 2039 with an average life of 14.5 years and an effective interest rate of about 3.6%. The PPRF 2018C2 taxable bonds mature in 2038 with an average life of 12 years and an effective interest rate of about 3.9%. All three bond series have a 10-year call in June 2028.

7. **Consideration for Approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority State Transportation Refunding Revenue Bonds (State Transportation Commission – Subordinate Lien), Series 2018A, Preliminary Official Statement, Twenty-Second Supplemental Indenture of Trust and Related Documents.** Approval of the STC Series 2018A Authorizing and Delegating Resolution (“Resolution”) and related documents for the New Mexico Finance Authority State Transportation Refunding Revenue Bonds (State Transportation Commission – Subordinate Lien), Series 2018A (the “STC Series 2018A Bonds”)

The Finance Authority is issuing and selling the STC Series 2018A Bonds in an amount to be determined, but not to exceed \$600,000,000.

The proceeds will refund all or portions of the (i) Series 2008A-1 Bonds, Series 2008B-1 Bonds, Series 2011A-1 Note, Series 2011A-2 Note, and Series 2011A-3 Note, (ii) pay termination payments associated with qualified exchange agreements entered into in association with such outstanding obligations, and (iii) pay costs incurred in connection with the issuance of the STC Series 2018A Bonds.

Mr. Dan Opperman introduced guests in attendance including Secretary Tom Church and Mr. Marcos Trujillo from the NMDOT, Mr. Peter Shellenberger, PFM Asset Management; Mr. Jerry Kyle, Orrick, Herrington & Sutcliffe LLP, Mr. David Buchholtz and Mr. Luis Carrasco, Rodey law firm.

Mr. Michael Zavelle reviewed the bond documentation for the floating rates changing to fixed rates with an extended term.

Secretary Church commented on the need for the transaction, addressing the upcoming cliff payment with the SWAPS. He said the change from variable rates to fixed rates provides stability to the NMDOT portfolio. Mr. Shellenberger commented on the rates anticipated at sale and current market conditions. Mr. Kyle reviewed the POS with Mr. Buchholtz reviewing the authorizing resolution.

**Member Fulginiti moved, seconded by Member Tongate, for approval of the Authorizing and Delegating Resolution for the NMFA State Transportation Refunding Revenue Bonds (State Transportation Commission – Subordinate Lien), Series 2018A, Preliminary Official Statement, Twenty-Second Supplemental Indenture of Trust and Related Documents. The motion passed 9 – 0.**

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

8. **Update on Activities.** Member Fulginiti said the Committee reviewed the WTB and CIB applications recommended for approval by the respective Boards.
9. **2018 Water Project Fund Overview.** Approval of grants and loans to 14 applications recommended by the Water Trust Board (“WTB”) through the 2018 application cycle.

By statute, the WTB submits recommendations to NMFA for making grants and loans to projects authorized by the Legislature using an annual application process. This year the WTB has \$17,305,000 available for awards derived from severance tax bond proceeds and Water Trust Fund distribution. The recommendations resulted from a comprehensive review considering policy and regulatory compliance, project readiness, and evidence of complete funding.

10. **Consideration and Recommendation for Approval of Village of Columbus (Luna County) – Flood Prevention Project – WPF-4340.** Flood Prevention - Recommended Funding: WPF 90% grant - \$1,513,350 and WPF 10% loan - \$168,150 totaling \$1,681,500.
11. **Consideration and Recommendation for Approval of Village of Chama (Rio Arriba County) – Water Project – WPF-4369.** Chama Water Treatment Plant – Recommended Funding: WPF 90% grant - \$596,700 and WPF 10% loan - \$66,300 totaling \$663,000.
12. **Consideration and Recommendation for Approval of City of Clovis (Curry County) – Water Project – WPF-4360.** Effluent Reuse Project - Recommended Funding: WPF 90% grant - \$1,710,000 and WPF 10% loan - \$190,000 totaling \$1,900,000.

13. **Consideration and Recommendation for Approval of City of Jal (Lea County) – Water Project – WPF-4381.** Jal Lake Well Water Conservation Project – Recommended Funding: WPF 90% grant - \$522,000 and WPF 10% loan - \$58,000 totaling \$580,000.
14. **Consideration and Recommendation for Approval of Trampas MDWCA (Taos County) – Water Project – WPF-4320.** Water Conservation Design/Construct Water Treatment Project – Recommended Funding: WPG 90% grant – 224,825 and WPF 10% loan - \$24,980 totaling \$249,805.
15. **Consideration and Recommendation for Approval of Ancones MDWWCA (Rio Arriba County) – Water Storage Project – WPF-4329.** Water System Improvements – Recommended Funding: WPF 85% grant - \$539,518 and WPF 15% loan - \$95,209 totaling \$634,727.
16. **Consideration and Recommendation for Approval of Cañoncito at Apache Canyon MDWWCA (Santa Fe County) – Water Storage Project – WPF-4325.** Phase II Water System Improvements – Recommended funding: WPF 90% grant - \$1,468,800 and WPF 10% loan - \$163,200 totaling \$1,632,000.
17. **Consideration and Recommendation for Approval of Eastern New Mexico Water Utility Authority (Curry County) – Water Storage Project – WPF-4326.** Water Storage Design/Construct – Recommended Funding: WPF 90% grant - \$2,244,041 and WPF 10% loan - \$249,338 totaling \$2,493,379.
18. **Consideration and Recommendation for Approval of Town of Elida (Roosevelt County) – Water Storage Project – WPF-4351** Water Transmission Line – Recommended Funding: WPF 90% grant - \$610,763 and WPF 10% loan - \$67,862 totaling \$678,625.
19. **Consideration and Recommendation for Approval of City of Gallup (McKinley County) – Water Storage Project – WPF-4338.** Water Storage Construct/Water Lines – Recommended funding: WPF 60% grant - \$1,496,027 and WPF 40% loan - \$997,352 total \$2,493,379.
20. **Consideration and Recommendation for Approval of City of Portales (Roosevelt County) – Water Storage Project – WPF-4318.** Water Storage System Improvements – Recommended Funding: WPF 90% grant - \$2,008,607 and WPF 10% loan - \$223,178 totaling \$2,231,785.
21. **Consideration and Recommendation for Approval of Claunch-Pinto SWCS (Torrance County) – Watershed Project – WPF-4361.** Watershed Design/Watershed Restoration – Recommended Funding – WPF 100% grant -\$600,000.
22. **Consideration and Recommendation for Approval of East Rio Arriba SWCD (Rio Arriba County) – Watershed Project – WPF-4327.** Construct Rio Chama/San Juan Watershed – Recommended Funding: WPF 100% grant - \$1,000,000.
23. **Consideration and Recommendation for Approval of Sierra SWCD (Sierra County) – Watershed Project – WPF-4383.** Watershed Plan/ Design Fire Rehabilitation – Recommended Funding: WPF 100% grant - \$466,800.

**Member Fulginiti moved, seconded by Member Torres, for approval of Items 10 – 23. Motion passed 8 – 0 with Member Forte out for the vote.**

- 24. 2018 Colonias Infrastructure Project Fund Overview.** The Colonias Infrastructure Board (“CIB”) recommends approval of the 18 projects that follow for the identified scopes of work and funding amount based upon NMFA procedures and CIB policies.

By statute, the NMFA makes grants and loans to projects recommended by the CIB, which uses an annual application process to determine which projects to recommend to the NMFA for approval. This year the CIB has \$9,527,442 available from this year’s Severance Tax Bond distribution. Per CIB policies, funding is 10% loan/90% grant, unless otherwise approved by the CIB.

- 25. Consideration and Recommendation for Approval of Village of Columbus (Luna County) – NE Channel Flood Prevention Project – 4646-CIF.** Plan/Design NE Channel – Recommended funding – CIF 90% grant - \$222,750 and CIF 10% loan - \$24,750 totaling \$247,500.
- 26. Consideration and Recommendation for Approval of Socorro County – Flood Prevention Project – 4629-CIF.** Design/Construct Drainage Projects – Recommended Funding – CIF 90% grant - \$835,978 and CIF 10% loan - \$92,886 totaling \$928,864.
- 27. Consideration and Recommendation for Approval of Town of Carrizozo (Lincoln County) – Flood Prevention Project – 4653-CIF.** Roads/Drainage/Design – Recommended Funding: CIF 90% grant - \$742,260 and CIF 10% loan - \$82,473 totaling \$824,733.
- 28. Consideration and Recommendation for Approval of Catron County – Flood Prevention Project – 4639-CIF.** Roads/Drainage – Recommended Funding: CIF 90% grant - \$481,593 and CIF 10% loan - \$53,510 totaling \$535,103.
- 29. Consideration and Recommendation for Approval of Cider Mills Farms MDWCA (Otero County) – Flood Prevention Project – 4626-CIF.** Roads/Drainage – Recommended Funding: CIF 90% grant - \$45,000 and CIF 10% loan - \$5,000 totaling \$50,000.
- 30. Consideration and Recommendation for Approval of Grant County – Roads/Drainage Project – 4644-CIF.** Construct safety improvements to roads – Recommended funding: CIF 90% grant - \$970,929 and CIF 10% loan - \$107,881 totaling \$1,078,810.
- 31. Consideration and Recommendation for Approval of Village of Columbus (Luna County) – Wastewater Infrastructure – 4647-CIF.** Design additional facultative pond – Recommended funding – CIF 90% grant - \$77,400 and CIF 10% loan - \$8,600 totaling \$86,000.
- 32. Consideration and Recommendation for Approval of City of Deming (Luna County) – Wastewater Infrastructure – 4636-CIF.** Construct/replace sewer – Recommended funding: CIF 90% grant - \$412,240 and CIF 10% grant - \$45,805 totaling \$458,045.

33. **Consideration and Recommendation for Approval of Doña Ana County –Wastewater Infrastructure – 4642-CIF.** Construct gravity lines/manholes/service roads – Recommended funding: CIF 90% loan - \$868,917 and CIF 10% loan - \$96,546 totaling \$965,463
34. **Consideration and Recommendation for Approval of Doña Ana MDWCA (Doña Ana County) – Wastewater Infrastructure – 4634-CIF.** Vacuum WW collection system – CIF 90% grant - \$970,928 and CIF 10% loan - \$107,881 totaling \$1,078,809.
35. **Consideration and Recommendation for Approval of City of Ruidoso Downs (Lincoln County) – Wastewater Infrastructure – 4628-CIF.** North Parker Rd WW collection system – Recommended Funding – CIF 90% grant - \$681,502 and CIF 10% loan - \$75,722 totaling \$757,224.
36. **Consideration and Recommendation for Approval of City of Bayard (Grant County) – Water Infrastructure – 4627-CIF.** Water Design/Construct – Recommended funding: CIF 90% grant - \$153,900 and CIF 10% loan - \$17,100 totaling \$171,000.
37. **Consideration and Recommendation for Approval of Hanover MDWCA (Grant County) – Water Infrastructure – 4632-CIF.** Design/construct well – Recommended funding: CIF 80% grant - \$40,000 and CIF 20% loan - \$10,000 totaling \$50,000.
38. **Consideration and Recommendation for Approval of Lower Rio Grande PWWA (Doña Ana County) – Water Infrastructure – 4645-CIF.** Design/construct well/booster station – Recommended funding – CIF 80% grant - \$116,688 and 20% loan - \$29,172 totaling \$145,860.
39. **Consideration and Recommendation for Approval of Town of Lake Arthur (Chaves County) – Water Infrastructure – 4638-CIF.** Design/construct water system – CIF 80% grant - \$655,330 and 20% loan - \$163,832 totaling \$819,162.
40. **Consideration and Recommendation for Approval of La Luz MDWCA & MSWA (Otero County) – Water Infrastructure – 4640-CIF.** Water well replacement – Recommended funding: CIF 90% grant - \$620,666 and CIF 10% loan - \$68,963 totaling \$689,629.
41. **Consideration and Recommendation for Approval of City of Lordsburg (Hidalgo County) – Water Infrastructure – 4630-CIF.** Water Mains/Fire Hydrants/Gate Valves – Recommended funding: CIF 90% grant - \$498,600 and CIF 10% loan - \$55,400 totaling \$554,000.
42. **Consideration and Recommendation for Approval of Vista del Rey MDWCA (Doña Ana County) – Water Infrastructure – 4652-CIF.** Design Water System Improvements – Recommended funding: CIF 90% grant - \$78,516 and CIF 10% loan - \$8,724 totaling \$87,240.

**Member Fulginiti moved, seconded by Member Chavez, for approval of Items 25 – 42. The motion passed 8 – 0 with Member Forte out for the vote.**

**43. Consideration and Recommendation for Approval of Taos County – Series 2018 Educational GRT Bonds – PPRF-4745.** Taos County (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$8,400,000 for public school capital projects and off-campus instruction program capital projects.

The capital projects are for the Taos Municipal School District, Penasco, and Questa Independent School Districts, and UNM- Taos Educational Center. The loan proceeds will address a combination of the capital projects and improvements including the cost of issuance.

The security and repayment of the loan is the County Education Gross Receipts Tax (“CEDGRT”) imposed at one-half of one percent (.50%). The CEDGRT is a unique gross receipts tax imposed only in Taos County with an expiration date of 2023.

The CEDGRT also requires an Extraordinary Mandatory Redemption Fund (“EMRF”) maintained by a Trust Depository. The EMRF commenced on April 1, 2014 and on each April 1 thereafter, the outstanding Bonds shall be subject to extraordinary mandatory redemption by the County, in inverse order of maturities of the principal and interest.

This loan requires a policy waiver of the expected coverage ratio of 1.25xs as specified in the Series 2013 GRT Bonds which established an ABT of 1.15xs. The 1.15xs coverage results in a loan debt service coverage ratio that is lower than the established minimum coverage required by PPRF Loan Management Policies. To determine debt service coverage of 1.15xs, staff analyzed a three year average of the CEDGRT using base pledged revenues consisting of \$3,840,117.

The 2017 audit received an unmodified opinion with two findings, one a material weakness on accounts receivable cutoff, and a significant deficiency regarding trial balance maintenance and financial statement preparation. The County provided a corrective action plan.

**Member Fulginiti moved, seconded by Member Chavez, for approval of Taos County Project PPRF-4745. The motion passed 9 – 0.**

**44. Consideration and Recommendation for Approval of Eldorado Area Water & Sanitation District (Santa Fe County) – Series 2018 Building Purchase and Improvements – PPRF-4735.** Eldorado Area Water and Sanitation District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$589,591 to finance the costs associated with purchasing a building and respective improvements.

The District currently leases the building for use as its Administrative and Operations Office. The square footage is approximately 5,600 and the lot size is approximately 2 acres.

Net System Revenues provide security and repayment for the loan. Staff used FY2017 to determine debt service coverage of 1.44xs with base pledged revenues of \$1,379,186.

The 2017 audit received an unmodified opinion with zero findings.



**Member Fulginiti moved, seconded by Member Chavez, for approval of Eldorado WSD Project PPRF-4735. The motion passed 9 – 0.**

- 45. Consideration and Recommendation for Approval of Las Vegas City Public Schools (San Miguel/Mora County) – Series 2018 GO Bonds – PPRF-4739.** Las Vegas City Public School District No. 2 (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,750,000 for Series 2018 General Obligation Bonds.

In February 2017, the District received voter approval for \$11,000,000 for school infrastructure. The District will issue General Obligation Bonds for \$2,750,000 which NMFA will purchase with the PPRF for a combination of the voter approved improvements including cost of issuance.

The GO Bond purchase risk is significantly reduced by Section 22 18 13 NMSA 1978 which guarantees payment by the Department of Finance and Administration (“DFA”) should the District default.

The 2017 audit received an unmodified opinion with eight findings, four repeated significant deficiencies, three of concern including cash receipts 24 hour deposit rule, payroll documentation, and purchase orders and documentation. The District continues remediating the findings and provided a corrective action plan.

**Member Fulginiti moved, seconded by Member Chavez, for approval of the City of Las Vegas City Public Schools Project PPRF-4739. The motion passed 9 – 0.**

- 46. Consideration and Recommendation for Approval of City of Clovis (Curry County) – 2018 Street Improvement Loan – PPRF-4742.** The City of Clovis (“City”) applied for Public Project Revolving Fund (“PPRF”) financing for \$4,592,444 to finance the complete reconstruction of 7th Street from Norris to Maple Streets.

The City is pledging its distribution of the State Shared GRT for repayment of the loan.

The 2017 audit received an unmodified opinion with one finding, a material weakness for relying on external auditor to make year-end adjustments.

**Member Fulginiti moved, seconded by Member Chavez, for approval of City of Clovis Project PPRF-4742. The motion passed 9 – 0.**

- 47. Consideration and Recommendation for Approval of City of Las Cruces Fire Department (Doña Ana County) – 2018 Fire Equipment GRT Loan – PPRF-4738.** The City of Las Cruces Fire Department (“Department”) applied for Public Project Revolving Fund (“PPRF”) financing for \$1,419,664 to finance two fire trucks to support fire suppression efforts.

The City will pledge the 2nd increment of the Municipal Gross Receipts Tax (“MGRT”) as security and repayment of the loan. Moody’s rated the City’s MGRT at Aa1.

The 2017 audit received an unmodified opinion with one finding neither a significant deficiency nor a material weakness.

**Member Fulginiti moved, seconded by Member Chavez, for approval of City of Las Cruces Fire Department Project PPRF-4748. The motion passed 9 – 0.**

- 48. Consideration and Recommendation for Approval of Fort Sumner Municipal Schools (De Baca County) – Series 2018 GO Bonds – PPRF-4736.** The Fort Sumner Municipal Schools (“Schools”) applied to the Public Project Revolving Fund (“PPRF”) for \$900,000 for school improvements.

The District received voter approval in February 2018 for \$900,000 for school infrastructure valid for four years. The District will issue General Obligation Bonds for \$900,000 which NMFA will purchase with the PPRF.

The GO Bond purchase risk is significantly reduced by Section 22 18 13 NMSA 1978 which guarantees payment by the Department of Finance and Administration (“DFA”) should the District default.

The 2017 audit received an unmodified opinion with five findings, three being significant deficiencies regarding control over cash receipts, non-compliance with procurement processing of cash disbursements, and non-compliant Audit Committee. The District submitted a corrective action plan.

**Member Fulginiti moved, seconded by Member Chavez, for approval of Fort Sumner Municipal Schools Project PPRF-4736. The motion passed 9 – 0.**

- 49. Consideration and Recommendation for Approval of City of Moriarty (Torrance County) – Refunding & Renovation of Civic Center – PPRF-4737.** The City of Moriarty (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,343,359 to refund PPRF-0359, Series 2002A Bonds, and apply for additional funds to renovate the Civic Center.

Issued September 22, 2002 with a par amount of \$1,964,962, Series 2002A bonds funded construction of a Civic Center Facility. Under current market conditions, the refunding expects to achieve actual savings of approximately \$11,354.99 which represents net present value savings of more than 3.72% over the life of the loan.

The 2017 audit received an unmodified opinion with one finding, a significant deficiency for noncompliance with travel and Per Diem and DFA Rule 95-1. The City submitted a corrective action plan.

**Member Fulginiti moved, seconded by Member Chavez, for approval of City of Moriarty Project PPRF-4737. The motion passed 9 – 0.**

**50. Consideration and Recommendation for Approval of Lincoln County – Hondo Valley Fire Department Loan Building Project – PPRF-4741.** The Lincoln County – Hondo Valley Fire Department (“Department”) applied to the Public Project Revolving Fund (“PPRF”) for \$461,904 to finance the construction and assembly of a prefabricated building.

The Department purchased and is in possession of a prefabricated metal building needing interconnection to utilities including water, power, and sewer and interior buildout.

The Department has an ISO rating of 6 with one main station and one substation receiving an annual base distribution of \$79,139 from State Fire Protection Funds. Lincoln County will contribute \$346,561 towards this project.

The 2017 audit received an unmodified opinion with one finding, neither a material weakness nor significant deficiency.

**Member Fulginiti moved, seconded by Member Chavez, for approval of Lincoln County – Hondo Valley Fire Department Project PPRF-4741. The motion passed 9 – 0.**

**51. Consideration and Recommendation for Approval of Village of Floyd (Roosevelt County) – Series 2018 GRT Refunding Loan, Technical Restructuring – PPRF-4744.** The Village of Floyd (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for technical restructuring of PPRF-2677 for \$11,903 by applying amounts in the Debt Service Fund and reserve balances and requests a restructuring of the remaining loan amount and term.

Due to decreasing tax revenue and distribution adjustments, the new restructure will allow the Village to remain within the required loan coverage. The Village originally applied to finance the cost of Phase 1 of the Water Treatment Facility Project consisting of planning and design of the facility and the purchase of the land where the facility is located. The original loan carried an 11-year term.

The Village completed the project in 2015 and requested adding the \$36,421.90 in unspent funds to the back end of the loan shortening the term by three years. As part of this restructuring, the Village is also requesting reinstatement of the original term.

The 2017 audit received an unmodified opinion with 1 finding, a significant deficiency for an overspent budget.

**Member Fulginiti moved, seconded by Member Chavez, for approval of Village of Floyd Project PPRF-4744. The motion passed 9 – 0.**

**52. Sierra Vista Hospital Update – PPRF-4744.** Mr. Zach Dillenback presented a brief update on Sierra Vista Hospital (“Hospital”). The Hospital reported last month that they finished a second month of having a net profit based on operations of the hospital which they viewed as a critical step in terms of the turnaround and some of the changes they are installing. The Hospital believes this coming month, based on trends, may also reflect a net profit which they see as a huge step forward in terms of the base operations.

The Hospital also received cost reimbursement from state Medicaid which provides some relief. On revenue cycling, billing issues are clearing up with a third party procured to handle external billing issues not handled by Athena. The Hospital is looking to expand the scope of services with the external billing contractor to look at AR management especially as it pertains to the system.

Additionally, the Hospital is installing and procuring a productivity monitoring system helping them to control labor expenses. The Hospital received congressional assistance with veteran affairs claims and expects \$600,000 with the expedited claims processing. Claim denials have improved although admissions are down. The Hospital has a goal of trying to admit 10% of admissions into ER, and those admissions are currently trending at 7%. Redesign is complete and with the contractor who is preparing a revised cost assessment analysis. On construction, they are at a stopping point having done what they can, and are awaiting review of the redesign.

Chair McDermott mentioned the prospect of litigation with Athena and the contractor discussed at the last board meeting. Mr. Dillenback said the Hospital is not pursuing litigation at this point.

**53. Consideration and Recommendation for Revised Approval of City of Roswell (Chaves County) – Water Project, Additional Proceeds – DW-4196.** The City of Roswell (“City”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for revised approval for \$5,381,142 to complete the construction of a 2 million gallon reservoir system.

The NMFA approved a total loan amount of \$4,040,000 for the construction project in September 2017. Prior to loan closing date, the City requests approval of \$5,381,142 increase of \$1,327,863 from the original approved amount to cover the increased costs associated within the bid amounts. The City also requests an extension in its readiness to proceed process.

The original loan was for the Roswell International Air Center (RIAC) currently served by an elevated steel water tower tank built in 1943 with a capacity of 500,000 gallons. An October 2016 engineering inspection report revealed that the existing RIAC water tower is in need of replacement. In addition, the City's 2012 Water System Master Plan Report found that the RIAC water and fire protection needs require a 2 million gallon reservoir storage capacity. The City proposes replacing the current water tower with two 1 million gallon reservoir tanks or one 2 million gallon reservoir. Although the City qualifies for 50% principal forgiveness, due to the project's ranking on FY 2018 Annual DWSRLF Fundable Priority List, they will only receive the remaining subsidy amount of \$393,397.

**Member Fulginiti moved, seconded by Member Chavez, for revised approval of City of Roswell Project DW-4196. The motion passed 9 – 0.**

- 54. Consideration and Recommendation for Approval of Valley Estates Mutual Water & Sewer Association (Rio Arriba County) – Water Storage Tank Replacement – DW-4732.** The Valley Estates MWSA (“Association”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$204,749 to replace their 1958 sixty year old 30,000 gallon welded steel water storage tank with a new 40,000 gallon tank. The new tank will increase the systems storage volume by 33%, is a taller tank, and will provide a higher system pressure.

The water improvement project will provide the required water compliance and address various water related issues.

**Member Fulginiti moved, seconded by Member Chavez, for Valley Estates MWSA Project DW-4732. The motion passed 9 – 0.**

- 55. Consideration and Recommendation for Revised Approval of Lower Des Montes MDWCA (Taos County) – Water Improvement Project, Scope Change – DW-4210.** The Lower Des Montes MDWCA (“Association”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for revised approval for \$303,000 to amend the project scope for loan DW-4210.

The Association received NMFA Board approval for a DWSRF loan on September 28, 2017 with loan closing scheduled on June 22, 2018. The project funding package is for \$303,000, with the Association receiving 50% principal forgiveness equating to \$151,000. The loan term is 22 years with the pledged revenue source being Net Systems Revenue of the water system, with a minimum debt service coverage ratio of 1.27xs and an interest rate of 0.25%.

The Association requests the addition of the following: add rehabilitation to the water storage tank; a pump house; and a new well pump to the existing project description. The application submitted to the NMFA had a short project summary description and a longer project justification section. The well pump house and the new well pump were included in the justification but not included in the summary section nor presented to the Board on September 28, 2017.

The new project description reads:

“Design and construction of water system improvements, including replacing the existing pump station, installing a new well pump, sealing the interior coating of the existing water storage tank, install a new 6-inch, 4-inch and 2-inch waterlines, replacing existing 3-inch water line with new 6-inch waterline and reconfiguring the chlorination system *and all related expenditures.*”

**Member Fulginiti moved, seconded by Member Chavez, for revised approval of Village of Des Montes MDWCA Project DW-4210. The motion passed 9 – 0.**

**56. Review of SYF 2019 Intended Use Plan.** Review of the state fiscal year 2019 Intended Use Plan (“IUP”) for the Drinking Water State Revolving Loan Fund (“DWSRLF”).

The Drinking Water State Revolving Loan Fund Act (“Act”) partners the NMFA with the New Mexico Environment Department (“NMED”) in the administration of the federally funded Drinking Water program. Federal guidelines require that annually each state publish an IUP which informs the public on the use of the federal funds during the fiscal year, including any new requirements of the federal grant. The Act gives this responsibility to the NMED; however, it requires that NMFA collaborate in the publishing of the document as the IUP contains items that are under the purview of the NMFA Board.

Following the NMFA review of the IUP, the IUP is available for a 30-day public review and comment period. The final document includes any comments received during the public review period and is subsequently forwarded to EPA Region 6 for approval.

**Report from the Economic Development Committee.** *Committee members are Mr. Juan Torres, Chair (Secretary Designee for Secretary Matt Geisel) and Mr. Blake Curtis.*

**57. Update on Activities.** The Economic Development Committee met on May 15, 2018. Staff reviewed the private lending portfolio and its recommendation for Preliminary Approval of an NMTC allocation. Staff recommends approval of items #58 and #60 that follow.

**58. Appointment of Finance New Mexico, LLC Advisory Board Member.** Recommendation to appoint Mr. David Hale to Finance New Mexico, LLC Advisory Board.

Staff recommended the appointment of Mr. David Hale to the Finance New Mexico, LLC Advisory Board replacing Mr. John McDermott. Mr. Hale is President of Tucumcari Federal Savings & Loan Association and active in state and local economic development. Mr. Hale voiced interest and willingness to serve on the Advisory Board.

**Member Torres moved, seconded by Member Curtis, for appointment of Mr. David Hale to the Finance New Mexico, LLC Advisory. The motion passed 9 – 0.**

**59. Consideration and Recommendation for Preliminary Approval of Urban Hospitality NM, LLC – New Markets Tax Credit (“NMTC”) Application – NMTC-3816.** Staff recommends preliminary approval of the NMTC financing for Urban Hospitality NM, LLC (“UHNM”).

Interest-only loan in the amount of \$14,550,000 made to UHNM at a blended interest rate now estimated at 4.075% and projected coverage of 1.22xs. The loans will be made by Finance New Mexico-Investor Series XXIV with capital provided from qualified equity investment (“QEI”) made by the FNM Investment Fund XXIV which will be 100% owned by an Investor now anticipated to be Wells Fargo Community Investment Holdings, LLC (“WFCIH”). A loan of \$10,089,950 from New Mexico Bank & Trust with an interest rate now estimated at 4.95% will partially fund the QEI.

UHNM proposes to use the NMTC proceeds to fund the construction a 138-room Marriott Springhill Suites, including a floor that will be leased to Ronald McDonald House Charities (“RMHC”), located at the Highlands development in Albuquerque, NM. This \$25.2 million project is the first phase of a 10-acre mixed use redevelopment project that will include multi-family housing and commercial facilities.

Mr. Ben Spencer, UNNM, spoke on behalf of the project. The proposed transaction complies with all NMFA policies with final approval subject only to NMTC documentation acceptable to the NMFA.

**Member Torres moved, seconded by Member Curtis, for preliminary approval of Urban Hospitality NM, LLC NMTC application NMTC-3816. The motion passed 9 – 0.**

**60. Consideration and Recommendation to Submit an Application to the Community Development Financial Institutions Fund for New Markets Tax Credit Allocation.** Staff recommends adoption of the resolution authorizing the submittal of an application for up to \$100 million in NMTC allocation.

On May 11, 2018, the CDFI announced the terms of its 2018 Allocation Round of the NMTC Program with applications due on June 28, 2018. Based on the Notice of Allocation Availability, the CDFI is expected to award in winter 2019 \$3.5 billion in NMTC allocation, with the maximum award capped at \$100 million.

As part of that approval, the Board is required to authorize the submittal of NMTC allocation applications. To date, NMFA, on behalf of Finance New Mexico, has applied for allocation six times and has been successful in securing four allocation awards totaling \$246 million.

Mr. Dan Opperman reviewed the resolution authorizing staff to submit an application for NMTC allocation.

**Member Torres moved, seconded by Member Curtis, for approval to submit an application to the Community Development Financial Institutions Fund for NMTC allocation. The motion passed 9 – 0.**

**Report from the Audit Committee.** *Committee members are Chair A.J. Forte (Secretary Designee for Secretary Duffy Rodriguez), Mr. Ken McQueen, Mr. Steve Kopelman, and Ms. Katherine Ulibarri.)*

**61. Update on Activities.** Member Ulibarri reported on the Audit Committee meeting of May 21, 2018. In addition to the items that follow on the agenda, the Committee received an update on EnAble, approved an amendment to the external audit contract, received an update on a proposal for internal audit services, and reviewed the Exceptions Report which follows.

**62. Compliance Exceptions Report.** Ms. Heather Boone referred to the Exceptions Report contained in the Board Book. Ms. Boone said there are really no changes from last month and responded to questions.

**Strategic Planning Task Force Report** (*Ms. Katherine Ulibarri, Mr. Willian Fulginiti, Mr. Juan Torres, Mr. Steve Kopelman, and Mr. Santiago Chavez*)

**63. Strategic Planning Status Report.** Presentation of the Strategic Planning Status Report.

Member Ulibarri reported on the Strategic Planning Task Force meeting of May 21, 2018. The Task Force reviewed the Who We Are and What We Do document with a recommendation made to add a section, Where We Are Going. Also reviewed was a first draft of a strategic framework, the document that establishes goals with specific action items and performance measures. Ms. Boone said they seek input, feedback, and comments and will present the document to the NMFA Oversight Committee. Chair McDermott said that in addition to standard PPRF, WTB, and CIF programs, certain classes are emerging including health care financing and broadband. Mr. Coalter commented that staff discussions also include expanding the roles of the Lending Officers by providing specialized training in various areas.

**Report from the Contracts Committee.** *Committee members are Mr. Juan Torres, Chair (Secretary Designee for Secretary Matt Geisel) and Mr. Steve Kopelman.*

**64. Update on Activities.** Mr. Dan Opperman presented the Contracts Committee report. The Committee met on May 21, 2018 to approve an award of contract to Government Portfolio Advisors, LLC to perform Investment Advisory Services, and to approve an extension of the terms of the MOU with the New Mexico Environment Department for engineering review and construction oversight services for an additional year. The Committee also discussed the draft amended and restated Procurement Policy encouraging New Mexico businesses to apply.

**65. Executive Session: Closed Session to Discuss Matters Subject to Attorney-Client Privilege Pertaining to Threatened or Pending Litigation Related to the International Bank Loan Participation as Allowed by NMSA 1978, Section 10-5-1 (H) (7).**

Chair McDermott entertained a motion for the NMFA Board of Directors to go into Executive Session pursuant to discuss matters subject to Attorney-Client Privilege pertaining to threatened or pending litigation related to the International Bank Loan Participation as allowed by NMSA 1978, Section 10-15-1 (H) (7).

**Member Fulginiti moved, seconded by Member Ulibarri, to go into Executive Session as allowed by NMSA 1978, Section 10-15-1 (H) (7). On a roll call vote, the motion passed 9 – 0.**

RETURN TO OPEN MEETING

Chair McDermott stated, “We are now in open meeting. Let the record reflect that no action was taken during the closed meeting and the only things discussed were matters Subject to Attorney-Client-Privilege pertaining to International Bank Loan Participation.”




**66. Next Board Meeting**

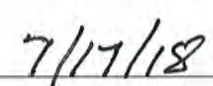
Thursday, June 28, 2018 – 9:00 a.m.  
State Capitol, Room 309  
Santa Fe, NM

**67. Adjournment**

**Member Tongate moved, seconded by Member McQueen, to adjourn the meeting. The motion passed 9-0.**

The meeting adjourned at 11:30 a.m.

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
Date