

New Mexico Finance Authority
207 Shelby St.
Santa Fe, NM 87501
(505) 984-1454
Minutes of Board Meeting
January 24, 2019
Santa Fe County Commission Chambers
Santa Fe, New Mexico

Present:

Katherine Ulibarri, Chair	K. Ulibarri Consulting, LLC
Steve Kopelman, Secretary	Executive Director, NMAC
James Kenney	Secretary Designate, NM Environment Dept.
Olivia Padilla-Jackson	Secretary Designate, Dept. of Finance & Administration
Juan Torres	Designee for Secretary Designate Alicia Keyes, Economic Development Dept.
Matthew Lovato	Designee for Secretary Designate Sarah Cottrell Propst, NM Energy & Minerals

Absent:

William Fulginiti, Vice Chair	Executive Director, NMML
Blake Curtis	CEO, Curtis & Curtis

Finance Authority Staff:

Bryan Otero	Carmela Manzari
Connie Marquez	Dan Opperman
Frank Ibarra	Floyd Trujillo
Joe Durr	John Brooks
John Gasparich	Heather Boone
Leslie Medina	Maria Gallardo
Mark Lovato	Marquita Russel
Michael Vonderheide	Oscar Rodriguez
Richard Garcia	Zach Dillenback

Guests:

Alicia Keyes	Secretary Designate – Economic Development
Anne Browne	Sutin Thayer & Browne
Boe Lopez	Town of Springer
Brad Patterson	Gilmore & Bell
Chris Madrid	Rio Arriba County
Danielle Bradford	Piper Jaffray
Evan Kist	RBC Capital Markets
Jerry Kyle	Orrick Herrington & Sutcliffe
John Moore	Wells Fargo Securities

Mark Chaiken
Sandra Maes
Samuel Blea

Virtue & Najjar
Rio Arriba County
Town of Springer

Shawn Jeffrey
Susen Ellis
Suzanne Bruckner
Tim Kelley

Town of Springer
Bank of Albuquerque
Sutin Thayer & Browne
Piper Jaffray

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

2. **Approval of Agenda.**

Member Kenney moved, seconded by Member Lovato, to approve the agenda. The motion passed 6 - 0.

3. **Approval of the November 29, 2018 Board Minutes.**

Member Lovato moved, seconded by Member Kenney, for approval of the November 29, 2018 Board Minutes. The motion passed 6 – 0.

4. **Welcome – New Board Members.** Chair Ulibarri welcomed the newly appointed Cabinet secretaries to the Board. Chair Ulibarri presented a brief synopsis of the NMFA, its functions, internal committees, and various areas of responsibilities.

5. **Appointment of Board Secretary.** Chair Ulibarri noted the vacancy in the Secretary position with the departure of the former Secretary. She appointed Member Kopelman to serve as Board Secretary.

Member Ulibarri moved, seconded by Member Torres, to appoint Member Kopelman as Board Secretary. The motion passed 6 – 0.

6. **Report from Chief Executive Officer.** Mr. Gasparich' s report included the following:

- ◆ Mr. John Gasparich introduced Mr. Richard Garcia who re-joined the NMFA staff as Program Analyst for the Lending Department.
- ◆ EnAble Update – Mr. Floyd Trujillo presented a brief overview of the EnAble Project including programs currently live and functional. Member Kopelman commended staff for the progress on the project.
- ◆ Mr. Gasparich reviewed the proposed legislation affecting the NMFA either directly or indirectly. The report included the purpose of the various bills, the status and sponsors.

Report from the Finance & Disclosure Committee. *(Committee members are Katherine Ulibarri, Chair; Mr. William Fulginiti, Secretary Designate Alicia Keyes, and Mr. Blake Curtis)*

7. **Update on Activities.** Member Ulibarri reported on the Disclosure Committee meeting of January 15. Although a quorum was not present but the Committee did discuss the delegating resolution and preliminary official statement, and reviewed the Investment Report.
8. **Consideration for Approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2019A, Preliminary Official Statement, Nineteenth Supplemental Indenture of Trust and Related Documents.** Staff requests approval of the Authorizing and Delegating Resolution and related documents for the Series 2019A Bonds.

The Finance Authority is issuing and selling the Series 2019A Bonds in an amount to be determined, but not to exceed \$50,000,000 pursuant to a negotiated sale. The proceeds will reimburse the Finance Authority for moneys used to originate loans or purchase securities to finance certain Projects, and to pay costs incurred in connection with the issuance of the Series 2019A Bonds.

Mr. Michael Zavelle presented the details of the Series 2019A bonds. Mr. Jerry Kyle, Orrick Herrington & Sutcliffe, reviewed the POS for the proposed issuance. Mr. Brad Patterson, Gilmore & Bell presented the Subordinate Lien Authorizing and Delegating Resolution.

Member Padilla-Jackson moved, seconded by Member Kopelman, for approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2019A, Preliminary Official Statement, Nineteenth Supplemental Indenture of Trust and Related Documents. The motion passed 6 – 0.

Report from the Public Lending Committee. *(Committee members are William Fulginiti, Chair; Secretary Designate Olivia Padilla-Jackson, Secretary Designate James Kenney, and Mr. Steve Kopelman.)*

9. **Update on Activities.** Mr. Zach Dillenback presented the Public Lending Committee report on items discussed by the Committee. Mr. Dillenback explained the lending process and reimbursement for the loans.
10. **Consideration and Recommendation for Approval of South Central Solid Waste Authority (“SWA”) (Doña Ana County) – 2019 Infrastructure – PPRF-4879.** The South Central SWA (“Authority”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,193,380 to purchase a Trans Pak 250S stationary compactor replacing a 25-year old compactor.

The Authority will pledge Net System Revenue as repayment.

The 2018 audit received an unmodified opinion with one finding, a material weakness. The Authority provided a corrective action plan.

Member Torres moved, seconded by Member Padilla-Jackson, for approval of South Central SWA Project PPRF-4879. The motion passed 6 – 0.

11. Consideration and Recommendation for Approval of City of Anthony - (Doña Ana County) - 2019 GO Bond– PPRF-4890. The City of Anthony (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$3,000,000 to finance improvements to streets and public parks.

On November 6, 2018, the City received voter approval for street and public park improvement bonds totaling \$3,000,000 valid for four years. The City will issue GO Bonds in the amount of \$3,000,000 which the NMFA will purchase with the PPRF.

The loan will receive 10% of the total bond amount as disadvantaged funding based on the City’s MHI.

The 2017 audit received an unmodified opinion with 8 findings including 2 significant deficiencies. The City submitted a corrective action plan.

Member Kopelman moved, seconded by Member Torres, for approval of City of Anthony Project PPRF-4890. The motion passed 6 – 0.

12. Consideration and Recommendation for Approval of Hidalgo County – Refunding – PPRF-4887. Hidalgo County (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,246,530 to refund loan 2167-PP.

PPRF-2167 closed on June 20, 2008 with a par amount of \$1,984,634 for the planning, design, and construction of, equipping, and furnishing of a new detention center for Hidalgo County.

The County pledged the 3rd and 4th increments of its County GRT, two increments of the County Jail Tax, and the County equalization distribution towards the loan.

Under current market conditions the refunding is expected to achieve actual savings of approximately \$164,607.63 which represents net present value savings of more than 12.3% over the life of the loan.

The 2017 audit received an unmodified opinion with 3 findings including 3 significant deficiencies. The County provided a corrective action plan. Member Torres suggested the Public Lending Committee discuss helping smaller communities with their audits.

Member Torres moved, seconded by Member Kopelman, for approval of Hidalgo County Project PPRF-4887. The motion passed 6 – 0.

13. Consideration and Recommendation for Approval of Village of Tularosa (Otero County) – 2019 Fire Equipment Loan – PPRF-4889. The Village of Tularosa (“Village”), on behalf of the Tularosa Fire Department, applied to the Public Project Revolving Fund (“PPRF”) for \$272,041 to purchase new fire equipment.

The Tularosa FD currently has an ISO rating of 4 with two main stations receiving an annual base distribution of \$129,502 from State Fire Protection Funds. The Village qualifies for 10% disadvantaged funding totaling \$150,000.

The 2017 audit received an unmodified opinion with 9 findings including 5 significant deficiencies. The Village submitted a corrective action plan.

Member Torres moved, seconded by Member Kopelman, for approval of Village of Tularosa Project PPRF-4889. The motion passed 6 – 0.

- 14. Consideration and Recommendation for Revised Approval of Texico Municipal Schools (Curry County) – 2019 Renewable Energy Bonds – PPRF-4803.** The Texico Municipal Schools (“Schools”) applied to the Public Project Revolving Fund (“PPRF”) for revised approval for \$421,468 to finance infrastructure upgrades on the District’s various buildings.

Mr. Dillenback noted this item is a clean-up on a project approved by the Board in September 2018. The total being issued is less and the term decreased about five years so typically the project would not require Board reconsideration; however, because NMFA is issuing the bonds on the School’s behalf it does impact the Bond resolution requiring Board approval.

The Energy Efficiency and Renewable Energy (“EERE”) Bonding Act was authorized by the 2005 Legislature as a tool for public schools and state agencies to implement energy conservation measures to existing facilities. Year out Energy Services completed an energy audit for the District. EMNRD reviewed and certified the savings stated within the energy audit and certified the need to issue bonds.

The bonds are immediately secured and repaid with the State's GRT. The State carries a high credit rating, and financial coverage for the EERE Bond portfolio has a healthy debt service coverage. For EERE Bonds related to public school districts, PED reduces the benefiting District's State Equalization Guarantee distribution by 90% of the certified amount to reimburse the State for its GRT contribution for debt service.

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

Member Torres moved, seconded by Member Kenney, for revised approval of Texico Municipal Schools Project PPRF-4803. The motion passed 6 – 0.

- 15. Consideration and Recommendation for Revised Approval of Series 2019 Energy Efficiency and Renewable Energy Bonds, Authorizing and Delegating Resolution.** Ms. Suzanne Bruckner reviewed the proposed authorizing and delegating resolution for the Series 2019 Energy Efficiency and Renewable Energy bonds for the Texico Municipal District.

Member Torres moved, seconded by Member Lovato for approval of Series 2019 Energy Efficiency and Renewable Energy Bonds, Authorizing and Delegating Resolution. The motion passed 6 – 0.

- 16. Consideration and Recommendation for Approval of Cobre Consolidated Schools (Grant County) - 2019 GO Bond – PPRF-4881.** The Cobre Consolidated Schools (“Schools”) applied to the Public Project Revolving Fund (“PPRF”) for \$3,500,000 to finance District-wide school improvements.

In August 2017, the School District received voter approval of \$7,000,000 for school infrastructure, the approval valid for four year. The District will issue General Obligation Bonds in the amount of \$3,500,000 which the NMFA will purchase with the PPRF.

The GO Bond purchase risk is significantly reduced by Section 22 18 13 NMSA 1978 which contains a Statutory Guarantee stating the Department of Finance and Administration (DFA) will make payments on behalf of the school district, should the district default.

The 2017 audit received an unmodified opinion with 4 findings none a material weakness nor a significant deficiency.

Member Torres moved, seconded by Member Lovato, for approval of Cobre Consolidated Schools Project PPRF-4881. The motion passed 6 – 0.

- 17. Consideration and Recommendation for Approval of Portales Municipal Schools (Roosevelt County) – 2019 GO Bonds - PPRF-4885.** The Portales Municipal Schools (“Schools”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,000,000 to finance District-wide school improvements.

In February 2017, the District received voter approval of \$7,500,000 valid for four years. The District will issue General Obligation Bonds in the amount of \$2,000,000 which the NMFA will purchase with the PPRF.

The GO Bond purchase risk is significantly reduced by Section 22 18 13 NMSA 1978 which contains a Statutory Guarantee stating the Department of Finance and Administration (DFA) will make payments on behalf of the school district, should the district default.

The 2017 audit received an unmodified opinion with 1 finding, a significant deficiency. The District submitted a corrective action plan.

Member Padilla-Jackson moved, seconded by Member Kopelman, for approval of Portales Municipal Schools Project PPRF-4885. The motion passed 6 – 0.

- 18. Consideration and Recommendation for Approval of Town of Springer (Colfax County) – 2019 Ambulance Building Loan – PPRF-4878.** The Town of Springer (“Town”) applied to the Public Project Revolving Fund (“PPRF”) for \$125,946 to finance a new building to store their ambulance.

The Town will pledge the first increments (0.25%) of its Municipal Gross receipts Tax (“MGRT”) as security and repayment of this loan. NMFA utilized a three year average of revenues resulting in \$31,438 to determine debt service coverage at 3.00xs.

The FY2017's audit had twenty-one findings none representing a material weakness; however, there were five significant deficiencies with staff noting six findings to be addressed. A corrective action plan is forthcoming.

Member Torres moved, seconded by Member Lovato, for approval of Town of Springer Project PPRF-4878. The motion passed 6 – 0.

- 19. Consideration and Recommendation for Approval of Town of Angel Fire (Colfax County) – 2019 GO Bond – PPRF-4886.** The Town of Angel Fire (“Town”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,300,000 for Village infrastructure.

In September 2016, the Village received voter approval of \$4,500,000, valid for four years, \$1,500,000 for water and wastewater system improvements with \$3,000,000 approved for roads. The Village will issue General Obligation (“GO”) Bonds in the amount of \$1,300,000 which the NMFA will purchase with the PPRF. These bonds represent the last issuance of the 2016 GO bond approval.

The GO Bond principal payments will be structured with August’s 2019 first payment of \$700,000 representing more than half of the borrowed amount thereby reducing payment risk. The front loaded principal payment and subsequent principal schedule allows the Village to maintain its current Mill Levy and GO Bond structure for future borrowing needs.

The 2017 audit received an unmodified opinion with one finding, a material weakness. The Village submitted a corrective action plan.

Member Torres moved, seconded by Member Kopelman, for approval of Town of Angel Fire Project PPRF-4886. The motion passed 6 – 0.

- 20. Consideration and Recommendation for Approval of Rio Arriba County – 2019 Energy Savings Project – PPRF-4892.** Rio Arriba County (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$4,503,240 to finance the infrastructure and costs related to the installation of a new solar system project, HVAC equipment and controls, LED lighting, water meter replacement, utility management and, a pool heat recovery unit and pool condensing boiler.

The County is working with YEARTOUT Energy Services (“YESCO”) who generated an Energy Savings Performance Contract (“ESPC”) that identified guaranteed savings and revenue generated from the improvements and upgrades for the project. YESCO will provide the services, training, and installation of the systems’ improvements. The ESPC projects are estimated to result in \$162,600/year guaranteed utility savings, and \$14,190/year in operation and maintenance cost savings.

The pledge revenue will consist of the County Equalization which will be intercepted annually. Staff utilized a three year average of revenues consisting of \$951,257 resulting in a minimum debt service coverage of 2.08xs.

The 2017 audit received an unmodified opinion with 3 findings. The County provided a corrective action plan.

Member Lovato moved, seconded by Member Kenney, for approval of Rio Arriba County Project PPRF-4892. The motion passed 6 – 0.

- 21. Consideration and Recommendation for Approval of City of Socorro (Socorro County) – 2019 Equipment Loan – PPRF-4883.** The City of Socorro (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$327,245 to purchase a Wheel Tractor-Scraper with extended 24-month warranty for the Solid Waste Department.

The City will pledge the Net Systems Revenue of the Solid Waste Fund as pledged revenue towards the loan.

The 2017 audit received an unmodified opinion with 3 findings, neither a material weakness nor a significant deficiency.

Member Torres moved, seconded by Member Lovato, for approval of City of Socorro Project PPRF-4883. The motion passed 5 – 0 with Member Kopelman out for the vote.

- 22. Consideration and Recommendation for Approval of Catron County, Quemado Fire Department – 2019 Fire Equipment Loan – PPRF-4891.** Catron County, Quemado Fire Department, (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$89,303 to purchase a new Fire Engine.

The County qualifies for 100% disadvantaged funding based on the MHI.

The Department will pledge State Fire Protection Funds as the revenue source for this loan. The Department has an ISO rating of four with two Main Stations receiving a minimum annual Fire Protection Fund allocation of \$129,502.

The 2017 audit received an unmodified opinion with 6 findings, none a material weakness or significant deficiency.

Member Torres moved, seconded by Member Lovato, for approval of Catron County, Quemado Fire Department Project PPRF-4891. The motion passed 8 – 0.

Report from the Economic Development Committee. (*Committee members are Secretary Designate Alicia Keyes, Chair, Secretary Designate Sarah Cottrell Propst, and Mr. Blake Curtis.*)

- 23. Update on Activities.** The Economic Development Committee met on January 22. 2019 Staff presented a brief review of the projects in the Private Lending Portfolio Report and provided an introduction of each program and brief synopsis of all loans in the portfolio, status of the loan participation with International Bank, update on the foreclosure process with Tri County Community Services, and the proposed January closing of the Urban Hospitality New Markets Tax Credit project.

- 24. 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 and the Tri-County Community Services, Inc. Behavioral Healthcare Loan as Allowed by NMSA 1978, Section 10-5-1 (H) (7).**

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

Member Torres moved, seconded by Member Lovato, to go into Executive Session as allowed by NMSA 1978, Section 10-15-1 (H) (7). On a roll call vote, the motion passed 6 – 0.

RETURN TO OPEN MEETING

Chair Ulibarri 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 the International Bank Loan Participation and Tri-County Community Services, Inc. Behavioral Healthcare Loan.”


25. Next Board Meeting

Thursday, February 28, 2019 – 9:00 a.m.
Santa Fe County Commission Chambers
102 Grant Avenue
Santa Fe New Mexico


26. Adjournment

Member Kopelman moved, seconded by Member Torres, to adjourn the meeting. The motion passed 6-0.

The meeting adjourned at 11:45 a.m.



Secretary



Date