

New Mexico Finance Authority

207 Shelby St.
Santa Fe, NM 87501
(505) 984-1454

Minutes of Board Meeting

May 23, 2019

**State Capitol - Room 322
Santa Fe, New Mexico**

Present:

Katherine Ulibarri, Chair
William Fulginiti, Vice Chair
Leandro Cordova
Judi Kahl
Donnie Quintana
Sarah Cottrell Propst
Blake Curtis (*via conference*)
Jon Clark

K. Ulibarri Consulting, LLC
Executive Director, NMML
Designee for Executive Director, NMAC
Designee for Secretary, NM Environment Dept.
Designee for Secretary, Dept. of Finance & Admin.
Secretary, NMENRD
CEO, Curtis & Curtis
Designee for Secretary, NM Economic Development

Finance Authority Staff:

Angela Quintana
Carmela Manzari
Dan Opperman
Joe Durr
John Gasparich
Leslie Medina
Mark Lovato
Michael Vonderheide
Mona Killian
Ron Cruz
Zach Dillenback

Bryan Otero
Connie Marquez
Floyd Trujillo
John Brooks
Heather Boone
Maria Gallardo
Marquita Russel
Michael Zavelle
Oscar Rodriguez
Todd Johansen

Guests:

Anne Browne
Bob Casillas
Bobbie Gutierrez
Brad Patterson
Daniel O. Romero
Eric Harrington
Gary L. Williams
Jerry Kyle
John Archuleta
Leo Valdez

Sutin Thayer & Browne
Stifel
Espanola Public Schools
Gilmore & Bell
Espanola Public Schools
RBC Capital Markets
CORD
Orrick, Herrington & Sutcliffe
George K. Baum
HSE

Mark Chaiken
Marvin McCauley
Mary Trujillo Mascarenas
Susen Ellis
Suzanne Bruckner

Virtue & Najjar
Peñasco Public Schools
Peñasco Public Schools
BOKF
Sutin Thayer & Browne

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 Fulginiti moved, seconded by Member Kahl, to approve the agenda. The motion passed 8 - 0.

3. **Approval of the April 25, 2019 Board Minutes.**

Member Fulginiti moved, seconded by Member Propst, for approval of the April 25, 2019 Board Minutes. The motion passed 7 – 0 with Member Kahl abstaining.

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

- ◆ NMFA Oversight Committee: Mr. Gasparich reported on the upcoming NMFA Oversight Committee meetings outlining suggested topics. Representative Tomas Salazar is the new chair succeeding Senator Jacob Candelaria who will serve as Vice-Chair. Scheduled to meet June 13, staff invited the Moody's analyst for a presentation to the Committee on Moody's view of NMFA financing; however, are awaiting confirmation. The organizational meeting on June 13 will determine where the meetings will occur throughout the State, the final meeting scheduled in Santa Fe in December. NMFA presentations at the various meetings will include water projects, PPRF, and economic development, approval of committee sponsored legislation, and approval of Water Trust Board projects.
- ◆ EnAble Update: Mr. Floyd Trujillo said staff continues to make significant progress on the PPRF with tasks at 96% completion. Tasks outstanding include Private Lending and NMTC functionality. Have begun initial phases of activity for second phase of project which addresses documentation, step by step procedures and processes tasked to Mr. Wes Miller with assistance from Ms. Heather Boone. Member Ulibarri and Mr. Gasparich acknowledged the work done on the project by staff in getting project to this point.

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

5. **Update on Activities.** Member Fulginiti presented the Public Lending Committee report on items discussed by the Committee at the meeting on May 15, 2019. Mr. Fulginiti noted the Water Trust Board and Colonias Infrastructure projects are on the Consent Agenda after review by both Boards prior to presentation to NMFA today.

6. **Overview of the 2019 Water Trust Board Application Cycle and Recommended Water Projects Fund Projects.** Approval of grants and loans to 27 applicants recommended by the Water Trust Board ("WTB") from the 2019 application cycle.

Ms. Angela Quintana and Mr. Zach Dillenback reviewed the dynamics of the Water Project Fund in selecting projects to recommend for funding. 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 \$19.120 million available for awards derived from severance tax bond proceeds and Water Trust Fund distribution.

In addition to the regular WTB funding, House Bill 2 contained a special general fund appropriation of \$6 million earmarked specifically for Mutual Domestic Water Consumers Associations (“MDWCA”) for the WTB to award in FY2019. After netting out the 10% adjudication appropriation, \$5.4 million remains for legislatively authorized WTB projects. The current list of authorized projects contains seven MDWCA’s that will utilize the majority of the supplemental appropriation, leaving a balance of \$1.978 million for previously authorized projects.

The recommendations resulted from a comprehensive review considering policy and regulatory compliance, project readiness, and evidence of complete funding.

7. **Consideration and Recommendation for Approval of Village of Milan (Cibola County) - Flood Prevention - WPF-4884.** Sand Street Concrete Box Culverts - Construction - Recommended funding: WPF 600% grant - \$413,700 and WPF 40% loan - \$275,800 totaling \$689,500.
8. **Consideration and Recommendation for Approval of Eastern Sandoval County (Sandoval County) - Flood Prevention - WPF-4848.** ESCAFCA Bernalillo Acequia Improvements - Design and Construction - Recommended funding: WPF 100% grant totaling \$612,000.
9. **Consideration and Recommendation for Approval of Southern Sandoval County AFCA - Flood Prevention - WPF-4854.** Lisbon Dam Flood Control Project - Design and Construction: Recommended funding - WPF 100% grant totaling \$550,000.
10. **Consideration and Recommendation for Approval of City of Clovis (Curry County) - Water Conservation or Treatment, Recycling or Reuse - WPF-4846.** Wastewater Reuse Phase 1 D - Design and Construct - Recommended funding: WPF 90% grant - \$2,581,295 and WPF 10% loan - \$286,811 totaling \$2,868,106.
11. **Consideration and Recommendation for Approval of Los Alamos County - Water Conservation or Treatment, Recycling or Reuse - WPF-4826.** Overlook Park Effluent Water Booster Station - Construction - Recommended funding: WPF 60% grant - \$480,000 and WPF 40% loan - \$320,000 totaling \$800,000.
12. **Consideration and Recommendation for Approval of City of Gallup (McKinley County) - Water Storage, Conveyance and Delivery - WPF-4823.** Navajo Gallup Water Supply Project - Construction - Recommended funding: WPF 60% grant - \$1,720,864 and WPF 40% loan - \$1,147,242 totaling \$2,868,106.
13. **Consideration and Recommendation for Approval of City of Portales (Roosevelt County) - Water Storage, Conveyance and Delivery - WPF-4821.** Portales Storage System Improvement, Phase 2 -

Construction - Recommended funding: WPF 90% grant - \$1,406,387 and WPF 10% loan - \$156,265 totaling \$1,562,652.

- 14. Consideration and Recommendation for Approval of Eldorado Area WSD (Santa Fe County) - Water Storage, Conveyance and Delivery - WPF-4819.** Tank 4 to Tank 1 Booster Pump Station and Transmission Line Project - Construction - Recommended funding: WPF 60% grant - \$300,000 and WPF 40% loan - \$200,000 totaling \$500,000.
- 15. Consideration and Recommendation for Approval of El Creston MDWCA (San Miguel County) - Water Storage, Conveyance and Delivery - WPF-4845.** Water System Improvements - Construction - Recommended funding: WPF 90% grant - \$449,999 and WPF 10% loan - \$50,000 totaling \$499,999.
- 16. Consideration and Recommendation for Approval of Village of Cuba (Sandoval County) - Water Storage, Conveyance and Delivery - WPF-4861.** Water System Improvements - Design and Construction: Recommended funding - WPF 60% grant - \$432,452 and WPF 40% loan - \$288,301 totaling \$720,753.
- 17. Consideration and Recommendation for Approval of Chappelle MDWCA (San Miguel County - Water Storage, Conveyance and Delivery - WPF-4860.** Water System Improvements - Design and Construction - Recommended funding: WPF 90% grant - \$508,500 and WPF 10% loan - \$56,500 totaling \$565,000.
- 18. Consideration and Recommendation for Approval of Eastern New Mexico WUA (Curry County) - Water Storage, Conveyance and Delivery - WPF-4817.** ENMWUA Water Conveyance Project - Design and Construction - Recommended funding - WPF 90% grant - \$2,581,295 and WPF 10% loan - \$286,811 totaling \$2,868,106.
- 19. Consideration and Recommendation for Approval of Buena Vista MDWCSWA (Mora County) - Water Storage, Conveyance and Delivery - WPF-4829.** Buena Vista MDWCA Water System Improvements - Design and Construction: Recommended Funding - WPF 90% grant - \$449,999 and WPF 10% loan - \$50,000 totaling \$499,999.
- 20. Consideration and Recommendation for Approval of Town of Red River (Taos County) - Water Storage, Conveyance and Delivery - WPF-4867.** Pioneer Tank Rehabilitation Project - Design and Construction - Recommended funding: WPF 90% grant - \$1,162,800 and WPF 10% loan - \$129,200 totaling \$1,292,000.
- 21. Consideration and Recommendation for Approval of Town of Belen (Valencia County) - Water Storage, Conveyance and Delivery - WPF-4859.** Aragon Tank Rehabilitation - Design and Construct - Recommended funding: WPF 90% grant - \$684,000 and WPF 10% loan - \$76,000 totaling \$760,000.
- 22. Consideration and Recommendation for Approval of Alcalde MDWCMSWAS (Rio Arriba County) - Water Storage, Conveyance and Delivery - WPF-4830.** Water System Improvement Project - Construction: Recommended funding - WPF 55% grant - \$218,087 and WPF 45% loan - \$178,434 totaling \$396,521.

23. **Consideration and Recommendation for Approval of Peña Blanca WSD (Sandoval County) - Water Storage, Conveyance and Delivery - WPF-4849.** Water System Improvement Project - Construction - Recommended Funding: WPF 85% grant - \$849,422 and WPF 15% loan - \$149,898 totaling \$999,320.
24. **Consideration and Recommendation for Approval of La Cueva MDWCA (San Miguel County) - Water Storage, Conveyance and Delivery - WPF-4833.** Water System Improvements - Design - Recommended Funding: WPF 90% grant - \$158,830 and WPF 10% loan - \$17,648 totaling \$176,478.
25. **Consideration and Recommendation for Approval of Lower Arroyo Hondo MDWC/MSWA (Taos County) - Water Storage, Conveyance and Delivery - WPF-4852.** Water System Improvements - Construction - Recommended funding: WPF 90% grant - \$705,414 and WPF 10% grant - \$78,379 totaling \$783,793.30.
26. **Consideration and Recommendation for Approval of Union Del Llano DWCA (Taos County) - Water Storage, Conveyance and Delivery - WPF-4832.** Phase II Water System Improvements - Construction - Recommended funding: WPF 85% grant - \$424,999 and WPF 15% loan - \$75,000 totaling \$499,999.
27. **Consideration and Recommendation for Approval of Santa Cruz Water Association (Santa Fe County) – Water Project – WPF-4051.** Water Improvements, Phase 2 - Design and Construction - Recommended funding: WPF 90% grant - \$436,500 and WPF 10% loan - \$48,500 totaling \$485,000.
28. **Consideration and Recommendation for Approval of Greater Glorieta MDWCA (Santa Fe County) – Water Project – WPF-4969.** Water Distribution Project, Phase 2 - Construction - Recommended funding: WPF 90% grant - \$708,504 and WPF 10% loan - \$78,723 totaling \$787,227.
29. **Consideration and Recommendation for Approval of North Star MDWCA, (San Juan County) – Water Project – WPF-4045.** Water System Improvements - Design and Construction - Recommended funding: WPF 80% grant - \$588,919.44 and WPF 20% loan - \$147,230.86 totaling \$736,149.30.
30. **Consideration and Recommendation for Approval of Guadalupe SWCD (Guadalupe County) Watershed Restoration and Management - WPF-4827.** Pecos River Restoration and Management Project - Construction - Recommended funding: WPF 100% grant totaling \$300,000.
31. **Consideration and Recommendation for Approval of Claunch-Pinto SWCD (Torrance County) - Watershed Restoration and Management, Greater Rio Grande - WPF-4847.** Watershed Alliance - Design and Construction - Recommended funding: WPF 100% grant totaling \$600,000.
32. **Consideration and Recommendation for Approval of Claunch-Pinto SWCD (Torrance County) - Watershed Restoration and Management, Estancia - WPF-4822.** Estancia Basin Watershed Restoration - Design and Construction - Recommended funding: WPF 100% grant totaling \$600,000.
33. **Consideration and Recommendation for Approval of San Juan SWCD (San Juan County) - Watershed Restoration and Management - WPF-4844.** Watershed Restoration - Construction - Recommended funding: WPF 100% grant totaling \$500,000.

Member Fulginiti moved, seconded by Member Cordova, for approval of agenda items 7 - 33. The motion passed 8 - 0.

- 34. Overview of the 2019 Colonias Infrastructure Board Application Cycle and Recommended Colonias Infrastructure Project Fund Projects.** Approval of grants and loans to 26 applicants recommended by the Colonias Infrastructure Board ("CIB") from the 2019 application cycle.

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 \$14,058,013 available from this year's Severance Tax Bond distribution and balance of rescinded funds from a previous award. Per CIB policies, funding is 10% loan/90% grant, unless otherwise approved by the CIB.

- 35. Consideration and Recommendation for Approval of Cider Mills Farms MDWCA (Otero County) - Roads/Drainage - CIF-4904.** Oak Lane Roads and Drainage Improvements - Construction - Recommended funding: CIF 90% grant - \$135,000 and CIF 10% loan - \$15,000 totaling \$150,000.
- 36. Consideration and Recommendation for Approval of Town of Silver City (Grant County) - Roads/Drainage - CIF-4924.** Ridge Road Street & Drainage Improvements - Construction - Recommended funding: CIF 90% grant - \$722,680 and CIF 10% loan - \$80,298 totaling \$802,978.
- 37. Consideration and Recommendation for Approval of Village of Columbus (Luna County) - Roads & Drainage - CIF-4905.** Broadway Blvd. Drainage Improvements - Construction - Recommended funding: CIF 90% grant - \$1,169,744 and CIF 10% loan - \$129,972 totaling \$1,299,716.
- 38. Consideration and Recommendation for Approval of Grant County - Roads/Drainage - CIF-4912.** Tyrone ADA Compliance Project - Construction - Recommended funding: CIF 90% grant - \$828,000 and CIF 10% loan - \$92,000 totaling \$920,000.
- 39. Consideration and Recommendation for Approval of City of Sunland Park (Doña Ana County) - Roads/Drainage - CIF-4926.** Memorial Pines Roadway & Drainage Reconstruction - Construction - Recommended funding: CIF 90% grant - \$585,000 and CIF 10% loan - \$65,000 totaling \$650,000.
- 40. Consideration and Recommendation for Approval of Catron County - Roads/Drainage - CIF-4903.** Lane Street & Drainage Improvements - Design - Recommended funding: CIF 90% grant - \$66,060 and CIF 10% loan - \$7,340 totaling \$73,400.
- 41. Consideration and Recommendation for Approval of Luna County - Roads/Drainage - CIF-4919.** Rockhound Road and Drainage - Design - Recommended funding: CIF 90% grant - \$702,000 and CIF 10% loan - \$78,000 totaling \$780,000.
- 42. Consideration and Recommendation for Approval of City of Ruidoso Downs (Lincoln County) Roads/Drainage - CIF-4922.** Agua Fria Road Re-Surfacing Phase 3 - Design and Construction - Recommended funding: CIF 90% grant - \$846,000 and CIF 10% loan - \$94,000 totaling \$940,000.

- 43. Consideration and Recommendation for Approval of City of Deming (Luna County) - Solid Waste - CIF-4907.** Tulip Landfill Tire Bale Erosion Control Phase II - Construction - Recommended funding: CIF 90% loan - \$312,745 and CIF 10% loan - \$34,749 totaling \$347,494.
- 44. Consideration and Recommendation for Approval of City of Bayard (Grant County) - Wastewater Infrastructure - CIF-4899.** Wastewater Dewatering Project - Construction - Recommended funding - CIF 90% grant - \$875,982 and CIF 10% loan - \$97,331 totaling \$973,313.
- 45. Consideration and Recommendation for Approval of Village of Reserve (Catron County) - Wastewater Infrastructure - CIF-4921.** Effluent Discharge Pipeline - Design, Construction - Recommended funding: CIF 90% grant - \$498,150 and CIF 10% loan - \$55,350 totaling \$553,500.
- 46. Consideration and Recommendation for Approval of Doña Ana MDWCA (Doña Ana County) - Wastewater Infrastructure, Doña Ana Village - CIF-4911.** Wastewater Plan - Plan and Design - Recommended funding: CIF 90% grant - \$202,500 and CIF 10% loan - \$22,500 totaling \$225,000.
- 47. Consideration and Recommendation for Approval of Town of Silver City (Grant County) - Wastewater Infrastructure - CIF-4925.** 2019 WWTP Headworks/Digester Improvements - Construction - Recommended funding: CIF 90% grant - \$196,776 and CIF 10% grant - \$21,864 totaling \$218,640.
- 48. Consideration and Recommendation for Approval of Doña Ana County - Wastewater Infrastructure - CIF-4909.** South Central Wastewater Treatment Plant - Design - Recommended funding: CIF 90% grant - \$607,500 and CIF 10% loan - \$67,500 totaling \$675,000.
- 49. Consideration and Recommendation for Approval of Camino Real Regional Utility Authority (Doña Ana County) - CIF-4900.** Sunland Park WW Treatment Plant Improvements - Construction - Recommended funding: CIF 90% grant - \$551,700 and CIF 10% loan - \$61,300 totaling \$613,000.
- 50. Consideration and Recommendation for Approval of Doña Ana MDWCA (Doña Ana County) - Wastewater Infrastructure, Southeast Collection - CIF-4910.** Wastewater construction of SEWWC lines - Construction - Recommended funding: CIF 90% grant - \$720,000 and CIF 10% loan - \$80,000 totaling \$800,000.
- 51. Consideration and Recommendation for Approval of North Park MDWCA (Chaves County) - Water Infrastructure - CIF-4920.** North Park MDWCA Water Distribution System - Design and Construction - Recommended funding: CIF 90% grant - \$812,198 and CIF 10% loan - \$90,244 totaling \$902,442.
- 52. Consideration and Recommendation for Approval of Lower Rio Grande Public Water Works Authority (Doña Ana County) - Water Infrastructure, East Mesa - CIF-4915.** East Mesa Service area central storage tank and replacement well - Design - Recommended funding: CIF 84% grant - \$207,608 and CIF 16% loan - \$39,544 totaling \$247,152.
- 53. Consideration and Recommendation for Approval of Village of Capitan (Lincoln County) - Water Infrastructure - CIF-4901.** Water System Improvements - Design and Construction - Recommended funding: CIF 90% grant - \$460,386 and CIF 10% grant - \$51,154 totaling \$511,540.

- 54. Consideration and Recommendation for Approval of Lower Rio Grande Public Water Works Authority (Doña Ana County) - Water Infrastructure, High Valley - CIF-4916.** LRGPWWA High Valley Water System Improvements - Recommended funding: CIF 85% grant - \$630,384 and CIF 15% loan - \$111,244 totaling \$741,628.
- 55. Consideration and Recommendation for Approval of City of Truth or Consequences (Sierra County) - Water Infrastructure - CIF-4927.** Municipal Water System PER - Planning - Recommended funding: CIF 90% grant - \$81,000 and CIF 10% loan - \$9,000 totaling \$90,000.
- 56. Consideration and Recommendation for Approval of Lower Rio Grande Public Water Works Authority (Doña Ana County) - Water Infrastructure, Jacquez Road - CIF-4917.** Jacquez Road Waterline Extension - Construction - Recommended funding: CIF 80% grant - \$79,632 and CIF 10% loan - \$8,848 totaling \$88,480.
- 57. Consideration and Recommendation for Approval of Village of Santa Clara (Grant County) - Water Infrastructure - CIF-4923.** Water System Improvements - Design - Recommended funding: CIF 80% grant - \$94,262 and CIF 20% loan - \$23,565 totaling \$117,827.
- 58. Consideration and Recommendation for Approval of Town of Lake Arthur (Chaves County) - Water Infrastructure - CIF-4914.** 8,445 LF of pipe main between well field and storage tank - Design and Construction - Recommended funding: CIF 90% grant - \$166,500 and CIF 10% loan - \$18,500 totaling \$185,000.
- 59. Consideration and Recommendation for Approval of Village of Columbus (Luna County) - Water Infrastructure - CIF-4906.** 200,000 Gallon Water Storage Tank - Construction - Recommended funding: CIF 90% grant - \$810,000 and CIF 10% loan - \$90,000 totaling \$900,000.
- 60. Consideration and Recommendation for Approval of City of Deming (Luna County) - Water Infrastructure - CIF-4908.** Encanto Circle Subdivision Water Line Replacement - Construction - Recommended funding: CIF 90% grant - \$226,713 and CIF 10% loan - \$25,190 totaling \$251,903.

Member Fulginiti moved, seconded by Member Kahl, for approval of agenda items 35 - 60. The motion passed 8 - 0.

- 61. Consideration and Recommendation for Approval of Cerro Regional MDWC & SWA (Taos County) - Asset Management Plan - PG-4959.** The Cerro Regional Mutual Domestic Water Consumers & Sewage Works Association ("Association") applied to the Local Government Planning Fund (LGPF") for \$50,000 for an Asset Management Plan ("Plan").

The Plan will assist in mapping the water system, improve and document asset management practices and funding strategies, and provide the framework to understand and manage the utility system.

- 62. Consideration and Recommendation for Approval of Mora MDWC & MSA (Mora County - PER - PG-4972.** The Mora Mutual Domestic Water Consumers and Mutual Sewage Association applied to the Local Government Planning Fund ("LGPF") for \$50,000 for a Preliminary Engineering Report ("PER").

The PER will assess the existing wastewater treatment and collection systems to help determine the necessary improvements required to meet National Pollutant Discharge Elimination System ("NPDES") permit conditions and address ongoing regulatory compliance issues.

Member Fulginiti moved, seconded by Member Quintana, for approval of agenda items 61 - 62. The motion passed 8 - 0.

- 63. Consideration and Recommendation for Approval of City of Santa Rosa (Guadalupe County) – 2019 Fire Equipment Loan – PPRF-4960.** The City of Santa Rosa ("City") applied to the Public Project Revolving Fund ("PPRF") for \$150,000 to purchase a fire apparatus and respective equipment.

The City will pledge State Fire Protection Funds as the revenue source for the loan. The City has an ISO class rating of five with two main stations and one substation receiving an annual base distribution of \$145,946. The City will contribute \$59,181 toward the purchase.

The 2018 audit received an unmodified opinion with 6 findings including a repeat significant deficiency. The City provided a corrective action plan.

Member Fulginiti moved, seconded by Member Kahl, for approval of City of Santa Rosa Project PPRF-4960. The motion passed 8 – 0.

- 64. Consideration and Recommendation for Approval of Town of Mesilla (Doña Ana County) - 2019 Fire Equipment Loan – PPRF-4963.** The Town of Mesilla ("Town") applied to the Public Project Revolving Loan Fund ("PPRF") for \$291,726 to complete a fire equipment purchase.

The Mesilla Fire Station currently has an ISO rating of five with one main station, one substation and one administration building receiving an annual base distribution of \$145,946 from State Fire Protection Funds. The Mesilla Fire Department received a 2019 Fire Protection Grant of \$100,000 and will contribute \$10,000 in State Fire Protection carry forward funds toward this project.

The 2018 audit received an unmodified opinion with no findings.

Member Fulginiti moved, seconded by Member Cordova, for approval of Town of Mesilla Project PPRF-4963. The motion passed 8 - 0.

- 65. Consideration and Recommendation for Approval of City of Gallup (McKinley County) – 2019 Electric Utility Loan – PPRF-4966.** The City of Gallup (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,984,382 to replace existing streetlights throughout the city.

The City anticipates using the savings achieved from the replacement to pay for the debt service. The City pledged savings in Electric Utility Fund as security and repayment of this loan.

The 2018 Audit received an unmodified opinion with 2 findings neither a material weakness nor a significant deficiency.

Member Fulginiti moved, seconded by Member Cordova, for approval of City of Gallup Project PPRF-4966. The motion passed 8 – 0.

- 66. Consideration and Recommendation for Approval of City of Socorro (Socorro County) –2019 Infrastructure Loan – PPRF-4936.** The City of Socorro (“City”), applied to the Public Project Revolving Fund (“PPRF”) for \$1,064,799 to finance the cost of redesigning the Convention Center.

The City will use the Local Special Tax of the Convention Center Fee, implemented in 2016, as pledged revenue towards the loan. The City, by ordinance, collects \$1.50 per night from motels for this fund.

The 2018 audit received an unmodified opinion with 3 findings including 2 material weaknesses. The City submitted a corrective action plan.

Member Fulginiti moved, seconded by Member Quintana, for approval of City of Socorro Project PPRF-4936. The motion passed 8 – 0.

- 67. Consideration and Recommendation for Amended Approval of City of Farmington (San Juan County) – 2019 Road Projects Loan – PPRF-4946.** The City of Farmington (“City”) applied to the Public Project Revolving Fund (“PPRF”) for amended approval changing the Intercept Status on proposed loan PPRF-4946, 2019 Road Projects, approved on April 25, 2019.

PPRF-4946 had an Intercept Status of “Active”. The City is requesting an amendment changing the Intercept Status changes from Active to Contingent similar to all outstanding GRT loans the City has.

Member Fulginiti moved, seconded by Member Cordova, for amended approval of City of Farmington Project PPRF-4946. The motion passed 8 – 0.

- 68. Consideration and Recommendation for Approval of Española School District (Rio Arriba County) - PPRF-4962.** The Española Schools District applied to the Public Project Revolving Fund (“PPRF”) for \$1,652,395 to finance the purchase of Education Technology Equipment for District-wide projects.

The New Mexico State Constitution does not require voter approval for education technology equipment and related projects when purchasing through a lease-purchase agreement. The District will enter into a lease-purchase agreement with the NMFA secured by ad valorem property taxes. Under the terms of the lease-purchase agreement, the NMFA takes title to the equipment for the length of the agreement in the nature of a security interest with the District retaining all responsibilities of ownership.

The Public Education Department ("PED") controls all public school funds for the Española Board of Education. The PED's School Budget and Finance Analysis Bureau monitors the operations and reviews the practices of the school district.

The District's FY2017 audit had 10 findings with multiple repeated material weaknesses and significant deficiencies. The District provided a corrective action plan.

Member Fulginiti moved, seconded by Member Quintana, for approval of Española Project PPRF-4962. The motion passed 8 – 0.

- 69. Consideration and Recommendation for Approval of Peñasco Independent School District (Taos County) – 2019 GO Bond Refunding and 2019 Education Technology Notes - PPRF-4964.** Peñasco Independent School District ("District") applied to the Public Project Revolving Fund ("PPRF") for \$1,691,048 to refund Series 2009 General Obligation Bonds for economic savings.

Issued in 2009 for \$2,230,000, Series 2009 provided funding for school infrastructure improvements. Based on the current market environment, refunding would likely achieve a net present value savings of approximately 9% equating to \$126,600 over the life of the loan. The maturity of the refunding bonds extended the term by two years.

The District also requests financing to purchase Education Technology Equipment for District-wide projects. The District will enter into a lease-purchase agreement with the NMFA secured by ad valorem property taxes. Under the terms of the lease-purchase agreement, the NMFA takes title to the equipment for the length of the agreement in the nature of a security interest with the District retaining owner responsibilities.

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 2018 audit had one repeated significant deficiency. The District provided a corrective action plan.

Member Fulginiti moved, seconded by Member Cordova, for approval of Peñasco Independent School District Project PPRF-4964. The motion passed 8 – 0.

- 70. Consideration and Recommendation for Approval of Village of Angel Fire (Colfax County) - 2019 Infrastructure Improvements, Village Hall - PPRF-4961.** The Village of Angel Fire ("Village") applied to the Public Project Revolving Fund ("PPRF") for \$815,581 to finance infrastructure and costs related to remodeling the Village Hall and the cost of issuance.

The Village will pledge the third increment (0.25%) of its Municipal Gross Receipts Tax as security and

repayment of the loan. Staff utilized FY2018 revenues resulting in \$180,835 to determine debt service coverage of 2.60xs.

The 2018 audit received an unmodified opinion with 1 finding. The Village provided a corrective action plan

Member Fulginiti moved, seconded by Member Kahl, for approval of Village of Angel Fire Project PPRF-4961. The motion passed 8 - 0.

- 71. Consideration and Recommendation for Approval of Village of Angel Fire (Colfax County) - 2019 Equipment Loan – PPRF-4965.** The Village of Angel Fire (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$765,000 to purchase two street graders and the cost of issuance.

The Village will pledge the second increment (0.25%) of its Municipal Gross Receipts Tax as security and repayment of the loan. Staff utilized FY2018 revenues resulting in \$180,835 to determine debt service coverage of 2.60xs.

Member Fulginiti moved, seconded by Member Kahl, for approval of Village of Angel Fire Project PPRF-4965. The motion passed 8 – 0.

- 72. Consideration and Recommendation for Approval of City of Truth or Consequences (Sierra County) – 2019 Refunding and New Money Loan – PPRF-4968.** The City of Truth or Consequences (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,550,147 to refund 2009 loan PPRF-2246 along with a request for new money for municipal building infrastructure improvements and IT equipment.

PPRF-2246 closed in January 2009 with a par amount of \$2,958,802 for improvements and upgrades to existing municipal buildings and recreation facilities. Under current market conditions, the refunding anticipates achieving actual savings of approximately \$222,795.03, which represents net present value savings of more than 14.42% over the life of the loan.

The City's request for new money will fund improvements to existing municipal buildings, the purchase of new vehicles, and for an IT project that will replace servers and PC's.

The City will pledge its distribution of the State Shared GRT towards the repayment of this loan.

The 2018 audit received an unmodified opinion with zero findings.

Member Fulginiti moved, seconded by Member Quintana, for approval of City of Truth or Consequences Project PPRF-4968. The motion passed 8 – 0.

- 73. Consideration and Recommendation for Approval of City of Truth or Consequences (Sierra County) – 2019 Refunding and Technical Restructuring Loan – PPRF-4967.** The City of Truth or Consequences (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$524,943 to refund 2004 loan PPRF-1704 and a technical restructuring of NM Environment RIP loan 95-16.

PPRF-1704 closed on September 20, 2004 with a par amount of \$1,625,693 to upgrade a low voltage feeder line for the City's Electric System. RIP-95-16, amendment #4, with a par amount of \$504,493 closed on February 13 2002 for a project authorized under the Rural Infrastructure Act.

The City pledged Net System Revenues of the Joint Utility, comprised of the Joint Utility office, Electricity, Water and Wastewater, towards repayment of the loans. Under current market conditions, the refunding expects to achieve actual savings of approximately \$33,785.92 representing net present value savings of more than 5.43% over the life of the loan.

The 2018 audit received an unmodified opinion with no findings.

Member Fulginiti moved, seconded by Member Kahl, for approval of City of Truth or Consequences Project PPRF-4967. The motion passed 8 – 0.

74. Consideration and Recommendation for Re-Approval of Hidalgo County – 2019 Refunding – PPRF-4887. Hidalgo County ("County") applied to the Public Project Revolving Fund ("PPRF") for \$1,344,093 to refund 2008 loan PPRF-2167.

PPRF-2167 closed on June 20, 2008 with a par amount of \$1,984,634 for Phase 1 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 anticipates achieving actual savings of approximately \$112,582.88 representing net present value savings of more than 8.4% over the life of the loan.

The 2018 audit received an unmodified opinion with 1 finding, a significant deficiency. The County submitted a corrective action plan.

Member Fulginiti moved, seconded by Member Cordova, for re-approval of Hidalgo County Project PPRF-4887. The motion passed 8 – 0.

75. Review of SFY 2020 Intended Use Plan. Review of the State Fiscal Year 2020 Intended Use Plan ("IUP") for the Drinking Water State Revolving Loan Fund ("DWSRLF").

Under the Drinking Water State Revolving Loan Fund Act ("Act"), the NMFA works 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 informing the public on the use of federal funds during the fiscal year, including any new requirements of the federal grant. NMED is responsible for publishing the IUP under the Act but requires that NMFA partner in the publishing of the document. As the grantee, the NMFA applies for the Federal Fiscal Year 2019 capitalization grant, which requires NMFA's borrowers to follow various federal regulations. This year, the State will be required to deliver 20% of the capitalization grant in the form of "subsidy" which NMFA will provide as principal forgiveness. The biggest change requires the use of a minimum 6% of the capitalization grant to provide "additional subsidy" under the Disadvantaged Community Program, where before it was optional.

The SFY 2020 IUP details the following:

1. Financial status of the DWSRLF;
2. Objectives of the DWSRLF and Set-Aside Programs;
3. The state's short term and long term programmatic goals;
4. Use of funds specified for Services to Public Water Systems (Set-Asides);
5. NMED's priority ranking system and an Annual Fundable Priority List of projects;
6. Proposed changes to the Disadvantaged Community Program and affordability criteria.

Currently posted on the NMED and NMFA websites for a 30 day period ending June 14, 2019, comments received are included in the final document sent to EPA Region 6 for approval.

Report from the Economic Development Committee (*Committee members are Secretary Alicia Keyes, Chair, (Mr. Jon Clark, Designee) Mr. Blake Curtis, and Secretary Sara Cottrell Propst.*)

76. Update on Activities. Member Jon Clark reported on the Economic Development Committee meeting of May 15. The Committee reviewed the Private Lending Portfolio Report, and reviewed and approved the Final Approval for Continental Divide Electric Cooperative, Phase 3; however, following the meeting, Wells Fargo, the investor in the NMTC transaction, informed the working group that they would require additional security because of a Local Economic Development Act grant. Staff withdrew the transaction for modifications prior to presenting for final approval at the June Board meeting.

Ms. Marquita Russel reported on receiving notification about \$40 million in NMTC funding. Member Clark congratulated staff on the good work and acquisition of the additional funding.

Report from the Finance & Disclosure Committee. (*Committee members are Ms. Kathy Ulibarri, Chair, Mr. William Fulginiti, Secretary Alicia Keyes (Mr. Jon Clark, Designee), and Mr. Blake Curtis.*)

77. Update on Activities. Member Ulibarri reported on the Finance & Disclosure Committee meeting of May 15 to consider the items that follow on the agenda.

78. Consideration for Approval of FY2020 PPRF and Standalone Bond Underwriter Pool. Staff recommends Board approval of the RFP results and the FY2020 PPRF and Standalone Board Underwriter Pool from July 1, 2019 to June 30, 2020 per the chart of underwriter assignments and FY2020 underwriter takedown commitments as detailed in RFP proposals.

NMFA issued an RFP on April 2, 2019 to select underwriters to be eligible senior managers of the FY 2020 PPRF and Standalone Bond Underwriter Pool, and to select underwriters to be alternative co-managers should members of the senior pool have a conflict preventing them from serving as a co-manager for a bond issue. Five individuals scored the RFP with scoring completed on May 16, 2018.

The seven underwriters designated to be eligible senior managers are: Morgan Stanley, RBC Capital Markets, Bank of America Merrill Lynch, Wells Fargo, JP Morgan, Citigroup Global Markets and Piper Jaffray (tie for 6th). Hutchinson, Shockey, Erley is delegated to be the alternative co-manager from the senior manager proposers. Having received no proposals for co-manager only, Stifel, Nicolaus, next in line in terms of absolute scoring rank, is the second alternative co-manager. Policy covers change in assignments and substitution of co-managers should conflicts arise.

PPRF FY 2020 Anticipated Underwriting Pool Assignments

<u>Bond Issue</u>	<u>Senior Manager</u>	<u>Co-Manager</u>	<u>Co-Manager</u>
#1 – TBD	Morgan Stanley	JP Morgan	Citigroup
#2 – TBD	RBC	Bank of America	Wells Fargo
#3 – TBD	Bank of America	Morgan Stanley	RBC
#4 – TBD	Wells Fargo	JP Morgan	Piper Jaffray
#5 – TBD	JP Morgan	Bank of America	Wells Fargo
#6 – TBD	Citigroup	Morgan Stanley	RBC
#7 – TBD	Piper Jaffray	Bank of America	Wells Fargo

Member Clark moved, seconded by Member Quintana, to approve results of the RFP and that the FY2020 PPRF and Standalone Board Underwriter Pool proceed from July 1, 2019 to June 30, 2020 per the chart of underwriter assignments and FY2020 underwriter takedown commitments as detailed in RFP proposals. The motion passed 8 - 0.

79. Consideration for Approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2019B, Preliminary Official Statement, One Hundredth Supplemental Indenture of Trust and Related Documents. Adoption of an authorizing and delegating resolution directing staff and consultants to prepare for the issuance of the Series 2019B Bonds, and delegate to certain members and officers of the NMFA the authority to determine the final terms of the Series 2019B bonds, subject to certain parameters.

The Finance Authority is issuing and selling Series 2019B Bonds in an amount to be determined, but not to exceed \$60,000,000.

The proceeds will reimburse the Finance Authority for moneys used to originate loans or purchase securities to finance certain projects or reimburse loans previously made to or securities purchased, refund the NMFA’s 2019B PPRF Bonds to achieve debt service savings, and pay costs incurred in connection with the issuance of the Series 2019B Bonds. Staff and consultants will continue to prepare for the sale of the Series 2019B Bonds, now expected to occur June 2019.

Mr. Dan Opperman, Mr. Michael Zavelle, Mr. Jerry Kyle, and Mr. Brad Patterson reviewed and discussed the proposed resolution and related documents for the Series 2019B bonds. Mr. Jerry Kyle reviewed the preliminary official statement and Mr. Brad Patterson presented the authorizing resolution.

Member Fulginiti moved, seconded by Member Quintana, for Approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority Senior Lien Public Project

Revolving Fund Revenue and Refunding Bonds, Series 2019B, Preliminary Official Statement, One Hundredth Supplemental Indenture of Trust and Related Documents. The motion passed 8 - 0.

80. Consideration for Approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2019C-1 and 2019C-2, Preliminary Official Statement, Twentieth Supplemental Indenture of Trust and Related Documents. Adoption of an authorizing and delegating resolution directing staff and consultants to prepare for the issuance of the Series 2019C Bonds, and delegating to certain members and officers of the NMFA the authority to determine the final terms of the Series 2019C Bonds, subject to certain parameters.

The Finance Authority is issuing and selling Series 2019C in an amount to be determined, but not to exceed \$25,000,000.

The proceeds will reimburse the Finance Authority for moneys used to originate loans or purchase securities to finance certain projects or reimburse loans previously made to or securities purchased, refund the NMFA’s 2019C-1 and 2019C-2 PPRF Bonds to achieve debt service savings, and pay costs incurred in connection with the issuance of the Bonds. Staff and consultants will continue to prepare for the sale of the Series 2019C-1 and Series 2019C-2 Bonds, now expected to occur in June 2019.

Mr. Dan Opperman, Mr. Michael Zavelle, Mr. Jerry Kyle, and Mr. Brad Patterson reviewed and discussed the proposed resolution and related documents for the Series 2019C-1 and Series 2019C-2 bonds. Mr. Jerry Kyle reviewed the preliminary official statement and Mr. Brad Patterson presented the authorizing resolution.

Member Ulibarri noted that at the last bond sale there was a question about how we determine the maximum interest rate in these resolutions and asked staff to share the strategy used in determining the amounts to include. Mr. Patterson said staff makes the determination, in consultation with the financial advisor who is taking a read of the market at that particular time, with a cushion built in should the market turn.

Member Fulginiti moved, seconded by Member Cordova, for Approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2019C-1 and 2019C-2, Preliminary Official Statement, Twentieth Supplemental Indenture of Trust and Related Documents. The motion passed 8 - 0.

81. Consideration for Approval of Legal Services Contracts. Mr. Dan Opperman, General Counsel, presented the results of the legal RFP seeking legal services contracts. Mr. Opperman reviewed the various recommendations for the NMFA programs. Staff recommendations for approval follow:

<u>CATEGORY</u>	<u>Proposed Award</u>	<u>Proposed Backup when Conflicts Arise</u>
New Markets - Tax	Ballard Spahr	Kutak Rock
Disclosure	Orrick Herrington Sutcliffe	Sherman & Howard
PPRF Bond	Gilmore Bell	Sherman & Howard
Tax	Ballard Spahr	Gilmore Bell
Private Bond (Inactive)	Sherman & Howard	Gilmore Bell
Private Loan	Rodey Dickason et al.	Kutak Rock

New Markets - Lending	Sutin Thayer & Browne	Kutak Rock
New Markets - Special	Sutin Thayer & Browne	Kutak Rock
DW Bond (Inactive)	Sherman & Howard	Kutak Rock
PPRF Loan	Sutin Thayer & Browne	Virtue Najjar
WTB/DW Loan	Virtue Najjar	Sutin Thayer & Browne
Other	All who are awarded contracts	
Colonias	Sutin Thayer & Browne	Virtue Najjar
GRIP Bond	Rodey Dickason et al.	Gilmore Bell

Member Fulginiti moved, seconded by Member Quintana, for approval of the legal services contracts. The motion passed 8 - 0.

82. Consideration for Approval to enter into a Professional Services Agreement for FY2019 External Auditing Services with Moss Adams. Staff recommends approval of Professional Services Agreement for external auditing services for FY 2019 with Moss Adams, LLP (“Moss Adams”).

In 2017, the New Mexico Finance Authority (“NMFA”) issued a Request for Proposal for external auditing services (“RFP”) with Moss Adams submitting the winning bid with the ability to contract for services for up to three years. The FY2019 external audit represents the third and final year in which the NMFA may contract with Moss Adams without issuing a new RFP. Moss Adams proposed flat fees for all three years.

The NMFA received approval from the Office of the State Auditor (“OSA”) to begin the contracting process with Moss Adams on the approved OSA vendor list. The Audit Committee, and Finance and Disclosure Committee, each recommended approval of the contract which will be in the OSA’s standard format, generated through the OSA Connect portal. The total compensation of the contract will be \$130,385.

On the extended scope of services, Member Cordova asked why staff is asking the auditors to prepare the financial statements which staff prepared last year. He asked what additional services the auditors would provide requiring additional compensation. Mr. Oscar Rodriguez said he wants the auditors to assist staff in preparing the format for a Comprehensive Annual Financial Report ("CAFR"). Staff will prepare the financial statements and statistics with the auditors assisting staff in getting into CAFR format. Mr. Rodriguez felt it would help to have someone who has performed similar functions assisting with the format.

Member Clark moved, seconded by Member Quintana, for approval to enter into a Professional Services Agreement for FY2019 External Auditing Services with Moss Adams. The motion passed 8 - 0.

83. 3rd Quarter Budget Performance Report. Mr. Oscar Rodriguez presented the third quarter budget performance for period ending March 31, 2019. Mr. Rodriguez reported revenues are at approximately 70% which is at the expected level and are on track with both revenues and expenditures.

Member Quintana moved, seconded by Member Clark, for approval of the third quarter Budget Performance Report. The motion passed 8 - 0.

Report from the Audit Committee. (Committee members are Secretary Olivia Padilla-Jackson, Chair, Secretary Sarah Cottrell Propst, Ms. Kathy Ulibarri, and Mr. Steve Kopelman.)

84. Update on Activities. Member Quintana reported the Audit Committee met on May 15 to consider the two items that follow.

85. Consideration for Approval of 3rd Quarter Financial Statements. Mr. Rodriguez reviewed the financial statements for period ending March 31, 2019.

Member Quintana moved, seconded by Member Cordova, for approval of 3rd Quarter Financial Statements. The motion passed 8 - 0.

86. Compliance Exceptions Report. Ms. Heather Boone reported there are no action items and no changes on the monthly Compliance Exceptions Report.

87. Next Board Meeting

Thursday, June 27, 2019 – 9:00 a.m.
State Capitol, Room 322
Santa Fe New Mexico

88. Adjournment

Member Quintana moved, seconded by Member Fulginiti, to adjourn the meeting. The motion passed 8 - 0.

The meeting adjourned at 11:05 a.m.



Secretary

6/27/19

Date