

*New Mexico Finance Authority*  
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Santa Fe, NM 87501  
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**Minutes of Board Meeting**  
**June 27, 2019**  
**State Capitol - Room 322**  
**Santa Fe, New Mexico**

**Present:**

Katherine Ulibarri, Chair	K. Ulibarri Consulting, LLC
William Fulginiti, Vice-Chair	Executive Director, NMML
Steve Kopelman, Secretary	Executive Director, NMAC
Olivia Padilla-Jackson	Secretary, Dept. of Finance & Administration
Sarah Cottrell Propst	Secretary, NMENRD
Blake Curtis ( <i>via conference</i> )	CEO, Curtis & Curtis

**Absent:**

James Kenney	Secretary, NM Environment Dept.
Alicia Keyes	Secretary, NM Economic Dept.

**Finance Authority Staff:**

Bryan Otero	Connie Marquez
Dan Opperman	Dora Cde Baca
Frank Ibarra	Floyd Trujillo
Joe Durr	John Brooks
John Gasparich	Heather Boone
Leslie Medina	Mark Lovato
Marquita Russel	Michael Vonderheide
Norman Vuylsteke	Oscar Rodriguez
Ron Cruz	Todd Johansen
Zach Dillenback	

**Guests:**

Anne Browne	Sutin Thayer & Browne
Alfredo Montoya	Rio Arriba Fire & EMS
Brad Fluetsch	City of Santa Fe
Clark Crowdus	High-Definition Consulting
David Klein	Abiquiu Fire
Debra Harris-Garmendia	City of Santa Fe
Doug Hartman	J.P. Morgan
Evan Kist	RBC Capital Markets
Ivanna Hanks	Gallup-McKinley County Schools
Jesus Prieto	La Clinica de Familia

Joey Montoya  
Leandro Cordova  
Linda Kehoe  
Lupe Martinez  
Mary McCoy  
Regina  
Richard Sanchez  
Sam Gill  
Suzanne Bruckner  
Virgil Medina

Agua Sana Fire Department  
NMAC  
LFC (Consultant)  
Taos County  
City of Santa Fe  
RBC Capital Markets  
Taos County  
McCall Parkhurst  
Sutin Thayer & Browne  
La Clinica de Familia

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.** Mr. John Gasparich requested an amendment to the agenda moving item 28 for consideration immediately after item 4.

**Member Fulginiti moved, seconded by Member Kopelman, to approve the amended agenda. The motion passed 6 - 0.**

3. **Approval of the May 23, 2019 Board Minutes.**

**Member Fulginiti moved, seconded by Member Cottrell-Propst, for approval of the May 23, 2019 Board Minutes. The motion passed 6 – 0.**

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

- ◆ Mr. John Gasparich reported that the NMFA Oversight Committee will meet on July 11 - 12, 2019 in Velarde with tentative topics to include review of the Economic Development Revolving Fund, review of HB 534, update on Colonias, and discussion on the possible creation of a new rural infrastructure fund.
- ◆ EnABLE update: Mr. Floyd Trujillo reported progress continues in final PPRF testing with next step being the fiscal year end closing. Mr. Trujillo noted the plan is to close MITAS down making EnABLE the system of record.

*At this point, the Board considered agenda item 28; however, for ease of presentation, the minutes follow numerically. Member Curtis departed the meeting after discussion and approval of item 28.*

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

5. **Update on Activities.** Member Fulginiti presented the projects reviewed by the Public Lending Committee on June 19, 2019.
6. **Consideration and Recommendation for Approval of Rio Arriba County, Abiquiu Fire Department - 2019 Fire Equipment Loan - PPRF-4975.** Rio Arriba County, ("County") on behalf of

Abiquiu VFD ("Department") applied to the Public Project Revolving Fund ("PPRF") for \$150,000 to purchase new fire apparatus and corresponding equipment.

The Department will pledge State Fire Protection Funds as the revenue source for this loan. The Department has an ISO class rating of seven with one main station and one substation receiving an annual base distribution of \$75,031. The Department will also contribute \$400,000 from an FY2019 Legislative appropriation.

The 2018 audit received an unmodified opinion with 3 findings, none a material weakness nor a significant deficiency.

- 7. Consideration and Recommendation for Approval of Rio Arriba County, Agua Sana Fire Dept. - 2019 Fire Equipment Loan - PPRF-4974.** Rio Arriba County ("County"), on behalf of Agua Sana VFD ("Department"), applied to the Public Project Revolving Fund ("PPRF") for \$100,756 to purchase new fire apparatus and respective equipment.

The Department will pledge State Fire Protection Funds as the revenue source for this loan. The Department has an ISO class rating of four with one main station receiving an annual distribution of \$64,751. The Department will also contribute \$357,551 comprised of a \$100,000 FY2019 New Mexico Fire Protection Grant, an FY2019 \$250,000 Legislative appropriation, and \$7,551 of Fire Department funds.

- 8. Consideration and Recommendation for Approval of Harding County - 2019 Fire Equipment Loan - PPRF-4985.** Harding County Rural Fire District 1 ("County") applied to the Public Project Revolving Fund ("PPRF") for \$132,410 to purchase new fire apparatus and respective equipment.

The County will pledge State Fire Protection Funds as the revenue source. The County has an ISO class rating of nine with one main station and three substations receiving an annual base distribution of \$85,333. The County is contributing \$182,854 from Fire Department funds.

The 2018 audit received an unmodified opinion with 4 findings including one repeat significant deficiency.

- 9. Consideration and Recommendation for Approval of Village of Columbus (Luna County) - 2019 Fire Equipment Loan - PPRF-4973.** The Village of Columbus ("Village"), on behalf of the Columbus Fire Department ("Department"), applied to the Public Project Revolving Fund ("PPRF") for \$330,103 to purchase fire equipment to support fire suppression efforts.

The Department has an ISO rating of five with one main station receiving an annual base distribution of \$61,667 from State Fire Protection Funds.

The 2018 audit received a qualified opinion with 4 findings including 1 material weakness and 3 repeat significant deficiencies.

**10. Consideration and Recommendation for Approval of Grant County Regional Dispatch Center - 2019 Equipment Loan - PPRF-4984.** Grant County ("County"), on behalf of the Gila Regional Dispatch Authority ("Authority"), a component unit of the County, applied to the Public Project Revolving Fund ("PPRF") for \$190,091 to modernize and replace their computer aided dispatch systems.

A Joint Powers Agreement between Grant County, Silver City, City of Bayard, Town of Hurley and the Village of Santa Clara created the Authority to provide communication/dispatch services for their respective Police Departments, services to the County and the Municipalities Emergency Medical Services ("EMS") personnel, and Fire Departments.

The County will pledge the four increments of the County Emergency and Medical GRT as repayment for the loan.

The 2018 audit received an unmodified opinion with 6 findings none a material weakness nor significant deficiency.

**11. Consideration and Recommendation for Approval of Union County - Comprehensive Plan with LEDA - PG-4986.** Union County ("County") applied to the Local Government Planning Fund ("LGPF") for \$50,000 for a Comprehensive Plan with LEDA.

The Plan will include various planning elements and will focus on economic development and Main Street projects addressing the County's needs

**12. Consideration and Recommendation for Approval of El Rito RW&WWA (Rio Arriba County) - Preliminary Engineering Report - PG-4988.** The El Rito Regional Water & Wastewater Association ("Association") applied to the Local Government Planning Fund ("LGPF") for \$37,500 for a Preliminary Engineering Report ("PER").

The PER will assess the existing community water system, to include storage, distribution lines, identify an additional water source, and document health and sanitation issues of the current system.

**Member Fulginiti moved, seconded by Member Kopelman, for approval of agenda items 7 - 12. The motion passed 5 - 0.**

**13. Consideration and Recommendation for Approval of Los Lunas School District (Valencia County) - Series 2019 General Obligation Bonds - PPRF-4977.** The Los Lunas School District ("District"), applied to the Public Project Revolving Fund ("PPRF") for \$8,400,000 for school improvements.

The District received voter approval in February 2016, for \$25,000,000 for school improvements valid for four years. The District will issue General Obligation Bonds for \$8,400,000.00 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 2018 audit received an unmodified opinion with 2 findings neither a material weakness nor a significant deficiency.

**Member Fulginiti moved, seconded by Member Cottrell-Propst, for approval of Los Lunas Schools Project PPRF-4977. The motion passed 5 - 0.**

**14. Consideration and Recommendation for Approval of Gallup McKinley County School District (McKinley County) - Series 2019 General Obligation Bonds - PPRF-4978.** The Gallup McKinley County School District ("District") applied to the Public Project Revolving Fund ("PPRF") for \$5,750,000 for school improvements.

The District received voter approval in February 2017 for \$25,000,000 for school infrastructure improvements valid for 4 years. The District will issue General Obligation Bonds for \$5,750,000, which NMFA will purchase with the PPRF. The District will use the funds towards the District's state match percentage required to receive funding through the public School Capital Outlay Council, replacement of Red Rock Elementary, and the 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 2018 audit received an unmodified opinion with 12 findings including 6 new significant deficiencies and 6 non-compliance issues. The District submitted a corrective action plan.

In response to a request from Member Fulginiti regarding the audit findings, Ms. Ivanna Hanks reported on the steps taken for removal of all prior year findings including replacement of key staff with individuals experienced with construction and facilities, and weekly meetings with cross departments. Ms. Hanks explained the consolidation of several locations including the replacement of Red Rock Elementary to maximize instructional staff in the classroom, reduce administrative and facility costs, implementation of a strategic plan and career paths from K-12.

Member Padilla-Jackson said it would be helpful for NMFA and DFA Local Government Division to brainstorm on how to help similar entities improve their credit strength by ensuring compliance and implementing internal controls to minimize audit findings.

**Member Fulginiti moved, seconded by Member Kopelman, for approval of Gallup McKinley County School District Project PPRF-4978. The motion passed 5 - 0.**

**15. Consideration and Recommendation for Approval of Cuba Independent School District (Sandoval County) Series 2019 General Obligation Bonds - PPRF-4979.** The Cuba Independent School District ("District") applied to the Public Project Revolving Fund ("PPRF") for \$2,650,000 for school infrastructure improvements.

In 2016, the District received voter approval of \$3,000,000 for various projects of which \$650,000 remains. The District proposes using the \$650,000 along with \$2,000,000 from the most recent February 2019 voter approval of \$5,600,000 for school improvements. The District will issue General Obligation

Bonds for \$2,650,000, 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 2018 audit received an unmodified opinion with no findings.

**Member Fulginiti moved, seconded by Member Padilla-Jackson, for approval of City of Cuba Independent School District Project PPRF-4979. The motion passed 5 - 0.**

- 16. Consideration and Recommendation for Approval of Taos County - 2019 Infrastructure Building - PPRF-4983.** Taos County ("County") applied to the Public Project Revolving Fund ("PPRF") for \$4,555,019 to finance the infrastructure and costs related to a new operations complex building to house the County's Public Works, Fleet, and Solid Waste Departments.

The County will pledge the first and second increments (0.0625% each) of the County Infrastructure Gross Receipts Tax as security and repayment of this loan. Staff utilized a three year average of revenues resulting in \$305,786 to determine debt service coverage of 1.25xs.

The 2018 audit received an unmodified opinion with 1 finding, neither a material weakness nor a significant deficiency.

Member Padilla-Jackson felt that the Board write-ups could include more information under strengths because obviously there are strengths to these entities. Member Padilla-Jackson mentioned including an entity's reserves, their revenue growth over the last 5 years, noting that having an unmodified opinion is a strength, as is zero findings. She felt having no strengths seems incomplete so Member Padilla-Jackson encouraged staff to think about what would be helpful for the Board to know about these entities for inclusion under Strengths.

**Member Fulginiti moved, seconded by Member Cottrell-Propst, for approval of Taos County Project PPRF-4983. The motion passed 5 - 0.**

- 17. Consideration and Recommendation for Approval of City of Santa Fe (Santa Fe County) - 2019 Parking Improvements - PPRF-4954.** The City of Santa Fe ("City") applied to the Public Project Revolving Fund ("PPRF") for \$1,575,000 to finance the infrastructure and costs of improvements to the City's parking facilities.

The new PPRF loan will be secured within the City's subordinate Gross Receipts Tax ("GRT") lien supported by its State Shared GRT (1.225%), the first and second increments of its Municipal Local Option GRT (0.25% each increment, 0.50% total), and the first increment of Municipal Infrastructure GRT (0.0625%). Staff utilized a three year average of revenues consisting of \$54,947,485 resulting in a minimum debt service coverage of 2.48xs. The loan will maintain a contingent intercept.

Because S&P rates the subordinate lien 'AA' with Fitch's rating at 'AA+', the loan will not require a debt service reserve fund. The subordinate lien has an established additional bonds test of 200%.

The 2018 audit received an unmodified opinion with 10 findings including two repeat material weaknesses and two repeat significant deficiencies. The City provided a corrective action plan.

Board members had questions regarding the numerous audit findings. City staff explained the steps taken to bring the City into compliance noting a reduction in the number of audit findings. In response to a question from Member Kopelman, City staff said they expect the next audit to be vastly improved but may still have several repeat findings. Member Kopelman requested a progress report from NMFA staff on the City's progress.

**Member Fulginiti moved, seconded by Member Cottrell-Propst, for approval of City of Santa Fe Project PPRF-4954. The motion passed 5 - 0.**

- 18. Consideration and Recommendation for Approval of City of Las Cruces (Dona Ana County) - 2019 Infrastructure Loan - PPRF-4976.** The City of Las Cruces ("City") applied to the Public Project Revolving Fund ("PPRF") for \$8,489,714 to finance public infrastructure for the Metro Verde master planned community in Las Cruces.

The City will pledge its distribution of the State Shared GRT towards the repayment of this loan. Moody's rated the City's State Shared GRT Aa3 in 2017, therefore no Debt Service Reserve Fund is required.

The 2018 audit received an unmodified opinion with 12 findings including 3 material weaknesses and 2 significant deficiencies. The City submitted a corrective action plan.

Member Kopelman noted there is no issue with repayment of the loan, but there is concern over so many findings. Chair Ulibarri requested a status update on the City's progress in six months.

**Member Fulginiti moved, seconded by Member Cottrell-Propst, for approval of City of Las Cruces Project PPRF-4976. The motion passed 5 - 0.**

- 19. Consideration and Recommendation for Approval of Roosevelt County Special Hospital District - 2019 Hospital Improvements Loan - PPRF-4882.** The Roosevelt County Special Hospital District ("District") applied to the Public Project Revolving Fund ("PPRF") for \$5,361,744 for construction and improvements at Roosevelt County General Hospital.

The District plans to use the four increments of the Local Hospital GRT as repayment for the loan. Although the District has experienced slight volatility in the Local Hospital GRT since 2015, using a 3-year average still provides for 3.53xs coverage.

The 2018 audit received an unmodified opinion with 5 findings including 3 material weaknesses. The District provided a corrective action plan.

**Member Fulginiti moved, seconded by Member Kopelman, for approval of Roosevelt County Special Hospital District Project PPRF-4882. The motion passed 5 - 0.**

**20. Consideration and Recommendation for Approval of City of Deming (Luna County) - Series 2019 GO Bonds - PPRF-4987.** The City of Deming ("City") applied to the Public Project Revolving Fund ("PPRF") for \$1,500,000 to finance street improvement projects.

The City received voter approval in March 2018 for \$3,000,000 for road improvements within the City limits valid for four years. The City will issue GO bonds for \$1,500,000 which NMFA will purchase with the PPRF representing the remaining amount previously approved by voters.

The non-residential valuations for the City had been on an upward trend since 2016; however, experienced a .6% decrease from 2017 to 2018 mitigated by the fact that the 2018 GO Bond principal payment was structured with the August 2019 payment of \$317,000 representing approximately 21% of the borrowed amount resulting in the City only being 26.28% bonded to capacity after the issuance of the 2019 GO Bond and application of the August 2019 debt service payment.

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

**Member Fulginiti moved, seconded by Member Padilla-Jackson, for approval of City of Deming Project PPRF-4987. The motion passed 5 - 0**

**21. Consideration and Recommendation for Approval of Amended Drinking Water State Revolving Loan Fund ("DWSRLF") Loan Management Policies.** Staff recommends approval of the amended Drinking Water State Revolving Loan Fund ("DWSRLF") Loan Management Policies incorporating the proposed changes to the Disadvantaged Community Program and Affordability Criteria.

In 1997, pursuant to the Drinking Water State Revolving Loan Fund Act ("Act"), the New Mexico Finance Authority ("NMFA") and the New Mexico Environment Department ("NMED") established affordability criteria for "disadvantaged communities." The federal Safe Drinking Water Act ("SDWA") required the State to establish affordability criteria for the disadvantaged community assistance program prior to accepting any capitalization grants. The State uses the affordability criteria to determine access to enhanced loan terms and engineering assistance as outlined in the Intended Use Plan ("IUP").

Recent amendments to the SDWA relative to disadvantaged community assistance prompted the review, the key change requiring the use of a minimum of 6% of the annual capitalization grant to provide subsidy under the disadvantaged community assistance program. At the April 2019 meeting, staff recommended simplifying the affordability criteria and certain related policies by using the upcoming FY2020 IUP as the conduit for public review.

The Board approved the proposed changes to the DWSRLF disadvantaged community assistance program and affordability criteria for inclusion in the FY 2020 IUP. Posted for a 30-day public comment period ending June 14, 2019, the NMFA did not receive any public comments related to the proposed policy changes.



The amendments to the Safe Drinking Water Act are effective immediately, with the additional subsidy requirement pertaining to capitalization grants awarded after October 23, 2018.

**Member Fulginiti moved, seconded by Member Kopelman, for approval of amended Drinking Water State Revolving Loan Fund ("DWSRLF") Loan Management Policies. The motion passed 5 - 0.**

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

**22. Update on Activities.** Ms. Marquita Russel reported on the Economic Development Committee meeting of June 18, 2019. The Economic Development Committee members met on Tuesday, June 18 with a quorum of members in attendance. In addition to reviewing the Private Lending Portfolio Report, the members considered the items that appear on today's agenda under item #23, #24 and #25.

**23. Consideration and Recommendation of a Final Approval for a NMTC Financing for Continental Divide Electric Cooperative (Phase 3).** Staff recommends final approval of the New Markets Tax Credit financing for Continental Divide Electric Cooperative, Inc. ("CDEC").

Interest-only loan for \$5,335,000 made to Continental Divide Electric Cooperative, Inc. ("POB") at a blended interest rate at 1.30203% with a coverage of 5.79xs. The loans will be made by Finance New Mexico-Investor Series XXV with capital provided from qualified equity investment (QEI) made by the Continental Divide Investment Fund XXV which will be 100% owned by a Wells Fargo Community Investment Holdings, LLC. A loan of \$3,724,050 with an interest rate of 1% from CDEC LL, Inc. ("CDECLL") will partially fund the QEI.

CDEC will use the NMTC proceeds for the development and installation of Phase 3 of a local area broadband service throughout Milan, NM enabling the provision of services to the surrounding Cibola County communities of Bluewater and San Rafael.

Mr. Dan Opperman reviewed the proposed resolution which approves the use of a portion of the 2015-2016 allocation awarded under the NMTC program to Finance New Mexico, LLC. by approving a qualified low-income community investment in the form of loans in the total amount of \$5,335,000 from Finance New Mexico-Investor Series XXV, LLC to CDEC, authorizing and approving the execution of a term sheet, authorizing and approving the execution of other documents; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this resolution; ratifying prior actions consistent with the resolution.

In response to a question from Member Padilla-Jackson regarding NMTC transactions, Ms. Russel briefed the Board on the program and guidelines. Member Padilla-Jackson also requested a Board briefing on the NMTC program.

**Member Fulginiti moved, seconded by Member Cottrell-Propst, for final approval of the New Markets Tax Credit financing and authorizing resolution for Continental Divide Electric Cooperative, Inc. The motion passed 5 - 0.**

- 24. Recommendation to Open the 27th Round of Competitive New Markets Tax Credit Applications.**  
Staff requests approval to open the 27th Round of competitive applications with an application cap of \$8 million of allocation.

In May, Finance New Mexico, LLC received notification of a \$40 million NMTC award from the Calendar Year 2018 application which requires Finance New Mexico to invest at least \$8 million in rural areas and at least \$8 million in small projects.

Staff recommends that the applications be limited to no more than \$8 million, allowing for the completion of at least three projects. For the next application cycle, staff will be utilizing the EnABLE system, which requires clients to register in advance of submitting an application as NMFA will no longer accept Rural Applications on a monthly cycle. Staff proposes that NMFA provide at least two weeks to register and that the application cycle be open for four weeks.

**Member Fulginiti moved, seconded by Member Cottrell-Propst, for approval to open the 27th Round of competitive applications with an application cap of \$8 million of allocation. The motion passed 5 - 0.**

- 25. Request for Second Amended Project Scope for La Clinica de Familia ("LCDF").** Staff recommends approval of the second amended project scope for the \$1,600,000 Behavioral Health Capital Loan ("BHCF") to LCDF to include construction of a new building in downtown Las Cruces on the new parcel of land as the second facility.

On January 19, 2019, NMFA approved an amendment to the \$1.6 million BHCF loan to LCDF to change the project scope to include the construction of a new 12,000 sq. ft. building to be located in Las Cruces adjacent to its Las Cruces Central Cervantes Complex ("Cervantes Complex") allowing LCDF to consolidate into one facility all of its Behavioral Health Clinics located across the Las Cruces area. LCDF proposes to consolidate the clinics for rent savings currently totaling \$25,000 per month for the four different locations. With the approval of this amendment to the project scope, the net savings for LCDF would be approximately \$11,000 a month in their rent expense.

The main two reasons for the request of change in location is to avoid having to reopen the New Markets Tax Credit transaction because of the legal complexities and costs associated with doing so, and issues with the number of available parking spaces that would have been left at the Alameda location after construction. Since the land purchased for the "second facility" is with LCDF cash reserves, it still provides for a substantial amount of savings when replacing the current lease payments for the current rented facilities with the NMFA mortgage payment for the new facilities.

**Member Fulginiti moved, seconded by Member Cottrell-Propst, for approval of the second amended project scope for the \$1,600,000 Behavioral Health Capital Loan to LCDF to include construction of a new building in downtown Las Cruces on the new parcel of land as the second facility. The motion passed 5 - 0.**

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

**26. Update on Activities.** Chair Ulibarri reported the Finance & Disclosure Committee met on June 24, 2019 but did not achieve a quorum. The Committee agreed to forward items 27 - 31 to the Board without a recommendation.

**27. 2019B and 2019C1 & C2 Bond Sales Report.** Mr. Michael Zavelle summarized the 2019B, 2019C1, and 2019C2 bonds sales including investor orders.

The Finance Authority sold the PPRF senior lien tax-exempt 2019B series bonds on June 13, 2019 in the par amount of \$43,870,000 with JPMorgan as lead manager and Wells Fargo and Fidelity as co-managers. The PPRF 2019B bonds mature in 2039 with an average life of 9.067 years and an effective interest rate on a true interest cost ("TIC") basis of 2.340%. The 10-year call is June 1, 2029.

The PPRF subordinate lien tax-exempt 2019C1 series bonds and taxable 2019C2 series bonds sold on June 12, 2019 in the par amounts of \$18,930,000 and \$12,480,000 with RBC Capital Markets as lead manager, Piper Jaffray and Stifel as co-managers, and Board Chair Kathy Ulibarri serving as Board designee for the sales. The bonds closed on June 27, 2019. The proceeds of the bonds refunded 2009D-1 and 2009A bonds for \$14,015,000 and funded loans totaling \$72,525,081, including an energy efficiency GSD loan in the par amount of \$11.5 million.

The 2019C subordinate bonds sold into a market of rapidly declining interest rates and a week's municipal bond volume of \$10 billion, relatively large. Issuers found wide spread resistance to tight spreads across all borrowers. About \$11 million of the 2019C1 bonds, primarily in maturities 2028 to 2031, did not sell with the managers underwriting them. Likewise, the 2019C2 series bonds concluded with an attractive price and after rate adjustments of 5 to 7 basis points ended with an excellent group of investors, including some investors new to the PPRF. The 2020 maturity included \$750,000 underwritten for the 2019C2 bonds.

The 2019B senior bonds sold the next day and by day end, all signed on at spreads 3 to 6 basis points better than the 2019C1 subordinate bonds, with some oversubscription. The investor pool included some prime market names and top PPRF targeted investors. The willingness of San Diego County to buy PPRF bonds is an indication of the respect that the PPRF has garnered as a high quality credit in the municipal market. Big name investors like Traveler's, Blackrock and Breckinridge clear the way for smaller investors to be comfortable with pooled credits like the PPRF that require some specialized knowledge.

**28. Consideration and Recommendation for Approval of FY2020 Budget.** Staff recommends approval of the proposed FY 2020 Consolidated Budget

Mr. Oscar Rodriguez presented the proposed FY 2019-2020 Consolidated Budget developed with the assumptions approved by the Finance & Disclosure Committee in March 2019 serving as the principal projection guides, including a 2% inflation and a flat growth trend for both revenue and overall program activity.

The proposed budget includes total revenues of \$144,520,000 and total expenditures of \$104,399,985 representing an overall gain of \$40,120,015 of revenues over expenses, 1% above the same in last year's approved budget. The proposed budget also includes an operating budget of \$9,963,985, and a capital budget of \$276,000, an increase of \$519,787 (5.3%) above the \$9,720,198 approved last year for these two budgets combined.

The proposed plan provides for up to a 3% performance based salary increase for all eligible employees on their anniversary date. The proposal also utilizes a vacancy rate equivalent to 6% of salaries.

The most significant changes in the budget from last year are the addition of a Chief Operating Officer, Commercial Lender, and \$50,000 to study NMFA's impact on capital access for economic development in the State. There is also a \$270,000 increase in banking fees in the operating budget, but \$250,000 of this amount was part of the non-operating budget last year. For consistency, this year's budget reflects the item as an operating expense similar to the annual audit report.

The Board discussed the proposed budget at length. Questions raised included interest income from investments, grant revenue, and purpose for hiring a Chief Executive Officer with a request to provide more information on the duties before posting the position. Member Kopelman requested the next meeting's agenda include the budget for further discussion.

**Member Fulginiti moved, seconded by Member Padilla-Jackson, for approval of FY2020 Budget. The motion passed 5 - 0.**

- 29. Consideration for Approval of Wells Fargo as an Approved Broker/Dealer.** Staff recommends approval of Wells Fargo N.A. as a Broker/Dealer for NMFA trading activity with Doug Safford assigned to NMFA accounts.

Currently the approved NMFA broker/dealer list has eight approved dealers which staff utilizes for trading on Bloomberg. NMFA staff and external investment advisor Deanne Woodring reviewed FIRNA reports on both Wells Fargo and Doug Stafford with no findings.

**Member Fulginiti moved, seconded by Member Cottrell-Propst, for approval of Wells Fargo N.A. as a Broker/Dealer for NMFA trading activity with Doug Safford assigned to NMFA accounts. The motion passed 5 - 0.**

- 30. Consideration for Approval of Amendment to the Professional Services Agreement for Financial Advisory Services with PFM Financial Advisors LLC.** Staff recommends approval of the Professional Services Agreement ("PSA") for financial advisory services with PFM Financial Advisors LLC ("PFM").

The Finance Authority issued an RFP for financial advisory services for the PPRF program in 2016 with Western Financial Group LLC ("Western Financial") as the winning offeror entering into a three year agreement. In 2018, Western Financial merged into PFM with the agreement assigned to PFM. With the initial three year term expiring on July 19, 2019, the Finance Authority seeks to extend the agreement

for an additional year to July 19, 2020 with the date extension the only change to the Agreement.

**Member Fulginiti moved, seconded by Member Kopelman, for approval of Amendment to the PSA for Financial Advisory Services with PFM Financial Advisors LLC. The motion passed 5 - 0.**

- 31. Consideration for Approval of Third Amendment to the Professional Services Agreement ("PSA") for NMTC Audit and Accounting Services with Novogradac and Company LLP.** Staff recommends approval of third amendment to the PSA for NMTC Audit and Accounting Services with Novogradac and Company LLP ("Novogradac").

In 2016, the New Mexico Finance Authority issued a Request for Proposal ("RFP") for audit and accounting services relating to the NMTC program selecting Novogradac as the winning offeror. With the Agreement, as amended, set to expire on August 1, 2019, the Finance Authority seeks an extension for an additional year to August 1, 2020.

**Member Fulginiti moved, seconded by Member Cottrell-Propst, for approval of third amendment to the Professional Services Agreement for NMTC Audit and Accounting Services with Novogradac and Company LLP. The motion passed 5 - 0.**

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

- 32. Update on Activities.** Member Padilla-Jackson reported the Committee met on June 19, 2019. Items included an update on internal controls review, the internal audit and succession plan, and the external audit plan.
- 33. Compliance Exceptions Report.** Ms. Heather Boone reviewed the Compliance Exceptions Report. There have been no corrective actions completed and no changes since last month.
- 34. Executive Session: Closed Session to Discuss Matters Subject to Attorney Client Privilege Pertaining to Threatened or Pending Litigation Related to the Tri-County Community Services, Inc. Behavioral Healthcare Loan as Allowed by NMSA 1978, Section 10-15-1(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 Tri-County Community Services, Inc. Behavioral Healthcare Loan as allowed by NMSA 1978, Section 10-15-1 (H) (7).

**Member Fulginiti moved, seconded by Member Kopelman, to go into Executive Session as allowed by NMSA 1978, Section 10-15-1 (H) (7). On a roll call vote, the motion passed 5 – 0.**

RETURN TO OPEN MEETING

**Member Kopelman moved, seconded by Member Fulginiti, to reconvene in open session. The motion passed 5 – 0.**

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 Tri-County Community Services, Inc. Behavioral Healthcare Loan."

**35. Next Board Meeting**

Thursday, July 25, 2019 – 9:00 a.m.  
State Capitol – Room 309  
Santa Fe, New Mexico

**36. Adjournment**

**Member Kopelman moved, seconded by Member Fulginiti, to adjourn the meeting. The motion passed 5-0.**

The meeting adjourned at 11:35 a.m.

  
\_\_\_\_\_  
Secretary

7/25/19  
\_\_\_\_\_  
Date