

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

Minutes of Board Meeting
August 22, 2019
State Capitol - Room 322
Santa Fe, New Mexico

Present:

Katherine Miller, Chair
William Fulginiti, Vice-Chair
Steve Kopelman, Secretary
Donnie Quintana
Matthew Lovato
Judi Kahl
Andrew Burke
Leslie Nathanson Juris
David A. Martinez
Martin Abran Suazo

Santa Fe County Manager
Executive Director, NMML
Executive Director, NMAC
Designee for Secretary, Dept. of Finance/Admin.
Designee for Secretary, NMENRD
Designee for Secretary, NM Environment Dept.
Vice President, Finance & Administration, NMSU
Santa Fe, NM
Laguna, NM
Las Vegas, NM

Absent:

Alicia Keyes

Secretary, NM Economic Development Dept.

Finance Authority Staff:

Angela Quintana
Connie Marquez
Frank Ibarra
Joe Durr
John Gasparich
Leslie Medina
Mark Lovato
Michael Vonderheide
Ron Cruz
Zach Dillenback

Bryan Otero
Dan Opperman
Floyd Trujillo
John Brooks
Heather Boone
LaRain Valdez
Marquita Russel
Oscar Rodriguez
Shawna Johnson

Guests:

Anne Browne
Brad Angst
Brad Patterson
Christine Choi
Evan Kist
Helen C. Atkeson
Jerry Kyle, Jr.

Sutin Thayer & Browne
George K. Baum
Gilmore & Bell
PFM
RBC Capital Markets
Hogan Lovelles
Orrick, Herrington & Sutcliffe

John Archuleta
 Luis Campos
 Mark Chaiken
 Regina Gaysina
 Rick Martinez
 Stephanie Hernandez
 Suzanne Bruckner
 Theresa Edwards
 Trevas Younger

George K. Baum
 AOC
 Virtue Najjar
 RBC Capital Markets
 Apricot Tree LLC
 City of Alamogordo
 Sutin Thayer & Browne
 LFC
 The Heritage Assisted Living

- 1. Call to Order and Roll Call.** Chair Katherine Miller 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 agenda revision moving item 4 to item 29 immediately prior to adjournment.

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

- 3. Approval of the July 25, 2019 Board Minutes.**

Member Suazo moved, seconded by Member Lovato, for approval of the July 25, 2019 Board Minutes. The motion passed 8 – 0.

Although considered after item #29, agenda item #4 follows for ease of presentation.

- 4. Committee Appointments.** Chair Miller recommended the following appointments to the Board Committees.

Executive Committee	Katherine Miller, Chair
	William Fulginiti, Vice Chair
	Steve Kopelman, Secretary
	James Kenney
	Martin Suazo
Finance & Disclosure Committee	Olivia Padilla-Jackson, Chair
	William Fulginiti
	Alicia Keyes
	Martin Suazo
	David Martinez
Public Lending Committee	William Fulginiti, Chair
	Steve Kopelman
	Olivia Padilla-Jackson
	James Kenney
	David Martinez

Audit Committee	Andrew Burke, Chair
	Steve Kopelman
	Sarah Cottrell Propst
	Martin Suazo
Economic Development	Alicia Keyes, Chair
	Sarah Cottrell Propst
	James Kenney
	Leslie Nathanson-Juris

Member Fulginiti moved, seconded by Member Kopelman, to approve the Chair's Committee appointments. The motion passed 10 - 0.

- 5. Report from Chief Executive Officer.** Mr. John Gasparich reported on the following:
- ◆ NMFA Oversight Committee will meet August 25 and 26 in Bernalillo with various presentations by staff.
 - ◆ Enable Update. Mr. Floyd Trujillo presented a brief update on the Enable project. PPRF should be 95% complete by October except for a few complex projects requiring more time.
 - ◆ FY 2019 PPRF Activity Report. Mr. Zach Dillenback reviewed the PPRF activity report for FY2019.

Report from the Finance & Disclosure Committee. (*Committee members include Mr. William Fulginiti and Secretary Alicia Keyes.*)

- 6. Update on Activities.** The Finance & Disclosure Committee did not meet so the following agenda item appears without a recommendation.
- 7. Consideration for Approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2019D, Preliminary Official Statement, One Hundred and First 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 2019D Bonds, and delegate to certain members and officers of the NMFA the authority to determine the final terms of the Series 2019D bonds, subject to certain parameters.

The Finance Authority is issuing and selling Series 2019D 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 2019D PPRF Bonds to achieve debt service savings, and pay costs incurred in connection with the issuance of the Series 2019D Bonds. Staff and consultants will continue to prepare for the sale of the Series 2019D Bonds, now expected to occur September 2019.

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

Member Suazo moved, seconded by Member Lovato, for approval of the authorizing and delegating resolution for the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2019D, Preliminary Official Statement, One Hundred and First Supplemental Indenture of Trust and Related Documents. The motion passed 8 - 0.

8. **Year End Budget Performance Report.** Mr. Oscar Rodriguez presented the year-end budget report which is a consolidation of the activity of 16 different programs. Mr. Rodriguez reviewed grant revenues and appropriation revenue in detail.

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

9. **Update on Activities.** Member Lovato reported the Economic Development Committee did not meet in August for lack of a quorum. Staff briefed the Committee members on the Private Lending Portfolio Report, along with the item that appears on the agenda under item #10. Staff recommends approval.
10. **Consideration and Recommendation for Approval of a Smart Money Participation with Younger Enterprises - 3818-LP.** Staff recommends approval of a 49% pari-passu participation in an amount not to exceed \$751,431.

Ms. Trevas Younger, CEO and Owner, reviewed the proposed project outlining the various features of the proposal.

Mr. John Brooks reported that Century Bank in Las Cruces requested the NMFA's 49% Smart Money participation in the \$1,533,533 construction to permanent loan it expects to make to assist the borrower with the construction of its 12-unit (16 beds) addition to an existing facility in Las Cruces, NM.

Younger Enterprise, LLC ("Younger") is a real estate holding company that holds all the real estate on its books and will be the borrower/obligor for this loan. The Heritage Assisted Living & Adult Day Care, LLC ("Heritage") is the operating company in this transaction and will be making the lease payments to Younger. Heritage is the main entity deriving all the revenues for this transaction and will be a guarantor to the loan. The bank's loan of \$1,533,533 is based on 90% of the project costs subject to an appraisal that meets the LTV requirements for this loan.

The bank's construction to permanent loan will have a fixed rate of 5.8% for 5 years. The loan will reprice to 5-year CMT+3.5% for the remaining 5 years. This 10-year term will carry an 8-month interest only construction period. After 8-months, the construction loan will convert to monthly principal and interest payments based on a 20-year amortization period. The bank is not requiring a stabilization period on this transaction since Ms. Younger has indicated there is a wait list of 10 families with deposits already received from three. She believes, as soon the new building is open, the demand will fill up the

new building.

Member Suazo moved, seconded by Member Lovato, for approval of a Smart Money Participation with Younger Enterprises, Project 3818-LP. The motion passed 8 - 0.

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

11. Update on Activities. Member Quintana reported the Committee met on August 14, 2019 and considered the agenda item that follows.

12. Consideration and Recommendation for Approval of FY2019 Financial Statements as of June 2019. Mr. Oscar Rodriguez summarized the financial statements for period ending June 2019.

Member Suazo moved, seconded by Member Lovato, for approval of FY2019 Financial Statements as of June 2019. The motion passed 8 - 0.

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

13. Update on Activities. Mr. Zach Dillenback presented the projects reviewed by the Public Lending Committee on August 19, 2019.

14. Consideration and Recommendation for Approval of East Pecos MDWCA (San Miguel County) - Water Asset Management Plan - PG-5011. The East Pecos MDWCA ("Association") applied to the Local Government Planning Fund ("LGPF") for \$50,000 for a Water Asset Management Plan ("AMP").

The AMP will include an Asset Registry, assess performance, failure models, determine residual life of the assets, and life cycles and replacement costs, set target levels of service, determine Business Risk (Criticality), optimize Operation and Maintenance Investment, optimize Capital Investment and determine funding strategies.

15. Consideration and Recommendation for Approval of Town of Estancia (Torrance County) - Preliminary Engineering Report, Water - PG-5018. The Town of Estancia ("Town") applied to the Local Government Planning Fund ("LGPF") for \$37,500 for a water Preliminary Engineering Report ("PER").

The PER will provide cost-effective recommendations to rehabilitate and/or provide for a new water system, to include various solutions for constructing new storage tank and distribution lines.

16. Consideration and Recommendation for Approval of Town of Estancia (Torrance County) - Preliminary Engineering Report, Wastewater - PG-5019. The Town of Estancia ("Town") applied to the Local Government Planning Fund ("LGPF") for \$50,000 for a wastewater Preliminary Engineering Report ("PER").

The PER will identify alternatives for improving the wastewater treatment and collection facilities by including source control measures, alternative treatment systems and discharge locations.

17. Consideration and Recommendation for Approval of Tesuque Pueblo (Santa Fe County) - Preliminary Engineering Report - PG-5024. Tesuque Pueblo ("Pueblo") applied to the Local Government Planning Fund ("LGPF") for \$50,000 for a Preliminary Engineering Report ("PER").

The PER will analyze and recommend alternatives to correct and improve the current water distribution system focusing on water line replacements and improving the system design to provide adequate fire flow to the main village area with larger pipes and hydrants.

18. Consideration and Recommendation for Approval of San Jon Municipal School District (Quay County) - 2019 Ed Tech Note - PPRF-5021. The San Jon Municipal School District ("District") applied to the Public Project Revolving Fund ("PPRF") for \$130,000 for Education Technology Equipment, network improvements and cost of issuance.

The State Constitution does not require school districts to receive voter approval for education technology equipment and related projects when the purchase is through a lease-purchase agreement entered 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 as a security interest with the District maintaining all ownership responsibilities.

The District, located in Quay County, has a Median Household Income ("MHI") of 57.07% of the State's MHI, qualifying the County and the District for disadvantaged funding. The 2016-2021 District-wide Facility Master Plan notes that the population residing within the Village is relatively small with most of the District's families residing outside the immediate Village boundaries. However, the student population and families live within the District's boundaries thereby distorting the proportion of the Village's population to the number of students that attend the District. Thus, staff used the County's MHI for determination of the PPRF disadvantaged funding qualifications. As of the 2016/17 school year's 40-day count, 165 students attend the District schools while the Village's residents total 169.

The 2018 audit received an unmodified opinion with no findings.

Member Suazo moved, seconded by Member Lovato, for approval of agenda items 14 - 18. The motion passed 8 - 0.

Member Kopelman joined the meeting at 11:07 am.

19. Consideration and Recommendation for Re-Approval of Alcalde MDWC & MSWA - Water System Improvement Project - WPF-4830. The Alcalde MDWC & MSWA ("Association") applied to the Water Project Fund ("WPF") for \$396,521 for the Alcalde Water System Improvement Project. WTB Funding Award - WTB 15% loan- \$59,478, WTB 85% grant - \$337,043 totaling \$396,521.