

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

**Minutes of Board Meeting**  
**October 24, 2019**  
**State Capitol - Room 309**  
**Santa Fe, New Mexico**

**Present:**

Katherine Miller, Chair	Santa Fe County Manager
William Fulginiti, Vice Chair	Executive Director, NMML
Steve Kopelman, Secretary	Executive Director, NMAC
Debbie Romero	Designee for Secretary, Dept. of Finance & Admin.
Matthew Lovato	Designee for Secretary, NMENRD
Andrew J. Burke ( <i>via conference</i> )	NMSU
Jon Clark	Designee for Secretary, NM Economic Dev.
Leslie Nathanson-Juris	Santa Fe, NM
David A. Martinez	Laguna, NM
Martin Abran Suazo	Las Vegas, NM
Jennifer Pruet	Designee for Secretary, NM Environment Dept.

**Finance Authority Staff:**

Angela Quintana	Bryan Otero
Connie Marquez	Dan Opperman
Floyd Trujillo	Frank Ibarra
Heather Boone	Joe Durr
John Brooks	John Gasparich
Leslie Medina	Mark Lovato
Marquita Russel	Michael Zavelle
Oscar Rodriguez	Shawna Johnson
Susan Rodriguez	Todd Johansen
Zach Dillenback	

**Guests:**

Adam Archuleta	4PointsHC Laguna
Anne Browne	Sutin Thayer & Browne
Camille Whitmore	4PointsHC Laguna
Carrie Sarnicky	4PointsHC Laguna
Eric Davis	McKinley Paper
Jim Hooper	4PointsHC Laguna
Randi Cordova	Jemez Valley School District
Regina Gaysina	RBC Capital Markets
Susen Ellis	BOKF
Suzanne Bruckner	Sutin Thayer & Browne

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 deletion of Items 26 and 28 from the agenda.

**Member Fulginiti moved, seconded by Member Kopelman, to approve the amended agenda. The motion passed 11 - 0.**

3. **Approval of the September 26, 2019 Board Minutes.** Member Martinez requested a correction changing Taos Pueblo Governor's name to Richard Aspenwind.

**Member Fulginiti moved, seconded by Member Clark, for approval of the amended September 26, 2019 Board minutes. The motion passed 11 – 0.**

4. **Report from the Chief Executive Officer.** Mr. John Gasparich addressed the EnABLE project in his report. Mr. Gasparich said staff has consistently over promised and underdelivered in predicting the progress on the project. He said that after consideration and discussion, it is important that the project continue, albeit with more time needed to focus and make a number of decisions in-house and with the vendor. Mr. Gasparich indicated that staff will share conclusions on the project with the Audit Committee and then the full Board next month. In response to questions regarding what caused the problems, Mr. Gasparich said it is not only a technology problem but a change in the manner in which NMFA operates and the complexity of the system.

The Board voiced concern about outdated technology upon completion, discussed doing something different, perhaps by utilizing an IT specialist, and pursuing problems with the vendor if deliverables are not met. Mr. Gasparich acknowledged the Board's frustration but felt it would be a mistake to abandon the project, as the system is ideally suited to NMFA's needs, including bonding which is not available on other systems, and producing calculations that are particular to NMFA systems that are far better and will actually be more efficient.

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

5. **Update on Activities.** Member Fulginiti presented the Public Lending Committee report on items discussed at the meeting on October 16, 2019.

6. **Consideration and Recommendation for Approval of the Public Lending Committee Charter Proposed Modifications.** The Committee reviewed the Public Lending Committee's role/responsibilities and recommended a modification to the Charter adding a section addressing Reporting.

**Member Fulginiti moved, seconded by Member Clark, for approval of the modifications to the Public Lending Committee Charter. The motion passed 11 – 0.**

- 7. Consideration and Recommendation for Approval of Village of Fort Sumner (De Baca County) - 2020 Fire Equipment Loan - PPRF-5059.** The Village of Fort Sumner (“Village”) Fire Department (“Department”) applied to the Public Project Revolving Fund (“PPRF”) for \$362,721 to purchase firefighting equipment.

The Department currently has an ISO rating of 5 with 1 main station and receives an annual base distribution of \$61,667 from State Fire Protection Funds. The Village will contribute \$50,000 in carry-forward funds and qualifies for \$150,000 disadvantaged funding.

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

- 8. Consideration and Recommendation for Approval of Village of Tularosa (Otero County) – 2020 Infrastructure Improvements Loan – PPRF-5062.** The Village of Tularosa (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$224,090 to complete a water construction project.

The Village received funding through the Colonias Infrastructure Fund (CIF-3365 & CIF-3517) and a Community Development Block Grant (“CDBG”) totaling \$1,453,940. Because of escalating costs and the need for full-time inspection services during construction rather than the budgeted part-time inspection services, the Village is requesting additional funding.

The Village will pledge its distribution of the State Shared GRT towards the repayment of this loan. Considered a disadvantaged entity the Village will receive a 2% disadvantaged interest rate determined at time of closing.

The 2018 audit received an unmodified opinion with 6 findings including 2 current year material weaknesses and 3 prior year significant deficiencies. The Village provided a corrective action plan.

- 9. Consideration and Recommendation for Approval of Otero County, Bent FD – 2020 Fire Equipment Loan – PPRF-5056.** Otero County-Bent Volunteer Fire Department (“Department”) applied to the Public Project Revolving Fund (“PPRF”) for \$151,135 to purchase a Pumper/Tanker.

The Department currently has an ISO rating of 5 with 1 main station and receives an annual base distribution of \$61,667 from State Fire Protection Funds. The County will contribute \$130,750 in carry-forward funds. Considered a disadvantaged entity the Village will receive a 2% disadvantaged interest rate determined at time of closing.

The 2018 audit received an unmodified opinion with 1 finding, a material weakness. The County provided a corrective action plan.

- 10. Consideration and Recommendation for Approval of Town of Lake Arthur (Chaves County) – 2020 Fire Equipment Loan – PPRF-5058.** The Town of Lake Arthur (“Town”) Fire Department

("Department") applied to the Public Project Revolving Fund ("PPRF") for \$100,756 to purchase a Pumper/Tanker.

The Department currently has an ISO rating of 9 with 1 main station and 1 substation receiving an annual base distribution of \$54,483 from State Fire Protection Funds. The Town will contribute \$200,000 in carry-forward funds.

The 2018 agreed upon procedures received an unmodified opinion with no findings.

- 11. Consideration and Recommendation for Approval of City of Elephant Butte (Sierra County) – Scope Change, Infrastructure – PPRF-3317.** Staff recommends approval of a scope change to re-purpose \$595,984 of the current loan proceeds for a road project with a time extension to June 2020 to expend the project balance.

In June 2015, the City entered into loan agreement PPRF-3317 to finance construction projects, including completing road projects, renovating a building, and the addition of an engine bay to the fire station. The original loan amount was \$595,984 with revenues pledged from the third, fourth and fifth increments of the Municipal Local Option GRT. Minimum debt service coverage ratio was 1.77xs.

A portion of the loan proceeds were to remodel the "Annex" adjacent to City Hall; however, design changes and escalating costs resulted in putting the project on hold. A local resident donated a metal building that met the specifications needed for the engine bay at the fire station. The City requests approval to re-purpose the remaining unspent funds on a much-needed shovel ready road project.

With new staff members in every position, with no historical knowledge, the timing to expend the balance of the loan proceeds expired on June 2018.

- 12. Consideration and Recommendation for Approval of Quay County, Conservancy #2 FD – 2020 Fire Equipment Loan – PPRF-5050.** Quay County ("County") applied to the Public Project Revolving Fund ("PPRF") for \$150,000 to finance the costs associated with the purchase of new fire apparatus and respective equipment.

The County will pledge State Fire Protection funds as the revenue source for the loan. The County has an ISO class rating of 9 with 1 main station and 1 substation and receives an annual base distribution of \$54,483. The County is contributing \$123,351 toward the purchase.

The 2018 audit received an unmodified opinion with 1 repeat significant deficiency.

- 13. Consideration and Recommendation for Approval of San Miguel County, Cabo Lucero FD 2020 USDA Refunding Loan - PPRF-5063.** San Miguel County ("County") on behalf of Cabo Lucero Volunteer Fire Department ("Department") applied to the Public Project Revolving Fund ("PPRF") for \$105,603 to refund the Series 2008 USDA loan.

Originated and issued in 2008 for \$167,000, the Department pledged State Fire Protection Funds ("Funds") as the revenue source for the loan which required USDA approval for all future loans with any additional loans using the Funds maintaining a subordinate lien position to the USDA loan.

The County received approval in September 2019 for PPRF-5038 with both PPRF-5063 and PPRF-5038 closing at the same time allowing the NMFA to maintain a parity lien position for both, and to intercept the Fire Protection funds for debt service while eliminating the need for USDA approval while maintaining a subordinate lien position.

The Department has an ISO class rating of 8 with 2 main stations and receives an annual base distribution of \$104,836. Based on the current market environment, the refunding would likely achieve a net present value savings of approximately 12%, equating to \$13,000 over the life of the refunding loan. The new refunding reduces the term of the refunded bonds by one year.

The 2018 audit received an unmodified opinion with 2 findings both significant deficiencies.

**14. Consideration and Recommendation for Approval of City of Raton (Colfax County) – Comprehensive Plan – PG-5061.** The City of Raton (“City”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 for a comprehensive plan.

The comprehensive plan, last updated in 2003, will focus on the community profile, land use and character, economic development, transportation, housing, hazard mitigation, and community services and facilities.

**15. Consideration and Recommendation for Approval of City of Aztec (San Juan County) – Comprehensive Plan w/LEDA – PG-5064.** The City of Aztec (“City”) applied to the Local Government Planning Fund for \$50,000 for a comprehensive plan.

The comprehensive plan will address land use, zoning, housing, transportation, parks and recreation, capital facilities and utilities, and economic development.

**16. Consideration and Recommendation for Approval of Village of Hatch (Doña Ana County) – Preliminary Engineering Report – PG-5066.** The Village of Hatch (“Village”) applied to the Local Government Planning Fund (“LGPF”) for \$37,500 for a Preliminary Engineering Report (“PER”).

The PER will evaluate alternatives for improving the water system reliability by improving the performance of the existing wells, maximizing the use of the existing water storage tanks, and improving pressure/flow for domestic use and fire flow.

**17. Consideration and Recommendation for Approval of Mountain Orchard MDWA (Otero County) – Water Project - DW-5026.** The Mountain Orchard MDWA (“Association”) applied to the Drinking Water Revolving Loan Fund (“DWRLF”) for \$120,000 for a waterline relocation project.

The Association plans to design and construct a 6’ water main along Haynes Canyon Road from Spring Drive to Orchard loop and related appenditures eliminating the use of the existing line currently located on private property.

The Entity qualifies for 75% principal forgiveness, due to the project's financial status and is ranked #4 on the FY 2020 Annual DWSRLF Fundable Priority List.

**Member Fulginiti moved, seconded by Member Pruett, for approval of Consent Agenda items 7 – 17. The motion passed 11 – 0.**

- 18. Consideration and Recommendation for Approval of Jemez Valley Public School District (Sandoval County) – Series 2020 General Obligation Bonds – PPRF-5052.** The Jemez Valley Public School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,000,000 for School infrastructure.

In 2017, voters approved \$2,200,000 for school infrastructure, computer software and hardware, and matching funds for capital outlay projects. The District will issue General Obligation Bonds for \$1,000,000 which the NMFA will purchase with the PPRF. The District qualifies for \$100,000 disadvantaged funding.

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 9 findings including 2 material weaknesses and 1 significant deficiency. The District provided a corrective action plan.

**Member Fulginiti moved, seconded by Member Suazo, for approval of Jemez Valley Public School District Project PPRF-5052. The motion passed 11 – 0.**

- 19. Consideration and Recommendation for Approval of Jemez Valley Public School District (Sandoval County) – Series 2020 Education Technology Notes – PPRF-5053.** The Jemez Valley Public School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$420,000 to purchase Educational Technology Equipment for District-wide projects.

The State Constitution does not require voter approval for education technology equipment and related projects when equipment is purchased through a lease-purchase agreement with the NMFA secured by ad valorem property tax. Under the terms of the agreement the NMFA holds title to the equipment with the District maintaining ownership responsibilities

Grant County is considered a disadvantaged entity and will receive a 2% disadvantaged interest rate determined at time of closing.

**Member Fulginiti moved, seconded by Member Suazo, for approval of Jemez Valley Public School District Project PPRF-5053. The motion passed 11 – 0.**

- 20. Consideration and Recommendation for Approval of Doña Ana County – 2020 Energy Efficiency & Renewable Energy Bonds - PPRF-5057.** Doña Ana County (“County”) applied to the Public Revolving Loan Fund (“PPRF”) for \$4,616,946 for energy upgrades/improvements at the Doña Ana County Detention Center including the Main Detention and Juvenile Building.

The Public Energy Efficiency and Water Conservation Act allows a governmental unit to enter into a guaranteed utility savings contract with a qualified provider to reduce energy costs. Trane U.S.

Inc. completed the County's energy audit which EMNRD is currently reviewing to certify the savings stated within the energy audit.

Section 6-23-9 NMFA 1978 allows the County to pledge any or all of the revenue not otherwise pledged or obligated from the first one-eighth of one percent increment and of one-half of the revenue from the third one-eighth of one percent increment of the County gross receipts tax transferred to the County pursuant to Section 7-1-6.13 NMSA. S&P rated the County's pledged revenue as A1+, therefore no Debt Service Reserve Fund is required.

The County qualifies for \$461,695 in disadvantaged funding.

The 2018 audit received an unmodified opinion with zero findings.

**Member Fulginiti moved, seconded by Member Nathanson-Juris, for approval of Doña Ana County Project PPRF-5057. The motion passed 11 – 0.**

- 21. Consideration and Recommendation for Approval of Grant County - 2020 Equipment Loan - PPRF-5054.** Grant County (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$671,552 to equip public works utility vehicles including a Truck Cab/Chassis for a snow plow and spreader and a Truck Cab/Chassis for a snow plow.

The County will pledge the 3rd increment of the County Local Option GRT (.125%) as pledged revenue towards repayment of the loan. Considered a disadvantaged entity, Grant County will receive a 2% disadvantaged interest rate determined at time of closing.

The 2018 audit received an unmodified opinion with 6 findings none material weaknesses nor significant deficiencies.

**Member Fulginiti moved, seconded by Member Lovato, for approval of Grant County Project PPRF-5054. The motion passed 11 – 0.**

**Report from the Economic Development Committee** (*Committee members are Secretary Alicia Keyes, Chair, Secretary Sarah Cottrell Propst, Secretary James Kenney, and Ms. Leslie Nathanson-Juris.*)

- 22. Update on Activities.** Member Clark reported on the Economic Development Committee meeting of October 15, 2019. In addition to reviewing the Private Lending Portfolio Report, the Committee also discussed items 23 – 25 that follow on the agenda.
- 23. Consideration and Recommendation for the Approval of the Economic Development Committee Charter Review and Proposed Modifications.** Ms. Heather Boone, Chief Compliance Officer, reviewed the Economic Development Charter with the Committee, which outlines the Committee’s roles and responsibilities. The Committee recommended adding a section addressing Reporting.

**Member Clark moved, seconded by Member Nathanson-Juris, for approval of the proposed modification to the Economic Development Committee Charter. The motion passed 11 – 0.**

- 24. Consideration and Recommendation for a Preliminary Approval of a New Markets Tax Credit Application for McKinley Paper Company Portion of Business (“McKinley Paper”) – NMTC-5067.** Staff recommends preliminary approval of New Markets Tax Credit financing for McKinley Paper with final approval subject only to NMTC documentation acceptable to the NMFA.

McKinley Paper applied for NMTC allocation for \$9,700,000 to purchase new equipment upgrading its Prewitt plant. Phase 1 entails \$20,000,000 of new equipment which will modernize and expand the capacity of the Prewitt Plant, including stock operations, water reclamation plant and paper machines.

The \$9,700,000 loan to McKinley Paper will be made by Finance New Mexico-Investor Series XXVI, LLC with capital provided by Capital One N.A. (expected) with McKinley Paper self-leveraging the transaction.

**Member Fulginiti moved, seconded by Member Pruett, for preliminary approval of a NMTC Application NMTC-5067 for McKinley Paper Company POB. The motion passed 11 – 0.**

- 25. Consideration and Recommendation for a Preliminary Approval of a New Markets Tax Credit Application for 4PointsHC Laguna, LLC – NMTC-5071.** Staff recommends preliminary approval of a NMTC application with 4Points HC Laguna, LLC for \$10,000,000.

The Pueblo of Laguna (“Pueblo”) plans to construct a new 15,051 sq. ft. health clinic which will provide medical services including gynecology, pediatrics, minor surgery, adult general treatments, pharmacy, and lab and imaging services.

4PointsHC will own and lease the facility to Laguna Healthcare Corporation (“LHC”) who will operate the new health care facility under a Use Agreement to provide medical services to the Pueblo and surrounding communities.

The NMTC loans will be secured by a collateral assignment of an irrevocable Use Agreement between the Pueblo and 4PointsHC Laguna, LLC. This Use Agreement will be in place for at least the life of the loan. The NMTC loans will also be secured by a collateral assignment of the build to suit agreement between the Pueblo and 4PointsHC Laguna, LLC. The Pueblo will guarantee the completion of construction and the obligations of 4PointsHC Laguna, LLC under all the NMTC loan documents as general obligations of the Pueblo.

Member Martinez disclosed that he resides in Laguna Pueblo but has no direct involvement in the project.

**Member Clark moved, seconded by Member Kopelman, for preliminary approval of NMTC application NMTC-5071 for 4PointsHC Laguna, LLC. The motion passed 11-0.**

**Member Fulginiti moved, seconded by Member Suazo, to put Item 26, Consideration of Appointment to Finance New Mexico LLC Advisory Board back on the agenda. The motion passed 11 – 0.**



**26. Consideration of Appointment to Finance New Mexico LLC Advisory Board.** Ms. Marquita Russel and staff recommended the appointment of Mr. Brent Jaramillo, Taos County Manager, to the Finance New Mexico Advisory Board.

**Member Fulginiti moved, seconded by Member Suazo, for the appointment of Mr. Brent Jaramillo to the Finance New Mexico LLC Advisory Board. The motion passed 11 – 0.**

**Report from the Finance & Disclosure Committee.** (*Committee members are Secretary Olivia Padilla-Jackson, Chair, Mr. William Fulginiti, Secretary Alicia Keyes, Mr. Martin Suazo, and Mr. David Martinez.*)

**27. Update on Activities.** Mr. Bryan Otero reported on the items discussed at the Finance & Disclosure Committee meeting on October 16, 2019. The Committee discussed the items which follow on the agenda and reviewed the Committee Charter. The Committee had no changes to the Charter.

**28. Consideration for Approval of the Fifth Amendment to the Tech PG Professional Services Agreement for the EnABLE System.** Item removed from the agenda.

**29. Presentation of the Investment Report for Period Ending September 30, 2019.** Mr. Mark Lovato reviewed the Investment Report for period ending September 30, 2019.

**30. Investment Strategy and Policy Review, Presentation and Consideration of Recommended Policy Changes.** Mr. Mark Lovato and Ms. Deanne Woodring, Government Portfolio Advisors (“GPA”) presented the NMFA Investment Strategy and Annual Policy Review

The various programs of the Finance Authority allow for different authorized investment vehicles, due to indenture and participation restrictions. GPA and staff reviewed all allowable securities under Section 6-10-10, NMSA 1978, as amended, to determine if they are suitable for the Finance Authority’s investment program.

Based on the review, staff and GPA recommend that the Finance Authority include mutual funds as a permissible investment to funds not subject to the restrictions of the Indentures, but that the Finance Authority not add Supranationals or SIC pooled investment funds.

**Member Fulginiti moved, seconded by Member Suazo, for approval of the recommended policy changes to the Investment Strategy. The motion passed 11 – 0.**

**31. Report on Annual Review of NMFA Approved Broker Dealers.** Mr. Mark Lovato, Chief Investment Officer, presented the annual review of approved Broker/Dealer list for NMFA trading activity as required by the Investment Policy.

NMFA has an approved broker/dealer list utilized for trading on Bloomberg with only approved brokers/dealers enabled/accessible by NMFA Investments for trading. Mr. Lovato reviewed the Broker Dealer list with no recommended additions other than Wells Fargo as previously approved in June 2019.

**Report from the Audit Committee.** (Committee members are Mr. Andrew Burke, Chair, Secretary Sarah Cottrell Propst, Mr. Martin Suazo, and Mr. Steve Kopelman.)

**32. Update on Activities.** Member Burke reported on the projects discussed at the Audit Committee on October 16, 2019. The Committee reviewed the Audit Committee's responsibilities and recommended no modifications to the Amended and Restated Audit Committee Charter.

**33. Executive Session: Closed Session to Discuss - Exit Conference for the FY2019 Audit, as Protected by the Confidentiality Provisions of the State Audit Act, Section 12-6-5, and Allowed by NMSA 1978, Section 10-15-1(H)**

Chair Miller entertained a motion for the NMFA Board of Directors to go into Executive Session to discuss matters subject to Attorney-Client Privilege pertaining to Exit Conference for the FY 2019 Audit as protected by the Confidentiality Provisions of the State Audit Act, Section 12-6-5, and allowed by NMSA 1978, Section 10-15-1 (H).

**Member Fulginiti moved, seconded by Member Kopelman, to go into Executive Session as allowed by NMSA 1978, Section 10-15-1 (H). On a roll call vote, the motion passed 11 – 0.**

RETURN TO OPEN MEETING

Chair Miller stated "We are now in open meeting. Let the record reflect that no action was taken during the closed meeting the only things discussed were matters subject to Attorney-Client privilege pertaining to Exit Conference for the FY 2019 Audit, as protected by the Confidentiality Provisions of the State Audit Act."

**34. Next Board Meeting**

Thursday, November 21, 2019 – 9:00 a.m.  
State Capitol, Room 311  
Santa Fe New Mexico

**35. Adjournment**

**Member Fulginiti moved, seconded by Member Suazo, to adjourn the meeting. The motion passed 11 - 0.**

The meeting adjourned at 12:08 p.m.

  
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Secretary

11/21/19  
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Date