

New Mexico Finance Authority
207 Shelby St.
Santa Fe, NM 87501
(505) 984-1454
Minutes of Board Meeting
February 27, 2020
Morgan Hall – State Land Office
Santa Fe, New Mexico

Present:

Katherine Miller	Santa Fe County Manager
Leandro Cordova	Designee for Executive Director, NMAC
Judi Kahl	Designee for Secretary, NM Environment Dept.
Jon Clark	Designee for Secretary, NM Economic Development
Olivia Padilla-Jackson	Secretary, Dept. of Finance & Admin.
Matthew Lovato	Designee for Secretary, NMENRD
Leslie Nathanson-Juris	Santa Fe, NM
David A. Martinez	Laguna, NM
Martin Abran Suazo	Las Vegas, NM

Absent:

Regina Romero	Designee for Executive Director, NMML
Andrew J. Burke	Chief Financial Officer, NMSU

Finance Authority Staff:

Adam Johnson	Alex Orozco
Bryan Otero	Carmela Manzari
Connie Marquez	Dan Opperman
Frank Ibarra	Joe Durr
John Brooks	Leslie Medina
Lisa Barela	Lynn Taulbee
Maria Gallardo	Mark Lovato
Marquita Russel	Michael Vonderheide
Michael Zavelle	Oscar Rodriguez
Ron Cruz	Ryan Olguin
Shawna Johnson	Susan Rodriguez
Todd Johansen	Zach Dillenback

Guests:

Anne Browne	Sutin Thayer & Browne
Brad Patterson	Gilmore Bell
Carole Jaramillo	City of Rio Rancho
Craig Dussinger	Bank of America

David Abbey
Erik Harrigan
Frank Lauterbur
Jerry Kyle
John Archuleta
Larry Glendon
Ron Curry
Susen Ellis
Suzanne Bruckner
Theresa Edwards

LFC
RBC Capital Markets
Bank of America
Orrick, Herrington & Sutcliffe, LLP
Stifel
Bank of America
Village of Corrales
BOKF
Sutin Thayer & Browne
LFC

- 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.

The Board honored Mr. Bill Fulginiti who passed over the weekend. Mr. Fulginiti was a member of the New Mexico Finance Authority Board of Directors since its inception serving as either Vice-Chair or Secretary during his tenure. The Board recalled Mr. Fulginiti's service to the cities, State, Legislature, and mentorship to citizens throughout the State and nation with his service on the National League of Cities.

- 2. Approval of Agenda.**

Member Suazo moved, seconded by Member Lovato, to approve the agenda. The motion passed 9 - 0.

- 3. Approval of the January 23, 2020 Board Minutes.**

Member Suazo moved, seconded by Member Cordova, for approval of the January 23, 2020 Board minutes. The motion passed 9 – 0.

- 4. Report from Chief Executive Officer.** Ms. Marquita Russel reported on the following:
 - ◆ Legislative update following session. Bills passed included the PPRF and WTB authorization bills, and appropriation to the Drinking Water State Revolving Loan Fund.
 - ◆ SB 103 also passed appropriating funds from the PPRF to the Cultural Affairs Infrastructure Fund after bond proceeds are paid.
 - ◆ Introduced new hires, Ms. Lynn Taulbee, Communications and Outreach Manager, Mr. Adam Johnson, Chief of Program Operations, and Mr. Alex Orozco, Funding Coordinator. Mr. Joe Maldonado will join the Authority on March 9 as Senior Administrative Assistant and Mr. Rio Trujillo will come on board as a Funding Coordinator. With these additions, the one vacancy remaining is for a report writer for EnABLE otherwise the goal of filling key vacancies is complete.
 - ◆ Ms. Heather Boone is leaving the NMFA to go into private practice.
 - ◆ Staff met for 2 days in retreat with the first day devoted to team building and Strategic Planning the focus for the second day.

- ◆ TechPG was on site last week working out PPRF issues in EnABLE. Starting Monday staff will be inputting live data into EnABLE.

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

5. **Update on Activities.** Member Cordova presented the Public Lending Committee report on items discussed at the meeting on February 19, 20.
6. **Consideration and Recommendation for Approval of Chippeway Park Water Association (Otero County) – Preliminary Engineering Report – PG-5149.** The Chippeway Park Water Association (“Association”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 for a preliminary engineering report to evaluate the water system.

The report would prioritize the various system’s needs to include a new backup water source replacing one that went dry this past summer. The Association plans to use the document to apply for Drinking Water State Revolving Loan funding in Fall 2020.

7. **Consideration and Recommendation for Approval of Guadalupita MDWCA (Mora County) – Regional Water Master Plan – PG-5150.** The Guadalupita MDWCA (“Association”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Regional Water Master Plan (“Plan”).

The Plan will assess the thirteen water systems within Mora County of which three, including the Association, are members of the Mora County Water Alliance who is taking the lead on the planning document. The plan will provide solutions addressing the needs of multiple water systems through regionalization efforts to achieve sustainable, long term water system management.

8. **Consideration and Recommendation for Approval of City of Clovis (Curry County) – MRA – PG-5151.** The City of Clovis applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Metropolitan Redevelopment Act (“MRA”) Plan expanding the City’s Metropolitan Redevelopment areas.

The plan will help identify specific projects and strategies to support long-term reinvestment in these areas through public/private partnerships. The intended strategies, coupled with the goals, objectives and strategies will support the longer-term revitalization of the areas suffering from disinvestment and blighted conditions.

9. **Consideration and Recommendation for Approval of Village of Ruidoso (Lincoln County) – Metropolitan Redevelopment Act Plan – PG-5152.** The Village of Ruidoso applied to the Local Government Planning Fund (“LGPF”) for \$50,000 for a Metropolitan Redevelopment Act (“MRA”) Plan that will define the community’s vision for the commercial areas along Sudderth Drive and adjacent commercial districts and identify projects to revitalize these designated areas.

The MRA Plan will also examine existing conditions and assets, analysis of the local market, develop a

physical land use plan with livability/design guidelines, design specific redevelopment sites and projects, and identify sustainable implementation strategies and specific funding sources for each priority project for the district’s future physical improvements, economic uses, and regulations.

10. Consideration and Recommendation of Approval of Village of Williamsburg (Sierra County) – Preliminary Engineering Report (“PER”) – PG-5153. The Village of Williamsburg (“Village”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 for a Preliminary Engineering Report (“PER”).

The document will ascertain the current conditions and needs of the wastewater system and detail alternatives which would address the aging components. The system lacks critical backup power for lift stations causing leaks and possible groundwater contamination. The Village plans to use the document in applying for the USDA-RD Water and Waste Disposal Program.

Member Suazo moved, seconded by Member Kahl, for approval of Consent Agenda items 6 – 10. The motion passed 9 – 0.

11. Consideration and Recommendation for Approval of City of Rio Rancho (Sandoval County) – 2020 Higher Education GRT Revenue Bonds – PPRF-5156. The City of Rio Rancho (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$15,150,000 to design and construct an orthopedic surgery and rehabilitation center adjacent to the Sandoval Regional Medical Center.

The proposed building will consist of approximately 48,000 square feet for clinical services and post-secondary health services, related educational opportunities with teaching, research, clinic, rehabilitation functions and learning. Also included is related campus core infrastructure, including, but not limited to utility extensions and installation, internal roadways, parking areas, curb, gutter, lighting, pedestrian pathways, signage, landscaping, and other elements ancillary to the development of the campus setting.

The City of Rio Rancho and University of New Mexico (“UNM”) Board of Regents entered into a Memorandum of Understanding (“MOU”) for the project. UNM will own the project estimated to cost over \$20 million. UNM will provide approximately \$1.3 million in cash with the City providing approximately \$4.5 million in cash for the project.

All city contributions to the project and pledged revenue will be from the Higher Education Facilities Gross Receipts Tax. The proposed debt service schedule will mature in 2028 which is the same time the dedicated pledge revenue will sunset. In addition, staff will maximize proceeds with current market rates not to exceed the minimum 1.25xs coverage limits and Board approval requirements. In lieu of a debt service reserve fund, the City will purchase a Surety policy equal to the value of a fully funded Debt Service reserve.

The 2019 audit received an unmodified opinion with 3 findings including a repeat material weakness. The City submitted a corrective action plan.

Member Suazo moved, seconded by Member Lovato, for approval of City of Rio Rancho Project PPRF-5156. The motion passed 9 – 0.

- 12. Consideration and Recommendation for Approval of Gallup/McKinley County School District – 2020 GO Bond Refunding – PPRF-5155.** Gallup/McKinley County School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$9,290,297 to refund Series 2010A, 2010B, and 2011A General Obligation Bonds for economic savings.

The bonds, Series 2010A (PPRF-2468) issued for \$4,750,000, Series 2010B (PPRF-2508) issued for \$8,200,000, and Series 2011A issued for \$7,050,000 were all earmarked for school infrastructure, computer equipment, and matching funds for capital outlay.

Based on the current market environment, refunding would likely achieve a net present savings of approximately 8.11% equating to \$733,251 over the life of the refunding loan.

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 2019 audit received an unmodified opinion with no findings.

Member Suazo moved, seconded by Member Lovato, for approval of Gallup/McKinley County School District Project PPRF-5155. The motion passed 9 – 0.

- 13. Consideration and Recommendation for Approval of Farmington Municipal School District (San Juan County) – Series 2020 General Obligation Bond – PPRF-5148.** The Farmington Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$3,900,000 for school infrastructure.

The District received voter approval in 2017 for \$26,000,000 for various school projects valid for 4 years. The District will issue General Obligation Bonds for \$3,900,000 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 2019 audit received an unmodified opinion with 8 findings including 2 material weaknesses. The District provided a corrective action plan.

Member Suazo moved, seconded by Member Cordova, for approval of Farmington Municipal School District Project PPRF-5148. The motion passed 9 – 0.

14. Consideration and Recommendation for Approval of Village of Hatch (Doña Ana County) – 2020 Fire Equipment Loan – PPRF-5157. The Village of Hatch (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$110,700 to purchase a Pumper/Tanker apparatus.

The Department currently has an ISO rating of 8 with 1 main station and receives an annual base distribution of \$52,418 from State Fire Protection Funds. The Village received a \$200,000 State Fire Protection grant which they will contribute toward the project.

The 2019 audit received an unmodified opinion with 1 finding, neither a material weakness nor a significant deficiency.

Member Lovato moved, seconded by Member Suazo, for approval of Village of Hatch Project PPRF-5157. The motion passed 9 – 0.

15. Consideration and Recommendation for Approval of Portales Municipal School District (Roosevelt County) – Series 2020 General Obligation Bond - PPRF-5146. The Portales Municipal School District (“District”) applied to the Public Project Revolving Loan Fund for \$2,000,000 for school improvements.

The District) received voter approval in February 2017 for \$7,500,000 for school infrastructure valid for four years. The District will issue General Obligation Bonds for \$2,000,000 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 2019 audit received an unmodified opinion with zero findings.

Member Suazo moved, seconded by Member Lovato, for approval of Portales Municipal School District Project PPRF-5146. The motion passed 9 – 0.

16. Consideration and Recommendation for Approval of Lordsburg Municipal School District (Hidalgo County) – Series 2020 General Obligation Bond - PPRF-5145. The Lordsburg Municipal School District (“District”) applied to the Public Project Revolving Loan Fund (“PPRF”) for \$750,000 for school infrastructure.

In February 2017, the District received voter approval of \$3,000,000 for school improvements valid for four years. The District will issue General Obligation Bonds for \$750,000 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 2019 audit received an unmodified opinion with 4 findings including one repeat significant deficiency. The District provided a corrective action plan.

Member Suazo moved, seconded by Member Lovato, for approval of Lordsburg Municipal School District Project PPRF-5145. The motion passed 9 – 0.

- 17. Consideration and Recommendation for Approval of Logan Municipal School District (Quay & Harding Counties) – Series 2020 General Obligation Bond Refunding - PPRF-5154.** The Logan Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,186,727 to refund Series 2009 and Series 2011 General Obligation Bonds for economic savings.

The Series 2009 bonds issued for \$1,500,000 and Series 2011 issued for \$1,000,000, provided funding for school infrastructure, computer software and hardware, and matching funds for capital outlay.

Based on the current market environment, refunding would likely achieve a net present value savings of approximately 8% equating to \$85,000 over the life of the refunding loans. The maturity of the refunding bonds matches the term of the refunded bonds.

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 2019 audit received an unmodified opinion with 5 findings, none material weaknesses nor significant deficiencies.

Member Suazo moved, seconded by Member Lovato, for approval of Logan Municipal School District Project PPRF-5154. The motion passed 9 – 0.

- 18. Consideration and Recommendation for Approval Village of Corrales (Bernalillo/Sandoval County) – 2020 Street Improvements Loan – PPRF-4763.** The Village of Corrales (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,000,000 to finance street improvements.

The project will pave, stripe, patch, overlay, and improve drainage throughout the Village on roads and facilities with high traffic volumes or drainage issues.

The Village will pledge the 1st and 2nd increments of the Municipal Infrastructure GRT towards the repayment of the loan. Moody’s rated the City’s GRT Aa2 in 2018, therefore no Debt Service Reserve Fund is required.

The 2019 audit received an unmodified opinion with 7 findings including a repeat significant deficiency. The Village provided a corrective action plan.

Member Martinez moved, seconded by Member Suazo, for approval of Village of Corrales Project PPRF-4763. The motion passed 9 – 0.

19. Consideration and Recommendation for Approval of City of Bloomfield (San Juan County) – 2020 Equipment Loan – PPRF-5131. The City of Bloomfield applied to the Public Project Revolving Fund for \$405,833 to purchase a new Vactor Truck for the Municipal Operations Center.

The City will pledge the Net System Revenue of the Joint Utility comprised of Water and Wastewater and the State Share Gross Receipt Tax as pledged revenue towards the loan.

The 2019 audit received an unmodified opinion with 2 findings neither a significant deficiency nor a material weakness.

Member Kahl moved, second by Member Suazo, for approval of City of Bloomfield Project PPRF-5131. The motion passed 9 – 0.

20. Consideration and Recommendation for Approval of Village of Magdalena (Socorro County) – 2020 Drinking Water Project – DW-5132. The Village of Magdalena (“Village”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$1,000,000 to finance the Magdalena Water Well Project 2.

The Project consists of designing and constructing a new municipal water well and water line improvement/replacement to supply potable water to the Village, and as funding allows, rehabilitation to an existing well and the addition of a new storage tank and related expenditures.

Currently, the water supply and storage system are made up of three production wells; however, the Village is concerned that as the current water system ages, remediation and improvements will not be sufficient to maintain current production levels.

The Village will pledge the Municipal Gross Receipt Tax consisting of the Unrestricted Municipal GRT determined by ordinance and loan counsel, as revenue towards the loan.

Member Suazo moved, seconded by Member Kahl, for approval of Village of Magdalena Project DW-5132. The motion passed 9 – 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.*)

21. Update on Activities. Member Lovato reported on the Economic Development Committee meeting of February 18, 2020. In addition to reviewing the Private Lending Portfolio Report the Committee also reviewed the NMTC Small Loan Pool Policies and item 22 that follows on the agenda.

22. Consideration and Approval for Extension of New Markets Tax Credit for McKinley Paper Company Financing Commitment – NMTC-5076. McKinley Paper Company (“MPC”) is requesting approval of an up to 90 days extension to complete documentation for a New Markets Tax Credit (“NMTC”) transaction.

Factors necessitating this request included a significant delay in getting the signed term sheet and the security deposit completed due to loan covenants in agreements Bio Pappel has with Credit Suisse Bank. Also, the Tri-State Generation and Transmission Association announced the closing of the Escalante Plant situated next to the MPC paper plant. Bio Pappel, along with MPC, had to evaluate the impacts of the Escalante Plant closing with respect to their planned upgrades. Bio Pappel still wants to invest in the equipment upgrades at the MPC facility and will adjust their plans accordingly.

MPC management is working with Baker Tilly (“NMFA’s Financial Advisor”), to provide the projections that will go into the financial model. Pursuant to NMTC Program Policies and Procedures, documentation must be completed by March 21, 2020. The additional 90-days will allow staff to continue working with MPC to bring the project for final approval at the June Board meeting.

Member Clark moved, seconded by Member Suazo, for approval for extension of NMTC for McKinley Paper Company Project NMTC-5076. The motion passed 9 – 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.*)

- 23. Update on Activities.** Member Padilla-Jackson reported that on February 19, 20 the Finance & Disclosure Committee was scheduled to meet but did not achieve a quorum.
- 24. 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 2020A, Preliminary Official Statement, One Hundred and Second 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 2020A Bonds, and delegate to certain members and officers of the NMFA the authority to determine the final terms of the Series 2020A bonds, subject to certain parameters.

The Finance Authority is issuing and selling Series 2020A Bonds in an amount to be determined, but not to exceed \$35,000,000.

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 Finance Authority’s outstanding Senior Lien 2010A-1 and Senior Lien 2010B-1 Bonds to achieve debt service savings, and pay costs incurred in connection with the issuance of the Series 2020A Bonds. Staff and consultants will continue to prepare for the sale of the Series 2020A Bonds, now expected to occur March 2020.

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 2020A 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 adoption of an authorizing and delegating resolution directing staff and consultants to prepare for the issuance of the Series 2020A Bonds, and delegate to certain members and officers of the NMFA the authority to determine the final terms of the Series 2020A bonds, subject to certain parameters. The motion passed 9 – 0.

25. Review of Q2 Budget Performance Report. Mr. Oscar Rodriguez reviewed the second quarter Budget Performance Report ending December 31, 2019.

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

26. Update on Activities. Member Cordova reported on the Audit Committee on February 19, 2020. Items discussed included the Financial Statements and an EnABLE update from Ms. Marquita Russel.

27. Review of December 2019 Financial Statements. Mr. Rodriguez presented the December 2019 financial statements.

28. Appointment of Strategic Planning Task Force Members. Chair Miller recommended the appointment of Members Miller, Nathanson-Juris, Clark, and Burke as Strategic Planning Task Force members.

Member Padilla-Jackson moved, seconded by Member Suazo, for approval of the Strategic Planning Task Force members. The motion passed 9 – 0.

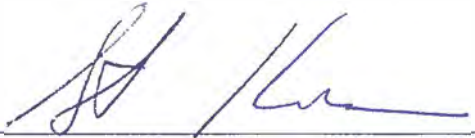
29. Next Board Meeting

March 26, 2019 – 9:00 a.m.
State Capitol, Room 322
Santa Fe New Mexico

30. Adjournment

Member Suazo moved, seconded by Member Lovato, to adjourn the meeting. The motion passed 9 - 0.

The meeting adjourned at 10:30 a.m.



Secretary

April 23, 2020

Date