

New Mexico Finance Authority
207 Shelby St.
Santa Fe, NM 87501
(505) 984-1454
Minutes of Board Meeting
August 27, 2020
Via Zoom
Santa Fe, New Mexico

Present:

A.J. Forte	Executive Director, NMML
Andrew J. Burke	Chief Financial Officer - NMSU
David A. Martinez	Public Member, Laguna, NM
Debbie Romero	Secretary, Dept. of Finance & Admin.
Jon Clark	Designee for Secretary, NM Economic Dev.
Judi Kahl	Designee for Secretary, NM Environment Dept.
Katherine Miller, Chair	Santa Fe County Manager
Leslie Nathanson-Juris, Secretary	Public Member, Santa Fe, NM
Martin Abran Suazo	Public Member, Las Vegas, NM
Matthew Lovato	Designee for Secretary, NMENRD
Steve Kopelman, Vice Chair	Executive Director, New Mexico Counties

Absent:

Finance Authority Staff:

Adam Johnson	Alex Orozoco
Angela Quintana	Anthony Silva
Bryan Otero	Charlotte Larragoite
Connie Marquez	Dan Opperman
Floyd Trujillo	Frank Ibarra
Joe Durr	Joe Maldonado
John Brooks	Leslie Medina
Lynn Taulbee	Maria Gallardo
Mark Lovato	Mary Finney
Marquita Russel	Michael Vonderheide
Michael Zavelle	Norman Vuylsteke
Oscar Rodriguez	Rio Trujillo
Ryan Olguin	Shawna Johnson
Susan Rodriguez	Todd Johansen

Guests:

Amanda Bissell	Las Cumbres Community Services
Anne Browne	Sutin Thayer & Browne

Bob Hockaday
Brad Patterson
Brandon Garrett
Craig Dussinger
Eric Harrigan
Jerry Kyle, Jr.
Joel Matek
John Mark
Joseph Shepard
Kaeley Weimerskirch
Kelly Riddle
L Kasraie
Lawrence Medina
Regina Gaysina
Steve Olson
Susen Ellis
Suzanne Bruckner

Tucumcari Bio-Energy Co.
Gilmore & Bell
Electric Playhouse
Bank of America
RBC Capital Markets
Orrick, Herrington & Sutcliffe
RESPEC
Electric Playhouse
Western NM University

Western NM University
Rhino Health Inc.
Rio Grande Alcoholism Treatment Program
RBC Capital Markets
LFC
BOKF
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.

Member Suazo moved, seconded by Member Kopelman, to approve the agenda. The motion passed 11 – 0 on a roll call vote.

3. Approval of the July 23, 2020 Board Minutes.

Member Forte moved, seconded by Member Suazo, for approval of the July 23, 2020 Board minutes. The motion passed 11 – 0 on a roll call vote.

4. Report from the Chief Executive Officer. Ms. Marquita Russel reported on the following:

◆ *Small Business Recovery Loan Fund (SBRLF)*

On August 3, NMFA opened the applications for the SBRLF. During the first two weeks, staff focused on training staff and temporaries, on-boarding Loan Servicers, testing and tweaking the technology and ensuring the definitions built into the logic are as advantageous to small businesses as the law allows. The adjustments have been made and clients who may have been disadvantaged were contacted immediately. Two weeks into the program staff has enrolled 16 “Loan Servicers” comprised of three credit unions, two CDFIs and 11 banks located across the state. Most of the participating Loan Servicers are located outside of the Rio Grande Corridor.

With the soft opening phase behind us, staff will focus on outreach and publicity to increase the demand for the program. In the week preceding and following the application opening, staff participated in or held 15 town halls and webinars, including two for Spanish speakers.

◆ *EnABLE Update*

Staff is actively working to complete the EnABLE implementation of the PPRF. The EnABLE Steering Committee meets weekly to work through all EnABLE implementation issues, monitor progress and roadblocks, and approve changes to plans, timelines and TechPG contracts. Joel Matek of Respec, the IV&V contractor, attends these meetings and prepares periodic reports.

◆ *COVID-19 Economic Impacts:*

In April 2020, the NMFA Board approved an Interim Loan, Grant and Participation Modification Policy that provides the CEO with the authority to modify loan covenants. Staff did not receive any modification requests from either public or private borrowers in August. Staff continues to monitor Governmental Gross Receipts Tax and the revenues of our underlying borrowers.

Preliminary indications are that the GRT declines experienced by cities and counties in FY2020 fourth quarter do not support a full implementation of the Local Government Emergency Economic Relief Program authorized by the Small Business Recovery Act of 2020.

To date the revenues have not been materially impacted, however, it's too early to project any future impacts.

◆ *Bond Banking/Loan Management System Project: IV&V Monthly Assessment:*

Mr. Joel Matek, RESPEC Company LLC, reviewed the overall progress which at this point is static indicating the project is proceeding as expected without any major interruptions or unexpected events.

Report from the Public Lending Committee. (*Committee members are A.J. Forte, Chair; Secretary Debbie Romero, Secretary James Kenney (Ms. Judi Kahl), Mr. Steve Kopelman (Mr. Leandro Cordova), and Mr. David Martinez.*)

5. **Update on Activities.** The Public Lending Committee met on August 19, 2020. Staff presented 3 Local Government Planning Fund grant applications and 9 PPRF applications recommending approval for all is Consent and/or Regular agenda items. Discussion also included potential PPRF policy updates for presentation at the September meeting.
6. **Consideration and Recommendation for Approval of Regina Mutual Domestic Water Consumers Association, (Sandoval County) – Water Asset Management Plan – PG-5326.** The Regina Mutual Domestic Water Consumers Association (“Association”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a water asset management plan that will assist the Association in managing infrastructure capital assets, minimize total operational costs, and provide the service level needed to achieve sustainable infrastructure.
7. **Consideration and Recommendation for Approval of Fambrough Mutual Domestic Water Consumers Association (Chaves County) – Preliminary Engineering Report – PG-5327.** The Fambrough Mutual Domestic Water Consumers Association (“Association”) applied to the Local Government Planning Fund (“LGPF”) for \$40,000 for a Preliminary Engineering Report to assess the improvements needed to the water storage, distribution and supply system.

- 8. Consideration and Recommendation for Approval of Sangre de Cristo Regional Mutual Domestic Water Consumers and Mutual Sewage Works Association, (Guadalupe County) – Water Asset Management Plan – PG-5332.** The Sangre de Cristo Regional Mutual Domestic Water Consumers and Mutual Sewage Works Association (“Association”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a water asset management plan to assist the Association in managing infrastructure capital assets, minimize the total operational cost, and provide the service level required to achieve sustainable infrastructure.
- 9. Consideration and Recommendation for Approval of Mora Independent School District (Mora County) – 2020 Education Technology Note – PPRF-5317.** The Mora Independent School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$300,000 to finance the purchase of education technology equipment for District-wide projects.

The New Mexico State Constitution does not require the District to receive voter approval for education technology equipment and related projects when equipment is purchased through a lease-purchase agreement. Under the terms of the lease-purchase agreement, the NMFA takes title to the equipment for the length of the agreement with the District retaining all ownership responsibilities.

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

- 10. Consideration and Recommendation for Approval of Otero County, Alamo West VFD – 2020 Fire Equipment Loan – PPRF-5318.** Otero County (“County”), Alamo West VFD (“Department”) applied to the Public Project Revolving Fund (“PPRF”) for \$180,000 to purchase a new Pumper/Tanker apparatus.

The Department currently has an ISO rating of 4 with 2 main stations and receives an annual base distribution of \$129,502 from State Fire Protection Funds. The County will contribute \$61,397 in carry-forward funds toward the project. The County is considered a disadvantaged entity and will receive a 2% disadvantaged interest rate determined at closing.

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

- 11. Consideration and Recommendation for Approval of Harding County, Rosebud FD – 2020 Fire Equipment Loan – PPRF-5315.** Harding County (“County”), Rosebud FD (“Department”) applied to the Public Project Revolving Fund (“PPRF”) for \$105,000 to finance the costs associated with the purchase of new fire apparatus and the respective equipment.

The Department has an ISO class rating of 9 with 1 main station and 1 substation and receives an annual base distribution of \$54,483. The Department is contributing \$150,000 toward the purchase of the equipment from accumulated fire protection funds.

The 2019 audit received an unmodified opinion including 1 material weakness. The County provided a corrective action plan.

12. Consideration and Recommendation for Approval of Valencia County, Tome Adelino Fire District – 2020 Infrastructure Loan – PPRF-5322. The Valencia County (“County”), Tome Adelino Fire District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$200,000 to finance a fire station addition of approximately 2500 sq. ft and interior remodel at the current fire station.

The addition will include 2 additional vehicle bays, offices, bunkrooms, and bathrooms. Interior remodel will encompass the kitchen and meeting room including new HVAC and electrical wiring, and upgrades to the fire sprinkler system and the fire alarm system.

The District currently has an ISO rating of 4, with 2 main stations and 1 substation and an annual base distribution of \$129,502 from State Fire Protection Funds. The County will contribute \$410,000 towards the project.

The 2019 audit received an unmodified opinion with 3 findings including 1 material weakness. The County provided a corrective action plan.

13. Consideration and Recommendation for Approval of City of Socorro (Socorro County) – 2020 Infrastructure & Equipment Loan (Socorro County) – 2020 Infrastructure & Equipment Loan – PPRF-5323. The City of Socorro (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$150,000 to finance a new well and pump, and 250 water meters.

The City will pledge the net systems revenue of the joint utility fund. Per statute, the credit analysis consists of the water, wastewater, and natural gas funds and excludes the solid waste and the landfill funds of the joint utility fund. Staff averaged three years of revenues with a 25% current economy reduction which resulted in average revenues of \$715,198 to determine debt service coverage of 1.61xs. The credit analysis includes the FY2020 unaudited financials, the most updated data of the fund.

The 2019 audit received an unmodified opinion with no findings.

Member Forte moved, seconded by Member Suazo, for approval of Consent Agenda items 6 – 13. The motion passed 11 – 0 on a roll call vote.

14. Consideration and Recommendation for Approval of Central Consolidated School District (San Juan County) Series 2020 General Obligation Bond – PPRF-5319. The Central Consolidated School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$6,830,000 to refund the Series 2010 General Obligation Bonds for economic savings.

Publicly issued, the Series 2010 Bonds closed on September 21, 2011 with a combined par amount of \$12,000,000 which funded a new gym at Newcomb High School. Under current market conditions, the combined refunding is expected to achieve actual savings of approximately \$314,143 which represents net present value savings of more than 4.6% over the life of the 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 5 findings neither a significant deficiency nor a material weakness.

15. and Recommendation for Approval of Gadsden Independent School District (Otero & Doña Ana Counties) – Series 2020 General Obligation Bond – PPRF-5320. The Gadsden Independent School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$9,500,000 for school improvements identified on the District’s 2015-2020 Facility Master Plan.

In February 2018, the District received voter approval of \$38,000,000 to construct, remodel, make additions and furnish school buildings, purchase or improve school grounds, or any combination of these purposes within the District valid for four years. The District will issue General Obligation Bonds for \$9,500,000 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 1 finding neither a significant deficiency nor a material weakness.

16. Consideration and Recommendation for Approval of Western New Mexico University (Grant County) – 2020 Refunding – PPRF-5324. The Board of Regents of Western New Mexico University (“University”) applied to the Public Project Revolving Fund (“PPRF”) for \$9,640,000 to refund its Series 2012 bond for economic savings.

This bond was issued under PPRF-2700 with a current pre-payment date of April 18, 2022. The University requests that the pre-payment date be reset to allow for the current refunding of the bonds.

Pursuant to Section 3.1.G of the Loan Management Policies, loan pre-payment dates may be reset during the life of the loan to allow for retirement or refunding of the loan prior to the loan’s original pre-payment date and prior to a corresponding bond’s call date, provided the request meets the provisions of the policy. This request meets the policy provisions.

The Series 2012 Bond closed on April 18, 2012 with a combined par amount of \$12,245,000 to fund the construction of a residence hall. Under current market conditions, the combined refunding is expected to achieve actual savings of approximately \$1,558,663.33, which represents net present value savings of more than 15.96% over the remaining life of the loan.

The University will pledge Gross University System Revenue towards the repayment of this loan. The Gross System Revenues are derived primarily from the collection of student tuition and fees, Federal Grants and Contracts, State and Local grants and contracts, Private Grants and the sales and services of educational departments and auxiliary enterprises.

The University requests a waiver to allow a Springing Debt Service Reserve Fund in lieu of a bond-

funded debt service reserve fund. This request is consistent with the other outstanding NMFA loan and has a current 12.75xs coverage. The University will be required to cash fund a debt service reserve over a two-year period if loan coverage falls below 3.0xs coverage. Payments will be made monthly.

The City has also agreed that NMFA will hold a senior lien position with approving rights on additional debt.

The 2019 audit received an unmodified opinion with 5 findings none a material weakness nor significant deficiency

17. Consideration and Recommendation for Approval of Western New Mexico University (Grant County) – 2020 Energy Improvements Loan – PPRF-5325. The Board of Regents of Western New Mexico University (“University”) applied to the Public Project Revolving Fund (“PPRF”) for \$7,220,000 to finance the costs associated with energy upgrades/improvements at various locations around the University pursuant to an Energy Savings Performance Contract.

Under the Public Energy Efficiency and Water Conservation Act (Section 6-23-3 NMSA 1978) a governmental unit may enter into a guaranteed utility savings contract with a qualified provider to reduce energy. The University engaged Yearout to perform a campus wide energy audit as part of their strategic initiative to become less energy dependent.

After the initial review of the University’s campus, Yearout presented its results which provided for annual net savings but did not include solar improvements. It was important to the University to include some portion of solar combined with other energy savings measures. While the resulting solar improvements does not fully pay for the improvement it does pay for a portion of the improvement which comes with guaranteed savings from Yearout.

New Mexico EMNRD has reviewed and certified the savings stated within the energy audit. We also received certification from the NM Office of the State Engineer for the water retrofits project at the University. In addition, a copy of the Annual Measurement and Verification Report shall be provided to EMNRD annually.

The University will pledge Gross University System Revenue towards the repayment of this loan. The Gross System Revenues are derived primarily from the collection of student tuition and fees, Federal Grants and Contracts, State and Local grants and contracts, Private Grants and the sales and services of educational departments and auxiliary enterprises. This request will require approval from both the Department of Higher Education and the State Board of Finance.

Wavier-PPRF Loan Management Policy Section 3.2.E. & Section 3.2 A-General Considerations Section 3.2 A-General Considerations: Generally, the NMFA requires that its PPRF loans be on no less than a parity lien status. Staff is comfortable with the subordination request based upon the similar treatment of other energy audits and the fact that the privately placed loan will pay off in June 2021 leaving only NMFA debt in the universities long- term debt portfolio.

The borrower requests a waiver of the requirement for a traditionally funded debt service reserve fund. The University requests a Springing Debt Service Reserve Fund in lieu of a bond-funded debt

service reserve fund. This request is consistent with the other outstanding NMFA loan and has a current 10.72xs coverage. The University will be required to cash fund a debt service reserve over a two-year period or provide a surety if loan coverage falls below 3.0x coverage. Payments will be made monthly.

Member Kahl moved, seconded by Member Kopelman for approve of Consent Agenda items 14 – 17. The motion passed 10 – 0 on a roll call vote with Member Romero unavailable for the vote.

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

- 18. Update on Activities.** The Economic Development Committee met on Tuesday, August 18 with a quorum in attendance. In addition to reviewing the Private Lending Portfolio Report, staff presented 2 Essential Services Working Capital Program, the Behavioral Health Capital application to purchase the former Tri-County Community Services building in Taos, and 3 projects that meet the Small Loan Pool eligibility requirements.
- 19. Consideration and Recommendation for Approval of Las Cumbres Community Services (Rio Arriba County) – ES-5341.** Staff recommends approval of a \$320,000 line of credit using the Essential Services Working Capital Program for Las Cumbres Services, Inc. to provide cash flow to assist with business operations during the COVID- 19 pandemic.

Las Cumbres Community Services, Inc. provides day habilitation services for developmentally disabled adults residing in various areas. Services for children, adults, and families have continued to expand in order to best meet the growing and changing needs of Northern New Mexico. Their main facilities are located in Espanola, with additional sites in Chama, Los Alamos, Taos, and Santa Fe. Today, the agency is one of the largest social service providers in Northern New Mexico.

This will be a direct obligation of Las Cumbres Community Services, Inc. The proposed commercial line of credit will be secured by a cash secured bank account from Las Cumbres Community Services, Inc. NMFA will have 1st Lien on the secured cash bank account valued at \$668,188.

The LOC would be set up as a six-month advancing line at 1% fixed for the six-month life of the LOC. At the end of six months, the borrower could request an additional six months if necessary. If there is a remaining balance at the maturity of the LOC, it will convert to a permanent term loan for four years at 1% interest rate with monthly principal and interest payments due.

- 20. Consideration and Recommendation of an Approval of Rhino Health Inc. (McKinley County) - ES-5352.** Staff recommends approval of a 6-month Line of Credit (“LOC”) for \$1,000,000 using the Essential Services Working Capital Program for Rhino Health Inc. to support its operations during the COVID-19 crisis. The operations are defined as salaries, rent, inventory and other operational costs.

The LOC will not exceed \$1,000,000 and will convert to a permanent term loan on the balance of the LOC. The interest rate on the LOC and permanent term loan will be fixed at 1%.

In 2017, Rhino Health LLC launched a multiphase manufacturing plan to establish and expand its US production of nitrile rubber gloves. Mr. Mark Lee and his partner Mr. DJ Yoon worked with the Navajo Nation Division of Economic Development Department to secure a location at the Church Rock Manufacturing Facility in Church Rock, NM to be the headquarters and location which they will produce nitrile gloves.

Since the start of the pandemic, the demand for the nitrile gloves has increased to a point where there are not enough gloves being manufactured. Rhino Health has used up its cash and leveraged its Accounts Payable to the point that has the company cash strapped. In order to free up more cash, the LOC will allow them to free up capital to purchase more raw materials necessary to keep the operations going at its maxed capacity. The LOC will also help pay down some of their creditors and allow Rhino to use its cash for the expansion of the facility.

This will be a direct obligation of Rhino Health, Inc. The LOC will be secured by the equipment at Rhino Health in Church Rock, NM. NMFA will have 1st Lien on equipment valued at \$3,977,346 as of August 6, 2020 book value. This structure carries a loan to value of 25%. The loan will carry the personal guarantee of the Chief Executive Officer Mark Lee.

The LOC would be set up as a six-month advancing line at 1% fixed for the six-month life of the LOC. At the end of six months, the borrower could request an additional six months if necessary. If there is a remaining balance at the maturity of the LOC, it will convert to a permanent term loan for four years at 1% interest rate with monthly principal and interest payments due.

Member Clark moved, seconded by Member Suazo, for approval of Agenda items 19 and 20. The motion passed 10 – 0 on a roll call vote with Member Romero unavailable for the vote.

Member Burke departed the meeting at 10:27 a.m.

- 21. EXECUTIVE SESSION: Closed Session to Discuss Matters Pertaining to the Disposition of Real Property Pertaining to the Former Tri-County Community Services Property located in Taos, NM, as permitted by Section 10-15-1(H)(8), NMSA 1978.** Closed Session to Discuss Matters Pertaining to the Disposition of Real Property Pertaining to the Former Tri-County Community Services Property Located in Taos, NM, as Permitted by Section 10-15-1(H)(8), NMSA 1978

Chair Miller: “I will entertain the motion for the NMFA Board of Directors to go into Executive Session to discuss Matters Pertaining to the Disposition of Real Property Pertaining to the Former Tri-County Community Services Property Located in Taos, NM, as Permitted by Section 10-15-1(H)(8), NMSA 1978.”

Member Clark moved, seconded by Member Lovato to go into Executive Session to discuss Matters Pertaining to the Disposition of Real Property Pertaining to the Former Tri-County Community Services Property Located in Taos, NM, as Permitted by Section 10-15-1(H)(8), NMSA 1978.” The motion passed 9 – 0 on a roll call vote with Members Romero and Burke unavailable for the vote.

Member Suazo moved, seconded by Member Clark, to return to open session. The motion passed 10 – 0 on a roll call vote with Member Burke unavailable for the vote.

Chair Miller 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 Pertaining to the Disposition of Real Property Pertaining to the Former Tri-County Community Services Property Located in Taos, NM, as Permitted by Section 10-15-1(H)(8), NMSA 1978.”

22. Consideration and Recommendation for Approval of the Sale of Property in Taos, NM and Associated Behavioral Health Capital Fund Loan to Rio Grande Alcoholism Treatment Program, Inc. (Taos County) – BH-5350. Staff recommends approval of Rio Grande Alcoholism Treatment Program Inc. (“Rio Grande”) application for Behavioral Health Capital Fund loan for \$565,000.

Rio Grande is an organization that has focused on substance abuse treatment in Northern New Mexico for over 42 years providing specific programs that include substance abuse treatment, behavioral health services, access to supportive services, participation in education and support programs for families, training for behavioral health professionals, and information and resources for community leaders to address the problems of substance abuse.

Rio Grande is interested in purchasing the building located at 105 Paseo Del Canon W, Taos, NM 87571 formerly owned by Tri County Community Services who purchased the building on July 26, 2013 and ceased operations on August 20, 2018. NMFA took possession of the property in question and is now in a position to sell the building with the potential buyer being Rio Grande.

The loan will be in direct obligation of Rio Grande. The proposed commercial real estate term loan will be secured by the building. An appraisal was performed by G.E. Nichols Appraisal Services on April 10, 2020 with an evaluation appraised value of \$565,000.

Rio Grande has demonstrated an increase in revenue from \$629,938 to \$1,720,745 from years 2018 through 2020. During this same period, net income has increased from -\$99,944 to \$531,781 managed through the operating expenditures. Their financial position reflects a healthy net worth, with a strong long-term asset base sufficient enough to support the proposed debt service of \$31,303.

Member Suazo moved, seconded by Member Nathanson Juris for approval of the sale of property in Taos, NM and associated Behavioral Health Capital Fund loan to Rio Grande Alcoholism Treatment Program, Inc. The motion passed 9 – 0 on a roll call vote.

23. Review of NMTC Small Loan Pool. Mr. John Brooks presented a brief update on the New Markets Tax Credit (“NMTC”) Small Loan Pool Policies approved in April 2020 to help increase demand for smaller NMTC transactions in New Mexico. The current NMTC program meets the market segment above \$4 million but leaves a void for smaller eligible projects under \$4 million. The NMTC Small Loan Pool Program was created in response to these needs and was designed to take on more risks than our current participation programs. Mr. Brooks referenced the draft of the preliminary Term Sheet USBCDC has proposed for this pool of projects, which includes eligibility criteria and parameters for the pool.

In June 2020, the Board approved a resolution dedicating \$8 million of NMTC allocation to the Small Loan Pool providing that the Finance New Mexico (“FNM”) Service Company may make a leverage loan from excess held fees to capitalize the pool. In 2012, the NMFA, on behalf of FNM, and US

Bancorp Community Development Corporation (“USBCDC”) amended certain agreements to modify the funds available to USBCDC in the event of FNM’s bad acts. The amendments allow FNM Service Company to use “held fees” in excess of \$1.5 million for additional loans and investments.

Staff has been working with USBCDC along with the NMTC Consultants, Baker Tilly, to create an \$8 million small loan pool. These projects need NMFA Board approval to meet the criteria of the NMTC Small Loan Pool Policies and eligibility guidelines that are set forth by USBCDC. Attached is a draft of the preliminary Term Sheet USBCDC has proposed for this pool of projects, which includes eligibility criteria and parameters for the pool.

Mr. Brooks reviewed a diagram that outlines the proposed structure that is set forth in the draft Term Sheet and Eligibility Criteria. This structure assumes the leverage loan would come from Finance New Mexico-Service Company cash and the NMTC Investor, USBCDC, that is paying approximately \$.67 per credit for their investment. FNM will be using the allocation from the CY 2018 Allocation Agreement to allocate 20%, or \$8 million, to Small Dollar Qualified Low-Income Community Investments (“QLICI”), as required by the CY 2018 Allocation Agreement.

24. Consideration and Recommendation for Approval of Tucumcari Bio-Energy Co. (Quay County) – SLP-5348. Staff recommends approval of the Small Loan Pool NMTC financing for \$1,900,000 for Tucumcari Bio-Energy Company.

Tucumcari Bio-Energy Company (“TBEC”) was incorporated on July 7, 2019 created by Energy Related Devices ("ERD") to be the owner /operator of the retrofitted ethanol plant in Tucumcari, New Mexico. ERD was incorporated in 1996 to develop new energy technologies proposing the concept of a manure anaerobic digester and green house operation in a local Empowering the Land Conference in 2013 to conserve water in local agriculture.

TBEC plans to refurbish a former ethanol refinery. The ethanol fermenter system will be retrofitted to anaerobically process nearby manure and municipal waste (cheese whey, organic garbage, and paper waste) into methane, carbon dioxide, water, and sterile fertilizer. The methane will be cleaned and injected into the Tucumcari Mainline pipeline and sold as biomethane to fuel Compressed Natural Gas (CNG) vehicles.

The \$1,900,000 loan to TBEC. will be made by Finance New Mexico-Investor Series XXXV, LLC with capital provided by US Bancorp CDC (expected) and Finance New Mexico Service Company. The loan will carry the personal guarantees of Robert and Mary Hockaday. The Loans will be secured on all equipment purchased through a UCC filing.

25. Consideration and Recommendation for Approval of Electric Playhouse (Bernalillo County) SLP-5346. Staff recommends approval of the Small Loan Pool NMTC financing for \$1,500,000 for Electric Playhouse located in Albuquerque, New Mexico.

Electric Playhouse Inc. is a for profit company which develops immersive technology for entertainment for families located on Central Ave. in downtown Albuquerque, NM. They are growing rapidly and applying for NMTC Funding as a last gap in capital to purchase equipment for R&D and project work in creating exhibitions, art, and entertainment using computers, projectors and motion sensors so that you

are in a video game.

This transaction will be a part of the first \$4 million loan pool when the QEI has been issued. The \$1,500,000 loan to Electric Playhouse Inc. will be made by Finance New Mexico-Investor Series XXXV, LLC with capital provided by US Bancorp CDC (expected) and Finance New Mexico Service Company.

The loan will carry the personal guarantees of members John-Mark Collins and Brandon Garrett. The Notes will be secured by a 1st lien on all the equipment through a UCC filing on the equipment.

26. Consideration and Recommendation for Approval of Pilsner Place, LLC (Bernalillo County) – SLP-5338. Staff recommends approval of the Small Loan Pool NMTC financing of \$1,567,500 for Pilsner Place, LLC.

Marble Brewery was founded in 2008 by partners Devin Peters, Soren Peters and Ted Rice. Devin and Soren Peters have been investor and managers of the business since inception, while Ted Rice runs the day to day operations as the head brewer and is a minority investor. Marble Brewery is looking to expand its real estate holdings near the existing Marble flagship location. The three properties are located across the street from 111 Marble Ave. Marble Brewery currently has offices and storage as the single tenant of 916 2nd St. Marble will immediately join the rent roll at 924 2nd St, with 1000 2nd St being a longer term play with a short term tenant in place.

This transaction will be considered for the first \$4 million Small Loan Pool. The \$1,567,500 loan to Pilsner Place, LLC. will be made by Finance New Mexico-Investor Series XXXV, LLC with capital provided by US Bancorp CDC (expected) and Finance New Mexico Service Company.

The loan will carry the personal guarantees of members Devin Peters, Soren Peters and Ted Rice.

Member Kopelman moved, seconded by Member Martinez for approval of agenda items 24 – 26. The motion passed 9 – 0 on a roll call vote.

Report from the Finance & Disclosure Committee. (*Committee members are Mr. Martin Suazo, Chair, Secretary Alicia Keyes (Mr. Jon Clark), and Mr. David Martinez.*)

27. Update on Activities. A quorum of the Finance & Disclosure Committee met on August 19, 2020. Items presented included the Review of the POS for the Series 2020C-1 and Series 2020C-2, recommendation for approval of the FY20 year-end budget performance report, approval of the sixth amendment to Tech PG Agreement and update on activities/notifications.

28. Consideration for Approval of POS for the Subordinate Lien Public Project Revolving Fund Revenue Bonds, Tax-Exempt Series 2020C-1 and Subordinate Lien Public Project Revolving Fund Revenue and Refunding Bonds, Taxable Series 2020C, Preliminary Official Statement, Twenty-Third Supplemental Indenture of Trust and Related Documents, and Designated Officers. Review and approval of the substantially final Preliminary Official Statement to be used in the marketing of the Series 2020C Bonds

The Finance Authority is issuing and selling Series 2020C Bonds in an amount to be determined, but not to exceed \$110,000,000. 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, refunding the NMFA's outstanding Senior Lien PPRF Revenue Bonds, Taxable Series 2010A-2 (Federally Taxable Issuer Subsidy–Build America Bonds), maturing on June 1 in the years 2021 through 2039, inclusive, in the aggregate principal amount of \$9,435,000 and Senior Lien PPRF Revenue Bonds, Taxable Series 2010B-2, maturing on June 1 in the years 2021 through 2035, inclusive, in the aggregate principal amount of \$16,200,000 (collectively, the "Refunded Obligations") to achieve debt service savings, and paying costs incurred in connection with the issuance of the Series 2020C Bonds. NMFA staff and consultants will continue to prepare for the sale of the Series 2020C Bonds, now expected to occur in June 2020.

Mr. Dan Opperman, Mr. Michael Zavelle, Mr. Jerry Kyle, and Mr. Brad Patterson reviewed and discussed the proposed POS for the Series 2020C bonds. Mr. Jerry Kyle reviewed the preliminary official statement and Mr. Brad Patterson presented the authorizing and delegating resolution.

The Board selected Member Martinez as the authorized designee for the bond sale.

Member Suazo moved, seconded by Member Romero, for approval of the POS for the Subordinate Lien PPRF Revenue Bonds, Tax-Exempt Series 2020C-1 and Subordinate Lien PPRF Revenue and Refunding Bonds, Taxable Series 2020C, Preliminary Official Statement, Twenty-Third Supplemental Indenture of Trust and Related Documents, and Designated Officers. The motion passed 8 – 0 on a roll call vote.

- 29. Consideration and Recommendation to the Board for FY20 Year-End Budget Performance Report.** Mr. Oscar Rodriguez briefly reviewed the FY20 year-end budget performance report. Mr. Rodriguez noted that staff provided a detailed overview to the Finance & Disclosure Committee. Actual revenues and expenditures came in favorably against the targets set in the FY 2020 approved budget.

Member Suazo moved, seconded by Member Romero to approve the FY20 year-end budget performance report. The motion passed 8 – 0 on a roll call vote.

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

- 30. Update on Activities.** A quorum of the Audit Committee met on August 19, 2020 via Zoom teleconference. Items presented included Novogradac's annual audit of Finance New Mexico, an EnABLE update, a status report by Moss Adams on the annual audit progress, and review of the NMFA's balance sheet, income statement and cash flow statement as of June 30, 2020.
- 31. Consideration and Recommendation for Approval of 4th Quarter Financial Statements.** Mr. Rodriguez presented the June 2020 financial statements which staff will submit to Moss Adams for the annual audit. Mr. Rodriguez noted an important internal control to ensure accurate and timely statement

of NMFA's financial position, staff set a target of 30 calendar days to fully close the general ledger for the month and post the financial statement, a goal which was achieved in June in 29 days.

Member Romero moved, seconded by Member Suazo, for approval of the 4th quarter financial statements. The motion passed 8 – 0 on a roll call vote.


32. Next Board Meeting

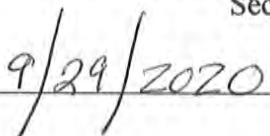
Thursday, September 24, 2020 – 9:00 a.m.
Location/Mode TBD
Santa Fe New Mexico

33. Adjournment

Member Romero moved, seconded by Member Kahl, to adjourn the meeting. The motion passed 8 - 0. The meeting adjourned 11:50 p.m.

The meeting adjourned at 1:00 p.m.



Secretary


Date