

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

Minutes of Board Meeting
March 28, 2021
Via Zoom
Santa Fe, New Mexico

Present:

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

Finance Authority Staff:

Adam Johnson	Alex Orozco
Angela Quintana	Bryan Otero
Charlotte Larragoite	Connie Marquez
Dan Opperman	Dora Cde Baca
Joe Durr	Joe Maldonado
John Brooks	LaRain Valdez
Leslie Medina	Lynn Taulbee
Maria Gallardo	Mark Lovato
Mary Finney	Marquita Russel
Michael Vonderheide	Michael Zavelle
Mona Killian	Norman Vuylsteke
Oscar Rodriguez	Rio Trujillo
Ron Cruz	Ryan Olguin
Shawna Johnson	Susan Rodriguez
Todd Johansen	

Guests:

Anne Browne	Sutin Thayer & Browne
Brad Patterson	Gilmore & Bell
George Williford	Eastern New Mexico University
Jerry Kyle	Orrick, Herrington, and Sutcliffe
Regina Grayson	RBC Capital Markets
Stevie Olson	LFC
Susen Ellis	BOKF

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 Clark moved, seconded by Member Suazo, to approve the agenda. The motion passed 10 - 0 on a roll call vote.

3. Approval of the February 25, 2021 Board Minutes.

Member Suazo moved, seconded by Member Clark, for approval of the February 25, 2021 Board minutes. The motion passed 10 – 0 on a roll call vote.

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

◆ *2021 Legislative Session*

As of March 19, NMFA’s three key pieces of legislation have passed both chambers and have been sent to the Governor for her consideration. Additionally, two pieces of legislation that authorize NMFA to issue bonds on behalf of the Department of Transportation and the UNM Health Sciences Center also appear to be headed for approval by both chambers. HB200, which passed the Senate this week impacts the operations of NMFA by giving the Water Trust Board (“WTB”), which the NMFA staffs, additional responsibilities without any additional funding. If signed into law, the WTB will be required to review and recommend projects to the Interstate Stream Commission for funding from the federal NM Unit Fund. Other pieces of legislation that NMFA had been tracking have not yet passed the Legislature including the Mutual Domestic Set-Aside for Water Trust Board projects, the County Courthouse Grant Fund, the Public Private Partnership Act, and the Public Banking Bill. Senate Bill 440, the amendments to the Statewide Economic Development Finance Act, did not move forward as hoped.

◆ *Implementation of Recovery and Stimulus Programs*

The timeline for a mid-April opening of the SBRLF 2.0 is on track with the NM LEDA Recovery Grants shortly thereafter. The rules for both programs are proposed for adoption in March with a presentation on the programs made at the March Board meeting.

◆ *Interim Loan, Grant, and Participation Modifications*

The Board approved an Interim Loan, Grant and Participation Modification Policy which provides the CEO with the authority to modify certain loan covenants. In February, the debt service coverage covenant for the Santa Ana Hospitality Corporation was waived. The payments on the loan are still being made as agreed. A detailed report on this request was conveyed to the Public Lending Committee at the March meeting.

On the private loan side, a 60-day extension of a line of credit for Build With Robots, an Essential Services borrower, was granted to allow the company the opportunity to complete an equity raise and repay its loan. This item was reported in detail to the Economic Development Committee.

5. Consideration and Recommendation for Approval of Rules Governing the Small Business Recovery Loan Fund Pursuant to the Small Business Recovery and Stimulus Act. Approval of proposed Rules Governing the Small Business Recovery Loan Fund (“SBRLF”) Pursuant to the Small Business Recovery and Stimulus Act.

The 2021 Legislature passed and Governor Michelle Lujan Grisham signed into law Senate Bill 3, the Small Business Recovery and Stimulus Act (the “Act”), which substantially expanded the eligibility and use of the SBRLF and gave broad discretion to NMFA to establish qualifying criteria for businesses negatively impacted by the COVID-19 pandemic and resulting Emergency Health Orders (the “Orders”).

The Act and the proposed rules for the expanded SBRLF (“SBRLF 2.0”) were crafted with the experience of the original SBRLF program operated under the Small Business Recovery Act of 2020 (“SBRLF 1.0”). The greatest change in SBRLF 2.0 is a broadened definition of negative impact from a specific 30% decline in each of April and May 2020 over the same months in 2019, to businesses that experienced “substantial disruption” or “substantial decline in gross revenues” as a result of the Orders. Additionally, the ways in which applicants may evidence negative impact increased and eligibility was expanded to raise the revenue cap for these impacted businesses from \$5 million in gross revenues to \$5 million in net revenues.

The maximum amount of the loan increased from \$75,000 to \$150,000 and the favorable repayment terms were made more flexible by changing loan terms from three years to up to ten years.

Lastly, the proposed Rules provide for NMFA to screen applicants for key credit and identification standards to ensure that applicants are being truthful in making certain required certifications and to guard against fraudulent applications. Additionally, as provided by the Act, the proposed Rules require 1) that all loan amounts in excess of \$75,000 be guaranteed by any person with a 20% or greater ownership interest in the business, and 2) provide that businesses that do not meet certain credit standards to secure loan amounts in excess of \$75,000 with personal property collateral.

Ms. Russel explained the process to be utilized in providing programs explaining technology to be utilized including Form Stack, Sales Force, Plaid and Lexus Nexus. A Recovery Unit will be initiated utilizing 5 full-time staffers for loan processing, a manager to oversee the group, an operations associate, and twelve temps. At least one person will be borrowed from other department, and staff added to the legal and compliance group. Opening for loan applications if projected for mid-April with the grant opening anticipated two weeks later.

Member Suazo moved, seconded by Member Nathanson-Juris, for approval of the rules governing Small Business Recovery Loan Fund pursuant to the Small Business Recovery and Stimulus Act. The motion passed 10 – 0 on a roll call vote.

6. Consideration and Recommendation for Approval of Rules Governing the New Mexico LEDA Recovery Grant Program Pursuant to the Local Economic Development Act. Approval of proposed Rules Governing the New Mexico LEDA Recovery Grants (“LEDA Recovery Grants”) pursuant to the Local Economic Development Act (“LEDA”)

The 2021 Legislature passed, and Governor Michelle Lujan Grisham signed into law House Bill 11 which added a temporary provision to LEDA to provide recovery grants to certain businesses that create jobs New Mexico to reimburse them for rent, lease, or mortgage payments. The New Mexico Economic Development Department (“NMEDD”) was given the authority under LEDA to oversee the program and NMFA was named as the program administrator. The legislation provided a \$200 million

appropriation from the State general fund to capitalize the grant fund.

Under LEDA, NMEDD must determine the amounts of the grants which are based upon the number of jobs created and taking into consideration the wages provided and the business's relative decline in revenues from 2019 to 2020. The grants, which cannot exceed \$100,000, are to be disbursed based upon the actual jobs created as evidenced by quarterly unemployment wage reports filed by the business with Department of Workforce Solution, not to exceed \$25,000 per disbursal.

The proposed Rules govern the application and evaluation of applications and the disbursement of funds, including how initial and ongoing eligibility will be evidenced. Further, the proposed Rules provide that the first application period, now anticipated to open on or about prior to the end of April, offer at least \$150 million in grant funds, with \$50 million set aside for businesses outside of the cities of Albuquerque, Las Cruces, Rio Rancho and Santa Fe as well as those areas within a ten-miles of their respective city limits. The proposed Rules also set aside \$20 million for businesses not yet able to open in accordance with current Emergency Public Health Orders.

Lastly, the proposed Rules provide for NMFA to screen applicants for key credit and identification standards to ensure that applicants are being truthful in making certain required

Member Suazo moved, seconded by Member Kopelman, for approval of the rules governing the New Mexico LEDA Recovery Grant Program pursuant to the Local Economic Development Act as amended changing \$25,000 to 25% on page eight of the Rules. The motion passed 10 – 0 on a roll call vote.

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

7. **Update on Activities.** A quorum of the Public Lending Committee met on March 17, 2020. Discussion included the following which were recommended for approval to the full Board:
 - ✓ *Local Government Planning Fund:* The Committee reviewed and recommended for approval four projects from the LGPF.
 - ✓ *Public Project Revolving Fund:* The Committee reviewed seven Public Project Revolving Fund projects, all recommended to the Board for approval.

Staff also provided an update regarding action taken by the CEO to waive the revenue coverage on a Santa Ana Hospitality Corporation ("SAHC") loan. Policy authorizes the CEO to waive certain loan covenants, one being the coverage ratio. The waiver request was a direct result of the hotel being closed due to the pandemic and public health orders. Staff reported SAHC is current on all obligations with NMFA and maintains healthy debt service reserve funds.

8. **Consideration and Recommendation for Approval of Greater Chimayo MDWCA (Santa Fe County) – Preliminary Engineering Report – PG-5499.** The Greater Chimayo MDWCA ("Association") applied to the Local Government Planning Fund ("LGPF") for \$50,000 to fund a

Preliminary Engineering Report (“PER”) for the water system to assist in identifying future water system needs. The Association plans to use this document to apply for Water Trust Board funding.

- 9. Consideration and Recommendation for Approval of Peñasco MDWC&MSWA (Taos County) – Preliminary Engineering Report – PG-5550.** The Peñasco MDWCA applied to the Local Government Planning Fund for \$50,000 to fund a Preliminary Engineering Report (“PER”) to evaluate the water system infrastructure and develop solutions to address water system needs, primarily the replacement of a 4 inch water line along State Road 75.

The Association plans to use this document to apply for Water Trust Board and Drinking Water State Revolving Loan Fund funding.

- 10. Consideration and Recommendation for Approval of Lincoln MDWCA&LSW (Lincoln County) – Preliminary Engineering Report – PG-5501.** The Lincoln MDWCA&LSW (“Association”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Preliminary Engineering Report (“PER”) to evaluate the water and wastewater system infrastructure developing potential solutions to address system needs and provide cost estimates of possible recommendations.

- 11. Consideration and Recommendation for Approval of Village of Cimarron (Colfax County) – Preliminary Engineering Report – PG-5503.** The Village of Cimarron (“Village”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Preliminary Engineering Report (PER) to evaluate rehabilitation and associated infrastructure to the existing water system facilities at the Cimarroncito Dam including the spillway.

The Office of the State Engineer (“OSE”) classified this project as a "high hazard potential" dam which, if not addressed, could result in loss of life and property.

- 12. Consideration and Recommendation for Approval of Hagerman Municipal Schools (Chaves County) – Series 2021 General Obligation Bond – PPRF-5491.** Hagerman Municipal Schools (“Schools”) applied to the Public Project Revolving Fund (“PPRF”) for \$400,000 finance school infrastructure projects within the District identified in the District’s 2018-2023 Facility Master Plan.

In November 2019, the District received voter approval of \$800,000 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 in the amount of \$400,000 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 four findings, none a material weakness nor a significant deficiency.

Member Suazo moved, seconded by Member Forte, for approval of Consent Agenda items 8 – 12. The motion passed 10 – 0 on a roll call vote.

13. Consideration and Recommendation for Approval of Village of Truth or Consequences Municipal School District (Sierra County) – Series 2021 General Obligation Bond – PPRF-5490. Truth or Consequences Municipal School District (“District”) applied for \$1,500,000 to the Public Project Revolving Fund (“PPRF”) to finance school infrastructure projects within the District.

In November 2019, the District received voter approval of \$3,000,000 for school projects identified in the District’s 2018 – 2023 Facility Master Plan valid for 4 years. The District will issue General Obligation Bonds for \$1,500,000 which NMFA will purchase through 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 one finding neither a material weakness nor a significant deficiency.

14. Consideration and Recommendation for Approval of Portales Municipal School District (Roosevelt County) – Series 2021 General Obligation Bond – PPRF-5491. The Portales Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) \$3,500,000 for school infrastructure identified on the District’s 2018-2023 Facility Master Plan.

On February 16th, 2021, the District received voter approval of \$7,000,000 to construct, remodel, make additions and furnish school buildings, purchase, or improve school grounds, or any combination valid for four years. The District will issue General Obligation Bonds \$3,500,000 which will be purchased through the PPRF.

The District is considered a disadvantaged entity and may receive a disadvantaged interest rate. At the time of closing, staff will re-evaluate the market interest rates to determine the amount of 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 2019 audit received an unmodified opinion with no findings.

15. Consideration and Recommendation for Approval of Gallup McKinley County School District – 2021 Teacherage Loan – PPRF-5493. The Gallup-McKinley County School District (“District”) applied for Public Project Revolving Fund (“PPRF”) for \$5,745,000 to finance the building of 8 new teacherage units in Ramah, NM.

The District requests waiver of the requirement for a traditionally funded debt service reserve fund and requests the use of a Springing Debt Service Reserve Fund. Borrower maintains an overall credit rating of A1 (Moody's) and has no other debt issued with the proposed pledged revenue for this loan. The District will be required to cash fund a debt service reserve over a two-year period in the event that loan coverage falls below 2.0xs. coverage. The District has also agreed that NMFA will hold a senior lien position with approving rights on additional debt.

The District has a limited ability to raise funds through property tax because much of the land in

McKinley County is Federal or Native land. The taxable base then is small compared to other districts of similar size. Federal Impact Aid Revenue was created by Congress to assist school districts that have lost property tax revenue due to the presence of tax-exempt Federal property, including children living on Indian lands.

Federal Aid Impact “FIA” revenues are revenues received pursuant to 20 United States Code Section 7701 through 7714, which is the federal law which codifies the program to directly reimburse public schools for the loss of traditional revenue sources due to a federal government presence or activity due to its exemption of certain taxes.

Federal Impact Aid is appropriated to the District annually by formula. Federal Impact Aid was originally passed by the US Congress in 1950 and has been reauthorized multiple times. In 2006, the Public Education Department (“PED”) changed the accounting procedure for FIA revenues. Previously, 5% of the funds went to the Operational Fund, 20% went to a separate Capital Projects Fund and the State took credit for 75% of the total receipts. Now, 25% stays in the Operational Fund and the State continues to take credit for the remaining 75%. However, in an effort to be conservative, staff will utilize 20% of the net funds available. During the 2002 Legislative Session, a bill was passed which allows federal funds to be pledged for teacher housing revenue bonds, providing for debt service payments as well as reserves. The NMFA has completed 8 projects in the past with the District.

The District does receive rental income as an additional revenue source to support this program. In addition, the District will utilize \$3,500,000 from a Public-School Capital Outlay Council (“PSCOC”) Award towards the project. The District will be pledging Federal Impact Aid Revenue, which it has received continuously since the 1950's. Under U.S. P.L. 874 and as stated in 22-19A-2 NMSA 1978, this source of revenue may be pledged to pay debt service on bonds.

The District received an A1 rating from Moody's in September 2020.

The 2020 audit received an unmodified opinion with no findings.

16. Consideration and Recommendation for Approval of Ruidoso Municipal School District (Lincoln County) – Series 2021 General Obligation Bond – PPRF-5495. The Ruidoso Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$8,865,000 to refund Series 2011 and Series 2013 bonds for economic savings; both have a current pre-payment date of August 1, 2021.

The 2011 bonds closed on October 18, 2011 with a combined par amount of \$9,000,000 used for school infrastructure. The Series 2013 closed on February 12, 2013 with a combined par amount of \$5,000,000 and were also used for school infrastructure and district wide technology. The District will be escrowing the callable maturities.

Under current market conditions, the combined refunding is expected to achieve actual savings of approximately \$442,959.29 which represents net present value savings of more than 5.12% over the life of the loan. The loan is presented with .75bp added to the rates thus reducing the savings to under the 3% threshold per PPRF policies.

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 one finding, neither a material weakness nor a significant deficiency.

17. Consideration and Recommendation for Approval of City of Roswell (Chavez County) – 2021 Equipment Loan – PPRF-5494. The City of Roswell (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$6,210,000 to finance the costs associated with construction of a new landfill.

The currently active disposal cell #4 has reached approximately 83% of its holding capacity requiring the construction of cell #5A. The new cell is approximately 19.7 acres and will be the disposal site for refuse collected from various points around the region. The cell construction requires a 4-layer compost liner system, leachate collection pipes and other environmental controls.

The City also applied for financing to purchase a new landfill compactor to be used at the new Landfill operations. The compactor rolls over the municipal waste and packs it together as tightly as possible. The new Caterpillar 826 compactor is a 70,000-pound class machine and has a proven design and power train.

The Authority will pledge its Net System Revenue of the Solid Waste Authority as repayment.

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

18. Consideration and Recommendation for Approval of Eastern New Mexico University, Ruidoso Branch (Lincoln County) – 2021 Taxable Building Purchase Loan – PPRF-5496. The Board of Regents of Eastern New Mexico University (“University”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,500,000 to improve ENMU’s Ruidoso Campus.

The proceeds will be used for but are not limited to purchase of the remaining 26,600 square feet of Sierra Mall, adjacent to the existing property of the College. Currently, two tenants occupy the space, and request at least a two-year commitment to continue to occupy their respective spaces. The tenants will make monthly payments, which will enhance revenues available for debt service. The College will maintain those contracts and add addition tenants to cover operating costs of the property until such time as it can be renovated for the needs of the College. Because of these leases, Bond Council for the University has determined that this loan shall be treated as taxable.

The University will pledge the Gross System Revenues (“GSR”), excluding the mil levy and property taxes (which by statute cannot be pledged) and state, federal and local grant funds and other restricted funds (which by their terms cannot be pledged) as security for this loan. The GSR are derived from student tuition and fees, state appropriations, the district mil levies (property taxes), investment income, and the sales and services of educational departments and auxiliary enterprises.

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

Member Kopelman moved, seconded by Member Nathanson-Juris, for approval of agenda items 13 – 18. The motion passed 10 – 0 on a roll call vote.

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

- 19. Update on Activities.** The Economic Development Committee met via Zoom teleconferencing on Tuesday, March 16 with a quorum of members present. In addition to reviewing the Private Lending Portfolio Report, staff presented the following informational items:
1. *Essential Services Working Capital Program* - Staff is extending for six- month lines of credit for Albuquerque Speech Language and Hearing Center and Rhino Health. The loan approvals included the six-month extensions.

Staff also reported on a 60-day extension for a line of credit for Build With Robots to help the company secure additional financing.

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

- 20. Update on Activities.** Members of the Finance & Disclosure Committee met on March 17, 2021. Staff requested a change to an agenda item, which was accepted by the Committee. Staff presented the following items:
- ◆ *Second Amendment to the FY 2021 Budget.* Staff presented the proposed budget amendment to the FY 2021 budget, to address the additional revenues and expenses already incurred from the Small Business CARES Relief Grants and to be incurred due to recently passed legislation pertaining to the Small Business Recovery Loan Fund, and the LEDA Recovery Grant program. The proposed budget amendment also reallocated funds to the New Markets Tax Credit program for a second Small Loan Pool which were previously earmarked for transfer to the Behavioral Health Capital Fund.
 - ◆ *FY2022 Budget Assumptions and Calendar.* Staff outlined the NMFA’s FY2022 Budget Assumptions, as well as a draft of the proposed FY2022 Calendar.
 - ◆ *Consideration for Approval to Issue an RFP for NMTC Audit and Tax Services.* Staff presented a request to issue an RFP for NMTC Audit and Tax Services which the Committee approved. The current contract for these services expires in June 2021.
 - ◆ *Consideration for Approval to Issue an RFP for PPRF Municipal Advisory Services.* Staff presented a request to issue an RFP for PPRF Municipal Advisory Services. The current contract for these services expires in July 2021. The Committee voted unanimously to approve the issuance of the RFP.
 - ◆ *Consideration for Approval of an Amendment to the PPRF Arbitrage and Rebate Compliance Services.* Staff’s original approval was to extend the contract for the NMDOT Arbitrage and Rebate Services. However, staff recently learned that those services, provided by Bank of New York Mellon (BNYM), were no longer going to be offered by BNYM. Staff recommended that the NMDOT Arbitrage and Rebate Services be moved to the NMFA’s other Arbitrage and Rebate

Services provider, PFM, who provides those services for the NMFA’s PPRF and standalone bonds. The Committee voted unanimously to approve an amendment to the PFM Arbitrage and Rebate Compliance Services to add arbitrage and rebate services for NMDOT’s bonds.

- ◆ *Consideration and Recommendation to the Board of the Amended and Restated Post- Issuance Compliance Policy for Tax-Advantaged Bonds.* Staff presented the Amended and Restated Post-Issuance Compliance Policy for Tax-Advantaged Bonds. The current policy was put in place in April of 2012, and upon review by the Legal and Compliance Department, needed to be updated to include changes to applicable laws and to conform with current practices, including the use of appropriate NMFA staff titles. approval. The Committee voted unanimously to recommend the policy to the Board for consideration and approval.
- ◆ *Notifications.* Staff informed the Committee of 4 contract notifications due to the stimulus legislation recently signed into law:
 - (i) LexisNexis
 - (ii) Salesforce
 - (iii) Coastal Cloud
 - (iv) HelloSign.

21. Consideration for Approval of the Amended and Restated Post Issuance Compliance Policy for Tax-Advantaged Bonds. The Legal and Compliance Department seeks Board approval of the Post-Issuance Compliance Policy.

The NMFA is required by the terms of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended and as then in effect (the “Code”), and the U.S. Treasury Regulations promulgated thereunder (the “Treasury Regulations”), to take certain actions subsequent to the issuance of NMFA bonds to ensure the continuing tax-exempt status of such bonds. In addition, Section 6001 of the Code and Section 1.6001-1(a) of the Treasury Regulations impose record retention requirements on the Issuer with respect to its tax-exempt governmental bonds.

The original, and currently in effect, Post-Issuance Compliance Procedure and Policy for Tax-Exempt Governmental Bonds was adopted in April of 2012. The Post-Issuance Compliance Policy has been reviewed by both Mr. Jerry Kyle, Disclosure Counsel and Mr. Brad Patterson, Bond Counsel and will continue to allow the NMFA to comply with the provisions of the Code and the Treasury Regulations.

The Chief Legal Officer (“CLO”), with assistance from the NMFA’s Disclosure Team (as defined in the Post- Issuance Policy), as necessary, shall be primarily responsible for (a) ensuring that the NMFA successfully carries out its post-issuance compliance requirements under applicable provisions of (i) the Code and Treasury Regulations with regard to all Tax-Advantaged Bonds of the NMFA and (ii) each Continuing Disclosure Agreement to the extent that the NMFA has entered into a Continuing Disclosure Agreement related to Tax-Advantaged Bonds; and (b) ensuring compliance by the NMFA with this Post-Issuance Policy. The CLO will also be assisted in carrying out post-issuance compliance requirements by appropriate Professionals (as defined in the Post-Issuance Policy).

The CLO shall consult with the Disclosure Team, Professionals, any other relevant parties to determine whether any amendments or supplements are necessary to the Post-Issuance Policy to ensure continuing tax-exempt status of any issue of tax-advantaged bonds of the NMFA.

Member Suazo moved, seconded by Member Clark, for approval of the amended and Restated Post Issuance Compliance Policy for Tax-Advantaged Bonds. The motion passed 10 – 0 on a roll call vote.

22. Presentation and Request for Approval of a 2nd Amendment to the FY2021 Budget. Mr. Oscar Rodriguez presented the proposed budget amendment to the FY 2021 budget, to address the additional revenues and expenses already incurred from the Small Business CARES Relief Grants and to be incurred due to recently passed legislation pertaining to the Small Business Recovery Loan Fund, and the LEDA Recovery Grant program. The proposed budget amendment also reallocated funds to the New Markets Tax Credit program for a second Small Loan Pool. These funds were previously earmarked for transfer to the Behavioral Health Capital Fund.

Member Suazo moved, seconded by Member Clark, for approval of the second amendment to the FY2021 budget. The motion passed 10 – 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).*)

23. Update on Activities. A quorum of the Audit Committee met on March 17, 2021 via Zoom teleconference. Staff reported on the following:

- ✓ *Enable Project.* Staff reported that MITAS, the loan servicing system being replaced by EnABLE, has finally been archived. Staff stopped entering data into that legacy system in parallel to EnABLE the second week of March, when they went fully live with Behavioral Health and Primary Care Capital Funds. Except for a few private lending programs that are accounted for directly in the General Ledger and were never supported by MITAS, EnABLE is now the sole loan servicing system. The focus for the remainder of the fiscal year is to consolidate business processes and accounting procedures given that EnABLE is now the sub-ledger of record and MITAS is no longer part of any process or procedure.
- ✓ *January Financial Statements.* Staff presented NMFA's balance sheet, income statement and cash flow statement as of January 31, 2020. Results still don't reflect a significant impact on revenues or expenditures from the Covid-19 health emergency. Staff's presentation included a review of the key financial performance indicators, which are presented in line charts. Staff explained that the trends reflected in the charts put NMFA's financial performance in track with what is both expected and desired in terms of efficiency, solvency, and sustainability. Unrestricted cash coverage stands at about 8 months of NMFA's operating budget. Cost per loan receivables remains steady at 6% or \$0.06/\$1.00. Water programs asset turnover continues to improve and has now risen to 33%, which indicates it takes about 3 years for all cash and grant revenue to be turned into new loans and grants. Moreover, the Current Ratio and Bond Times Coverage for the PPRF are within acceptable range of variance and tracking the normal annual business cycle. The financial statements themselves reflect where NMFA was expected to be at this point in the fiscal year, one month into the 6- month approach to the peak of bond debt service in June. Net position increased \$2.7 million from the start of the fiscal year. Total net loan receivables stood at \$1,844.7 million at the end of January.

24. Next Board Meeting

Thursday, April 29, 2021 – 9:00 a.m.

Location/Mode Via Zoom

Santa Fe New Mexico

25. Adjournment

Member Clark moved, seconded by Member Suazo, to adjourn the meeting. The motion passed 10 - 0.

The meeting adjourned at 11:00 a.m.

Leone Nathaniel
Secretary
4/29/2021
Date