

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

**Minutes of Board Meeting**  
**April 29, 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 Suazo	Public Member, Las Vegas, NM
Matthew Lovato	Designee for Secretary, NMENRD
Steve Kopelman, Vice Chair	Executive Director, NMC

**Finance Authority Staff:**

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

**Guests:**

Brad Angst	Village of Corrales
Erik Harrington	RBC Capital Markets
John Archuleta	Springer Municipal Schools
Kaeley Weimerskirch	RBC Capital Markets
Molli Grove	Village of Angel Fire
Paul Cassidy	Mora County
Ron Curry	Village of Corrales
Steve Maldonado	Grants Cibola County School District
Stevie Olson	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.

**2. Approval of Agenda.**

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

**3. Approval of the March 25, 2021 Board Minutes.**

**Member Suazo moved, seconded by Member Forte, for approval of the March 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:

- ◆ *Implementation of Recovery and Stimulus Programs - Small Business Recovery Loan Fund (SB 3, the Small Business Recovery and Stimulus Act):* The expected timeline for a mid-April opening of the SBRLF 2.0 has been pushed to April 29 to accommodate complete integration of technology necessary for automated credit and identification screening. NMFA and NMEDD held a webinar on April 14 for businesses interested in the expanded loan program.

Because of the manner in which the system is being set up, the delay was necessary to integrate new technologies to enhance the system. The loan program will open next Tuesday with the grant program opening one week later.

Mr. Joe Durr resigned his position with the NMFA accepting a position with a banking institution. Mr. Ryan Olguin is filling that post assisted with five core temporaries who are now part of the staff. Ms. Maria Gallardo is working as Interim Recovery Manager.

- ◆ *New Mexico LEDA Recovery Grants (HB 11, Local Economic Development Act Changes):* With the rules for this program in place, the expected timeline for a mid to end of April opening of the LEDA Recovery Grants has been pushed to early May. The implementation team is working to align the application processes and technology for both the grant and loan program so that applicant experience is predictable. The application has been drafted and the complex calculations and logic needed to determine grant amounts is being written. Testing for this process will take longer than the loan program as it is markedly different than the loan.
- ◆ *EnABLE Milestones:* In early April, staff reached the biggest milestone yet of the multi-year implementation project, which was the completely automated production and delivery of March activity statements and May invoices. This automated process took minutes, rather than days, to complete with vastly improved accuracy. With that step met, staff will now stop reporting monthly on the status of the program implementation.
- ◆ *Interim Loan, Grant, and Participation Modifications:* The Board approved an Interim Loan, Grant and Participation Modification Policy provides the CEO with the authority to modify certain loan covenants. No modifications were requested.

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

5. **Update on Activities.** The Public Lending Committee met on April 21, 2021 via Zoom teleconference with a quorum present. All projects were recommended for approval to the Board. The Committee considered one project from the Local Government Planning Fund, ten from the PPRF, one Water Trust Board project and one amended Drinking Water Loan Fund project. The Committee requested that representatives from particular entities attend the Board meeting to respond to questions concerning their audits.

Member Forte mentioned SB 256 which changed the fire protection formula which will now utilize cash payments rather than bonding, and SB 20 which moves the motor vehicle excise tax to the project fund. Member Forte reported the Committee discussed how the NMFA will change going forward to assist entities with the changes in these funds.

6. **Consideration and Recommendation for Approval of City of Santa Rosa (Guadalupe County) – Comprehensive Plan – PG-5556.** The City of Santa Rosa (“City”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a comprehensive plan to update the plan adopted in 2006.

The plan will involve stakeholders from the community for input, study, and analysis of existing physical, economic, and social conditions and a projection of future conditions for the City.

7. **Consideration and Recommendation for Approval of Quay County, Nara Vista Fire District – 2021 Equipment Loan – PPRF-5557.** Quay County (“County”) on behalf of Nara Vista Fire Department (“Department”) applied to the Public Project Revolving Fund (“PPRF”) for \$150,000 to finance the purchase of new fire apparatus and corresponding equipment.

The Department will pledge State Fire Protection Funds as the revenue source for the loan. The Department has an ISO class rating of nine with one main station receiving an annual base distribution of \$39,058. The Department is also contributing \$145,000 toward the purchase.

Nara Vista has an MHI of \$39,484 which constitutes 82.16% of the State MHI, and as a disadvantaged entity will receive a 2% disadvantaged interest rate determined at closing

The 2020 audit received an unmodified opinion with 2 findings, neither a material weakness nor a significant deficiency.

8. **Consideration and Recommendation for Approval of Village of Angel Fire (Colfax County) – 2021 Refunding MIGRT - PPRF-5554.** The Village of Angel Fire (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$455,000 to refund Series 2010 PPRF-2373B loan for economic savings.

The NMFA tax-exempt Series 2010 loan closed in March 2010 for \$1,118,245 with a call date of March 19, 2020. The loan proceeds were used for refinancing the Village’s Series 2005 Water Surcharge Revenue Bonds.

The loan is presented with .75bp added to the rates reflected in the savings analysis thus reducing the

savings to under the 3% threshold per PPRF policies. The maturity of the refunding bonds matches the terms of the refunded loan.

The Village will pledge increments one through four (.25%) of the Municipal Infrastructure GRT for the repayment of the loan. Staff utilized FY2020 revenues to determine debt service coverage of 1.41xs. Refunding is expected to achieve approximately 2.91% in net present value savings equating to an estimated \$13,000 over the life of the refunding.

The Village was late in submitting the 2020 audit. The audit contained five findings including two new material weaknesses and one repeat significant deficiency. The Village provided a corrective action plan.

**9. Consideration and Recommendation for Amended Approval of Valley Estates MWSA (Rio Arriba County) – Increase Loan Amount and Increase DWSRLF Principal Forgiveness Subsidy – DW-4732.** Valley Estates Mutual Water and Sewer Association (“Association”) requests an increase in the loan amount and the DWSRLF principal forgiveness subsidy for Project DW-4732.

In May 2018, the Association received approval for \$204,749 to fund a water storage tank replacement project. The approval consisted of a loan for \$51,187 and DWSRLF principal forgiveness subsidy totaling \$153,562.

The Association requested and obtained approval in January 2020 to increase the loan amount and DWSRLF principal forgiveness subsidy due to additional costs associated with the project. The total amended approved project totaled \$72,500 increasing the loan amount to \$69,312 and the DWSRLF principal forgiveness subsidy to \$207,937. The 2020 funding package totaled \$277,249 with the coverage ratio at 1.39xs.

The Association wants to add a pump and other items to complete the water storage tank replacement project and is requesting additional funding for \$29,467 for a new loan amount of \$76,679 with the DWSRLF principal forgiveness subsidy increasing to \$230,037. The updated 2021 funding package total is \$307,716 with the new coverage ratio at 1.70xs.

**Member Suazo moved, seconded by Member Forte, for approval of consent agenda items 6 – 9. The motion passed 10 – 0 on a roll call vote.**

**10. Consideration and Recommendation for Approval of Mora County – 2021 General Obligation Bond – PPRF-5559.** Mora County (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$3,500,000 for improvements to the County Administration Facilities to include completion of the unfinished portion of the Mora County Complex, remediation on Southern half of building, and office space for County departments and State offices.

On November 3, 2021, the County received voter approval of \$3,500,000 for improvements to County Administration facilities valid for four years. The County will issue General Obligation Bonds for \$3,500,000 which NMFA will purchase with the PPRF.

The 2019 audit received an unmodified opinion with twelve findings including three material weaknesses and three significant deficiencies. A corrective action plan was submitted by the County.

Commissioner Maestas, Ms. Terri Mares, Interim Finance Director, and Mr. Paul Cassidy, Chairman of the GO Bonds Committee talked about the progress to date. The County has developed a strong team to address issues with turnover and things slipping through the cracks. Commissioner Maestas felt it will be a smooth process going forward in resolving audit issues. Member Kopelman congratulated the County on their progress.

**Member Kopelman moved, seconded by Member Suazo, for approval of Mora County Project PPRF-5559. The motion passed 10 – 0 on a roll call vote.**

- 11. Consideration and Recommendation for Approval of Grants Cibola County School District – Series 2021 General Obligation Bond –PPRF-5504.** The Grants Cibola County School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$3,000,000 to finance projects consistent with the District's 2018-2023 Facility Master Plan.

In November 2019, the District received voter approval of \$10,000,000 for school infrastructure valid for four years. The District will issue General Obligation Bonds for \$3,000,000 which NMFA will purchase with the PPRF.

The 2020 audit received an unmodified opinion with 3 prior year findings including one material weakness and two significant deficiencies. The District provided a corrective action plan.

- 12. Consideration and Recommendation for Approval of Texico Municipal School District (Curry County) – Series 2021 General Obligation Bond – PPRF-5505.** The Texico Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,000,000 to finance infrastructure projects within the District.

In February 2019, the District received voter approval of \$2,000,000 for school infrastructure projects valid for four years. The District will issue General Obligation Bonds for \$1,000,000 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 2020 audit received an unmodified opinion with two findings neither a material weakness nor a significant deficiency.

*Member Kopelman departed the meeting at 9:45 a.m.*

- 13. Consideration and Recommendation for Approval of Curry County – 2021 Equipment Loan – PPRF-5558.** Curry County (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$636,372 to purchase and equip several Public Works utility vehicles.

The County will pledge the first increment of the County Local Option GRT (.125%) as revenue towards repayment of the loan. The County will initiate monthly ACH payments in lieu of revenue intercepted by the New Mexico Taxation and Revenue Department (“NMTRD”).

Curry County received an Aa3 rating on its County GRT by Moody's in May 2018, therefore no debt service reserve fund is required.

The 2020 audit received an unmodified opinion with no findings.

**14. Consideration and Recommendation for Approval of Village of Angel Fire (Colfax County) – 2021 Sports and Recreation Facility Refunding - PPRF-5553.** The Village of Angel Fire (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$785,000 to refund Series 2010 PPRF-2466 loan for economic savings.

The NMFA tax-exempt Series 2010 loan closed in August 2010 for \$1,730,321 with a call date of August 6, 2020. The loan is presented with .75bp added to the rates reflected in the savings analysis. Based on the current market environment, the refunding of the Series 2010 PPRF loan would likely achieve a net present value savings of approximately 3.4% equating to \$27,000 over the life of the refunding loan. The maturity of the refunding bonds matches the terms of the refunded loan.

The Village will pledge the Lodgers’ Tax and Sports and Recreation Facility Fee for repayment of the loan. Staff utilized a three-year average of both revenues to determine debt service coverage of 1.92xs. The Lodgers’ Tax revenue includes up to fifty percent (50%) of the revenues received. The Sports and Recreation Facility Fee is 2.4% tax collected from lodging accommodations in the Village initiated in January 2009 and ending with the maturity of the loan.

The Village was late in submitting the 2020 audit. The audit contained five findings including two new material weaknesses and one repeat significant deficiency. A corrective action plan was provided.

**15. Consideration and Recommendation for Approval of Village of Angel Fire (Colfax County) – Series 2021 General Obligation Bond – PPRF-5555.** The Village of Angel Fire (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,000,000 for infrastructure improvements.

In November 2019, the Village received voter approval of \$8,000,000 for designing, engineering, constructing and otherwise improving roads, related improvements, and the Village's water and wastewater system including purchase of capital equipment. The Village will issue General Obligation Bonds for \$2,000,000 which NMFA will purchase with the PPRF. Pledged revenue will be Ad Valorem Property Tax.

**16. Consideration and Recommendation for Approval of Village of Corrales (Sandoval County) – Series 2021 General Obligation Bond – PPRF-5560.** The Village of Corrales (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,065,000 for police and fire department infrastructure facilities and public buildings.

In 2018, the Village received voter approval of \$45,000,000 valid for four years. The Village will issue General Obligation Bonds for \$2,065,000 which NMFA will purchase with the PPRF. The proceeds will be used for but are not limited to the purchase of road maintenance and construction equipment, Municipal Arterial Program (“MAP”) and COOP project administered through the New Mexico Department of Transportation, planning, redesigning, and repaving the Village’s roads, and planning, designing, engineering and construction of parks and recreational facilities. Repayment for the loan will



be Ad Valorem Property Tax.

The Village was late in submitting the FY2020 audit. The 2020 audit received an unmodified opinion with 8 findings including one new material weakness and two repeat significant deficiencies. The Village submitted a corrective action plan.

**17. Consideration and Recommendation for Approval of Springer Municipal Schools (Colfax County) – Series 2021 General Obligation Bond – PPRF-5562.** The Springer Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$650,000 for school infrastructure, software and hardware purchases, and matching funds for capital outlay project.

In November 2019 the District received voter approval of \$2,500,000 for school improvements valid for four years. The District will issue General Obligation Bonds for \$650,000 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 2020 audit received an unmodified opinion with 3 findings none a material weakness nor a significant deficiency. The District provided a corrective action plan.

**Member Suazo moved, seconded by Member Forte, for approval of agenda items 11 – 17. The motion passed 9 – 0 on a roll call vote.**

**18. Consideration and Recommendation for Revised Approval of Village of Columbus (Luna County) – Modification of Pledge and Structure – WPF-5090.** Request to modify the revenue pledge for approved Village of Columbus (Village”) Water Trust Board (“WTB”) loan WPF-5090, and all loans pledged to the first increment of Municipal Local Option Gross Receipts Tax (“MLOGRT”) specifically CIF-3506, WPF-4340, CIF-4646, CIF-4647, CIF-4905, and CIF-4906 and modification to the loan/grant structure of WPF-5090.

The Board approved a revenue pledge modification on WPF-5090 loan for the Village at the January 2021 Board meeting changing the pledge to the second and third increments of MLOGRT. The project was originally approved in May 2020 having pledged revenue of first through fourth increments of the MLOGRT for construction and management services for the Northeast (NE) flood diversion channel.

When analyzing MLOGRT for the final debt service schedule on project WPF-4340, staff found that the original analysis on this particular project did not make an adjustment for the extraordinary revenue from the Border Wall project. When the analysis was updated for the first increment pledged to the finalized WTB project, debt service coverage was only 0.72xs, placing all loans referenced above out of compliance with 1.0xs coverage requirements. Additionally, loan counsel advised staff after the January 2021 Board meeting that the second increment cannot be pledged to water projects.

To correct and streamline the pledges and maintain parity for the Village on the Colonias (“CIF”) and WTB loans, staff reanalyzed the credit and debt, utilizing the first and sixth increments of the Village’s MLOGRT. Parity can be maintained on loans CIF-3506, WPF-4340, CIF-4646, CIF-4647, CIF-4905,

and CIF-4906 by converting to the first and sixth increments of MLOGRT. Loan counsel confirmed that the sixth increment is available for such projects.

To maintain the required minimum 1.0xs coverage, staff proposed that Project WPF-5090 be modified to a 20% loan (\$220,000) and 80% grant (\$880,000) with debt service coverage ratio under this new scenario at 1.04xs.

**Member Suazo moved, seconded by Member Forte for approval of modification of pledge for Village of Columbus. The motion passed 9 – 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, April 20, with a quorum present. Staff reviewed the Private Lending Portfolio and presented a NMTC Small Loan Pool project meeting the eligibility criteria. The Committee recommended approval to the Board.
- 20. Consideration and Recommendation for Approval of Silver City Cooperative (San Juan County) - SLP-5498.** The Silver City Food Cooperative (“Cooperative”) applied for Small Loan Pool NMTC financing for \$2,000,000. The proposed transaction complies with all the NMFA Policies and staff recommends approval.

The Cooperative is a natural food and general merchandise retailer located in Silver City, New Mexico. The Cooperative is member owned and controlled and is organized under the laws of the State of New Mexico with sales generated from a retail sales outlet.

The Cooperative purchased new property in 2018 and will use the funding for renovation and construction of a larger grocery store. To sustain the Cooperative’s continued growth, the grocery store needs upgrading to accommodate additional food options that are not available at their current location. The project will also incorporate a larger parking lot.

This transaction will be considered for the first \$8 million Small Loan Pool replacing the Build With Robots commitment. The \$2,000,000 loan to the Cooperative will be made by Finance New Mexico-Investor Series XXXV, LLC with capital provided by US Bancorp CDC and Finance New Mexico Service Company.

The loan will be secured by the building located at 907 Pope Street which is the new location for the Cooperative. In addition, the Cooperative will be using the buildings located at 520 N. Bullard St and 111 W. Sixth St. for collateral. The equipment and inventory being purchased with the proceeds of this loan and the assets of the Cooperative will be secured through a UCC Filing. The combined assets have a value of \$2,120,000 which discounted at 90% has a value of 1,908,000. Based on the discounted value the Loan-to-Value for this project is 106%. The Cooperative has requested an appraisal on all the properties which can improve the value of the collateral.

The Cooperative demonstrated an increase in revenue from \$3,681,829 to \$4,200,503 from years 2018



through 2020. Their financial position reflects a healthy net worth, with a strong long-term asset base sufficient to support the proposed debt service of \$70,653.

**Member Clark moved, seconded by Member Suazo, for approval of Silver City Cooperative Project SLP-5498. The motion passed 9 – 0 on a roll call vote.**

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

**21. Update on Activities.** A quorum of the Finance & Disclosure Committee met on April 21, 2021 via Zoom teleconference. Staff presented the following which the Committee voted unanimously to forward to the Board for approval:

- ◆ *Consideration for Approval to Issue an RFP for External Auditing Services.* Staff presented a request to issue an RFP for the NMFA’s External Auditing Services. The current contract for these services expired, and pursuant to the State Audit Rule, the NMFA is required to RFP for these services.
- ◆ *FY 2021 Budget Discussion.* Staff presented the proposed budget for FY 2022. Staff requested feedback on the budget noting that additional work would continue, particularly as it relates to the recovery programs. This item will be presented to the Finance & Disclosure Committee again in May in anticipation of presenting to the Board for approval in May.
- ◆ *Presentation of the Investment Report for the Period Ending March 31, 2021.* Staff provided an update on the quarterly investment report for the period ending March 31, 2021.
- ◆ *Notifications.* Staff informed the Committee of one emergency contract procurement: NMFA entered into a contract with Coastal Cloud to provide certain licenses, maintenance, and support services for Tibco Cloud Integration software.

**22. Presentation of the Investment Report for the Period Ending March 31, 2021.** Mr. Mark Lovato presented the NMFA Investment report which was reviewed by the Finance & Disclosure Committee on April 21, 2021.

As of March 31, 2021, the NMFA has total invested funds of \$864.3 million of which \$758.9 million is NMFA funds and \$105.4 million in NMDOT funds. The NMFA portfolios are grouped by types of funds and benchmarks using 0-5 year for the Debt Service Reserve funds, a 0-3 year for the Operating funds, a 0-1 year for the Common Debt Service, Supplemental Debt Service and Program Funds, and a 0-3 month T-Bill index for the Debt Service type funds. The overall book yield in the portfolio is .60% with a duration of .728. Net income for the three quarters ending March 31, 2020 was \$4,668,970 a 57% decrease from this time last year, which is anticipated when reinvesting higher yielding securities that are maturing at current market rates which are extremely low.

**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 April 21, 2021 via Zoom teleconference. Staff reported on the following:

- ◆ *EnABLE Project.* The implementation phase of the EnABLE project is now complete with all

invoices and activity statements generated through EnABLE, the last milestone to be passed before it could be said EnABLE had finally become part of the normal operations. The project will no longer be treated as a capital project and will be accounted for as a depreciable asset over an expected useful life of five years. The focus for EnABLE will be the continuous improvement of business processes and accounting procedures to make optimal use of EnABLE's capabilities.

- ◆ *February Financial Statements.* Staff presented NMFA's balance sheet, income statement and cash flow statement as of February 28, 2021. The Covid-19 health emergency continues to have no significant impact on NMFA revenues or expenditures. The Committee discussed the trends reflected in the charts of the key performance indicators which reflect an acceptable in expected level 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 \$0.06/\$1.00. Water programs asset turnover continues to improve, now indicating it takes about 3 years for all cash and grant revenue to be turned into new loans and grants. Regarding the PPRF, the Current Ratio and Bond Times Coverage for the PPRF are tracking the normal annual business cycle and reflect what is expected for this point in the year when cash begins to build up before paying bond holders in June. Net position increased \$5.7 million from the start of the fiscal year, \$3.0 million above last month. Total net loan receivables stood at \$1,851.1, \$6.4 million above January.

**24. Next Board Meeting**

Thursday, May 27, 2021 – 9:00 a.m.  
Via Zoom  
Santa Fe New Mexico

**25. Adjournment**

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

The meeting adjourned at 11:40 a.m.

*Leslie Nathanson Puris*  
Secretary

*June 1, 2021*  
Date