

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

**Minutes of Board Meeting**  
**June 24, 2021**  
**Via Zoom**  
**Santa Fe, New Mexico**

**Present:**

A.J. Forte	Executive Director, NMML
Andrew J. Burke	Chief Financial Officer - NMSU
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

**Absent:**

Jon Clarke	Designee, NM Economic Development
Steve Kopelman	NMC

**Finance Authority Staff:**

Alex Orozco	Angela Quintana
Bryan Otero	Carmela Manzari
Charlotte Larragoite	Connie Marquez
Dan Opperman	John Brooks
Joe Maldonado	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:**

Ava Lovel	UNM
Brianna Sanchez	UNM
David Buchholtz	Rodey Law Firm
Dr. Cheryl Willman	UNM
George Williford	Hilltop Securities
Helen Atkeson	Hogan Lovells
Jerry Kyle	Orrick, Herrington, & Sutcliffe

Luis Carrasco  
Peter Shellenburg  
Richard Weiss  
Ron Burpo  
Stephanie Finch  
Stevie Olson  
Susen Ellis  
Suzanne Bruckner

Rodey Law Firm  
PFM  
Morgan Stanley  
  
Rio Communities  
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 Forte moved, seconded by Member Nathanson-Juris, to approve the agenda. The motion passed 8 - 0 on a roll call vote.**

**3. Approval of the May 27, 2021 Board Minutes.**

**Member Lovato moved, seconded by Member Forte, for approval of the May 27, 2021 Board minutes. The motion passed 8 – 0 on a roll call vote.**

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

- ◆ *Legislative Finance Committee Report on Statewide Water Projects.* Over the past several months, the LFC evaluated NMFA’s water programs as part of its report on capital outlay reform for water projects. Staff submitted its letter of support for addressing program fragmentation but did not advocate any new processes or approvals for loans that contain no grant-like components. While the final report no longer includes a uniform funding application for water related projects, staff is concerned about the potential for subsidies such as grants to be conflated with below market interest rate loans for infrastructure projects.

The Board discussed the LFC program evaluation report which identified significant fragmentation of funding sources especially for infrastructure, full utilization of funds that have been made available as well as getting projects completed as major issues. New Mexico is rich in funding but is poor in capacity to undertake debt in most of the small water systems across the State who do not have the rate base to sustain systems which are often operated by volunteers. Also mentioned was the Legislature’s need to address capital outlay, a chronic issue within New Mexico. Grant money can easily be disbursed but funding for federal loans creates issues with the many reporting requirements resulting in an inability to disburse the funds. The Board voiced support for staff’s position to not advocate any new processes or approvals for loans that contain no grant-like components.

- ◆ *Staffing Update:* In addition to filling one of the two Regional Finance Manager positions and the accountant vacancy, staff filled the Managing Director of Credit Administration position with a

highly qualified candidate, Ryan Marie Decker, who will start in early August. NMFA is continuing to actively recruit for other key positions.

- ◆ *Return to Office:* NMFA's office will partially reopen to the public beginning July 1 and will continue with a slightly larger skeleton crew. Beginning in August, staff will return to the office at least two days a week through the end of September and will transition to at least three days per week through the winter. The plan includes a minimum four days per week beginning April 1, 2022 and full-time by next fiscal year. By July 1, 2022 the expectation is that all staff will be back full-time. In order to accommodate the growing employee roster, staff is negotiating a lease with NMFA's current landlord for temporary space at 219 Shelby.
- ◆ *Small Business Recovery Loan Fund (SB 3, the Small Business Recovery and Stimulus Act)* The application for the SBRLF opened on May 11 and will close on May 31, 2022. As of June 18, over 2,000 applications had been started, 45% of which were submitted. There are approximately 1,000 currently active applications (submitted, but not declined and not returned for additional information/clarification) totaling over \$78,000,000, averaging just over \$75,250 per loan.
- ◆ *New Mexico LEDA Recovery Grants (HB 11, Local Economic Development Act Changes)* The application for the LEDA grant, which opened on May 18 with the first closing date on June 15, 2021, was undersubscribed. Given the low demand for the funds thus far, staff has determined that the best course would be to keep the application open and cut the tape every two weeks until the demand comes close to the availability of funds. This will keep a steady flow of applications coming while allowing NMFA to fund grants timely.

As of June 18, over 3,000 applications have been started with over 1,000 having been submitted (38%), totaling just over \$45 million. Of the submitted applications, 67% of the applications are from businesses in Bernalillo, Dona Ana, Sandoval, and Santa Fe counties. These applications total approximately \$29,000,000 (66%) and average just over \$36,000 per grant. The remaining applications (33%) represent the rest of the State and total approximately \$15,000,000 (34%) and average just over \$37,000 per grant.

5. **Report from the Nominating Committee.** Member Lovato reported the Nominating Committee, which included Members Kahl, Clarke, and Lovato, met on June 2 via conference call to consider recommendations for Board Vice-Chair and Secretary. The Committee recommends that Member Steve Kopelman continue as Vice-Chair, and Member Leslie Nathanson-Juris as Secretary for the Board. The Committee considered their previous experience and felt that both should continue for another term.
6. **Election of Vice Chair and Secretary.**

**Member Suazo moved, seconded by Member Trujillo, to accept the Nominating Committee recommendation that Member Kopelman continue as Vice-Chair and Member Nathanson-Juris continue as Secretary for another term. The motion passed 8 – 0 on a roll call vote.**

**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).*)

7. **Update on Activities.** The Public Lending Committee met on May 19, 2021 via Zoom teleconference. The Committee reviewed ten PPRF projects and thirty-four projects from the Colonias Infrastructure

Fund annual funding list. All projects were considered and recommended for approval to the Board.

Staff also updated the Committee on the status of revenues for the Bernalillo Metropolitan Court which experienced a decline in revenues due to the decline in trials as a result of the Emergency Health Order. NMFA had to draw from the court's reserve fund to make bond payments. Staff is working with the Administrative Office of the Courts to better understand the pledged revenues and will report back to the Committee on the results of the analysis.

**8. Consideration and Recommendation for Approval of Town of Elida (Roosevelt County) – 2021 Fire Equipment Loan – PPRF-5586.** The Town of Elida (“Town”) applied to the Public Project Revolving Fund (“PPRF”) for \$496,832 to purchase a new Pumper/Tanker apparatus.

The Department currently has an ISO rating of six with two main stations and receives an annual base distribution of \$117,168.

The 2020 audit received an unmodified opinion with one finding neither a material weakness nor a significant deficiency.

**9. Consideration and Recommendation for Approval of Grant County, Fort Bayard FD – 2021 Fire Equipment Loan - PPRF-5587.** Grant County (“County”) on behalf of the Fort Bayard Fire Department (“Department”) applied to the Public Project Revolving Fund for \$238,093 to purchase a new Pumper/Tanker apparatus.

The Department has an ISO rating of four with one main station and receives an annual base distribution of \$64,751 from State Fire Protection Funds.

The 2020 audit received an unmodified opinion with five findings none a material weakness nor a significant deficiency.

**10. Consideration and Recommendation for Approval of Village of Cimarron (Colfax County) – 2021 Law Enforcement Equipment Loan – PPRF-5600.** The Village of Cimarron (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$35,000 to purchase a new police vehicle and respective equipment.

The City will pledge State Law Enforcement Protection Funds as the revenue source for this loan. The County receives an annual distribution of \$20,600

The FY2020 audit was submitted on May 31, 2021 to the Office of the State Auditor (“OSA”) which was late. The Village has provided a corrective action plan for the FY2019 audit and noted that the FY2020 will be improved from the FY2019 audit. The audit had multiple findings including two prior year material weaknesses and one prior year significant deficiency.

**11. Consideration and Recommendation for Approval of Quay County, Bard-Endee FD – 2021 Fire Equipment Loan – PPRF-5588.** Quay County (“County”) on behalf of Bard-Endee VFD (“Department”) applied to the Public Project Revolving Fund (“PPRF”) for \$100,000 to purchase new wildland fire apparatus and the respective equipment.

The Department will pledge State Fire Protection Funds as the revenue source for this loan. The Department has an ISO class rating of eight with two main stations and one substation and receives an annual base distribution of \$123,338. The Department is contributing \$163,000 from accumulated funds toward the purchase of the equipment.

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

- 12. Consideration and Recommendation for Approval of City of Rio Communities (Valencia County) – 2021 Fire Equipment Loan – PPRF-5599.** The City of Rio Communities (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$300,000 to purchase new fire apparatus and respective equipment. The City has purchased the equipment and has provided a reimbursement resolution with the loan application.

The Department will pledge State Fire Protection Funds as the revenue source for this loan. They have an ISO class rating of four with two main stations and one administration building and receive an annual base distribution of \$194,253. The Department is contributing \$50,000 of accumulated funds toward the purchase.

The 2020 audit received an unmodified opinion with seven findings including two significant deficiencies. The City provided a corrective action plan.

- 13. Consideration and Recommendation for Approval of Socorro County, Abeyta’s VFD – 2021 Fire Equipment Loan – PPRF-5598.** Socorro County (“County”), Abeyta’s VFD (“Department”) applied to the Public Project Revolving Fund (“PPRF”) for \$161,000 to purchase new fire apparatus and respective equipment.

The Department will pledge its State Fire Protection Funds as the revenue source for this loan. The Department has an ISO class rating of six with four main stations and receives an annual base distribution of \$234,336 and is contributing \$222. toward the purchase of the equipment from accumulated fire funds.

The FY2020 audit had one material weakness and two significant deficiencies. The County provided a corrective action plan addressing the audit findings.

**Member Suazo moved, seconded by Member Nathanson-Juris, to approve Consent Agenda items 8 – 13. The motion passed 8 – 0 on a roll call vote.**

- 14. Overview of the 2021 Colonias Infrastructure Fund Application Cycle and Recommended Projects.** Approval of grants and loans to 34 applicants recommended by the Colonias Infrastructure Board (“CIB”) from the 2021 application cycle.

By statute, the CIB recommends grants and loans using an annual application process to determine which projects to recommend to the NMFA for approval. For 2021 the CIB has \$26,630,794 available from Severance Tax Bond distributions and \$36,407 of rescinded funds from a previous award totaling \$26,667,201 available. The CIF Policies require that each funding package contain a loan component equal to 10% of the awarded amount with the remainder delivered as a grant. The CIF Policies also

require a match component. Some projects are requesting an additional loan in lieu of the required match, which is also allowed by policy. All loans are structured as construction loans, which allows up to 24 months for the project to be completed prior to the first principal payment coming due.

- 15. Consideration and Recommendation for Approval of Anthony WSD (Doña Ana County) – Iron & Manganese Pilot Study – CIF-5506.** Design and Construct – Iron & Manganese Pilot Study. Recommended funding: CIF 90% grant - \$103,500 and CIF 10% loan - \$11,500 totaling \$115,000.
- 16. Consideration and Recommendation for Approval of Anthony WSD (Doña Ana County) – Desert Aire Water System Improvements – CIF-5507.** Design and Construct – Desert Aire Water System Improvements. Recommended funding: CIF 90% grant - \$1,219,500 and CIF 10% loan - \$135,500 totaling \$1,355,000.
- 17. Consideration and Recommendation for Approval of Arenas Valley Water Development Association (Grant County) – North Side of US Hwy 180 Water System Improvements – CIF-5510.** Design – North Side of US Hwy 180 Water System Improvement. Recommended funding: CIF 90% grant - \$88,290 and CIF 10% loan - \$9,810 totaling \$98,100.
- 18. Consideration and Recommendation for Approval of City of Deming (Luna County) – Encanto Circle Waterline Replacement Ph. II – CIF-5516.** Construct – Encanto Circle Waterline Replacement Phase 2. Recommended funding: CIF 90% grant - \$223,396 and CIF 10% loan - \$24,822 totaling \$248,218.
- 19. Consideration and Recommendation for Approval of Garfield MDWC&MSWA (Doña Ana County) – New Well Design Project – CIF-5525.** Design – New Well Design Project. Recommended funding: CIF 90% grant - \$297,000 and CIF 10% loan - \$33,000 totaling \$330,000.
- 20. Consideration and Recommendation for Approval of La Luz MDWC&MSWA (Otero County) – Well #5 Bldg. Improvements – CIF-5531.** Construct – Well #5 Bldg. Improvements. Recommended funding: CIF 90% grant – 4472,500 and CIF 10% loan - \$52,500 totaling \$525,000.
- 21. Consideration and Recommendation for Approval of Town of Lake Arthur (Chaves County) – Water System Improvements – CIF-5532.** Design and Construct – Water System Improvements. Recommended funding: CIF 80% grant - \$837,753 and CIF 20% loan - \$209,438 totaling \$1,047,191.
- 22. Consideration and Recommendation for Approval of Lower Rio Grande Public Water Works Authority (Doña Ana County) – E. Mesa Water System Improvements Ph. II Design – CIF-5535.** Plan and Design – E. Mesa Water System Improvements, Phase 2. Recommended funding: CIF 80% grant - \$269,910 and CIF 20% loan - \$67,478 totaling \$337,388.
- 23. Consideration and Recommendation for Approval of Lower Rio Grande Public Water Works Authority (Doña Ana County) – High Valley Ph. II Water System Improvements – CIF-5536.** Design and Construct – High Valley Phase 2 Water System Improvements. Recommended funding: CIF 80% grant - \$416,866 and CIF 20% loan - \$104,217 totaling \$512,083.



- 24. Consideration and Recommendation for Approval of Luna County – People’s Water Coop PER – CIF-5537.** Planning – People’s Water Coop PER. Recommended funding: CIF 90% grant - \$79,200 and CIF 10% grant - \$8,800 totaling \$88,000.
- 25. Consideration and Recommendation for Approval of Otis MDWC&SWA (Eddy County) – Water System Improvements to Gomez Rd. – CIF-5541.** Design and Construct – Water System Improvements to Gomez Rd. Recommended funding: CIF 90% grant - \$199,452 and CIF 10% loan - \$22,161 totaling \$221,613.
- 26. Consideration and Recommendation for Approval of Town of Silver City (Grant County) – Chloride Flats S. Water Storage Tank Renovation – CIF-5544.** Construct – Chloride Flats S. Water Storage Tank Renovation. Recommended funding: CIF 90% grant - \$889,377 and CIF 10% loan - \$98,820 totaling \$988,197.
- 27. Consideration and Recommendation for Approval of City of Truth or Consequences (Sierra County) – T or C Water System Improvements Ph. 2 – CIF-5550.** Construct – T or C Water system Improvement, Phase 2. Recommended funding: CIF 90% grant - \$450,000 and CIF 10% loan - \$50,000 totaling \$500,000.
- 28. Consideration and Recommendation for Approval of City of Anthony (Doña Ana County) – S. Anthony Arroyo & Adams Park Flood Control – CIF-5509.** Construct – S. Anthony Arroyo & Adams Park Flood Control. Recommended funding: CIF 90% grant - \$1,170,000 and CIF 10% loan - \$130,000 totaling \$1,300,000.
- 29. Consideration and Recommendation for Approval of Doña Ana County – Design/Construction Elks Drive Pond – CIF-5518.** Design – Elks Drive Pond. Recommended funding: CIF 90% loan - \$43,304 and CIF 10% loan - \$4,812 totaling \$48,115.
- 30. Consideration and Recommendation for Approval of Doña Ana County – Design/Construct Elks Drive Earth Lined Channel – CIF-5519.** Design – Elks Drive Channel. Recommended funding: CIF 90% grant - \$46,242 and CIF 10% loan - \$5,138 totaling \$51,380.
- 31. Consideration and Recommendation for Approval of (Doña Ana County) – Design/Construction Abeyta Pond – CIF-5520.** Design and Construct – Abeyta Pond. Recommended funding: CIF 90% grant - \$1,343,454 and CIF 10% loan - \$149,273 totaling \$1,492,727.
- 32. Consideration and Recommendation for Approval of Village of Hatch (Doña Ana County) – Hatch Hero’s Park Multi-Purpose Flood Control – CIF-5529.** Design – Hatch Hero’s Park Multi-purpose Flood Control. Recommended funding: CIF 90% grant - \$360,000 and CIF 10% loan - \$40,000 totaling \$400,000.
- 33. Consideration and Recommendation for Approval of Socorro County – Final Design/Construction (Ph II, IV, V, VI) San Antonio Drainage Infrastructure – CIF-5546.** Design and Construction – San Antonio Drainage Infrastructure. Recommended funding: CIF 90% grant - \$688,336 and CIF 10% loan - \$76,482 totaling \$8764,818.

- 34. Consideration and Recommendation for Approval of City of Deming (Luna County) – BTRL Cell 2A Expansion – CIF-5517.** Construct – BTRL Cell 2A Expansion. Recommended funding: CIF 90% grant - \$1,203,300 and CIF 10% loan - \$133,700 totaling \$1,337,000.
- 35. Consideration and Recommendation for Approval of Southwest Solid Waste Authority (Grant County) – Construction Cell 9A – CIF-5547.** Construct – Cell 9A to include surveying. Recommended funding: CIF 90% grant - \$817,827 and CIF 10% loan - \$90,870 totaling \$908,697.
- 36. Consideration and Recommendation for Approval of Doña Ana County – Design/Equip/Construct Aeration Blower System Improvements S. Central WWTP – CIF-5521.** Design and Construct – La Mesa, Mesquite, San Miguel, Vado, Del Cerro, Chamberino, Berino, Montana Vista and La Palmeras. Recommended funding: CIF 90% grant - \$2,161,431 and CIF 10% loan - \$240,159 totaling \$2,401,590.
- 37. Consideration and Recommendation for Approval of Doña Ana County – Design/Construct New UV, Effluent Aeration, Modify Wash Water System S. Central WWTP – CIF-5522.** Design and Construct – S. Central WWT Plant Effluent. Recommended funding: CIF 90% grant - \$1,688,837 and CIF 10% loan - \$187,649 totaling \$1,876,486.
- 38. Consideration and Recommendation for Approval of Doña Ana MDWCA - Doña Ana Village System Rehab – CIF-5523.** Construct - Doña Ana Village System Rehabilitation. Recommended funding: CIF 90% grant - \$2,629,401 and 10% loan - \$292,156 totaling \$2,921,557.
- 39. Consideration and Recommendation for Approval of Town of Carrizozo (Lincoln County) – Street/Drainage Improvements/Waterline Replacements 17<sup>th</sup> & 18<sup>th</sup> St. – CIF-5512.** Design – Street/Drainage Improvements/Waterline Replacement. Recommended funding: CIF 90% grant - \$142,791 and CIF 10% loan - \$15,866 totaling \$158,657.
- 40. Consideration and Recommendation for Approval of Village of Columbus (Luna County) – Main St. Hwy 9 to N. Boundary St/Drainage Improvements – CIF-5515.** Construct – Main St. Hwy 9 to N. Boundary St/Drainage. Recommended funding: CIF 90% grant - \$900,248 and CIF 10% loan - \$100,028 totaling \$1,000,276.
- 41. Consideration and Recommendation for Approval of Grant County – Old Arenas Valley Rd. Design – CIF-5527.** Design – Old Arenas Valley Road Design. Recommended funding: CIF 90% Grant - \$247,500 and CIF 10% loan - \$27,500 totaling \$275,000.
- 42. Consideration and Recommendation for Approval off Grant County – North Hurley Road Design, Ph. II – CIF-5528.** Design – North Hurley Road Phase 3. Recommended funding: CIF 90% grant - \$135,000 and CIF 10% loan - \$15,000 totaling \$150,000.
- 43. Consideration and Recommendation for Approval of Hidalgo County – McCants Dr. & Power Plant Rd/Drainage Improvement – CIF-5530.** Construct – McCants Dr. and Power Plan Rd. Improvements. Recommended funding: CIF 90% grant - \$772,814 and CIF 10% loan - \$85,868 totaling \$858,682.



- 44. Consideration and Recommendation for Approval of Village of Loving (Eddy County) – 2<sup>nd</sup> St. Roadway/Drainage Improvements – CIF-5534.** Construct – 2<sup>nd</sup> St. Roadway/Drainage Improvements. Recommended funding: CIF 90% loan - \$1,387,319 and CIF 10% grant - \$154,147 totaling \$1,541,466.
- 45. Consideration and Recommendation for Approval of Luna County – Design Roadway Re-Construction Improvements – La Paz, Tigua, Paquime, Casas Grandes, and Manzano Streets – CIF-5538.** Design – St./drainage improvement on La Paz, Tigua, Paquime. Recommended funding: CIF 90% grant - \$103,500 and CIF 10% loan - \$11,500 totaling \$115,000.
- 46. Consideration and Recommendation for Approval of Otero County – Design Suzy Bridge Replacement – CIF-5539.** Design – Suzy Bridge Replacement. Recommended funding: CIF 90% grant - \$94,500 and CIF 10% loan - \$10,500 totaling \$105,000.
- 47. Consideration and Recommendation for Approval of Otero County – Roadway/Drainage Reconstruction Alamo St. Ph. II – CIF-5540.** Construction for roadway and drainage reconstruction. Recommended funding: CIF 90% grant - \$1,350,000 and CIF 10% loan - \$150,000 totaling \$1,500,000.
- 48. Consideration and Recommendation for Approval of Town of Silver City (Grant County) – Ridge Rd. Ph. III – CIF-5545.** Construction to include paving, curb/gutter, sidewalks, ADA, drive-pads, drainage, and striping – Recommended funding: CIF 90% grant - \$977,364 and CIF 10% loan - \$108,596 totaling \$1,085,960.

**Member Suazo moved, seconded by Member Forte, for approval of Consent Agenda items 15 – 48. The motion passed 8 – 0 on a roll call vote.**

*Agenda items 49 – 50, below, were approved with one motion.*

- 49. Consideration and Recommendation for Approval of UNM Health & Sciences Center (Bernalillo County) – 2021 Cigarette Tax Revenue Bonds – PPRF-5586.** Staff requests approval to issue Cigarette Revenue Tax Bonds in the amount of \$22,000,000 which will be repaid by the NMFA’s receipt of the cigarette tax distributions equal to 7.52% pursuant to Section 7-1-6.1 NMSA 1978 of the Act.

SB223 authorizes the New Mexico Finance Authority (“NMFA”) to issue and sell revenue bonds in compliance with the NMFA Act for a term not to exceed twenty years in an amount not exceeding \$82,000,000 for designing, constructing, equipping, and furnishing additions and improvements to the University of New Mexico (“UNM”) hospital and the Comprehensive Cancer Center at the University of New Mexico Health Sciences Center.

The University of New Mexico has previously utilized approximately \$60,000,000 in Cigarette Tax Revenue bonds.

UNM is planning approximately 26,320 gross square footage expansion of UNM’s Comprehensive Cancer Center (“UNMCCC”), Radiation Oncology (“RO”) and Good Manufacturing Process (“GMP”) Laboratory of which approximately 24,820 is new square footage and 1,410 square feet will be renovation. The planned expansion addresses several challenges and needs facing the UNMCCC.

Staff structured the Cigarette Tax Bonds to withstand an annual 4% decline in generated pledged revenue. The structure of the proposed bonds maintains the same decline in debt service. In addition, the Legislature created a Credit Enhancement Fund that can be used towards debt service payment should revenue decline to a point where the bonds cannot be paid from the Cigarette Tax revenue. As a loan funded simultaneously with a PPRF bond issue, \$28,000,000 in project funds will be generated for UNMCCC. The authorized maximum par amount that UNMCCC can borrow is \$22,000,000

The 2020-University of New Mexico Hospital audit received an unmodified opinion with no findings.

- 50. Consideration and Recommendation for Approval of UNM Health & Sciences Center (Bernalillo County) – 2021 Cigarette Tax Revenue Bonds, Including Approval of Bond Resolution and Form of Firth Supplemental Indenture of Trust.** Ms. Suzanne Bruckner reviewed the high points of the resolution and related documents authorizing the issuance and sale of the New Mexico Finance Authority Cigarette Tax Revenue Bonds (“UNM Health Sciences Center Project”), Series 2021 in a principal amount not to exceed \$22,000,000.

The bonds will provide funds to design, construct, equip, and furnish additions and improvements to the University of New Mexico Hospital and the Comprehensive Cancer Center at the University of New Mexico Health Sciences Center; provide for the pledge and payment of the bonds from cigarette tax revenues, approve the purchase of the bonds by the Finance Authority with proceeds of the New Mexico Finance Authority’s Public Project Revolving Fund Revenue Bonds, Series 2021C and delegate the authority to determine the final terms of the bonds, subject to the established parameters.

**Member Suazo moved, seconded by Member Forte for approval of agenda items 49 and 50. The motion passed 8 – 0 on a roll call vote.**

*Agenda items 51 – 52 were approved with one motion.*

- 51. Consideration and Recommendation for Approval of Sandoval County – 2021 PILT Infrastructure Improvements Loan– PPRF-5602.** Sandoval County (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,670,279 to finance the cost of new road equipment.

The County will pledge their Payments in Lieu of Taxes (“PILT”) for repayment of the loan. PILT are federal payments to local governments that help offset losses in property taxes due to nontaxable federal lands within their boundaries. The formula used to compute the payments is contained in the PILT Act and is based on population, receipt-sharing payments, and the amount of federal land within an affected county. Staff completed a five-year analysis of the PILT revenues to determine coverage.

The 2020 audit received an unmodified opinion with no findings.

- 52. Consideration and Recommendation for Approval of Sandoval County – 2021 PILT Equipment Loan - PPRF-5601.** Sandoval County (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,042,074 to finance the cost of their Public Safety Complex (“Complex”) construction project.

The original construction plan for the Complex was a two-story building at approximately 15,000 square feet. The cost of the project was estimated at \$4,500,000 at approximately \$300.00 per square foot. The PPRF loan will provide the funding gap created from revised plans and specs and added project costs.

After multiple revisions to the plans and specs in size and departments including reductions to the square footage and improvements to the Complex, the construction costs continued to increase as well as limitation produced by the COVID-19 pandemic.

As a contingency to the uncertainty of future construction costs, the County increased the cost per square foot by an additional \$10.00 to cover unforeseen increases. The new Complex costs are approximately \$427.50 per square foot with new project costs estimated at \$5,130,000. The County has a construction fund balance of \$3,433,450 remaining after paying for the architect and engineering costs.

The County will pledge their Payments in Lieu of Taxes (“PILT”) for repayment of the loan. Staff completed a five-year analysis of the PILT revenues to determine coverage.

The 2020 audit received an unmodified opinion with zero findings.

**Member Suazo moved, seconded by Member Forte, for approval of agenda items 51 – 52. The motion passed 8 – 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.*)

**53. Update on Activities.** The Economic Development Committee met via Zoom teleconferencing on June 15, 2021. The Committee considered the following:

- ◆ *Private Lending Portfolio Report* - Staff reviewed the Portfolio Report.
- ◆ *Essential Services Working Capital Program* - Staff reported that it is extending six-month lines of credit for Las Cumbres Community Services and Ponderosa Montessori, Inc. Staff further reported that it changed the security for the Ponderosa Montessori from accounts receivable to cash account. These six-month extensions were included in the approval of the loans.
- ◆ *New Markets Tax Credit* - Staff presented the Preliminary Approval for the NMTC project that was ranked #1 in Round 30, the most recent competitive application process. The Preliminary Approval sets the terms that will be incorporated into a Term Sheet provided to the applicant and allows the documentation process to begin. final approval, which is expected to be considered by the Board in July if preliminarily approve.

**54. Consideration and Recommendation for Approval for a Preliminary approval for El Encanto, Inc. dba Bueno Foods (Bernalillo County) NMTC-5592.** Staff recommends preliminary approval of the New Markets Tax Credit (“NMTC”) financing for El Encanto SPE LLC for \$10,000,000. Final approval will be subject only to NMTC documentation acceptable to the NMFA.

El Encanto, Inc dba Bueno Foods is a small, privately held Company, owned, and operated by the Bacas, a local Hispanic family. The Company provides jobs for the underprivileged residents to help the community by offering training and mentoring, providing educational and advancement opportunities, and then guiding them toward success. Bueno Foods currently employs about 283 employees. This

project will increase employment over six years by at least 49 jobs.

Bueno Foods is planning a plant expansion on its current manufacturing campus located in the South Barelmas Industrial Park in Albuquerque, New Mexico's South Valley. The expansion will add a 25,000 square foot freezer facility to support the existing operation, to enhance production efficiencies, reduce storage costs and eliminate the need of storing product in neighboring states. The estimated budget is \$10,000,000.

The proposed \$10M El Encanto funds will contain allocation from the following Awards: 1) \$2.5M from the 2015-16 Allocation; and 2) \$7.5M from the 2019 Allocation. Pursuant to policy, Finance New Mexico's Exit Fee is equal to the amount of the "B Note" less identified performance measurement discounts noted below of up to 70% in total, less the costs of NMTC legal fees of no more than \$250,000. Finance New Mexico provides all borrowers a 20% reduction in the "B Note" for timely reporting. Staff recommends an additional 50% reduction based on metrics identified in its application. Specifically, staff recommends the following Economic Development Threshold for Bueno Foods:

- 1) The Exit Fee shall be reduced by an amount equal to 30% if throughout the NMTC Compliance Period, Bueno Foods creates 49 new jobs at the Bueno Foods facility, during the 7 years. (30% reduction)
- 2) The Exit Fee shall be reduced by an amount equal to 10% if through the end of the NMTC Compliance Period, Bueno Foods donates a minimum of \$75,000 of food value annually to Road Runner Food Bank, St. Felix Pantry, or any other food bank in New Mexico, during the 7 years. (10% reduction)
- 3) The Exit Fee shall be reduced by an amount equal to 10% if through the end of the NMTC Compliance Period, Bueno Foods has a reduction of 3,000 roundtrip diesel truck loads over a 6- year period which will result in reduction in their carbon footprint. (10% reduction).

The \$9,700,000 loan to El Encanto SPE, LLC will be made by Finance New Mexico-Investor Series XXIX, LLC with capital provided by WFCIH (expected) and El Encanto, Inc. The NMTC loan will be secured by a Deed of Trust on real property and improvements for the 25,000 square foot freezer facility to support the existing operation located at 2001 4th Street SW, Albuquerque, NM. Bueno Foods will provide a Surety Bond up to the amount of the Exit Fee which is currently expected to be \$545,900.

**Member Suazo moved, seconded by Member Nathanson-Juris, for preliminary approval for Project NMTC-5592. The motion passed 8 – 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).*)

**55. Update on Activities.** A quorum of the Finance & Disclosure Committee met on June 16, 2021 via Zoom teleconference. Staff presented the following items:

- ◆ *Review of the Preliminary Official Statement ("POS") for the New Mexico Finance Authority State Transportation Revenue Bonds (State Transportation Commission - Subordinate Lien) Series 2021A.* Staff was joined by Andrew Bethune. (Disclosure Counsel, Orrick Herrington & Sutcliffe) in presenting the review of the POS for the Series 2021A NMDOT Bonds. Mr. David Buchholtz (Bond Counsel, Rodey Law Firm) was also present at the meeting. Staff discussed the underlying transaction, explained the process by which the Committee performs its review, and Mr. Bethune walked the members of the Committee through a detailed discussion of the POS. The Committee

approved and forwarded the POS to the full Board for consideration.

- ◆ *Consideration for Approval to enter into a Professional Services Agreement with Novogradac for New Markets Tax Credit Audit, Tax and Accounting Services.* Staff presented the NMTC Audit, Tax and Accounting RFP and scoring. Staff reported that the NMFA Audit Committee had reviewed the recommendation and concurred with staff's recommendation. The Committee voted unanimously to approve Novogradac to perform the services.
- ◆ *Consideration for Approval of an Amendment to the Professional Services Agreement with Deloitte for Internal Audit and Consulting.* Staff presented an amended scope of work for consulting services related to the NMFA's stimulus programs. The Committee voted unanimously to approve a six-month extension to the Professional Services Agreement with Deloitte, through December 2021.
- ◆ *Update on Activities/Notifications.* Staff informed the Committee that it has entered into an emergency procurement with Sherman & Howard to act as NMTC local counsel due to conflicts of interest that arose with NMFA's current counsel.

**56. Report on PPRF 2021B Bond Sale.** Mr. Michael Zavelle reported on the PPRF 2021B Bond sale. Mr. Zavelle provided a summary of 2021B bond pricing with investor information and a DBC report providing relevant information on final structuring of the PPRF 2021B bonds.

The PPRF subordinate lien tax-exempt 2021B series bonds were sold June 9, 2021 in the par amount of \$31,305,000 with \$27,550,000 in non-stock orders received from institutional investors. Lead manager was Morgan Stanley with co-managers Wells Fargo and Stifel Nicolaus. Board Chair Katherine Miller served as designee. The bonds are scheduled to close June 30, 2021.

The PPRF 2021B tax-exempt bonds mature in 2032 with an average life of 6.31 years and an effective interest rate on a true interest cost ("TIC") basis of 0.85% benefitting from the historically low interest rate environment. The bonds are not callable.

The municipal bond market has functioned very well in 2021 with funds flowing into the market despite what investors consider to be tough to swallow yields. As a result, municipal bonds are being very aggressively priced and for the most part sold to reluctant buyers with particular investor pressure on the early part of the curve. The 2021B bonds were priced at spreads that would be expected for PPRF senior bonds and proved to be spot on. Morgan Stanley did underwrite \$7,255,000 in bonds of which all but \$2,405,000 of 2022 and 2023 bonds were sold later in the day. The 2022 and 2023 bonds did not receive any orders and orders in other maturities matched bond availability almost exactly. On the morning of the sale, yields of the 2021B bonds were reduced by 1 to 3 basis points knowing investors were reluctant but with limited better options. No adjustments were made at the final pricing. Still, AAA municipal bonds provide yields greater than most saving accounts. 2021B bond effective tax-exempt interest on funds advanced was: 2022 – 9bp, 2023 – 13bp, 2024 – 25bp, 2025 – 39bp, 2026 – 50bp, 2027 – 64bp, 2028 – 76bp, 2029 – 87bp, 2030 – 99bp, 2031 – 104bp, 2032 – 113bp.

Existing PPRF investors supported the deal with Vanguard placing \$16.9 million in orders for all the 2024 to 2028 bonds. Other orders came from Nuveen (\$2,000,000 for all 2032 bonds), JP Morgan (\$5,000,000 for all 2031 bonds, \$500,000 for 2030 bonds and \$1,500,000 for 2029 bonds). Goldman Sachs put in the one duplicate order (\$3,500,000 for 2024 bonds.) Fiera Capital rounded out the orders (\$150,000 for 2029 bonds.)



**57. Consideration for Approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority State Transportation Revenue Bonds (State Transportation Commission – Subordinate Lien), 2021A, Preliminary Official Statement, Twenty-Fourth Supplemental Indenture of Trust and Related Documents.** Review and approval of the form of the Preliminary Official Statement relating to the New Mexico Finance Authority State Transportation Revenue Bonds (State Transportation Commission – Subordinate Lien), Series 2021A (the “STC Series 2021A Bonds”)

Review of the substantially final Preliminary Official Statement to be used in the marketing of STC Series 2021A Bonds to include an authorizing and delegating resolution that will among other things, direct NMFA staff and its consultants to prepare for the issuance of the STC Series 2021A Bonds, and delegate to certain members and officers of the Finance Authority the authority to determine the final terms of the STC Series 2021A Bonds, subject to certain parameters.

The STC Series 2021A Bonds will be issued in an approximate amount not to exceed \$234,600,000 for the purposes of (i) providing funds for the acquisition of rights of way, planning, design, construction and to match federal funds and other state funds for projects authorized by the Legislature, and (ii) paying the costs incurred in connection with the issuance of the STC Series 2021A Bonds. NMFA staff and consultants will continue to prepare for the sale of the STC Series 2021A Bonds, now expected to occur in July 2021.

Mr. Dan Opperman, Mr. Michael Zavelle, Mr. Jerry Kyle, and Mr. David Buchholtz, and Mr. Luis Carrasco reviewed and discussed the proposed POS and the authorizing and delegating resolution. The Board selected Member Nathanson-Juris as the authorized designee for the bond sale.

**Member Suazo moved, seconded by Member Forte, for approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority State Transportation Revenue Bonds (State Transportation Commission – Subordinate Lien), 2021A, Preliminary Official Statement, Twenty-Fourth Supplemental Indenture of Trust and Related Documents. 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).*)

**58. Update on Activities.** A quorum of the Audit Committee met on June 16, 2021 via Zoom teleconference. Items discussed included:

- ◆ *External Audit Entrance Conference* – Ms. Laurie Tish and Ms. Faith Hagan, Moss Adams, LLP, NMFA’s external auditor, conducted the required entrance conference for the FY2021 audit. After giving their intended methodology and scope for the FY 2021 audit, they presented the work plan with the target date for the completion of the audit and exit conference occurring at the September Board meeting.
- ◆ *April Financial Statements* - Staff presented NMFA's balance sheet, income statement and cash flow statement as of April 30, 2021 and explained that April saw only normal financial activity, and financial the trends and period results reflect this. Unrestricted cash coverage stands at about 5 months of NMFA’s operating budget. Cost per loan receivables remains steady at \$0.06/dollar. Water programs asset turnover continues to improve, now standing at about 36%. 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 it is used to pay bondholders in June. NMFA's net position increased \$6.0 million from the start of the fiscal year. Total net loan receivables stood at \$1,852.9 billion, less bad debt allowances of \$1.9 million.

- ◆ *New Market Tax Credit Auditor (NMTC)* - Staff recommended NMFA award a contract with Novogradac and Company, LLP for external audit and tax filing services for Finance New Mexico, LLC. Of the two proposals received Novogradac, the external auditor for the past four years, presented the most advantageous proposal. The Committee unanimously approved staff's recommendation and forwarded to the Finance and Disclosure committee for final approval.

#### 59. Next Board Meeting

Thursday, July 22, 2021 – 9:00 a.m.


Via Zoom

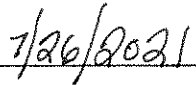
Santa Fe New Mexico

#### 60. Adjournment

**Member Suazo moved, seconded by Member Forte, to adjourn the meeting. The motion passed 8 - 0.**

The meeting adjourned at 11:40 a.m.

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
Date