

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

Minutes of Board Meeting
July 22, 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 Abran Suazo	Public Member, Las Vegas, NM
Matthew Lovato	Designee for Secretary, NMENRD
Steve Kopelman, Vice Chair	Executive Director, NMC

Absent:

Jon Clark	Designee for Secretary, NM Economic Dev. Dept.
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Finance Authority Staff:

Alex Orozco	Angela Quintana
Bryan Otero	Charlotte Larragoite
Connie Marquez	Dan Opperman
Joe Maldonado	John Brooks
Leslie Medina	Lynn Taulbee
Mark Lovato	Martin Otero
Mary Finney	Marquita Russel
Michael Vonderheide	Michael Zavelle
Mona Killian	Norman Vuylsteke
Oscar Rodriguez	Rio Trujillo
Ron Cruz	Shawna Johnson
Susan Rodriguez	Todd Johansen

Guests:

Anne Browne	Sutin Thayer & Browne
Brad Patterson	Gilmore & Bell
C. Adam Thornton	Mirador PID
Craig Dussinger	B of A – Merrill Lynch
Helen Atkeson	Hogan Lovells
James LaFata	Rose's Southwest Papers
Jerry Kyle, Jr.	Orrick, Herrington, and Sutcliffe

Justin Horwitz
Regina Gayson
Ryan Congrove
Shawn Ricketts
Susen Ellis
Suzanne Bruckner

Rodey Law Firm
RBC Capital Markets
Rose's Southwest Papers
Zia Energy Group
BOKF
Sutin Thayer & Browne

1. **Call to Order and Roll Call.** Chair Katherine Miller called the meeting to order at 9:00 a.m. A roll call established a quorum.
2. **Approval of Agenda.** Member Suazo moved, seconded by Member Trujillo, to approve the agenda. The motion passed.
3. **Approval of the June 24, 2021, Board Minutes.** Member Suazo moved, seconded by Member Nathanson-Juris, for approval of the June 24, 2021, Board minutes. The motion passed.
4. **Report from the Chief Executive Officer.** Ms. Marquita Russel, CEO, reported as follows:
 - ◆ *New Mexico LEDA Recovery Grants (HB 11, Local Economic Development Act Changes)* The Economic Development Department and staff changed the Department's rules that increase the base amount of the grant per net new full-time employee from \$5,000 to \$10,000. The change allows NMFA to apply the new amounts to those projects that applied in the first rounds and is anticipated to raise the average grant to approximately \$50,000.
 - ◆ *Small Business Recovery Loan Fund (SB 3, the Small Business Recovery and Stimulus Act)* The application for the SBRLF continues to have a high acceptance rate with approximately 3% of the applications submitted to date being determined as ineligible. Through July 15, approximately 30% of the applications received have been funded totaling approximately \$25 million. Approximately 40% of the applications submitted have been approved and are in various closing stages. These applications total approximately \$37 million. The remaining 30% of the applications are being reviewed. These applications total approximately \$27 million.
 - ◆ *Staffing Update and Return to Office:* NMFA's staff returns to the office for the first phase of the hybrid operations. To accommodate the growing number of employees, the accounting staff has been moved into the first floor of the space next door space at 219 Shelby. A staff task force formed to help find a new space has interviewed a real estate firm to aid in locating an appropriate space for NMFA's growing operations.

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).*)

5. **Update on Activities.** A quorum of the Public Lending Committee met on July 14, 2021. The Committee reviewed three LGPF applications, one DWRLF project and eight PPRF projects of which seven were recommended for approval with one receiving no consensus from the Committee presented as a staff recommendation. The Committee had a lengthy discussion on the appropriateness of the PPRF for developer-driven projects such as Public Improvement Districts ("PIDs"). The Committee requested that the policy surrounding NMFA participation be discussed by the full Board.

- 6. Consideration and Recommendation for Approval of Bueno Vista Domestic Water Consumers and Sewage Works Association (Mora County) – Water Asset Management Plan – PG-5618.** Buena Vista Mutual Domestic Water Consumers Association (“Association”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a water asset management plan that will assist in managing infrastructure capital assets, minimizing the total operational cost, and providing the service level needed to achieve sustainable infrastructure.
- 7. Consideration and Recommendation for Approval of Buena Vista Domestic Water Consumers and Sewage Works Association (Mora County) – Preliminary Engineering Report – PG-5619.** Buena Vista Mutual Domestic Water Consumers Association (“Association”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Preliminary Engineering Report.
- 8. Consideration and Recommendation for Approval of City of Gallup (McKinley County) – Comprehensive Plan with LEDA – PG- 5620.** The City of Gallup (“City”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Comprehensive Plan with a LEDA component to update the City's Growth Management Master Plan (“GMMP”), economic development planning services section.

Member Suazo moved, second by Member Forte, for approval of Consent Agenda items 6 – 8, Projects, PG-5618, PG-5619, and PG-5620. The motion passed 8 – 0 on a roll call vote with Member Lovato unavailable for the vote.

- 9. Consideration and Recommendation for Approval of Curry County – 2022 Equipment Loan – PPRF-5570.** Curry County (“County”) on behalf of the Pleasant Hill Fire Department (“Department”) applied to the Public Project Revolving Fund (“PPRF”) for \$181,667 to purchase a new Pumper/Tanker apparatus.

The Department has an ISO rating of seven with one main station receiving an annual base distribution of \$55,501 from State Fire Protection Funds. The County will contribute \$129,000 in carry-forward funds toward the project. The County is considered a disadvantaged entity and will receive a 2% disadvantaged interest rate determined at closing.

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

- 10. Consideration and Recommendation for approval of Curry County – 2022 Fire Equipment Loan – PPRF-5574.** Curry County (“County”) on behalf of the Ranchvale Volunteer Fire Department (“Department”) applied to the Public Project Revolving Fund for \$278,087 to purchase a new Pumper/Tanker apparatus.

The Department has an ISO rating of seven with one main station and receives an annual base distribution of \$55,501 from State Fire Protection Funds. The County will contribute \$35,000 in carry-forward funds toward this project. The County qualifies for disadvantaged funding determined at closing.

11. Consideration and Recommendation for Amended Approval of Town of Hagerman – 2021 Equipment Loan, Extended Loan Term – PPRF-5577. The Town of Hagerman (“Town”) submitted a request to extend the loan term for Project PPRF-5577.

The Town requested an increase in the term of the approved loan from six to ten years. The Board approved the loan for the purchase of fire equipment at the meeting on May 27, 2021. The staff write-up included a six-year term; however, the Town actually requested a ten-year term in the final approved application. In preparing the final debt service schedule staff realized the oversight.

The PAR amount, pledged revenue, the Town’s contribution, prepay option and tax-exempt structure will remain as previously approved. The coverage amount will increase from 2.17xs to 3.44xs.

Member Kopelman moved, seconded by Member Suazo for approval of Consent Agenda items 9 - 11, Projects PPRF-5570, PPRF-5574 and PPRF-5577. The motion passed 9 – 0 on a roll call vote.

12. Consideration and Recommendation for Amended Approval of Los Alamos County – Otowi Well Improvements & Equipment, Increase Loan Amount – DW-5456. Los Alamos County (“County”) requested an increase in the loan amount for DW-5456 to \$3,789,724 due to project bids coming in significantly higher than the County’s previous cost projections and bids.

In November 2020, the Board approved a DWSRLF loan for the County for \$2,853,250 to design and construct a well house, pumps, and associated equipment for Otowi Well #2 and motor control center replacement for Otowi Well #4. The loan totaled \$2,772,418 with DWSRLF principal forgiveness subsidy in the amount of \$79,832.

The County is requesting an increase in the loan amount to support an upsurge in costs due to shortages in materials resulting in cost escalation. The County is requesting additional funds for the project in the amount of \$928,000 for a new loan in the amount of \$3,709,892. The DWSRLF principal forgiveness subsidy will remain at \$79,832. The updated 2021 funding package total is \$3,789,724 with the new coverage ratio at 2.47xs.

Member Kahl moved, seconded by Member Nathanson-Juris for approval of Project DW-5456. The motion passed 9 – 0 on a roll call vote.

13. Consideration and Recommendation for Approval of City of Rio Rancho (Sandoval County) – Series 2022 Refunding – PPRF-5612. The City of Rio Rancho (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$9,410,000 to refund Series 2011 bonds for economic savings.

The NMFA issued the bonds by means of Projects PPRF-2543 & PPRF-2652. PPRF-2652 has a current pre-payment date of December 21, 2021. The City requests that the pre-payment date be reset to allow for the current refunding of the bonds. Pursuant to Loan Management Policies loan pre-payment dates may be reset provided the request meets the provisions of the policy.

The Series 2011 Bonds closed on January 22, 2011, and December 23, 2011 respectively with a combined par amount of \$16,335,000 to acquire water rights and pay related professional fees.

Under current market conditions, the combined refunding is expected to achieve actual savings of approximately \$1,286,542.94, which represents net present value savings of more than 14.14% over the life of the loan. The City will pledge its Water Acquisition Fee towards repayment of the loan. Staff utilized a three-year average of the collected fees.

The 2020 audit received an unmodified opinion with no findings.

14. Consideration and Recommendation for Approval of Cuba Independent School District (Sandoval County) – Series 2022 General Obligation Bond – PPRF-5603. Cuba Independent School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,200,000 to finance projects within the District.

The District received voter approval in February 2019 of \$5,600,000 for school infrastructure valid for four years. The District will issue General Obligation Bonds for \$1,200,000 which the 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 three findings neither a material weakness nor a significant deficiency.

15. Consideration and Recommendation for Approval of Cuba Independent School District (Sandoval County) – 2022 Teacherage Loan – PPRF-5608. The Cuba Independent School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,915,000 to finance the building of 6 new units for teacher housing and renovations to existing teacherage units.

Congress created the Federal Impact Aid Revenue (“FIA”) to assist school districts that have lost property tax revenue due to the presence of tax-exempt Federal property. 25% of the FIA stays in the Operational Fund and the State takes credit for the remaining 75%. Staff will utilize 20% of the net funds available.

The District has been a PPRF borrower under the Federal Impact Aid Revenue (“FIAR”) program since January 20, 2006. In June 2017, FIAR were re- classified as Appropriations from Local Special Tax with future FIAR loan outstanding levels capped at the 2017 levels. The new loan does not exceed the FIAR cap.

The 2006 original Additional Bonds Test (“ABT”) was set at 200% with the 2016 refunding maintaining the same. To assist the District with the much-needed project, staff requests a lowering of the ABT based on the Interim Loan, Grant and Participation Modification Policy which authorizes the Chief Executive Officer to waive and lower the requirements of the ABT.

Member Suazo moved, seconded by Member Forte for approval of Agenda Items 13 – 15, Projects PPRF-5612, PPRF-5603 and PPRF-5608. The motion passed 9 – 0 on a roll call vote.

16. Consideration and Recommendation for Approval of Mirador PID (Los Alamos County) – 2022 Infrastructure Loan – PPRF-5610. The Mirador Public Improvement District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$5,621,613 to fund public improvements identified in the District’s Infrastructure Development and Acquisition Agreement and various other formation documents.

The District was formed in October 2018 comprised of approximately 47.298 acres of Tract A-19-A-1 located at the northeast corner of the intersection of SR 4 and Sherwood Boulevard continuing west along SR 4 to approximately Pajarito Road. The District is anticipated to consist of one hundred sixty-one single-family homes, fifty-seven multi-family dwelling units, and approximately four thousand two hundred fifty square feet of commercial/retail space. The appraisal estimated the value of the completed construction at \$75M.

The County will own, operate, maintain, and repair all public infrastructure conveyed by the District to the County. The developers are responsible for all development costs. For this financing, the District will issue bonds payable by the imposition of a special tax levy upon the portion of the land within the boundaries of the District.

The annual special levy shall constitute a lien on the property subject thereto which shall have priority co-equal to the lien of general ad valorem property taxes. The District imposed its first special tax levy in FY2021 at the maximum annual special tax levy rate allowed per lot. The maximum annual special tax levy imposed in FY2021, and to be imposed in subsequent years, totals \$413,386. The non-debt service expenses included in the special tax levy are the County’s 2% cost for billing and collecting the special tax levy (~\$8,268) and the District's administrative expenses, which are estimated to be around \$57,290. This allows a net special tax levy amount of \$347,828 available for debt service.

Incorporated into the interest rates for the first ten years is a 15bp premium spread which allows for a mandatory redemption using prepayments of the special tax levy revenues to prepay debt service. The optional redemption will remain at the standard ten years. As prepayments are applied over time, overall coverage on the loan will grow provided that future delinquency rates do not increase significantly.

The District will fund a debt service reserve fund and will also provide an additional enhanced form of security in the form of a Letter of Credit (“LOC”) in the amount equal to the Debt Service Reserve Requirement (“Reserve Requirement”). The LOC will be backed, as to the LOC issuer, by financial guarantees of the Developer (“Developer”) of the District. The Bond Indenture (“Indenture”) will covenant the District to first draw on the LOC for any shortfalls in debt service payments and the developer to replenish the LOC to its original amount after such draw. The LOC will be released once the Supplemental Debt Service Reserve Fund (“SDSRF”) is fully funded.

After it is fully funded, the SDSRF will replace the LOC to provide additional reserves for the remainder of bond term. The PID will be covenant by the Indenture to first draw on the SDSRF for any shortfalls in debt service payments and replenish the SDSRF to the Reserve Requirement through the annual special levies. Therefore, the total reserves on the bonds in any given year, i.e., the Reserve Fund and LOC/SDSRF combined, will equal two years of maximum annual debt service, in addition to the 125% debt service coverage.

State Audit Rules did not require the District to furnish an external financial audit since its revenue has not historically exceeded the minimum \$10,000 threshold. Fiscal Year 2021 will be the District's first audit.

Member Forte noted that the discussion at the Public Lending Committee was really a policy issue about whether the PPRF should be utilized for these types of projects. The Board discussed the request at length voicing concerns over the risk involved, affirming the NMFA's mission is to provide services to local government, and discussing whether this request is a proper vehicle to use via the PPRF for undeveloped land. Member Suazo supported utilizing the PPRF for much needed infrastructure in Los Alamos. Member Kopelman felt approving the project at this point would be doing so blindly adding the concept is great but felt information is inadequate for approval.

Mr. C Adam Thornton explained the project and detailed the history and planned steps and provided a detailed description of their plans.

Member Kopelman moved, seconded by Member Nathanson-Juris, to table Project PPRF-5610 for further review with staff to provide comprehensive information on the developer and the issues involved, and a request to the County to attend the meeting when rescheduled. The motion passed 7 – 2 on a roll call vote with Members Miller, Kopelman, Nathanson-Juris, Burke, Kahl, Lovato, and Trujillo voting for and Members Forte and Suazo voting against tabling.

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.*)

17. Update on Activities. The Economic Development Committee met on Tuesday, July 13. Staff reviewed the Portfolio Report, presented two preliminary approvals for NMTC Round 30, and final approval for El Encanto Inc. which received preliminary approval in June 2021.

18. Consideration for a Preliminary Approval for Rose's Southwest Papers, Inc. (Bernalillo County). Staff recommends preliminary approval of the New Markets Tax Credit ("NMTC") financing for Rose's Southwest SPE, LLC for \$12,000,000, final approval subject only to NMTC documentation acceptable to the NMFA.

Rose's Southwest Papers Inc. ("Rose's") is a family owned and operated minority business based in Albuquerque, NM specializing in manufacturing high quality paper products. Rose's is expanding business operations by financing \$22,165,000 to grow the Company's napkin converting capacity and its napkin and tissue packaging capabilities in its Albuquerque production facility and to provide working capital necessary to facilitate the Company's expansion into the direct-to-consumer market space.

The Equipment Expansion is estimated to result in approximately \$1,800,000 being spent locally in facility upgrades that will be necessary to support the expansion. In addition to the anticipated job creation, two of the more significant benefits of the Equipment Expansion to the community will be the Company's reduction in water and energy consumption. The Equipment Expansion includes an investment in a roof-mounted solar system estimated at a total cost of just over \$1,259,000 that will

reduce reliance on grid energy by roughly 15% of the Company's annual pre-pandemic level of energy usage.

Pursuant to policy, Finance New Mexico's Exit Fee (the amount paid to Finance New Mexico at the end of the compliance period) 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 Roses:

- 1) The Exit Fee shall be reduced by an amount equal to 30% if through the end of the NMTC Compliance Period, Rose's Southwest Paper creates 60 new jobs at the facility by the end of 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, Rose's Southwest Paper retains 100 jobs over 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, Rose's Southwest Paper installs a roof-mounted 500kW solar system by the end of the compliance period. (10% reduction)

The \$11,640,000 loan to Rose's will be made by Finance New Mexico-Investor Series XXXI, LLC with capital provided by US Bancorp CDC (expected) and Bank of the West. The QLICs will be secured as follows: The "A" Note will be secured with a 1st UCC filing on the equipment associated with this financing. The "B" Note will be secured by a 2nd UCC Filing on all the equipment associated with this financing.

Member Suazo moved, seconded by Member Kopelman, for approval of Project NMTC-5590. The motion passed 9 – 0 on a roll call vote.

- 19. Consideration for a Preliminary Approval of Zia Energy Group, Inc. (Bernalillo County).** Staff recommends preliminary approval of the New Markets Tax Credit ("NMTC") financing for \$6,000,000 to Zia Energy Real Estate, LLC. Final approval will be subject only to NMTC documentation acceptable to the NMFA.

Zia Energy Group dba Affordable Solar headquartered in Albuquerque, New Mexico provides large scale solar and energy storage integration across 12 states. The firm has developed products and methods designed to reduce cost and for rapid deployment of solar and energy storage projects and have a patent-pending foundation and wiring chassis solution that enables efficient, consistent deployment and installation of large-scale battery energy storage products. Their new Albuquerque facility will house a component fabrication as well as corporate headquarters.

Acquisition of the property and the retrofit allows for the company to perform manufacturing of solar and battery components providing for technical and specialized job creation. This adaptive reuse of an existing 30,000 square foot building at 3900 Singer Blvd. NE includes both exterior building upgrades, as well as an interior improvement with a buildout for the manufacturing portion of the business. Total project costs are estimated to be \$6,100,000.

Enterprise Bank and Trust (“EBT”) will act as the Source Lender and the NMTC Purchaser. As the Source Lender, EBT will complete its second transaction with FNM, and will require a 1st Deed of Trust for the Construction Loan that will be used as leverage in this transaction. In addition, this will be the first transaction with EBT as the investor in a Finance New Mexico NMTC transaction.

Pursuant to policy, Finance New Mexico’s Exit Fee (the amount paid to Finance New Mexico at the end of the compliance period) is equal to the amount of the “B Note” less the 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 targets related to the nature of this community service project. Specifically, staff recommends the following Economic Development Threshold for Zia Energy Group.

- 1) The Exit Fee shall be reduced by an amount equal to 30% if through the end of the NMTC Compliance Period, Zia Energy Group creates 80 new jobs at the Zia Energy Group facility by the end of 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, Zia Energy Group retains 142 employees at the end of 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, Zia Energy Group electricity generates from a renewable energy for the building by the end of 7 years. (10% reduction)

The \$5,820,000 loan to Zia Energy Real Estate, LLC will be made by Finance New Mexico-Investor Series XXX, LLC with capital provided by EBT (expected) and Zia Energy Group, Inc.

The QLICs will be secured as followed: The “A” Note, and “B” Note will be secured by a Deed of Trust on real property and all the improvements at the facility located in Albuquerque. The source loan from Enterprise Bank & Trust will be secured by an assignment of all loan and collateral documents held at the investment fund. Mr. Ryan Centerwall and Mr. Kevin Bassalleck will provide an unlimited personal guaranty for the loan. Their personal financial statement is dated April 16, 2021, and reports a strong financial statement and net worth with most of the assets tied to the Stock in Privately Held Companies.

Member Suazo moved, seconded by Member Kahl, for approval of Project NMTC-5594. The motion passed 9 – 0 on a roll call vote.

- 20. Consideration for A Final Approval for El Encanto, Inc. dba Bueno Foods (Bernalillo County).** Staff recommends final approval of the New Markets Tax Credit financing for El Encanto QALICB LLC for \$9,700,000. Final approval will be subject only to NMTC documentation acceptable to the NMFA.

Bueno Foods is planning a plant expansion on its current manufacturing campus located in the South Barelmas Industrial Park to include building 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. In addition, the Company plans to upgrade equipment for tortilla production. The estimated budget is \$10,000,000 and anticipates increasing employment over six years

by at least 49 jobs.

The funds for the leverage loan will be secured with the sale of IRBs which Wells Fargo Bank will be purchasing. El Encanto, Inc. will sell the land to the City of Albuquerque then enter into a 75-year Ground Lease through a Special Warranty Deed with El Encanto, Inc. City of Albuquerque will issue the bonds which will be purchased by Well Fargo Bank, N.A. and the bond proceeds will flow through the Bond Trustee and be sent to El Encanto, Inc. El Encanto, Inc. will also have a 75-year Ground Lease with El Encanto QALICB, LLC which will make the lease payments for the A Note.

The proposed \$10M El Encanto funds will also contain \$2.5M from the 2015-16 Allocation and \$7.5M from the 2019 Allocation

Pursuant to policy, Finance New Mexico's Exit Fee (the amount paid to Finance New Mexico at the end of the compliance period) 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 QALICB, LLC will be made by Finance New Mexico-Investor Series XXIX, LLC with capital provided by WFCIH 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. The facility is expected to be appraised at \$10,841,538 providing an LTV of 65%. Bueno Foods will provide a Surety Bond up to the amount of the Exit Fee which is currently expected to be \$545,900.

Mr. Dan Opperman presented the Resolution approving a qualified low-income community investment under the federal New Markets Tax Credit program in the form of loans in the total amount of \$9,700,000 from Finance New Mexico-Investor Series XXIX, LLC to El Encanto QALICB, LLC, a New Mexico Limited Liability Company; authorizing and approving the execution of a term sheet describing the terms and conditions of such qualified equity investments and qualified low- income community investment; authorizing and approving the execution of other documents in connection with the foregoing; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this resolution; ratifying prior actions consistent with this resolution and

repealing prior inconsistent action.

Member Suazo moved, seconded by Member Nathanson-Juris, for approval of Project NMTC-5592 and corresponding resolution. 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 July 14, 2021. Staff presented the following items:
- ◆ *Review of the Preliminary Official Statement (“POS”) for the New Mexico Finance Senior Lien Public Project Revolving Fund Revenue Bonds, Tax-Exempt Series 2021C.* Staff was joined by Andrew Bethune (Disclosure Counsel, Orrick Herrington & Sutcliffe) in presenting the review of the POS for the Series 2021C PPRF Bonds. 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 voted unanimously to recommend the POS to the full Board.
 - ◆ *Presentation on the Investment Report for the Period Ending June 30, 2021.* Staff presented and provided a detailed walk through of the investment report.
 - ◆ *Approval of Contract with SVN-Walt Arnold Brokerage, Inc. for commercial real estate services.* Staff presented and provided a detailed explanation of the competitive procurement for real estate services along with its recommendation. The Committee voted unanimously to authorize staff to finalize a contract with SVN-Walt Arnold Brokerage, Inc.
 - ◆ *Update on Activities/Notifications.* Staff reported on an amendment to the contract with the current landlord for additional office space at 219 Shelby necessitated by the increased number of staff.
- 22. Review of Investment Report for Period Ending June 30, 2021.** Mr. Mark Lovato reviewed the Investment Report for period ending June 30, 2021.

As of June 30, 2021, the NMFA has total invested funds of \$669.5 million of which \$661.3 million is NMFA funds and \$5.2 million in NMDOT. The NMFA portfolios are grouped by types of funds and benchmarks based upon anticipated liquidity needs for each fund. The longest fund using 0–5-year benchmark is the Debt Service Reserve funds with a market value of \$58.6 million, next using a 0-3 year is the Operating funds with a market value of \$213 million, next using a 0-1 year are the Common Debt Service, Supplemental Debt Service and Program Funds, with a combined market value of \$245.5 million, and finally using a 0–3-month T-Bill index are the Debt Service type funds with a combined market value of \$144.2 million. The overall Book Yield in the portfolio is .53% with a duration of .962. Net income for the full fiscal year ending June 30, 2021, was \$5,700,102, a 57% decrease from this time last year, which is expected as we reinvest higher yielding securities that are maturing at current market rates which are extremely low.

Mr. Lovato noted that Ms. Deanne Woodring was to present a report for the quarter ending June 30, 2021, for the NMFA funds and economic activity that effect how NMFA invests the funds utilizing the current benchmarks and liquidity needs; however, was unable to participate through the entire meeting.

23. Consideration for approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2021C, Preliminary Official Statement, One Hundred and Fifth Supplemental Indenture of Trust and Related Documents. Review of the substantially final Preliminary Official Statement to be used in marketing the Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2021C Bonds.

Review of the substantially final Preliminary Official Statement to be used in the marketing of Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2021C 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 Series 2021C Bonds, and delegate to certain members and officers of the Finance Authority the authority to determine the final terms of the Series 2021C Bonds, subject to certain parameters.

The Series 2021C Bonds will be issued in an approximate amount not to exceed \$53,000,000 and will be used by the NMFA for the purposes of (i) originating loans to or purchasing securities from certain governmental entities that will be used to finance certain Projects for such governmental entities or reimbursing loans previously made to or securities purchased from such governmental entities, and (ii) paying costs incurred in connection with the issuance of the Series 2021C Bonds. NMFA staff and consultants will continue to prepare for the sale of the Series 2021C Bonds, now expected to occur in August 2021.

Mr. Dan Opperman, Mr. Michael Zavelle, Mr. Jerry Kyle, and Mr. Brad Patterson reviewed and discussed the proposed POS and the authorizing and delegating resolution. The Board chose Member Kopelman 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 Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2021C, Preliminary Official Statement, One Hundred and Fifth Supplemental Indenture of Trust and Related Documents. The motion passed 9 – 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).*)

24. Update on Activities. The Audit Committee met on July 14, 2021. Discussion included:

- ◆ *External Audit work plan update* – Staff reported that the exit conference is scheduled for the September 23 Board meeting. For this to be achieved, the financial statements and all the key back up documentation must be submitted to the auditors by August 16, with staff's draft of the CAFR and all remaining documentation submitted by August 31. Staff anticipates meeting the deadlines.
- ◆ *May Financial Statements* - Staff presented NMFA's balance sheet, income statement and cash flow statement as of May 31, 2021, highlighting that May represents the peak of NMFA's annual business cycle. This year, May proved even busier than usual. Along with the usual receipt of annual debt service payments, NMFA also received \$200 million in cash from the state for the Local Economic Development Act grants program, \$30 million draw on the line of credit, and the reclassification of \$53 million of long-term payables to short term payables in preparation for paying

off 2011 bonds. Staff reported that all these movements came out as expected in the financial statements.

Staff also reported that, while COVID-19 had not had an appreciable impact on NMFA's financial performance until now, a new trend appears to be emerging that can be attributed to COVID-19 at least indirectly. The trend is a significant (60%) slowdown in construction of projects in the Drinking Water, Colonias, and Water Trust Board programs. Apart from lower grants expense, this trend shows up as a big drop in the turnover of water programs assets ratio.

Unrestricted cash coverage stands at about 8 months of NMFA's operating budget. Cost per loan receivables remains steady at \$0.06/dollar. Water programs asset turnover fell from 36% to 32%. The PPRF Current Ratio is tracking the normal annual business cycle and reflects what is expected for this point in the year. The PPRF Bond Times Coverage, meanwhile, dropped from 125% to 80% as the result of the reclassification from long-term to current payable the \$53 million in 2011 bonds that were called on June 1, 2021.

NMFA's net position decreased \$20.4 million from May last year and increased \$10.4 from the start of this fiscal year and now stands at \$580.9 million.

25. Executive Session: Closed Session to Discuss: Limited Personnel Matters Regarding Annual CEO Review as Allowed by NMSA 1978, Section 10-15-1(H)(2). Chair Miller entertained a motion for the NMFA Board of Directors to go into Executive Session to discuss limited personnel matters regarding annual CEO review as allowed by NMSA 1978, Section 10-15-1(H)(2).

Member Suazo moved, seconded by Member Kopelman, to go into Executive Session to discuss limited personnel matters regarding annual CEO Review as allowed by NMSA 1978, Section 10-15-1(H)(2). The motion passed 9 – 0 on a roll call vote.

RETURN TO OPEN MEETING

Chair Milled stated "We are now in open meeting. Let the record reflect that no action was taken during the closed meeting and the only things discussed were matters subject to Attorney-Client-Privilege pertaining to limited personnel matters regarding annual CEO review as allowed by NMSA 1978, Section 10-15-1(H)(2)"

26. Next Board Meeting

Thursday, August 26, 2021 – 9:00 a.m.
Location/Mode Via Zoom
Santa Fe New Mexico

27. Adjournment

The meeting adjourned at 12:50 p.m.

Leslie Kathanian Foris
Secretary

8/30/2021
Date