

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

**Minutes of Board Meeting**  
**September 30, 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 Development
Judi Kahl	Designee for Secretary, NM Environment Dept.
Katherine Miller, Chair	Santa Fe County Manager
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, NM Counties

**Finance Authority Staff:**

Angela Quintana	Bryan Otero
Carmela Manzari	Charlotte Larragoite
Connie Marquez	Dan Opperman
Joe Maldonado	John Brooks
LaRain Valdez	Jolin Anaya
Lynn Taulbee	Leslie Medina
Mark Montoya	Mark Lovato
Mary Finney	Martin Ortega
Michael Vonderheide	Marquita Russel
Norman Vuylsteke	Michael Zavelle
Rio Trujillo	Oscar Rodriguez
Ryan Decker	Ron Cruz
Susan Pittard	Ryan Olguin
Todd Johansen	Susan Rodriguez

**Guests:**

Brooks Dotson	Taos Bakes
Michael Farmer	Taos Bakes
Tim Wegener	Taos Bakes
Richard Virtue	Virtue Najjar
Cleve McDaniel	NM Institute of Mining & Technology
John Archuleta	NM Institute of Mining & Technology
Ron Curry	Village of Corrales
Lucia Sanchez	Rio Arriba County

Stevie Olson  
Susen Ellis  
Suzanne Bruckner  
Leo Valdez  
Dan Schlegel  
Leandro Cordova

LFC  
BOKF  
Sutin Thayer & Browne  
Rio Arriba County  
Governor's Office  
NM Counties

**1.1 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.

**2.1 Approval of Agenda.**

**Member Suazo moved, seconded by Member Kopelman, to approve the agenda. The motion passed 9 - 0 on a roll call vote.**

**3.1 Approval of the August 26, 2021, Board Minutes.**

**Member Suazo moved, seconded by Member Clark, for approval of the August 26, 2021, Board minutes. The motion passed 9 – 0 on a roll call vote.**

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

- ◆ *Staffing Update and Return to Office:* Staff successfully returned to hybrid operations following the Labor Day holiday, many coming back to new offices. Ms. Susan Pittard joined the staff on September 7 as Staff Attorney. Mr. Audi Roedel joined the team on September 27 as IT Security Analyst.
- ◆ *Miscellaneous Updates:* NMFA was notified that its FY2020 CAFR received a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association. The FY2020 audit was NMFA's second CAFR and this is the second time the CAFR received GFOA recognition.
- ◆ *New Markets Tax Credit Application:* The Community Development Financial Institutions Fund notified Finance New Mexico that the application for additional allocation was not approved. 208 applications totaling \$15.1 billion of allocation were filed for the \$5 billion application round. 100, less than half of these applications, were funded with awards ranging from \$15 million to \$65 million. Reviews of Finance New Mexico's application indicate that the application was ranked just under the funding line. Mr. John Brooks and Ms. Theresa have already begun working on the application for the next round expected to be released in late fall.
- ◆ *Leslie Nathanson Juris* resigned from the NMFA Board effective September 1, 2021. "Member Leslie" had been heavily recruited for other community boards and decided the time was right to dedicate her time to an organization facing a transition, which is her area of expertise. Staff is looking for individuals to recommend to the Governor's office to fill the vacancies left by the departure of Member Leslie and Member David Martinez.
- ◆ *Recovery Programs Update - Small Business Recovery Loan Fund:* As of September 23, NMFA had approximately 3,500 SBRLF applications that had been started with only 45% actually submitted. Of the approximately 1,560 submitted applications: over 1,100 applications totaling approximately \$93 million have been approved (in various stages of closing and payment); approximately 100 applications totaling approximately \$5 million have been declined,

representing a 6% decline rate; and approximately 270 applications totaling approximately \$17 million are under review. Inclusive of the first SBRLF program, NMFA has drawn \$140 million from the SIC.

- ◆ *LEDA Recovery Grant* - The LEDA Recovery Grant, which opened in mid-May, has seen continued under subscription. The \$200 million program has experienced high levels of application abandonment, with roughly two-thirds of the applications started not being completed/submitted. It is not clear how many of these were started to determine how much grant a business might qualify for, but through mid-September, of the 4,000 applications started, only 800 have been approved totaling just over \$40 million. The decline rate on the LEDA Recovery Grant is double the SBRLF program and stands at about approximately 12%. Notably, two-thirds of the applications are from businesses located in Bernalillo, Dona Ana, Sandoval and Santa Fe Counties and the remainder are located in more rural parts of the state. December 31 is the last date by which the program may receive applications with a few exceptions for businesses that were not yet allowed to open on the date the law was signed who are allowed until June 30, 2022, to apply. With this application deadline rapidly approaching, NMEDD, who oversees the program, has requested the Department of Tourism's assistance in coordinating a media campaign similar to the campaign that the Department coordinated for the State's Emergency Rental Assistance Program ("ERAP").

That program, though directed at individuals rather than businesses, has similar characteristics in terms of highly technical application requirements resulting in high returns of applications. The ERAP marketing campaign began in April and cost approximately \$5 million. At this high level of activity, it was successful in increasing the numbers of applications started as well as the percentage of applications converted to submitted applications. Real Time Solutions, the contractor for the ERAP campaign and the contractor NMFA used for its new website, has been recommended by Department of Tourism to undertake a comprehensive media campaign to include traditional, digital, and social media. NMEDD has requested that NMFA work with the Department of Tourism on the proposed media campaign and an amendment to the Memorandum of Understanding has been entered into that explicitly provides that the proposed marketing campaign may be paid for from LEDA program dollars.

NMFA staff has thoroughly reviewed the recommendation and believes the contractor can execute the needed media campaign and that the costs are consistent with current NM-market pricing for similar campaigns. The current LEDA Recovery Grant application cycle ends October 10, and a new application cycle will begin shortly thereafter and end in early December. At this point, NMFA believes this will be the last application cycle for the LEDA Recovery Funds.

Member Kopelman voiced concerns about amount of money projected for marketing with what he foresees will be a minimal return. He felt the proposed marketing plan is an ineffective way of getting the message out. Member Miller also had similar concerns and asked whether the State

has looked at funding the grant program with other federal funds.

- ◆ *Cannabis Micro-Grower Loan Pool*: NMFA has been approached by the New Mexico Regulation and Licensing Department (“RLD”) about providing start-up capital for newly licensed cannabis micro-growers (e.g., licensed for up to 200 mature plants). The program is needed because of the significant barriers to accessing capital to fund this emerging sector. NMFA currently has approximately \$5 million available in the Economic Development Revolving Fund remaining from the Essential Services Working Capital program, which was recently retired. These dollars could be dedicated to a small program which would help small entrepreneurs with working capital loans, now estimated at no more than \$100,000, that could fund greenhouse infrastructure, irrigations systems, security systems and other technology needed to successfully start a 4-crop per year business. These loans would be secured by accounts receivable, equipment and, as applicable, land or building. Personal guaranties from the business owners would also be required. In order for the program to move forward, Rules need to be approved by both the NMFA Legislative Oversight Committee and the NMFA Board of Directors. The draft Rules will be presented to the Oversight Committee for adoption at its October 14 meeting, and if approved, they would then be presented to the NMFA Board for its consideration at the October 28th Board Meeting. Staff anticipates presenting policies to the Board at the October meeting as well. While this is currently an informational item, staff is soliciting feedback from the Board on the program and its parameters.

**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), and Mr. Steve Kopelman (Mr. Leandro Cordova).*)

- 5.1 Update on Activities.** The Public Lending Committee met on September 22, 2021, via Zoom teleconference. Member Kopelman chaired the meeting with Members Kahl and Trujillo in attendance. The Committee reviewed and recommended one LGPF application and nine PPRF applications. The Committee reviewed seven DWSRLF applications and recommended all for approval. All seven projects were placed on the regular agenda for consideration.

*Agenda items 6.1 and 7.1 were approved with one motion.*

- 6.1 Consideration and Recommendation for Approval of Chamita MDWCA (Rio Arriba County) – Pre-Engineering Report – PG-5649.** The Chamita MDWCA (“Association”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Preliminary Engineering Report (“PER”) to evaluate the most cost-effective solutions for an interconnection between Chamita MDWCA and Agua Sana Water Users Association. The PER will also be utilized in applying to the Water Trust Board and/or DWSRLF for future funding.
- 7.1 Consideration and Recommendation for Approval of Springer Municipal Schools (Colfax County) – Series 2021 General Obligation Bond – PPRF-5635.** The Springer Municipal Schools (“Schools”) applied to the Public Project Revolving Fund (“PPRF”) for \$500,000 for school infrastructure.

In November 2019, the Schools received voter approval of \$2,500,000 for school infrastructure valid for four years. The proceeds will be used for but are not limited to a new metal maintenance building and new roofs for school buildings. The District will issue General Obligation Bonds for \$500,000 which NMFA will purchase with the PPRF.

The GO Bond purchase risk is significantly reduced by Section 22-18-13 NMSA 1978 which guarantees payment by the Department of Finance and Administration (“DFA”) should the District default.

The 2020 audit received an unmodified opinion with three findings including a repeat significant deficiency. A corrective action plan was provided.

**Member Suazo moved, seconded by Member Forte for approval of Projects PG-5649 and PPRF-5635. The motion passed 8 – 0 with Member Kahl absent for the vote.**

*Agenda items 8.1 - 8.8 were approved with one motion.*

**8.1 Consideration and Recommendation for Approval of New Mexico Institute of Mining and Technology (Socorro County) – 2021 Refunding – PPRF-5561.** New Mexico Institute of Mining & Technology (“NM Tech”) applied to the Public Project Revolving Fund (“PPRF”) for \$8,485,000 to refund Series 2011 Public System Revenue Bonds for economic savings.

The Series 2011 loan closed in August 2011 for \$13,395,000 with a call date of July 1, 2021. The loan proceeds were used for acquisition, construction, and equipping a student housing facility, the construction of facilities to house a telescope and related improvements including the purchase of equipment and furnishings at the Magdalena Ridge Observatory, other improvements on the facilities of NM Tech, and for paying the cost of issuance.

The loan is presented with .75bp added to the rates. Based on the current market environment, the refunding of the Series 2011 loan would likely achieve a net present value savings of approximately 21% equating to an estimated \$1,774,000 over the life of the refunding loan. The maturity of the refunding bonds matches the terms of the refunded loan.

The gross unrestricted operating revenues of NM Tech are available for debt service to repay this loan. The revenues are derived from the net income and revenues received from NM Tech owned auxiliary enterprises and from the system, all gross proceeds of student tuition and fees of every nature collected from students at NM Tech, except the fees now known as “Student Social and Cultural Activities Fees”, the gross amount received by NM Tech from income from the permanent fund and from the income fund, and all income or revenues received by NM Tech as indirect cost recovery and fixed fee reimbursement from restricted grants and contracts student tuition and fees, state appropriations, investment income, and the sales and services of educational departments and auxiliary enterprises.

Staff utilized FY2020 revenues to determine debt service coverage of 15.48xs. In 2019, Moody’s rated NM Tech “A2”. Specifically, “NM Tech’s credit profile and good strategic positioning reflects its established niche in engineering and earth science disciplines, with substantial research activity relative to its scope of operations enhancing brand and revenue diversity. Very low direct debt and

good financial resources and liquidity provide a favorable cushion to manage through a difficult student demand environment and near flat State of New Mexico (Aa2 stable) operating support.” Likewise, Standard & Poor’s rated NM Tech “AA” therefore, this loan will not have a debt service reserve fund. This request will require both the Department of Higher Education and the State Board of Finance’s approval. The Board of Regents adopted the resolution and the application for the refunding on Thursday, August 26, 2021

The 2020 audit received an unmodified opinion with 8 findings none a material weakness nor a significant deficiency.

**8.2 Consideration and Recommendation for Approval of Middle Rio Grande Conservancy District (Sandoval County) - 2022 Equipment Loan – PPRF-5622.** Middle Rio Grande Conservancy District (“MRGCD”) applied to the Public Project Revolving Fund (“PPRF”) for \$998,889 to purchase multiple quantities of heavy equipment and respective apparatus.

The District pledged Net Revenues consisting of Ad Valorem and water service assessments as the security and repayment of the loan. Using a three-year average, base pledged revenues consist of \$2,548,212 to determine debt service coverage of 6.46xs.

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

**8.3 Consideration and Recommendation for Approval of Lovington Municipal School District (Lea County) –2021 Taxable Refunding – PPRF-5647.** Lovington Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$17,260,000 to refund Series 2014 General Obligation Bond as a taxable refunding.

Series 2014 GO Bond closed on March 18, 2014, with a par amount of \$19,000,000 for school infrastructure and computer software and hardware and a call date of September 1, 2023.

Due to recent global price decreases on oil and gas produced in the Permian Basin in southern New Mexico, the Lea County Assessor’s Office has issued a 2021 preliminary non-residential valuation that projects a 40% decrease in oil and gas valuations. The District has determined that with estimated 2021 decreases in the non-residential valuations, the legal bonding capacity will increase to 91.93%, therefore the District requests the existing 2014 loan be restructured to extend the term to lower the payment.

Because the SLGS window is closed, refunding escrows have to be funded by securities bought on the open market. Open Market Securities are allowed provided that a qualified verification agent and the Trustee have agreed to them. A condition of closing will be the receipt and acceptance of the verification agent’s report and payment of the verification agent’s fees.

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 four findings neither a significant deficiency nor a material weakness. A corrective action plan was provided.

**8.4 Consideration and Recommendation for Approval of Moriarty-Edgewood School District (Torrance County) – Series 2021 General Obligation Bond – PPRF-5644.** The Moriarty-Edgewood School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$4,505,000 to refund non-NMFA 2013 & 2017 loans for economic savings.

The Series 2013 GO Bond closed on May 15, 2013, with a par amount of \$5,000,000 for school infrastructure, software, and hardware for student use, and to provide matching funds for capital outlay projects. The bond matured on May 15, 2021, with an optional redemption date of May 15, 2020. The 2017 GO Bond loan was issued on January 25, 2017, with a par amount of \$4,000,000 for the same purposes with a bond maturity date of January 25, 2022.

Under current market conditions, the refunding is expected to achieve actual savings of approximately \$170,874.49 through maturity, which represents net present value savings of more than 3.88% over the remaining life of the loan. The maturity of the refunding bonds matches the terms of the refunded loan.

The GO Bond purchase risk is significantly reduced by Section 22-18-13 NMSA 1978 which guarantees payment by the Department of Finance and Administration (“DFA”) should the District default.

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

**8.5 Consideration and Recommendation for Approval of Village of Corrales (Sandoval County) – Series 2021 General Obligation Bond – PPRF-5644.** The Village of Corrales (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,376,893.75 for school infrastructure.

In 2018, the Village received voter approval of \$2,500,000 to acquire land, buildings, property, vehicles, apparatus, and equipment for, police and fire department infrastructure and facilities, and public buildings.

The Village will issue General Obligation Bonds \$1,376,893.75 which the NMFA will purchase with the PPRF. The Village will pledge ad valorem taxes levied against all taxable property within the Village without limitation as to rate or amount for the repayment of the loan. The Village’s debt service coverage is 1.00xs. The property has been appraised and is currently awaiting New Mexico Taxation & Revenue Department’s Property Tax Division Appraisal Bureau’s review and approval.

The 2020 audit received an unmodified opinion with eight findings including one material weakness and two significant deficiencies. The Village provided a corrective action plan.

**8.6 Consideration and Recommendation for Approval of Rio Arriba County – Series 2021 General Obligation Bond - PPRF-5643.** Rio Arriba County (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$3,100,000 to finance infrastructure and related costs to construct and repair to County roads and purchase road equipment.

In November 2019, the County received voter approval of \$30M valid for four years. The NMFA will purchase \$3.1M with the PPRF. Considered a disadvantaged entity the County will receive a 2% disadvantaged interest rate determined at closing.

The 2020 audit received an unmodified opinion with five findings including one material weakness and two significant deficiencies. A corrective action plan was provided.

**8.7 Consideration and Recommendation for Approval of Tularosa Municipal Schools (Otero County) – Series 2021 General Obligation Bond – PPRF-5632.** The Tularosa Municipal Schools (“Schools”) applied to the Public Project Revolving Fund for \$1,000,000 for school Infrastructure.

The District received voter approval in November 2019 of \$4,000,000 for construction and renovation of school buildings, furnishings, improvement of school grounds, computer software and hardware, and matching funds for capital outlay projects or any combination therein valid for four years.

The District will issue General Obligation Bonds in the amount of \$1,000,000 which the NMFA will purchase with the PPRF. Considered a disadvantaged entity the District will receive a 2% disadvantaged interest rate determined at closing.

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.

**8.8 Consideration and Recommendation for Approval of Raton Public School District (Colfax County) – Series 2021 General Obligation Bond – PPRF-5633.** The Raton Public School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,000,000 for school infrastructure.

In November 2019, the District received voter approval of \$2,000,000 for district-wide repairs and improvements to the existing school buildings valid for four years. The District will issue General Obligation Bonds in the amount of \$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 eight findings including a repeat material weakness and a repeat significant deficiency. The District provided a corrective action plan.

**Member Suazo moved, seconded by Member Forte for approval of Projects PPRE-5561, PPRF-5636, PPRF-5647, PPRF-5644, PPRF-5642, PPRF-5643, PPRF-5632, and PPRF-5633. The motion passed 9 – 0 on a roll call vote.**

*Agenda items 9.1 - 9.7 were approved with one motion.*



**9.1 Consideration and Recommendation for Approval of Chippeway Park Water Association (Otero County) – Drill, Equip and Connect New Well, New Well House and Waterline Replacement.** The Chippeway Park Water Association (“Association”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$938,842 to finance the cost of drilling, equipping, and connecting a new well, a new well house, and waterline replacement lines.

The new system will include but is not limited to a new chlorinator, new tanks, new distribution lines, and replacement of the existing pump station.

**9.2 Consideration and Recommendation for Approval of Lower Rio Grande Public WWA (Doña Ana County) – East Mesa Phase I Water System Improvement Project – DW-5630.** The Lower Rio Grande Public WWA (“LRGPWWA”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$3,718,500 to construct Phase I Water System Improvements in the East Mesa Service Area.

The Project consists of three interconnected water systems that were previously separate mutual domestic water associations located in mountainous terrain. Mountainview and Organ merged prior to Organ's merger with the LRGPWWA, and Butterfield Park and Organ had interconnected their systems for emergency backup water supply and combined & comingled their water rights prior to the mergers with the LRGPWWA.

The LRGPWWA is requesting funding for the construction of the Phase I project which will include the replacement well, distribution system upgrades in Organ, booster station upgrades at tank sites #EM3 & #EM4, and a centralized SCADA system. Design of Phase I has been completed with NM Colonias Infrastructure Funds (“CIF”) and approved by NMED-CPB. Colonias Infrastructure Funds have also been awarded for the Phase II design.

**9.3 Consideration and Recommendation for Approval of Maxwell Water System (Colfax County) – Water System Improvements – DW-5646.** The Maxwell Water System (“System”) applied to the Drinking Water State Revolving Loan Fund (“DWRLF”) for \$1,760,000 to finance multiple projects.

The first project consists of purchasing and constructing a new water storage tank to replace two existing large black riveted tanks with 200,000 gallons capacity. There are significant rehabilitation costs to repairing the existing storage tanks installed over 70 years ago due to the deteriorated integrity of the metal staves.

The proceeds will also fund planning, design, and construction of a new strategically located storage facility which will increase pressure to the system during peak hours and increase water availability for fire protection. The funding will also be used to design and construct a new connection to the recently drilled shallow well to include adding electrical capabilities to the shallow well and the design of a new cloud-based supervisory control and data acquisition (“SCADA”) to replace the existing SCADA system. Finally, the proceeds will be used for the planning, designing, management, and rehabilitation of the Village’s current wells.

**9.4 Consideration and Recommendation for Approval of Tucumcari Water System (Quay County) – 11th Street Water Storage Tanks Rehabilitation – DW-5645.** The Tucumcari Water System

(“System”) applied to the Drinking Water State Revolving Loan Fund for \$483,607 to finance the cost of finishing the total rehabilitation of the 11th Street concrete ground storage tank.

The City currently has two tanks located on 11th street, a steel tank, and a concrete tank that provide pressure and storage to the Town’s largest service area. Their operation is crucial to the direct service area and other areas within the City’s water infrastructure.

The steel tank is the main source of water for the City and is critical for continued operations. Due to the age of the tank, the City’s engineer is concerned that there might be more damage should the improvements not be completed. In 2018, NMED performed a Sanitary Survey and identified two deficiencies in the concrete tank. The City rectified the issue however, there were multiple leaks that could not be repaired leading to the tank being taken out of service. Upon repairing the steel tank, the City will have two working tanks.

- 9.5 Consideration and Recommendation for Approval of Eldorado WSD (Santa Fe County) – Verano and Conchas Loop Pipeline Replacements – DW-5631.** The Eldorado WSD (“District”) applied to the Drinking Water State Revolving Loan Fund (“DWRLF”) for \$2,020,000 to finance the cost of the Verano Loop/Conchas Loop waterline replacement system.

The project includes replacement and upsizing of approximately 2,900 feet of 4-inch AC pipe with 6-inch C900 PVC, replacement of all substandard SDR-26 with 6-inch C900 PVC, and replacement of all service laterals in Conchas Court, Torneo Road, Conchas Loop, Verano Loop, Moya Road, Moya Lane, Verano Lane, Verano Drive, Verano Way, Verano Court, Torneo Court, and Joya Court.

The new infrastructure will provide a more reliable potable water service to all residents in this area, reduce the maintenance required, and ensure the best and highest use of the District’s limited financial resources. The project is part of the District’s ongoing water infrastructure improvements throughout the District.

Member Miller, as Santa Fe County Manager, disclosed that this project is separate and apart from any Santa Fe County projects.

- 9.6 Consideration and Recommendation for Approval of Los Alamos Municipal Water System (Los Alamos County) – Four (4) Motor Control Centers – DW-5638.** The Los Alamos Municipal Water System (“System”) applied to the Drinking Water State Revolving Loan Fund for \$328,250 to finance the cost of acquiring the services of an engineer to assess and prioritize the facility upgrades and replacement of the motor control centers in four facilities including the associated electric gear.

The County’s water system has sixteen booster stations and twelve water wells which convey water throughout the County with the antiquated motor control centers which have been in service over 25 years. In the last two years, the County has experienced an increasing number of failures with the motor control centers.

- 9.7 Consideration and Recommendation for Approval of Los Alamos Municipal Water System (Los Alamos County) – Paint Barranca Mesa #2 Water Tank – DW-5637.** The Los Alamos Municipal Water System (“System”) applied to the Drinking Water State Revolving Loan Fund for

\$2,122,557.42 to finance the cost of repainting the interior and exterior of the Barranca Mesa Tank #2.

The Barranca Mesa Tank #2 is an elevated steel water tank built in 1962 located adjacent to Barranca Mesa elementary school. The tank's coating has deteriorated over the years and needs renovating. This project is on the County's long-range project plan and has been prioritized as highest priority by the County's asset management team.

**Member Kahl moved, seconded by Member Forte, for approval of Projects DW-5639, DW-5631, DW-5646, DW-5645, DW-5630, DW-5638, and DW-5637. 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)*)

- 10.1 Update on Activities.** The Economic Development Committee met via Zoom teleconferencing on September 14, 2021. Members Clark, Lovato and Kahl attended. The Committee considered the following and recommended approval of the Small Loan Pool project:
- 1. Private Lending Portfolio Report* - Staff presented the informational Private Lending Portfolio Report noting that all loans are current.
  - 2. New Markets Tax Credit – Small Loan Pool* – Staff presented for approval a Small Loan Pool loan to Taos Mountain Energy. This project meets the eligibility criteria for the New Market Tax Credit program and will use the remaining allocation in the first Small Loan Pool.
- 10.2 Consideration and Recommendation for Approval of a NMTC Small Loan Pool Project – Taos Mountain Energy Foods, LLC, DBA Taos Bakes (Taos County) – SLP-5651.** Staff recommends approval of the Small Loan Pool NMTC financing for Taos Mountain Energy Foods, LLC for \$900,000.

Taos Mountain Energy Bars, LLC doing business as (“dba”) Taos Bakes located in Questa, New Mexico, is a food manufacturer that develops and manufactures snacks. Taos Bakes is requesting funding through the Small Loan Pool Program to assist with the company's growth and to increase capacity to meet the demands of new purchase orders. To support the growth needed and increase inventory, Taos Bakes will require new equipment, working capital, and increase raw materials. The collateral for this project includes the consolidation of their current equipment loans and debt, the purchase of new manufacturing equipment, and to fund working capital.

This transaction will be considered for the first \$8 million Small Loan Pool replacing the Homewise commitment under the Small Loan Pool. A part of this financing request is to refinance some of their debt. In a leveraged NMTC structure, there is 24-month look back on refinance. Through the Small Loan Pool, since the NMTC Equity is used for the credit enhancement for the structure, the 24-month look back is not an issue allowing for the refinance of the US Bank and The Loan Fund debt.

The \$900,000 loan to Taos Bakes will be made by Finance New Mexico-Investor Series XXXV, LLC with capital provided by US Bancorp CDC (expected) and Finance New Mexico Service Company. The Notes will be secured by a 1st lien on all existing and new equipment through a UCC

filing on the equipment and will be in first lien. The value of the equipment used as collateral for this transaction is \$886,495 which is discounted by 10%. This discounted value has been used for this evaluation of the LTV of 88%. The Taos Bakes team will be receiving useful life letters for support at closing of this transaction. In addition, there will be filing on all inventory owned at Taos Bakes estimated at \$206,373 which is made-up of raw, work in progress, packing supplies and finished goods. The total collateral for this project is \$1,086,495.

Caruth Capital Partners, LLC (“CCP”) is providing a Corporate Guarantee for this project. CCP is a Dallas-based private investment firm that partners with growth-minded business owners and management teams to build long term value in companies. CCP has a member relationship with CCP-Taos Holdings, LLC and has 36.23% owner of Taos Mountain Energy. CCP-Taos has 20 members which will contribute to Taos Mountain Energy as part of their investment in accordance with the Company Agreement to be considered as a Funding Member through and equity raise/contribution. If there are any issues with cash flow, CCP will do a Valuation of the company and have the Funding Members contribute their equity portion to the equity raise as required. CCP also has a portfolio that consists of one other company.

Projections used for 2021-2023, represent the changes the company is undertaking including launching new products in the granola and nut categories which have seen strong demand from their online customers along with the retail stores. Convenience Stores such as QT and Maverick will begin to carry Taos Bakes new nuts brand and expanding the bars in most of their stores.

**Member Clark moved, seconded by Member Suazo, for approval of Project SLP-5651. The motion passed 9 – 0 on 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).*)

- 11.1 Update on Activities.** A quorum of the Finance & Disclosure Committee met on September 15, 2021, via Zoom teleconference. Members Suazo, Trujillo, Forte and Clarke attended. Staff presented the following items and unanimously approved the staff recommendations.:
1. *Consideration for Approval to Issue an RFP for Trustee Services.* Staff presented a request to issue an RFP for the NMFA’s Trustee Services for the PPRF and NMDOT Bond Programs. The current contract will expire in March 2022.
  2. *Consideration for Approval to Issue an RFP for Assurance & Advisory Services.* Staff presented a request to issue an RFP for Assurance & Advisory Services with the current contract set to expire in December 2021.
  3. *Consideration for Approval to Issue an RFP for Architectural and Engineering Services.* Staff presented a request to issue an RFP seeking experienced architectural design and engineering firms to provide services for NMFA’s office relation, via buy or build. The selected firm will provide full-service A&E functions, including developing construction documents and facilitating construction administration.
  4. *FY 2021 Budget Amendment.* Staff presented a proposed budget amendment for FY 2022 for a public outreach campaign to broadly publicize and generate greater participation in the LEDA Recovery Grant program. The proposed amendment is for an increase of up to \$5.0 million, will be paid from the LEDA Grant funds transferred by the New Mexico Economic Development Department, and the outreach will be in collaboration with the New Mexico Department of

Tourism.

5. *Notifications.* Staff informed the Committee of one emergency contract procurement with Cloud Maven, Inc. to provide bank verification and integration services for the NMFA’s stimulus programs, and one existing contract procurement with Real Time Solutions, Inc. to provide the advertising and marketing for the LEDA Recovery Grant. This contract is contingent on the Board approving the budget amendment

**11.2 Consideration and Recommendation for Approval of Amendment to the FY 2022 Operating Budget.** Approval of amendment to the FY 2022 budget to provide for a public outreach campaign to broadly publicize and generate greater participation in the Local Economic Development Act Recovery Grant Program (“LEDA”).

The proposed amendment calls for an increase of \$5.0 million in Contacted Services to be paid from the \$200.0 million that was transferred by the New Mexico Economic Development Department (“NMEDD”) to NMFA for this program.

The budget approved by NMFA Board on May 27, 2021, included \$1.6 million in expenditures for LEDA, including \$0.5 million for Contractual Services to cover the implementation and operation of new technology. Under this program, NMFA will make grants to businesses that commit to increasing their full-time employee count. The grant amount is dependent on the number of full-time employees added, the wages offered and the relative decline of the business. The grants are disbursed quarterly upon confirmation that the employees were added as promised. At the time the budget was approved, LEDA had just completed the implementation phase which is now in full operation and ready to handle maximum subscription. To ensure that all eligible small businesses are aware of it and an optimal number of them apply before the December 2021 deadline, a robust public outreach campaign needs to be launched without delay in all the media venues. NMEDD and NMFA coordinated with the Department of Tourism for a comprehensive advertising and social media campaign. The campaign is based upon the successful media campaign used for the State’s Emergency Rental Assistance Program which the Department of Tourism coordinated for the State.

Staff recommends amending the FY 2022 operating budget by increasing the Contract Services line item by \$5.0 million to allow for the contracting of a marketing firm that will organize and execute a comprehensive media campaign aimed at small businesses adversely affected by the COVID-19 health emergency. NMFA anticipates working with the Real Time Solutions, a contractor that developed NMFA’s website and who worked on the State’s campaign. RTS has a statewide price agreement for these services. NMFA and NMEDD have amended their Memorandum of Understanding to explicitly undertake this media campaign and to provide that the cost of the campaign may be paid from the fund.

Ms. Russel reported that staff is structuring the contract, which is contingent upon budget approval, with development strategy to support the program with the goal of assisting small businesses. She noted staff strongly recommends this company who can accomplish the task. Ms. Russel talked with six other marketing agencies who did not have time to take on this type of project.

The Board discussed the proposed marketing strategy at length. Member Miller noted that small communities need technical assistance and do not have time to complete a grant application. Many businesses had not heard about the program and thought they did not qualify based on

misinformation. Member Clark mentioned awareness as the biggest issue noting that the State economy is recovering very well but some businesses are struggling. The Bill does create many requirements; however, going back to the Legislature may result in money being used for something else. Member Clark said the Committee would like to spend much less than \$5M while still reaching the goal of assisting struggling businesses.

Other possibilities discussed included training, best use of time to get materials to potential users, utilizing federal funds, and concerns over not knowing funds are available. Member Kopelman felt LEDA does not work in these types of businesses and voiced ongoing concern over doing a \$5M marketing campaign at this late date adding he can almost guarantee the goal will not be achieved. Member Kopelman suggested doing a full court press using the Municipal League, NM Counties, and the Chamber of Commerce.

Member Suazo noted that the intent is not to spend \$5M but to let local businesses know the program exists via newspapers, television, and radio with the proposed benchmarks. Member Forte stated the NMML can contact cities throughout the State. Member Miller agreed on the need for marketing but completing applications is a daunting task for small communities. Member Clark felt that may be a way to get technical assistance completely apart from the funding.

Member Kopelman indicated he could vote in favor if the contract price was cut in half. Ms. Russel noted the difficulty in cutting the budget without a marketing strategy which is not yet available. The recommendation from Dept. of Tourism is to utilize a \$5M budget. Member Trujillo strongly supported the proposal noting that getting the message out is challenging. Member Miller requested staff provide reports to the Board while cautiously overseeing the contract.

**Member Suazo moved, seconded by Member Clark, for approval of FY2022 Budget Amendment. The motion passed 8 – 1 with Members Miller, Burke, Clark, Forte, Kahl, Lovato, Trujillo and Suazo voting for and Member Kopelman voting against.**

**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).*)

- 12.1 Update on Activities.** A quorum of the Audit Committee met on September 22, 2021, via Zoom teleconference with Members Burke, Suazo, and Cordova in attendance. Items discussed included:
1. *External Audit update* – Laurie Tish and Aaron Hamilton, representing Moss Adams LLC, reported that, except for the federal programs single audit, the external audit was essentially complete and on schedule with no significant anomalies detected thus far. Holding up the single audit is the lack of federal government's guidelines for auditing the Coronavirus Aid, Relief and Economic Security Act (“CARES”), which represents NMFA largest federal program. This guidance is critical for Moss Adams to be able to include the single audit with the rest of their report on NMFA financial statements.

Unofficially, the expectation is that this guidance will come in November, after the deadline for NMFA to submit its CAFR to the State Auditor, who is aware of the situation and considering whether to issue state guidance on how entities that have administering CARES funds should proceed.

2. *RFP for Assurance and Advisory Services (Internal Auditors)* - Staff informed the Committee that a request for proposals (“RFP”) for assurance and advisory services (internal auditors) is being readied for issuance this fall. The current internal auditors are Deloitte & Touche, who have been serving NMFA since FY 2019. Staff further explained that the services that will be sought include advice and analysis on financial and operational performance, compliance, system security, due diligence, and brief quick response assurance engagements.

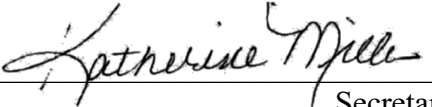
**13.1 Next Board Meeting**

Thursday, October 28, 2021 – 9:00 a.m.  
Via Zoom  
Santa Fe New Mexico

**14.1 Adjournment**

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

The meeting adjourned at 11:15 a.m.

  
\_\_\_\_\_  
Secretary

11/3/2021  
\_\_\_\_\_  
Date