

***New Mexico Finance Authority***

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

**Minutes of Board Meeting**

**March 24, 2022**

**Via Zoom**

**Santa Fe, New Mexico**

**Present:**

Alison Nichols	Designee for Executive Director, NMML
Andrew J. Burke	Public Member – Las Cruces, NM
Dr. Olin Cleve McDaniel	NM Tech
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
Richard Garcia	Designee for NM Counties

**Absent:**

Jon Clark	Designee for Secretary, NM Economic Development
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**Finance Authority Staff:**

Aaron Kayser	Adam Johnson
Austin Anaya	Bryan Otero
Carmela Manzari	Charlotte Larragoite
Connie Marquez	Dan Opperman
John Brooks	Joanne Johnson
Jolin Anaya	Kamila Rahimi
Kryshana Madrid	Leslie Medina
Lynn Taulbee	Maria Gallardo
Mark Montoya	Martin Ortega
Mary Finney	Marquita Russel
Michael Vonderheide	Michael Zavelle
Norman Vuylsteke	Oscar Rodriguez
Rio Trujillo	Ron Cruz
Ryan Decker	Ryan Olguin
Shawna Johnson	Susan Pittard
Susan Rodriguez	Todd Johansen

**Guests:**

Brad Angst	Stifel
Cally Carswell	LFC
Craig Dussinger	Bank of America/ML

David Buchholtz  
Erik Harrigan  
Helen Atkeson  
Jerry Kyle  
Luis Carrasco  
M. Antonucci  
Nina Chavez  
Richard Virtue  
Ron Curry  
Susen Ellis  
Suzanne Bruckner

Rodey Law Firm  
RBC Capital Markets  
Hogan Lovells  
Orrick, Herrington & Sutcliffe  
Rodey Law Firm  
City of Raton  
LFC  
Virtue Najjar  
Village of Corrales  
BOKF  
Sutin Thayer & Browne

**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 Trujillo, to approve the agenda. The motion passed 9 - 0 on a roll call vote.**

**3.1 Approval of the February 24, 2022, Board Minutes.**

**Member Suazo moved, seconded by Member Burke, for approval of the February 24, 2022, Board minutes. The motion passed 9 – 0 on a roll call vote.**

**4.1 CEO Report.** Ms. Marquita Russel reported on the following:

*New Board Member:* Ms. Russel welcomed Dr. Olin Cleve McDaniel, CFO for New Mexico Institute of Mining and Technology to the NMFA Board filling the Higher Ed CFO position. Chair Katherine Miller was also reappointed as the NMFA Chair leaving one vacancy, with that appointment expected to be made in the near future. Board training will be scheduled once all appointments are made.

In April, Board Committees will begin the review and updating of the respective Committee Charters to reflect new programs added by the Legislature and Governor along with staffing realignments made since the last approvals in 2019. Presentation of the Charters to the full Board for review and approval should occur in June.

*FY 2023 Budget Assumptions:* The assumptions for the FY 23 budget were presented to the Finance & Disclosure Committee this month. Key programmatic assumptions for FY 23 are:

- ✓ Implementation of three newly enacted programs
  - Venture Capital
  - Charter School
  - Opportunity Enterprise
- ✓ Administration of the newly established Cannabis Microbusiness Program
- ✓ Significant increase of funding in NMFA’s Drinking Water State Revolving Loan Fund, Water Project Fund and Colonias Infrastructure Project Fund.

- ✓ Stable activity in the PPRF as availability of federal funding may supplant planned PPRF loans, higher costs of construction which is pushing off several planned projects, and higher interest rates which make refunding less efficient.
  - Wind down of the Recovery Programs and integration of that staff into other NMFA programs and activities.
  - Decreased activity in planning grants, as increased engineers who typically drive demand of this program are engaged in design and construction activities.
  - Decreased activity in NMFA's private lending programs (NMTC, PCCF, BHCF and Smart Money) as limited fund availability drives demand and the low balances in these funds do not support any significant new lending activity in FY 23.

Staff has identified organization wide operations projects that are being built into the FY23 budget through discreet budget cost centers to account for the resources necessary to complete them.

Several of the initiatives are anticipated to continue into FY24:

- ✓ Create or update Standard Operating Procedures. Projected to be complete in FY23.
- ✓ Electronic Records Management. Plan to be complete in FY23 with implementation spanning into FY24.
- ✓ Technology integration to connect various systems and software used throughout the agency and standardize uses. Plan to be complete in FY23 with implementation spanning into FY24.
- ✓ Implementation of Operational Excellence Program, an improved and integrated Internal Audit and Ethics Program.

Absent from the assumptions is a head count on any new FTEs required for upcoming activities, though needs have been identified for operations of the federal DWSRLF program, the Venture Capital program, and the Opportunity Enterprise program, as well as for the Operational Excellence Program and technology integration project. Staff is still working through the type of staff needed for the new programs as well as projections for staffing any subsequent reimbursements on the LEDA grant and any new SBRLF loan activity. Once that is complete, staff will complete the absorption plan for the five-member Recovery Team, most of whom are expected to move to the Client Services and Program Administration teams, and determine any new FTEs needed.

Overall, revenue is expected to grow with a 2% increase in GGRT, a 30% increase in grant revenue a net 5% increase in administrative fees, and a net 2% increase in interest from loans.

In addition to any new FTEs, implementation of the new programs will require new consultants and increased legal costs, increased water funding will result in increased contractor costs, and the organization-wide projects will result in increased contractor and technology costs. Lastly, staff has made the following expenditure assumptions: inflation rate of 8%, performance-based salaries at 3%, and a personnel vacancy rate of 6%.

The first draft of the budget will be presented to the Finance & Disclosure Committee in April and to the full Board for adoption in May.

*PPRF Bond Activity:* As part of ratings process for the 2022A bond sale, Moody's upgraded the Subordinate Lien to AA1 – same rating Moody's assigned to the Senior Lien. Despite the good

news, NMFA sold bonds in a tough market last week, the most difficult sale in years. NMFA continues to get the attention and support of highly valued investors.

**5.1 Consideration and Recommendation for Approval of 2022 Open Meetings Act Resolution.** Staff recommends approval and adoption of the 2022 Open Meetings Resolution.

The NMFA Board is subject to the provisions of the Open Meetings Act. The Open Meetings Act, Section 10-15-1(D), NMSA 1978 requires the Board to determine annually what constitutes reasonable notice of its public meetings. Added in the Resolution was the provision for virtual meetings.

**Member Suazo moved, seconded by Member McDaniel, for approval of the 2022 Open Meetings Act Resolution. The motion passed 9 – 0 on a roll call vote.**

**5.2 Consideration and Recommendation for Approval of 2022 Inspection of Public Records Act Resolution and Policy.** Staff recommends approval and adoption of the 2022 Resolution for Inspection of Public Records and Policy.

The Resolution provides for adoption of the Finance Authority’s Policy for Inspection of Public Records for 2022. The Policy sets forth the procedures for persons requesting access to public records, and otherwise complies with the requirements of the Inspection of Public Records Act §14-2-1 *et seq.*, NMSA 1978, as amended and supplemented from time to time.

**Member Suazo moved, seconded by Member Burke, for approval of the 2022 Inspection of Public Records Act Resolution and Policy. The motion passed 9 – 0 on a roll call vote.**

**5.3 Consideration for Approval of the CEO’s Participation into the Executive Retirement Plan.** Mr. Dan Opperman reviewed the resolution designating Ms. Marquita D. Russel as an eligible participant in the NMFA’s Executive Retirement Plan upon terms and conditions specified in the Plan.

**Member Suazo moved, seconded by Member McDaniel, for approval of the CEO’s participation into the Executive Retirement Plan. The motion passed 9 – 0 on a roll call vote.**

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

**6.1 Update on Activities.** The NMFA Public Lending Committee met on March 16, 2022, via Zoom with Member Marcos Trujillo chairing the meeting. Also present were Members Judi Kahl and Joy Esparsen. The Committee reviewed nine PPRF applications and one Drinking Water Project with recommendations for approval forwarded to the Board. Two scope changes were presented with the Committee concurring with staff recommendations for CEO approval.

**7.1 Consideration and Recommendation for Approval of City of Raton (Colfax County) – Fire Equipment Loan – PPRF-5735.** The City of Raton (“City”) applied to the Public Project Revolving

Fund (“PPRF”) for \$903,550 to finance the purchase of two new fire apparatus and pertinent equipment.

The City has an ISO class rating of two with two main stations and two substations receiving an annual base distribution of \$288,818. The City will pledge State Fire Protection Funds as the revenue source for the loan and will apply \$1,100,000 in Legislative Capital Grant funding including \$114,960 in contributed fire funds.

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

**7.2 Consideration and Recommendation for Approval of a Scope Change for the Town of Dexter – PPRF-5627.** The Town of Dexter (“Town”) requests scope change and additional proceeds to previously approved Project PPRF-5627.

The Town received approval for PPRF-5627 on August 26, 2021, for \$220,000 utilizing the Town’s net system revenue of the joint utility as the pledged revenue. Initially the Town requested the use of the proceeds to purchase 80 acres just east of the Town’s Stone Well structure to secure locations for new well sites and undertake land improvements and construction of a new building. To date the loan has not yet closed.

Because the landowner received another offer on the property, the Town utilized their internal funds to purchase the land. The Town wishes to change the approved scope to fund infrastructure improvements to include construction of a new water storage tank, booster pump system and the associated building, deep well flush valve and chlorine and poly phosphate injection system at the Bogle Well site. The Town received bids that that were substantially over bid, therefore, the Town is also requesting additional proceeds be added to the previously approved loan amount.

	<b>Approved Loan</b>	<b>Revised Loan Request</b>
Project Fund	\$220,000	\$350,000
DSRF	Not required	\$ 30,619
Total Loan	\$220,000	\$380,619

The pledged revenue, term and the tax-exempt structure of the original loan will remain as previously approved. Because of increases in the net system revenue over the last two years, the Town has seen an increase in the net revenue available for debt service leading to an increase in the debt service coverage on the proposed loan from 2.37xs to 4.70xs (1.30x required coverage).

**7.3 Consideration and Recommendation for Approval of T or C School District (Sierra County) - Series 2022 General Obligation Bond – PPRF-5738.** The T or C School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,500,000 to finance projects within the District.

In November 2019, the District received voter approval of \$3,000,000 for school improvements including computer software and hardware and matching funds for capital outlay projects valid for four years. The District will issue General Obligation Bonds for \$1,500,000 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 2021 audit received an unmodified opinion with no findings.

- 7.4 Consideration and Recommendation for Approval of Village of Corrales – General Obligation Bond – PPRF-5740.** The Village of Corrales (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,935,000 for City wide improvements, acquisition of property and rights-of-way or any combination thereof.

In March 2020, the Village received voter approval of \$2,500,000 for infrastructure improvements and acquisition valid for four years. The Village will issue General Obligation Bonds \$1,935,000 which NMFA will purchase with the PPRF.

The 2021 audit received an unmodified opinion with four findings including one material weakness and one significant deficiency. The Village provided a corrective action plan.

- 7.5 Consideration and Recommendation for Approval of Tularosa School District (Otero County) – Series 2022 General Obligation Bond – PPRF-5739.** The Tularosa School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,000,000 to finance the costs related with school improvements identified in the 2018-2023 Facility Master Plan.

In November 2019, the District received voter approval for \$3,000,000 for school infrastructure valid for four years. The District will issue General Obligation Bonds for \$1,000,000 which NMFA will purchase with the PPRF.

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

The 2021 audit received an unmodified opinion with no findings.

- 7.6 Consideration and Recommendation for Approval of Gallup McKinley School District (McKinley County) – Refunding Series 2013 and 2014 – PPRF-5742.** The Gallup McKinley School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$6,390,000 to refund non-PPRF Series 2013 and Series 2014 bonds with a pre-payment date of August 1, 2022, for economic savings.

The 2013 bonds closed on August 6, 2013, with a par amount of \$13,000,000 with the 2014 bonds closing on October 21, 2014, with a par amount of \$9,000,000. The Bonds were used for school improvements, computer software and hardware, matching funds for capital outlay projects and to refund Series 2003 and Series 2004 bonds.

Under current market conditions, the refunding is expected to achieve actual savings of approximately \$244,742.28 representing net present value savings of more than 3.94% over the life of the loan. The loan was presented with .75bp added to the rates thus reducing the savings to under the 3.0% threshold per PPRF policies and will be required to achieve the 3% required savings when the final debt service schedule is prepared prior to 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.

The 2021 audit received an unmodified opinion with one finding neither a material weakness nor a significant deficiency.

**7.7 Consideration and Recommendation for Approval of Gallup McKinley School District (McKinley County) – Teacherage (FIA) Loan – PPRF-5743.** The Gallup McKinley School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$27,285,000 to finance construction of new teacherage units in Gallup, NM.

The District plans to construct an apartment complex on land to be secured through a land exchange with the City of Gallup; however, should the land exchange fall through, the District has other suitable property available for the project.

The District has a limited ability to raise funds through property tax because much of the land in McKinley County is Federal or Native land. Congress created the Federal Impact Aid Revenue (“FIAR”) to directly reimburse public schools for the loss of traditional revenue sources due to a federal government presence or activity due to its exemption of certain taxes. In June 2017, FIAR was re-classified as appropriations from Local Special Tax with future FIAR loan outstanding levels capped at the 2017 levels. The new Gallup McKinley loan does not exceed its FIAR cap.

The 2002 Legislature passed a bill allowing federal funds to be pledged for teacher housing revenue bonds, providing for debt service payments as well as reserves. In 2006, the Public Education Department (“PED”) changed the accounting procedure for FIAR revenues. Previously, 5% of the funds went to the Operational Fund, 20% went to a separate Capital Projects Fund and the State took credit for 75% of the total receipts. Now, 25% stays in the Operational Fund and the State continues to take credit for the remaining 75%.

House Bill 6 (“HB6”) passed during the 2021 Regular Session removed the 75% impact aid credit from the State Equalization Guarantee (“SEG”) calculation, Public Education Funding formula. Before the amendment, 75% of impact aid funds went to the SEG. Now, the impact funds are redirected to the schools and are no longer offset against State funding for the District.

The District will pledge FIAR which it has received continuously since the 1950's. Staff will utilize 20% of the net funds available. A condition to closing will require a property appraisal



reviewed and approved by NMTRD-PTD, if required.

**7.8 Consideration and Recommendation for Approval of Clovis School District (Curry County) – Refunding Series 2012 and 2014A – PPRF-5744.** The Clovis School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$8,450,000 for a technical refunding/restructure of Series 2012 & 2014 bonds, non-NMFA issued tax exempt bonds.

The 2012 bonds closed on August 1, 2012, with a par amount of \$9,000,000 with the 2014A bonds closing on April 30, 2014, with a par amount of \$5,100,000, both issues used for school infrastructure. The bonds have a current pre-payment date of August 1, 2022 and are currently set to mature in 2027 & 2029. The District requests extending the term of the new bonds to 2033.

The District has experienced a decline in the growth of its valuation over the past seven years. The District desires to continue maintaining its tax rate at historical levels of approximately \$4.97. By refunding and restructuring these bonds the District anticipates mitigating the impact of the decline in the assessed valuation. The overall annual debt service will be reduced for years 2023-2028 from average of \$5.17 million to \$4.60 million.

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 2021 audit received an unmodified opinion with two findings neither a material weakness nor a significant deficiency.

**7.9 Consideration and Recommendation for Approval of Las Vegas School District (San Miguel County) – Series 2022 General Obligation Bond – PPRF-5746 .** The Las Vegas School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,100,00 to finance the costs associated with school improvements.

In November 2021 the District received voter approval of \$8,500,000 million for school infrastructure valid for four years. The District will issue General Obligation Bonds for \$2,100,000 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 2021 Audit received an unmodified opinion with one finding neither a material weakness nor a significant deficiency.

**7.10 Consideration for Amended and Restated Loan Agreement for Camino Real Regional Utility Authority – DW-5447.** Camino Real Regional Utility Authority (“CRRUA”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for an increase in loan and subsidy amounts for Project DW-5447 to complete the arsenic treatment facility.



In November 2020, the Board approved a water improvement project for \$1,114,000 consisting of a loan for \$278,500 and principal forgiveness subsidy of \$835,500. The term of the loan was five years to be used to finance the cost of constructing an arsenic treatment facility to treat water from CRRUA’s border region wells.

CRRUA is requesting an increase in the loan and principal forgiveness subsidy amounts to support the increased costs due to shortages in materials resulting in cost escalation and higher bids to complete projects. CRRUA believes that the new project costs are reasonable considering the existing construction environment.

DW-5447	Original Request	New Funding Request	Increased Funding Amount
<b>Loan Amount</b>	\$278,500.00	\$752,018.00	\$473,518.00
<b>DWSRLF Subsidy</b>	\$835,500.00	\$1,136,982.00	\$301,482.00
<b>Total</b>	\$1,114,000.00	\$1,889,000.00	\$775,000.00

The 2022 funding package totals \$1,889,000 including a new loan amount of \$752,018 and principal forgiveness subsidy of \$1,136,982. The new debt service coverage ratio is 1.94xs in the senior lien position for the term of the loan with a four-year term maturing in 2026.

**Member Suazo moved, seconded by Member Kahl, for approval of Projects PPRF-5735, PPRF-5627, PPRF-5738, PPRF-5740, PPRF-5739, PPRF-5742, PPRF-5743, PPRF-5744, PPR-5746, and DW-5447. The motion passed 9 – 0 on a roll call vote.**

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

**8.1 Economic Development Committee Report.** The Economic Development Committee met on Tuesday, March 15, 2022, via Zoom teleconference with Member Judi Kahl chairing the meeting and Member Matthew Lovato in attendance. Staff reviewed the Private Lending Portfolio noting all loans are current. Also considered was an ESWCP project for Reliance Medical Group recommended to the Board for approval.

**8.2 Consideration and Recommendation for Approval of Reliance Medical Group – Working Capital Term Loan - ES-5736.** Staff recommends approval of a \$150,000 commercial term loan using the Essential Services Working Capital Program(“ESWCP”) for Reliance Medical Group LLC (“RMG”) a medical group located in Farmington, NM providing medical services in San Juan County and the surrounding Four Corners area.

RMG requested assistance to improve operating cash RMG requires while recovering from the slowdown of business due to the Pandemic and to pay off an outstanding Small Business Recovery Act (“SBRA”) Loan SBRA-014.

At the day of closing, the first proceeds of the ESWCP funds will be used to pay off SBRA-014 with

an outstanding balance of approximately \$76,835 accruing at a daily rate of 1.65%. The payoff of SBRA-014 will bring RMG back into compliance with SBRL program limits.

RMG in 2019 Pre-Covid had a Gross Profit of \$662,118 which was reduced by over 60% to \$271,483, a result of the Governor’s Stay Home Order. Since the Stay Home Order has been modified, the business has slowly recovered and in 2021 their Gross Profit has barely 50% of the pre-Covid numbers with a reported Gross Profit of \$348,166. This will be a direct obligation of Reliance Medical Group LLC.

**Member Kahl moved, seconded by Member Suazo, for approval of Project ES-5736. The motion passed 9 – 0 on a roll call vote with Member Nichols absent for the vote.**

*Chair Miller asked Member Suazo to chair the meeting as a pressing matter required her departure.*

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

- 9.1 **Update of Activities.** Members of the Finance & Disclosure Committee met on March 16, 2021. Present via Zoom teleconference were Chair Martin Suazo and Members Jon Clark, and Marcos Trujillo. Staff presented: the review of the POS for the Series 2022A NMDOT Bonds; a Request for Proposals (“RFP”) to select eight qualified firms to form a Pool to underwrite the NMFA’s Public Project Revolving Fund (“PPRF”), New Mexico Department of Transportation (“NMDOT”) and Standalone (“Conduit”) negotiated sale bonds during the period July 1, 2022 to June 30, 2023 (“Pool Year”) – the Negotiated Sale Underwriter Pool (“Pool”); the key assumptions and timeline for the FY23 budget process, explaining that the focus for the next few years will be on implementing new programs while also responding to new trends affecting the demand for NMFA core programs; and several notifications.
- 9.2 **Consideration for Approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority State Transportation Refunding Revenue Bonds (State Transportation Commission - Senior Lien), Series 2022A, Preliminary Official Statement, Twenty-Fifth Series Indenture of Trust and Related Documents.** The Finance Authority is issuing and selling Series 2022A Bonds in an amount to be determined, but not to exceed \$55,000,000. The proceeds will be used for (i) providing funds to refund certain maturities of the NMFA’s outstanding State Transportation Refunding Revenue Bonds (State Transportation Commission– Senior Lien), Series 2012, in an aggregate principal amount of approximately \$50,960,000 (the “Refunded Obligations”) to achieve debt service savings, and (ii) paying the costs incurred in connection with the issuance of the STC Series 2022A Bonds. NMFA staff and consultants will continue to prepare for the sale of the STC Series 2022A Bonds, now expected to occur in April 2022. The Board selected Member Trujillo as the authorized designee for the bond sale.

Mr. Dan Opperman, Mr. Michael Zavelle, Mr. Jerry Kyle, Mr. David Buchholtz, and Mr. Luis Carrasco presented the proposed resolution and related documents for the Series 2022A bonds. Mr. Jerry Kyle reviewed the preliminary official statement with Mr. Luis Carrasco describing the authorizing resolution.

**Member Garcia moved, seconded by Member McDaniel, for Approval of the Authorizing and Delegating Resolution for the New Mexico Finance Authority State Transportation Refunding Revenue Bonds (State Transportation Commission - Senior Lien), Series 2022A, Preliminary Official Statement, Twenty-Fifth Series Indenture of Trust and Related Documents. The motion passed 8 – 0 on a roll call vote.**

- 9.3 Results of PPRF 2022A Bond Sale.** Mr. Michael Zavelle presented the NMFA PPRF 2022A Senior Lien Tax-Exempt Bond Sale Report. Mr. Zavelle provided an overview of the bond issue including final coupons, yields and investor orders and a DBC report including the final debt service schedule and key issuance statistics.

The PPRF senior lien tax-exempt 2022A series bonds were sold on March 9, 2022, in the par amount of \$65,570,000 with \$3,550,000 left unsold and underwritten with minimal over subscription in three maturities. Lead manager was JP Morgan with Morgan Stanley and RBC Capital Markets as co-managers. The Board designee was Member Marcos Trujillo. The bonds are scheduled to close on March 29, 2022.

**Audit Committee Report** (*Committee members are Mr. Andrew Burke, Chair, Mr. Martin Suazo, Secretary Sarah Cottrell Propst (Mr. Matthew Lovato), and Mr. Steve Kopelman (Mr. Leandro Cordova).*)

- 10.1 Audit Committee Report.** The Audit Committee met on Wednesday March 16, 2021, via Zoom. Chairman Andy Burke and Members Matthew Lovato and Richard Garcia were present. Three items were presented for consideration:

1. *January Financial Statements* - Staff presented the January 2022 financial statements noting the most significant flows of cash were a \$32.0 million draw from the Wells Fargo line of credit and a \$20.0 million draw from the State Investment Council to cover administrative expenses and fund new loans through the Small Business Recovery Loan Fund (“SBRLF”). All other activity occurred as expected and NMFA ended January with a net position of \$ \$604.2 million, \$31.1 million higher than January 2021. The balance sheet now distinguishes between assigned and unassigned cash and net position allowing readers to discern when cash has been designated for certain purposes, like the acquisition of a new office building or to cover anticipated but not yet realized administrative costs. As of January 31, 2022, \$6.0 million in the SBRLF has been set aside as assigned restricted cash to cover NMFA’s future administrative costs and \$5.0 million has been set aside as assigned restricted investments in the Economic Development Fund in anticipation of it being moved to the Cannabis Microbusiness Program.
2. *New Office Building Capital Budget Amendment* – Staff proposed an amendment to the capital budget by \$10.5 million for expenditure in FY 22 – FY 25 to acquire new office space. The proposed budget is expected to cover all associated costs and activity, from initial due diligence to final construction/renovation. It was also proposed that the budget and project development be overseen by the Audit Committee. The Audit Committee voted unanimously to recommend the amendment to the capital budget as presented, including project oversight by the Audit Committee.
3. *Internal Audit “Operational Excellence” Program* – Staff presented a framework for the rebranded internal audit and ethics program. The holistic approach focuses on integrated risk management to strengthen performance, risk assurance, organizational resilience, and statutory

and policy compliance. The new program engages staff at all levels to leverage their expertise and support to achieve compliance and high ethical standards.

**10.2 Capital Budget Amendment – New Building.** Mr. Oscar Rodriguez presented the staff recommendation to amend the current capital budget by \$10.5 million to acquire 25,000 square feet of office space to address NMFA’s space requirements in a new location by FY 2025.

The current capital budget of \$283,200 has already been expended for equipment and new technology. Staff recommends extending the capital program through FY 2025 and adding \$10.5 million to acquire 25,000 square feet (SF) office for NMFA.

The \$10.5 million budget proposed for this project will cover the costs associated with acquiring the office space needed including realtor’s fees, inspections, purchase price, design, project management, and construction or renovation depending on what is available in today’s market. The estimate is based a worst-case scenario wherein a building acquired needs substantial renovation before occupation. Any purchase of real estate will require Board approval prior to making a binding offer. A financing plan will be presented for Board approval at a later date.

**Capital Project Outlays**

<u>Sources</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>Total</u>
Operating Fund	\$400,000	\$1,350,000	\$1,000,000	\$400,000	\$3,150,000
PPRF	\$0	\$5,350,000	\$1,000,000	\$1,000,000	\$7,350,000
Total	<u>\$400,000</u>	<u>\$ 6,700,000</u>	<u>\$2,000,000</u>	<u>\$1,400,000</u>	<u>\$10,500,000</u>

**Member Burke moved, seconded by Member Kahl, to amend the current capital budget by \$10.5 million to acquire 25,000 square feet of office space to address NMFA’s space requirements in a new location by FY 2025. The motion passed 8 – 0 on a roll call vote.**

**11.1 Next Board Meeting**

Thursday, April 28, 2022 – 9:00 a.m.  
Via Zoom  
Santa Fe New Mexico

**12.1 Adjournment**

The meeting adjourned at 10:12 a.m.

*Katherine Miller*  
\_\_\_\_\_  
Chair

5/2/2022  
\_\_\_\_\_  
Date