

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

Minutes of Board Meeting
May 26, 2022
Via Zoom
Santa Fe, New Mexico

Present:

Andrew J. Burke	Public Member, Las Cruces, NM
Cleve McDaniel	NM Tech
Alison Nichols	Designee, Executive Director, NMML
Jon Clark	Designee for Secretary, NM Economic Dev. Dept.
Joy Esparsen	Designee for Executive Director, NM Counties
Judi Kahl	Designee for Secretary, NM Environment Dept.
Katherine Miller, Chair	Public Member, Santa Fe, NM
Marcos Trujillo	Designee for Secretary, DFA
Martin Abran Suazo	Public Member, Las Vegas, NM
Matthew Lovato	Designee for Secretary, NMENRD
Ronald Lovato	Public Member, Ohkay Owingeh, NM

Finance Authority Staff:

Aaron Kayser	Adam Johnson
Austin Anaya	Carmela Manzari
Charlotte Larragoite	Cherise Martinez
Connie Marquez	Dan Opperman
Delanne Reichard	Dora Cde Baca
Joe Maldonado	John Brooks
Jolin Anaya	Kamila Rahimi
Kryshana Madrid	Leslie Medina
Mark Lovato	Mark Montoya
Martin Ortega	Martin Ortega
Marquita Russel	Michael Vonderheide
Norman Vuylsteke	Oscar Rodriguez
Rio Trujillo	Ron Cruz
Ryan Decker	Ryan Olguin
Shawna Johnson	Susan Pittard
Susan Rodriguez	Todd Johansen

Guests:

Andrew Bethune	Orrick, Herrington & Sutcliffe
Anne Browne	Sutin Thayer Browne
Anthony Singh	RBC Capital Markets
Brad Patterson	GilmoreBell
Cally Carswell	LFC

Carla Najjar	Virtue & Najjar
Craig Dussinger	Bank of America Merrill Lynch
David Bailey	
Eric Heidel	PFM
Erik Lopez	City of Sunland Park
Gregory Borys	Morgan Stanley
Helen Atkeson	Hogan Lovells
Jack Leeper	Stifel
Kelley Riddle	Western New Mexico University
Leo Valdez	Rio Arriba County
Lucia Sanchez	Rio Arriba County
Matthew Casados	Rio Arriba County
Nina Chavez	LFC
Pam Ortiz	Virtue & Najjar
Peter Shellenberger	PFM
Regina Gaysina	RBC Capital Markets
Richard Virtue	Virtue & Najjar
Sean McQueen	
Susen Ellis	BofA
Suzanne Bruckner	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 Clark, to approve the agenda. The motion passed 11 – 0 on a voice vote.
3. **APPROVAL OF BOARD MINUTES**
 - 3.1 **Approval of the April 28, 2022 Board Minutes.** Member Suazo moved, seconded by Member Esparsen, for approval of the April 28, 2022 Board minutes. The motion passed 11 – 0 on a voice vote.
4. **REPORT FROM THE CEO**
 - 4.1 **Report from the CEO.** Ms. Marquita Russel reported on the following:
 - ◆ *Childcare Capacity Building Grant:* The Early Childhood Education and Care Department (ECECD) asked NMFA to administer the application and funding of a \$10 million grant program that expands quality childcare slots for at least 800 children. ECECD would solicit letters of intent from qualified childcare providers and those meeting the programmatic targets would be invited to complete an application in EnABLE where NMFA staff would ensure the applications are complete and contain the information identified by ECECD needed to complete a grant agreement. Grant documents would be generated out of EnABLE and NMFA would disburse the funds as approved by ECECD. Activity is anticipated to be low impact to NMFA as ECECD anticipates fewer than 40 applications. The MOA would provide that NMFA’s costs of administration are covered by the ECECD.

- ◆ *Staffing Update:* NMFA was successful in recruiting an experienced Chief Technology Officer (“CTO”). Paul Romero, who has been serving as the CTO at Rio Rancho Public Schools, will be joining NMFA on June 13, 2022. NMFA said goodbye to NMFA accountant Meca Broadway and welcomed her replacement, Deborrah Hatt.
- ◆ *Drinking Water State Revolving Loan Fund Policy Update:* Staff is recommending changes to policies that are needed to conform to EPA recommendations and new federal capitalization grant requirements. The proposed amendments deal with the definition of Disadvantaged Community and interest rates, both of which are subject to public review and comment. Presented today are changes that NMFA would like to insert into the State’s Intended Use Plan for FY 2023 that is expected to be posted for public review in June. In July, once the public review and comment period is passed, staff would bring back the formal changes to the DWSRLF policies to incorporate the approved changes and propose changes resulting from any other guidance provided by EPA in the interim.
- ◆ *Charters:* Proposed amendments to committee charters were presented to the each of the respective committees. The charters contain minor updates to include new programs. The proposed changes to the Audit Committee charter also reflects the shift of the previous internal audit program to the new Operational Excellence Program which incorporates both assurance and advisory work plans and reporting.
- ◆ *FY2023 Budget:* The proposed FY 2023 Budget not only supports the growth of our existing programs and the implementation of three new programs, but also provides the resources necessary to complete two vital operations projects: Standard Operating Procedures and Processes (SOPPs) and the planning phase of a records retention and management project. The SOPPs are the centerpiece of our risk management program and will provide more efficient training, better customer service, and increased reliability. Staff’s goal is to complete the SOPPs by the end of calendar year 2022 so that any gaps and weaknesses can be addressed by the end of the FY 2023. The SOPPs will also inform the records retention and management project, and ultimately NMFA’s systems integration initiative.

The FY2023 budget contain five new positions, two of which are currently in place as temporary positions. The other three are needed to administer the new programs and to provide needed staff redundancies and succession. Presented as part of the recommended budget is an organizational chart which reflects these new positions as well as some subtle changes in the organizational structure.

- Separation of the compliance function from the legal department. The expected replacement of NMFA’s Internal Audit Program with the broadened Operational Excellence program, heightened the need for an independent compliance function. Bryan Otero, NMFA’s Legal and Compliance Counsel, will head this new compliance effort and will report to the CEO.
- Transition of the Recovery Team to a private lending program administration group to oversee project elements of the loans made for economic development and community development projects and to provide programmatic reporting. Two of the four Recovery Funding Coordinators will be moved over to Client Services to handle the increase in clients stemming from the recovery programs and one additional program administrator will be added.

- Reorganization of the accounting department to move the reporting responsibilities of the accountants to the Controller and a newly created Treasurer position. Mark Lovato, who has ably managed NMFA’s Investment Portfolio for many years, will be promoted to Treasurer/ Investment Manager and will have two accountants report to him.

5. OTHER ITEMS.

5.1 Report from the Nominating Committee. Member Clark presented the Nominating Committee report. The Committee recommends Member Suazo to the Vice-Chair position and Member Forte as Secretary.

5.2 Election of Officers. Member Clark moved, seconded by Member McDaniel, to accept the Nominating Committee recommendation appointing Member Suazo as Vice-Chair and Member Forte as Secretary for the NMFA Board of Directors. The motion passed 10 – 0 with Member Suazo abstaining.

5.3 Amendments to Drinking Water State Revolving Loan Fund Policies and Request to Include Amended Policies in the FY2023 Intended Use Plan. Mr. Michael Vonderheide recommended changes to the DWSRLF policies to conform to EPA guidance and new federal capitalization grant requirements. The proposed amendments address the definition of disadvantaged community and interest rates.. Staff recommends inserting the proposed changes in the State’s Intended Use Plan for FY 2023 expected to be posted for public review in June.

Member Clark moved, seconded by Member McDaniel, for approval to the amendments to the DWSRLF policies and include amended policies in the FY2023 IUP. The motion passed 11 – 0 on a roll call vote.

6. PUBLIC LENDING COMMITTEE REPORT. *(Committee members are Mr. A.J. Forte, Chair, Secretary Debbie Romero (Mr. Marcos Trujillo), Secretary James Kenney (Ms. Judi Kahl), Mr. Steve Kopelman (Mr. Richard Garcia).*

6.1 Update on Activities. The Public Lending Committee met on May 18, 2022, via Zoom. Member Alison Nichols chaired the meeting with Members Trujillo and Garcia in attendance. Issues discussed included ten PPRF applications, thirty-three WTB project, and minor changes to the Public Lending Committee charter.

7. CONSENT AGENDA

7.1 Countyline Volunteer Fire Department (Curry County) – Fire Equipment Loan - PPRF-5833. The Countyline Volunteer Fire Department (“Department”) applied to the Public Project Revolving Fund (“PPRF”) for \$86,800 to purchase a pumper/tender fire apparatus.

The Department currently has an ISO rating of ten with one main station and receives an annual

base distribution of \$34,944 from State Fire Protection Funds. The Department will contribute \$300,000 from a New Mexico DHS Grant toward the project. Considered a disadvantaged entity the Department will receive a 2% disadvantaged interest rate at closing.

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

7.2 Pleasant Hill Volunteer Fire Department (Curry County) – Fire Equipment Loan - PPRF-5842. The Pleasant Hill Volunteer Fire Department applied to the Public Project Revolving Fund for \$80,000 to purchase a pumper/tender fire apparatus.

Pleasant Hill VFD currently 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 Department will contribute \$339,249 from a NM DHS Grant toward the project. Pleasant Hill VFD is considered a disadvantaged entity and will receive a 2% disadvantaged interest rate at closing.

The 2021 audit received an unmodified opinion without any findings.

7.3 San Jon Municipal School District No. 34 (Quay County) – Series 2022 General Obligation Bond – PPRF-5844. San Jon Municipal School District No. 34 applied to the Public Project Revolving Fund (PPRF”) for \$400,000 for district-wide repairs and improvements which include, but are not limited to HVAC, boiler, fire alarm system, flooring, grading and drainage work, roofing, parking lots and sidewalks, playground and fencing and COI.

The District received voter approval In November 2019 for 800,000 for school infrastructure valid for four years. The District will issue General Obligation Bonds for \$400,000 which the NMFA will purchase with the PPRF.

The District, located in Quay County, has a Median Household Income ("MHI") of 66.27% of the State’s MHI, qualifying the County and the District for disadvantaged funding. The 2016-2021 District-wide Facility Master Plan notes that the population residing within the Village is relatively small with most of the District's families residing outside the immediate Village boundaries. However, the student population and families live within the District’s boundaries thereby distorting the proportion of the Village’s population to the number of students that attend the District. For that reason, staff used the County’s MHI for determination of the PPRF disadvantaged funding qualifications. As of the 2016/17 school year’s 40-day count, 165 students attend the District schools while the Village's residents total 169.

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 without any findings.

7.4 Grady Municipal School District No. 61 (Curry County) – Series 2022 General Obligation Bond – PPRF-5835. Grady Municipal School District No. 61 (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$200,000 to finance projects within the District.

In November 2019, the District received voter approval of \$400,000 for school improvements, computer software and hardware, provide matching funds for capital outlay projects or any combination therefrom valid for four years. The District will issue General Obligation Bonds in the amount of \$200,000 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.

7.5 City of Sunland Park (Doña Ana County) – Law Enforcement Loan – PPRF-5845. The City of Sunland Park (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$450,000 to finance the costs associated with the purchase of a new police vehicle and respective equipment.

The City receives an annual distribution of \$70,000 from Law Enforcement Protection Funds which will be pledged toward the loan.

The 2021 audit received an unmodified opinion without any findings.

7.6 Village of Hope Volunteer Fire Department (Eddy County) – Fire Equipment Loan – PPRF-5836. The Village of Hope (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$170,000 to finance the costs associated with the purchase of new fire apparatus and respective equipment.

The Department will pledge State Fire Protection Funds as the revenue source for the loan. The Department has an ISO class rating of five with one main station receiving an annual base distribution of \$61,667.

The 2021 audit received an unmodified opinion without any findings.

Member Suazo moved, seconded by Member Burke, for approval of Agenda Items 7.1 – 7.6. The motion carried 11 – 0 on a roll call vote

8. REGULAR AGENDA

8.1 Rio Arriba County – Series 2022 General Obligation Bond – PPRF-5834. Rio Arriba County (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$14,900,000 to finance County wide projects.

The revenues to support these projects are derived from voter approval of a \$30M election in November 2019 valid for four years. The NMFA will purchase \$14,900,000 with the PPRF for this loan. The County will pledge ad valorem taxes levied against all taxable property within the

County without limitation as to rate or amount for the repayment of the loan. The County's debt service coverage is 1.00xs.

The proposed bond funding for the Hospital is \$6,000,000 which includes paying off the BAN of the authorized voter approved funds of \$12,000,000. This funding will be a taxable loan. The balance of \$6,000,000 will be issued in 2023.

The County has secured a New Mexico State grant of \$1M of which \$990,000 will be used to purchase and improve the property. The County is under contract to purchase approximately 9.372 acres with the grant funds. The property is located at the intersection of Calle Hacienda and Calle Chamisal in the City of Espanola, New Mexico. The purchase price is \$609,995.

The finance plan also includes funds for replacement financing for a Series 2020 Bond Anticipation Note ("BAN") of \$1,652,400 maturing on August 1, 2022, as a taxable loan. The Series 2020 BAN originated on August 3, 2020, for \$1,620,000 bearing interest at a rate of two percent per annum from the date of delivery. The Purchaser of the BAN was Municipal Capital Markets Group, Inc. The BAN proceeds were used to finance the planning, designing, constructing, equipping, and related costs of the County's Hospital.

The proposed bond funding for the Athletic Facility will consist of \$5,490,000 of the authorized voter approved funds of \$6,000,000. This funding will be a taxable loan.

The proposed bond funding for the road equipment, road construction, and road repair will consist of \$3,410,000 of the approved funds of \$12,000,000. This funding will be through a tax-exempt loan.

Prior to closing, the County will be required to satisfy any other necessary approvals or conditions as required by the NMFA and legal counsel. After closing with each requisition draw request, the County will provide specifics for the use of the loan proceeds. For requisition draw requests related to the loan proceeds for the Hospital, the County will provide updates on the Hospital's licensing approval process and the Hospital's building construction, improvements, and status.

The FY2021 audit was unmodified with three findings including two new material weaknesses. The County provided a Corrective Action Plan addressing the findings and the subsequent improvements to remedy the findings.

8.2 Village of Angel Fire (Colfax County) – Series 2022 General Obligation Bond – PPRF-5741. The Village of Angel Fire ("Village") applied to the Public Project Revolving Fund ("PPRF") for \$2,000,000 for capital improvements.

The Village received voter approval in November 2019 for \$8,000,000 for roads improvements and water and wastewater improvements including capital equipment purchases for said projects valid for four years. The Village will issue General Obligation Bonds for \$2,000,000 which the NMFA will purchase with the PPRF.

The FY2021 has yet to be submitted to the OSA. The FY2020 included two new material

weaknesses and one repeated significant deficiency. Staff requested a Corrective Action Plan updating the remediation of the FY2020 findings. The Village is current with all NMFA debt.

8.3 Western New Mexico University (Grant County) – Unrestricted Gross System Revenues – PPRF-5841. Western New Mexico University (“WNMU”) applied for \$5,100,000 to finance infrastructure improvements at the University's main campus in Silver City, NM.

WNMU will utilize the proceeds for construction and renovations of the existing softball field and the Fox Complex.

The University requests a Springing Debt Service Reserve Fund in lieu of a bond-funded debt service reserve fund consistent with the other outstanding WNMU NMFA loan. The University will cash fund a debt service reserve over a two-year period or provide a surety if loan coverage falls below 2.0xs coverage. Payments will be made monthly.

The 2021 audit received an unmodified opinion without any findings.

8.4 Change in Lien Status for City of Truth or Consequences (Sierra County) – PPRF-5652. Staff recommends changing City of Truth or Consequences (“City”) PPRF-5652 loan from a parity to a subordinate lien status with respect to the four USDA debt only.

In October 2021, the City received approval for \$1,320,907 to fund the purchase of an electrical transformer for the city's substation. The pledged revenue utilized was the Net System Revenue of the Joint Utility Enterprise with a ten-year term and a coverage ratio of 1.69xs.

The loan was originally approved in the senior lien and on parity with outstanding PPRF, DW and USDA loans. During the closing process it was determined that USDA consent from the National Office in Washington DC would be needed for the four USDA loans in the senior lien resulting in a delay to closing PPRF-5652. The loan would remain on parity with the other NMFA debt allowing the City to request consent from the New Mexico USDA office which is expected quickly and will allow the City to close the loan and complete the transformer project.

Based on the 2021 audit, the City 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 1.69xs to 1.98xs.

Member Suazo moved, seconded by Member Burke, for approval of Agenda Items 8.1 – 8.4. The motion 11 – 0 on a roll call vote.

9. WATER TRUST BOARD

9.1 Water Trust Board Funding Cycle Overview. Ms. Angela Quintana presented an overview of the 2022 Water Trust Board Application Cycle. By statute, the WTB submits recommendations to the NMFA for making grants and loans to projects authorized by the Legislature using an annual application process.

The WPF receives an annual 9% earmark of Senior Severance Tax Bonds (“STBs”) and a \$4 million distribution from the WTB of which 10% is sent to the Office of the State Engineer (“OSE”) and Administrative Office of the Courts for adjudication purposes.

9% Senior Severance Tax Bonds	\$ 53,261,589.00
WTF Distribution	\$ 4,000,000.00
Gross Total	<u>\$ 57,261,589.00</u>
Less Adjudication	<u>\$ (5,726,159.00)</u>
Available Funding	<u>\$ 51,535,430.00</u>

The recommendations result from a comprehensive review for policy and regulatory compliance, project readiness, and evidence of complete funding.

9.2 Albuquerque Bernalillo CWUA (Bernalillo) – 5659-WPF. Water Conservation Phase 7 Advanced Meter Infrastructure. Recommended Funding: 10% loan - \$200,000 and 90% grant – \$1,800,000 totaling \$2,000,000

9.3 Albuquerque Bernalillo CWUA (Bernalillo) – 5660-WPF. Water Conservation Volcano Cliffs Arsenic TF upgrades. Recommended funding: 10% loan - \$710,000 and 90% grant - \$6,390,000 totaling \$7,100,000

9.4 City of Albuquerque (Bernalillo) – 5661-WPF. Water Conservation Ladera Golf Course pond liner. Recommended funding: 10% loan - \$12,000 and 90% grant - \$108,000 totaling \$120,000.

9.5 City of Albuquerque (Bernalillo) – 5662-WPF. Water Conservation Netherwood park irrigation system. Recommended funding: 10% loan - \$30,000 and 90% grant - \$270,000 totaling \$300,000.

9.6 City of Albuquerque (Bernalillo) – 5663-WPF. Water Conservation Phil Chacon park irrigation system. Recommended funding – 10% loan - \$95,000 and 90% grant - \$855,000 totaling \$900,000.

9.7 City of Anthony (Doña Ana) –5664-WPF. Flood Prevention Anthony Basin 9A1 flood control. Recommended funding – 10% loan - \$45,000 and 90% grant - \$405,000 totaling \$450,000.

9.8 Town of Bernalillo (Sandoval) – 5665-WPF. Water Storage Waterline replacement. Recommended funding: 40% loan - \$765,200 and 60% grant - \$1,147,800 totaling \$1,913,000

9.9 Cañada de los Alamos MDWCA (Santa Fe) – 5666-WPF. Water Storage Water system improvements. Recommended funding: 20% loan - \$136,400 and 80% grant - \$545,600 totaling \$682,000.

9.10 Eastern NMWUA (Curry) – 5667-WPF. Water Storage FW1 - NW to CAFB. Recommended funding: 10% - \$1,451,052 and 90% grant - \$13,059,470 totaling \$14,510,522.

- 9.11 Eldorado Area WSD (Santa Fe) – 5668-WPF.** Water Storage Verano and Conchas loop distribution line replacements. Recommended funding: 40% loan - \$200,000 and 60% grant - \$300,000 totaling \$500,000.
- 9.12 EMWT Regional Water Association – (Torrance) - 5669-WPF.** Water Storage McIntosh community water system. Recommended funding: 10% loan - \$49,105 and 90% grant - \$441,945 totaling \$491,050.
- 9.13 Greater Chimayo MWCD - (Rio Arriba) - 5670-WPF.** Water Storage Well #4 construction. Recommended funding: 20% loan - \$165,000 and 80% grant - \$660,000 totaling \$825,000.
- 9.14 La Jara MDWC&MSWA (Sandoval) – 5671-WPF.** Water Storage Water system improvements. 10% loan - \$36,180 and 90% grant - \$325,620 totaling \$361,800.
- 9.15 Lincoln MDWCA (Lincoln) – 5672-WPF.** Water Storage Water system improvements. 10% loan - \$236,000 and 90% grant - \$2,124,000 totaling \$2,360,000.
- 9.16 Los Alamos County – 5673-WPF.** Water Conservation Bayo non- potable booster station tank/upgrades. 40% loan - \$1,460,000 and 60% grant - \$2,190,000 totaling \$3,650,000.
- 9.17 Luna County – 5674-WPF.** Flood Prevention LPOE diversion berm/pond flood control. Recommended funding: 100% grant totaling \$3,250,000.
- 9.18 Middle Rio Grande CD (Bernalillo) – 5675-WPF.** Water Storage Socorro division conveyance. Recommended funding: 10% loan - \$715,500 and 90% grant - \$6,439,500 totaling \$7,155,000.
- 9.19 Village of Milan (Cibola) – 5676-WPF.** Flood Prevention Airport rd./Rio San Jose channel CBC. Recommended funding: 10% loan - \$250,000 and 90% grant - \$2,250,000 totaling \$2,500,000.
- 9.20 Village of Milan (Cibola) – 5677-WPF.** Water Storage Water system improvements. Recommended funding: 20% loan - \$580,000 and 80% grant - \$2,320,000 totaling \$2,900,000.
- 9.21 NM Energy Minerals and Natural Resource Dept. (Socorro) – 5678-WPF.** Watershed Tiffany Fire rehab. Ph. II. Recommended funding: 100% grant totaling \$750,000.
- 9.22 NM Interstate Stream Commission (Bernalillo) – 5679-WPF.** ESA River and Bosque restoration. Recommended funding: 100% grant totaling \$2,000,000.
- 9.23 Quail Hollow MDWCA (Bernalillo) – 5681-WPF.** Water Storage Waterline and well rehab. Recommended funding: 10% loan - \$43,200 and 90% grant - \$388,800 totaling \$432,000.
- 9.24 Town of Red River (Taos) – 5681-WPF.** Water Storage Tenderfoot Area waterline. Recommended funding: 10% loan - \$362,435 and 90% grant - \$3,261,912 totaling \$3,624,347.

9.25 Regina MDWCA (Sandoval) – 5684-WPF. Water Storage Water system improvements. Recommended funding: 10% loan - \$24,300 and 90% grant - \$218,700 totaling \$243,000.

9.26 Village of Ruidoso (Lincoln) - 5685-WPF. Water Storage Eagle Creek Well field Ph. III. Recommended funding: 40% loan - \$678,912 and 60% grant - \$1,018,369 totaling \$1,697,281.

9.27 San Francisco SWCD (Catron) – 5686-WPF. Watershed Willow Creek Habitat Restoration. Recommended funding: 100% grant totaling \$327,000.

9.28 San Juan SWCD (San Juan) – 5687-WPF. Watershed San Juan Watershed Restoration Project. Recommended funding: 100% grant totaling \$500,000.

9.29 City of Santa Fe (Santa Fe) – 5689-WPF. Water Storage Nichols Dam repair project. Recommended funding: 40% loan - \$600,000 and 60% grant - \$900,000 totaling \$1,500,000.

9.30 Southern Sandoval CAFCA (Sandoval) – 5690-WPF. Flood Prevention High Range pond. Recommended funding: 100% grant totaling \$1,150,000.

9.31 City of Sunland Park (Doña Ana) – 5691-WPF. Flood Prevention Carlos Aguirre Court pond flood control. Recommended funding: 100% grant totaling \$225,000

9.32 Village of Tijeras (Bernalillo) – 5693-WPF. Water Storage Water tank replacement. Recommended funding: 10% grant - \$114,300 and 90% grant - \$1,028,700 totaling \$1,143,000.

9.33 Williams Acres WSD (McKinley) – 5694-WPF. Water Storage Water system upgrade. Recommended funding: 10% loan - \$306,000 and 90% grant - \$2,754,000 totaling \$3,060,000.

Member Kahl moved, seconded by Member Suazo, for approval of Agenda Items 9.1 – 9.33. The motion passed 10 – 0 on a roll call vote with Member Miller recused on Items 9.9 and 9.11 which passed 9 – 0. Member Lovato was unavailable for the vote.

10. ECONOMIC DEVELOPMENT COMMITTEE REPORT (*Committee members: Secretary Alicia Keyes (Mr. Jon Clark), Chair, Secretary Sarah Cottrell Propst (Mr. Matthew Lovato), and Secretary James Kenney (Ms. Judi Kahl).*)

10.1 Update on Activities. The Economic Development Committee met on Tuesday, May 17, 2022, via Zoom. Member Jon Clark chaired the meeting with Members Matthew Lovato and Judi Kahl in attendance. The Committee reviewed the Private Lending Portfolio noting all loans were current. The Economic Development Committee Charter was presented with minor proposed changes. A final revised charter is expected to be approved at the June Board meeting.

11. FINANCE & DISCLOSURE COMMITTEE REPORT. (*Committee members: Mr. Martin Suazo, Chair, Mr. A.J. Forte, and Secretary Alicia Keyes (Mr. Jon Clark).*)

11.1 Update on Activities. Members of the Finance & Disclosure Committee met on May 18, 2022. Present via Zoom were Member Martin Suazo, who chaired the meeting, and Members Jon Clark, and Marcos Trujillo. Staff presented the following:

- *Review of the Preliminary Official Statement (“POS”) for the New Mexico Finance Authority Public Project Revolving Fund Revenue Bonds, Series 2022B.* Staff discussed the underlying transaction for the Series 2022B Bonds, explained the process by which the Committee performs its review, and Mr. Andrew Bethune provided a detailed discussion of the POS.
- *FY2023 Proposed Budget & 3rd Quarter Budget Performance Report.* Staff presented the proposed FY2023 Budget as compared to the amended FY2022 Budget year-end projections, explaining that the FY2023 budget assumptions presented to the Committee in April remain consistent, and that staff anticipates additional staff and technological support to support three additional programs that were passed into law during the 2022 legislative session. Staff further expects a significant increase in activity for the Drinking Water and Water Trust Board programs, and PPRF activity is expected to remain stable.
- *Award of Contract for Investment Advisory Services.* Staff presented the results of the RFP for Investment Advisory Services, explaining that two responses were received. The Evaluation Committee, supported by staff, proposed an award of contract be given to Government Portfolio Advisors (“GPA”). The Committee voted unanimously to award a 4-year contract to GPA.
- *Update on FY2023 PPRF/NMDOT Underwriter Pool RFP.* Staff explained that twelve responses to the RFP were received. Staff was very pleased with the proposals, and pursuant to Policy, the FY2023 Underwriter Pool will be presented for Board approval.
- *Discussion of the Finance & Disclosure Committee Charter.* Staff presented minor proposed changes to the Finance & Disclosure Committee Charter. Additional revisions, if any, will be presented at the June Committee meeting, with a final revised charter expected to be presented to the Board at its regularly scheduled June meeting.

11.2 Approval of the Authorizing and Delegating Resolution for the Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2022B, Preliminary Official Statement, 107th Supplemental Indenture of Trust and Related Documents. A detailed review of the substantially final Preliminary Official Statement to be used in the marketing of Series 2022B Bonds was presented to the Board.

The authorizing and delegating resolution will, among other things, direct NMFA staff and consultants to prepare for the issuance of the Series 2022B Bonds, and delegate to certain members and officers of the NMFA the authority to determine the final terms of the Series 2022B Bonds, subject to certain parameters.

The Series 2022B Bonds will be issued in an approximate amount not to exceed \$65,000,000 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 2022B Bonds. NMFA staff and consultants will continue to prepare for the sale of the Series 2022B Bonds, expected to occur in June 2022.

Mr. Dan Opperman, Mr. Michael Zavelle, Mr. Andrew Bethune, and Mr. Brad Patterson reviewed and discussed the proposed POS and the authorizing and delegating resolution. The Board selected Member Miller or Member Trujillo, depending on schedules, as the authorized designee for the bond sale.

Member Suazo moved, seconded by Member Trujillo, for Approval of the Authorizing and Delegating Resolution for the Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2022B, Preliminary Official Statement, 107th Supplemental Indenture of Trust and Related Documents. The motion passed 11 – 0 on a roll call vote.

11.3 Selection of FY2023 PPRF/NMDOT Standalone Bond Underwriter Pool. Staff recommends Board approval of the RFP results and the FY2022 PPRF and Standalone Board Underwriter Pool from July 1, 2022 to June 30, 2023 per the charter of underwriter assignments and FY2023 underwriter takedown commitments detailed in the RFP proposals.

NMFA issued an RFP on April 6, 2022 to select six underwriters to be eligible senior managers for the FY 2023 PPRF, NMDOT and Standalone Bond Underwriting Pool, and to select up to two underwriters to be alternative co-managers should members of the senior pool have a conflict and be unable to serve as co-manager for a bond issue. Seven individuals scored the RFP with the scoring completed on May 16, 2022.

The six underwriters designated to be senior managers, in order, are: RBC Capital Markets, J.P. Morgan Securities, Morgan Stanley, Bank of America Securities, Goldman Sachs and Wells Fargo. Stifel Nicolaus & Co, having scored seventh, and Jefferies, having scored eighth, are the first and second alternate co-managers, respectfully. Ranking and point scoring produced consistent results

Staff recommends that the Board approve: 1) the RFP results to form the FY2023 PPRF, NMDOT and Standalone Bond Underwriter Pool for the period July 1, 2022 to June 30, 2023 per the chart of underwriter assignments; and 2) FY2023 not to exceed underwriter takedown commitments. NMFA reserves the right to adjust underwriter takedowns based on market conditions but accepts that takedowns will be no less than those proposed.

Member Suazo moved, seconded by Member McDaniel, to approve results of the RFP and that the FY2023 PPRF and Standalone Board Underwriter Pool proceed from July 1, 2022 to June 30, 2023 per the chart of underwriter assignments and FY2023 underwriter takedown commitments as detailed in the RFP proposals. The motion passed 11 – 0 on a roll call vote.

11.4 FY 2023 Proposed Budget. Mr. Oscar Rodriguez and Mr. Norman Vuylsteke presented the proposed FY2023 Budget as compared to the amended FY2022 Budget year-end projections, explaining that the FY2023 budget assumptions presented to the Committee in April remain consistent, and that staff anticipates additional staff and technological support to support three additional programs that were passed into law during the 2022 legislative session. Staff further expects a significant increase in activity for the Drinking Water and Water Trust Board programs, and that PPRF activity is expected to remain stable.

Member Suazo moved, seconded by Member Burke, for approval of the FY2023 Budget. The motion passed 11 – 0 on a roll call vote.

- 12. AUDIT COMMITTEE REPORT.** *(Committee members: Mr. Andrew Burke, Chair, Mr. Martin Suazo, Secretary Sarah Cottrell Propst (Mr. Matthew Lovato), and Mr. Steve Kopelman (Mr. Richard Garcia).*

12.1 Update on Activities. The Audit Committee met on May 18, 2022, via Zoom with Members Burke, Matthew Lovato, Garcia, and Suazo in attendance. Staff presented the Financial Statements and Financial Performance Indicators, Presentation on the New Office Building Project and Discussion of the Audit Committee Charter.

12.2 Acceptance of the 3rd Quarter Financial Report. Staff presented NMFA's Statement of Net Position, Statement of Revenues, Expenses and changes in Net position, and Statement of Cash Flows for March 2022. Results reflected the transactions and trends as expected through the 3rd quarter. March was a busy month, as NMFA saw the largest net increase in total loan receivables in the past five months, as well as the largest net increase in PPRF loan receivables in this fiscal year thus far. The Small Business Recovery Loan Program has also seen a steady stream of new loans closed since the beginning of the fiscal year, about \$6.8 million per month on average.

Member Esparsen moved, seconded by Member Clark, to accept the 3rd Quarter Financial Statements. The motion 11 – 0 on a roll call vote.

13. EXECUTIVE SESSION. Closed Session to Discuss Matters Pertaining to the Acquisition or Disposal of Real Property, as Allowed by NMSA 1978, Section 10-15-1(H)(8)

Chair Miller entertained a motion for the NMFA Board of Directors to go into Executive Session to Discuss Matters Pertaining to the Purchase, Acquisition or Disposal of Real Property, as Allowed by NMSA 1978, Section 10-15-1(H)(8)”

Member Suazo moved, seconded by Member Clark, to go into Executive Session to Discuss Matters Pertaining to the Purchase, Acquisition or Disposal of Real Property, as Allowed by NMSA 1978, Section 10-15-1(H)(8)”

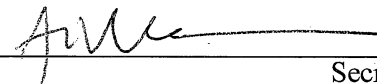
Return To Open Meeting

Chair Miller 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 Pertaining to the Purchase, Acquisition or Disposal of Real Property, as Allowed by NMSA 1978, Section 10-15-1(H)(8).”

14. NEXT BOARD MEETING

14.1 Thursday, June 23, 2022 – 9:00 a.m.
Via Zoom

15. ADJOURNMENT. Member Suazo moved, seconded by Member Kahl to adjourn the meeting. The motion passed 11 – 0 on a voice vote. The meeting adjourned at 11:45 a.m.


Secretary

6-27-22
Date