

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

Minutes of Board Meeting
June 23, 2022
Via Zoom
Santa Fe, New Mexico

Present:

Andrew J. Burke	Public Member, Las Cruces, NM
Cleve McDaniel	NM Tech
Jon Clark	Designee for Secretary, NM Economic Dev. Dept.
Judi Kahl	Designee for Secretary, NM Environment Dept.
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
Richard Garcia	Designee for Executive Director, NM Counties

Absent:

A.J. Forte	Executive Director, NMML
Katherine Miller, Chair	Public Member, Santa Fe, NM

Finance Authority Staff:

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

Guests:

Alison Peacock	Parting Stones
Andrew Bethune	Orrick, Herrington & Sutcliffe
Anne Browne	Sutin Thayer Browne
Anthony Singh	RBC Capital Markets
Belinda Wynn	
Blaine Brunson	Morgan Stanley
Brad Angst	Stifel Financial Corp
Brad Duffy	
Brad Patterson	GilmoreBell
Cally Carswell	LFC
Carla Najjar	Virtue & Najjar
Carleen Gomez	Village of Magdalena
Chuck Towe	National Veterans Wellness
Cindy Mitchell	
Craig Dussinger	Bank of America Merrill Lynch
David Bailey	Luna County
Eric Heidel	PFM
Erik Harrigan	RBC Capital Markets
Gregory Borys	Morgan Stanley
Helen Atkeson	Hogan Lovells
Janice Podell,	National Veterans Wellness
Jennifer Faubion	LFC
Jetha Parsons	Healing Leavez
Justin Crowe	Parting Stones
Lawrence Davis	National Veterans Wellness
M Steininger	Village of Magdalena
Marcus Podell	National Veterans Wellness
Nia Harris	Herban Oasis
Nina Chavez	LFC
Oleta Parsons	Healing Leavez
Pam Ortiz	Virtue & Najjar
Regina Gaysina	RBC Capital Markets
Richard Rumpf	Village of Magdalena
Richard Virtue	Virtue & Najjar
Richard Weiss	Morgan Stanley
Sandra Taylor-Sawyer, Dr.	Healing Leavez
Susen Ellis	BofA
Suzanne Bruckner	Sutin Thayer Browne

1. **CALL TO ORDER AND ROLL CALL.** Member Martin Suazo called the meeting to order at 9:00 a.m. A roll call established a quorum.
2. **APPROVAL OF AGENDA.** Agenda item 5.1 was tabled to the July meeting.

Member Clark moved, seconded by Member Burke, to approve the amended agenda. The motion passed 9 – 0 on a voice vote.

3. APPROVAL OF BOARD MINUTES

3.1 Approval of the May 26, 2022 Board Minutes.

Member Clark moved, seconded by Member Garcia, for approval of the May 26, 2022 Board minutes. The motion passed 9 – 0 on a voice vote.

4. REPORT FROM THE CEO

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

Water Task Force: The State Engineer organized a Water Task Force to inform a 50-year Water Plan and formulate recommendations to the Governor and Legislature on needed changes to infrastructure funding. Ms. Russel will serve on the Executive Committee of the 20-member Task Force, along with State Engineer Mike Hamman and others. The Committee's activities will be reported out on a website hosted by NM First, with final reports anticipated to be complete by the end of fall.

NMFA Oversight Committee: The NMFA Oversight Committee held its organizational meeting on May 27, 2022. The Committee is chaired by Senator Daniel Ivey-Soto, with Vice Chair Rep. Liz Thomson. The Committee will meet for three separate 2-day meetings at the end of August, September, and October and for a one-day meeting on November 11. Staff briefed the Committee on anticipated changes to the Water Trust Board application process needed to accommodate the high level of funding with reduced levels of agency support. Staff also briefed the Committee on the implementation plan of the new programs approved by the Legislature during the 2022 Legislative Session.

5. OTHER ITEMS

5.1 Committee Appointments. Item tabled to the July meeting.

5.2 Approval Committee Charters. The standing committees and staff recommend approval of the updated Committee Charters.

The NMFA Bylaws establish several standing committees. As part of a biennial review of the Charters, staff proposed minor changes to each of the Charters to provide consistent use of terminology and to incorporate existing practices.

The Audit, Economic Development, Finance & Disclosure, and Public Lending Committees approved the Charters for their respective Committees based on review and suggested changes recommended by staff during May and June Committee meetings with recommended approval by the NMFA Board in June.

◆ *Audit Committee Charter:* Primary changes are the incorporation of the Operational Excellence Program, its proactive focus on continuous improvement and, as a piece of that effort, a change whereby the internal audit function will no-longer be a standalone function but a key, integrated tool to achieve operational, strategic and mission goals. The proposed changes also incorporate NMFA's financial metrics, including program performance, and outcomes, as well as

the NMFA’s building initiative as part of the Committee responsibilities.

- ◆ *Economic Development Committee Charter*: Primary change is the addition of new programs implemented by the NMFA since the last Charter review.
- ◆ *Finance & Disclosure Committee Charter*: Primary change is the requirement that the Investment Report be provided each month as part of the Committee materials. The proposed change ensures the Committee is receiving all information in a consistent manner.
- ◆ *Public Lending Committee Charter*: Primary change is the adding in the responsibility to review and recommend loan credit requirements, including pricing and loan growth objectives.

Member McDaniel moved, seconded by Member Clark, for approval of the Committee Charters. The motion passed 9 – 0 on a roll call vote.

5.3 Review of Drinking Water State Revolving Loan Fund SFY 2023 Intended Use Plan. Review of the State Fiscal Year 2023 Intended Use Plan (“IUP”) for the Drinking Water State Revolving Loan Fund (“DWSRLF”).

Under the Drinking Water State Revolving Loan Fund Act (“Act”), the NMFA partners with the New Mexico Environment Department (“NMED”) in the administration of the federally funded Drinking Water program. Federal guidelines require an annual publication of an IUP by each state informing the public on the use of federal funds during the fiscal year, including any new requirements of the federal grant. The Act gives this responsibility to the NMED; however, it requires that NMFA collaborate in the publishing of the document. As the grantee, NMFA recently applied for the Federal Fiscal Year 2022 capitalization grant and BIL supplemental grant totaling approximately \$25 million. The biggest change this year is that between the annual capitalization grant and BIL supplemental grant, a minimum of 61% of the federal funds must be used to provide “subsidy” under the Disadvantaged Community Program, where before it was 6%. NMFA will provide “subsidy” as principal forgiveness on DWSRLF loans.

The draft IUP is currently posted on the NMED and NMFA websites for a 30-day public review and comment period ending July 16, 2022. Comments received are included in the final document sent to EPA Region 6 for approval.

6. PUBLIC LENDING COMMITTEE REPORT. *(Committee members are Mr. A.J. Forte, Chair, (Ms. Alison Nichols), 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 June 15, 2022, via Zoom. Member Alison Nichols chaired the meeting with Members Marcos Trujillo, Judi Kahl and Richard Garcia in attendance. The Committee reviewed and recommended approval of two LGPF applications to be included on the Consent Agenda, four PPRF applications, 38 projects to be funded by the NMFA as part of the 2022 Colonias Infrastructure Board (“CIB”) funding cycle, and two DWSRLF applications. Staff presented final, minor proposed changes to the Public Lending Committee Charter and unanimously recommended moving to the Board for final approval.

7. CONSENT AGENDA

7.1 El Vadito de los Cerrillos Water Association - PG-5865. El Vadito de los Cerrillos Water Association applied to the Local Government Planning Fund for \$50,000 to prepare a Preliminary Engineering Report to analyze the water system infrastructure and water sources to determine the feasibility of a second well, treatment of the water, and infrastructure improvements.

7.2 East Pecos Mutual Domestic Water Consumers Association - PG-5866. The Pleasant East Pecos MDWCA applied to the Local Government Planning Fund for \$30,000 to prepare a Preliminary Engineering Report (“PER”) to update the report completed in 2015 for the East Pecos Sewer Connect Project. The PER will evaluate the overall sanitary sewer system to identify the population served and potential expected growth, develop needed expansion facilities, and estimate costs of such improvements.

7.3 Village of Magdalena (Socorro County) – Law Enforcement Loan – PPRF-5863. The Village of Magdalena (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$68,129 to finance the costs associated with the purchase of a new police vehicle and respective equipment. The Village receives an annual distribution of \$47,000 from State Law Enforcement Protection Funds which will be pledged as the revenue source for the loan. The 2021 audit was unmodified with two findings neither a material weakness nor a significant deficiency.

7.4 Village of Dora (Roosevelt County) – Fire Equipment Loan – PPRF-5867. The Village of Dora Fire Department (“Department”) applied to the Public Project Revolving Fund for \$325,000 to purchase a command/rescue unit and respective equipment.

The Department currently has an ISO rating of six with one main station and receives an annual base distribution of \$117,168 from State Fire Protection Funds. The Village of Dora is considered a disadvantaged entity and will receive a 2% disadvantaged interest rate at closing. The Village is awaiting delivery of the 2021 audit.

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

In November 2019, the District received voter approval of \$400,000 for school infrastructure valid for four years. The District will issue General Obligation Bonds for \$200,000 which the NMFA will purchase with the PPRF. The GO Bond purchase risk is significantly reduced by Section 22-18-13 NMSA 1978 which guarantees payment by the Department of Finance and Administration (“DFA”) should the District default.

At closing, the Financial Advisor determined it important for the District’s comprehensive debt profile and future capacity to use a longer loan structure than previously approved. Staff recommends revised approval of PPRF-5835 extending the term to 15 years. The 2021 audit received an unmodified opinion with one finding neither a material weakness nor a significant deficiency.

7.6 San Jon Municipal School District No. 34 (Quay County) – Series 2022 General Obligation Bond – PPRF-5844. The San Jon Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$400,000 for District wide repair and improvements to existing school buildings.

In November 2019, the District received voter approval of \$800,000 valid for four years. The District will issue General Obligation Bonds in the amount of \$400,000 which NMFA will purchase with the PPRF. At closing, the Financial Advisor determined it important for the District’s comprehensive debt profile and future capacity to use a longer loan structure than previously approved. Staff recommends revised approval of PPRF-5844 extending the term to 16 years. The 2021 Audit received an unmodified opinion without any findings.

Member Kahl moved, seconded by Member Clark, for approval of Agenda Items 7.1 – 7.6. The motion passed 9 – 0 on a roll call vote

8. COLONIAS INFRASTRUCTURE BOARD (CIB)

8.1 Overview of Colonias Infrastructure Board Application Cycle. Approval of grants and loans to 38 applicants recommended by the Colonias Infrastructure Board (“CIB”) from the 2022 application cycle.

Ms. Angela Quintana presented a summary of the 2022 Colonias Application Cycle. By statute, the NMFA makes grants and loans to projects recommended by the CIB, which uses an annual application process to determine which projects to recommend to the NMFA for approval.

For 2022 the CIB has \$38,140,000 available from Severance Tax Bond distributions, \$73,400 of rescinded funds from a previous award, and 5% set-aside of \$1,910,670 due to current increases in construction and material costs leaving \$36,302,730 available for funding. The Colonias Infrastructure Policies (“CIF”) require that each funding package contain a loan component equal to 10% of the awarded amount with the remainder dispensed as a grant. The CIF Policies also require a match component. Some projects are requesting an additional loan in lieu of the required match, which is permissible by policy. All loans are structured as construction loans allowing up to 24-months for the project to be completed prior to the first principal payment coming due.

8.2 City of Bayard (Grant) – 5747-CIF. Water Infrastructure – Water System Improvements. Recommended Funding: \$127,400.

8.3 City of Bayard (Grant) – 5748-CIF - Water Infrastructure - Sewer System Improvement.. Recommended funding: \$121,300.

8.4 City of Bayard (Grant) – 5749-CIF – Water Infrastructure – Wastewater Facility Planning Grant. Recommended funding: \$100,000.

8.5 Camino Real Regional Utility Authority (Doña Ana) – 5750-CIF – Water Infrastructure – Vacuum Lift Station Replacement. Recommended funding: \$267,027.

- 8.6 Camino Real Regional Utility Authority (Doña Ana) – 5751-CIF – Water Infrastructure – Sunland Park WWTP Ph. 2 improvements.** Recommended funding: \$267,027.
- 8.7 Town of Carrizozo (Lincoln) – 5752-CIF – Water Infrastructure – Water System Improvements.** Recommended funding: \$310,360.
- 8.8 Catron County – 5753-CIF – Roads/Drainage Infrastructure – Beaver Head rd./drainage improvements.** Recommended funding: \$162,500.
- 8.9 Chamberino MDWCA (Doña Ana) – 5754-CIF – Water Infrastructure – Hwy 28 Waterline Connection.** Recommended funding: \$636,500.
- 8.10 Village of Cloudcroft (Otero) – 5755-CIF – Water Infrastructure – Curlew to Corona Water Infrastructure Improvements.** Recommended funding: \$210,000.
- 8.11 Village of Cloudcroft (Otero) – 5756-CIF - Water Infrastructure – Sugar Pine Water Infrastructure Improvements.** Recommended funding: \$295,000.
- 8.12 City of Deming – 5758-CIF - (Luna) Water Infrastructure – Encanto Circle Waterline Replacement Ph. III.** Recommended funding: \$198,415
- 8.13 Doña Ana County - 5761-CIF – Wastewater Infrastructure – South Central WWTP Ph. 4.** Recommended funding: \$2,850,494.
- 8.14 Doña Ana County – 5762-CIF – Flood Prevention – La Union Drainage Project.** Recommended funding: \$720,000.
- 8.15 Doña Ana MDWCA (Doña Ana) – 5765-CIF – Wastewater Infrastructure - Doña Ana Village system Rehab.** Recommended funding: \$910,000.
- 8.16 City of Elephant Butte(Sierra) – 5766-CIF – Water Infrastructure – Water System Improvements.** Recommended funding: \$70,000.
- 8.17 Grant County – 5768-CIF – Roads/Drainage Infrastructure – Little Walnut Rd. Improvements Ph. 1.** Recommended funding: \$2,000,000.
- 8.18 Town of Hurley (Grant) – 5773-CIF – Roads/Drainage Infrastructure – Improvements on Anza, Cortes, E. St..** Recommended funding: \$99,300.
- 8.19 City of Jal (Lea) – 5774-CIF – Water Infrastructure – Water Transmission Line Project.** Recommended funding: \$5,195,389.
- 8.20 La Luz MDWCA & MSWA (Otero) – 5775-CIF – Water Infrastructure – Waterline Extensions.** Recommended funding: \$782,457.

- 8.21 La Union MDS & WA. (Doña Ana) – 5776-CIF – Water Infrastructure – Water PER.**
Recommended funding: \$64,000.
- 8.22 Town of Lake Arthur (Chaves) – 5777-CIF – Water Infrastructure – Water System Improvements.** Recommended funding: \$543,022.
- 8.23 Lincoln County – 5778-CIF – Roads/Drainage Infrastructure – Palo Verde Slope Subdivision Improv.** Recommended funding: \$1,000,000
- 8.24 Village of Loving (Eddy) – 5781-CIF – Roads/Drainage Infrastructure – Street and Drainage Improvements.** Recommended funding: \$225,903.
- 8.25 Lower Rio Grande PWWA (Doña Ana) - 5782-CIF – Wastewater Infrastructure – Mesquite-Brazito Sewer Project 2.** Recommended funding: \$5,715,000.
- 8.25 Luna County – 5783-CIF – Roads/Drainage Infrastructure – Roads and Drainage Improvements.** Recommended funding: \$1,013,819.
- 8.26 Luna County – 5784-CIF – Roads/Drainage Infrastructure – Rockhound and McCan Rd. Improvements.** Recommended funding: \$1,080,000.
- 8.27 Malaga MDWC SWA (Eddy) – 5785-CIF – Water Infrastructure – Water System Improvements.** Recommended funding: \$174,176.
- 8.28 Town of Mesilla (Doña Ana) – 5786-CIF – 5798-CIF Water Infrastructure – University Ave. Waterline Replacement.** Recommended funding: \$675,034.
- 8.29 Village of Reserve (Catron) – 5787-CIF – Water Infrastructure – New Metering Disinfection Bldg.** Recommended funding: \$454,546.
- 8.30 Rosedale MDWCA (Grant) – 5788-CIF – Water Infrastructure – Water System Improvement Country to Evergreen .** Recommended funding: \$456,729
- 8.31 City of Ruidoso Downs (Lincoln) – 5789-CIF - Water Infrastructure – East and West Circle Improvements.** Recommended funding:\$1,823,000.
- 8.32 Town of Silver City (Grant) – 5790-CIF – Water Infrastructure – Water Storage Tank Replacement.** Recommended funding: \$1,138,320.
- 8.33 Town of Silver City (Grant) – 5791-CIF – Roads/Drainage Infrastructure.**
Recommended funding: \$2,176,000.
- 8.34 Socorro County – 5792-CIF – 5792-CIF – Flood Prevention – San Antonio Water Drainage & Flood Mitigation.** Recommended funding: \$2,481,818.

8.35 Southwest Solid Waste Authority (Grant) – 5793-CIF – Solid Waste Infrastructure – Cell 90b Design/Construction. Recommended funding: \$700,000.

8.36 Timberon WSD (Otero) – 5796-CIF - Water Infrastructure –Water Loss/System Pressure Mitigation. Recommended funding: \$454,546.

8.37 Village of Tularosa (Otero) – 5798-CIF - Water Infrastructure – Water System Improvements. Recommended funding: \$315,311.

8.38 Tyrone W&WW Association – 5799-CIF - (Grant) – Water Infrastructure – Water System Improvements. Recommended funding: \$382,320.

Member Burke moved, seconded by Member Matthew Lovato, for approval of Agenda Items 8.1 – 8.38. The motion passed 9 – 0 on a roll call vote.

9. REGULAR AGENDA

9.1 Eastern New Mexico Water Utility Authority (ENMWUA) – Ute Pipeline Project - DW-5860. Eastern New Mexico Water Utility Authority (“ENMWUA”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$32,000,000 to finance the Ute Pipeline Project.

ENMWUA developed a regional project called the Eastern New Mexico Rural Water System project (“ENMRWS”) to provide a sustainable source of surface water before the aquifer fails. This entity will oversee the Ute Pipeline Project providing an estimated 140 miles of transmission pipeline and laterals, two raw water pump stations, Ute Reservoir Intake Facility, one smaller finished water pump station, and a water treatment plant.

ENMRWS will provide a sustainable source of potable/drinking water from the Ute Reservoir to the municipalities of Clovis, Elida, Portales, and Texico as well as other communities in Curry and Roosevelt Counties. The development of the ENMRWS project includes diversion, treatment, and conveyance of water from Ute Reservoir. The ENMRWS surface water supply will come from the Canadian River via the Ute Reservoir conveying 16,415 acre-feet of water per year from Ute Reservoir to the eastern New Mexico communities.

The project has been divided into several phases that are taking place simultaneously thus allowing each phase of the project to be shovel-ready enabling construction of each phase to commence immediately minimizing interruptions or delays between each stage of construction with project completion in FY 2035. To date ENMWUA has applied and received financing for approximately eighteen Water Project Fund (“WPF”) projects. The two proposed DWSRLF loans (DW-5860 and DW-5861) are included in the overall phasing of the Ute Pipeline project. Included in their plans for obtaining funds to support the projects, ENMWUA is utilizing both Federal grant funds and the State of New Mexico capital outlay funds.

The financing for this project consists of Federal funding from the 2021 Infrastructure Investment and Jobs Act (IIJA), New Mexico State Capital Outlay funds, and an ENMWUA match. The DWSRLF portion for this phase of the project is \$47 million representing a portion of ENMWUA’s

required match of the project funds which will be financed by two separate DWSRLF loans, DW-5860 (\$32 million) and DW-5861 (\$15 million). ENMWUA will be able to access the IJJA funds over a five-year period.

The pledged revenue for DW-5860 is the Net Utility Systems Revenue, and the loan will receive an interest rate of .25% with a 1.00% cost of issuance. The loan will be structured with a 3-year construction period. These loans are Tier Two DWSRLF funded loans and will not receive a subsidy.

9.2 Eastern New Mexico Water Utility Authority (ENMWUA) – Clovis – Ute Pipeline Project – DW-5861. Eastern New Mexico Water Utility Authority (“ENMWUA”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$15,000,000 to finance the cost of the Ute Pipeline Project.

ENMWUA has developed a regional project called the Eastern New Mexico Rural Water System project (“ENMRWS”) described in detail in agenda item 9.1. The two proposed DWSRLF loans (DW-5860 and DW-5861) are included in the overall phasing of the Ute Pipeline project. Included in their plans for obtaining funds to support the projects, ENMWUA is utilizing both Federal grant funds and the State of New Mexico capital outlay funds.

The financing of this project consists of Federal funding from the 2021 Infrastructure Investment and Jobs Act (IIJA), New Mexico State Capital Outlay funds, and an ENMWUA match. The DWSRLF portion for this phase of the project is \$47 million. This represents a portion of ENMWUA’s required match of the project funds which will be financed by two separate DWSRLF loans: DW-5860 (\$32 million) and DW-5861 (\$15 million). ENMWUA will be able to access the IJJA funds over a five-year period.

The pledged revenue for DW-5861 will be the MLOGRT (.25%) of the City of Clovis, and the loan will receive an interest rate of .25% with a 1.00% cost of issuance. The loan will be structured with a 3-year construction period. These loans are Tier Two DWSRLF funded loans and will not receive a subsidy.

Member Kahl moved, seconded by Member Clark, for approval of Agenda Items 9.1 – 9.2. The motion passed 9 – 0 on a roll call 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, June 14, 2022, via Zoom. Member Jon Clark chaired the meeting with Members Matthew Lovato and Judi Kahl in attendance. Topics included the review of the Private Lending Portfolio, with all loans current, and updates on several projects. The Committee also reviewed two Cannabis Microbusiness Program applications, two New Markets Tax Credit– Small Loan Pool applications, and presented final, minor proposed changes to the Economic Development Committee Charter.

11. CANNABIS MICROBUSINESS PROGRAM

11.1 Herban Oasis, LLC – CMP-5875. Staff recommends approval of a \$125,000 Cannabis Microbusiness Program Loan for Herban Oasis, LLC.

Herban Oasis, LLC (“Herban Oasis”) applied to the Cannabis Microbusiness Program for the purchase of equipment, start-up costs and renovations of the property located at 2308 Eubank Blvd NE in Albuquerque, NM. The facility is approximately 4,000 SF vacant building purchased by the owner of Herban Oasis to serve as the headquarters of the business, an integrated cannabis microbusiness producer and retailer. The purchase of the equipment will allow for the cultivation of cannabis at this location and the security equipment will secure the products and the facility.

This loan will be a direct obligation of Herban Oasis, LLC with Ms. Harris providing an unconditional personal guarantee. The loan will be secured by a 1st UCC Filing on the equipment that will be used for the operations of Herban Oasis which has a value of \$70,000. In addition, an application has been submitted to the New Mexico Economic Development Department for the Collateral Assistance Program (“CAP”) in the amount of \$75,000 which NMFA will have a 1st UCC Filing on as well. With the total collateral equaling \$145,000, the LTV for this loan request is 86%.

11.2 Healing Leavez, LLC – CMP-5877. Staff recommends approval of a \$250,000 Cannabis Microbusiness Program Loan for Healing Leavez, LLC.

Healing Leavez, LLC (“HLZ”) applied to the Cannabis Microbusiness Program for financing a 3,500 sq ft building to support the building and equipment of a commercial cannabis greenhouse facility located in the industrial zoned area of Clovis. The first phase of construction includes the completion of the metal building and greenhouse with the second phase to be completed in 2023.

HLZ’s purpose is to grow and sell quality cannabis to promote selfcare, healing, restoration, relaxation stress and anxiety reduction using cannabis. HLZ will begin what is called “the cannabis touching plant business” since team members will touch the plant by growing 200 flowering plants at a time with an additional 100 to 300 plants in various cloning and vegetative stages. HLZ will begin as a microbusiness grower for 2022. In 2023-2024, the business will expand. This loan will be a direct obligation of Healing Leavez, LLC. Ms. Retha Taylor-Parsons, Dr. Sandra Taylor-Sawyer and Ms. Oletha Duff will carry personal guarantees for this loan as managing members of HLZ. The loan will be secured by appropriate filings on the buildings and equipment, including materials for the greenhouse and metal building, and lighting and security, with a total value at cost of \$216,016. An application has also been submitted to NMEDD Collateral Assistance for \$125,000. The total estimated collateral value is \$341,016, bringing the LTV for this request to 73%.

Member Clark moved, seconded by Member Matthew Lovato, for approval of Agenda items 11.1 and 11.2. The motion passed 9 – 0 on a roll call vote.

12. NMTC – SMALL LOAN POOL

12.1 National Veterans Wellness and Healing – SLP-5805. Staff recommends approval of the Small Loan Pool NMTC financing for \$1,000,000 for National Veterans Wellness and Healing Center.

NVWHC is a not-for-profit organization founded on December 17, 2009 with the mission to establish an environment responsive to the needs of veterans and military families using creative therapies and processes that focus on emotional and physical healing. It is operated exclusively to promote and represent the common interest of veterans, rehabilitate and foster health-related programs, and promote wellness and healing activities for Veterans within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986.

This transaction will be part of the second Small Loan Pool which has a QEI of \$7 million. The \$1,000,000 loan to NVWHC will be made by Finance New Mexico-Investor Series XXXIV, LLC with capital provided by US Bancorp CDC (expected) and Finance New Mexico Service Company. Security will be the 1st Mortgage filing on the property; NMFA will receive a Capital Assistance Program Certificate of Deposit and subject to an Account Control Agreement.

The organization receives charitable donations from individual donors and corporations. Contributions reflected on the balance sheet reflect cash receipts with future pledges tracked separately. NVWHC has a contract with the Behavioral Health Services Division of the New Mexico Human Services Department to plan and provide a comprehensive wellness treatment program (via retreats) for veterans. Their primary fundraising event is an annual “Military Winterfest” held in Angel Fire which typically raises \$60-90k. Starting in 2023 NVWHC expects to generate rental income.

12.2 Parting Stone, Inc. – SLP-5803. Staff recommends approval of the Small Loan Pool NMTC financing for Parting Stone, Inc.

Mr. Justin Crowe created Parting Stone, Inc. (“PSI”) in 2016 as a research company to evaluate the cremation and funeral industry by creating an innovative product helping those with remains of their loved ones. Parting Stone offers families choosing cremation a 100% alternative to conventional ash. PSI service solidifies the full amount of cremains into a form resembling a collection of smooth stones. In October 2019, Parting Stone began operations and changed their company structure from an LLC to a Public Benefit Corporation (“PBC”) which is another form of a C-Corp.

To sustain continued growth, PSI moved into a new lab facility to accommodate additional orders and build inventory. The increase in orders has created a need for additional infrastructure and equipment. The equipment is necessary and is driven by a partnership with a national funeral home supplier, Matthews International who recently concluded a successful pilot project and has given approval for a full national rollout. The infrastructure/equipment needs include a dust collector and autonomous floor scrubber for employee safety and additional equipment like mills, kilns, and various automation upgrades.

This transaction will be considered for the second Small Loan Pool that is valued at \$7 million. PSI

has a previous Small Loan Pool allocation of \$800,000. The approval of this transaction is within the Small Loan policy limits as the combination of both loans does not exceed the \$4,000,000 Small Loan Pool definition.

The \$2,000,000 loan to PSI. will be made by Finance New Mexico-Investor Series XXXIV, LLC with capital provided by US Bancorp CDC (expected) and Finance New Mexico Service Company. The loan will be secured by a UCC filing on the equipment being purchased with the proceeds of this loan for Parting Stone. NMFA applied, at the request of Parting Stone, to the New Mexico Economic Development Department for the Collateral Assistance Program (CAP) funding for \$250,000, to be used as collateral.

Member McDaniel moved, seconded by Member Matthew Lovato, for approval of agenda items 12.1 and 12.2. The motion passed 8 – 1 on a roll call vote with Member Ron Lovato voting against.

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

13.1 Update on Activities. Members of the Finance & Disclosure Committee met on June 15, 2022 via Zoom. Member Martin Suazo chaired the meeting, with Members Alison Nichols, and Marcos Trujillo in attendance. Staff presented its report on the PPRF 2022B Bond Sale, explaining the senior lien tax-exempt 2022B series bonds were sold June 8 in the par amount of \$53,215,000 with only maturities 2038 and 2039 (totaling \$3,435,000) left unsold and underwritten. Overall, the bonds were oversubscribed by 1.5X. Lead manager was Morgan Stanley with Stifel and Wells Fargo as co-managers. The bonds are scheduled to close June 29, 2022. In short, the PPRF 2022B were successfully launched and received with substantial savings compared to mid-May interest rate levels. Staff also presented proposed changes to the Finance and Disclosure Committee Charter, and final, minor proposed changes to the Finance & Disclosure Committee Charter. The Committee unanimously recommended final approval at the June meeting.

13.2 PPRF 2022B Bond Sale Update. Mr. Michael Zavelle presented.

The PPRF senior lien tax-exempt 2022B series bonds were sold June 8 in the par amount of \$53,215,000 with only maturities 2038 and 2039 (totaling \$3,435,000) left unsold and underwritten. Overall, the bonds were oversubscribed by 1.5X. Lead manager was Morgan Stanley with Stifel and Wells Fargo as co-managers. The Board designee was Member Marcos Trujillo. The bonds close June 29, 2022.

The PPRF 2022B tax-exempt senior lien bonds mature in June 2042 with an average life of 8.73 years and an effective interest rate on a true interest cost (TIC) basis of 2.99%. The bonds reimbursed \$59,775,000 of PPRF loans including a \$25 million loan for Gallup-McKinley County Schools. The bonds are callable in June 2032. The PPRF 2022B were very successfully launched and received with substantial savings compared to mid-May interest rate levels.

- 14. 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).*

14.1 Update on Activities. The Audit Committee met on June 15, 2022, via Zoom with Member Burke chairing the meeting with Members McDaniel and Garcia in attendance. Topics discussed included presentations of final proposed changes to the Audit Committee Charter, which included the addition of oversight of the financial metrics, program performance and outcomes, as well as the new building project. Staff also presented the financial statements and performance indicators for April 2022. Staff and representatives of BDO USA, NMFA’s Internal Auditor, presented overviews of the Operational Excellence Program, the Enterprise Risk Assessment, and the Controls Documentation/Standard Operating Procedures (“SOPs”) Advisory project.

Additionally, Staff provided the work plan and calendar for the FY2022 audit year’s audit, which calls for staff to close the fiscal year by the end of July, to present the financial statements for approval to the Audit Committee and the NMFA Board at their August meetings, and to conduct the exit conference at the September Board meeting. Representatives from Moss Adams then explained what an external audit is, and discussed the interested parties’ respective responsibilities, pointing out that the single audit (Federal Programs) this year will be performed for the Drinking Water program. Lastly, Staff updated Committee on the new building initiative.

15. NEXT BOARD MEETING

15.1 Thursday, July 28, 2022 – 9:00 a.m.
Via Zoom

- 16. ADJOURNMENT.** Member moved, seconded by Member to adjourn the meeting. The motion passed 9 – 0 on a voice vote. The meeting adjourned at 11:45 a.m.

Secretary

Date_

14. **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).*

14.1 Update on Activities. The Audit Committee met on June 15, 2022, via Zoom with Member Burke chairing the meeting with Members McDaniel and Garcia in attendance. Topics discussed included presentations of final proposed changes to the Audit Committee Charter, which included the addition of oversight of the financial metrics, program performance and outcomes, as well as the new building project. Staff also presented the financial statements and performance indicators for April 2022. Staff and representatives of BDO USA, NMFA's Internal Auditor, presented overviews of the Operational Excellence Program, the Enterprise Risk Assessment, and the Controls Documentation/Standard Operating Procedures ("SOPs") Advisory project.

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15. **NEXT BOARD MEETING**

15.1 Thursday, July 28, 2022 – 9:00 a.m.
Via Zoom

16. **ADJOURNMENT.** Member moved, seconded by Member to adjourn the meeting. The motion passed 9 – 0 on a voice vote. The meeting adjourned at 11:45 a.m.



Secretary

7-28-22

Date_