

**New Mexico Finance Authority**  
**207 Shelby St.**  
**Santa Fe, NM 87501 (505) 984-1454**  
**Minutes of Board Meeting**  
**July 28, 2022**  
**Via Zoom Santa Fe, New Mexico**

**Present:**

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

**Absent:**

Jon Clark	Designee for Secretary, NM Economic Dev. Dept.
Matthew Lovato	Designee for Secretary, NMENRD

**Finance Authority Staff:**

Aaron Kayser	Adam Johnson
Austin Anaya	Brad Fluetsch
Bryan Otero	Carmela Manzari
Charlotte Larragoite	Cherise Martinez
Connie Marquez	Dan Opperman
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
Norman Vuylsteke	Oscar Rodriguez
Paul Romero	Rio Trujillo
Ron Cruz	Ryan Decker
Ryan Olguin	Shawna Johnson
Susan Pittard	Susan Rodriguez
Todd Johansen	

**Guests:**

Anthony Singh	RBC Capital Markets
Bob Hayward	Santa Ana Hospitality Corp.
Helen Atkeson	Hogan Lovells
Richard Rumph	Village of Magdalena

Navor Gutierrez  
Carleen Gomez  
John Serrano  
Helen Atkeson  
Richard Virtue  
Susen Ellis  
Erik Harrington  
Deanne Woodring  
Matthew Munoz  
Carly Carswell  
John Archuleta

Village of Roy  
Village of Magdalena  
Serrano Springs  
Hogan Lovells  
Virtue & Najjar  
BofA  
RBC  
GPA  
Carver Family Farm  
LFC  
Stifel

1. **CALL TO ORDER AND ROLL CALL.** Chair Katherine Miller called the meeting to order at 9:02 a.m. A quorum was confirmed.
2. **APPROVAL OF AGENDA.** Member Suazo moved, seconded by Member Esparsen, to approve the agenda. The motion passed 7 – 0 on a roll call vote.

3. **APPROVAL OF BOARD MINUTES.**

3.1 **Approval of the June 23, 2022 Board Minutes.** Member Suazo moved, seconded by Member Trujillo, for approval of the June 23, 2022 Board minutes. The motion passed 7 – 0 on a roll call vote.

4. **REPORT FROM THE CEO.**

4.1 **Report from the CEO.** Ms. Russel reported on the hiring of Brad Fluetsch as Portfolio and Tax Director and congratulated Mr. Todd Johansen on acquiring his MBA from University of Colorado. The 30-day public comment period on the DWSRLF policies is complete; staff recommends incorporating the changes into the amended DWSRLF policies. The first meeting of the Opportunity Enterprise Board created in HB 7 of the 2022 legislative session is tentatively scheduled August 24, 2022.

5. **OTHER ITEMS.**

5.1 **Committee Appointments.** Chair Miller recommended the following appointments to the Board Committees.

**Audit Committee**

Andrew Burke, *Chair*  
Alicia Keyes (Jon Clark)  
Cleve McDaniel  
Sarah Cottrell Propst (Matthew Lovato)  
Martin Suazo

**Finance & Disclosure Committee**

Martin Suazo, *Chair*  
AJ Forte (Alison Nichols)  
Steve Kopelman (Joy Esparsen/Richard Garcia)  
Debbie Romero (Marcos Trujillo)

**Economic Development Committee**

Alicia Keyes (Jon Clark), *Chair*  
 Sarah Cottrell Propst (Matthew Lovato)  
 James Kenney (Judi Kahl)  
 Ronald Lovato  
 Debbie Romero (Marcos Trujillo)

**Public Lending**

AJ Forte (Alison Nichols), *Chair*  
 James Kenney (Judi Kahl)  
 Steve Kopelman (Joy Esparsen/Richard Garcia)  
 Debbie Romero (Marcos Trujillo)  
 Ronald Lovato

**Executive Committee**

Katherine Miller, *Chair*  
 Andrew Burke  
 AJ Forte (Alison Nichols)  
 Alicia Keyes (Jon Clark)  
 Martin Suazo

**Member Suazo moved, seconded by Member Burke, to approve the Committee assignments as recommended by Chair Miller. The motion passed 7 – 0 on a roll call vote.**

**5.2 Approval of Amended Drinking Water State Revolving Loan Fund Policies.** Recommendation to approve the Amended Drinking Water State Revolving Loan Fund (“DWSRLF”) Loan Management Policies incorporating broadened affordability criteria and enhanced loan terms. Supplementary revisions conform policies to new staff alignments and departmental responsibilities.

Recent amendments to the Safe Drinking Water Act resulting from the passage of the Bipartisan Infrastructure Law (“BIL”) correlated to disadvantaged community assistance prompted review of the current criteria and program policies.

The most significant change is that between the annual base capitalization grant and general supplemental grant a minimum of 61% must be used to provide subsidy under the disadvantaged community assistance program, which prior to this change the requirement was at 6%. At the May 2022 meeting, the NMFA Board approved staff’s request to include broadened affordability criteria in the FY 2023 IUP. The IUP, including the proposed broadened affordability criteria, was posted for a 30-day public comment period ending on July 16 with limited comments received.

**Member Suazo moved, seconded by Member Kahl, for approval of the Amended Drinking Water State Revolving Loan Fund Management Policies. The motion passed 7 – 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/Ms. Joy Esparsen).*

**6.1 Public Lending Committee Report.** The Public Lending Committee met on July 20, 2022, via Zoom with Member Steve Kopelman chairing the meeting and Members Trujillo and Kahl in attendance. The agenda included review of seven PPRF applications and an involved discussion on the details of the Santa Ana Hospital Corporation project and the potential for another Covid related shutdown. Staff provided risk mitigants in place to prevent a potential default of the loan which was approved after an in-depth discussion.

## 7. REGULAR AGENDA

**7.1 Cuba Independent School district (Sandoval County) PPRF-5881 - \$1,200,000 Series 2022 General Obligation Bond.** Cuba Independent School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,200,000 to finance school improvement projects.

In February 2019, the District received voter approval of \$5,600,000 valid for four years. The District will issue General Obligation Bonds for \$1,200,000 which the NMFA will purchase with the PPRF. The District qualified for disadvantaged funding.

The 2021 audit received a modified opinion without any findings.

**7.2 Gallup-McKinley County School District (McKinley County) PPRF-5882 – \$2,000,000 – Series 2022 General Obligation Bond.** Gallup-McKinley County SD (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,000,000 to finance school improvement projects.

In November 2021, the District received voter approval of \$6,000,000 valid for four years. The District will issue General Obligation Bonds for \$2,000,000 which the NMFA will purchase with the PPRF.

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

**7.3 City of Las Cruces (Doña Ana County) PPRF-5886 - \$5,000,000 – Fire Equipment Loan.** The City of Las Cruces (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$5,000,000 to finance the purchase of two fire trucks.

The City will pledge distribution of the State Shared Gross Receipts Tax (“SSGRT”) as security and repayment of the loan. The City's SSGRT was rated Aa2 by Moody's in July 2021, therefore no debt service reserve is required.

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

**7.4 Questa Independent School District (Taos County) –PPRF-5884 - \$1,000,000 – 2022 Education Technology Note.** Questa Independent School District (“District”) and the Red River Charter Schools (“Schools”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,000,000 to finance the purchase of Education Technology Equipment for District-wide projects.

The District will enter into a lease- purchase agreement with NMFA secured by ad valorem property tax. Under the terms of the lease-purchase agreement the NMFA takes title to the equipment for the length of the agreement by means a security interest with the District retaining all ownership responsibilities

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

**7.5 Santa Ana Hospitality Corporation (Sandoval County) –PPRF-5864 – Gross Revenue after Deducting Operational and Maintenance Expenses.** Santa Ana Hospitality Corporation ("SAHC") applied to the Public Project Revolving Fund (“PPRF”) for \$3,216,042 for exterior structural improvements at the Hyatt Regency Tamaya Resort.

SAHC is a wholly owned corporate entity of Santa Ana Pueblo ("Pueblo") created to oversee the Resort and its operations. The Pueblo owns the Resort and leases it to Southern Sandoval Investments, LTD, who in turn leases it to SAHC. SAHC has a management agreement with Hyatt ("Operator") to operate the Resort.

To satisfy the NMFA monthly debt service requirement, Hyatt agreed to deposit the Pledged Revenues for debt service monthly in a separate controlled account after FFE Reserves are accounted for via a Remittance Account Agreement. To offset the potential of monthly debt service not being deposited by Hyatt, SAHC will deposit thirteen months' of debt service in the account (\$416,784.14) to ensure there is no interruption in NMFA being able to draw monthly debt service. The demand deposit account will be subject to a Bank Deposit Account Control Agreement which will allow NMFA to take control of the account and its balance in the event there is an issue in servicing monthly debt service.

The Pueblo will provide an absolute, irrevocable and unconditional guaranty of SAHC's performance and payment of SAHC's obligations under the Loan Agreement. The Pueblo's full faith and credit and covenants will be contained in the subordination agreement requiring that the Pueblo maintain coverage at 1.20xs annually on all general obligation debt. A covenant in the loan agreement also requires NMFA consent to any amendment of the management agreement or any replacement.

In 2020, SAHC dropped below the debt service coverage requirements of 1.20x due to the adverse effects of the pandemic; therefore, the NMFA Board waived coverage requirements for SAHC in 2021. SAHC is again within the coverage requirements of the PPRF program with a debt service coverage ratio of 1.94x.

The 2021 audit fairly stated in all material respects in relation to the basic financial statements taken as a whole (REDW).

**7.6 Village of Roy (Harding County) –PPRF-5868 - \$200,000 – Fire Equipment Loan.** The Village of Roy Fire Department ("Department") applied to the Public Project Revolving Fund ("PPRF") for \$200,000 to purchase a brush unit and relevant equipment.

The Department currently has an ISO rating of seven receiving an annual base distribution of \$55,501 from State Fire Protection Funds with the Village contributing \$42,048.79 toward the project.

The 2021 audit had no opinion provided with three findings including a material weakness (Capital Assets not compliant with DFA and GASB 34 Requirements).

**7.7 Village of Magdalena (Socorro County) – PPRF-5862 - \$107,756 – Equipment Loan.** The Village of Magdalena ("Village") applied to the Public Project Revolving Fund ("PPRF") for \$107,756 to finance the purchase of a new Backhoe Loader and respective equipment.

The Village will pledge Municipal Utility Funds to finance the loan.

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

**Member Suazo moved, seconded by Member Esparsen, for approval of Agenda Items 7.1 – 7.7. The motion passed 7 – 0 on a roll call vote**

- 8. 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).*)

**8.1 Economic Development Committee Report.** A quorum of the Economic Development Committee met on Tuesday, July 19, 2022, via Zoom teleconference. Member Jon Clark chaired the meeting with Members Matthew Lovato and Judi Kahl present. The agenda included the review of the Private Lending Portfolio and Cannabis Microbusiness Program projects.

## **9. Cannabis Microbusiness Program**

**9.1 Carver Family Farm (Bernalillo County) – CMP-5891 - \$150,000.** Staff recommends approval of a \$150,000 Cannabis Microbusiness Program (“CMP”) Loan for Carver Family Farms, LLC (“CFF”).

CFF applied to the Cannabis Microbusiness Program for a loan to complete a kitchen remodel and equipment purchase to cultivate and produce edibles and other products for retail sales in Albuquerque, NM. The loan would also provide for operational costs while the build out proceeds.

The loan will be a direct obligation of CFF. Andrew and Erika Brown will provide an unconditional personal guarantee as will Matthew Muñoz. The loan will be secured by a 1st UCC Filing. CFF applied to the New Mexico Economic Development Department for the Collateral Assistance Program (“CAP”) for \$75,000 which will also have a 1st UCC Filing. With the total collateral equaling \$171,010 the LTV for this loan request is 88%.

**9.2 Serrano Springs (Doña Ana County) – CMP-5899 - \$160,000.** Staff recommends approval of a \$160,000 Cannabis Microbusiness Program (“CMP”) Loan for Serrano Springs Ranch LLC (“SSR”).

SSR applied to the CMP for financing to purchase inventory and equipment for a commercial cannabis greenhouse facility. SSR will focus their marketing strategy on home delivery of cannabis, which has yet to be undertaken by the larger dispensaries.

This loan will be a direct obligation of SSR and will carry the personal guarantee of John Serrano the company’s managing member and sole owner. The loan will be secured by a 1st UCC Filing on the equipment with a total value at cost of \$97,690. SSR also applied to NMEDD’s Collateral Assistance Program for \$80,000. The total estimated collateral value is \$177,690, bringing the LTV for this request to 90%.

**Member Suazo moved, seconded by Member Burke, for approval of agenda items 9.1 and 9.2. The motion passed 7 – 0 on a roll call vote.**

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

*Member Lovato joined the meeting at 9:53 a.m.*

**10.1 Finance & Disclosure Committee Report.** The Finance & Disclosure Committee met on July 20, 2022. Present were Member Suazo, Chair, and Member Trujillo. The agenda included the Investment Report for period ending June 30, 2022, and procurement notifications regarding Baker Tilly, Formstack, and Parametrix, Inc.

**10.2 Presentation of the Investment Report.** Mr. Mark Lovato reviewed the NMFA Investment report presented to the Finance & Disclosure Committee on July 20, 2022. As of June 30, 2022, the NMFA has total

invested funds of \$1.07 billion of which \$757.6 million is NMFA funds and \$310 million in NMDOT. Ms. Deanne Woodring, Governmental Portfolio Advisors, presented a quarterly portfolio and market report which is in line with expectations and within policy compliance.

*Member McDaniel joined the meeting at 10:03 a.m.*

- 11. 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/Ms. Joy Esparsen)).*

**11.1 Audit Committee Report.** The Audit Committee met on July 20, 2022, via Zoom with Members Burke, Matthew Lovato, Garcia, McDaniel, and Suazo in attendance. Agenda items included a briefing on the Enterprise Risk Management Framework, the FY2022 Audit start-up by Moss Adams, review of the financial statements and financial performance indicators, modification to the bad debt allowance for the SBRLF fund beginning in June, and a report on the office building project.


**12. NEXT BOARD MEETING.**

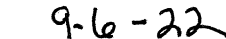
**12.1** August 25, 2022 – 9:00 a.m. Via Zoom

**13. ADJOURNMENT.**

**Member Suazo moved, seconded by Member Trujillo to adjourn the meeting.** The motion passed 9 – 0 on a voice vote.

The meeting adjourned at 10:15 a.m.

  
Secretary

  
Date