

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

**Minutes of Board Meeting**  
**October 27, 2022**  
**Via Zoom**  
**Santa Fe, New Mexico**

**Present:**

Katherine Miller, Chair  
Martin Abran Suazo, Vice Chair  
Alison Nichols, Secretary  
Jon Clark  
Andrew J. Burke  
Cleve McDaniel  
Marcos Trujillo  
Matthew Lovato  
Ronald Lovato  
Richard Garcia

Public Member, Santa Fe, NM  
Public Member, Las Vegas, NM  
Designee for Executive Director, NMML  
Designee for Secretary, NM Economic Dev. Dept.  
Public Member, Las Cruces, NM  
NM Tech  
Designee for Secretary, DFA  
Designee for Secretary, EMNRD  
Public Member, Ohkay Owingeh, NM  
Designee for Executive Director, NM Counties

**Absent:**

Judi Kahl

Designee for Secretary, NM Environment Dept.

**Finance Authority Staff:**

Aaron Kayser  
Angela Quintana  
Bryan Otero  
Charlotte Larragoite  
Chip Pierce  
Delanne Reichard  
Joanne Johnson  
Kryshana Madrid  
Lynn Taulbee  
Mark Montoya  
Marquita Russel  
Michael Zavelle  
Oscar Rodriguez  
Rio Trujillo  
Ryan Decker  
Shawna Johnson  
Susan Rodriguez

Adam Johnson  
Austin Anaya  
Carmela Manzari  
Cherise Martinez  
Connie Marquez  
Dora Cde Baca  
John Brooks  
Jolin Anaya  
Leslie Medina  
Martin Ortega  
Michael Vonderheide  
Norman Vuylsteke  
Paul Romero  
Ron Cruz  
Ryan Olguin  
Susan Pittard  
Todd Johansen

**Guests:**

Brad Patterson  
Cally Carswell  
Carla Najjar  
Craig Dussinger  
Jerry Kyle  
Kaytlinne Serna  
Nia Harris  
Nina Chavez  
Randy Hernandez  
Susen Ellis  
Virginia

GilmoreBell  
LFC  
Virtue & Najjar  
Bank of America Merrill Lynch  
Orrick, Herrington & Sutcliffe  
Grey Moon  
Herban Oasis  
LFC  
Grant County  
BofA  
Dixon MDWCA

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 10 – 0 on a voice vote.**

3. **APPROVAL OF BOARD MINUTES**

- 3.1 **Approval of the September 22, 2022 Board Minutes.**

**Member McDaniel moved, seconded by Member Clark, for approval of the September 22, 2022 Board minutes. The motion passed 10 – 0 on a voice vote.**

4. **REPORT FROM THE CEO**

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

*Staff Update.* The pattern of saying goodbye to valued employees continues. NMFA is saying goodbye to several employees who are being lured away from NMFA to jobs that are higher paying, closer to home, and/or in fields that better match their passions. Leaving are Frank Ibarra, Network Administrator, Lana Brown, Loan Closing Coordinator, Aaron Kayser, Credit Analyst, and Shawna Johnson, Lead Credit Analyst. Meanwhile, we welcome Theresa Miller back to NMFA as Program Administrator. We're also pleased to welcome Chip Pierce, who served as outside financial advisor for the PPRF for approximately 25 years. Chip has agreed to serve as NMFA's Chief Financial Strategist on a part time basis.

*Opportunity Enterprise Program Development.* Staff continued its work with the Opportunity Enterprise Review Board, and they're poised to initiate their rulemaking and to receive public comment on proposed economic impact criteria used to evaluate and prioritize applications. Staff also worked on draft rules for the Opportunity Enterprise Loan Program that will need NMFA

Oversight Committee approval to become effective. A draft of those rules is presented in today's agenda under the Economic Development Committee report.

*Proposed Legislative Initiatives.* In addition to our standard authorization bills for the PPRF and the Water Trust Board, staff will be proposing a PPRF appropriation for authorized funds. Currently, the needs total \$14.2 million, which totals 38% of FY2022 GGRT receipts (\$37,357,409):

Drinking Water State Match	\$ 3,500,000
Clean Water State Match	3,700,000
Local Government Planning Fund	2,000,000
Cultural Affairs Infrastructure Fund	5,000,000
PPRF Appropriation	\$14,200,000

Staff will be pursuing legislation that eliminate legislative authorization for Economic Development Revolving Fund, Water Trust Board, and PPRF projects as well as eliminate the Local Government Transportation Fund, Local Infrastructure Transportation Fund, and Water and Wastewater Project Grant Fund.

Staff continues to work on a comprehensive "clean-up bill" that accomplishes the above as well as broadens the use of the Primary Care Capital Fund, the Behavioral Health Capital Fund, and Child Care Revolving Loan Fund. The clean-up bill also attempts to standardize reporting dates and provide consistent inspection of public records act exceptions.

**5. 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), Ms. Joy Esparsen (Mr. Richard Garcia) and Mr. Ron Lovato.*

**5.1 Public Lending Committee Report.** The Public Lending Committee met on October 19, 2022 via Zoom teleconference as a subcommittee not having achieved a quorum. Member Alison Nichols and Member Marcos Trujillo attended. Staff recommends approval of the projects presented on the Regular agenda including one PG application, one PPRF application, and five DWSRLF applications

**6. REGULAR AGENDA**

**6.1 Canon Mutual Domestic Consumers and Sewage Works Association (Sandoval County) - PG-5931.** Canon MDWCA applied to the Local Government Planning Fund ("LGPF") for \$50,000 for a Regionalization Preliminary Engineering Report to evaluate alternatives and costs to complete regionalization and expansion to Gilman, who requested incorporation into the Association's system.

**6.2 Grant County Dos Griegos Volunteer Fire Department - PPRF-5924.** Grant County on behalf of Pinos Altos VFD applied to the Public Project Revolving Fund ("PPRF") for \$1,084,911 to construct a pre-engineered metal building to serve as a new fire station in the Dos Griegos subdivision.

The Pinos Altos VFD has an ISO class rating of five with three main stations and receives an annual base distribution of \$207,613 from the State Fire Protection Fund.

**6.3 City of Farmington (San Juan County) - DW-5919.** The City of Farmington applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$15,000,000 to finance the cost of construction upgrades to the water treatment plant.

The project will include a complete upgrade and retrofit to the Water Treatment Plant. Staff requests approval of a waiver to allow the city to receive the 50% principal forgiveness rather than 25% as outlined in DWSRLF Section VI, Disadvantaged Community Assistance and Additional Subsidy.

**6.4 French MDWCA/SWA (Colfax County) – DW-5921.** The French Mutual Domestic Water Consumers and Mutual Sewage Works Association (“Association”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$100,000 to finance the cost of a secondary disinfection system of water leaving the booster station in the Springer water treatment plant (“WTP”) and entering the water system’s pipeline.

The Association has an administrative order for failing to meet health standards for disinfectant byproducts (“DBPs”) and needs solutions to bring the system back into compliance. The secondary disinfection system was identified as solution in the control of DBPs to bring water quality within standards.

**6.5 Dixon MDWCA (Rio Arriba County)– DW-5918.** Dixon Mutual Domestic Water Consumers Association (“Association”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$285,000 to finance the costs of design and construction of a new building to include a new underground vault with access from the new vault to the existing vault which has limited ingress and egress.

The Association will construct a new building over both vaults with the electrical panels moved from the existing vault to the new building. The current groundwater supply well underground vault houses supply piping, valves, a primary meter disinfection system, and electrical panels.

NMFA secures its loans on a Parity Lien with any other lenders. The NMFA may agree to accept a security pledge that is subordinate to the payment of another lender if the identified Pledged Revenue has a strong, positive historical trend and the overall coverage adheres to the Minimum Coverage Requirements and Additional Bonds Test requirements.

**6.6 Enchanted Forest Water Mutual Domestic Water Consumers Association (Lincoln County) – DW-5922.** Enchanted Forest Mutual Domestic Water Consumers Association (“Association”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$750,000 to finance the costs of replacing the existing 40+ year old water system including but not limited to a water supply well, pump house, water meters and fire hydrants.

**6.7 Cedar Creek Mutual Domestic Water Consumers Association (Lincoln County) – DW-5923.** Cedar Creek Mutual Domestic Water Consumers Association (“Association”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$550,500 to finance the costs of design and construction of a supplemental well to provide an additional water source to replace the diminishing capacity from the existing Association wells and replace a leaking portion of the distribution system.

**Member Suazo moved, seconded by Member McDaniel for approval of Agenda Items 6.1 – 6.7. The motion passed 9 – 0 on a roll call vote with Member Matthew Lovato unavailable to vote**

**7. 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), Ms. Debbie Romero (Mr. Marcos Trujillo) and Mr. Ron Lovato.*

**7.1 Update on Activities.** A quorum of the Economic Development Committee met on Tuesday, October 18, 2022, via Zoom teleconference. Member Jon Clark chaired the meeting with Members Ron Lovato and Marcos Trujillo in attendance. Staff presented the October 2022 Programs Monitoring Update providing a detailed discussion of payment delinquencies and credits prioritized for monitoring, recommended approval of two Cannabis Microbusiness Program projects, and reviewed the proposed rules governing the administration of the Opportunity Enterprise Loan Program scheduled for presentation at the November 10, 2022 NMFA Oversight Committee meeting.

**7.2 Herban Oasis, LLC (Bernalillo County)– CMP-5875.** Staff recommends approval of a \$250,000 Cannabis Microbusiness Program Loan for Herban Oasis, LLC.

In June 2022, the NMFA Board approved a loan for \$125,000 for Herban Oasis, for equipment purchase, start-up costs and renovations of the property located in Albuquerque, NM. Herban Oasis is requesting an increase of \$125,000 to purchase necessary equipment and cover working capital expenses. The equity for the project is to be used for renovations and working capital.

This loan will be a direct obligation of Herban Oasis, LLC. Ms. Nia Harris will provide an unconditional personal guarantee. The loan is 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”) for \$125,000 which NMFA will have an Account Control Agreement with US Eagle Federal Credit Union. With the total collateral equaling \$305,382 the LTV for this loan request is 81%.

**Member Clark moved, seconded by Member Suazo, for approval of revised approval of Herban Oasis, LLC, Project CMP-5875. The motion passed 9 – 0 on a roll call vote with Member Matthew Lovato unavailable for the vote.**

**7.3 Grey Moon Operations, LLC (Lea County) – CMP-5893.** Grey Moon Operations, LLC (“GMO”) applied to the Cannabis Microbusiness Program for \$250,000 for the purchase of assets and operational costs, related to cannabis production, including construction of a temperature controlled full greenhouse kit that is engineer certified with all equipment necessary for production. Remaining funds will provide working capital for utility payments, labor, transportation, technical assistance, professional certification/development, consulting, legal fees, accountant fees, first quarter payroll, and marketing.

GMO is currently the only licensed manufacturing facility in the City of Jal and is prepared to deliver wholesale products to licensed retailers within seventy-five miles of the facility, allowing the company to “fill the gap” and partner with local retail competitors in providing their manufacturing services at competitive costs with the convenience of product delivery

The loan will be a direct obligation of Grey Moon Operations, LLC. Kaytlinne Serna will provide an unconditional personal guarantee. A 1st Mortgage on the land and building located in Jal, NM will secure the loan. The appraisal received from SMS Appraisal/Environmental Services Inc. gave an “As-Completed” value of \$240,000 which staff has discounted to \$192,000. There will be a 1st UCC Filing on the cultivation equipment connected to the grow operations of GMO, with an estimated cost basis of \$25,000. The equipment is discounted at 10% for a value of \$22,500.

An application has also been submitted to the New Mexico Economic Development Department for the Collateral Assistance Program (“CAP”) in the amount of \$100,000. NMFA will have an Account Control Agreement with the CAP. Total collateral equals \$339,500, and the LTV for this loan request is 73%.

**Member Suazo moved, seconded by Member Clark, for approval of Grey Moon Operations, LLC, CMP-5893. The motion passed 9 – 0 on a roll call vote with Member Matthew Lovato unavailable for the vote.**

**8. FINANCE & DISCLOSURE COMMITTEE REPORT.** *(Committee members: Mr. Martin Suazo, Chair, Mr. A.J. Forte (Ms. Alison Nichols), Ms. Joy Esparsen (Mr. Richard Garcia) and Secretary Debbie Romero (Mr. Marcos Trujillo).*

**8.1 Update on Activities.** A quorum of the Finance & Disclosure Committee met on October 19, 2022, via Zoom teleconference. Member Martin Suazo chaired the meeting with Members Alison Nichols, Marcos Trujillo, and Richard Garcia in attendance. Staff and Disclosure Counsel reviewed the POS for the upcoming Series 2022C Bonds, provided a general overview of the Investment Report ending September 30, 2022, and provided Procurement Notifications for CDW-G Tableau/Teableau Software, Carasoft Technology Corp to provide migration software, Existing Contract Procurement for Ardham Technologies Intune Deployment Services and Enterprise Mobility and Security Software licensing, NAI SunVista Exclusive Customer Representation Agreement, and First Amendment to Real Estate Purchase Agreement extending initial due diligence period



**8.2 Approval of the Authorizing and Delegating Resolution for the Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2022C, Preliminary Official Statement, and 108<sup>th</sup> Supplemental Indenture of Trust and Related Documents.** Review and approval of the final Preliminary Official Statement to use in marketing of Series 2022C Bonds.

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

The Series 2022C Bonds will be issued in an approximate amount not to exceed \$80,000,000 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 2022C Bonds.

Mr. Dan Opperman, Mr. Michael Zavelle, Mr. Jerry Kyle, and Mr. Brad Patterson reviewed and discussed the underlying transaction explaining the process by which staff performs its review. Mr. Kyle reviewed the POS with Mr. Patterson providing the details of the authorizing and delegating resolution. Member Richard Garcia will serve as the Board's authorized designee for the bond sale.

**Member McDaniel moved, seconded by Member Garcia, for approval of the Authorizing and Delegating Resolution for the Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2022C, Preliminary Official Statement, and 108<sup>th</sup> Supplemental Indenture of Trust and Related Documents. The motion passed 9 – 0 on a roll call vote with Member Matthew Lovato unavailable for the vote.**

**8.3 Review of Investment Report for Period Ending September 30, 2022.**

Mr. Mark Lovato presented the September Investment Report. As of September 30, 2022, the NMFA has total invested funds of \$1.16 billion of which \$804.1 million is NMFA funds and \$358.7 million in NMDOT. The longest fund using 0-5 year benchmark is the Debt Service Reserve funds with a market value of \$54 million and a book yield of 1.63% and current market yield of 4.08%, next using a 0-3 year is the Operating funds with a market value of \$213.8 million and a book yield of 1.87% and a current market yield of 4.00% , next using a 0-1 year are the Common Debt Service, Supplemental Debt Service, Program Funds and GO Program Funds, with a combined market value of \$418.3 million with a book yield of 1.65% and a current market yield of 3.84% and finally using a 0-3 month T-Bill index are the Debt Service type funds with a combined market value of \$118 million and a book yield of 3.03% and current market yield of 3.29%. The overall Book Yield in the portfolio is 1.91% and a current market yield of 3.85% and a duration of .902. Net income for first quarter FY 2023 ending September 30, 2022 was \$3.1 million a 291% increase from this time last year, the increase expected as the Fed continues its raise in rates, so far 3.00% raise over the last seven months with another .75% increase expected next week.

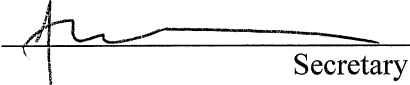
9. **AUDIT COMMITTEE REPORT.** *(Committee members: Mr. Andrew Burke, Chair, Mr. Martin Suazo, Secretary Sarah Cottrell Propst (Mr. Matthew Lovato), Mr. Cleve McDaniel, and Secretary Alicia Keyes (Mr. Jon Clark).*

**9.1 Update on Activities.** The Audit Committee met on October 19 2022, via Zoom. Member Andrew Burke chaired the meeting with Members Martin Suazo, Matthew Lovato, and Cleve McDaniel in attendance. Staff provided an update on the Enterprise Risk Assessment and Financial indicators, presented the Finance Statements and Financial Performance Indicators, provided an update on the Office Building Project, and briefed the Committee on its progress in developing a Reserve Policy based on best practices recommended by the Government Finance Officers Association.

**10. NEXT BOARD MEETING**

**10.1** Thursday, November 17, 2022 – 9:00 a.m.  
Via Zoom

- 11. ADJOURNMENT.** Member Ron Lovato moved, seconded by Member Suazo to adjourn the meeting. The motion passed 9 – 0 on a voice vote. The meeting adjourned at 10:45 a.m.

  
Secretary

11-30-22  
Date