

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

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

Present:

Martin Suazo, Vice Chair	Public Member, Las Vegas, NM
Alison Nichols	Designee for Executive Director, NMML
Andrew Burke	Public Member, Las Cruces, NM
Joy Esparsen	Executive Director - NMC
Judi Kahl	Designee for Secretary, NM Environment Dept.
Marcos Trujillo	Designee for Secretary, NM Dept. of Finance/Admin.
Matthew Lovato	Designee for Secretary, NM EMNRD
Cleve McDaniel	New Mexico Tech
Ronald Lovato	Public Member, Ohkay Owingeh

Absent:

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

Adam Johnson	Brad Fluetsch
Bryan Otero	Carmela Manzari
Charlotte Larragoite	Cherise Martinez
Connie Marquez	Dan Opperman
Delanne Reichard	Dora Cde Baca
Joanne Johnson	Joe Maldonado
John Brooks	Jolin Anaya
Kryshana Madrid	Lawrence Pierce
Leslie Medina	Lynn Taulbee
Mark Lovato	Mark Montoya
Marquita Russel	Michael Vonderheide
Norman Vuylsteke	Oscar Rodriguez
Paul Romero	Rio Trujillo
Ron Cruz	Ryan Decker
Ryan Olguin	Susan Pittard
Susan Rodriguez	Todd Johansen

Guests:

Mark Valenzuela	Bosque Advisors
Erik Harrigan	RBC Capital Markets
Hank Adair	City of Farmington

Helen Atkeson
Joshua Lewis
Marcos Gonzales
Matthew Clark
Michael Puelle
Regina Gaysina
Steve Maldonado
Susen Ellis
Suzanne Bruckner
Teresa Constantinidis

Hogan Lovells
Mountainair Fire Department
UNM
Otero County
UNM
RBC Capital Markets
Grants-Cibola Municipal Schools
BOKF
Sutin Thayer & Browne
UNM

1. **Call to Order and Roll Call.** Vice-Chair Martin Suazo called the meeting to order at 9:01 a.m. A roll call established a quorum.
2. **Approval of Agenda.** Member McDaniel moved, seconded by Member Trujillo, to approve the agenda. The motion passed 9 – 0 on a voice vote.
3. **Approval Board Minutes.**
 - 3.1 **Approval of Minutes:** Member Trujillo moved, seconded by Member Esparsen, for approval of the December 15, 2022, Board minutes. The motion passed 9 – 0 on a voice vote.
4. **Report from the Chief Executive Officer.**

4.1 Report from the CEO. Ms. Russel announced staff promotions and title changes. Members of the Client Services Department received the new title of Client Relationship Manager, with Rio Trujillo, promoted to Lead Client Relationship Manager. Promotions included Theresa Garcia and Mary Finney to Lead Program Administrators, Tyler Espino to Operations Analyst, Charlotte Larragoite to Senior Paralegal and Compliance Assistant, Bradley Fluetsch to Director of Financial Planning, Lucas Elliott to Deputy Controller, and Lynn Taulbee to Managing Director of Communications.

Ms. Russel reported Chair Miller has submitted her resignation to the Governor effective Dec 31, 2022. Vice Chair Martin Suazo will be assisting until the Governor appoints a new Chair

Compensation Study and Salary Review. The comprehensive market analysis on all current NMFA positions is complete replacing NMFA's last salary survey performed seven years ago, when NMFA looked vastly different, and when the cost of living was much more stable than it has been over the past years. For the past 15 years, NMFA has limited its annual merit increases to 3% and has not otherwise provided for cost-of-living adjustments. This 3% merit pool has not kept up with the rapidly changing economy, particularly for more entry level positions, and as a result, NMFA has experienced elevated turnover over the past 18 months where NMFA's current vacancy rate has averaged 15%.

With the new salary bands staff (excluding Chiefs), regardless of tenure, are earning on average 80% of midpoint, meaning NMFA currently pays upwards of 20% below the market rate for all jobs. This

will take time to rectify, however, current vacancy savings and budget savings allow the opportunity to adjust all tenured employees to at least 85% and the newest employees to at least 80%. These adjustments would impact approximately half of NMFA employees (mostly non-leadership) and do not require adding any money to the budget mid-year. These adjustments, once annualized, will result in a base budget increase of approximately \$200,000. The FY2024 budget will include a recommendation for a more comprehensive approach to market compensation and equity.

5. Other Items

5.1 New Programs Update. Ryan Marie Decker, Policy & Capital Strategist, presented updates on Venture Capital Program, Opportunity Enterprise Act and Charter School Facility Revolving Fund.

6. Public Lending Committee Report. *(Committee members are Mr. A.J. Forte, Chair, (Ms. Alison Nichols), Secretary Wayne Propst (Mr. Marcos Trujillo), Secretary James Kenney (Ms. Judi Kahl), Ms. Joy Esparsen (Mr. Richard Garcia) and Mr. Ron Lovato.*

6.1 Update on Activities. The Public Lending Committee met on January 18, 2023, via Zoom Member Alison Nichols chaired the meeting with Members Marcos Trujillo, Judi Kahl, and Richard Garcia in attendance. The Committee reviewed five Planning Grant applications and eight Public Project Revolving Fund applications forwarded to the NMFA Board for approval via the Consent and Regular agendas.

7. Consent Agenda.

7.1 Curry County, PG-6026 - \$50,000 – Comprehensive Plan with LEDA Component. Curry County applied to the Local Government Planning Fund “LGPF” for \$50,000 to fund a comprehensive plan with LEDA component to update the County's 2016 Comprehensive Plan.

7.2 New Mexico Institute of Mining and Technology (Socorro County), PG-6036 - \$50,000 – Economic Development Feasibility Study. The New Mexico Institute of Mining and Technology applied to the Local Government Planning Fund (LGPF) for \$50,000 to fund an Economic Development Feasibility Study to determine the feasibility of converting food waste on the campus to biogas and finally hydrogen and electricity.

7.3 Lower Rio Grande Public Water Works Authority (Doña Ana County). PG-6037 - \$50,000 – Water Asset Management Plan. The Lower Rio Grande Public Water Works Authority (“LRGPWWA”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Water Asset Management Plan.

7.4 Revised Copy of Lower Rio Grande Public Works (Doña Ana County), PG-6038 - \$50,000. Wastewater Asset Management Plan. The Lower Rio Grande Public Water Works Authority (“LRGPWWA”) applied to the Local Government Planning Fund (LGPF) for \$50,000 to fund a Wastewater Asset Management Plan.

7.5 Sambrito Mutual Domestic Water Association (San Juan County), PG-6040 - \$50,000 – Preliminary Engineering Report. The Sambrito MDWCA applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Preliminary Engineering Report (“PER”) to address water system deficiencies, assess the condition of current infrastructure, and inadequacy of water producing wells.

7.6 Otero County Dungan Volunteer Fire Department – PPRF-6018, \$145,000 – 2023 Fire Equipment Loan. Otero County, on behalf of the Dungan Volunteer Fire Department, applied to the Public Project Revolving Fund (“PPRF”) for \$145,000 to purchase wildland fire apparatus and respective equipment.

The Dungan VFD currently has an ISO rating of five with one main station and receives an annual base distribution of \$61,667 from State Fire Protection Funds. The Dungan VFD will contribute \$350,000 from a NM Fire Protection grant and carryover from State Fire Protection Funds.

7.7 Otero County La Luz Volunteer Fire Department – PPRF- 6020, \$91,000 – 2023 Fire Equipment Loan. Otero County on behalf of La Luz Volunteer Fire Department applied to the Public Project Revolving Fund (“PPRF”) to purchase a fire truck and relevant equipment.

The Otero County La Luz Volunteer Fire Department has an ISO class rating of six with one main station and receives an annual base distribution of \$58,584 from State Fire Protection Funds. The County will contribute \$159,153.44 from the New Mexico Fire Protection Grant as part of the transaction.

7.8 Mountainair Volunteer Fire & Rescue Department (Torrance County), PPRF-6024 - \$351,805 - Fire Equipment Loan. The Town of Mountainair (“Town”) applied to the Public Project Revolving Fund (“PPRF”) for \$351,805 to purchase a fire truck and respective equipment.

The Mountainair Volunteer Fire Department has an ISO class rating of six with one main station and receives an annual base distribution of \$58,584 from State Fire Protection Funds. The Town will provide \$10,000 from other Town funds as part of the transaction.

PPRF policy requires loans to have “pre-payment” or “call” features. Loans identified and approved by the Board as equity loans may have alternative pre-payment features provided that the total market loan is less than \$100,000. The Town is requesting the ability to sell existing fire equipment and apply the proceeds to the loan.

Member Ronald Lovato moved, seconded by Member Burke, for approval of agenda items 7.1 – 7.8. The motion passed 9 – 0 on a roll call vote.

8. Regular Agenda.

8.1 Mosquero Municipal School District (Harding County) – PPRF-6029, \$1,905,000 – Series 2023 Refunding (Series 2013) Loan. Mosquero Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,905,000 to refund Series 2013

General Obligation Bond for economic savings.

The Series 2013 is a non-PPRF loan originated on October 15, 2013, for \$2,900,000. Under current market conditions the refunding may achieve actual savings of approximately \$60,412 which represents net present value savings of 3.17% over the life of the loan with the bonds maturing in 2026 rather than 2027. The District will use accumulated cash funds to defease the Series 2014 bonds.

NMFA policies require the non-technical refunding of PPRF loans to achieve no less than 3.0% NPV savings. Staff presents the loan at current interest rates without 75bp added as it cannot achieve 3% savings with the 75bp added. Prior to closing, this loan must achieve a 3% savings at the closing interest rates when the final debt service schedule is prepared.

8.2 Grants-Cibola County School District – PPRF-6030, \$1,000,000 – 2023 Education Technology Note. The Grants-Cibola County School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,000,000 to finance the purchase of Educational Technology Equipment for District-wide projects to include laptops, tablets, software and licenses, servers, and COI.

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 of a security interest with the District retaining all ownership responsibilities.

8.3 City of Farmington (San Juan County) – PPRF-6033, \$41,625,000 – 2023 Electric Utility Loan. The City of Farmington (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$42,625,000 to finance infrastructure/installation and improvements at the City’s two electrical utilities as recommended in the integrated resources plan approved by the Farmington City Council on September 27, 2022.

The proceeds will fund installation of reciprocating internal combustion engines (“RICE”), to balance plant equipment, and to meet the nominal 18 MW electrical demand needed by the Farmington Electric Utility System (“FEUS”).

Presented at the current interest rates without 75bp added, the loan will need to achieve coverage requirements at the then current interest rates when the final debt service schedule is prepared prior to closing.

The City requested a 2-year call on this loan and any costs associated with this call feature will be the responsibility of the City when finalizing the debt service schedule. Since this will be a simultaneous pricing and closing, the final structure of the loan’s PAR amount may vary and may exceed \$42,625,000 based on the rates at the time of pricing for the two-year call feature and any resulting increase in the debt service reserve. The loan will close with an increased PAR amount provided annual coverage requirements are met. As a loan funded simultaneously with a PPRF bond issue, \$40,002,127.24 in project funds and \$160,000 in cost of issuance is anticipated to be generated for the City of Farmington

8.4 Valencia County) – PPRF-6034, \$4,500,000 – Series 2023 General Obligation Bond. Valencia County (“County”) applied to the Public Project Revolving Fund (“PPRF”) for \$4,500,000 to finance projects including, but not limited to Sheriff & fire projects, County roads, Parks and Recreation projects, and related costs of issuance.

Voter approval of an \$8M bond election in November 2022 provides the revenues to support these projects valid for four years. The NMFA will purchase \$4,500,000 with the PPRF. 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.

8.5 Moriarty Edgewood School District (Torrance County) – PPRF-6035, \$3,500,000 – Series 2023 General Obligation Bond. Moriarty Edgewood School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$3,500,000 for financing projects within the District.

In November 2021, the District received voter approval of \$11,000,000 for school infrastructure, computer and software purchases and matching funds for capital outlay projects valid for four years. The District will issue General Obligation Bonds in the amount of \$3,500,000 which NMFA will purchase with the PPRF.

Member McDaniel moved, seconded by Member Burke, for approval of agenda items 8.1 – 8.5. The motion passed 8 – 0 on a roll call vote with Member Matthew Lovato unavailable for the vote.

9. Economic Development Committee Report *(Committee members: Secretary Alicia Keyes (Mr. Jon Clark), Chair, Secretary Sarah Cottrell Propst (Mr. Matthew Lovato), Secretary James Kenney (Ms. Judi Kahl), Secretary Wayne Propst (Mr. Marcos Trujillo) and Mr. Ronald Lovato.*

9.1 Update on Activities. The Economic Development Committee met on Tuesday, January 17, 2023, via Zoom. Member Jon Clark chaired the meeting with Members Judi Kahl, Matthew Lovato, and Marcos Trujillo in attendance. The agenda included Review of Program Monitoring Report, one Cannabis Microbusiness Program application recommended for approval, and an overview of the proposed TIDD and bond plan for the UNM South Campus. The Committee voted to move this item forward without a Committee recommendation. Staff recommends Board adoption of the resolution.

9.2 High There, LLC (Doña Ana County) – CMP-0030, \$250,000. The Committee recommends approval of a \$250,000 Cannabis Microbusiness Program Loan for High There Meds, LLC.

High There Meds LLC applied for funding to complete the construction of a warehouse dispensary which, in the future, will include a retail establishment producing edibles and other products. High There Meds LLC intends to contribute 7% of all net proceeds to fund a project using marijuana as

well as mushrooms to develop tinctures, capsules, or drinks used to offset the effects of withdrawing from opioids.

Rita Ulloa is the sole owner of the company. The loan will be a direct obligation of High There Meds, LLC. Ms. Ulloa will provide an unconditional personal guarantee secured by a first mortgage on the property located in Chaparral, New Mexico.

Member Trujillo moved, seconded by Member Burke, for approval of project CMP-0030. The motion passed 9 – 0 on a roll call vote.

9.3 UNM South Campus TIDD. Staff recommends adopting a resolution of determination and presentation to the Legislature for the South Campus Tax Increment for Development District (the “District”) in Bernalillo County.

In October 2021, the City of Albuquerque approved an intent resolution for the formation of the TIDD. The proposed development (the “Project”), a collaboration between the University of New Mexico (the “University”) and the City of Albuquerque (the “City”), is designed to stimulate economic development and job growth, encourage private sector investment, finance state and local public improvements to benefit an underserved area, and develop a regionally significant employment, research and development, sports, entertainment, and commercial center in the South Campus area in the heart of the State of New Mexico.

The South Campus TIDD consists of approximately 337 acres publicly owned and located within the City limits. At full buildout, the Project will contain over \$627 million in public and private investment, \$267 million in District-funded public improvements, and \$360 million in private-funded improvements.

Mr. Dan Opperman reviewed the resolution of determination and presentation to the Legislature for the South Campus Tax Increment for Development District in Bernalillo County. Staff recommends approval of this resolution.

Member McDaniel moved, seconded by Member Ronald Lovato, for approval of the Resolution of Determination for the UNM South Campus TIDD. The motion passed 9 – 0 on a roll call vote.

- 10. Finance and Disclosure Committee Report.** (*Committee members: Mr. Martin Suazo, Chair, Mr. A.J. Forte (Ms. Alison Nichols), Secretary Wayne Propst (Mr. Marcos Trujillo) and Ms. Joy Esparsen (Mr. Richard Garcia).*)

10.1 Update on Activities. A quorum of the Finance & Disclosure Committee met on January 18, 2023, via Zoom. Member Marcos Trujillo chaired the meeting with Members Alison Nichols and Richard Garcia in attendance. Topics included Presentation of the Investment Report, Quarterly Investment Report, the 12-Month Bond Program Outlook, and Budget Performance Report. Staff also presented the results of the RFP for Investment Advisory Services for the Venture Capital Fund Program and the New NMFA Office Project Construction Contract Award. Reported were three procurement notifications.

10.2 Presentation of the Investment Report Period Ending December 31, 2022. Mr. Mark Lovato and Ms. Deanne Woodring, Government Portfolio Advisors, provided an overview of the quarterly investment report for the period ending December 31, 2022.

10.3 Mid-Year Budget Report and Approval of Budget Realignment. Staff provided NMFA's Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for November 2022. Staff requests approval of a realigned budget, a result of the NMFA's recent market salary survey.

Member Burke moved, seconded by Member Trujillo for approval of the budget realignment. The motion passed 8 – 0 on a roll call vote with Member Ronald Lovato unavailable for the vote.

10.4 New NMFA Office Project Construction Contract Award. Staff recommends approval of the award of the construction contract to Brycon Corporation.

NMFA solicited bids from qualified builders with the deadline for submitting bids set for January 10. Three well- established construction firms reviewed the RFQ and toured the building; however, only Brycon Corporation, of Albuquerque, submitted a bid. Staff reviewed the bid and found it sufficiently responsive to the RFQ.

Member Burke moved, seconded by Member Matthew Lovato, to approve award of the construction contract to Brycon Corporation. The motion passed 9 – 0 on a roll call vote.

10.5 Professional Services Awards for the Venture Capital Fund Program. Staff recommends awarding Scope #1 to Sun Mountain Capital, and Scope #2 to Next Street/Mission Driven Finance, with both awards subject to satisfactory negotiation of final terms and contractual agreements.

NMFA issued a request for proposals (RFP) on September 22, 2022 to select an investment advisory services provider for the Venture Capital Fund Program. The RFP Evaluation Committee heard presentations from both Offerors on December 5, 2022. Both Offerors presented relevant qualifications,

The Evaluation Committee revised the scope of the procurement into two fund management mandates diversifying the investment strategies, targeted sectors, targeted business types and targeted geographies of venture capital programs currently funded by the State Investment Council, the venture capital fund-of- funds under development at the New Mexico Economic Development Department for the State Small Business Credit Initiative, and the NMFA Venture Capital Program.

Scope #1 will adopt a more traditional approach to venture capital investing, while Scope #2 seeks an alternative approach more explicitly targeting underserved entrepreneurs. Both Offerors submitted Best and Final Offers for both mandates on December 30, 2022. Staff held additional diligence meetings and conducted multiple reference checks on all Offerors. To-date these additional meetings have confirmed the qualifications and relative strengths of each Offeror.

11. **Audit Committee Report.** *(Committee members: Mr. Andrew Burke, Chair, Mr. Martin Suazo, Secretary Sarah Cottrell Propst (Mr. Matthew Lovato), Secretary Alicia Keyes (Mr. Jon Clark) and Mr. Cleve McDaniel.)*

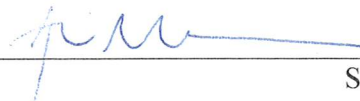
11.1 Update on Activities. A quorum of the Audit Committee met on January 18, 2023, via Zoom. Member Andrew Burke chaired the meeting with Members Matthew Lovato and Jon Clark in attendance. Items discussed included the Finance Statements, Finance Performance Indicators, and staff recommendation to award a contract for the renovation of the building at 810 San Mateo Road to Brycon Corporation of Albuquerque for the estimated \$6.8 million project.

12. **Next Board Meeting**

12.1 Thursday, February 23, 2023 – 9:00 a.m. Via Zoom

13. **Adjournment**

The meeting adjourned at 10:54 a.m.



Secretary

2-24-23

Date