

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

Minutes of Board Meeting
February 23, 2023
Via Zoom

Present:

Martin Suazo, Vice Chair	Public Member, Las Vegas, NM
Alison Nichols	Designee for Executive Director, NMML
Andrew Burke	Public Member, Las Cruces, NM
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
Richard Garcia	Designee for Executive Director, New Mexico Counties
Jon Clark	Designee for Secretary, NM Economic Development
Cleve McDaniel	NM Tech

Absent:

Ronald Lovato	Public Member, Ohkay Owingeh
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Finance Authority Staff:

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

Guests:

Cally Carswell	LFC
Erik Harrigan	RBC Capital Markets

Randy Spear
Al Cavazos
Regina Gaysina
Nina Chavez
Susen Ellis
Suzanne Bruckner

Village of Capitan
Village of Capitan
RBC Capital Markets
LFC
BOKF
Sutin Thayer & Browne

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 Clark, to approve the agenda. The motion passed 9 – 0.**

3. **Approval of Minutes**

3.1 **Approval of the January 26, 2023 Board Minutes.**

Member Clark moved, seconded by Member Trujillo, for approval of the January 26, 2023, Board minutes. The motion passed 9 – 0.

4. **Report from the Chief Executive Officer.**

4.1 **Report from the CEO. *Staffing Update:*** Nicole McCollum joined the NMFA as Human Resource Manager and Jeffrey Baade as Lead Credit Analyst respectively. Romana Speight left the NMFA replaced by Maria Ruelas as Senior Accountant.

Over the past three years, NMFA has operationalized EnABLE, Formstack, and Salesforce, but none of them is yet complete. Adam Johnson will head an Operations & Innovation initiative to fully utilize EnABLE, while also working towards a longer-term solution that utilizes Formstack, Salesforce and other tools to support NMFA’s diverse program needs. Anthony Silva, Database Analyst, and George Elam, System Integrator/Developer, moved into Program Operations while reassigning a vacancy to a System Administrator position in Information Technology group to replace the work originally assigned to Anthony and George.

2023 Legislative Session: Introduced NMFA Oversight Committee endorsed legislation includes HB 298 (PPRF Appropriation Bill), SB 314 (WTB Authorization Bill), and SB 332 (PPRF Authorization Bill).

NMFA is also supporting three additional pieces of legislation that were initially part of the 10-act omnibus bill that proved to be too big for the 2023 session. Included are SB 327 (Extends to June 30, 2027 for the Economic Development Revolving Fund legislative authorization requirement), SB 420 (Venture Capital Fund amendments and \$35 million appropriation), and SB 423 (NMFA Working Capital bill).

Proposed legislation also identifies NMFA as administrators in HB 47 and HB 213. HB 47 is a \$7.5 million Rural Health Care Project Revolving Fund which would provide low-cost loans up to \$500,000 to support the establishment or expansion of health care in rural and medically underserved areas. The second program is the Public-Private Partnership Act, which would name a new board and create a currently uncapitalized fund to make grants and loans.

5. Other Items

5.1 Presentation of the Small Business Recovery Loan Fund – Program Summary. Mr. Adam Johnson, Chief of Program Operations provided a report on the Small Business Recovery Loan Fund which provided low-interest loans to businesses throughout the State.

6. Public Lending Committee Report. *(Committee members: 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. A quorum of the Public Lending Committee met on February 15, 2023, via Zoom. Member Nichols chaired the meeting with Members Marcos Trujillo, Judi Kahl, and Richard Garcia in attendance. The Committee reviewed and forwarded four Planning Grant and seven Public Project Revolving Fund applications to the Board for approval on the Consent or Regular Agenda.

6. Consent Agenda.

7.1 Bosque Gardens Mutual Domestic Water Consumers Association Incorporated (Valencia County), PG-6063 - \$50,000. The Bosque Gardens MDWCA (“Association”) applied to the Local Government Planning Fund (“LGPF”) for a Preliminary Engineering Report (“PER”). The PER will explore alternatives providing estimated costs and review existing facilities and current needs for the Association's water system.

7.2 Town of Taos (Taos County), PG-6064 - \$50,000 – Metropolitan Redevelopment Act Plan. The Town of Taos (“Town”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Metropolitan Redevelopment Act plan establishing a Metropolitan Redevelopment Area (“MRA”) Plan through collaborative efforts with the Town and Downtown Taos Inc. dba Taos Mainstreet.

7.3 Alto de las Flores Domestic Water Consumers Association (Doña Ana County), PG-6065 - \$50,000 – Asset Management Plan. Alto de las Flores MDWCA applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund an Asset Management Plan that will define conditions, service life, capital cost and replacement values, and identification map for the Association's water system.

7.4 Paakweree Village Mutual Domestic Water Consumers Association (Bernalillo County), PG-6067 - \$50,000 – Preliminary Engineering Report. The Paakweree Village MDWCA applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Preliminary Engineering Report (“PER”) to explore alternatives addressing arsenic in the drinking

water, project planning, review of existing facilities, and alternatives with project recommendations and cost estimates.

7.5 Town of Cochiti Lake Fire Department (Sandoval County), PPRF-6052 - \$198,633 - Fire Equipment Loan. The Town of Cochiti Lake (“Town”) applied to the Public Project Revolving Fund (“PPRF”) for \$198,633 to purchase a fire truck and corresponding equipment.

The Town will pledge State Fire Protection Funds as the revenue source for the loan. The Cochiti Lake Fire Department has an ISO class rating of three with one main station and receives an annual base distribution of \$97,643 from State Fire Protection Funds. The Town will also provide \$300,000 from a Fire Protection Grant.

7.6 Village of Capitan (Lincoln County), PPRF-6058 - \$97,512 – 2023 Law Enforcement Loan. The Village of Capitan (“Village”) applied to the Public Project Revolving Fund (“PPRF”) for \$97,512 to purchase two new police vehicles and respective equipment.

The Village will pledge its annual distribution of \$48,000 of State Law Enforcement Protection Funds as the revenue source.

The 2020 audit received a disclaimed audit opinion. The Village provided a corrective action plan. Although the Village has not submitted audits for 2021 and 2022, the short length of the loan, the loan meeting the required debt service requirements, and direct interception of the pledge revenue mitigate the risk.

7.7 Lordsburg Municipal School District (Hidalgo County), PPRF-6053 - \$500,00 – 2023 General Obligation Bond. Lordsburg Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$500,000 to finance projects within the District consistent with the 2018-2023 Facility Master Plan.

In February 2021, the District received voter approval of \$2,000,000 for infrastructure projects within the District valid for four years. The District will issue General Obligation Bonds for \$500,000 which the NMFA will purchase with the PPRF.

Section 22-18-13 NMSA 1978 which guarantees payment by the Department of Finance and Administration (“DFA”) should the District default significantly reduces the GO Bond purchase risk. *(Applies to agenda items 8.2, 8.3 and 8.4 that follow on the agenda.)*

Member Garcia moved, seconded by Member McDaniel, for approval of agenda items 7.1 – 7.7. The motion passed 9 – 0 on a roll call vote.

8. Regular Agenda

8.1 Revised Approval for the City of Farmington (San Juan County), PPRF-6033 - \$40,160,000 – Electric Utility Loan. Staff recommends approval of a waiver request allowing the City of Farmington (“City”) to fund a springing reserve in lieu of a traditional debt service reserve fund for PPRF-6033

On January 26, 2023, the City received approval for \$42,625,000 to finance infrastructure, installation, and improvements at the City’s two electrical utilities. The loan approval contained a traditional debt service reserve fund.

The City requests a waiver from PPRF Loan Management Policy Section 3.2E allowing an applicant that has secured at least a ‘A-/A3’ rating from one of the three nationally recognized municipal bond rating agencies to structure into its loan a “Springing Reserve” which provides for the borrower to build a Reasonably Required Debt Service Reserve Fund over a maximum of two years if the coverage on its loan falls below 2xs coverage. The City feels that the coverage of 6.86xs is a mitigating factor to the rating requirement and will fund a reasonable debt service reserve fund should the coverage fall below 2.0xs.

8.2 Dora Consolidated School District (Roosevelt County), PPRF-6055 - \$1,000,000 - Series 2023 General Obligation Bond. The Dora Consolidated School District (“District”) received voter approval in November 2021 for \$3,500,000 for school infrastructure improvements identified in the District’s 2022-2027 Facility Master Plan valid for four years.

The District will issue General Obligation Bonds \$1,000,000 which NMFA will purchase with the PPRF.

8.3 Farmington Municipal School District (San Juan County), PPRF-6054 - \$2,000,000 – Series 2023 General Obligation Bond. Farmington Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$2,000,000 to finance infrastructure projects within the District consistent with the District’s 2018-2023 Facility Master Plan.

In November 2021, the District received voter approval of \$8,000,000 for school improvements valid for four years. The District will issue General Obligation Bonds for \$2,000,000 which NMFA will purchase with the PPRF.

8.4 Texico Municipal School District (Curry County), PPRF-6056 - \$1,000,000 – Series 2023 General Obligation Bond. The Texico Municipal School District (“District”) applied to the Public Project Revolving Fund (“PPRF”) for \$1,000,000 for school infrastructure identified in the 2019-2024 Facility Master Plan.

In November 2021, the District received voter approval for \$2,000,000 for school improvements valid for four years. The District will issue \$1,000,000 in General Obligation Bonds which the NMFA will purchase with the PPRF.

Member McDaniel moved, seconded by Member Burke, for approval of agenda items 8.1 – 8.4. The motion passed 9 – 0 on a roll call vote.

- 9. Economic Development Committee** *(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 (“EDC”) did not meet this month. Staff distributed the January Program Monitoring Report for the Committee’s review.

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. The Finance & Disclosure Committee meeting on February 15, 2023, did not achieve a quorum. Member Martin Suazo chaired the meeting with Member Richard Garcia in attendance. Items discussed included Presentation of the Investment Report, Discussion of the draft Operating Reserve Policy, Recommendation of a Waiver of the Procurement Policy allowing the Board to approve the Policy directly, and presentation of three Procurement Notifications.

10.2 Waiver of Procurement Policy and Award of Contract for Owner’s Representative. Staff recommends Board approval of the award of a contract to FST Technical Services as the NMFA’s Owner’s Representative for the NMFA’s new office renovation and construction project and a waiver of the Procurement Policy.

The NMFA Board passed a Resolution at the November 17, 2022 board meeting granting staff authority to do any and all things necessary to ensure the new construction project stays on task, including the issuance of any and all RFPs needed along the way.

The NMFA issued an RFP for Construction Owner’s Representative on Wednesday, February 15, 2023, and received responses from FST Technical Services, Motiva Corporation, and North Star NM. Three NMFA managers scored the proposals with FST Technical Services receiving the highest scores.

Because of timing issues pertaining to the February Committee and Board meetings, and the need for the NMFA to quickly identify an owner’s representative, staff is (i) seeking a waiver by the Board of the Procurement Policy to allow the Board to award contracts of between \$60,000 and \$250,000, and (ii) recommending the award of a contract for the Owner’s Representative to FST Technical Services.

Member Burke moved, seconded by Member Garcia, to approve the waiver of the Procurement Policy and award the contract for the Owner’s Representative to FST Technical Services. The motion passed 9 – 0 on a roll call vote.

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. The Audit Committee met on February 15, 2023 with Members Andrew Burke, Chair, Matthew Lovato, Martin Suazo, and Cleve McDaniel in attendance. Agenda items included the Financial Statement and Financial Performance Indicators, the first draft of the Audit Policy, a draft of the Operating Reserve Policy, an update of the new office building, and a verbal update on the new Building Owner’s Representative.

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11.2 Presentation of the 2nd Quarter Financial Statements and Financial Performance Indicators. The Finance Department presented the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for December 2022. Events of note in December included the closing on the purchase of the building located at 810 W. San Mateo, the usual first coupon payment on outstanding bonds, and the transfer of cash from the State and subsequent disbursements for the Childcare Grants programs. The Committee approved and forwarded the financials to the Board for review and acceptance.

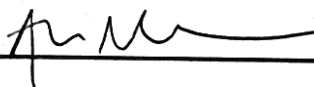
Member Burke moved, seconded by Member McDaniel, to approve the 2nd Quarter Financial Statements and Financial Performance. The motion passed 9 – 0 on a roll call vote.

12. Next Board Meeting

12.1 Thursday, March 23, 2023 – 9:00 a.m. via Zoom

13. Adjournment

The meeting adjourned at 10:05 a.m.



Secretary

3-31-23

Date