

New Mexico Finance Authority
207 Shelby St. Santa Fe, N.M. 87501
(505) 984-1454
Minutes of NMFA Board Meeting
July 27, 2023
New Mexico State Capitol, Room 322
490 Old Santa Fe Trail, Santa Fe, New Mexico

Members Present:

Martin Suazo, Vice Chair	Public Member, Las Vegas, NM
Alison Nichols	Designee, NMML
Andrew Burke (via zoom)	Public Member, Las Cruces, NM
Joy Esparsen	Executive Director, NMC
Judi Kahl	Designee, NM Environment Dept.
Marcos Trujillo	Designee, NM Dept. of Finance/Admin
Matthew Lovato	Designee, EMNRD

Members Absent:

Kathy Keith, Chair	Public Member, LANL
Jon Clark	Designee for Secretary, NMEDD
Ronald Lovato	Public Member, Ohkay Owingeh

Finance Authority Staff:

Angela Quintana	Marlo Alexander
Brenda Garcia	Marquita Russel
Bryan Otero	Norman Vuylsteke
Brian DuBoff	Oscar Rodriguez
Carmela Manzari	Paul Romero
Cherise Martinez	Rick Herman
Chip Pierce (via zoom)	Ron Cruz
Dan Opperman	Ryan Decker
Dora Cde Baca (via zoom)	Sean Endler
John Brooks	Sharon Romero
Kryshana Madrid	Susan Pittard
Mark Lovato	Susan Rodriguez
Mark Montoya	Todd Nordby

Guests:

Brandy Thompson	
Dixon Sperry	Next Street
Eric Harrigan	RBC Capital Markets
Kaeley Weimerskirch	RBC Capital Markets
Katie Robbins	Next Street
Lauren Grattan	Mission Driven Finance

Melissa Prante
Sabrina Campa
Steven Hurt
Tammi Stump
Lupe Martinez
Michael Pellets

Union County General Hospital
Meketa

Union County General Hospital
Taos Regional Landfill Board
Meketa

1. **Call to Order and Roll Call.** Vice Chair Suazo called the meeting to order at 9:10 a.m.
2. **Approval of Agenda.** Member Esparsen moved, seconded by Member Trujillo, to approve the agenda. The motion passed 7– 0.
3. **Approval Board Minutes.** Member Trujillo moved, seconded by Member Nichols, for approval of the June 22, 2023, board minutes. The motion passed 7 – 0.
4. **Report from the Chief Executive Officer (“CEO”), Ms. Marquita Russel.**
 - 4.1 **Report from the CEO.** NMFA is welcoming four new employees to the team. Todd Nordby is joining as Regional Finance Manager, Michele Cox as Board Administrator, Katie Lucero as Accountant, and Shalina Sultana as Operations Analyst. Neyli Castillo-Suarez is transferring to the Finance Department as Senior Accountant. Ms. Russel introduced the IT department staff.
 - 4.2 Ms. Russel discussed the State Small Business Credit Initiative (“SSBCI”) Reallocation. NMFA staff is working with the New Mexico Economic Development Dept. (“NMEDD”) to develop a strategy for reallocation of the SSBCI funds. Under the federal guidelines, SSBCI funds may be used to increase the flow of capital to small businesses through various credit and/or equity venture capital programs.
 - 4.3 **NMFA Oversight Committee Meeting:** NMFA will present its economic development programs to the NMFA Oversight Committee on Friday, July 28th at the CNM Campus in Albuquerque. Our partners from Next Street and Mission Driven Finance will present the results of their Small Business Ecosystem Landscape Report. Additionally, staff will be providing an overview of the NMFA Venture Capital Program rules and policy along with NMFA’s Investment Consultant, Meketa Investment Group. Lastly, NMFA is required to give two reports to the interim committee on the status of the Economic Development Revolving Fund, provided by NMFA staff, which will also capture the SSBCI reallocation ideas being developed by the NMFA and NMEDD.
5. **Other Items.**
 - 5.1 **Presentation of New Mexico Small Business Ecosystem Landscape Report.** Ms. Katie Robins, Ms. Dixon Sperry of Next Street and Ms. Lauren Grattan of Mission Driven Finance presented the landscape report. A short discussion ensued regarding the presentation.

Informational Only.

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. A quorum of the Public Lending Committee met on July 19, 2023, via Zoom. Member Alison Nichols chaired the meeting with Members Marcos Trujillo, Judi Kahl, and Richard Garcia in attendance. Six Local Government Planning Fund (“LGPF”) grant applications and four Public Project Revolving Fund (“PPRF”) applications were reviewed and approved. An overview of the 2023 Colonias Infrastructure Fund (“CIF”) award cycle with thirty-one CIF awards recommended for Board approval. Four of the proposed awards did not meet coverage, and those projects will be required to raise rates.

7. Consent Agenda.

7.1 Lower Arroyo Hondo MDWC&MSWA (Taos County). PG-6205. \$50,000. Preliminary Engineering Report Lower Arroyo Hondo MDWC&MSWA (“Association”) is applying to the LGPF to fund a Water Preliminary Engineering Report (“PER”). The PER will address the water supply, distribution, and storage issues of the Association to include planning for water system improvements. The PER will also evaluate alternatives and costs to recommend water supply, distribution, and storage system improvements.

7.2 Lower Arroyo Hondo MDWC&MSWA (Taos County). PG-6207. \$50,000. Preliminary Engineering Report. Lower Arroyo Hondo MDWC&MSWA is applying to the LGPF to fund a wastewater PER. This PER will evaluate alternatives to provide a community wastewater collection and treatment system. Currently the entire community is on individual septic tanks which are believed to be beyond their useful life. The PER will evaluate options for a community wastewater system, including a sewer collection system and centralized treatment facility.

7.3 Village of Ruidoso (Lincoln County). PG-6208. \$50,000. Metropolitan Redevelopment Act Plan. The Village of Ruidoso is applying to the LGPF to fund a Metropolitan Redevelopment Act Plan. This planning document will identify rehabilitation and redevelopment of the commercial areas along Mechem Drive. This plan will examine existing conditions and assets, develop a physical land use plan with livability/design guidelines, design specific redevelopment sites and projects by identifying strategies and funding sources.

7.4 Rio Lucio DWCA (Taos County). WPF-5432. \$1,001,186. Cost Overrun Amendment. Construction of a 4,300 waterline to replace existing undersized and antiquated waterlines and replacing meters.

7.5 Village of Magdalena (Socorro County). PPRF-6196. \$54,358.85. 2023 Law Enforcement Loan. The Village of Magdalena (“Village”) has applied to the PPRF to finance the costs associated with the purchase of a new police vehicle and respective equipment. This new vehicle will be used to support safety and welfare in the Village. The Village will pledge its Law Enforcement Protection Funds

("LEPF") as the revenue source for this loan. The Village will provide \$25,000 in LEPF contributing funds as part of this transaction. The Village receives an annual distribution of \$98,000.

7.6 Pecos Canyon Volunteer Fire Department ("PCVFD") (San Miguel County). PPRF-6210. \$139,000. 2023 Fire Equipment Loan. San Miguel County ("County"), on behalf of the PCVFD, applied to the PPRF to purchase a firefighting apparatus and respective equipment. The PCVFD recently constructed a new fire station and can now expand its fleet. This equipment will be used to support fire suppression efforts in the community and the surrounding area. The PCVFD currently has an ISO rating of five with two main stations and receives an annual base distribution of \$123,334 from State Fire Protection Funds. The PCVFD contribute \$300,000 from a State Fire Grant toward the project.

7.7 Guadalupe County. PPRF-6200. \$543,334. Command and Control Equipment Loan. Guadalupe County ("County") has applied to the PPRF to purchase command and control equipment for emergency events in the County and surrounding areas. The new equipment will be replacing apparatus that has been in service for twenty years. The new dispatch consoles will provide a vital link between dispatchers and field personnel, helping to coordinate operations, monitor the safety of personnel, and respond to emergencies. The County will have communication capabilities across multiple agencies, multiple audio channels such as radio or POTS (plain old telephone service), cellular, LTE as well as multiple user devices. This is crucial for mission-critical communications situations from any location to deliver seamless mission-critical communications.

Member Kahl moved, seconded by Member Lovato, for approval of agenda items 7.1 – 7.7. The motion passed 7-0.

8. Regular Agenda.

8.1 Greater Chimayo Mutual Domestic Water Consumers Association ("MDWCA") (Rio Arriba County). WPF-5961. \$965,000 - Loan Restructuring. Greater Chimayo MDWCA has requested a revised funding package to design and construct water transmission line including hydrants. Staff recommends modifying the financial structure to 20% loan (\$193,000) and 80% grant (\$772,000).

8.2 City of Gallup (McKinley County). WPF-5959. \$10,800,000 - Loan Restructuring. City of Gallup has requested a funding package to design and construct G-80 water wells. Staff recommends modifying the financial structure to 10% loan (\$1,080,000) and 90% grant (\$9,720,000).

8.3 Albuquerque Bernalillo County Water Utility Authority ("ABCWUA") (Bernalillo County). PPRF-6194. \$121,325,000 - 2023 Water Infrastructure Loan. The ABCWUA has applied for a PPRF loan to fund projects such as: Sanitary sewer pipelines, drinking water pipelines, southside water reclamation plan, lift and vacuum stations, odor control facilities, automated meter infrastructure and basin dredging operations. In addition, the Utility requests a waiver of NMFA consent to allow for additional debt as outlined in the previous loan agreements. Staff recommends approval.

8.4 Taos Regional Landfill Board (Taos County). PPRF-6173. \$2,074,000 - 2023 Construction Loan. The Taos Regional Landfill Board ("Board") has applied to the PPRF for

construction of a new Landfill Cell. The Board is a Joint Power entity formed by the County of Taos, Town of Taos, Village of Questa, Village of Red River, the Village of Eagle Nest and Village of Taos Ski Valley. The Board also serves various small communities throughout that region of the state. The current cells at the Taos Regional Landfill are nearing capacity and this landfill cell is vital for the region. Without this facility the economic impact would be detrimental because users would have to travel a great distance to dispose of their waste. The Board will pledge the Net System Revenue as the source of revenue for this loan. Members discussed the possible changes to the existing footprint.

8.5 Gallup-McKinley County School District. PPRF-6195. \$2,000,000 - 2023 General Obligation Bond. Gallup-McKinley County School District (“District”) has applied to the PPRF for financing of projects within the District. In November 2021, the District received voter approval of \$6,000,000 to erect, remodel, equip and furnish school buildings; purchase or improve school grounds; purchase computer software and hardware for student use in public schools; provide matching funds for capital outlay projects funded pursuant to the Public-School Capital Outlay Act (“PSCOA”); or any combination of these purposes within the District. This approval is valid for a period of four years. The District will issue General Obligation Bonds in the amount of \$2,000,000 which NMFA will purchase with the PPRF. The proceeds will be used for, but are not limited to, construction, roof replacement, HVAC improvements.

8.6 Deming Public School District (Luna County). PPRF-6202. \$3,000,000. 2023 General Obligation Bond. In November 2021, Deming Public School District (“District”) received voter approval of \$5,000,000 to construct, remodel, make additions and furnish school buildings, purchase, or improve school grounds, or any combination of these purposes District wide. This approval is valid for a period of four years. The District will issue General Obligation Bonds in the amount of \$3,000,000 which NMFA will purchase with the PPRF. The proceeds will be used for, but are not limited to, ADA improvements, security updates and overall facilities upgrades.

8.7 Cuba Independent School District (Sandoval County). PPRF-6203. \$1,800,000 - 2023 Teacherage Loan. The Cuba Independent School District (“District”) has applied for PPRF funding to finance the building of 2 new units for teacher housing in Cuba, N.M. In addition, the proceeds will be used for, but are not limited to, the renovations to 6 existing teacherage units built in the 1960’s.

8.8 Los Lunas School District (Valencia County). PPRF-6201. \$11,000,000 - 2023 General Obligation Bond. Los Lunas School District No. 1 (“District”) has applied to the PPRF for financing of projects within the District. In November 2019, the District received voter approval of \$22,000,000 to erect, remodel, equip and furnish school buildings; purchase or improve school grounds; purchase computer software and hardware for student use in public schools; provide matching funds for capital outlay projects funded pursuant to the (“PSCOA”); or any combination of these purposes within the District. This approval is valid for a period of four years. The District will issue General Obligation Bonds in the amount of \$11,000,000 which NMFA will purchase with the PPRF. The proceeds will be used for district-wide improvements to include, but not be limited to the following projects: Sundance parent drop off redesign; Peralta Elementary construction improvements; design and planning for construction of Ann Parish Elementary school; upgrades to the Century High school security vestibule and Intercom systems including improvements and repairs to the parking lot as a match to the Department of Transportation match; and cost of issuance.

8.9 Request for Three Month Moratorium from Union County on behalf of Union County General Hospital Loans, PPRF-3145, PPRF-3384, and PPRF-4931. Staff is requesting approval of a three-month moratorium on monthly payments for Union County on behalf of Union County General Hospital (“UCGH”) for PPRF-3145, PPRF-3384 and PPRF-4931 loans. UCGH is a 25-bed acute care hospital located in Clayton, New Mexico and is a component unit of Union County (“County”). Clayton Health Systems operates the hospital through an operating agreement with the County. The County and UCGH outlined the current declining financial position of the hospital and has requested a three-month moratorium on monthly payments for PPRF-3145, PPRF-3384 and PPRF-4931 loans. This will allow them to continue to work together on a future solution regarding payments of the three PPRF loans, which may include a restructuring and/or refunding of the loans.

The pledged revenue for the loan includes the Net System Revenues of the Hospital and the 3rd 1/8th of one percent increment of County Gross Receipts. The declining revenue and loss are due to the unreimbursed cost of providing care to the indigent population; decreased funding from State’s Medicaid reimbursement; increased medical malpractice premiums; and paying gross receipts taxes. The increased expenses are due to increased salaries, wages, benefits, supply costs, and utility costs as well as an aging facility and respective maintenance costs and increased regulatory requirements. UCGH has sufficient debt service funds in their debt service account to service the November 1, 2023, debt service payments. Staff recommends the requested three-month moratorium on the three PPRF loans. Discussion continued regarding the moratorium, with staff answering questions from the Board.

Member Esparsen moved, seconded by Member Trujillo, for approval of agenda item 8.1-8.9. The motion passed 7 – 0.

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. A quorum of the Economic Development Committee met on July 18, 2023, via Zoom teleconference. Member Jon Clark chaired the meeting with Members Judi Kahl, Matthew Lovato, and Marcos Trujillo in attendance. Agenda items included review of the Private Program Report for June 2023, and two New Markets Tax Credit (“NMTC”) projects presented as informational items. Policies and Rules for the VCP were also proposed, and the Committee recommended moving the proposed polices and rules forward to the NMFA Board of Directors for consideration.

9.2 Approval of the Venture Capital Program (“VCP”) Rules and Policies. Ms. Ryan Decker presented the rules and policies for the VCP. Staff incorporated revisions based on public comments received for the rules and also drew on public comments in developing an accompanying Venture Capital Investment Policy (“VC Investment Policy”), further detailing roles and responsibilities, program mission and diversification objectives, strategy, eligibility, due diligence process, guidelines, and restrictions, and monitoring and reporting requirements. Staff also incorporated recommendations from Meketa Investment Group, the external investment consultant supporting NMFA on venture

capital investments. The Economic Development Committee reviewed and approved the proposed Rules & Investment Policy for recommendation to the NMFA Board of Directors for adoption.

Member Nichols moved, seconded by Member Trujillo, to approve agenda item 9.1 with respect to the Venture Capital Program Rules . The motion passed 7 – 0.

Member Esparsen moved, seconded by Member Lovato, to approve agenda item 9.1 with respect to the Venture Capital Program Policies. The motion passed 7 – 0.

- 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 July 19, 2023, via Zoom teleconference. Member Martin Suazo chaired the meeting with Members Richard Garcia, Alison Nichols and Marcos Trujillo in attendance. Agenda items included review of the Investment Report for June 2023, Bond Issuance Forecast Report, an update to NMFA’s Procurement Policies, an update on the RFP results for the FY2024 PPRF and Conduit Bond Underwriting Pool, and Procurement Notifications as informational items. The committee approved the issuance for RFPs for (i) Salesforce Integration Consulting Services and (ii) Scrum Master Consulting Services.

10.2 Proposed award for the FY2024 PPRF and Conduit Bond Underwriter Pool.

NMFA issued an RFP to select six underwriters to be senior managers for the FY 2024 PPRF and Conduit Bond Underwriting Pool and two underwriters to be alternative co-managers should members of the senior pool have a conflict on a particular bond issue. The underwriters recommended as senior managers are Morgan Stanley; Wells Fargo; JP Morgan; BofA Securities; RBC; and Stifel. Jefferies, and Citigroup, are the alternative co-managers. Staff recommends approval of the FY2024 PPRF and Conduit Bond Underwriter Pool for the period August 1, 2023, to June 30, 2024, and the FY2024 not to exceed underwriter takedown commitments. NMFA reserves the right to adjust underwriter takedowns based on market conditions but accepts that takedowns will be no less than those proposed.

PPRF and Conduit Scheduled FY2024 underwriter Pool Assignments:

<u>Bond Issue</u>	<u>Senior Manager</u>	<u>Co-Manager</u>	<u>Co-Manager</u>
#1	Morgan Stanley	RBC	Stifel
#2	Wells Fargo	JP Morgan	BofA Securities
#3	JP Morgan	Morgan Stanley	Wells Fargo
#4	BofA Securities	RBC	Stifel
#5	RBC	JP Morgan	BofA Securities
#6	Stifel	Morgan Stanley	Wells Fargo

Member Nichols moved, seconded by Member Trujillo, to award the contract for the FY2024 PPRF and Conduit Bond Underwriter Pool pursuant to underwriter assignments and FY2021 not to exceed underwriter takedown commitments. The motion passed 7 – 0.

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

11.1 Update on Activities. A quorum of the Audit Committee was not established at its meeting of July 19, 2023, via Zoom teleconference. Staff briefed Chairman Andrew Burke and Member Matthew Lovato on the May 2023 financial statements. Moss Adams updated the members on the FY2023 external audit as being on schedule.

11.2 Presentation of Recommendation to Amend the Capital Budget for NMFA Building Project. Mr. Oscar Rodriguez and Mr. Norman Vuylsteke presented the capital budget for staff's recommendation of a \$2 million increase to the construction budget for the NMFA Building Project. This would cover the 1.7 million expected construction price increase and set the contingency budget at 5% of total construction costs. The Board discussed the construction costs of the building.

Member Burke moved, seconded by Member Esparsen, for approval of the recommendation to Amend the Capital Budget for the NMFA Building Project and to set the contingency budget at 5% of total construction costs. The motion passed 7 – 0.

- 12. Executive Session.** Closed meeting to discuss matters subject to attorney client privilege pertaining to threatened or pending litigation regarding; (i) the proposed reduction in the Doña Ana County Regional Spaceport Gross Receipts Tax; (ii) Zach DeGregorio v. New Mexico Spaceport Authority, et al., Case No. D-101-CV-2022-00001; and (iii) SVN/Walt Arnold Commercial Brokerage Inc. payment dispute, as allowed by NMSA 1978, Section 10-15-1(H)(7).

Chair Suazo entertained a motion for the NMFA Board of Directors to go into Executive Session to discuss matters subject to attorney-client privilege pertaining to (i) the proposed reduction in the Doña Ana County Regional Spaceport Gross Receipts Tax; (ii) Zach DeGregorio v. New Mexico Spaceport Authority, et al., Case No. D-101-CV-2022-00001; and (iii) SVN/Walt Arnold Commercial Brokerage Inc. payment dispute, as allowed by NMSA 1978, Section 10-15-1(H)(7).

Member Nichols moved, seconded by Member Trujillo, that the Board convene in a closed meeting. The motion passed 7 – 0.

Member Esparsen moved, seconded by Member Trujillo, that the Board convene in open session. The motion passed 7-0.

Chair Suazo stated 'We are now in open meeting. Let the record reflect that no action was taken during the closed meeting and the only things discussed were matters subject to attorney-client privilege pertaining to (i) the proposed reduction in the Doña Ana County Regional Spaceport Gross Receipts Tax; (ii) Zach DeGregorio v. New Mexico Spaceport Authority, et al., Case No. D-101-CV-2022-00001; and (iii) SVN/Walt Arnold Commercial Brokerage Inc. payment dispute, as allowed by NMSA 1978, Section 10-15-1(H)(7).

- 13. Next Board Meeting.** Thursday, August 24, 2023 – 9:00 a.m. Room 322 at the State Capitol.

14. **Adjournment.** The meeting adjourned at 11:19 a.m.



Secretary

8/24/23

Date