

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

**Minutes of NMFA Board Meeting**  
**August 24, 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
Sam Collins	Designee, NMEDD

**Members Absent:**

Kathy Keith, Chair	Public Member, LANL
Matthew Lovato	Designee, EMNRD
Ronald Lovato	Public Member, Ohkay Owingeh

**Finance Authority Staff:**

Aaron Kayser	Leslie Medina
Adam Johnson	Mark Lovato
Anthony Silva	Mark Montoya
Austin Anaya	Marquita Russel
Bradley Fluetsch	Michael Vonderheide
Brenda Garcia	Michelle Cox
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 Olguin
Dora Cde Baca (via zoom)	Ryan Decker
George Elam	Susan Pittard
Jeff Baade	Susan Rodriguez
John Brooks	Todd Nordby
Jolin Anaya	Tyler Espino
Kryshana Madrid	

**Guests:**

Cally Carswell	LFC
Eric Harrigan	RBC Capital Markets
Jordan Donohue	
Suzanne Wood Bruckner	Sutin, Thayer & Browne
Isaac Leon	Sutin, Thayer & Browne
Rick Martínez	
Carla Najjar	Virtue & Najjar
Susan Ellis	BOKF
Kaeley Weimerskirch	RBC Capital Markets
Michael Jesse	RBC Capital Markets
Regina Gaysina	RBC Capital Markets

1. **Call to Order and Roll Call.** Vice Chair Suazo called the meeting to order at 9:00 a.m. A quorum was established.
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 Nichols moved, seconded by Member Esparsen, for approval of the July 27, 2023, board minutes. The motion passed 7– 0.
4. **Report from the Chief Executive Officer (“CEO”), Ms. Marquita Russel.**

**Report from the CEO.** The NMFA welcomes back Austin Anaya as credit analyst. Ms. Russel briefly explained the Amended and Restated Procurement Policy, which has not had substantive updates since 2016.. The revisions to the policy will align procurements and purchases more closely with the NMFA budget authority and will streamline the procurement process.

NMFA staff is presenting amendments to two program policies today for Board approval. The first is for the federal Drinking Water State Revolving Loan Fund. Last year the NMFA Board revised the affordability criteria contained in policies which made more communities eligible to receive the grant-like terms; changes we needed to account for new funding grants that are being made available through the EPA as part of the bipartisan infrastructure bill.

The other policy amendments are for the recently approved Venture Capital Investment Policy to reduce the barriers for investment managers making investments predominantly in New Mexico. These changes came after NMFA received feedback following our presentation to the NMFA Oversight Committee in July.

In early September, the NMFA will be hosting our rating agencies for their rating presentations.

**7.2 Dona Ana Mutual Domestic Water Consumers Association (Dona Ana County). PG-6212. \$50,000 - Wastewater Master Plan.** The MDWCA is applying to the LGPF for a wastewater master plan. This plan will manage the existing utility, as well as identifying future system improvements for growth. The Plan will also take into consideration planning area demographics that mirror the water master plan document, where appropriate. The plan will review other system management factors as well as contain narrative such as written descriptions, collection model schematic layouts, tables and other figures that describe the current and future capital improvements needed to the system.

**7.3 Llano Quemado Mutual Domestic Water Consumers Association, Inc. ("MDWCA") (Taos County). PG-6233. \$50,000 - Preliminary Engineering Report.** Llano Quemado MDWCA is applying to the LGPF to fund a preliminary engineering report ("PER"). This report will address the current system by evaluating alternatives and costs and providing recommendations on improvements on water supply, distribution, and future storage systems.

**7.4 Costilla Mutual Domestic Water Consumers Association ("MDWCA") (Taos County). PG-6237. \$50,000 - Preliminary Engineering Report.** Costilla MDWCA is applying to the LGPF to fund a PER. This PER will evaluate alternatives, cost estimates and recommendations to upgrade the current water system.

**7.5 Rio Embudo Mutual Domestic Water Consumers Association ("MDWCA") (Rio Arriba County). PG-6239. \$50,000 - Preliminary Engineering Report.** Rio Embudo MDWCA is applying to the LGPF to fund a PER. This PER will address the system's water source, storage, distribution, provide cost estimates, alternatives, and recommendations for water system improvements.

**7.6 City of Bayard (Grant County). PPRF-6229. \$143,550 - 2023 Law Enforcement Loan.** The City of Bayard has applied to the PPRF to finance the purchase of new police vehicles and respective equipment. The new vehicles will be used to support safety and welfare in the city. These new vehicles will be replacing older vehicles that are nearing the end of their useful life and are incurring mounting maintenance and repair costs. The city will pledge its Law Enforcement Protection Funds as the revenue source for this loan. The city receives an annual distribution of \$99,500.

**7.7 Town of Dexter (Chaves County). PPRF-6226. \$312,000 - 2023 Fire Equipment Loan.** The Town of Dexter has applied to the PPRF to purchase a fire truck and respective equipment. The fire equipment will be used to support fire suppression in the Town, thereby maintaining the public health, safety, and welfare of the community. State Fire Protection Funds will serve as the pledged revenue for this loan. The Town's annual base distribution is \$185,001 with an ISO class rating of five with two main stations and an administration building. The Town received a \$300,000 grant from the New Mexico Department of Homeland Security and Emergency Management. These funds will be used for the purchase of the fire equipment. The New Mexico Department of Homeland Security and Emergency Management provided a letter of approval for this loan.

**7.8 Jemez Valley Public School District ("District") (Sandoval County). PPRF-6206. \$300,000. - 2023 Education Technology Note.** The District has applied to the PPRF to finance the purchase of Education Technology Equipment. The proceeds will be used for but are not limited to: UPS batteries; copier lease; switches; software; wireless access points; servers; and cost of issuance.

The New Mexico State Constitution does not require the District to receive voter approval for education technology equipment and related projects when such equipment is purchased through a lease-purchase agreement. The District will enter into a lease-purchase agreement with NMFA secured by ad valorem property tax.

**Member Trujillo moved, seconded by Member Kahl, for approval of agenda items 7.1 – 7.8. The motion passed 7-0.**

## **8. Regular Agenda.**

**8.1 Dexter Consolidated Schools (Chaves County). PPRF-6217. \$700,000 - 2023 General Obligation Bond (“GOB”).** Dexter Schools has applied to the PPRF for financing of projects. In November 2019, the District received voter approval of \$2,500,000 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. This approval is valid for a period of four years.

The District will issue GOB in the amount of \$700,000 which NMFA will purchase with the PPRF. The proceeds will be used for but are not limited to: replacing water lines; PSCOC match program-based award; classroom furniture and equipment; bus barn construction; technology equipment; e-rate match; and cost of issuance.

**8.2 Jemez Valley Public School District (“District”) (Sandoval County). PPRF-6214. \$1,300,000 - 2023 General Obligation Bond.** In November 2021, the District received voter approval of \$2,600,000 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; or any combination of these purposes within the District. This approval is valid for a period of four years. The district will issue GOB in the amount of \$1,300,000 which NMFA will purchase with the PPRF. The proceeds will be used for but are not limited to: replacing fire systems; water system improvements; upgrading various school buildings including creation of outdoor classrooms; and cost of issuance.

**8.3 Maxwell Municipal School District (Colfax County). PPRF-6240. \$1,100,000 - 2023 General Obligation Bond.** In May 2023, the District received voter approval of \$1,100,000 to construct, remodel, make additions and furnish school buildings, purchase, or improve school grounds. This approval is valid for a period of four years. The District will issue GOB in the amount of \$1,100,000, which NMFA will purchase with the PPRF. The proceeds will be used for, but not limited to: repair and replacement of buildings, drainage projects, security fencing, and cost of issuance.

**8.4 Taos Municipal School District (Taos County). PPRF-6241. \$3,300,000 - 2023 Education Technology Note.** The district has applied to the PPRF to finance the purchase of IT Equipment, IT Infrastructure, support services, software, and cost of issuance. The New Mexico State Constitution does not require the district to receive voter approval for education technology equipment and related projects when such equipment is purchased through a lease-purchase agreement. 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. combination of technology infrastructure, computer equipment, software, replacement, upgrades, technology maintenance and lease agreements,

wireless access points, technology supplies and the cost of issuance.

**8.5 Gadsden Independent School District (Otero and Dona Ana County). PPRF-6209. \$9,500.00 - 2023 General Obligation Bond.** In November 2022, the District received voter approval of \$38,000,000 to construct, remodel, make additions and furnish school buildings, purchase, or improve school grounds. This approval is valid for a period of four years. The District will issue GOB in the amount of \$9,500,000 which NMFA will purchase with the PPRF. The proceeds will be used for but not limited to: construction projects, well and wastewater security systems upgrades, electrical upgrades, HVAC upgrades, paving and parking lot improvements, and cost of issuance.

**Member Nichols moved, seconded by Member Trujillo, for approval of agenda item 8.1-8.5. The motion passed 7 – 0.**

9. **Economic Development Committee Report.** *(Committee members: Deputy Secretary 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 August 15, 2023, via Zoom teleconference. Member Sam Collins chaired the meeting with Members Judi Kahl, Matthew Lovato, and Marcos Trujillo in attendance. Agenda items included review of the Private Program Report for July 2023, presented as an informational item, and revisions to the Policies and Rules for the Venture Capital Fund. The Committee recommended moving the proposed policy revisions forward to the Board for consideration.

**9.2 Recommendation of Revisions to Rules Governing the Venture Capital Program Fund (“VCPF”).** Ms. Susan Pittard presented revisions to Section 5.F, raising matching investment in an amount at least equal to the total investment in the Fund (a 1:1 match). Staff recommends revising Section 5.F to specify that a matching investment shall be at the discretion of NMFA. This will not affect the SSBCI portion of the Venture Capital Funds that require the federal 1:1 match. Further detail regarding the match requirement in the accompanying Venture Capital Investment Policy will be presented by Ms. Ryan Decker.

**Member Esparsen moved, seconded by Member Collins, to approve agenda item 9.2. The motion passed 7 – 0.**

**9.3 Recommendation of Revisions to Rules Governing the Venture Capital Investment Policy.** Ms. Ryan Decker presented the revisions to the policy, explaining the Venture Capital Program Act made amendments during the 2023 legislative session, pertaining to matching requirement. Furthermore, NMFA staff has received feedback from Fund managers that they expected capital raising to be challenging due to the limited investor base for New Mexico-focused investment strategies and limited investor appetite for funds prioritizing economic development impact over financial returns. With the 1:1 match, local fund managers can expect significantly longer capital raising timelines, potential delays in their ability to deploy investment in local businesses, and a potential need to reduce targeted fund sizes.

To alleviate the challenge local funds may face in raising private capital, staff recommends reducing the match requirement to (70%) of the total commitment made by the Fund Manager (a 0.7:1 match) and

allowing investments from New Mexico public sector accredited investors to count toward the match requirement on investments not funded with SSBCI proceeds.

Further, for managers of local funds, total commitments may be made contingent on match being secured in the future. This will allow managers of local funds additional time to raise matching capital, also on the back of a firm public sector commitment to the strategy. Staff proposes funding of drawdowns remain contingent on matching commitments being secured to ensure co-investors alongside NMFA venture capital investments in each underlying portfolio company. Fund managers will have twelve months to fulfill the match requirement, where total commitments at final close may be reduced to the number of matching commitments raised.

To accommodate the reduction to seventy percent (70%) of the match requirement for funds investing in local businesses, staff recommends adjusting the limit on VCPF commitments relative to total fund commitments from 50% to 60%, to better align with SSBCI policy. Staff recommends increasing to 90% from 80% required minimum total exposure to New Mexico businesses for Venture Private Equity Funds with investment strategies focusing on New Mexico. Lastly, staff recommends aligning the definition of ‘Rural’ with the definition utilized by other NMFA and NMEDD programs.

**Member Esparsen moved, seconded by Member Nichols, to approve agenda item 9.3. 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 August 16, 2023, via Zoom teleconference. Member Martin Suazo chaired the meeting with Members Richard Garcia and Marcos Trujillo in attendance. Agenda items included review of the Investment Report for July 2023, Bond Issuance Forecast Report, Procurement Notifications as informational items, and a contract award to Berry, Dunn, McNell & Park to provide data and document management services.

The committee approved, for Board consideration, the FY 2023 Year-End Budget Performance Report and NMFA’s amended and Restated Procurement Policy.

**10.2 Approval of the NMFA’s Amended and Restated Procurement Policy.** Ms. Russel presented the amended procurement policy to reflect an updated streamlined process. The amendment tie procurement to department budgets, recategorize dollar thresholds, and clarify authority levels. The Chief Administrative Officer will serve as the procurement officer and will oversee the implementation of this policy. NMFA staff will only report high level procurements/projects to the Finance and Disclosure Committee on a quarterly basis.

**Member Collins moved, seconded by Member Trujillo, to approve agenda item 10.2. The motion passed 7 – 0.**

**10.3 Presentation and Acceptance of the FY 2023 Year-End Budget Performance.** Mr. Oscar Rodriguez presented the year-end budget performance report. As of June 30, 2023, total net revenues varied 33.6% from the Board-approved FY2023 budget, as revenue exceeded expectations and

expenditures came in significantly under budget. Three of the five revenue categories varied significantly from the budget targets; namely, Appropriation revenue, Grant revenue, and Interest income. The operating budget came in under budget. The Board discussed the budget report with staff answering questions. Ms. Russel explained that market conditions has affected borrowing or refinancing. A copy of the budget report will be emailed to Board Members and will be included in next month's board meeting materials.

Mr. Rodriquez briefly provided the Board with an update of the new office building. NMFA has received final prices from the general contractor and the prices are under budget. A notice to proceed will be forthcoming. The city notified the NMFA that our building permit to begin demolition is anticipated to be approved early September.

**Member Trujillo moved, seconded by Member Burke and Member Nichols, to approve agenda item 10.3. The motion passed 7 – 0.**

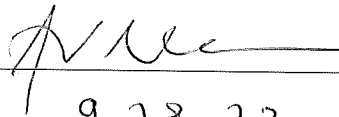
11. **Audit Committee Report.** *(Committee members: Mr. Andrew Burke, Chair, Mr. Martin Suazo, Secretary Sarah Cottrell Propst (Mr. Matthew Lovato), and Deputy Secretary, Mr. Jon Clark).*

**11.1 Update on Activities.** A quorum of the Audit Committee was established at its meeting of August 16, 2023, via Zoom teleconference. Member Andrew Burke chaired the meeting with Member Martin Suazo, and Member Sam Collins were in attendance. Moss Adams updated the members on the FY2023 external audit as being on schedule. Staff provided an update of the new office building noting the anticipated completion is January 2025. Novogradac & Company updated members on the financial statements and results of the external audit for Finance New Mexico, LLC, as informational items. The June 2023 Financial Statements were presented for approval.

**11.2 Presentation and Acceptance of the FY 2023 Year-End Financial Statements and Financial Performance Indicators.** Mr. Oscar Rodriguez presented a general overview of the FY 2023 Financial Statements for Board approval. Pursuant to the Government Accounting Standards Board's new rule, the NMFA amortized our software. The Board was asked to approve the statements as final and accurate.

**Member Burke moved, seconded by Member Esparsen, to approve agenda item 11.2. The motion passed 7 – 0.**

12. **Next Board Meeting.** Thursday, September 28, 2023 – 9:00 a.m. Room 309 at the State Capitol.
13. **Adjournment.** Member Esparsen made a motion, seconded by member Trujillo to adjourn the meeting. The motion passed 7-0. The meeting adjourned at 10:21 a.m.

  
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9-28-23 Secretary  
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Date