

New Mexico Finance Authority
810 W. San Mateo Rd., Santa Fe, New Mexico 87505
(505) 984-1454
NMFA Board Meeting Minutes
March 27, 2025
Teleconference

Members Present:

Kathy Keith, Chair	Public Member, Los Alamos Natl. Laboratory
Joy Esparsen	Director, New Mexico Counties
Marcos Trujillo	Designee, NM Dept. of Finance and Administration
Sam Collins	Designee, NM Economic Development Dept.
Kelsey Rader	Designee, NM Environment Department
Ben Shelton	Designee, Energy, Minerals & Natural Resources Dept.
Teresa Costantinidis	Public Member, University of New Mexico

Members Absent:

Ronald Lovato	Public Member, Ohkay Owingeh
Martin Suazo, Vice Chair	Public Member, Las Vegas, NM
Andrew Burke	Public Member, Las Cruces, NM
AJ Forte	NM Municipal League

New Mexico Finance Authority Staff:

Aaron Kayser	Juliana Baumgartner
Angelo Jaramillo	Kryshana Madrid
Angie Hunt	Laura Williams
Anthony Maestas	Leslie Medina
Brian DuBoff	Luanna Salazar
Bryan Otero	Lucas Elliot
Carmela Manzari	Lynn Taulbee
Charlotte Larragoite	Marquita Russel
Chip Pierce	Norman Vuylsteke
Connie Marquez	Paul Romero
Donnie Quintana	Ratna Navabhaktula
Dora Cde Baca	Rio Trujillo
Eric Friedland	Ron Cruz
Erika Falance	Ryan Olguin
Fernando Martinez	Ryan Marie Decker
Jake Adams	Sean Endler
Jeff Baade	Sharon Romero
Joanne Johnson	Susan Pittard
John Brooks	Susan Rodriguez
John DuBois	Teresa Miller
Jolin Anaya	Theresa Garcia
Josh Young	Todd Johansen

Guests:

Angie Ferguison

Bret Wier

Brad Patterson

Carla Najjar

Casey DeRaad

Charlene Webb

Debbie Davis

Erik Harrigan

Erika Hecht

Helen Atkenson

Isaac Leon

Jerry Kyle

Kaeley Weimerskirch

Lauren Herrera

Mark Valenzuela

Matt Drinen

Matt Schoenfeld

Rich Wood

Rick Davis

Suzanne Bruckner

Teresa Dahl-Bredine

Thomas Manushek

Village of Angel Fire

Gilmore and Bell

Virtue, Najjar & Browne

NewSpace

Grant County

Housing Coalition of New Mexico

Orrick, Herrington & Sutcliffe, LLP

RBC Capital Markets

Sutin, Thayer & Browne

Little Toad Creek Brewery & Distillery

Thomas Development

1. **Call to Order and Roll Call.** Chairman Keith called the meeting to order at 9:00 a.m. A quorum was established.

2. **Approval of Agenda.** Member Trujillo moved, seconded by Member Costantinidis to approve the agenda. The motion passed 7 – 0.

3. **Approval of Board Minutes.**

3.1 **Member Trujillo moved, seconded by Member Radar, to approve the February 27, 2025, Board Minutes. The motion passed 7 – 0.**

4. **Report from the Chief Executive Officer (“CEO”), Marquita Russel.**

4.1 **Report from the CEO.** CEO Russel provided an overview of the Legislative Session. As reported in February, House Bill 2 contains a total of \$230 million in general fund appropriations: \$10 million for the Child Care Revolving Loan Fund, \$200 million for the Water Project Fund (for projects authorized in 2025 and 2026) and \$20 million for the new NMFA Solar Access Grant Program.

• HB 41 (Rep. Cates/Sen. Steinborn) PPRF Appropriation Bill – Appropriates \$13.25 million from the PPRF to three funds: \$6.25 million to the DWSRLF to serve as the state match to EPA capitalization grants, \$2 million to the Local Government Planning Fund, and \$5 million to the Cultural Affairs Facility Infrastructure Fund administered by the Department of Cultural Affairs.

- HB 206 (Rep. Herrera/Sen. Ezzell) WTB Project Authorization Bill – authorizes 84 projects for 62 qualified entities
- HB 240 (Rep. Herrera/Sen. Woods) Amends the Drinking Water State Revolving Loan Fund Act to conform the state law to federal provisions, including allowing for grants to be made from the fund and the loans may have longer terms.
- SB 115 (Sen. Padilla/Rep. Garratt) PPRF Project Authorization Bill – authorizes projects for 200 qualified entities
- HB 128 (Rep. Szczepanski/Sen. Pope), NMFA, creates in the NMFA a \$20 million Local Solar Access Program that will allow NMFA to make grants to Tribes, Counties, Municipalities, School Districts, and Land Grants for planning and construction of solar and storage projects. NMFA will operate the program with Energy, Minerals and Natural Resources, its policy partner.
- SB 170 (Sen. Padilla/Rep. Joshua Hernandez) and its companion bill SB 169 (Sen. Padilla/Rep. Dixon) NMEDD’s economic development site readiness bills. SB 170 amends the PPRF to include rural electric coops as eligible entities for the PPRF and suspends the PPRF’s prior legislative authorization for three years.
- SB 175 (Sen. Berghmans/Rep. Serrato), expands the Child Care Revolving Loan Fund and provides that loans may be repaid with contract for services.
- SB 197 (EMS Bonding Bill) would allow NMFA to make loans for ambulance purchases secured by a relatively new EMS distribution.

Refinancing United States Department of Agriculture (“USDA”) loans. All Colonias Infrastructure Board (“CIB”) awards and most Water Trust Board (“WTB”) awards require a modest loan component. These loans are secured with a subordinate lien on the revenue stream and have provisions that allow for the annual principal payments to be forgiven if borrowers experience unanticipated events that interrupt their ability to make their annual payments.

Over the past few years, USDA has complicated the timely closing of the WTB and CIB loans by requiring borrowers who have existing USDA loans get approval of the additional debt from USDA headquarters. USDA headquarters’ approval has regularly taken more than one year to secure. As part of the current Department of Government Efficiency (“DOGE”) cuts, New Mexico’s USDA office has lost additional program staff, which will almost certainly exacerbate an already slow pace to a dead standstill for the foreseeable future.

NMFA has tried to work around the USDA consent issues by securing loans to cities and counties with GRT revenues, however, mutual domestic waste water associations do not have that option since they don’t receive GRTs. NMFA’s credit staff routinely looking at each of the projects slowed up by USDA to see if the loans can be refinanced by the PPRF. In those instances that have been refinanced, NMFA has required using taxable interest rates because USDA loans are closed without the requisite findings and tax opinions necessary for refinancing to occur on a tax-exempt basis. Taxable interest rates are often higher than tax-exempt interest rates.

Staff is proposing that NMFA make modest interest rate accommodations for small borrowers that are required to refinance their debt within the PPRF in order to proceed with their WTB or CIB projects. Staff proposes to allow smaller loans that typically wouldn't be included in bond issuances to be financed at the prevailing tax-exempt rates. Since they're not being reimbursed, there will be no additional impact to the PPRF cash flows. This does not necessarily trigger a policy waiver or change, however, it is a significant shift from past practice and that is important to update the Board on.

Informational Only.

5. Public Lending Committee.

5.1 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. Kelsey Rader), Ms. Joy Esparsen (Mr. Richard Garcia) and Mr. Ron Lovato.*

5.1 Update on Activities. A quorum of the Public Lending Committee met on March 19, 2025, via Zoom. Member Kelsey Rader chaired the meeting, with members Richard Garcia, Alison Nichols, Marcos Trujillo and Ron Lovato in attendance.

Staff presented one PG, three DWSRLF and seven PPRF applications. The committee recommends for approval of these items.

Informational Only.

6. Consent Agenda.

6.1 Santa Cruz Water Association (Rio Arriba/Santa Fe County). PG-6675. \$50,000. Preliminary Engineering Report. The Association applied to the LGPF to fund a PER to assess the water system needs for improving the infrastructure and identifying regionalization opportunities with nearby municipalities and/or other MDWCA water systems. The Association plans to utilize this document towards applying to future WTB or DWSRF funding.

6.2 Valencia County. PPRF-6672. \$938,438. State Fire Protection Funds. The County, on behalf of the Valencia Del Norte Fire Department, applied to the PPRF to purchase a fire truck and the respective equipment. The equipment will be used to support fire suppression efforts in the County, thereby maintaining public health, safety, and welfare. This fire truck will help upgrade the Fire Department's fleet and assist in helping surrounding communities with more consistent service. This equipment apparatus can also help increase the Fire Department's service capacity.

The County will pledge its State Fire Protection Funds as the revenue source for this loan. The Fire Department has an ISO class rating of five consisting of three (3) main stations and receives an annual base distribution of \$185,001 from State Fire Protection Funds. The County will provide \$600,000 in contributing funds from a State Fire Marshall awarded grant as part of the transaction. The State Fire Marshal has provided a letter of approval for this loan.

6.3 Hagerman School District (Chaves County). PPRF-6677. \$900,000. General Obligation Bond. In November 2023 voters authorized a general obligation bond for \$1,800,000 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 \$900,000 which NMFA will purchase with the PPRF. The bond proceeds will be used for district-wide facility projects and capital needs as identified in their current 2023-2028 five-year Facilities Master Plan. This current request of \$900,000 is the second tranche of the 2023 voter-approved bond. It will fund Hagerman Municipal Schools' municipal share of the new PreK-12 combined school building. Proceeds will cover the cost of the planning and design phase #1 for the new school facility and construction phase #2 of this multi-year project.

Member Trujillo moved, seconded by Member Rader, for approval of agenda items 6.1-6.3. The motion passed 7-0.

7. Regular Agenda.

7.1 City of Carlsbad (Eddy County). DW-6673. \$7,916,862. Carlsbad has applied to the DWSRLF to design, bid, and construct the new Sheep's Draw Five Million Gallon Reservoir #5 adjacent to the existing Sheep's Draw 5MG Reservoir #4. This project will include piping, site improvements, grading and drainage. This project consists of the installation of a 5MG welded steel water storage tank at the Sheep's Draw tank site and connection to the existing 30-inch transmission line. The water reservoir is needed for additional storage capacity plus operational and maintenance redundancy, and to provide a more reliable water supply to the city.

Member Trujillo moved, seconded by Member Esparsen, for approval of agenda item 7.1. The motion passed 7-0.

7.2 City of Carlsbad (Eddy County). DW-6669. \$17,092,883. Carlsbad applied to the DWSRLF to plan, design, and construct a new water line from the Tatum Well Field to the existing Double Eagle Water System including design and construction of the waterline to connect the two water fields, drilling and equipping new wells and all related appurtenances. The Carlsbad owns and operates the Double Eagle Well Field and Tatum groundwater diversion permits. These groundwater sources are vital parts of the city's drinking water supply portfolio. This project will provide additional drinking water supply to help meet the growing needs of the city.

Member Trujillo moved, seconded by Member Rader, for approval of agenda item 7.2. The motion passed 7-0.

7.3 City of Las Cruces (Dona Ana County). DWL-6674. \$15,000,000. The City of Las Cruces ("City") applied to the DWSRLF to continue the service line inventory via field investigations including previous survey results and required service line replacements as needed and all related appurtenances. This will complete the survey and determine the status of the City's lead lines and required improvements.

The water systems comply with the Lead and Copper Rule Revisions requirement to prepare and maintain an inventory of service line materials. The project consists of work to complete the required system wide lead service line inventory and will be in compliance with the revised Lead and Copper Rule (2021) and the EPA 2022 guidance. The project was ranked number one on the FY2025 BIL Lead Service Line Replacement Funding Priority List.

Member Rader moved, seconded by Member Costantinidis, for approval of agenda item 7.3. The motion passed 7-0.

7.4 Village of Angel Fire (“Village”) (Colfax County). PPRF-6670. \$1,800,000. General Obligation Bond. The Village received voter approval of \$1,800,000 in two separate General Obligation Bond elections for the purpose of laying off, opening, constructing, repairing, and otherwise improving municipal alleys, streets, public roads and bridges, or any combination thereof including enlarging, improving or extending the Village’s water and wastewater system. This approval is valid for a period of four years. The proceeds will also be used to add hydrants and the cost of issuance.

Member Costantinidis moved, seconded by Member Rader, for approval of agenda item 7.4. The motion passed 7-0.

7.5 Tucumcari Public School District (“District”)(Quay County. PPRF-6678. \$1,500,000. General Obligation Bond. The District received voter approval of \$3,000,000 to construct, remodel, make additions and furnish school buildings, purchase or improve school grounds, or any combination of these purposes. This approval is valid for a period of four years. The District will issue General Obligation Bonds in the amount of \$1,500,000 which NMFA will purchase with the PPRF. The proceeds will be used for projects consistent with the District's 2024-2029 Facility Master Plan.

Member Trujillo moved, seconded by Member Shelton, for approval of agenda item 7.5. The motion passed 7-0.

7.6 County of Taos Carson Fire Department. PPRF-6682. \$1,100,000. Fire Protection Funds. Taos County, on behalf of the Carson Fire District, applied to the PPRF for the renovation and construction of an existing County-owned property. The current Fire Station has two bays, lacks a restroom or office space, and will be repurposed for the Fire Department’s storage and the acquisition of a future brush truck. To secure this loan, the County will pledge its State Fire Protection Funds as the primary revenue source. The Fire Department currently has an ISO Class 6 rating with a single main station and receives an annual distribution of \$58,584 from the State Fire Protection Funds. Furthermore, the County will contribute \$700,000 from its Taos County Fire Excise Tax and County Fire Protection Fund. The State Fire Marshal has provided a letter of approval for this loan. Grant County Manager Charlene Webb made some comments regarding the internal staffing updates in the finance department and the 2023-2024 audits. Member Trujillo requested the Board be updated with the outcome of their 2024 audit when it is ready.

Member Esparsen moved, seconded by Member Rader, for approval of agenda item 7.6. The motion passed 7-0.

7.7 Grant County. PPRF-6687. \$2,500,000. General Obligation Bond. Grant County (“County”) applied to the PPRF to finance construction and renovations to a County-owned building in Silver City. The renovated building will serve as a new Public Safety Building. In November 2022, the County received voter approval to issue General Obligation Bonds for the purpose of remodeling and adding necessary public buildings within the County. The approval is valid for a period of four years. The County will issue General Obligation Bonds in the amount of \$2,500,000, which will be purchased by the PPRF. The Public Safety Building will provide the community with a centralized location to access the Sheriff, Police Chief, Fire Chief, and Emergency Management Department.

Member Esparsen moved, seconded by Member Costantinidis, for approval of agenda item 7.7. The motion passed 7-0.

7.8 NMSU Alamogordo Branch (Otero County). PPRF-6684. \$15,000,000. General Obligation Bond.

In November 2023, the NMSU Alamogordo Branch (“University”) received voter approval of \$15,000,000 to construct, remodel, make additions and furnish school buildings, purchase or improve school grounds, or any combination of these purposes. This approval is valid for a period of four years. The University will issue General Obligation Bonds in the amount of \$15,000,000 which NMFA will purchase with the PPRF. The proceeds will be used for projects consistent with the University's 2023-2028 Facility Master Plan. Since this will be a simultaneous closing, this loan will be subject to market pricing, and therefore, the final terms of the loan may vary. A condition of closing for this loan will be the receipt of approval (if applicable) from Higher Education Department and from the NM Department of Finance.

Member Trujillo moved, seconded by Member Esparsen, for approval of agenda item 7.8. The motion passed 7-0.

8. Economic Development Committee Report. *Committee members: Secretary Rob Black, Chair (Mr. Sam Collins), Secretary Dylan Fuge (Mr. Ben Shelton), Ms. Teresa Costantinidis, Secretary Wayne Propst (Mr. Marcos Trujillo), and Mr. Ronald Lovato.*

8.1 Update on Activities. A quorum of the Economic Development Committee met on March 18, 2025, via Zoom. Member Sam Collins chaired the meeting with members Marcos Trujillo and Teresa Costantinidis in attendance.

Staff presented one application for the New Markets Tax Credit Program, one application for a loan from the Opportunity Enterprise Housing Development Revolving Fund, and one application for a loan from the Opportunity Enterprise Commercial Development Revolving Fund. The committee recommends approval of all projects presented.

Informational Only.

8.2 Little Toad Creek Brewery and Distillery (Mixed-Up Spirits). NMTC-6690. \$7,000,000. Working Capital and Equipment. Founder Teresa Dahl-Bredine provided a history of the business. Staff presented an overview of the borrower background, project description, community impact, exit fee terms, and the financing structure. Discussion ensued with staff answering questions from the Board.

Member Rader moved, seconded by Member Trujillo, for approval of agenda item 8.2. The motion passed 7 – 0.

8.3 New Space Nexus. \$14,000,000. Shared Aerospace Center. Founder Casey DeRaad provided a history of the business. Staff presented an overview of the borrower background, project description, community impact, closing conditions, and the financing structure. Discussion ensued with staff answering questions from the Board.

Member Costantinidis moved, seconded by Member Trujillo, for approval of agenda item 8.3. The motion passed 7 – 0. Member Collins left the meeting at 10:16 a.m.

8.4 San Roque Apartments, LLC. \$2,347,103. 137-Unit Family-Affordable Apartment Community. Staff presented an overview of the borrower background, project description, and the financing structure. Discussion ensued with staff and Mr. Thomas Manushek of Thomas Development answering questions from the Board.

Member Trujillo moved, seconded by Member Shelton, for approval of agenda item 8.4. The motion passed 6 – 0.

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

9.1 Update on Activities. A quorum of the Finance & Disclosure Committee met March 19, 2025, via Zoom. Member Martin Suazo chaired the meeting, with members Alison Nichols, Kelsey Rader, Marcos Trujillo, and Richard Garcia in attendance.

Staff presented the Investment Report for February 2025 and the Bond Issuance Forecast Report for March 2025 as informational items.

Staff presented the Preliminary Official Statement relating to the Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2025B, seeking approval for it to be used in the marketing of the bonds. NMFA staff and consultants will continue to prepare for the sale of the Series 2025B Bonds, now expected to occur in April 2025. The committee recommends approval of this item. Staff presented the second quarter report of 2025 per the Debt Management Policy. For Q2, FY2025 the PPRF closed six loans totaling \$28.0 million, four of those loans had disadvantaged pieces totaling \$1.25 million. This was an information item. Staff presented proposals to be granted through the WTB Technical Assistance Program to nine organizations chosen through an evaluation process. The committee recommends approval of these proposals.

Informational Only.

9.2 Authorizing and Delegating Resolution for the Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2025B, Preliminary Official Statement, Subordinated General Indenture of Trust and Pledge, as amended and supplemented by the Twenty-Fourth Supplemental Indenture of Trust & Related Documents. Staff and its consultants presented the substantially final Preliminary Official Statement in preparation of the issuance of the Series 2025B Bonds. The Series 2025B Bonds will be issued in an approximate amount not to exceed \$55,000,000 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 or refinance 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 2025B Bonds. NMFA staff and consultants will continue to prepare for the sale of the Series 2025B Bonds, now expected to occur in April 2025. NMFA staff, Mr. Jerry Kyle (Disclosure Counsel), and Mr. Brad Patterson (Bond Counsel) reviewed the proposed resolution and related documents for the Series 2025B bonds. Member Marcos Trujillo will represent the Board in the transaction as a designated officer.

Member Trujillo moved, seconded by Member Esparsen for approval of agenda item 9.2. The motion passed 6-0.

9.3 WTB/TAP RFP Professional Services Agreements. Staff presented the proposed awards for the WTB/TAP services. The purpose of the RFP is to solicit proposals from entities that will provide professional engineering (Preliminary Engineering Reports, Asset Management Plans, and hydrology studies), GIS and geo-spatial mapping, accounting, and facilitation services to water and wastewater service providers in support of regionalization and individual system planning. The NMFA received (12) proposals, and an Evaluation Committee conducted a thorough review of each of the proposals. The Committee selected the following (9) organizations to proceed with entering into an agreement and recommends staff be authorized to negotiate into a agreement with the nine organizations identified, for each specific “on-call” services.

1. Bohannon Huston
2. Bosque Advisors, LLC
3. Daniel B Stephens & Assoc Inc.
4. High Desert CPA's
5. INTERA Incorporated
6. Northwest NM Council of Gov
7. Rural Community Assistance Corporation
8. Stantec
9. University of New Mexico

Member Esparsen moved, seconded by Member Trujillo for approval of agenda item 9.3. The motion passed 6-0.

- 10. Audit Committee Report.** *Committee members: Mr. Andrew Burke, Chair, Mr. Martin Suazo, Secretary Melanie Kenderdine (Mr. Ben Shelton), and Secretary Rob Black (Mr. Sam Collins), and Ms. Teresa Costantinidis.*

10.1 Update on Activities. A quorum of the Audit Committee met March 19, 2025, via Zoom. Member Andy Burke chaired the meeting, with members Sam Collins, Martin Suazo, Teresa Costantinidis, and Ben Shelton in attendance.

Staff presented the financial statements for January 2025. The committee accepted the financial statements. Staff presented a detailed review of the progress made on the construction project at 810 West San Mateo and shared that NMFA approved payment on three change orders for the most recent pay application, two for Brycon and one for Lloyd & Associates Architect. This was an information item. Staff presented on Operational Excellence and Internal Audit for the first quarter of 2025. This presentation covered updates on Top Risks/Initiatives, Enterprise Risk Management, and Risk Status. This was an information item.

- 11. Next Board Meeting.** Thursday, April 24, 2025 via Zoom – 9:00 a.m.

- 12. Adjournment.** The meeting adjourned at 11:15 a.m.

AJ forte

05 / 02 / 2025

Secretary

Date