



NMFA Board Meeting Minutes
March 26, 2026

Members Present:

Kathy Keith, Chair	Public Member, Los Alamos Natl. Laboratory
Martin Suazo, Vice Chair	Public Member, Las Vegas, NM
Richard Garcia <i>virtual</i>	Designee, New Mexico Association of Counties
Isaac Romero	Designee, NM Economic Development Dept.
Ashley Leach	Designee, NM Dept. of Finance and Administration
Erin Taylor	Secretary Designate, Energy, Minerals & Natural Resources Dept.
Kelsey Rader <i>virtual</i>	Designee, NM Environment Department
Ronald Lovato	Public Member, Ohkay Owingeh
Alison Nichols	Designee, NM Municipal League
Teresa Costantinidis	Public Member, University of New Mexico

Members Absent:

Andrew Burke	Public Member, Las Cruces, New Mexico
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- 1. Call to Order and Roll Call.** Chair Keith called the meeting to order at 9:01 a.m. A quorum was established.
- 2. Approval of Agenda.** Member Suazo moved, seconded by Member Romero, to approve the agenda. The motion passed 10 – 0.
- 3. Approval of Board Minutes.** Member Suazo moved, seconded by Member Romero, to approve the February 26, 2026, Board Minutes. The motion passed 10 – 0.
- 4. Report from the Chief Executive Officer (CEO), Marquita Russel.**

CEO Russel discussed various staff accomplishments and new hires, highlighting recent recognitions and additions to the team. The update included acknowledgment of a long-time colleague being honored for distinguished military and civilian service, as well as the introduction of new finance staff members joining the organization. The CEO noted that these achievements and transitions reflect the strength and continued growth of the agency's talented workforce. Legislative bills have been signed and staff is putting together a summer / fall outreach plan for the Economic Development Revolving Fund program. The WTB changes and PPRF projects will also be discussed.

CEO Russel went over the PPRF bond ratings, noting our analysts from S & P Global and Moody's Investor Services were on site in February. The ratings have been filed, and both agencies assigned the new Junior Lien Bonds with a rating two notches below our Senior and Subordinate Lien bonds. For S &

P, this means our Senior / Subordinate / Junior Lien Bonds ratings are AAA / AAA / AA, respectively, all with stable outlooks.

CEO went over the FY 2027 Budget assumptions noting the Finance & Disclosure Committee has accepted the programmatic and operational outlook and key assumptions for the coming fiscal year. Staff will present an initial draft of the Budget to the Finance and Disclosure Committee in April and a final version that will be presented to the Board in May.

Over the past several years, the Water Project Fund (WPF) has experienced unprecedented growth driven by increased severance tax bond proceeds and general fund appropriations. Staff estimates that between FY 2023 and FY 2027, approximately \$1 billion will be awarded - representing roughly double the total amount awarded in the program's first two decades through FY 2022. Looking ahead to FY 2027, application activity is expected to further accelerate due to new temporary authority granted under HB 109. In addition, a \$100 million general fund appropriation from the 2026 Legislature is anticipated to support an additional application cycle focused on design grants for eligible water and wastewater projects, with this cycle targeted for the first half of the fiscal year. The traditional application cycle is expected to follow in the second half of the year, aligned with the availability of severance tax bond funding. Demand is also increasing for the Water Trust Board Technical Assistance Program, which supports small system planning and regionalization efforts. The initial \$3.5 million allocated for FY 2026 was fully awarded within the first five months of the application period, and staff reports demand at approximately double the available funding should applications be reopened. While funded through the WPF, this program relies on contract expenditures, resulting in a direct impact on NMFA's operating budget.

PPRF is expected to remain relatively stable, and programs established within the past five years are projected to experience steady growth. Non-PPRF project closings have increased approximately 30% year-over-year, and this trend is anticipated to continue into FY 2027. Revenue projections reflect modest overall growth, including a 2.5% increase in GGRT, slightly below the long-term average due to improved water-use efficiency offsetting population and rate-driven gains. Administrative and processing fee revenue is expected to decline by approximately 11%, with FY 2026 receipts projected at \$743,000 and FY 2027 receivables estimated at \$660,000. Interest income on loans is forecasted to increase by 7.0%, with PPRF interest revenue expected to reach \$64.8 million compared to \$60.6 million in the current year. Investment portfolio earnings are projected at 3.25%. Additionally, NMFA anticipates receiving \$130 million in new appropriations, including \$100 million for the WPF, \$10 million for the Child Care Revolving Loan Fund, and \$20 million for the Opportunity Enterprise Revolving Fund. On the cost side, assumptions include an average inflation rate of 2.8%, a total staffing level of 80 employees (including two term positions), a 5% performance-based salary increase, a 1.0% cost-of-living adjustment, and a projected personnel vacancy rate of 6%.

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5. Other Items.

5.1 Integrated Business Application Quarterly Project Update. The IBA continues to be the primary focus in FY 2027 with a viable product by December, allowing staff to turn off the current loan servicing, accounting and payrolls systems. This will take significant engagement by staff the agency, resulting in increased indirect costs. During the second half of the fiscal year, staff will prioritize and implement additional system enhancements and incorporate legacy data.

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5.2 Approval of Revised Portfolio Management Policy. CEO Russel presented revisions to the policy, noting updates primarily clarifying language, assigning responsibilities to specific roles, and improving consistency. Key substantive changes include revisions of definitions, increased thresholds and refined criteria for Consent Agendas, and the addition of a new Partner Recommended Consent Agenda. Updates also expand project monitoring requirements for certain direct lending programs, adjust watchlist classifications to allow additional time for audit compliance, and replacing initial loan rating criteria with final risk rating classifications. Staff recommended approval of the revised policy.

Member Suazo moved, seconded by Member Romero, to approve item 5.2. The motion passed 10 – 0.

- 6. Public Lending Committee. *Committee Members are Mr. A.J. Forte, Chair, (Ms. Alison Nichols), Secretary James Kenney (Ms. Kelsey Rader/Mr. Dennis Romero), Ms. Joy Esparsen (Mr. Richard Garcia), Acting Secretary Erin Taylor (Mr. Ben Shelton), and Mr. Ron Lovato.***

6.1 Update on Activities. A quorum of the Public Lending Committee met on March 18, 2026, via Zoom. Member Shelton chaired the meeting, with members Kelsey Rader and Ronald Lovato in attendance. Staff presented four Planning Grant projects, two Drinking Water projects, and three PPRF projects. All nine projects were approved by the Committee.

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- 7. Approval of Consent Agenda.**

7.1 Approval of Consent Agenda. Member Suazo moved, seconded by Member Costantinidis, to approve the consent agenda. The motion passed 10 – 0.

- 8. Regular Agenda.**

8.1 City of Las Vegas (San Miguel County). DWL-7040. \$224,173. Lead Remediation. Staff presented the City’s project to comply with the U.S. Environmental Protection Agency’s Lead and Copper Rule Improvements by completing a comprehensive inventory of all service lines and associated materials. The project aligns with EPA guidance issued in August 2022 and supports compliance with the revised Lead and Copper Rule requirements. EPA has established a ten-year useful life for service line inventories and, under the final rule issued in November 2023, requires the replacement of lead pipes within a ten-year period. The proposed ten-year repayment term is intended to reduce the financial burden on communities while maintaining compliance with federal and state regulations. The program is fully federally-funded and does not require a state match.

Member Suazo moved, seconded by Member Romero, for approval of item 8.1. The motion passed 10-0.

8.2 Lake Arthur Fire Department (Chaves County). PPRF-7050. \$217,345. Equipment Loan. The Town has applied to the PPRF to purchase a pumper-tender and its associated equipment. This upgrade will enhance the Town’s fire suppression capabilities and support public health, safety, and

welfare throughout the County. The Town will pledge its State Fire Protection Funds as the revenue source for the loan. The department currently holds an ISO Class 9 rating, operates one main station and one substation, and receives an annual State Fire Protection Fund allocation of \$54,483. Additionally, the Town will contribute \$600,000 from the New Mexico Fire Protection Grant toward the project. The State Fire Marshal has issued a letter of approval in support of this financing request. Upon further discussion, the Board will require that the Town of Lake Arthur adopt a nepotism policy as a condition to approval of the loan.

Member Suazo moved, seconded by Member Leach, for approval of item 8.2. The motion passed 10-0.

8.3 Grady Municipal School District (Curry County). PPRF-7049. \$330,000. GOB. The District has applied to the PPRF to finance a multi-purpose room addition to their existing campus. The addition is approximately 1,500 square feet located between the original high school building and 1980's cafeteria addition. Cost of issuance is included in the financing. The addition will be used as a science lab, culinary classroom, testing space, faculty prep room, and meeting space. The District will issue General Obligation Bonds (GOB) in the amount of \$330,000 which NMFA will purchase with the PPRF. In November 2025, the District received voter approval of \$330,000 for erecting, remodeling, making additions to and furnishing school buildings, including teacher housing; purchasing or improving school grounds.

Member Suazo moved, seconded by Member Romero for approval of item 8.3. The motion passed 10-0.

8.4 Farmington Municipal School District (San Juan County). PPRF-7051. \$7,500,000. GOB. The District has applied to the PPRF for districtwide improvements to include but not limited to; Classroom upgrade/redesign; Theater completion; Football turf at Hermosa, Mesa View, and Tibbetts; New school design. The District will issue GOBs in the amount of \$7,500,000 which NMFA will purchase with PPRF. Cost of issuance is included in the financing. The proposed improvements are consistent with projects and capital needs identified in the District's 2023-2028 FMP. In November 2025, the District received voter approval of \$30,000,000. This approval is valid for a period of four years. This is the first tranche of the voter approved funds.

Member Suazo moved, seconded by Member Costantinidis for approval of item 8.4. The motion passed 10-0.

- 9. Economic Development Committee.** *Committee members: Secretary Rob Black, Chair (Mr. Isaac Romero), Acting Secretary Erin Taylor (Mr. Ben Shelton), Ms. Teresa Costantinidis, Secretary Wayne Propst (Ms. Ashley Leach), and Mr. Ronald Lovato.*

9.1 Update on Activities. A quorum of the Economic Development Committee met on March 17, 2026, via Zoom. Member Isaac Romero chaired the meeting with members Ashley Leach and Ben Shelton in attendance. Staff presented one Smart Money project, one Charter School application, and one PPRF project, and the committee approved all three.

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9.2 CDR Holdings, LLC SM-7067. \$1,300,000. Construction/Real Estate. Staff presented a proposed participation by NMFA in a construction-to-permanent loan for a retail center in northwest

Albuquerque under the Smart Money Loan Participation Program. The project was redirected from the State Small Business Credit Initiative after being deemed ineligible and now involves up to a 35% subordinate participation by NMFA alongside Nusenda Credit Union. The development, led by CDR Holdings, LLC, consists of three buildings totaling approximately 16,925 square feet on a 2.47-acre site, with a mix of pre-leased, owner-occupied, and speculative space. The borrower is contributing significant equity, covering approximately 47% of total project costs, and plans to leverage existing tenant relationships to support lease-up. Ownership and management are led by Charles and Demi Nguyen, who bring prior real estate investment and small business experience. Loan repayment will be shared proportionally between lenders, with NMFA in a subordinate position.

Staff presented key loan terms and financial considerations for NMFA's proposed participation in the project. The loan will be obligated by CDR Holdings, LLC, with guarantees provided by Charles and Demi Nguyen and their affiliated business, Demi Salon Corporation. Market analysis indicates the project is well-positioned within the Cottonwood submarket, which shows low vacancy and increasing rental rates, though a portion of the development remains speculative. While job creation estimates are preliminary due to unknown future tenants, the borrower anticipates a total of 90 jobs supported by the project. Financial review, including pro forma cash flow and guarantor support, reflects sufficient capacity to service the debt, supported by strong external cash flow and significant borrower equity. Strengths of the project include liquidity, guarantor backing, and pre-leasing activity, while risks include above-market rent assumptions and the borrower's limited experience with commercial development. Mr. Hernandez of Nusenda Credit Union and Mr. Nguyen, of CDR Holdings, provided additional commentary regarding the project. Staff recommended approval of NMFA's \$1.3 million (35%) subordinated participation, subject to standard closing conditions, including review of appraisal, environmental, legal, and compliance documentation.

Member Suazo moved, seconded by Member Romero, for approval of item 9.2. The motion passed 10-0.

9.3 Aldo Leopold Charter School (Grant County). CRLF-7038. \$2,565,000. Building Acquisition and Renovation. Aldo Charter School is applying to the Charter School Revolving Loan Fund for the acquisition and improvement of Jose Barrios Elementary School which is being consolidated due to decreasing enrollment. ALCS will be performing strategic improvements to reduce JBES's weighted New Mexico Condition Index score adhering to statewide minimum standards and allowing the school to operate the facility. Financing assistance consists of a two-year lease-purchase agreement through the CSFRF and a 25-year LPA in the PPRF thereafter.

Staff presented the Aldo Leopold Charter School application for financial assistance to support the acquisition and renovation of the JBES facility, which will serve as a permanent campus and support future enrollment growth. The project is expected to improve the facility's condition, which is currently below the statewide average requirement, and strengthen the school's long-term operational stability. ALCS demonstrates strong community presence, academic performance, and projected enrollment growth, supported by stable state funding and existing dual enrollment programs. However, risks include the inherent uncertainty associated with charter school funding and compliance, recent audit findings, leadership transition, and potential enrollment fluctuations during the renovation period. Staff recommended approval of the application, subject to standard closing conditions, including property, environmental, and regulatory approvals, as well as ongoing compliance with public education and facility requirements.

Member Suazo moved, seconded by Member Leach for approval of item 9.3. The motion passed 10-0.

9.4 Homewise Inc. (Santa Fe County). PPRF-6827. \$10,611,112. Housing Infrastructure Loan. Staff presented a request from Homewise, Inc. for a \$10.6 million loan from the PPRF to support infrastructure development for Tierra Contenta Phase 3A in Santa Fe. The project will fund critical trunk infrastructure, including roads, utilities, and community improvements, to support a planned expansion of approximately 1,500 housing units, including a significant portion of affordable housing. Phase 3A builds on a long-standing affordable housing initiative and is fully planned, approved, and shovel-ready, with construction anticipated to begin in 2026. The total project cost of \$37 million will be supported through a combination of state capital outlay funds, private financing, and borrower contributions. Upon completion, infrastructure will be dedicated to and maintained by the City of Santa Fe. The development is expected to increase housing availability, support affordability goals, and attract additional developers to the project.

Staff presented the financial structure and risk profile associated with the Homewise, Inc. PPRF loan request. The loan will be secured by a pledge of Homewise's gross revenues, supported by a strong debt service coverage ratio of 45.19x, with a required minimum of 1.30x. Additional security includes a UCC-1 filing to perfect the revenue pledge. The organization demonstrates a healthy financial position, with manageable debt levels, strong liquidity, and a recent clean audit. Project strengths include its contribution to addressing Santa Fe's affordable housing shortage and the borrower's proven development track record and community partnerships. Key risks include exposure to broader housing market and interest rate fluctuations, as well as reliance on timely land sales to support repayment. Overall, the project's low leverage and strong financial position support its long-term viability therefore staff recommends approval.

Ms. Ralphs and Mr. Slavin, Homewise representatives, provided additional comments regarding this project and answered questions from the Board. NMFA General Counsel presented the inducement resolution for this project covering the issuance of bond required for this project to proceed. Since Homewise is a 501c3 organization, pursuant to the internal revenue code, a TEFRA hearing is required for issuance of the conduit bonds. This is also required by the SWEDFA Act.

Member Romero moved, seconded by Member Suazo, for approval of item 9.4. The motion passed 10-0.

Member Romero moved, seconded by Member Suazo, for approval of the resolution as presented. The motion passed 10-0.

10. Finance and Disclosure Committee. *(Committee members: Mr. Martin Suazo, Chair, Mr. A.J. Forte (Ms. Alison Nichols), Secretary Wayne Propst (Ms. Ashley Leach), Secretary James Kenney (Ms. Kelsey Rader/Mr. Dennis Romero), and Ms. Joy Esparsen (Mr. Richard Garcia).*

10.1 Update on Activities. A quorum of the Finance & Disclosure Committee met on March 18, 2026, via Zoom. Member Suazo chaired the meeting with members Kelsey Rader and Ashley Leach in attendance.

Staff presented the February 2026 Investment Report and Bond Issuance Forecast, both as informational items. Staff also reviewed FY 2027 budget assumptions and timeline which the committee recommended

approval. The Retirement Committee provided its annual update, and staff presented multiple procurement notifications; both were informational items.

Informational Only.

- 11. **Audit Committee Report.** *Committee members: Mr. Andrew Burke, Chair, Mr. Martin Suazo, Acting Secretary Erin Taylor (Mr. Ben Shelton), Ms. Joy Esparsen (Mr. Richard Garcia), and Ms. Teresa Costantinidis.*

11.1 Update on Activities. A quorum of the Audit Committee met March 18, 2026, via Zoom. Member Burke chaired the meeting with members Ben Shelton and Teresa Costantinidis in attendance.

Staff provided a quarterly update on the Operational Excellence program as an informational item. January 2026 Financial statements were also presented; the Audit Committee accepted the statements. Staff gave an informational update on the Small Business Recovery Loan Program. Lastly, staff provided an informational update on the external audit for the Drinking Water program, which has been submitted to the State Auditor’s Office and is pending review.

Informational Only.

- 12. **Next Board Meeting.** Thursday, April 30, 2026 9:00 a.m. – 12:00 p.m - NMFA Board Room

- 13. **Adjournment.** The meeting adjourned at 10:52 a.m.

AJ forte

Secretary

05 / 29 / 2026

Date

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