

New Mexico Finance Authority
207 Shelby St. Santa Fe, N.M. 87501
(505) 984-1454
NMFA Board Meeting Minutes
September 26, 2024
New Mexico State Capitol, Room 307
490 Old Santa Fe Trail, Santa Fe, New Mexico

Members Present:

Kathy Keith, Chair	Public Member, Los Alamos Natl. Laboratory
Martin Suazo, Vice Chair	Public Member, Las Vegas, NM
Andrew Burke (via zoom)	Public Member, Las Cruces, NM
Joy Esparsen	New Mexico Counties
Marcos Trujillo	Designee, NM Dept. of Finance and Administration
Sam Collins	Designee, NM Economic Development Dept.
Kelsey Rader (via zoom)	Designee, NM Environment Department
Alison Nichols	Designee, NM Municipal League
Ben Shelton	Designee, Energy, Minerals & Natural Resources Dept.

Members Absent:

Teresa Costantinidis	Public Member, University of New Mexico
Ronald Lovato	Public Member, Ohkay Owingeh

Finance Authority Staff

Adam Johnson	Maithili Rajendra Dupte
Anthony Maestas	Mark Lovato
Anthony Silva	Maria Ruelas
Brenda Garcia	Marquita Russel
Brian DuBoff (via webcast)	Michael Vonderheide
Bryan Otero	Nkolika Onyia
Carmela Manzari	Norman Vuylsteke
Charlotte Larragoite (via webcast)	Oscar Rodriguez
Chip Pierce (via zoom)	Paul Romero
Dan Opperman	Rio Trujillo
Delanne Reichard	Ron Cruz
Donnie Quintana	Ryan Olguin
Erika Falance	Ryan Marie Decker
Fernando Martinez	Sean Endler
Gbolahan Ijimayowa	Susan Rodriguez (via webcast)
George Elam	Susan Pittard
John Brooks	Theresa Garcia (via webcast)
Jolin Anaya (via webcast)	Theresa Miller (via webcast)
Laura Williams	Tyler Espino
Leslie Medina	Yasmine Haldeman
Luanna Salazar	

Guests:

Adam Silverman	Geltmore, LLC
Alison Adams	Meketa Investment Group
Ethan Samson	Meketa Investment Group
David Silverman	Geltmore, LLC
John Archuleta	
Karla Metz	Film Yard
Paul Silverman	Geltmore, LLC
Rick Metz	Film Yard
Rob Burpo	First American Financial Advisors
Suzanne Bruckner	Sutin, Thayer & Browne
Wayne Johnson	Sandoval County

1. **Call to Order and Roll Call.** Chairman Keith called the meeting to order at 9:11 a.m. A quorum was established.
2. **Approval of Agenda. Member Suazo moved, seconded by Member Trujillo to approve the agenda. The motion passed 9 – 0.**
3. **Approval of Board Minutes.**
 - 3.1 **Member Suazo moved, seconded by Member Collins, for approval of the August 29, 2024, Board Minutes. The motion passed 9 – 0.**
4. **Report from the Chief Executive Officer (“CEO”), Marquita Russel.**
 - 4.1 **Report from the CEO.** I’m happy to report that we were successful in finding a great Board Administration team. Yasmine (Yaz) Haldeman who brings great experience, most recently at the City of Santa Fe and the City of Fort Collins. She is joined by Erika Falance who most recently served as a contractor to Legislative Council Services helping to run meetings during the interim and staff committees during the session. Welcome! As announced last month, NMFA’s Information Technology Team and Operations Innovations Team have been combined into a single Information Systems and Innovation Team. The leaders of that new group will get a brief overview of the Team and the work they’re doing. Lastly, staff is bringing a request to allow NMFA to offer a 457b plan which will allow our employees to contribute to a pre-tax retirement account. NMFA will not be contributing to this plan, but it will provide benefit to our employees who wish to participate. If approved today, it will be referred to the NMFA Retirement Committee for implementation.

Legislative Update - Staff traveled to Socorro for an NMFA Oversight Committee in early September where they made presentations regarding the Drinking Water State Revolving Loan Fund, the Colonias Infrastructure Board, the Child Care Revolving Fund, Primary Care Capital Fund and the Behavioral Health Capital Fund. We have two, single day meetings remaining, one on October 9th and the other in mid-November. We have also been invited to present to the Economic and Rural Development Policy Committee in October and are expecting an invitation to the Legislative Finance Committee in October or November.

Programs Update - Opportunity Enterprise programs: The latest competitive applications for the housing and commercial development programs were opened on time on September 4th. Deep appreciation to the Operations Innovation Team for its work in simultaneously standing up two high profile applications. My additional appreciation to John Brooks, Brian DuBoff, Alysia Sanchez, Teresa Miller, Ron Cruz, Rick Herrman, Ryan Decker, Lynn Taulbee, Dan Opperman, and Charlotte Larragoite. Approval of the final Housing Development Loan Rules was postponed in August due to an administrative oversight. They are presented today for your final consideration. The Housing Development Loan Policies are also on today's agenda for some recommended amendments. Shortly after approving the final policies, staff heard from stakeholders about some unintended consequences of a few of the structuring provisions, particularly those related to the developer fee and the required minimum debt service coverage. Because these consequences could be impediments to using this program, staff is requesting amendments to the policies.

Local Government Planning Fund Policies - This summer NMFA's rules for the LGPF were revised to increase the maximum grant for a planning document and to provide new uses of the fund consistent with recent legislative changes. Today staff is presenting corresponding revisions to the policies that provide for the new document types and insert a sliding scale for maximum grant amounts for water and wastewater system planning. Additionally, staff is recommending that NMFA eliminate the requirement that the documents comply with specific templates as this has led to some straightforward planning documents being over-engineered which takes additional time and money to produce.

Venture Capital Program - The NMFA Investment Committee is bringing two items to the Board this month. The first is the recommendation to modify the Investment Policy to provide target allocations for funds restricted to New Mexico businesses. The second is a report from Meketa Investment Group, NMFA's Venture Capital Investment Consultant, on its research on the national landscape of venture capital funds created to target investments in early stage businesses commercializing research from laboratory and higher education institutions. Meketa examined models throughout the county to better inform our understanding of potential opportunities and risks with these types of funds, in addition to the types of resources required to help spinout ventures succeed. Meketa will be sharing their research findings with you at today's meeting, and, similar to our work with Next Street last year, NMFA will be making the findings publicly available for the benefit of the broader ecosystem.

Informational Only.

5. Other Items.

5.1 Overview of New Department of Information Systems and Innovation. Staff updated the Board regarding the Information Systems and Innovation Department, including the organizational chart, mission statement, data governance, team objectives, and milestones. Discussion ensued with staff answering questions from the Board.

Informational Only.

5.2 Review of New Mexico Finance Authority Strategic Plan. Staff presented for review the organization objectives for the 2025-2027 NMFA Strategic Plan. The next step in the strategic planning process is the creation and approval of objectives will accomplish the broad goals previously adopted. Staff went over the objectives for each goal, the impact category that will be affected by the successful completion of each objective, and an indication of what's needed to implement, e.g., additional funding,

additional policies, and new or amended program guidelines. Staff is requesting feedback on the proposed objectives and will request approval of the objectives at the October Board Meeting.

Informational Only.

5.3 Resolution Authorizing the New Mexico Finance Authority to Establish a 457B Retirement Account. Staff presented the voluntary pre-tax savings plan qualified under 457(b) of the Internal Revenue Code for NMFA employees and provided the Board with a copy of the resolution for their review. If the NMFA Board determines it is in the best interest of NMFA employees to provide a 457(b) plan, staff will bring options to the Retirement Plan Committee for further consideration.

Staff recommends the NMFA Board adopt a voluntary pre-tax savings vehicle qualified under 457(b) of the Internal Revenue Code for NMFA employees.

Member Esparsen moved, seconded by Member Suazo, for approval of agenda item 5.3. The motion passed 9-0.

5.4 Approval of Revised Local Government Planning Fund Project Management Policies. Staff presented for approval, the NMFA Local Government Planning Fund (“LGPF”) Revised Policies. The Revised Policies, along with the Amended Rules, allow the LGPF to incorporate expanded uses of the fund and increase maximum planning grant awards while remaining a viable source of planning grant funding in the State of New Mexico. Discussion ensued with staff answering questions from the Board. Staff will include the Department of Cultural Affairs to the reliance on outside expertise.

Maximum awards for utilities based planning documents will be determined by the number of connections served by the planning grant qualified entity:

Number of connections served	Maximum grant award
Fewer than 250	\$60,000
Between 250 and 3,000	\$75,000
Over 3,000	\$100,000

Maximum awards for non-utilities based planning documents will be determined by the population served by the planning grant qualified entity:

Population served	Maximum grant award
Fewer than 1,000	\$60,000
Between 1,000 and 25,000	\$75,000
Over 25,000	\$100,000

Member Suazo moved, seconded by Member Shelton, for approval of agenda item 5.4 as amended. The motion passed 9-0.

5.5 Approval of the Housing Development Revolving Fund Rules. Staff presented for approval the Rules governing the Opportunity Enterprise Housing Development Program, providing an update on conforming changes made and explaining that the Rules were reviewed by the Opportunity Enterprise and Housing Development Board and approved by the NMFA Oversight Committee.

Member Suazo moved, seconded by Member Trujillo, for approval of agenda item 5.5. The motion passed 9-0.

5.6 Approval of Amended Housing Development Revolving Loan Management Policies. Staff presented for approval of amended Housing Development Revolving Fund policies.

Developer Fees: Staff recommends the following changes:

- Provision that matches the developer fees on Affordable Housing Infrastructure projects to the lender's limitations on developer fees.
- Increase of maximum developer fee of 15% of total development costs.
- Change to the distribution of the developer fee from disbursement during construction to one-third at the time the loan closes, one-third during construction, and one-third once 90% of the units have been rented or sold, as relevant.

Loan Structuring: Staff recommends the following changes:

- Reducing minimum debt service coverage requirement from 1.35x to 1.15x as the additional cash flow coverage will drive up the cost of the housing.
- Providing that equity can take the form of contributed developer fee.
- Providing that Low-Income Housing Tax Credit transactions may be excepted from the 10% equity requirement due to conflicting provisions of the program.

Member Suazo moved, seconded by Member Collins, for approval of agenda item 5.6. The motion passed 9-0.

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

6.1 Update on Activities. A quorum of the Public Lending Committee met on September 18, 2024, via Zoom. Member Alison Nichols chaired the meeting, with members Joy Esparsen, Kelsey Rader and Marcos Trujillo in attendance.

The committee reviewed three PPRF projects and one request from Sandoval County to allow for an early payoff of its loan. The Committee recommends approval of the four items. Staff also presented an update on a change of revenue pledge on a loan to the City of Truth or Consequences. This was an informational item.

Informational Only.

7. Regular Agenda.

7.1 Sandoval County PPRF-5126. \$2,830,076. Early Payoff Request. Staff presented Sandoval County's request to amend their loan agreement call date for an early payoff due to the termination of the AMIkids lease agreement for the County's detention facility located in Cuba, New Mexico. Staff provided the background of this loan and the original loan structure. Pursuant to the County's request and given the

lack of any interest in leasing all or parts of the facility, the County believes the best course of action is to pay off the loan and avoid all encumbrances it presents. The County is current with all loan payments and has maintained the Facility in an operable and working order. Staff recommends an early payoff of PPRF-5126.

Member Suazo moved, seconded by Member Esparsen, for approval of agenda item 7.1. The motion passed 9-0.

7.2 City of Alamogordo (the “City”) (Otero County) PPRF-6510. \$28,070,000. 2024 Net System Revenue. The City has applied to the PPRF to finance a utility infrastructure project. The City owns a water and wastewater utility system that provides essential services. The funds will be used to finance the first phase of the City's estimated multiyear Capital Improvement Program utility water and wastewater repairs and replacements, which will address the public health, safety, and environmental regulation and issues. The issues identified, but are not limited to include utility infrastructure, such as water main failures and repairs, water service line emergence response failures, general water service lines, repair leaks in meter cans, water main valves, fire hydrants, and maintenance to the water quality and treatment standards.

The City has requested a waiver for semiannual payments versus monthly payments and a springing reserve in lieu of a traditionally funded debt service reserve fund. Based on the equivalent A3 rating, the Chief Financial Strategist at NMFA recommends that a traditionally funded debt service reserve is not required. The City will be required to cash fund a debt service reserve over a two-year period if the loan coverage falls below 2.00x coverage.

Member Suazo moved, seconded by Member Collins, for approval of agenda item 7.2. The motion passed 9-0.

7.3 Gallup-McKinley County School District (the “District”) (McKinley County). PPRF-6498. \$2,000,000. 2024 General Obligation Bond. The district has applied to the PPRF for financing of projects to erect, remodel, equip and furnish school buildings, including teacher housing, purchase or improve school grounds; purchase computer software and hardware; provide matching funds for capital outlay projects funded. 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 district-wide improvements to Replacement of fire pump, fire panels, and smoke sensors, replacement of school intercoms, drainage and walkway upgrades, HVAC upgrades, roof repairs, playground upgrades.

Member Suazo moved, seconded by Member Nichols, for approval of agenda item 7.3. The motion passed 9-0.

7.4 Los Lunas School District (the “District”) (Valencia County). PPRF-6509. \$6,000,000. 2024 General Obligation Bond. The district has applied to the PPRF for financing of projects 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 General Obligation Bonds in the amount of \$6,000,000 which NMFA will purchase with the PPRF. The proceeds will be used for projects consistent with the District's 2023-2028 Facility Master Plan which includes construction to replace Ann Parish Elementary, stucco one building at Bosque Farms Elementary, Sundance Elementary roof repair, concrete, furniture & flooring for all school sites.

Member Suazo moved, seconded by Member Trujillo, for approval of agenda item 7.4. The motion passed 9-0.

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 September 17, 2024, via Zoom. Member Sam Collins chaired the meeting with Members Teresa Costantinidis, Ben Shelton and Marcos Trujillo in attendance.

Staff recommended that NMFA buy a \$1 million participation interest in the Bank of Albuquerque’s \$5.5 million loan to 2810 Karsten, LLC, a real estate holding company owned by Geltmore, LLC. Staff also recommended a \$6.9 million OERF loan to Film Yard LLC. This project was recommended by the Opportunity Enterprise and Housing Development Review Board. The Committee recommends approval of both loan projects.

Staff recommended final approval of an \$10 million NMTC transaction to GDC Sunshine, LLC, a real estate development company owned by Garrett Development Company. Staff presented amendments to the Venture Capital Investment Policy. The Committee recommends approval of both items. Staff presented the Monthly Program Monitoring Report an informational item.

Informational Only.

8.2 2810 Karsten LLC (Bernalillo County) SM-6526. \$1,000,000. Commercial Real Estate Acquisition and Renovation Project (“Karsten Project”). Staff presented for approval the Karsten project. Geltmore, LLC will be the property development firm for this project and Karsten LLC is the subsidiary. Karsten has applied to the Smart Money Participation Program to utilize funding to renovate freestanding industrial building in Albuquerque, NM. Staff went over the business summary, economic impact, and loan structure.

The founders of Geltmore, LLC introduced themselves to the Board and provided their entrepreneurial background and businesses that will occupy the building.

This project complies with all NMFA policies and staff recommends approval of a 18.18% Subordinate participation in an amount not to exceed \$1,000,000 as outlined in this request.

Member Collins moved, seconded by Member Suazo, for approval of agenda item 8.2. The motion passed 9-0.

8.3 Film Yard LLC (Bernalillo County) OERLF-6500. \$6,900,000. Staff presented for approval the Film Yard, LLC. Staff went over the business summary, economic impact, and loan structure. Mr. Rick Metz, CEO of Film Yard, LLC, introduced himself to the Board and provided a project summary and his business background. Staff and Mr. Metz answered questions from the Board.

Staff recommends approval of the Film Yard LLC loan application from the Opportunity Enterprise Commercial Development Program.

Member Suazo moved, seconded by Member Nichols, for approval of agenda item 8.3. The motion passed 9-0.

8.4 Final Approval for GDC Sunshine, LLC (Bernalillo County) NMTC-6487. Array Technology Building Project, \$10,000,000. Staff presented an update regarding the NMTC allocation project for GDC Sunshine LLC and the Resolution granting final approval for the transaction. The proposed transaction complies with all NMFA policies. Staff recommends final approval of the New Markets Tax Credit financing for GDC Sunshine, LLC, which is expected to close in mid-October.

Member Shelton moved, seconded by Member Suazo, for approval of agenda item 8.4. The motion passed 9-0.

8.5 Research Findings: Lab & University Spin-Out Venture Funds. Alison Adams, Managing Principal & Research Consultant and Ethan Samson, Managing Principal & Private Markets Consultant, Meketa Investment Group presented their research findings regarding the viability of proprietary spin out funds from universities and research labs, as well as building ecosystems that would support spin outs. Discussion ensued regarding the presentation.

Informational Only.

8.6 Approval of Revised Venture Capital Investment Policy. Staff presented the recommended revisions to the Venture Capital Investment Policy. NMFA has faced challenges increasing the projected portfolio allocation to New Mexico Businesses through additional investments in local funds. To increase the program's projected allocation to New Mexico Businesses, Staff and Meketa are exploring additional strategies such as dedicated New Mexico carve-outs, anchoring new local funds, co-investments with approved funds, and equity-equivalent investments in non-profit intermediaries investing in New Mexico Businesses.

Staff recommends a target allocation of at least sixty-five percent (65%) of the total Fund to New Mexico Businesses. Given the opportunities and risks currently presented by the local venture capital ecosystem, this target balances the objective of investing in early-stage New Mexico Businesses with other mission and diversification objectives of the program.

Staff recommends approval of the proposed revisions to the NMFA Venture Capital Investment Policy.

Member Suazo moved, seconded by Member Nichols, for approval of agenda item 8.4. The motion passed 9-0.

- 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 on September 18, 2024, via Zoom. Member Joy Esparsen chaired the meeting, with Members Joy Esparsen, Kelsey Rader

and Marcos Trujillo in attendance. Staff presented the Investment Report for the month ended August 2024 and the bond issuance forecast report as informational items.

Informational Only.

- 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 on September 18, 2024, via Zoom. Member Andy Burke chaired the meeting with Members Sam Collins and Teresa Costantinidis in attendance.

Moss Adams, external auditor, gave an update on the status of the report. Staff also reported that the Exit Conference for the FY2024 Audit would occur in Executive Session at the end of the September Board meeting. Staff presented the financial statements for the month ended July 2024. Staff updated the Committee on adjustments to the Statement of Cash Flow and Statement of Net Position.

BDO, NMFA’s internal auditor presented the results of the Loan Servicing Audit and management responses to the observations. Staff provided the quarterly update on the Operational Excellence Program. Staff provided an update on the construction project at 810 West San Mateo noting that one of the solar bays was eliminated from the project plan because it conflicted with landscaping requirements from the City of Santa Fe. These items were all informational.

Informational Only

- 11. Other Items.**

11.1 Executive Session- Closed session to hold the Exit Conference for the FY2024 Audit, as Protected by the Confidentiality Provisions of the State Audit Act, Section 12-6-5, and Allowed by NMSA 1978, Section 10-15-1(H).

Chair Keith entertained a motion for the NMFA Board of Directors to go into Executive Session to hold the Exit Conference for the FY2024 Audit, as Protected by the Confidentiality Provisions of the State Audit Act, Section 12-6-5, and Allowed by NMSA 1978, Section 10-15-1(H).

Member Suazo moved, seconded by Member Esparsen, that the Board convene in a closed meeting. The motion passed 9 – 0 on a roll call vote.

Chair Keith 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 the Exit Conference for the FY2024 Audit, as Protected by the Confidentiality Provisions of the State Audit Act, Section 12-6-5, and Allowed by NMSA 1978, Section 10-15-1(H).

- 12. Next Board Meeting.** October 31, 2024, 9:00 am – Noon NM State Capitol, Room 307

- 13. Adjournment.** The meeting adjourned at 11:47 a.m.

AVTz

11 / 01 / 2024 Secretary

Date