

**MINUTES OF THE**  
**NEW MEXICO SMALL BUSINESS INVESTMENT CORP.**  
**SPECIAL ONLINE/CALL-IN MEETING**

**April 14, 2020**

A meeting of the New Mexico Small Business Investment Corporation was called to order on this date at 9:00 a.m. via teleconference. A quorum was established.

**Members Present**

Mr. Joseph H. Badal, Chair  
Ms. Roxanna Meyers, Vice Chair  
Mr. Steven E. Morgan, Secretary/Treasurer  
Mr. Alan Fowler  
Mr. Guadalupe Garcia  
The Hon. Tim Eichenberg, New Mexico State Treasurer

**Members Excused**

None.

**Financial Adviser to Board**

Mr. Russell Cummins

**Board Legal Counsel**

Mr. Randy McDonald

**Recording Secretary**

Ms. Charmaine Clair, for Judith Beatty

**Guests Present**

None.

**REVIEW AND ACCEPTANCE OF AGENDA**

**Mr. Fowler moved acceptance of the agenda, as published. The motion was seconded by Mr. Garcia and passed unanimously.**

**CONSIDERATION OF AND ACTIONS TO PROVIDE ASSISTANCE TO NEW MEXICO BUSINESSES IMPACTED BY THE COVID-19 CRISIS, INCLUDING BUT NOT LIMITED TO:  
(A) LENDING PROGRAMS TO ASSIST NEW MEXICO SMALL BUSINESSES; (B)  
MODIFICATIONS TO EXISTING AGREEMENTS WITH COOPERATIVE AGREEMENT**

## **PARTNERS AND (C) OTHER RELATED MATTERS**

Mr. Cummins stated that, on March 31, the Small Business Administration (SBA) announced its \$349 billion Paycheck Protection Program (PPP). Features of the PPP include loan forgiveness if the proceeds are used for payroll costs and other designated operating expenses in the 8 weeks following the date of loan origination, a 1 percent interest rate with a 2-year maturity, and no collateral or personal guarantees.

Mr. Cummins said that The Loan Fund is not eligible to participate in the PPP program, but DreamSpring is an approved SBA Community Advantage lender and is eligible to process PPP loans. The only other eligible PPP lending partner is LiftFund, which is also a Community Advantage lender.

Mr. Cummins said DreamSpring started taking applications for PPP loans last week for existing customers, and had largely exhausted the \$5 million the NMSBIC approved last week. DreamSpring estimates that about half of their customers in New Mexico are eligible for these loans, which might amount to about \$20 million.

### **Mr. Cummins proposed the following:**

- 1. Approve an additional \$10 million in SBIC funding to assist New Mexico businesses that have been impacted by the COVID-19 crisis, which would increase the approved funding from \$25 million to \$35 million. The additional \$10 million in funding from the NMSBIC would only be used to fund PPP loans originated by lending partners. The PPP loans are guaranteed by the federal government.**
- 2. Authorize NMSBIC officers Russell Cummins, Executive Director/Investment Advisor, and Joseph Badal, president and board chairman, to commit additional funds to lending partners: (a) that were approved by the NMSBIC board at the March 23, 2020 board meeting, where the additional funding has not been committed to a lending partner under a written Modification Letter, or (b) the additional \$10 million approved by the NMSBIC board of directors in this board resolution, subject to the following parameters:**
  - Any funds shall only be committed to existing lending partners that have previously been approved as a lending partner by the NMSBIC board of directors, and**
  - The additional \$10 million in funding approved by the board of directors shall only be used to fund PPP loans originated by the NMSBIC's lending partners.**

Mr. Cummins stated that, late yesterday, DreamSpring decided that they need to put all of their focus into doing as many PPP loans for their existing customers as they can this week.

Mr. Cummins then referred the Board to proposed changes to the NMSBIC's participation agreement with DreamSpring. In addition to the four lending programs created through

NMSBIC actions taken at last week's special meeting, he was proposing a fifth DreamSpring lending program that would add \$5 million to DreamSpring funding today, which would be in addition to the \$5 million approved by the board on March 23, 2020.

Mr. Cummins stated that, in their first week of doing loans, DreamSpring found that their average PPP loan size was about \$25,000.

Chairman Badal commented on the possibility that the \$349 billion allocated for the PPP program could be exhausted before DreamSpring puts any loan requests in. A second tranche of \$250 billion being considered; and although there is the possibility that the SBA may reimburse DreamSpring very quickly and they may not need the additional funds, the NMSBIC is asking for this additional authority in the event that is not the case. He said DreamSpring is receiving hundreds of calls from small businesses in New Mexico.

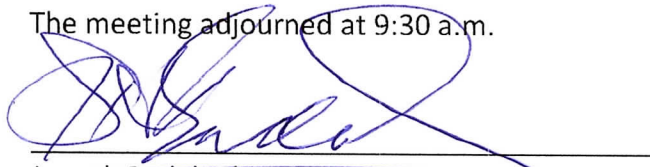
**Mr. Morgan moved approval of Mr. Cummins' proposal detailed above. Mr. Fowler seconded the motion, which passed unanimously.**

Mr. Cummins requested approval to provide an additional \$5 million to DreamSpring that they can only use for PPP loans, as per the terms detailed in the board package.

**Mr. Eichenberg so moved. Mr. Garcia seconded the motion, which passed unanimously.**

### **ADJOURNMENT**

The meeting adjourned at 9:30 a.m.



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Joseph Badal, Chairman

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Date