

MINUTES OF THE

NEW MEXICO SMALL BUSINESS INVESTMENT CORP.

September 24, 2018

A meeting of the New Mexico Small Business Investment Corporation was called to order on this date at 9:00 a.m. in the conference room of WESST Enterprise Center, 609 Broadway Boulevard, N.E., Albuquerque, New Mexico. A quorum was present.

Members Present

Mr. Alan Fowler, Chair (by telephone)
Mr. Joseph H. Badal, Vice Chair (by telephone)
Mr. Steven E. Morgan (by telephone)
The Hon. Tim Eichenberg, New Mexico State Treasurer
Mr. Guadalupe Garcia (by telephone)

Members Excused

Ms. Roxanna Meyers, Secretary/Treasurer

Financial Adviser to Board

Mr. Russell Cummins

Board Legal Counsel:

Mr. Randy McDonald (by telephone)

Recording Secretary

Ms. Charmaine Clair, for Judith Beatty

Guests Present:

Ms. Dee Brescia
Mr. Jake Dopson, Partner, Pulakos CPAs
Mr. Ryan Thorpe, Assurance Manager, Pulakos CPAs

REVIEW AND ACCEPTANCE OF AGENDA

Mr. Morgan moved acceptance of the agenda, as published. Mr. Garcia seconded the motion, which passed unanimously.

REVIEW AND ACCEPTANCE OF AUGUST 24, 2018 BOARD MINUTES

Mr. Morgan moved acceptance of the August 24 meeting minutes, as submitted. The motion was seconded by Mr. Badal and passed unanimously.

PULAKOS CPAS, AUDITOR COMMUNICATIONS TO THE NMSBIC BOARD:

-- **JAKE DOPSON, PARTNER, AND RYAN THORPE, ASSURANCE MANAGER**

-- **NMSBIC Draft Audited Financial Statements**

-- **Acceptance Attachment**

-- **NMSBIC Draft Annual Report Acceptance Attachment**

Mr. Cummins noted that the NMSBIC's equity partners are required to submit their June 30 financials by August 31, and the NMSBIC's deadline for delivering the audited financials to the Governor and Legislative Finance Committee is October 1. This is a very tight turnaround time, and Pulakos has done an outstanding job.

Mr. Dopson presented the June 30, 2018, financial statement audit results.

Mr. Dopson reported that nothing was found to be improper or fraudulent, no audit adjustments were necessary, and there were no internal control issues. The audit went well, and there was excellent cooperation from everyone involved.

Mr. Dopson said the Independent Auditor's Report would be issued unmodified, which is a clean opinion.

Mr. Cummins pointed out a change from the previous year on financial statements:

-- On page 16, footnote #8 states that, on June 30, 2018, the NMSBIC had committed \$45.4 million of capital, of which \$40.6 million has been called, leaving a remaining commitment of \$4.8 million. The following was added in for clarification: Verge II and II.5 have provisions allowing capital to be recalled. A total of \$284,914 has been recalled by Verge II, resulting in life-to-date capital funded of \$3,284,914 versus the original capital commitment of \$3 million. Verge II and II.5 indicated they do not intend to recall any additional capital.

Mr. Garcia moved to approve the NMSBIC Draft Financial Statements and Audit Report, as presented. Mr. Badal seconded the motion, which passed unanimously.

ANNUAL REPORT

Mr. Badal reviewed and recommended changes to the Annual Report.

Responding to a suggestion by Mr. Badal that the report include how many equity investments were made in each county. Mr. Cummins agreed to add this information starting with next year's report. Because of the short timeline, he would not have time to research that information for this year's report.

Mr. Badal moved to accept the Annual Report, subject to the changes made by the board. Mr. Morgan seconded the motion, which passed unanimously.

RIO VISTA GROWTH CAPITAL, PROPOSED TERMINATION OF LINE OF CREDIT POSSIBLE

Mr. Cummins reported that Lynn Carrozza signed the Termination Agreement.

Mr. Cummins recommended the board accept the termination of the Rio Vista Growth Capital line of credit, and to authorize Chairman Fowler to sign the termination agreement.

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

FINANCE NEW MEXICO, PROPOSED CONTRACT RENEWAL POSSIBLE

Mr. Cummins noted that, at the last meeting, Ms. Bradshaw Eakes proposed an increase in funding to the Finance New Mexico contract. In response to her request, the board made suggestions about financial literacy and publishing more information about positive news, such as new jobs, business openings, and construction projects.

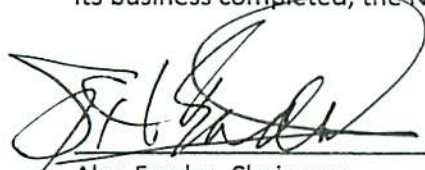
Mr. Cummins stated that Ms. Bradshaw Eakes listened to all of the board's comments, and would like to take some time to consider how those fit in the NMSBIC's overall strategy. She would like to withdraw her request for the increase at this time. The contract is up for renewal October 1, and she has asked that it be renewed with the same pricing and terms, and to allow her time to consider returning to the board with a more well-thought-out proposal.

Mr. Eichenberg moved approval of renewing the current Finance New Mexico contract for one year with no changes. Mr. Badal seconded the motion, which passed unanimously.

NEXT MEETING: Friday, October 26, 2018

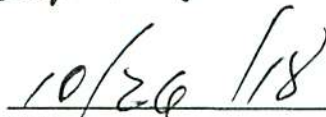
ADJOURNMENT

Its business completed, the NMSBIC Board adjourned the meeting at 9:45 a.m.



Alan Fowler, Chairman

Joseph Badal



Date