

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE  
NEW MEXICO SMALL BUSINESS INVESTMENT CORP.**

**June 20, 2022**

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  
Mr. Alan Fowler, Vice President  
Mr. Steven E. Morgan, Secretary/Treasurer  
Ms. Heather Benavidez, designee of Hon. Tim Eichenberg, NM State Treasurer  
Ms. Anne Beckett  
Mr. Robert Valdiviez  
Mr. Joshua Smith

**Members Excused**

None.

**Financial Adviser to Board**

Mr. Russell Cummins

**Board Legal Counsel**

Mr. Randy McDonald

**Recording Secretary**

Ms. Charmaine Clair

**Guests Present**

None

**REVIEW AND ACCEPTANCE OF AMENDED AGENDA**

Chairman Badal stated that, because today is a holiday, the agenda has been amended to address action items only. All other agenda items have been deferred to the next meeting.

**Mr. Valdiviez moved acceptance of the agenda, as amended. Mr. Smith seconded the motion, which passed unanimously by roll call vote. [Mr. Fowler and Ms. Beckett were not yet present.]**

**BOARD MINUTES FOR FEBRUARY 25, 2022**

**Mr. Morgan moved acceptance of the minutes of the February 25, 2022, meeting, as presented. Ms. Benavidez seconded the motion, which passed unanimously by roll call vote. [Mr. Fowler and Ms. Beckett were not yet present.]**

## **FINANCIAL REPORTS AS OF APRIL 30, 2022, AND MAY 31, 2022**

Mr. Cummins stated that \$12.9 million is reflected on page 14 as Available Funds. There is \$3 million in process with Homewise, and he has informally set aside \$5 million for Clearinghouse CDFI. After adjusting for these items, there is \$4.9 million in available funds.

**Mr. Smith moved acceptance of the Financial Reports, as presented. Mr. Morgan seconded the motion, which passed unanimously by roll call vote.**

## **NMSBIC PROPOSED BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2023**

Mr. Cummins referred to his June 20 memorandum to the Board of Directors, which contained highlights from the proposed 2022-23 budget. The forecast for this year is \$835,000 in total revenue, with budgeted revenue for 2022-23 of \$1.124 million. A large part of the increase is a projected increase in the NMSBIC's interest on short-term investments next year.

Net income from operations for 2022-23 is budgeted at \$776,278. Chairman Badal said it was important to note here that the NMSBIC was told by the previous administration a couple of years ago that the NMSBIC might be the only economic development oriented entity in the state of New Mexico that actually makes a profit. The legislature was very impressed with that, as was the Legislative Finance Committee.

Mr. Cummins noted that, as part of the annual audit, the NMSBIC does a calculation of its Net Excess Funds. The calculation includes interest income, minus operating expenses, minus loss reserves, plus realized gains. The NMSBIC is required to return Net Excess Funds, if any, to the Severance Tax Permanent Fund each year.

**Mr. Valdiviez moved approval of the NMSBIC Budget for Fiscal Year ending June 30, 2023, as published. Mr. Fowler seconded the motion, which passed unanimously by roll call vote.**

## **PROFESSIONAL SERVICE CONTRACT RENEWALS**

- **Randall McDonald**
- **Dee Brescia**
- **Judith Beatty**

Mr. Cummins recommended renewal of the following Professional Service Contracts for one year, from July 1, 2022 to June 30, 2023, as follows.

- Randall McDonald, with no changes to pricing or terms (\$225 per hour plus New Mexico Gross Receipts Tax)
- Judith Beatty, with no changes to pricing or terms (\$50 per meeting plus \$50 per hour, plus New Mexico Gross Receipts Tax)
- Dee Brescia, with a proposed change from \$143 per hour to \$147 per hour, plus New Mexico Gross Receipts Tax. Ms. Brescia has not changed her rate in three years, and this would be a 2.8 percent increase.

Chairman Badal asked Mr. Cummins to pass on his regards and appreciation for their service.

**Mr. Fowler moved to approve, seconded by Ms. Benavidez, the renewal of the Professional Service Contracts for one year from July 1, 2022 to June 30, 2023, for:**

- **Randall McDonald with no changes to pricing or terms; and**
- **Judith Beatty with no changes to pricing or terms; and**
- **Dee Brescia at an hourly rate of \$147 plus New Mexico Gross Receipts Tax, and no other changes to the terms; and**
- **Joseph Badal or Alan Fowler is authorized to execute any and all documents related to renewal of the contracts.**

**The motion passed unanimously by roll call vote.**

#### **NMSBIC INVESTMENT POLICY ANNUAL REVIEW**

Mr. Cummins stated that this policy is brought to the NMSBIC for review each year as required by the Joint Powers Agreement with the State Investment Council related to the SIC Core Plus Bond Fund, and no changes are proposed.

**Mr. Smith moved approval of the NMSBIC Investment Policy. Ms. Beckett seconded the motion, which passed unanimously by roll call vote.**

#### **DIRECTORS AND OFFICERS INSURANCE POLICY RENEWAL**

Mr. Cummins stated that the proposed pricing for the insurance policy renewal for the coming year has increased to \$4,663 from \$4,426, which he feels is reasonable, given the growth in the NMSBIC's assets.

Responding to Mr. Valdiviez, Mr. McDonald noted that employment practices is included with the D&O, but it doesn't provide any coverage to the NMSBIC because it doesn't have any employees, so it's an additional coverage but not anything the NMSBIC would rely on. He added that, under New Mexico laws as a nonprofit corporation, board members have a lot of statutory protection against liability in addition to the insurance policy.

Responding to Chairman Badal, Mr. McDonald said he thought the policy provided sufficient coverage.

**Mr. Valdiviez moved, seconded by Mr. Fowler, that the NMSBIC Board of Directors approve renewal of the Directors and Officers Insurance policy as of June 25, 2022 for a period of one year. The motion passed unanimously by roll call vote.**

#### **EXPANDED SERVICES REPORT UPDATE**

Mr. Cummins stated that, when this was reviewed at the last meeting, the board approved a \$30,000 bonus for him, which he appreciated very much. Not included in the discussion, however, was if the approval was for the bonus plus gross receipt tax. The previous year's bonus as approved by the board was for a bonus plus New Mexico Gross Receipts Tax.

Mr. Cummins said he discussed this with Chairman Badal, who asked him to go ahead and process the bonus plus New Mexico Gross Receipts Tax, and to bring it back to the board for approval today.

Chairman Badal said he assumed that was the intent of the board.

**Mr. Morgan moved, seconded by Ms. Benavidez, that, regarding the bonus approved by the NMSBIC board of directors on April 29, 2022 for the Executive Director/Investment Advisor, the NMSBIC board of directors approve payment of \$2,362.50 in New Mexico Gross Receipts Tax in addition to the bonus. The motion passed unanimously by roll call vote.**

**NEXT BOARD MEETING: Monday, August 15, 2022, 1:00 – 4:00 p.m.**

**ADJOURNMENT: 9:25 a.m.**

  
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Joseph Badal, Chairman

8/18/22  
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Date