

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

September 23, 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 [arrived later]
Mr. Steven E. Morgan, Secretary/Treasurer
Ms. Heather Benavidez for 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

Contract CFO

Ms. Dee Brescia

Recording Secretary

Ms. Charmaine Clair

Guests Present

Mr. Jake Dopson, Partner, Pulakos CPAs
Mr. Ryan Thorpe, Assurance Senior Manager, Pulakos CPAs

REVIEW AND ACCEPTANCE OF AGENDA

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

BOARD MINUTES FOR AUGUST 15, 2022

Ms. Beckett moved acceptance of the August 15, 2022, minutes. Mr. Valdiviez seconded the motion, which passed unanimously.

FINANCIAL REPORTS AS OF JUNE 30, 2022, JULY 31, 2022, AND AUGUST 31, 2022

Mr. Cummins reported the following highlights:

- There was a \$250k gain in July on the Core Plus Bond Fund, and a \$250k loss in August.
- Since the August 31 financials were published, the documentation with Homewise has been finalized, and available funds of \$8.6 million are now at \$5.6 million.
- In a conversation with Charlie Wollmann of the SIC this week, Mr. Wollmann pointed out that substantial oil & gas revenues to the state resulted in a \$700 million deposit to the Severance Tax Permanent Fund (STPF) in June. While market losses to the STPF were approximately \$300 million as of May, the June 30, 2022, fiscal year ended with the STPF being up \$400 million due to oil & gas revenues. The NMSBIC's 2 percent share of the STPF net increase is estimated to be \$8 million and should be transferred to the NMSBIC in January or February 2023. Mr. Wollmann also indicated that there might be substantial oil & gas revenues contributed to the STPF in the current fiscal year, resulting in another contribution likely to be paid to the NMSBIC in the next fiscal year.

Mr. Fowler moved approval of the Financial Reports. Mr. Smith seconded the motion, which passed unanimously.

PULAKOS CPAS

- Jake Dopson, Partner, Pulakos CPAs
- Ryan Thorpe, Assurance Senior Manager, Pulakos CPAs

**Pulakos CPAs Audit Presentation
Letter to Those Charged with Governance
Communication of No Material Weakness
Letters to New Mexico Government Officials**

Mr. Dopson made a PowerPoint presentation.

NMSBIC DRAFT AUDITED FINANCIAL STATEMENTS

Mr. Morgan moved acceptance of the Audited Financial Statements. Mr. Smith seconded the motion, which passed unanimously.

NMSBIC DRAFT ANNUAL REPORT

Mr. Cummins reviewed the 2022 Annual Report.

Ms. Beckett commented that a chart showing loans per capita by county, which Mr. Cummins included in a recent presentation to the Investments and Pensions Oversight Committee, was informative. She suggested the chart be included in the NMSBIC's Annual Report. Mr. Cummins agreed to include the chart in the Annual Report.

Mr. Smith stated that he had a borrower request a loan from him that he was not able to do. They later went to the Clearinghouse CDFI and are in the process of doing this loan, which is a construction project in Gallup. He commented that the NMSBIC being strategic about its CDFI partners is really going to move the needle. Had they not approved it, they would have gone out of state for financing, and all that interest income would have left the state, whereas at least now there will be interest passed through to the NMSBIC.

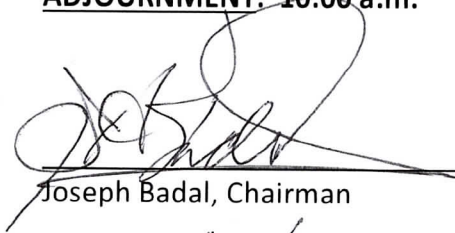
Chairman Badal suggested that Finance New Mexico interview Mr. Smith, with his permission, about this story. He suggested that it be included in next year's Annual Report about how the banking community continues to be a great source of referrals to the CDFI community. Mr. Smith said he would love to do this and thought the client would appreciate it as well.

Chairman Badal said he has also asked Mr. Cummins to have headshots of the NMSBIC members to include in next year's report.

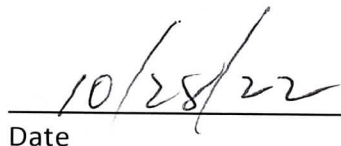
Mr. Fowler moved acceptance of the Annual Report with the discussed changes. Mr. Smith seconded the motion, which passed unanimously.

NEXT BOARD MEETING: Friday, October 28, 2022, 9:00 – 12:00 noon.

ADJOURNMENT: 10:00 a.m.



Joseph Badal, Chairman



Date