

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

**December 14, 2023**

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

**Members Present**

Mr. Joshua Smith, Chair  
Ms. Anne Beckett, Vice Chair  
Mr. Robert Valdiviez, Secretary/Treasurer  
Mr. Alan Fowler  
Ms. Sayuri Yamada  
Mr. John Kreienkamp, designee of Hon. Laura M. Montoya, NM State Treasurer  
Mr. Steven E. Morgan

**Members Excused**

None

**Executive Director/Financial Adviser to Board**

Mr. Russell Cummins

**Board Legal Counsel**

Mr. Randall McDonald

**Recording Secretary**

Ms. Charmaine Clair

**Guests Present:**

Ms. Kristina Alley, Santa Fe Advisors, Board Candidate  
Mr. Marshall Shore, Nusenda Credit Union, Board Candidate  
Mr. Todd Clark, Chairman, Ventana Fund  
Ms. Kendra Yevoli, Executive Director, Ventana Fund  
Ms. Alexandria Romero, Operations Manager, Ventana Fund

**REVIEW AND ACCEPTANCE OF AGENDA**

Mr. Cummins requested that the agenda be amended to delete the November 30 financial reports, which will be emailed to the board later today.

Mr. Cummins stated that the Business Continuity Plan should be informational only.

**Mr. Kreienkamp moved acceptance of the agenda, as amended. Mr. Fowler seconded the motion, which passed unanimously by roll call vote.**

### **BOARD MINUTES FOR OCTOBER 27, 2023**

Chairman Smith asked that the signature line be corrected to Joshua, not Justin, Smith.

**Mr. Valdiviez moved acceptance of the October 27, 2023, minutes, as amended. Mr. Morgan seconded the motion, which passed unanimously by roll call vote.**

### **FINANCIAL REPORTS AS OF SEPTEMBER 30, 2023 and OCTOBER 31, 2023**

Mr. Cummins noted that Available Funds are currently reflected at \$1.6 million and there is an agenda item for an increase in funding for Ventana Fund of \$1.5 million. The NMSBIC maintains a \$700,000 dollar cash reserve. The Available Funds amount has the cash reserve taken into account.

**Mr. Fowler moved acceptance of the Financial Reports of September 30, 2023, and October 31, 2023, as presented. Ms. Beckett seconded the motion, which passed unanimously by roll call vote.**

### **EXECUTIVE DIRECTOR/INVESTMENT ADVISOR REPORT**

Mr. Cummins noted Total Assets are a little over \$120 million with \$119 million committed, of which \$72.8 million is for outstanding traditional loans. In the PPP program, NMSBIC's \$35 million commitment continues to drop. The balance has dropped to 10 loans (from a total of 1,524 loans) with a principal balance of \$44,100.

- The Loan Fund exceeds the NMSBIC target not to invest more than 25 percent in any one lending partner. While The Loan Fund is currently at 27 percent, the NMSBIC is expecting total assets to increase by about \$30 million when the next funding round comes in from the Severance Tax Permanent Fund, which will drop The Loan Fund below 25 percent.
- Enchantment Land was approved for a \$1 million line of credit and loan documents are in process.
- Mr. Cummins reached out to RCAC and Lift Fund. They have very low utilization of their lines of credit with NMSBIC, and he has asked them for their lending projections for the next year. If they have no plans to use those lines, he has indicated that the lines of credit might not be renewed. Lift Fund has a great loan product for small businesses for "colonias" along the border with Mexico in Texas and he would like to see that available in NM. RCAC only does business in rural New Mexico, and he is encouraging them to be more active.

- MFA line of credit was renewed and the documents were signed.
- Ventana Fund line of credit documents have been approved and signed.
- WESST is interested in expanding their lending program and he gave them a discussion term sheet with standard terms for an NMSBIC line of credit. WESST currently has a participation agreement and would like to keep that in place and have a separate \$500,000 line of credit for a different lending program.
- Mr. Cummins said he attended the New Mexico Impact Investing Collaborative (NMIIC) conference on November 8, and served on a panel where he made a presentation with RBC on NMSBIC's impact investments. NMIIC is comprised of 10-12 foundations. He said they have discussed ways for NMSBIC and NMIIC to collaborate in supporting CDFIs in New Mexico. Mr. Cummins said a challenge is the need for New Mexico CDFIs to increase net assets to support future lending growth.
- EDD (Economic Development Department) and the New Mexico Finance Authority (NMFA) are working to deploy federal grant funds. He is discussing the use of some of the federal grant funds to support the CDFIs in New Mexico to continue the growth of the program.
- Mr. Cummins attended the Accelerating Community Investment Conference in Santa Fe.
- The New Mexico Climate Investment Center, a green bank contacted Mr. Cummins about a possible partnership with NMSBIC. He has scheduled a meeting and will gather more information.

#### **LENDING PARTNERS, PROJECTED LOAN DEMAND FOR 2024**

Mr. Cummins stated that he has been reaching out to the lending partners, asking them what their projected volume might be for 2024 and what they think their growth will be for the NMSBIC funds that they deploy. NMSBIC currently has \$1.69 funds available for investments and operations. The NMSBIC expects to get an additional allocation from the Severance Tax Permanent Fund of about \$30 million in February or March 2024. Mr. Cummins provided some preliminary feedback from lending partners and is continuing discussions about lending demand in 2024.

#### **VENTANA FUND, PROPOSED CHANGES TO NMSBIC LINE OF CREDIT**

Todd Clark, Chairman of Ventana Fund, said Ventana expects to have entirely exhausted its \$20 million cap by the end of this month. Recently, in their strategic planning, the Ventana board has encouraged them to expand their loan portfolio to \$50

million in the next three years. They are requesting an increase of their line of credit by another \$1.5 million now, and then possibly an additional \$8.5 million in early 2024. This will be the last ask they will have for a while until they can raise additional equity.

Mr. Cummins recommended approval of Ventana's request.

**Mr. Valdiviez moved the NMSBIC board of directors approve a loan modification to increase the Maximum Funding Amount for Ventana Fund's revolving line of credit by \$1.5 million, from \$20 million to \$21.5 million, and**

- **That Joshua Smith or Anne Beckett be authorized to sign any and all documents related to the loan modification documents, subject to review and approval by the NMSBIC's legal counsel and the NMSBIC's executive director/investment advisor, and**
- **That the NMSBIC's executive director/investment advisor report back to the board when the loan modification has been completed.**

**Ms. Yamada seconded the motion, which passed unanimously by roll call vote. [Mr. Fowler was not present for the vote.]**

#### **DIRECT LOAN COMPANY A, PROPOSED CHANGES TO CONSENT AGREEMENT**

Mr. Cummins stated that two NMSBIC notes receivable are identified as Company A and Company B. Company A does not make any payments on the loan and the interest accrues. The outstanding balance is \$539,000, and should Company A sell the company, NMSBIC would receive a 5X liquidation payoff of around \$2.7 million.

Mr. Cummins said that Company A is requesting the following changes to its April 30, 2021, Consent Agreement with NMSBIC: 1) Extend the loan maturity date from February 1, 2024, to February 1, 2026. 2) Waive the external audit requirement for the year ending December 31, 2022. The company has provided unaudited financial statements for that year. An external audit would cost in excess of \$50,000, and Company A has stated that, with limited funds available, they would prefer to use the funds to expand sales. The company's management plans on having an external audit done as they approach their exit date.

Mr. Cummins noted that he attends Company A's quarterly board meetings. He receives their financial statements and could see no issues if the external audit is waived. He recommended approval of the company's requested changes.

Responding to Chairman Smith on why Company A's audit cost was so high at \$50,000, Mr. Cummins said a key reason is that they have international operations which makes the audit more complex.

**Ms. Yamada moved for NMSBIC's direct loan identified as Company A, the NMSBIC board of directors approve an extension of the maturity date to February 1, 2026, and approve waiving the external audit of its financial statements as of December 31, 2022, and**

- **That Joshua Smith or Anne Beckett be authorized to sign any and all documents related to these changes, subject to review and approval by the NMSBIC's legal counsel and the NMSBIC's executive director/investment advisor, and**
- **That the NMSBIC's executive director/investment advisor report back to the board when the changes have been completed.**

**Mr. Morgan seconded the motion, which passed unanimously by roll call vote. [Mr. Fowler was not present for the vote.]**

### **HOLLY COMPANY, PROPOSED AGREEMENT FOR ONGOING SERVICES**

Mr. Cummins proposed that Holly Company continue providing support for press releases, collateral materials, and brochures at a rate of \$120 per hour, plus gross receipts tax, and to maintain the Finance New Mexico website for six months. At that time, Holly Company will make a recommendation on how to proceed with the Finance New Mexico website.

Ms. Beckett asked if Holly could help to move NMSBIC up in Google's search engine. Mr. Cummins will follow up with Ms. Eakes.

**Ms. Beckett moved the NMSBIC board of directors approve a contract with Holly Company Strategies from January 1, 2024 through November 30, 2024, for marketing services for the NMSBIC, such as press releases and brochures, at a cost of \$120 per hour plus New Mexico gross receipts tax, and**

- **That Joshua Smith or Anne Beckett be authorized to sign any and all documents related to the contract, subject to review and approval by the NMSBIC's legal counsel and the NMSBIC's executive director/investment advisor, and**
- **That the NMSBIC's executive director/investment advisor report back to the board when the changes have been completed.**

**Mr. Kreienkamp seconded the motion, which passed unanimously by roll call vote. [Mr. Fowler was not present for the vote.]**

### **NMSBIC BUSINESS CONTINUITY PLAN, UPDATE AND TESTING PLAN**

Mr. Cummins explained this a plan in the event something happens to him, which is reviewed and updated every six months. He has updated the plan and the contact information and completed the steps to test the plan.

## **NMSBIC PROPOSED BOARD MEETING SCHEDULE FOR 2024**

Mr. Cummins noted the proposed dates differ from those presented at the last meeting. The State Treasurer had a conflict with meetings on the fourth Friday so he proposed changing the dates to the third Friday of each month with the exception of September and December.

Chair Smith suggested the schedule be revised as noted above and any conflicts be addressed as they arise.

**Mr. Kreienkamp moved to accept the NMSBIC meeting schedule proposed for 2024, as amended. Mr. Valdiviez seconded the motion, which passed unanimously by roll call vote.**

## **NMSBIC PROPOSED NEW BOARD MEMBERS, UPDATE**

Mr. Cummins said Sayuri Yamada has been appointed by the Governor and may be confirmed during the upcoming legislative session. Kristina Alley, Marshal Shore and Joshua Grassham were interviewed by Governor's Office and Ms. Alley and Mr. Shore were told board members appointed in January might not be confirmed until 2025. NMSBIC made three recommendations to the Governor but with the appointment of Ms. Yamada there are two seats open once Mr. Fowler and Mr. Morgan leave. He was not sure which two candidates would receive appointment letters in January.

Mr. McDonald offered to check whether candidates appointed in January would have to be reappointed at the end of the legislative session.

## **BOARD CONTINUING EDUCATION**

Mr. Cummins reviewed highlights of the Small Business Investment Act. He noted the purpose of the continuing education was established as part of the risk analysis to update the board on statutory and legal requirements.

## **FINANCE NEW MEXICO ARTICLE – A LOAN DENIAL CAN BE BENEFICIAL**

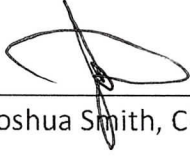
Mr. Cummins reported that Finance New Mexico ran an article on banks referring loans to CDFIs that was picked up by the Albuquerque Journal. Chairman Smith is highlighted in the article.

## **CHAIRMAN'S COMMENTS**

Chairman Smith thanked everyone for their patience with him as he learns his new role. He asked board members to bring their ideas for potential lending partners.

Mr. Fowler moved, seconded by Mr. Kreienkamp to adjourn, and the motion passed unanimously by roll call vote.

**ADJOURNMENT:** 11:00 a.m.



\_\_\_\_\_  
Joshua Smith, Chairman

2/16/24

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Date