

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

April 17, 2026

A meeting of the New Mexico Small Business Investment Corporation was called to order on this date at 9:02 a.m. at the WESST Enterprise Center, 609 Broadway Blvd NE, Albuquerque, New Mexico. A quorum was established.

Members Present

Mr. Joshua Smith, Chair
Ms. Sayuri Yamada, Vice Chair (via Zoom)
Mr. Robert Valdiviez, Secretary/Treasurer (via Zoom)
Mr. Arsenio Garduño, designee of the Hon. Laura M. Montoya, NM State Treasurer
Ms. Anne Beckett
Ms. Kristina Alley
Mr. Joshua Grassham (via Zoom)

Members Excused

None

Executive Director/Financial Advisor to Board

Mr. Russell Cummins

Board Legal Counsel

Mr. Randall McDonald

Guests Present:

Mr. Jake Dopson, Shareholder and Assurance Partner, Pulakos CPAs
Ms. Conchie Searle, President/CEO, The Loan Fund
Mr. David Hicks, Director of Lending, The Loan Fund
Ms. Holly Bradshaw Eakes, Owner, Holly Company Strategies
Ms. Jen Schroer, Principal, JJS & Associates
Mr. Justin Schroer, Principal, JJS & Associates

REVIEW AND ACCEPTANCE OF AGENDA

Mr. Garduño moved to accept the agenda, as presented. Mr. Valdiviez seconded the motion. The motion passed unanimously by roll call vote.

NMSBIC PURPOSE FROM THE SMALL BUSINESS INVESTMENT ACT

Mr. Cummins said NMSBIC's purpose is included for reference only.

BOARD MINUTES FOR FEBRUARY 20, 2026

Ms. Beckett moved to approve the Board Minutes for the February 20, 2026, NMSBIC board meeting, as presented. Mr. Grassham seconded the motion, which passed unanimously by roll call vote.

PULAKOS CPAs, PROPOSED 2026 AUDIT AND TAX ENGAGEMENT LETTER

Mr. Cummins introduced Jake Dopson, Shareholder and Assurance Partner with Pulakos CPAs. Mr. Cummins referred to the proposed Engagement Letter in the board package and noted that:

- NMSBIC is not a state agency and is not required to rotate its external auditor.
- The American Institute of Certified Public Accountants (AICPA) does not recommend mandatory rotation of auditors.
- The service and turnaround time from Pulakos CPAs continues to be excellent. NMSBIC has a very short turnaround time for its audit and Pulakos CPAs is able to complete the audit within the short timeframe.
- Proposed fees for 2026 audit and tax services are \$36,100 plus NM Gross Receipts Tax, versus \$36,075 last year.

Ms. Beckett asked if audit staff are rotated. Mr. Dopson said members of the team working on NMSBIC's audit are rotated each year.

Ms. Alley moved that NMSBIC's board of directors approve:

- **The Pulakos CPAs 2026 Audit and Tax Engagement Letter at a cost of \$31,650 for audit services, \$4,450 for tax preparation services, plus New Mexico Gross Receipts Tax; and**
- **NMSBIC's Secretary/Treasurer is authorized to sign the Pulakos CPAs 2026 Audit and Tax Engagement Letter;**
- **The NMSBIC Executive Director/Investment Advisor will report back to the board after the document has been executed.**

Ms. Beckett seconded the motion, which passed unanimously by roll call vote.

FINANCIAL REPORTS AS OF FEBRUARY 28, 2026, AND MARCH 31, 2026

Mr. Cummins said we are waiting on quarter-end reports from a few lending partners, therefore the financial reports as of March 31, 2026, were not ready for the board meeting. He provided the following highlights from February 28, 2026, financial reports:

- A \$39 million contribution from the severance tax permanent fund was received in February and is reflected in NMSBIC's LGIP investment, total assets, and net assets.
- NMSBIC's total assets are now over \$235 million.
- For assets managed by RBC Global Asset Management (RBC GAM), NMSBIC changed its custodian from Wells Fargo to Trustmark Bank. The new custodian supports investment in SBA/USDA Certificates, which are individual loans fully guaranteed by SBA or USDA. With the addition of SBA/USDA Certificates, NMSBIC funds deployed by RBC GAM have increased from \$9 million to \$18 million as of March 31, 2026.
- RBC GAM reported mapping issues when setting up Trustmark Bank as the new custodian and is working to resolve the issues.
- Funds available for investment and operations are \$31 million.

Ms. Alley asked about the status of moving equity investments into the new subsidiary. Mr. Cummins responded that the subsidiary, NMSBIC Holdings, LLC has been created, and a bank account has been opened with \$5,000 transferred from NMSBIC. Mr. McDonald is working on the assignment documents that will need to be approved by the various companies. Mr. McDonald added that NMSBIC is a party to operating agreements or stockholder agreements with the various companies, and the agreements have provisions about how interests are transferred. We are making sure we comply with all the provisions of the agreements. He added we have a roadmap because the documents used to transfer ownership from Verge I II Combined were followed for the transfer from NMSBIC, to NMSBIC Holdings, LLC. Mr. Cummins said that at the beginning of the year we gave notice to all the companies about our plans to do this. We didn't receive any objections from any of the companies and Mr. Cummins does not anticipate any problems with the transfers.

Mr. Cummins said he will email March 31, 2026, financial reports when they are ready. He requested acceptance of the February 28, 2026, financial reports.

Ms. Alley moved to accept NMSBIC's financial reports as of February 28, 2026. Mr. Garduño seconded the motion, which passed unanimously by roll call vote.

Chair Smith noted the meeting was running ahead of schedule. He suggested jumping ahead to the Executive Director/Investment Advisor Report while we wait for guests from The Loan Fund to arrive.

EXECUTIVE DIRECTOR/INVESTMENT ADVISOR REPORT

Mr. Cummins provided the following update:

- A report in the board package shows NMSBIC has \$188 million in funds committed and \$122 million in loans outstanding.

- Clearinghouse CDFI plans to draw \$6 million on its NMSBIC line of credit next month.
- Homewise Real Estate Development. At the last meeting we approved an increase from \$21 million to \$31 million for Homewise’s line of credit, and the modification documents have been signed. The additional \$10 million in funding will be used to develop affordable housing lots and homes.
- Homewise Childcare Center Lending Program. Mr. Cummins said Homewise is considering expansion of its lending program for childcare centers. With universal childcare funding in New Mexico, there are not enough “seats” compared to demand. Homewise has been doing due diligence for the program and invited Mr. Cummins to attend meetings with groups involved childcare in New Mexico, including Partnership for Community Action, Low Income Impact Fund (LIIF), Growing Up New Mexico, and New Mexico Finance Authority (NMFA). There were good discussions about the lack of seats, regulatory requirements, the possibility of public schools expanding into toddler care, and providers moving from home-based care to “center” care. NMFA received \$10 million in funding last year which is being used to fund childcare programs. If certain conditions are met, 35% of the funding may be converted to “fee for service” and does not need to be repaid. NMFA expects to receive additional funding this year, around \$10 million or perhaps a little more. However, the total amount of NMFA’s funding is small compared to the demand for childcare funding. NMFA is hoping to partner with banks, where banks might provide 65% of funding, and NMFA would provide 35% of funding, with all of the 35% potentially converted to fee for service. There was discussion about Homewise, (a) providing funding for childcare centers that don’t meet NMFA’s requirements, or (b) if there is not enough support from banks, Homewise partnering with NMFA to provide 65% of the needed funding.
- Raza Development Fund (RDF). NMSBIC approved a \$5 million line of credit to RDF, and the documents were signed. However, an error was noted referring to RDF making fully amortizing loans, which was not what RDF intended or what NMSBIC’s board approved. Mr. McDonald prepared a corrective addendum that was signed by NMSBIC and RDF. Also, RDF provided an updated Standard & Poor’s (S&P) report, and there was no change in RDF’s S&P rating.
- RBC Global Asset Management (RBC GAM). As noted earlier, we are up to \$18 million outstanding in RBC GAM investments, compared to NMSBIC’s \$25 million commitment. The addition of SBA/USDA Certificates has resulted in investments growing from \$9 million at the beginning of the fiscal year to \$18 million.
- RCAC. NMSBIC approved a new \$3 million line of credit for RCAC to be used in rural areas of New Mexico. The loan documents have been signed.
- Ventana Fund has \$37 million in loans outstanding which is 90% of its \$41 million commitment. Todd Clarke noted Ventana Fund is working to build its net assets before requesting additional NMSBIC funding.
- WESST. Sandro Tonini reported that WESST is doing strategic planning regarding its lending program. When the strategic planning is completed, he will contact

Mr. Cummins about possibly expanding WESST's lending program. WESST has expanded its childcare education and lending program and is providing training for childcare providers to start or expand childcare businesses.

- Building Hope (BH). Chair Smith provided an introduction to BH, a CDFI based in Washington, DC that focuses on providing funding for charter schools. BH was originally a subsidiary of Sallie Mae but was spun off into an independent nonprofit lender and CDFI. Mr. Cummins said he has had several meetings with BH. It appears an obstacle for BH to use NMSBIC funding is that potential borrowers do not meet the definition of a New Mexico business. BH creates New Mexico limited liability companies (LLCs) that are borrowers for development of charter school facilities. While NMSBIC has approved the LLC structure for other lending partners, the manager of the LLC is required to be a New Mexico resident to meet NMSBIC's legislative requirements. The manager of the BH LLC's is a BH executive who does not reside in New Mexico, and this structure does not meet the definition of a New Mexico business. BH said it might consider a different structure in New Mexico to meet the definition of New Mexico business.

**NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND (THE LOAN FUND),
PRESENTATION OF REVISED LENDING POLICY**

Mr. Cummins introduced Conchie Searle, President/CEO, and David Hicks, Director of Lending. Mr. Cummins noted that Ms. Searle had been Acting President, and The Loan Fund's board had recently elected her to the position of President/CEO. Mr. Cummins and NMSBIC board members congratulated Ms. Searle on her approval as President/CEO. Mr. Cummins said Ms. Searle and Mr. Hicks are here today to present The Loan Fund's revised lending policy.

Ms. Searle said when she was named Acting President last year, she felt The Loan Fund needed to update its lending policy. That work has been in process since July 2025 and is now completed. She asked Mr. Hicks to present the lending policy.

Mr. Hicks provided the following overview of the new lending policy.

- The policy update was an 8-month line-by-line review covering roughly 22 sections plus numerous addendums.
- As updates were made, procedures were simultaneously revised to align with the new Current Expected Credit Loss (CECL) policy framework.
- A key goal was mission alignment—clarifying who the organization serves, what its mission is, and eliminating mission creep that emerged during COVID.
- Geographic lending priorities were more clearly defined, including existing limits such as no more than 50% in Bernalillo County, and renewed emphasis on rural outreach.
- The policy is now treated as a living document, requiring annual review or updates as needed, especially given the highly regulated environment.

- A major focus was integrating CECL requirements that have now flowed down to CDFIs, creating significant operational pressure.
- These requirements prompted clearer definition and ongoing monitoring of the allowance for loan loss, including loan-by-loan review and faster identification of delinquencies.
- Overall, the revisions strengthen mission clarity, regulatory compliance, geographic strategy, and risk-management practices.
- The Loan Fund was required by auditors to implement CECL tracking mid-audit in 2023. Management worked with auditors during the 2023 audit period to establish an initial process and remain FASB compliant. The Loan Fund partnered with portfolio system programmers to build a customized reporting system for data tracking. The management team (Conchie Searle, George Kenefic, and David Hicks) meets monthly to review line items, document percentages, and adjust collateral. This monthly review is permanently integrated into the official company policy. The CECL process has been successfully functioning and approved by auditors for the past two years. CECL calculates projected future credit losses, and the calculation steps are complex.

Mr. Cummins said he recalled that when The Loan Fund implemented CECL, there was an adjustment to the allowance for loan losses, and that contributed to The Loan Fund's net asset ratio dropping below NMSBIC's required level. Ms. Searle responded that yes, the CECL requirements resulted in a large increase in The Loan Fund's provision for loan losses. The CECL adjustment, and also a fraudulent loan, impacted The Loan Fund's net asset ratio. She added that The Loan Fund is working very hard to bring the net asset level back up, and when March financials are provided, a turnaround will be noted.

Mr. Grassham asked if The Loan Fund could provide the front page of the CECL worksheet with summary information. Ms. Searle said The Loan Fund has programmed the CECL calculations into its loan system, which is allowed. The Excel workbook is not being used, and the loan system does not provide the summary page. Mr. Cummins said he will follow up with The Loan Fund to see if some other form of summary information is available. Mr. Grassham said he thought the loan policy was very well written.

Mr. Hicks said another change was that The Loan Fund reduced its maximum loan amount from \$1 million to \$350,000. The Loan Fund is working with clients with existing loans over \$350,000. If there has been an excellent pay history The Loan Fund will consider a renewal. However, when possible, they are working with clients to move the larger loans to traditional banks.

Mr. Hicks noted that during COVID, The Loan Fund believed it was doing the right thing in making loans to help small businesses get through the crisis. They are still unwinding those loans, and there is a process in place to closely monitor loans made during the COVID crisis.

Mr. Cummins asked what rate The Loan Fund is charging on new loans. Ms. Searle responded interest rates are between 6% and 8% on new loans, plus origination fees. On SBA microloans, the rate can be as high as 8.75%.

Chair Smith asked how much loan volume The Loan Fund is seeing with the \$350,000 cap. Mr. Hicks responded The Loan Fund has a pipeline of \$2.2 million in loans and there is good volume. Some of the larger loans have been paying off and there has been a drop in the larger loans.

Chair Smith asked where The Loan Fund refers its larger dollar loans. Ms. Searle responded that they work with several major banks, including US Bank, UMB, PNC, Enterprise Bank & Trust. She said The Loan Fund is reestablishing a relationship with BMO. A current challenge is that interest rates at banks are still relatively high.

Chair Smith thanked Ms. Searle and Mr. Hicks for their presentation. Ms. Searle said The Loan Fund appreciates the support it receives from NMSBIC.

NMSBIC EXPANDED SERVICES REPORT AND RDC ADVISORS LLC COMPENSATION

Mr. Cummins said the Professional Services Contract (PSC) between NMSBIC and his company, RDC Advisors LLC, requires him to provide a Direct Services Report every six months, with detail of his time spent on management of investments transferred to NMSBIC after the termination of limited partnerships, and management of limited partnerships that are in winding up periods. Mr. Cummins referred to information in the board package regarding time spent on expanded services, and other accomplishments over the past year.

Mr. Cummins noted the PSC provides for an annual compensation review related to changes in circumstances related to NMSBIC's assets and activities. He recommended no change in compensation at this time related to changes in the NMSBIC's assets and activities, other than a possible discretionary annual bonus approved by the board. Mr. Cummins referred to information in the board package with a competitive salary review performed by Randy McDonald in 2023, and calculations showing an estimated apples-to-apples salary equivalent for his independent contractor compensation. The apples-to-apples comparison adjusts for benefits and taxes that Mr. Cummins pays personally, including New Mexico Gross Receipt tax, the employer portion of FICA and Medicare taxes, health insurance and retirement plan costs. Mr. Cummins then excused himself while the board discussed his annual bonus.

Chair Smith noted the increase in last year's annual bonus was from \$35,000 to \$37,000, a 5.7% increase. He added that NMSBIC's assets have increased substantially.

Ms. Yamada said she needed to leave the meeting and would try to connect from her car. She said she believes Mr. Cummins does a wonderful job. She is very appreciative of how prepared he is and the knowledge he brings. She said she trusts the board to make a decision on the annual bonus.

Chair Smith noted the annual bonus was \$30,000 in 2022, and increased to \$37,000 in 2025, an increase of roughly 25%. He added that during that time NMSBIC's assets have grown by roughly 100%.

Ms. Alley suggested a bonus of \$40,000, which would be 8% more than last year.

Chair Smith noted the complexity of the RBC investments which have been growing and how Mr. Cummins saved money by shopping for custodial services. He thanked Mr. Grassham for providing a suggested custodian. He said he believes Mr. Cummins manages expenses well and said a \$40,000 bonus sounds reasonable.

Ms. Alley moved that NMSBIC's board of directors approve an annual bonus for RDC Advisors LLC of \$40,000, plus New Mexico Gross Receipts Tax to be paid by NMSBIC. Mr. Garduño seconded the motion, which passed unanimously by roll call vote.

Mr. Cummins re-joined the meeting. Chair Smith advised him of the board's decision. He thanked Mr. Cummins for all he does and said the board appreciates his level of detail, guidance, and professionalism.

NMSBIC WEBSITE SUPPORT, FINANCE NEW MEXICO, AND HOLLY BRADSHAW EAKES PLANNED RETIREMENT

Mr. Cummins introduced Holly Bradshaw Eakes, who joined the meeting via Zoom. Ms. Eakes said she plans to provide the Finance New Mexico annual report at the June board meeting and was here today to discuss her planned retirement as of December 2026. She added she has been hosting NMSBIC's website and managing the Finance New Mexico project for about 20 years. She hosts two separate websites for NMSBIC and Finance New Mexico. Finance New Mexico is where NMSBIC's lending partners are promoted and has been kept separate to get small business owners to contact the lending partners directly. Finance New Mexico has a newsletter with small business success stories that goes to small business owners, economic development departments, and municipalities around the state.

Mr. Cummins said Ms. Eakes contacted him a few weeks ago and let him know she plans to retire at the end of the year. He said he spoke with Chair Smith and discussed possibly combining the NMSBIC and Finance New Mexico websites. NMSBIC would continue providing a newsletter and communications about small business success stories. He said that Ms. Eakes also recommended updating the technology platform used for the websites.

Ms. Eakes said there could be benefits to combining the NMSBIC and Finance New Mexico websites. She added that both websites are old and the technology is outdated, which presents a security risk. She said the NMSBIC website would be fairly easy to

reproduce. However, Finance New Mexico has a lot of old information that should be removed.

Mr. Cummins noted that some of the older articles still receive a fair amount of activity, which helps with Finance New Mexico's search engine optimization. Ms. Eakes said that's true, but her recommendation is to modernize the technology platform and the information.

Ms. Eakes said she plans to present the Finance New Mexico annual report at the June NMSBIC board meeting and propose a six-month extension of the contracts for Finance New Mexico and NMSBIC's website hosting.

Chair Smith asked if the website could also direct possible new lending partners to NMSBIC. Mr. Cummins said those introductions are typically in-person rather than generated online, but it would be great if we could attract new lending partners online.

Ms. Yamada re-joined the meeting.

JJS & ASSOCIATES, PROPOSED NMSBIC FINANCIAL ANALYSIS AND WEBSITE SUPPORT

Mr. Cummins introduced Jen and Justin Schroer, owners of JJS & Associates. He said initial discussions with the Schroers were regarding financial analysis support for NMSBIC. However, during those discussions, Ms. Eakes announced her plans to retire. Website development, website hosting, and communications are services provided by JJS & Associates. Mr. Cummins said his discussions with JJS & Associates expanded to include:

- Redesign of NMSBIC and Finance New Mexico websites, including combining the websites.
- Hosting the new combined website.
- Ongoing communications to include a monthly newsletter that highlights NMSBIC's lending partners, small business success stories, and occasional NMSBIC press releases.

Mr. Cummins referred to a proposal in the board package provided by JJS & Associates.

Mr. Schroer said he and his wife started JJS & Associates about two years ago. The company has grown from two clients to fifty clients, including state, national, and international companies. Mr. Schroer said he has 25 years of experience in business development, marketing, and communications. He has experience working with healthcare organizations in New Mexico such as Presbyterian and UNM Cancer Center, and also the University of California at Davis healthcare system from when he lived in Sacramento. He has previous work experience in business development with private

sector companies as well. About five years ago he and his wife purchased Tumbleweeds magazine, a magazine geared towards parenting.

Ms. Schroer said she is originally from California and did economic development work in the San Joaquin Valley, working with eight counties that are population-wise, larger than New Mexico. She worked on large-scale projects that required different levels of county government to work together, such as water projects and infrastructure. She became the executive for the Davis Chamber of Commerce in California and became CEO for a statewide trade association in New Mexico. She and her husband moved to New Mexico. Ms. Schroer was appointed by Michelle Lujan Grisham as cabinet secretary of Tourism, and then Aging and Long-Term Services. She left her cabinet position to become caretaker for an aging parent, which led to starting JJS & Associates. JJS & Associates has a wide range of clients ranging from healthcare to a mom-and-pop dog training franchise. They primarily do three things: (1) help businesses attract and retain clientele, (2) public relations work to build credibility, and (3) scale operations.

Ms. Schroer said she has had three recent achievements she would like to share. First, she was hired by the New Mexico Hospital Association to change the narrative and achieve medical malpractice reform. She was told it would take three years, and she got it done in one year. Second, JJS & Associates launched a national suicide prevention online training program. And third, with the franchise system, they realized a 10% year-over-year royalty increase. She also worked with the Governor during the pandemic, doing crisis communications for the Department of Health, and worked with the New Mexico Finance Authority to make sure pandemic recovery money got into the hands of small businesses.

Mr. Grassham said he looked at the JJS & Associates website, and the marketing piece is a slam dunk. He asked if Mr. and Ms. Schroer could provide background on the financial analysis work. Ms. Schroer responded that JJS & Associates would be contracting with subject matter experts for that work. She understands that this is more than a bookkeeping function and will require finding the right fit for work, that is part-time and would provide support for Mr. Cummins. It might be wise to have two people working on this to mitigate risk if one person leaves.

Mr. Cummins said he believes JJS & Associates has someone in mind for the financial analysis work. Ms. Schroer responded that they have a few people in mind and have had a preliminary conversation with a person who might be a good fit, but she would prefer not to disclose any names at this time.

Mr. Grassham inquired about marketing to legislators to let them know what NMSBIC is doing and asked if JJS & Associates could help with that. Ms. Schroer responded that JJS & Associates is doing that now for clients. She said that would be part of building credibility for the work NMSBIC is doing and deploying public funds. She

added that Mr. Cummins shared the recent report from the Bureau of Business and Economic Research (BBER) on NMSBIC's impact. She said that's a critical piece and exactly what the Legislative Finance Committee wants to see. The BBER report shows the impact NMSBIC is having and the return on investments on public funds.

Ms. Schroer said when she was cabinet secretary of the Tourism Department, an economic impact study was done every summer. It would be released to demonstrate how every dollar would bring more dollars into the economy. This type of reporting allowed the Tourism Department to triple its budget when she was there. She said it's about taking that research data, and communicating with legislators, staffers, and decision makers. She added it's more than just a press release. It's about developing materials in a way that they can quickly grasp the concept and feel confident you are delivering what you say you're delivering.

Mr. Cummins asked about working with New Mexico's anti-donation clause, and allowable exceptions that might help NMSBIC lending partners expand and strengthen their balance sheets. Ms. Schroer responded that it's important to show that state dollars are being spent wisely. There's a lot of oversight, and there are various procurement mechanisms that are legal. She said that understanding the mechanisms and leveraging them into your programming is key.

Ms. Yamada said she has had the pleasure of working with the Schroers. She said they have strong capabilities in working with legislators and understanding budgets. She added their ability to navigate the political environment is incredible. They both have very good reputations, especially in the political and policy areas.

Chair Smith said that as a board we need to think about succession planning for not only the very detailed board report but also all the things that Mr. Cummins does in the background such as meeting with LFC staff and meeting with potential lending partners. He said he believes the board should be thinking very high-level and holistically about this. This is at least one, if not many potential partnerships we might consider.

Ms. Beckett asked about the hours that Michelle Corley worked when she was supporting NMSBIC. The list of financial analysis duties is extensive, and she would like to get a sense of the required hours. Also, she noted the importance of creating processes and systems that are transferable should it become necessary, and to Chair Smith's point about creating redundancy and putting capability at a level that just flows if there are changes. Mr. Cummins said he provided Michelle Corley's invoices to JJS & Associates, and the 25 hours per month included in the JJS & Associates proposal is a good estimate of the required hours. There is a provision in the proposal that if the hours spent are greater than 25 hours in a month, then an hourly fee of around \$195 per hour would be charged. While it's possible the hours might go beyond 25 hours a month, 25 hours per month is a good estimate and, in most cases, should be enough. Chair Smith clarified that this is only for financial analysis and oversight. Mr. Cummins

said he has also had discussions with JJS & Associates about documenting the financial analysis process. He said there is also an opportunity to make changes to lending partner agreements to standardize our reporting requirements.

Ms. Beckett said she had spoken with an auditor from one of NMSBIC's lending partners, who said NMSBIC's required reporting is challenging. Mr. Cummins said he thinks that's correct. He added that NMSBIC does not have a loan servicing system, and we rely on our partners to provide reporting on loan balances, activity, interest calculations, and demographics. When reports are received from lending partners, we perform detailed reviews to ensure information is correct, but the point is that we do in fact have our lending partners do this work. Chair Smith noted we have a limited loss sharing arrangement with DreamSpring. Mr. Cummins agreed and said that's just one example of the many differences and exceptions in reporting that we receive from lending partners.

Ms. Beckett said she remembers from her prior work experience having 150 correspondent lenders reporting in and having to build a website where the lenders could file their reports. As NMSBIC grows the number of its lending partners, this is a wonderful opportunity. Mr. Cummins said while it's not part of the proposal we are considering today, it might make sense in the future to develop a way for lending partners to upload reports to NMSBIC's website in a standardized format. Mr. Grassham said he thinks it's important to consider the ability to provide secure uploads of reports in this cyber-security world.

Ms. Alley noted JJS & Associates' phenomenal growth. She asked if they have capacity to add NMSBIC, and where they might top out regarding capacity. Ms. Schroer said they have been very disciplined about how they grow. It started with taking on a couple of contracts while she was taking care of a family member, but then business started coming in and they realized they had a real business. Part of JJS & Associates' growth plan is hiring two W2 employees who they are bringing on this month and next month. They are also expanding opportunities to provide work to women in Kenya who have been human trafficked. Ms. Schroer said she is working with an organization in Kenya to develop curriculum to upskill these women and create a pipeline through which they can do remote work in different capacities. In the marketing realm there are opportunities for entry level workers to come in, learn the business, and move up. Ms. Schroer said they also have several local vendors and contractors they work with who have capacity to scale up work. Mr. Schroer added that regarding growth and adding capacity, they are fortunate enough to hire two new full-time employees and that's just the start of it. Ms. Schroer said one of the new employees will be a marketing director to take on a big portion of their clients.

Ms. Alley said that with this potential, do we need to worry about any regulatory issues. Mr. Cummins said NMSBIC does not have any employees, with this proposal NMSBIC would continue to not have any employees. Ms. Alley said she was referring to

any requirements related to adding a vendor doing work on behalf of NMSBIC. Mr. McDonald added he thinks the question is whether NMSBIC would have some kind of control over who does our work. Ms. Alley said she is referring to a situation where JJS & Associates might have contractors doing work for NMSBIC, and if there are any confidentiality issues with that. Mr. McDonald said as part of developing a contract he would make sure we are protected in that area. If a person assigned to our work was not performing, we could ask them to provide someone else. Mr. McDonald said an agreement with an NMSBIC contractor would require it to maintain insurance, to have written agreements with their contractors, and to protect NMSBIC from any kind of liability from the company's contractors or employees.

Mr. Cummins said that in discussions he had with Chair Smith about adding resources, Chair Smith suggested we consider (1) institutional support rather than contacting with individuals and (2) a Santa Fe firm that might have connections within state government. Mr. Cummins considered CPA firms for financial analysis support. However, it appears CPA firms typically offer bookkeeping services and not higher-level financial analysis and oversight. Mr. Cummins said he has identified some individuals who might provide financial analysis support. However, with individual contractors there is the possibility they might leave and require us to start over from square one. If we look at contracting with an organization that provides institutional support and connections in Santa Fe, JJS & Associates ticks the boxes that Chair Smith was suggesting.

Mr. Cummins said this was intended as a preliminary discussion, and he would like to do more work and bring this back to the next board meeting.

Ms. Beckett asked how Dee Brescia fits into this. Mr. Cummins said Ms. Brescia is a former chief financial officer and brings a high-level of background and experience in providing NMSBIC's accounting. Work with Ms. Brescia would continue. The financial analysis focuses more on lending partner reporting, monitoring lending partner financial position, and preparing summary reports regarding lending partner activity for the NMSBIC board package. Ms. Beckett suggested that NMSBIC's external auditors be kept informed about any changes in NMSBIC's processes with a new contractor. Mr. Cummins agreed and said he would keep the external auditors informed of any changes.

WESST THANK YOU LETTER

Mr. Cummins noted that at the last board meeting NMSBIC's board approved a \$2,500 payment for use of WESST's conference room. Mr. Cummins referred to a thank you letter from WESST included in the board package.

BOARD CONTINUING EDUCATION

Mr. Cummins referred to the Bureau of Business and Economic Research (BBER) *Economic Snapshot* for Q2 2026, included in the board package. He added that highlights and the full report were included in the board package.

NMSBIC HOLDINGS, LLC

Mr. Cummins said that Randy McDonald suggested having a regular update on NMSBIC Holdings, LLC, at NMSBIC board meetings. He said a checking account was opened and \$5,000 in cash was transferred to the subsidiary. He added that transfers of assets to the subsidiary are in process.

CHAIRMAN'S COMMENTS

Chair Smith said he has read the BBER Impact Study completed for NMSBIC. He said it would be helpful to have a one-page summary with highlights of the report. Mr. Cummins said he will provide a summary for the board.

Chair Smith asked about NMSBIC presentations to the Investment and Pensions Oversight Committee (IPOC). Mr. Cummins said that for the past two years, he has been invited to give a presentation at the August IPOC meeting. Chair Smith asked Mr. Cummins to notify NMSBIC board members of the next IPOC presentation, and for board members to attend if they are available. Mr. Cummins said he does not always receive a lot of notice prior to the IPOC meetings, but he will notify NMSBIC board members of the next meeting.

ADJOURNMENT

Ms. Beckett moved to adjourn at 12:08 p.m. Mr. Garduño seconded the motion, which passed unanimously by roll call vote.

ADJOURNMENT: 12:08 p.m.

Signed by:

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Robert Valdiviez, Secretary/Treasurer

6/28/2026 | 5:47 AM PDT

Date