

MINUTES OF THE

NEW MEXICO SMALL BUSINESS INVESTMENT CORP.

SPECIAL MEETING

February 17, 2021

A special 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

Ms. Roxanna Meyers

Mr. Steven E. Morgan, Secretary/Treasurer

Mr. Guadalupe Garcia, Vice Chair

The Hon. Tim Eichenberg, New Mexico State Treasurer

Members Excused

Mr. Alan Fowler

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 AGENDA

Accepted on consensus.

PROPOSED CHANGES TO DREAMSPRING MEMORANDUM OF AGREEMENT

Mr. Cummins said he has been in discussion with DreamSpring CFO Ray Ziler over the past week. Based on demand, they are seeing for the latest round of PPP lending in New Mexico, he thinks that their funding needs could be twice as much as the \$35 million provided by the NMSBIC between now and March 31, 2021, when the program is scheduled to end.

Mr. Cummins stated that DreamSpring has been using the NMSBIC'S funding for PPP Loans in New Mexico. For PPP loans outside of New Mexico, DreamSpring has been using the Federal Reserve Bank of Cleveland (FRB), where they can pledge PPP loans and receive funding from the FRB. DreamSpring was not aware of it last week, but an original plan to repurchase loans from NMSBIC and pledge to the FRB will not work, because the FRB requires lenders to group PPP loans into pools by maturity date, and will only allow one pool for each maturity date. Once a pool has been issued for a maturity date, the lender can't issue another pool that contains PPP loans with that same maturity date. Given that DreamSpring has been using the FRB for funding its PPP loans "outside" New Mexico, the maturity date pools for PPP loans sold to NMSBIC are no longer available for pledging to/funding from the FRB. In short, they can't repurchase the NMSBIC PPP loans and then pledge them to FRB in order to access FRB funding for New Mexico PPP loans beyond the \$35 million provided by the NMSBIC.

Mr. Cummins said NMSBIC has provided \$35 million in funding, and DreamSpring currently has about \$5 million of those funds available to close additional PPP loans. DreamSpring would like to use available NMSBIC funds to close PPP loans, pledge the loans to FRB, and use the FRB proceeds to replenish or repay the NMSBIC funds. He said DreamSpring believes it might be able to recycle the \$5 million in available NMSBIC funds about six times between now and March 31, based on a turnaround time of about one week, thereby increasing its PPP volume in New Mexico by about \$30 million. This is based on current demand for PPP loans, which could change between now and the end of March.

Mr. Cummins said the proposed board motion to approve the request of DreamSpring is as follows:

- 1. For funding the NMSBIC has provided to DreamSpring under the NMSBIC PPP Lending Program, DreamSpring shall (i) fund NMSBIC PPP Lending Program Loans; or (ii) fund New Mexico PPP loans to be pledged to and funded by the FRB, provided that any funding DreamSpring receives from the FRB with respect to New Mexico PPP loans will first be used to repay NMSBIC.**
- 2. Beginning in April 2021, on or before the 15th day of each month, DreamSpring shall reimburse and pay to NMSBIC (i) all principal payments received on NMSBIC PPP loans, (ii) any amounts received from SBA for forgiveness of PPP loans, (iii) any funding received from the Federal Reserve Bank of Cleveland for New Mexico PPP loans, and (iv) amounts advanced by NMSBIC not reasonably expected to be reimbursed in the next 30 days to fund new NMSBIC PPP loans.**
- 3. DreamSpring may retain any amounts described above to the extent such funds are needed to fund qualifying NMSBIC PPP loans.**

4. **Within 10 business days of the effective date of the modification DreamSpring shall reimburse the NMSBIC the amount of \$1,606 for legal fees and New Mexico gross receipts tax incurred by the NMSBIC in connection with the modification.**

Ms. Meyers asked Mr. Cummins to provide additional information at the next meeting on the kinds of loans DreamSpring is making and to what kinds of borrowers, and do they expect that people will try to pay them back or are they looking at these loans as grants.

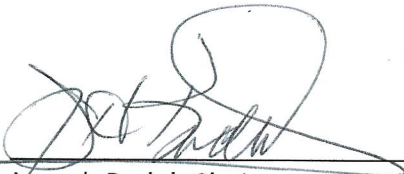
Ms. Meyers move for approval. Mr. Eichenberg seconded the motion.

Responding to Mr. Garcia, Mr. Cummins said the motion is not specific to the \$5 million, but is defined as any funding in excess of the loans DreamSpring has sold to the NMSBIC. It may be more than \$5 million because forgiveness payments are coming in on the NMSBIC loans from SBA.

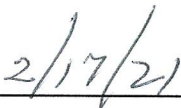
The motion was approved unanimously by roll call vote.

ADJOURNMENT

The meeting was adjourned at 9:35 p.m.



Joseph Badal, Chairman



Date