

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

April 19, 2024

A meeting of the New Mexico Small Business Investment Corporation was called to order on this date at 9:01 a.m. at WESST Enterprise Center, 609 Broadway Blvd NE, Albuquerque, NM 87102. A quorum was established.

Members Present

Mr. Joshua Smith, Chair

Ms. Anne Beckett, Vice Chair

Mr. Robert Valdiviez, Secretary/Treasurer

Mr. Arsenio Garduño, designee of Hon. Laura M. Montoya, NM State Treasurer

Ms. Sayuri Yamada

Mr. Joshua Grassham (via Zoom)

Ms. Kristina Alley (via Zoom, joined the meeting at 9:30 am)

Members Excused

None

Executive Director/Financial Adviser to Board

Mr. Russell Cummins

Board Legal Counsel

Excused

Recording Secretary

Position is currently vacant

Guests Present:

Mr. Jake Dopson, Assurance Partner/Shareholder, Pulakos CPAs

Mr. Ryan Thorpe, Assurance Partner, Pulakos CPAs

Mr. Leroy Pacheco, President and CEO, The Loan Fund

Mr. Manny Ortiz, Board Member, The Loan Fund

Mr. George Kenefic, Director of Enterprise Empowerment, The Loan Fund

Ms. Pat Navarrette, Loan Officer, The Loan Fund

Mr. Todd Clarke, Board Chair, Ventana Fund

Mr. Keith Flynn, Director of Finance, Ventana Fund

Mr. Jay Harrison, Chief Investment Officer, Clearinghouse CDFI (via Zoom)

Ms. Marie Peters, Fund Director, B:Side Capital (via Zoom)

Ms. Holly Bradshaw Eakes, Owner, Holly Company Strategies (via Zoom)

REVIEW AND ACCEPTANCE OF AGENDA

Ms. Beckett moved approval of the agenda, as published. Ms. Yamada seconded the motion, which passed unanimously by roll call vote.

BOARD MINUTES FOR FEBRUARY 16, 2024

Ms. Yamada moved approval of the Board Minutes for February 16, 2024, as presented. Ms. Beckett seconded the motion, which passed unanimously by roll call vote.

FINANCIAL REPORTS AS OF FEBRUARY 29, 2024

Mr. Cummins noted the LGIP balance increased from \$8.8 million to \$37.4 million, primarily because of a \$30.2 million contribution from the severance tax permanent fund (STPF) in February. Total assets increased from \$122.7 million to \$154.2 million. Change in net assets, excluding the STPF contribution, was \$264k month-to-date, and \$2.1 million year-to-date.

Mr. Cummins stated that Funds Available for Investments and Operations of \$31.4 million was adjusted for a new line of credit for Enchantment Land, and a modification to Homewise' line of credit, both of which were still in process. The Homewise line of credit modification has since been completed. The adjusted Available Funds were \$21.4 million.

Mr. Cummins reported that based on discussions with lending partners, there are \$33.5 million in total requests for additional funding. He estimated the amount he will recommend at the next two board meetings, subject to NMSBIC board approval, will be \$18 million.

Ms. Beckett noted income projections have been quite a bit off. Mr. Cummins responded that lending partner outstanding loan balances are higher than budgeted. However, most of the positive variance in interest income has been due to interest rates on short-term investments being higher than budgeted.

Ms. Beckett moved to accept the February 29, 2024, Financial Report as presented. Ms. Yamada seconded the motion, which passed unanimously by roll call vote.

NMSBIC PURPOSE FROM THE SMALL BUSINESS INVESTMENT ACT

Mr. Cummins noted there were questions at the last meeting about the NMSBIC's purpose. He included the NMSBIC's purpose from the Small Business Investment Act in the board package, for reference purposes.

NMSBIC PROPOSED CONCENTRATION TARGETS BY PRODUCT TYPE

Mr. Cummins noted that at the last meeting, Treasurer Montoya suggested establishing a limit on the amount of NMSBIC funds committed to charter schools. Mr. Cummins thought it was a good idea, to make sure funds committed to charter schools and workforce housing don't "crowd out" funds available for traditional small business loans. He provided a new report that shows:

- The NMSBIC's board's approved target of no more than 25% of net asset to any one lending partner.
- Proposed target of "no limit" on traditional small business loans.
- Proposed target of no more than 35% of net assets for workforce housing.
- Proposed target of no more than 25% of net assets for charter schools.

Ms. Beckett asked why there are not other categories, such as health clinics. Mr. Cummins responded that the NMSBIC has lending partners with programs focused on workforce housing and charter schools. If lending partners were to develop lending programs focused on other areas, we could add those loan types to the report.

Mr. Cummins noted that for workforce housing and charter schools, the focus of the NMSBIC's lending partners is on the up-front development, construction, or rehabilitation, and not on long-term financing.

Mr. Grassham asked if the NMSBIC tracks the number of loans originated in rural versus urban areas. Mr. Cummins responded that information on geographic areas is reported in the NMSBIC's annual report. He added there is a provision in loan agreements for lending partners to use best efforts to originate loans outside the Albuquerque metro area.

Chair Smith said he would like to give board members time to digest information on the report. He suggested this item be tabled until the next board meeting.

PULAKOS CPAs, PROPOSED ENGAGEMENT LETTER FOR INDEPENDENT AUDIT AND TAX PREPARATION

Mr. Cummins welcomed and introduced Jake Dopson and Ryan Thorpe, partners with Pulakos CPAs. He noted that Pulakos CPAs has been providing audit and tax services to the NMSBIC for several years. Mr. Cummins said the NMSBIC is not a state agency and is not required to rotate audit firms. Pulakos CPAs has rotated the NMSBIC's audit partner in the past. Mr. Cummins noted that the American Institute of Certified Public Accountants (AICPA) does not recommend required rotation of audit firms. He also noted that Pulakos CPAs provides excellent service, including a 30-day turnaround time from when equity partners provide reports to the NMSBIC, to when the audit is completed. He recommended approval of the Pulakos CPAs 2024 engagement letter, at a cost of \$29,850 for audit services and \$4,200 for tax preparation, plus New Mexico gross receipt tax.

Ms. Yamada moved that the NMSBIC board of directors:

- **Approve the Pulakos CPAs 2024 Audit and Tax Engagement Letter, and that**
- **Robert Valdiviez, NMSBIC Secretary/Treasurer be authorized to sign the Pulakos CPAs 2023 Audit and Tax Engagement Letter; and that**
- **The NMSBIC Executive Director/Investment Adviser report back to the board after the document has been executed.**

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

**NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND (THE LOAN FUND),
PROPOSED CHANGES TO REVOLVING LINE OF CREDIT**

Mr. Cummins welcomed and introduced Leroy Pacheco, Manny Ortiz, George Kenefic, and Pat Navarrette, from The Loan Fund. He reviewed highlights from a handout with updated information including 2,183 loans originated totaling \$125.9 million and supporting 12,576 jobs. He said a meeting was held on March 22, 2024, attended by Chair Smith, Robert Valdiviez, Kristina Alley, Arsenio Garduño, along with himself and Randy McDonald. The discussion group noted that The Loan Fund exceeded the NMSBIC's Leverage Ratio covenant as of December 31, 2023. The group recommended to the NMSBIC board that, (1) a request to include Equity Equivalent (EQ2) subordinated debt as net assets appeared reasonable and would put The Loan Fund back into compliance with the Leverage Ratio covenant, and (2) The Loan Fund's request for additional funding be limited to an increase of no more than \$2.5 million. Mr. Cummins noted this is a reduction from \$15 million requested by The Loan Fund, and that Mr. Pacheco would like to provide input to the board about the funding request.

Mr. Pacheco stated that The Loan Fund started with a million and a half dollars from the NMSBIC and is now one of the NMSBIC's largest partners. He provided history about The Loan Fund. The Loan Fund was one of several organization established to address New Mexico's poverty ranking and was started by a loan from four chapters of the Adrian Dominican Sisters. He described discussions The Loan Fund is having with various banks to attract contributions and additional Equity Equivalent (EQ2) loans. He also described several loans that have been made that have impacted people and communities around New Mexico. The Loan Fund is the only CDFI in the state that has received a technical assistance grant from the Small Business Administration that helps small businesses with things such as website development and setting up accounting systems. The Loan Fund is making loans that empower women and minorities. He highlighted a book developed by one of The Loan Fund's colleagues, Marvin Lozano, *Balancing Business, Family, and Culture*, and published in English and Spanish. Mr. Pacheco referred to The Loan Fund's pipeline report, with over \$5 million in loans in process, and also shows the diversity of the client base. He noted there is tremendous demand for loans. The Loan Fund is providing loans at interest rates from 4.75% to 7%, which is lower than rates from other CDFI's.

Ms. Yamada asked for more information about other things The Loan Fund does, more than just making loans.

Mr. Kenefic responded that oftentimes small businesses need a loan, but don't know how to get a loan. The Loan Fund has always helped small businesses with loan readiness, without knowing if the business will qualify for a loan or not.

Mr. Pacheco added that there are Small Business Development Centers (SBDC) around the state. He serves on SBDC Advisory Committee, and The Loan Fund works closely with the SBDC offices in helping small businesses.

Mr. Grassham asked if The Loan Fund originates loans in Southeastern New Mexico.

Mr. Pacheco responded that, yes, The Loan Fund has loans in Hobbs, Clovis, Carlsbad and Roswell.

Mr. Cummins noted he will provide a report on loans by geographic area at the next meeting.

Chair Smith asked Mr. Cummins to provide some history on how the NMSBIC came up with a Leverage Ratio of 24-to-1 for The Loan Fund.

Mr. Cummins responded that The Loan Fund makes loans to small businesses that banks can't or won't do. It has a very long history of doing that with a very low charge-off rate, which is impressive. Given the impact of its lending program, and a long history of low charge offs, the NMSBIC increased the Leverage Ratio for The Loan Fund from 10-to-1 to 24-to-1. The NMSBIC has not done that for any other lending partner.

Chair Smith noted that best practices and ratios are agnostic of feelings and passions. No one doubts The Loan Fund's passion relative to helping small businesses. As a banker, anytime a client breaks through a ratio or a covenant, one needs to consider that. He said he thinks the recommendation to utilize EQ2 makes sense. He asked if this would this be a blanket approval for any EQ2 loan, or specific to the existing EQ2 loan.

Mr. Cummins responded that the proposed motion in the board package is a blanket approval for any EQ2 loan.

Chair Smith asked what the expected turnaround time might be from banks considering contributions and additional EQ2 funding to The Loan Fund. Mr. Pacheco responded he expects responses in 30 to 60 days.

Responding to Chair Smith, Mr. Garduño said he thought it would be best for EQ2 loans to be approved on a case-by-case basis.

Mr. Cummins noted that for the proposed board motion, he would like to add that the president and board chair, or vice president and vice chair, be authorized to execute any and all documents subject to review and approval by the executive director/investment advisor and legal counsel, and the executive director/investment advisor report back to the board when document have been executed.

Ms. Beckett moved that the NMSBIC board of directors approve the proposed motion, with changes that EQ2 loans be specific to The Loan Fund's existing loan, and adding additional language requested by Mr. Cummins:

- **Waive the non-compliance with the Leverage Ratio for The Loan Fund's unaudited financial statements as of December 31, 2023, and through April 19, 2024; and**
- **Modify the Leverage Ratio loan covenant so that deferred grants and \$500,000 in PNC Bank equity equivalent (EQ2) subordinated debt shall be treated as a net asset and not as a liability; and**
- **Increase the maximum loan amount to \$37.5 million; and**
- **Remove the 90-day notice requirement of loan policy changes and replace it with a requirement for The Loan Fund to provide its loan policy to NMSBIC annually, as of June 30, with any changes during the previous year noted; and**
- **Extend the loan maturity date to December 31, 2034; and**
- **Except for NMSBIC COVID-19 Assistance Loans, the interest rate shall be 0.50% through December 31, 2026, 1.0% from January 1, 2027 through December 31, 2027, 1.5% from January 2028 through December 31, 2028, and 2.0% on January 1, 2029 and thereafter.**
- **The NMSBIC's current president and board chair, or vice president and vice chair, be authorized to execute any and all modification documents, subject to review and approval by the NMSBIC's legal counsel and the NMSBIC's executive director/investment advisor; and**
- **NMSBIC's executive director/investment advisor will report back to the board when the documents have been executed.**

Mr. Garduño seconded the motion, which passed by unanimous roll call vote.

EXECUTIVE DIRECTOR/INVESTMENT ADVISOR REPORT

- DreamSpring provided 2023 financial results showing an increase in charge-offs. It has suspended its nationwide growth plans while it implements a strategic strengthening plan. It remains well-capitalized with \$33 million in net assets, which is 46% of total assets.
- Last year, LiftFund provided notice to the NMSBIC of a lawsuit. Randy McDonald reviewed the lawsuit and recommended the NMSBIC monitor the lawsuit. An update from LiftFund indicates the lawsuit is still in an early phase with very little movement.

- Mr. Cummins met with Mike Doolittle, managing member of New Mexico Mezzanine Partners (NMMP). Mr. Doolittle plans to approach two remaining companies with a plan to wind up the NMMP partnership, where NMMP would provide the companies with an additional 18-24 months to work on current strategies. If unable to repay the NMMP loan within 18-24 months, the companies would agree to work with NMMP to liquidate assets and repay NMMP.
- The New Mexico Climate Investment Center (NMCIC) has received \$750,000 in grant funding and is in process of hiring a CEO and two staff members. \$10 million has been included in the state budget, for which NMCIC will need to respond to a request for proposals. NMCIC also plans to request \$60 - \$80 million in Inflation Reduction Act federal grants. It plans to focus on solar panels and other energy efficient improvements for low- and moderate-income homeowners, multifamily properties, Native American communities, and rural electric co-ops. To help with these efforts, Mr. Cummins provided Beth Beloff with introductions to Izzy Hernandez at MFA, Todd Clarke at Ventana Fund, and Juanita Hallstrom at RCAC.
- Mr. Cummins served as a speaker on a panel on “Impact Investing in New Mexico” at a conference in Santa Fe hosted by the New Mexico Impact Investing Collaborative (NMIIC) and Confluence Philanthropy. The NMSBIC is an associate member of the NMIIC.

VENTANA FUND, PROPOSED CHANGES TO LINE OF CREDIT

Mr. Cummins welcomed and introduced Todd Clarke and Keith Flynn of Ventana Fund. Mr. Clarke noted that Ventana Fund has current volume of \$6 million that it has funded or is waiting to close and is requesting a total of \$10 million for 2024. Ventana Fund is in the process of fundraising and is working with foundations and the Federal Home Loan Bank of Dallas. Assuming fundraising is successful, it hopes to come back in six months with a request for additional funding from the NMSBIC. Responding to Chair Smith, Mr. Clarke said the Threshold product is for renovating 5- to 50-unit multifamily housing. The rate Ventana Fund charges is based on a matrix, with a lower rate provided to borrowers based on things such as energy efficiency, diversity, and the level of low-income tenants. Ventana Fund is also working on plans for how to provide military housing, given concerns that military bases might relocate if there is not adequate housing.

Mr. Valdiviez moved that the NMSBIC board of directors approve to:

- **Increase maximum loan amount by \$7.5 million, from \$21.5 million to \$29.0 million; and**
- **The NMSBIC’s current president and board chair, or vice president and vice chair, be authorized to execute any and all modification documents, subject to**

review and approval by the NMSBIC’s legal counsel and the NMSBIC’s executive director/investment advisor; and

- **NMSBIC’s executive director/investment advisor will report back to the board when the documents have been executed.**

Ms. Yamada seconded the motion, which passed by unanimous roll call vote.

CLEARINGHOUSE CDFI, PROPOSED CHANGES TO LINE OF CREDIT

Mr. Cummins welcomed and introduced Jay Harrison, chief investment officer for Clearinghouse CDFI (CCDFI). Mr. Cummins noted that CCDFI has requested an additional \$5 million in NMSBIC funding to reposition a motel by adding apartment units and build-out an adjacent retail/commercial building. This mixed-use renovation project is part of the City of Albuquerque’s redevelopment plan to further reduce blight along Central Avenue.

Mr. Harrison said the partnership with NMSBIC has been extremely helpful to CCDFI. In particular, the NMSBIC funding allows CCDFI to reach out and do some construction lending it might not be able to do otherwise. Responding to a question, Mr. Harrison said the current project will consist of approximately 40 housing units for low- and moderate-income tenants.

Chair Smith asked about CCDFI’s cost of funds from other sources. Mr. Harrison responded it’s a range of rates, but the average is about 4.4%, which is a little higher than the typical CDFI. Chair Smith noted that the NMSBIC’s rate is less than the rate CCDFI’s typical funding sources. Mr. Harrison said that CCDFI makes loans that banks won’t do. CCDFI provides technical assistance and loans. Oftentimes, the borrower then becomes bankable and gets a traditional loan from a bank.

Ms. Yamada moved that the NMSBIC board of directors approve to:

- **Increase Clearinghouse CDFI’s loan amount by \$5 million, from \$15 million to \$20 million; and**
- **Remove the 90-day notice requirement of loan policy changes and replace it with a requirement to provide its loan policy to NMSBIC annually, as of June 30, with any changes during the previous year noted; and**
- **The NMSBIC’s current president and board chair, or vice president and vice chair, be authorized to execute any and all modification documents, subject to review and approval by the NMSBIC’s legal counsel and the NMSBIC’s executive director/investment advisor; and**
- **NMSBIC’s executive director/investment advisor will report back to the board when the documents have been executed.**

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

B:SIDE CAPITAL AND B:SIDE FUND, PROPOSED NEW REVOLVING LINES OF CREDIT

Mr. Cummins welcomed and introduced Marie Peters with B:Side Capital and B:Side Fund. He noted that he and Chair Smith had been having conversations with Ms. Peters for several months regarding a possible new lending partner relationship with the NMSBIC. B:Side Capital was originally known as Colorado Lending Source and has been providing small business loans for 30 years, including SBA 504 and SBA Community Advantage loans. B:Side Capital is the parent company, and B:Side Fund is its subsidiary. B:Side Capital is requesting a line of credit from the NMSBIC to fund SBA Community Advantage loans with loan amounts up to \$350,000 in New Mexico. B:Side Fund has applied for approval as a CDFI and is interested in making tradition CDFI loans in New Mexico with loan amounts up to \$75,000. Information is in the board package including resumes for key employees, loan policy, and financial statements.

Ms. Peters said that it has other, higher cost, sources of funding. The requested funding from NMSBIC will allow it to provide lower cost loans to small businesses in New Mexico. It is rolling out an outreach effort to reach small businesses throughout New Mexico, including Southern New Mexico and rural areas.

Mr. Cummins noted that B:Side Fund has a different source of funding for USDA loans in rural areas of New Mexico. Because of that, loans using NMSBIC fund primarily be used in urban areas but would also be used in rural areas for loans that don't fit the USDA's lending requirements.

Responding to a question about outreach, Ms. Peters said it is reaching out to banks, and chambers of commerce. It also has a New Mexico advisory committee that refers loans to B:Side. Ms. Beckett said she would provide Ms. Peters with contact information for Regional Development Corporation, which primarily provides grants in Northern New Mexico, and might be interested in collaborating with B:Side. Chair Smith stated that B:Side has staff that resides in Albuquerque and has lending relationships in New Mexico.

Ms. Yamada moved that the NMSBIC board of directors approve a new revolving line of credit to B:Side Capital as follows:

- **Maximum loan amount of \$500,000; and**
- **Other terms and conditions as stated in the attached Discussion Term Sheet; and**
- **The NMSBIC's current president and board chair, or vice president and vice chair, be authorized to execute any and all loan documents, subject to review and approval by the NMSBIC's legal counsel and the NMSBIC's executive director/investment advisor; and**
- **NMSBIC's executive director/investment advisor will report back to the board when the documents have been executed.**

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

Mr. Valdiviez moved that the NMSBIC board of directors approve a new revolving line of credit to B:Side Fund as follows:

- **Maximum loan amount of \$500,000; and**
- **Other terms and conditions as stated in the attached Discussion Term Sheet; and**
- **The NMSBIC's current president and board chair, or vice president and vice chair, be authorized to execute any and all loan documents, subject to review and approval by the NMSBIC's legal counsel and the NMSBIC's executive director/investment advisor; and**
- **NMSBIC's executive director/investment advisor will report back to the board when the documents have been executed.**

Ms. Yamada seconded the motion, which passed by unanimous roll call vote.

HOLLY COMPANY, PROPOSED AGREEMENT FOR FINANCE NEW MEXICO WEBSITE

Mr. Cummins welcomed and introduced Holly Bradshaw Eakes, owner of Holly Company Strategies. At the last board meeting, there was a proposal for the NMSBIC to continue the Finance New Mexico project, including maintaining and updating the website, and producing a monthly newsletter. The board requested additional information on website traffic and tabled the item for this meeting.

Ms. Eakes noted that Finance New Mexico was started in 2007 and has been a place where small businesses in New Mexico can access resources. During the pandemic, activity, and work to support the activity, increased significantly. However, during that same time, Finance New Mexico lost some of its key sponsors, and the project became unsustainable. That was when she notified all of the sponsors, including the NMSBIC, that she was ending the project at the end of 2023. Subsequently, she had conversations with Mr. Cummins about continuing to support only the NMSBIC's lending partners, which resulted in the proposal being presented today. In this proposal, the amount of work will be dialed back. The Finance New Mexico website will be maintained with new lending partner articles regularly added, but Ms. Eakes will not produce any content. The newsletter will be provided monthly rather than weekly. Ms. Eakes said Finance New Mexico still appears in the top five Google search results.

Mr. Cummins said a question from the previous board meeting was for Ms. Eakes to provide information on website traffic. Ms. Eakes has provided information showing that for the first quarter of 2024 there were 23,647 unique visitors accessing the website.

Ms. Yamada said she thinks it's important to maintain the website because it's an access point for small businesses, and having all the lending partners on one site makes it a lot easier.

Ms. Yamada moved that the NMSBIC board of directors approve:

- **A contract with Holly Company Strategies from April 19, 2024, through June 30, 2025, to (1) maintain the Finance New Mexico website with NMSBIC lending partner information and contact information, (2) update the website regularly with NMSBIC lending partner small business success stories and announcements, and (3) produce and distribute a monthly Finance New Mexico email newsletter. The cost will be \$29,000 per year plus New Mexico gross receipts tax. The cost to set up new NMSBIC lending partners will be \$100 per hour plus New Mexico gross receipts tax; and**
- **That the NMSBIC board chair or vice chair be authorized to execute any and all documents related to the contract with Finance New Mexico, subject to review and approval by the NMSBIC legal counsel and NMSBIC executive director/investment advisor; and**
- **That the NMSBIC executive director/investment advisor will report back to the board when the contract is completed and signed.**

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

NEW MEXICO STATE INVESTMENT COUNCIL, RENEWAL OF JOINT POWERS AGREEMENT

Mr. Cummins said the NMSBIC entered into a Joint Powers Agreement with the State Investment Council (SIC) in 2016 under which the NMSBIC invests in the SIC's Credit Plus Bond Fund. The agreement has a four-year term. The NMSBIC renewed the agreement in 2020. Mr. Cummins said he recommends renewing the agreement for another four years.

Ms. Yamada moved that the NMSBIC board of directors approve:

- **Renewal of the Joint Powers Agreement with the New Mexico State Investment Council dated May 6, 2016, for four (4) years to expire on May 6, 2028; and**
- **The NMSBIC's current president and board chair, or vice president and vice chair, be authorized to execute the extension letter, subject to review and approval by the NMSBIC's legal counsel and the NMSBIC's executive director/investment advisor; and**
- **The NMSBIC's executive director/investment advisor will report back to the board when the letter has been executed and delivered.**

Mr. Garduño seconded the motion, which passed by unanimous roll call vote.

DIRECTORS' AND OFFICERS' INSURANCE POLICY RENEWAL

Mr. Cummins noted that he received a letter stating the NMSBIC Directors' and Officers' insurance policy premium might increase by more than 20% this year. He spoke with the HUB insurance agent, who plans to obtain competitive quotes, and get quotes for deductibles of \$10,000 and \$20,000. Mr. Cummins will present the quotes to the board at the next meeting.

WESST CONFERENCE ROOM COMPENSATION

At the last board meeting, the NMSBIC approved a \$2,000 payment to WESST as compensation for use of WESST's conference room for NMSBIC board meetings. Mr. Cummins said Agnes Noonan, WESST's president, provided a thank you letter to the board expressing her appreciation of the NMSBIC's partnership and support.

NMSBIC DIRECT SERVICES REPORT, RDC ADVISORS LLC COMPENSATION REVIEW AND ANNUAL BONUS

Mr. Cummins provided information from the Professional Services Agreement with RDC Advisors LLC regarding expanded services related to management of direct investments transferred to the 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. He noted that the Professional Services Agreement provides for an annual compensation review related to changes in circumstances related to the NMSBIC's assets and activities. He recommended no change to compensation at this time related to changes in the NMSBIC's assets and activities. Mr. Cummins then excused himself while the board discussed his annual bonus. The board reviewed the NMSBIC's growth and other activities and accomplishments. Ms. Alley said she believes the NMSBIC should hire another person next year for continuity purposes. Mr. Cummins rejoined the meeting.

Mr. Valdiviez moved that the NMSBIC board of directors approve a bonus for RDC Advisors LLC of \$35,000, plus New Mexico Gross Receipts Tax to be paid by the NMSBIC. Ms. Beckett seconded the motion, which passed by unanimous roll call vote.

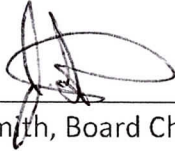
CHAIR'S COMMENTS

Chair Smith said it's vital that we keep our keeps our eyes and ears open for potential lending partners, even if they start out small and grow.

ADJOURNMENT

Ms. Yamada moved to adjourn at 1:00 p.m. Ms. Beckett seconded the motion, which passed unanimously by roll call vote.

ADJOURNMENT: 1:00 p.m.



Joshua Smith, Board Chair

6/21/24

Date